ZEDER
INVESTMENTS LIMITED

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

REGISTRATION NUMBER: 2006/019240/06
JSE SHARE CODE: ZED
ISIN CODE: ZAE000088431
LEI CODE: 37890022AF5FD117D649

CONTENTS

CONSOLIDATED AND STANDALONE ANNUAL FINANCIAL STATEMENTS

These annual financial statements were compiled under the supervision of JH le Roux, CEO and financial director of the group and Chartered Accountant (SA), and audited by the group’s external auditor PricewaterhouseCoopers Inc.

REPORT OF THE AUDIT AND RISK COMMITTEE

The Zeder Investments Limited ("Zeder") Audit and Risk Committee ("the committee") is an independent statutory committee appointed by the board of directors in terms of section 94 of the Companies Act of South Africa, 71 of 2008 (as amended) ("the Companies Act"). The committee also acts as the statutory audit committee of public company subsidiaries that are legally required to have such a committee.

The committee performed the following duties in respect of the year under review:

- Satisfied itself that the external auditor is independent of Zeder, as set out in section 94(8) of the Companies Act, and suitable for reappointment by considering, *inter alia*, paragraph 3.84(g)(iii) and the information stated in paragraph 22.15(h) of the JSE Limited Listings Requirements ("JSE Listings Requirements");
- Ensured that the appointment of the external auditor complied with the Companies Act and any other legislation relating to the appointment of an auditor;
- In consultation with management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2021 financial year;
- Approved the nature and extent of non-audit services that the external auditor may provide;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the independent external auditor, that the risk management processes and systems of internal financial controls are effective and forms a basis for the preparation of reliable financial statements;
- Satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that Zeder be regarded as a going concern;
- Reviewed the formal policy and calculation for ordinary dividend and recommended no ordinary dividend for approval by the board;
- Reviewed the accounting policies and financial statements for the year ended 28 February 2021 and, based on the information provided to the committee, considers that the company and group complies, in all material respects, with the requirements of International Financial Reporting Standards ("IFRS"); the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the manner required by the Companies Act and the JSE Listings Requirements;
- Considered the JSE Limited's ("JSE") latest report on the proactive monitoring of financial statements for compliance with IFRS;
- Ensured that the appropriate financial reporting procedures exist and are operating as required by the JSE Listing Requirements paragraph 3.84(g)(ii);
- Satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements that the Zeder financial director, as well as the group finance function, has the appropriate expertise and experience; and
- Undertook the prescribed functions in terms of section 94(7) of the Companies Act, on behalf of the subsidiary companies of the group.

PricewaterhouseCoopers Inc. has served as external auditor of Zeder Investments Limited for the past 15 years, while the designated external audit partner has served in such capacity for the past 1 year. The committee remains satisfied with the quality of the external audit performed by PricewaterhouseCoopers Inc., however, the potential early adoption of mandatory audit firm rotation, as set out in the rules of the Independent Regulatory Board of Auditors, is currently receiving the committee's attention.

26 May 2021
Stellenbosch

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the company and group. The external auditor is responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal financial controls. Such controls provide assurance that the company and group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The annual financial statements have been prepared in accordance with the requirements of IFRS; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act of South Africa; and the JSE Listings Requirements, and incorporate full and reasonable disclosure. Appropriate and recognised accounting policies are applied.

The audit and risk committee meets regularly with the external auditor, as well as senior management, to evaluate matters concerning accounting policies, internal control, auditing and financial reporting. The external auditor has unrestricted access to all records, assets and personnel as well as to the audit and risk committee.

The annual financial statements are prepared on the going-concern basis, since the directors have every reason to believe that the company and group have adequate resources to continue for the foreseeable future.

The annual financial statements set out on pages 5 to 107 were approved by the board of directors of Zeder Investments Limited and are signed on its behalf by:

Chris Otto

Chris Otto
Chairman

Johann le Roux
CEO and Financial director

26 May 2021
Stellenbosch

DIRECTOR'S RESPONSIBILITY STATEMENT

The director, whose name is stated below, hereby confirms that:

- the annual financial statements set out on pages 5 to 107, fairly present in all material respects the financial position, financial performance and cash flows of the company and group in terms of IFRS;
- 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 material information relating to the company and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the company; and
- 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 within the combined assurance model pursuant to principle 15 of the King Code. Where I am not satisfied, I have disclosed to the audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

JH le Roux
CEO and Financial director

26 May 2021
Stellenbosch

DECLARATION BY THE COMPANY SECRETARY

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act of South Africa and that all such returns are true, correct and up to date.

Zeder Corporate Services Proprietary Limited
Per: L van der Merwe
Company secretary

26 May 2021
Stellenbosch

DIRECTORS' REPORT

OVERVIEW

Zeder Investments Limited ("Zeder") is an investor in the broad agribusiness and related industries, with a historical focus on the food and beverage sectors.

OPERATING RESULTS

The operating results and state of affairs of the group and company are set out in the attached income statements and statements of financial position, comprehensive income, changes in equity and cash flows, as well as the segment report and the notes to the aforementioned.

International Financial Reporting Standards ("IFRS") require that an entity reassess whether it is an investment entity if facts and circumstances indicate changes to one or more of the elements making up the definition of an investment entity or the typical characteristics of an investment entity. Zeder has reassessed whether, as a result of the Pioneer Foods disposal, it meets the definition of an investment entity and the typical characteristics of an investment entity and has concluded that it, in fact, did so with effect from 1 March 2020. This date takes into consideration that the terms and conditions attached to the Pioneer Foods disposal were met during March 2020. Where an entity's status changes to that of an investment entity, it does not consolidate its subsidiaries ("investments") but rather measures investments at fair value through profit or loss in terms of IFRS 9. Such change in accounting is applied prospectively, with no adjustment to prior year comparatives. However, an investment entity continues to consolidate subsidiaries that provide services related to the investment entity's investment activities (i.e. those wholly-owned subsidiaries comprising Zeder's head office operations).

Noteworthy transactions

- Zeder disposed of its entire shareholding in Pioneer Foods on 23 March 2020 for a total consideration of R6.4bn. As a result, Zeder has settled all its debt and related obligations and declared a special gross dividend of 230 cents per share (R3.9bn) to shareholders, which was paid on 28 April 2020.
- Zeder disposed of its entire shareholding in Quantum Foods on 12 June 2020, for a total consideration of R308m.
- Zeder invested R426m in the repurchase of shares during the year at an average price of R2.48 per share. The share repurchases were in terms of the general authority granted by shareholders at the relevant AGMs and were funded out of available cash resources. The 172m ordinary shares repurchased have been delisted and cancelled.

Sum-of-the-Parts ("SOTP")

- Zeder's *SOTP value* per share, calculated using the quoted market prices for all JSE-listed investments and valuations performed for unlisted investments, decreased during the year to R4.33 as at 28 February 2021. The decrease is mainly due to the payment of the R2.30 per share special dividend on 28 April 2020 out of cash reserves.

Net asset value per share ("NAVPS")

- Zeder adopted NAVPS as the applicable criteria for trading statement purposes.

Earnings performance

Pursuant to the change in investment entity status, shareholders and investors are cautioned that earnings per share ("EPS") and headline earnings per share ("HEPS") as well as NAVPS for the year ended 28 February 2021 are not comparable to those for the previous year ended 29 February 2020.

- NAVPS decreased by 7.5% to 433.2 cents mainly due to the significant special dividend paid to shareholders during the reporting period, countered by the gain on deemed disposal and reacquisition of investments.
- HEPS increased to 39.7 cents (2020: 23.7 cents) mainly due to the fair value increases in the value of investments, countered by Zeder ceasing to consolidate its subsidiaries.
- Attributable EPS increased to 152.8 cents (2020: 32.9 cents) mainly due to the significant non-headline gain on deemed disposal and reacquisition of investments, as a result of the aforementioned change in investment entity status.
- Profit for the year amounted to R2.5bn (2020: R599m), while the earnings attributable to equity holders of the group from continued operations amounted to a profit of R1.1bn (2020: loss of R234m).

STATED CAPITAL

No ordinary shares were issued during the year under review or prior year. The company purchased and cancelled 171 918 767 (2020: nil) ordinary shares during the year.

Details regarding the authorised and issued share capital, as well as the treasury shares, are disclosed in note 5 to the annual financial statements.

DIVIDENDS

No ordinary dividend was declared to the ordinary shareholder during the year under review or prior year. However, the company declared on 1 April 2020, a special dividend of 230 cents per share from income resources, as a result of the disposal of Pioneer Foods, which was paid on 28 April 2020. Following the significant special dividend, the directors have resolved to amend the Zeder dividend policy. Going forward the payment of dividends will be conditional on the group having sufficient reserves to fund its operations, investments and growth plans.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end Zeder declared a special dividend of 20 cents per share.

The financial results reported and business environment reviewed, reflect the year ended 28 February 2021, as well as subsequent events that transpired prior to the publication of these results. It is, however, important to note that, at the time of producing this report, some uncertainty around the global coronavirus pandemic remains. Many of Zeder's portfolio companies fell within the "essential services" classification under the Covid-19 regulations and were accordingly permitted to continue certain operations during the government-imposed lock-downs. Zeder, however is well positioned, with a stable balance sheet and cash resources.

DIRECTORS' REPORT

(CONTINUED)

EVENTS SUBSEQUENT TO THE REPORTING DATE continued

Apart from the above, the directors are unaware of any matter or event which is material to the financial affairs of the group that have occurred between the end of the reporting year and the date of approval of the condensed consolidated financial statements.

SECRETARY

The secretary of the company is Zeder Corporate Services Proprietary Limited. The business and postal addresses are 2nd Floor, Ou Kollege, 35 Kerk Street, Stellenbosch, 7600 and PO Box 7403, Stellenbosch, 7599 respectively.

AUDITOR

At the date of this report, PricewaterhouseCoopers Inc. held office in accordance with the Companies Act of South Africa.

TRANSFER SECRETARY

The transfer secretary of the company is Computershare Investor Services Proprietary Limited and its business and postal addresses are Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 and PO Box 61051, Marshalltown, 2107 respectively.

SPONSOR

The sponsor of the company is PSG Capital Proprietary Limited.

INDEPENDENT JOINT SPONSOR

The independent joint sponsor of the company is UBS South Africa Proprietary Limited.

DIRECTORS

The directors of the company during the year and at the date of this report were:

Executive	
N Celliers (Former CEO)	(Appointed 23 July 2012; Resigned 1 October 2020)
JH le Roux (CEO and part-time Financial director)	(Appointed 8 September 2016)
Non-executive	
WL Greeff	(Appointed 21 May 2009)
PJ Mouton	(Appointed 30 April 2012)
Independent non-executive	
CA Otto (Chairman)	(Appointed 21 August 2006)
S Cassiem	(Appointed 12 February 2021)
GD Eksteen	(Appointed 1 September 2009; Retired 8 April 2021)
RM Jansen	(Appointed 29 January 2019)
ASM Karaan	(Appointed 6 April 2016; Deceased 13 January 2021)
N Mjoli-Mncube	(Appointed 1 June 2016)

DIRECTORS' SHAREHOLDING

	Beneficial		Non-beneficial	Total shareholding 2021		Total shareholding 2020	
Audited	Direct	Indirect	Indirect	Number	%	Number	%
N Celliers		**1 187 987**		**1 187 987**	**0.077**	7 340 499	0.429
JH le Roux		**1 045 838**		**1 045 838**	**0.068**	1 045 838	0.061
GD Eksteen		**6 427 512**	**506 073**	**6 933 585**	**0.451**	6 933 585	0.405
WL Greeff		**80 000**		**80 000**	**0.005**	80 000	0.005
N Mjoli-Mncube	**48 983**			**48 983**	**0.003**	48 983	0.003
CA Otto			**80 000**	**80 000**	**0.005**	80 000	0.005
	48 983	**8 741 337**	**586 073**	**9 376 393**	**0.609**	15 528 905	0.908

All or part of the above shares, held by Mr JH le Roux, serve as security for loans granted to him with regards to the share options allocated to executive directors, in terms of a share incentive scheme or other loan funding, on or before 28 February 2018 (refer to note 2 to the annual financial statements).

There has been no changes in the shareholding of directors between year-end and the date of this report.

Also refer to page 107 in the annual financial statements detailing the shareholder analysis.

DIRECTORS' EMOLUMENTS

Directors' remuneration:

The table below provides information on the total remuneration of Zeder's executive directors:

Audited	Short-term remuneration Base salary Approved R'000	Deferred for 12 months[2] R'000	Prior year deferred paid R'000	Paid during the year[3] R'000	Long-term remuneration Non-cash gains from exercise of share options[4] R'000	Total remuneration R'000
28 February 2021						
N Celliers[1]	**8 289**	**(2 487)**	**2 642**	**8 444**	**89**	**8 533**
JH le Roux	**5 175**	**(1 553)**	**1 649**	**5 271**		**5 271**
	13 464	**(4 040)**	**4 291**	**13 715**	**89**	**13 804**
29 February 2020						
N Celliers	8 289	(2 487)	2 323	8 125	1 368	9 493
JH le Roux	5 175	(1 553)	1 450	5 072	204	5 276
	13 464	(4 040)	3 773	13 197	1 572	14 769

1 *Mr N Celliers resigned as Chief Executive Officer with effect from 1 October 2020. The Zeder Remuneration Committee at the time resolved that Mr N Celliers as a good leaver would remain entitled to his full basic salary for being available to assist Zeder during the handover process. Subsequent to year-end, Zeder paid Mr N Celliers a lump sum of R7.5m in finalization of his employment, which included the cancellation of all his unvested share options.*

2 *30% of the executive director's annual base salary was deferred for a period of 12 months, and is payable in monthly contributions in the ensuing year. The deferred payments carries interest at the SARS official rate to compensate for loss in time value of money and is subject to malus/clawback provisions which could lead to the repayment by the executive director of the deferred component of the salary amount received during the preceding 12 months. Included in the total cost-to-company, are minor deductions made to group life cover, membership to a retirement fund and membership to a medical aid scheme (where applicable).*

3 *To help drive a long-term focus and decision-making with the ultimate objective of sustainable shareholder wealth creation, thereby better aligning the interests of management with those of shareholders and other stakeholders, the executives do not qualify for short-term discretionary bonuses.*

4 *Share options exercised during the year represented the share options that became exercisable on 29 February 2020 and that were exercised within the approved exercise window.*

The table below provides information on the total remuneration of Zeder's non-executive directors:

Audited	Total remuneration 2021 R'000	Total remuneration 2020 R'000
GD Eksteen[5]	**495**	595
S Cassiem[6]		
WL Greeff[7]		
RM Jansen[5]	**468**	554
ASM Karaan[6]	**330**	330
N Mjoli-Mncube	**440**	440
PJ Mouton[7]		
CA Otto[5,8]	**747**	1 024
	2 480	2 943

5 *Independent board fees in total of R350 000 paid in October 2019 for the services rendered in relation to the disposal of Pioneer Foods shares was approved by the shareholders at the 30 September 2019 general meeting.*

6 *Prof ASM Karaan passed away on 13 January 2021. Mrs S Cassiem was appointed on 12 February 2021.*

7 *These directors do not receive any emoluments for services rendered to the company and only receive emoluments from PSG Corporate Services Proprietary Limited ("PSGCS") for services rendered to PSG Group Limited and its investee companies (including the Zeder group). The Zeder group pays a strategic fee to PSGCS for services rendered to the company, refer to note 16 to the annual financial statements.*

8 *In January 2019 Mr CA Otto was appointed as the Chairman of the Zeder board of directors. Previously the Chairman's fee was included in the PSG Strategic Input Fee, therefore no Chairman's fee was approved by the shareholders at the 2018 AGM. At the 2019 AGM a fee of R450 000 was approved by the shareholders and the proportional amount of R112 500 was paid to Mr CA Otto in August 2019.*

Members of the Zeder Executive Committee ("Exco") are regarded as being the prescribed officers of the company. The Exco comprises Messrs JH le Roux (Chairman), WL Greeff and PJ Mouton and included Mr N Celliers, until resignation. Messrs N Celliers and JH le Roux's remuneration is included above and the other Exco members' remuneration is disclosed in PSG Group Limited's annual report.

Equity-based remuneration:

The table below provides information on Zeder's executive directors' unvested share options:

Audited	Number of share options as at 29 Feb 2020	Granted	Forfeited – leave[9]	Forfeited – lapsed[10]	Market price per share on vesting date R	Original strike price per share R	Adjusted strike price per share[11] R	Date granted	Number of share options as at 28 Feb 2021	Cost to participant at vesting price R	Market value to participant as at 28 Feb 2021 R	Unrealised gains to participant as at 28 Feb 2021 R
Zeder Investments Limited share options granted by the Zeder Group Share Incentive Trust												
N Celliers	131 323			(131 323)		7.71	7.71	28/02/2015	–			
	394 996		(197 499)	(197 497)		4.97	2.26	29/02/2016	–			
	1 344 301		(896 200)	(448 101)		7.29	4.07 – 4.29	28/02/2017	–			
	4 016 442		(3 012 331)	(1 004 111)		6.41	2.90 – 3.38	28/02/2018	–			
	6 468 828		(6 468 828)			4.36	1.05 – 1.68	28/02/2019	–			
	3 402 459		(3 402 459)			4.52	0.90 – 1.61	29/02/2020	–			
	15 758 349	–	(13 977 317)	(1 781 032)					–	–	–	–
JH le Roux	32 424			(32 424)		7.71	7.71	28/02/2015	–			
	186 557			(93 278)		4.97	2.26	29/02/2016	**93 279**	**210 811**	**247 189**	**36 378**
	1 340 278			(446 759)		7.29	4.07 – 4.29	28/02/2017	**893 519**			
	2 319 528			(579 882)		6.41	2.90 – 3.38	28/02/2018	**1 739 646**			
	3 503 451					4.36	1.05 – 1.68	28/02/2019	**3 503 451**	**4 817 188**	**9 284 145**	**4 466 957**
	2 192 937					4.52	0.90 – 1.61	29/02/2020	**2 192 937**	**2 782 933**	**5 811 283**	**3 028 350**
		15 000 000				2.66		18/01/2021	**15 000 000**			
	9 575 175	15 000 000	–	(1 152 343)					**23 422 832**	**7 810 932**	**15 342 617**	**7 531 685**
Total	25 333 524	15 000 000	(13 977 317)	(2 933 375)					**23 422 832**	**7 810 932**	**15 342 617**	**7 531 685**

Audited	Number of share options as at 29 Feb 2020	Number of share options during the year: Granted	Vested/ Exercised[13]	Forfeited – leave[9]	Market price per share on vesting date R	Original strike price per share R	Adjusted strike price per share[14] R	Date granted	Number of share options as at 28 Feb 2021	Cost to participant at vesting price R	Market value to participant as at 28 Feb 2021 R	Unrealised gains to participant as at 28 Feb 2021 R
PSG Group Limited share options granted by the PSG Group Limited Supplementary Share Incentive Trust[14]												
N Celliers	2 465	(2 465)			172.91	136.84	136.84	28/02/2015	–			
	3 671		(1 836)	(1 835)		178.29	21.39	29/02/2016	–			
	6 136	(2 465)	(1 836)	(1 835)					–	–	–	–
JH le Roux	1 733			(867)		178.29	21.39	29/02/2016	**866**	**18 524**	**57 598**	**39 074**
Total	7 869	(2 465)	(1 836)	(2 702)					**866**	**18 524**	**57 598**	**39 074**

9 Share options forfeited during the year were with regards to Mr N Celliers' resignation from the company (as executive director and employee). Being a good leaver, the Zeder Remuneration Committee exercised its discretion in accordance with the Zeder Group Share Incentive Trust deed whereby Mr N Celliers could retain his unvested share options following his resignation as Zeder Chief Executive Officer. However, subsequent to year-end the Zeder Remuneration Committee resolved to pay Mr N Celliers a lump sum of R7.5m in lieu of, inter alia, the cancellation of all such share options.

10 Share options forfeited during the year were with regards to share options that became exercisable on 29 February 2020, but due to the fact that it was out-of-the-money share options during the exercisable window, the participants opted not to exercise the share options.

11 The approved Zeder Group Share Incentive Trust ("SIT") deed ("Trust Deed"), entitles Zeder board (acting through its remuneration committee) ("Remcom") to instruct the SIT's trustees to effect such adjustments to the Strike Prices (as defined in the Trust Deed) of awarded but unexercised share options as the Remcom "shall consider fair and reasonable in the circumstances …" and to take account of special dividends and various other corporate actions listed in that clause. On 28 April 2020 Zeder distributed a gross dividend of R2.30 per share to Zeder ordinary shareholders as a special dividend from income reserves and in accordance with the JSE Listings Requirements and the Trust Deed, the SIT's trustees adjusted the Strike Prices of the awarded but unexercised share options. The external auditors, PwC, reviewed, and the JSE approved, the adjusted strike prices, accordingly.

12 The participants have not yet elected to exercise their right in terms of the provisions of the share incentive schemes to exercise their share options that became exercisable on 29 February 2020. Such right will be exercised within the 180-day exercise window. Share options exercised during the year represented the share options that became exercisable on 28 February 2019 and that were exercised within the approved exercise window.

13 The approved PSG Group Limited Supplementary Share Incentive Trust ("PSG Group SIT") deed ("PSG Group Trust Deed"), entitles the PSG Group board (acting through its remuneration committee) ("PSG Group Remcom") to instruct the PSG Group SIT's trustees to effect such adjustments to the Strike Prices (as defined in the PSG Group Trust Deed) of awarded but unexercised share options as the PSG Group Remcom "shall consider fair and reasonable in the circumstances …" and to take account of special dividends and various other corporate actions listed in that clause. On 30 July 2020, PSG Group shareholders approved the unbundling of an effective 30.5m shares in Capitec, whereby significant value of more than R12bn was unlocked for PSG Group shareholders and in accordance with the JSE Listings Requirements and the PSG Group Trust Deed, the PSG Group SIT's trustees adjusted the Strike Prices of the awarded but unexercised share options. The PSG Group external auditors, PwC, reviewed, and the JSE approved, the adjusted strike prices, accordingly.

14 PSG Group Limited share options granted to participants, relate to the period prior to the Management Fee Internalisation transaction.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Zeder Investments Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Zeder Investments Limited (the Company) and its subsidiaries (together the Group) as at 28 February 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

What we have audited

Zeder Investments Limited's consolidated and separate financial statements set out on pages 14 to 106 comprise:

- the consolidated and separate statements of financial position as at 28 February 2021;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the "*Zeder Investments Limited Annual Financial Statements for the year ended 28 February 2021*", rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

Basis for opinion

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

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

Independence

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

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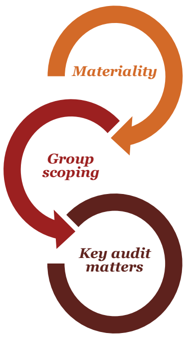
T: +27 (0) 21 815 3000, F: +27 (0) 21 815 3100, www.pwc.co.za
Chief Executive Officer: LS Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

Our audit approach

Overview



Overall group materiality

- R67.5 million, which represents 1% of total consolidated assets.

Group audit scope

- For purposes of our group audit scope, the Group comprises the Company, an intermediate holding company, namely Zeder Financial Services Limited, and those wholly-owned subsidiaries that provide investment related services to the Company, namely Zeder Management Services Proprietary Limited and Zeder Corporate Services Proprietary Limited, and a special-purpose entity, Zeder Group Share Incentive Trust. Full scope audits were performed on financially significant components. Analytical review procedures were performed on the remaining insignificant components.

Key audit matters

- Accounting for the transition to investment entity classification in terms of IFRS; and
- Valuation of unlisted investments.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R67.5 million.*
How we determined it	*1% of total consolidated assets.*
Rationale for the materiality benchmark applied	*We chose total consolidated assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is measured. The use of an asset-based benchmark was used in light of the volatility arising in profitability, which is largely an effect of revaluation movements on underlying investments that are measured at fair value through profit or loss. We chose 1% which is within the range of quantitative materiality thresholds that we consider to be acceptable.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

For purposes of our group audit scope, the Group comprises the Company, an intermediate holding company, namely Zeder Financial Services Limited, and those wholly-owned subsidiaries that provide investment related services to the Company, namely Zeder Management Services Proprietary Limited and Zeder Corporate Services Proprietary Limited, and a special-purpose entity, Zeder Group Share Incentive Trust. Zeder Financial Services Limited is the only significant component in the Group. All other components are considered financially insignificant.

In order to ensure sufficient work was performed over material line items in the consolidated financial statements, a full scope audit was performed on Zeder Financial Services Limited due to its financial significance to the Group. Analytical review procedures were performed on the remaining insignificant components.

The above, together with additional procedures performed at the Group level, including substantive procedures over the consolidation process, provided us with sufficient and appropriate audit evidence to form an opinion on the consolidated financial statements as a whole.

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Accounting for the transition to investment entity classification in terms of IFRS The key audit matter relates to both the consolidated and separate financial statements. Refer to the following sections of the consolidated and separate financial statements for disclosures as it relates to this key audit matter: • Notes 1.1, 3 and 18.1 of the Accounting Policies, • Note 1 to the consolidated and separate financial statements, • Annexure A, • Annexure B, and • Annexure C. With effect from 1 March 2020, the Company transitioned to an investment entity in terms of IFRS 10: Consolidated financial statements ("IFRS 10"). From this date the Company ceased to consolidate its subsidiaries (other than those subsidiaries that are not, themselves investment entities that provide services related to the Company's investment activities) and to instead carry its investments at fair value, with subsequent changes in fair value being recognised in profit and loss. An investment entity is typically an entity that i) obtains funds from one or more investors for the purpose of providing such investor(s) with investment management services; ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. During the year the Company undertook major corporate actions as disclosed in Note 1.1 of the Accounting Policies that resulted in the Company assessing whether it meets the requirements of an investment entity in terms of IFRS 10. The performance of the Group's investment portfolio is measured with reference to the fair value of such investment (i.e. sum-of-the-parts ("SOTP") value) rather than the consolidated profitability of the Company (i.e. recurring earnings) with effect from 1 March 2020 in the Company's strive to meet its objective of value creation through capital appreciation, investment income or both. IFRS 10 requires a parent that becomes an investment entity to account for the change in its status prospectively from the date at which the change in status occurred. On such date the Group's existing subsidiaries (other than those subsidiaries that are not, themselves investment entities that provide services related to the Company's investment activities) were deemed to be disposed of and re-acquired at fair value, with the resultant R1.7bn gain being recognised as a non-headline item in the income statement (R3.5bn gain recognized in the separate financial statements of the Company). These investments were subsequently measured at fair value through profit and loss for the entire year under review. The transition to investment entity classification in terms of IFRS is deemed to be a matter of most significance to our year end audit due to the following: • Complexity involved in the determination of the classification as an investment entity: and • The significance of the impact of the transition on the consolidated and separate financial statements of the Company.	Making use of our accounting expertise, we assessed whether the Company meets the criteria of an investment entity, in terms of IFRS10, by performing the following procedures: • We obtained management's assessment and agreed their fact pattern to the criteria as included in IFRS 10, noting no material exceptions; • We inspected the Company's share register to determine the number and identity of the Company's shareholders and whether they are related; • We inspected market communication for evidence that the Company identifies itself as an investment entity that monitors performance of the underlying investments on a fair value basis; • We inspected board minutes for the tabling and discussion of the fair value of investments at each board meeting; and • We inspected the board minutes for evidence that the board continuously considers the possible exit strategies. We obtained the journals for the transition to investment entity, effective 1 March 2020 and performed the following: • Agreed the 1 March 2020 opening balances of the underlying investments to the audited balances as at 29 February 2020; • Inspected the journals to deconsolidate the underlying investments and assessed whether all related balances were completely and accurately deconsolidated; • Agreed the fair value of each investment as at 1 March 2020 to the audited SOTP as at 29 February 2020; and • We recalculated the net gain upon deemed disposal and reacquisition of investments on 1 March 2020. We noted no material differences to management's calculations.

Key audit matter	How our audit addressed the key audit matter
Valuation of unlisted investments in portfolio companies The key audit matter relates to the consolidated financial statements. (Refer to the following sections of the consolidated and separate financial statements for disclosures as it relates to this key audit matter: • Notes 3 and 18.2 of the Accounting Policies, and • Note 1 to the consolidated financial statements. The Group holds a number of unlisted investments in portfolio companies, which are measured at fair value through profit or loss in terms of the requirements of the classification as an investment entity, in line with IFRS 10. The fair value of these unlisted investments as at 28 February 2021 is R4.6bn. The primary valuation models utilised for valuing unlisted investments are the enterprise value ("EV") /earnings before interest, tax, depreciation and amortisation ("EBITDA") multiple model, as well as the market related net asset values of the investments, or a combination of both as included in Note 1 to the consolidated financial statements. The key assumption applied in the EV/EBITDA model relates to the earnings multiple which is derived from comparable listed companies. Companies in the same industry and geography and where possible with a similar business model and profile are selected and multiples are then adjusted for factors including, *inter alia*, liquidity risk, marketability risk, growth potential, relative performance and a minority/controlling discount/premium is applied. The EV/EBITDA multiples are applied to recurring EBITDA of an investment to determine the EV. Independent third party valuations were obtained to determine the market-related net asset value for certain investments where there is extreme volatility in earnings and resultant market multiples of the investments and comparable companies. We considered the fair value of the underlying unlisted investments in portfolio companies to be a matter of most significance to the current year audit due to: • the magnitude of the unlisted investments in portfolio companies in relation to the consolidated financial statements; and • the degree of judgement and estimation applied in determining the fair value of the underlying unlisted investments in portfolio companies.	In our assessment of the Group's determination of the fair value of unlisted investments in portfolio companies, we assessed the assumptions and inputs used in the respective valuations. Our audit procedures included the following: • We evaluated the design and implementation of key controls over the Group's investment valuation process; • We assessed whether the final valuations of unlisted portfolio companies and related inputs used in their determination, were appropriately approved by the Board of Directors, through inspection of the minutes of the Group Audit and Risk Committee meetings. We noted no material exceptions in this regard; and • Making use of our valuations expertise, we obtained an understanding of the methodologies applied by management, as indicated in Note 1 to the consolidated financial statements for alignment with appropriate industry practice.We noted no aspects in this regard requiring further consideration. Where EV/EBITDA multiples were used as the primary valuation model, our audit procedures included the following: • Making use of our valuation expertise, we performed an independent assessment of the reasonableness of the inputs used in the EV/EBITDA multiple determined for each unlisted investment, including the comparative peer EBITDA values derived from independent third-party sources. We focused on this area since the outputs of these valuation models are highly sensitive to changes in inputs, which are inherently judgmental in nature. Based on our work performed, we accepted management's inputs; • We performed an independent analysis and identification of appropriate comparable companies for each portfolio investment, and evaluated the consistency of the peer group used by management; Our comparable companies were consistent with those used by management; • We performed a sensitivity analysis of the valuations to changes in key inputs and noted no material impact; and • We tested the mathematical accuracy of the underlying valuation calculations and noted no material exceptions. Where market related net assets values were used as the primary valuations model, our audit procedures included the following: • We evaluated the competence, capabilities and objectivity of the external experts engaged by the Group and Company to perform the property valuations by assessing their professional qualifications, experience and objectivity of these experts with reference to the profiles of the valuation company and individual experts. No aspects requiring further consideration were noted; • Making use of our valuations' expertise, we independently recalculated the fair value of the material properties and noted no material exceptions; • Inputs used in these valuations were applied to the rest of the properties to independently recalculate their fair values, noting no material differences; • We inspected the final valuations report and agreed the fair values to management's calculations, noting no material differences; • All other net assets (excluding properties) were agreed to the audited financial information of the underlying investments. No material differences noted; • We tested the mathematical accuracy of the underlying valuation calculations and noted no material exceptions; • We recalculated the net asset values per investments and agreed it to the valuations used by management. There were no material differences between our valuations and that of management; and • We performed a sensitivity analysis of the valuations to changes in key inputs and noted no material impact.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Zeder Investments Limited Annual Financial Statements for the year ended 28 February 2021*", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "*Zeder Investments Limited Annual Report 2021*", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's 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 and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Zeder Investments Limited for 15 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JA Hugo
Registered Auditor

Stellenbosch, South Africa
26 May 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 28 FEBRUARY 2021

	Notes	GROUP 2021 Rm	GROUP 2020[1] Rm	COMPANY 2021 Rm	COMPANY 2020[1] Rm
ASSETS					
Investments	1	**5 724**		**7 121**	
Property, plant and equipment	23.1		1 599		
Right-of-use assets	23.2		425		
Intangible assets	24		805		
Biological assets (bearer plants)	25.1		413		
Investment in subsidiary	26				8 302
Investment in ordinary shares of associates	27.1		1 270		
Loans to associates	27.2		40		
Investment in ordinary shares of joint ventures	28		2		
Equity securities	29		31		
Employee benefits	9		42		
Deferred income tax assets	7		140		
Biological assets (agricultural produce)	25.2		173		
Loans and advances	2	**129**	89		
Trade and other receivables	3	**15**	1 814	**1**	1
Derivative financial assets	36.1		1		
Inventories	31		1 413		
Current income tax assets		**2**	9		
Cash, money market investments and other cash equivalents	4	**876**	411		
Non-current assets held for sale	32.1		5 470		
Total assets		**6 746**	14 147	**7 122**	8 303
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Stated capital	5	**6 634**	7 060	**6 634**	7 060
Treasury shares		**(36)**	(71)		
Other reserves	6	**(2)**	(737)	**(2)**	23
Retained earnings		**66**	1 722	**30**	(378)
		6 662	7 974	**6 662**	6 705
Non-controlling interests			344		
Total equity		**6 662**	8 318	**6 662**	6 705
Liabilities					
Deferred income tax liabilities	7	**1**	121		
Borrowings	8		3 516	**387**	1 590
Lease liabilities	35		632		
Derivative financial liabilities	36.2		24		
Employee benefits	9	**4**	168		
Trade and other payables	10	**79**	1 309	**73**	8
Current income tax liabilities			43		
Non-current liabilities held for sale	32.1		16		
Total liabilities		**84**	5 829	**460**	1 598
Total equity and liabilities		**6 746**	14 147	**7 122**	8 303
Net asset value per share (cents)		**433.2**	468.5		
Tangible asset value per share (cents)		**433.2**	421.2		

[1] *Representation in order of liquidity as it is more relevant and reliable because the group and company does not supply goods or services in the current year due to the change in investment entity status.*

INCOME STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	GROUP 2021 Rm	GROUP 2020 Rm	COMPANY 2021 Rm	COMPANY 2020 Rm
Net fair value gain/(loss) on investments	1	**771**		**(4 680)**	
Investment income					
Interest income					
Interest income earned using effective interest rate	11	**56**	43		
Interest income earned on "fair value through profit or loss"	11	**9**	7		
Dividend income	11	**17**	1	**5 518**	
Total investment income		**82**	51	**5 518**	–
Revenue from sale of goods and services	38		7 492		
Cost of goods sold and delivery of services	39		(5 623)		
Gross profit from sale of goods and services		**–**	1 869	**–**	–
Income					
Change in fair value of biological assets	25.2		225		
Gain on deemed disposal and reacquisition of investments	1	**355**		**3 499**	
Net fair value gains	40		79		
Other operating income	12	**5**	40		
Total income		**360**	344	**3 499**	–
Expenses					
Marketing, administration and other expenses	13	**(27)**	(2 078)	**(2)**	(4)
Net monetary gain			118		
Total expenses		**(27)**	(1 960)	**(2)**	(4)
Net income from associates and joint ventures					
Share of profits of associates and joint ventures	27 & 28		247		
Impairment of associates	27 & 28		(298)		
Net loss on dilution of interest in associates	27 & 28		(1)		
Net loss from associates and joint ventures		**–**	(52)	**–**	–
Profit/(loss) before finance costs and taxation		**1 186**	252	**4 335**	(4)
Finance costs	14	**(49)**	(351)		
Profit/(loss) before taxation		**1 137**	(99)	**4 335**	(4)
Taxation	15	**(19)**	(97)		
Profit/(loss) for the year from continued operations		**1 118**	(196)	**4 335**	(4)
Profit for the year from discontinued operations	32.2	**1 357**	795		
Profit/(loss) for the year		**2 475**	599	**4 335**	(4)
Profit/(loss) attributable to:					
Owners of the parent		**2 475**	561	**4 335**	(4)
Continued operations		**1 118**	(234)	**4 335**	(4)
Discontinued operations		**1 357**	795		
Non-controlling interests from continued operations			38		
		2 475	599	**4 335**	(4)
Earnings per share (refer note 19)					
Attributable – basic		**152.8**	32.9		
Attributable – diluted		**146.8**	32.9		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 28 FEBRUARY 2021

	GROUP		COMPANY	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Profit/(loss) for the year	**2 475**	599	**4 335**	(4)
Continued operations	**1 118**	(196)	**4 335**	(4)
Discontinued operations	**1 357**	795		
Other comprehensive income/(loss) for the year, net of taxation	**536**	(389)	**–**	–
Items reclassified to profit and loss				
Reclassification of foreign currency translation reserves	**536**			
Items that may be reclassified to profit and loss				
Currency translation adjustments including hyperinflation		(201)		
Share of other comprehensive income of associates and joint ventures		(188)		
Total comprehensive income/(loss) for the year	**3 011**	210	**4 335**	(4)
Attributable to:				
Owners of the parent	**3 011**	218	**4 335**	(4)
Continued operations	**1 654**	457	**4 335**	(4)
Discontinued operations	**1 357**	(239)		
Non-controlling interests from continuing operations		(8)		
	3 011	210	**4 335**	(4)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2021

GROUP	Stated capital Rm	Treasury shares Rm	Other reserves Rm	Retained earnings Rm	Non-controlling interests Rm	Total Rm
Balance at 1 March 2019	7 060	(72)	(397)	1 327	311	8 229
Balance at 28 February 2019 - previously reported	7 060	(72)	(397)	1 505	316	8 412
Adjustment due to initial application of IFRS 16				(178)	(5)	(183)
Total comprehensive (loss)/income	–	–	(343)	561	(8)	210
Profit for the year				561	38	599
Other comprehensive loss			(343)		(46)	(389)
Transactions with owners	–	1	3	(166)	41	(121)
Shares issued					3	3
Treasury shares sold		1				1
Share-based payment costs – employees			33		1	34
Subsidiaries acquired (note 42.1)					66	66
Transactions with non-controlling interests				(8)	(12)	(20)
Transfer between reserves			(30)	30		–
Dividends paid *(net of treasury share dividends)*				(188)	(17)	(205)
Balance at 29 February 2020	**7 060**	**(71)**	**(737)**	**1 722**	**344**	**8 318**
Total comprehensive income	**–**	**–**	**536**	**2 475**	**–**	**3 011**
Profit for the year				**2 475**		**2 475**
Other comprehensive income			**536**			**536**
Transactions with owners	**(426)**	**35**	**199**	**(4 131)**	**(344)**	**(4 667)**
Deemed disposal and reacquisition of investments (notes 6 and 18.4)			**45**	**(41)**	**(344)**	**(340)**
Share buy-back	**(426)**					**(426)**
Treasury shares sold		**35**				**35**
Transactions with non-controlling shareholders			**(15)**			**(15)**
Share-based payment costs - employees			**(2)**			**(2)**
Transfer between reserves			**171**	**(171)**		**–**
Dividends paid *(net of treasury share dividends)*				**(3 919)**		**(3 919)**
Balance at 28 February 2021	**6 634**	**(36)**	**(2)**	**66**	**–**	**6 662**

COMPANY	Stated capital Rm	Other reserve[1] Rm	Retained earnings Rm	Total Rm
Balance at 1 March 2019	7 060	13	(186)	6 887
Loss and total comprehensive loss for the year			(4)	(4)
Share-based payment costs – employees		10		10
Dividend paid			(188)	(188)
Balance at 29 February 2020	**7 060**	**23**	**(378)**	**6 705**
Profit and total comprehensive income for the year			**4 335**	**4 335**
Share buy-back	**(426)**			**(426)**
Share-based payment costs – employees		**(2)**		**(2)**
Transactions with non-controlling shareholders		**(15)**		**(15)**
Transfer between reserves		**(8)**	**8**	**–**
Dividend paid			**(3 935)**	**(3 935)**
Balance at 28 February 2021	**6 634**	**(2)**	**30**	**6 662**

Final dividends per share (refer note 19)

- 2020: no ordinary dividend declared; 230 cents special dividend (declared on 1 April 2020 and paid on 28 April 2020)
- 2021: no ordinary dividend declared; 20 cents special dividend (declared on 13 April 2021 and paid on 10 May 2021)

[1] Comprise mainly of provision for share buy-back from a dissenting shareholder, in terms of section 166 of the Companies Act, subsequent to the Pioneer Foods disposal, countered by the share-based payment reserve.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 28 FEBRUARY 2021

	Notes	GROUP 2021 Rm	GROUP 2020 Rm	COMPANY 2021 Rm	COMPANY 2020 Rm
Cash flow from operating activities		**36**	258	**5 564**	–
Cash generated from operations	18.1	**24**	337	**46**	
Interest received		**58**	48		
Dividends received		**17**	266	**5 518**	
Interest paid		**(47)**	(351)		
Taxation paid	18.2	**(16)**	(42)		
Cash flow from investment activities		**6 242**	(218)	**–**	–
Proceeds from disposal of investments	18.3	**6 716**			
Additions to investments		**(25)**			
Cash and cash equivalents on deemed disposal of investments	18.4	**(328)**			
Acquisition of subsidiaries	42.1		(32)		
Proceeds from disposal of subsidiary/subsidiaries' operations	42.2		53		
Loans repaid by associates and joint ventures			6		
Loans granted to associates and joint ventures			(15)		
Additions to property, plant and equipment			(202)		
Proceeds from disposal of property, plant and equipment			27		
Additions to intangible assets			(112)		
Proceeds from disposal of equity securities			6		
Loans and advances granted		**(124)**	(8)		
Repayment of loans and advances		**3**	59		
Cash flow from financing activities		**(5 813)**	(33)	**(5 564)**	–
Share buy-back		**(426)**		**(426)**	
Transactions with non-controlling interests			(20)		
Treasury shares sold		**32**	1		
Dividends paid to shareholders of the parent		**(3 919)**	(188)	**(3 935)**	(188)
Dividends paid to non-controlling interests			(17)		
Lease liabilities – principal portion			(73)		
Borrowings repaid	18.5	**(1 500)**	(630)	**(5 879)**	(3)
Borrowings drawn	18.5		894	**4 676**	191
Net increase in cash and cash equivalents		**465**	7	**–**	–
Cash and cash equivalents at beginning of year		**411**	433		
Exchange losses on cash and cash equivalents including hyperinflation			(29)		
Cash and cash equivalents at end of year	4	**876**	411	**–**	–

ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2021

With effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value. Accordingly, Zeder prospectively changed its accounting treatment and now measures investments (other than wholly-owned head office subsidiaries providing investment activities to Zeder) at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Therefore the results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder's previous accounting policy) and will therefore not be comparable to the results for the year ended 28 February 2021. The group adopted the various revisions to IFRS, refer accounting policies note 2, which were effective for its financial year ended 28 February 2021, but, these revisions have not resulted in material changes to the group's reported results or disclosures in these financial statements.

1. BASIS OF PREPARATION

The consolidated and standalone financial statements have been prepared on the going concern basis and in compliance with International Financial Reporting Standards; the IFRS Interpretations Committee interpretations; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council; the requirements of the Companies Act of South Africa and the JSE Limited Listings Requirements. The financial statements have been prepared under the historical cost convention, as modified for the effects of the revaluation of financial assets and liabilities.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. Changes in assumptions might have a significant impact on the financial statements in the period in which the assumptions changed. Management believes that the underlying assumptions are appropriate and that the consolidated and standalone financial statements are fairly presented. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and standalone financial statements, and in particular, determining the fair value of investments, are disclosed in accounting policy note 18 below.

The accounting policies applied during the year, are materially different from those used in the prior year. For more details on the accounting policies used in the prior year, please refer to Annexure A – Comparative accounting policies, as set out on pages 59 to 74 and accounting policy note 1.1 below.

1.1 Change in Investment Entity status and accounting policy

IFRS require that an entity reassess whether it is an investment entity if facts and circumstances indicate changes to one or more of the elements making up the definition of an investment entity or to the typical characteristics of an investment entity.

An investment entity is typically an entity that i) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, ii) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. Zeder previously measured and evaluated investment performance with reference to investments' contribution to both Zeder's *sum-of-the-parts* ("*SOTP*") value (i.e. quoted market prices of JSE-listed investments and internal valuations of unaudited investments) and *recurring* headline earnings (i.e. profitability) per share.

IFRS 10 lists typical characteristics of an investment entity as being i) it has more than one investment, ii) it has more than one investor, iii) it has investors that are not related parties of the entity; and iv) it has ownership interests in the form of equity or similar interests. Zeder strongly exhibits all of these characteristics of an investment entity.

During the year, the group undertook the following major corporate actions, which significantly impacted the group's composition and focus areas going forward:

- Zeder disposed of its entire shareholding in Pioneer Foods, its largest investment, for R6.4bn cash; and
- Zeder disposed of its entire shareholding in Quantum Foods for R308m cash.

The investments in Pioneer Foods and Quantum Foods contributed approximately 64% to Zeder's consolidated recurring headline earnings for the year ended 29 February 2020 and, as a result of such investments' disposals, the group became more focussed on measuring and evaluating the performance of its investments on a fair value basis, rather than from both a fair value and profitability perspective. Fair value is ultimately representative of a range of factors, including the investee's growth prospects, market rating, marketability, operational performance, profitability and the like.

Zeder's focus on value creation for its shareholders has not changed, and therefore the performance of its investment portfolio is accordingly measured with reference to the growth in fair value of each investment (i.e. *SOTP value*) rather than the consolidated profitability of Zeder (i.e. *recurring* headline earnings), with effect from 1 March 2020, following in particular the disposal of the Pioneer Foods, and in accordance with Zeder's drive to meet its objective of value creation through capital appreciation, investment income or both.

IFRS 10 lists typical characteristics of an Investment Entity as being i) it has more than one investment, ii) it has more than one investor, iii) it has investors that are not related parties of the entity; and iv) it has ownership interests in the form of equity or similar interests. Zeder strongly exhibits all of these characteristics of an investment entity. Zeder has, therefore, reassessed whether it meets the definition of an investment entity in terms of IFRS 10 and the typical characteristics of an investment entity and has concluded that it, in fact, did so with effect from 1 March 2020.

IFRS 10 contains special accounting requirements for investment entities. Where an entity meets the definition of an investment entity, it does not consolidate its subsidiaries ("investments"), but rather measures investments at fair value through profit or loss. However, an investment entity still continues to consolidate subsidiaries that provide services related to the investment entity's investment activities (i.e. those wholly-owned subsidiaries comprising Zeder's head office operations).

1. BASIS OF PREPARATION continued

1.1 Change in Investment Entity status and accounting policy continued

Accordingly, Zeder prospectively changed its accounting treatment, with effect from 1 March 2020, and now measures investments at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Zeder still consolidates wholly-owned head office subsidiaries, which are not investments, and which provide investment activities to Zeder. The resultant change in accounting policy impacts, *inter alia*, Zeder's attributable earnings, headline earnings, recurring headline earnings and net asset value. Under the new accounting policy, Zeder's attributable earnings and headline earnings will largely comprise dividend and interest income, fair value gains and losses, less operating expenses, financing costs and tax. The results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder's previous accounting policy) and will therefore not be comparable to the results for the year ended 28 February 2021. The change in accounting policy is expected to provide users of Zeder's financial statements with more relevant financial information to analyse Zeder's performance.

IFRS 10 requires a parent that becomes an investment entity to account for the change in its status prospectively from the date at which the change in status occurred, therefore prior period comparatives have not been restated. Having considered various factors and the timeline of aforementioned disposals, Zeder applied judgement and its application of the investment entity exception has been accounted for with effect from 1 March 2020. Accordingly, on such date, the group's existing subsidiaries (other than aforementioned wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value, with the resultant gain or loss being recognised as a non-headline item in the income statement. Such investments were subsequently measured at fair value through profit or loss for the entire year under review.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS

2.1 New standards, interpretations and amendments adopted by the group during the year

The following new standards, interpretations or amendments, which are relevant to the group's operations, became effective for application during the year, but does not have a material impact on the measurement of amounts or disclosures in the current or prior year:

- Amendments to IAS 1 *Presentation of Financial Statements* – Definition of Material (effective 1 January 2020)

  The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Error*s – Disclosure Initiative (effective 1 January 2020)

  The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

2.2 New standards, interpretations and amendments not currently relevant to the group's operations

The following new standards, interpretations and amendments had no impact on the measurement of amounts or disclosures in the current or prior year:

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* – Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)[2]

  Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.
- Amendments to IFRS 3 *Business Combinations* – Regarding the definition of a business (effective 1 January 2020)[2]

  These amendments: (a) clarified that a business must include substantive inputs and a process and must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.
- Amendments to IFRS 3 *Business Combinations* – Reference to the Conceptual Framework (effective 1 January 2022)[2]

  The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- Amendments to IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments* and IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 January 2020)

  Interest Rate Benchmark Reform: The amendments to IFRS 7, IFRS 9 and IAS 39 amend requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.
- Amendment to IFRS 16 *Leases* – COVID-19-Related Rent Concessions (effective 1 June 2020)[2]

  Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.
- IFRS 17 *Insurance contracts* (effective 1 January 2023)[2]

  This standard replaces IFRS 4 *Insurance contracts*. IFRS 17 created one accounting model for all insurance contracts in the jurisdictions that apply IFRS. The framework requires an entity to measure insurance contracts using updated estimates and assumptions that reflects the timing of cash flows. Insurance contracts are required to recognise profits as services are delivered as opposed to on receipt of premiums.
- Amendment to IAS 41 *Agriculture* – Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)[2]

  The amendment removes the requirement for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS continued

2.3 New standards, interpretations and amendments that are not yet effective

The following new standards, interpretations and amendments have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2020 or later periods and have not been early adopted by the group:

- Amendments to IFRS 4 *Insurance contracts*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 9 *Financial Instruments, IFRS 16* Leases and IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 January 2021)[2]

  Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures.
- Amendments to IFRS 9 *Financial Instruments* – Annual Improvements to IFRS Standards 2018–2020 (effective 1 January 2022)[2]

  The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.
- Amendments to IAS 1 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective 1 January 2023)[1]

  Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.
- Amendments to IAS 1 *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective 1 January 2023)[1]

  The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.
- Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates (effective 1 January 2023)[1]

  The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.
- Amendments to IAS 16 Property, Plant and Equipment – Property, Plant and Equipment: Proceeds before Intended Use (effective 1 January 2022)[2]

  The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit and loss.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts—Cost of Fulfilling a Contract (effective 1 January 2022)[2]

  The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

2.4 Effect of new standards, interpretations and amendments that are not yet effective

[1] *Management has assessed the impact of these amendments on the reported results of the group and company and foresee only minor disclosure changes.*
[2] *Management has assessed the impact of these amendments on the reported results of the group and company and foresee no impact on the measurement of amounts or disclosure.*

3. INVESTMENT ENTITY AND CONSOLIDATION

3.1 Basis of consolidation

In accordance with IFRS 10, Zeder meets the criteria as an investment entity from 1 March 2020 and therefore is required to recognise its investments at fair value through profit or loss. Therefore, it does not consolidate the subsidiaries ("investments") it controls. However, wholly-owned subsidiaries that provide investment related services, such as management or employment services, (i.e. those wholly-owned subsidiaries comprising Zeder's head office operations), as well as the share incentive trust, are not accounted for at fair value through profit or loss and continue to be consolidated.

3.2 Accounting for investment portfolio companies

The underlying investments will be measured at fair value through profit or loss in accordance with IFRS 9 and IFRS 13, irrespective of whether they are subsidiaries, as explained below.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are usually fully consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases.

The group is required to determine the degree of control or influence the group exercises and the form of any control to ensure that the financial treatment is accurate.

Where the group does have control in accordance with IFRS 10, investments that are held by investment entities are to be recognised and measured as at fair value through profit or loss and accounted for in accordance with IFRS 9 and IFRS 13, with changes in fair value recognised in profit or loss in the period of the change.

3.3 Consolidation of wholly-owned subsidiaries comprising Zeder's head office operations, as well as the share incentive trust

Zeder head office operations provide investment-related services through the provision of investment management or advice. These entities, as well as the share incentive trust, are not part of the investment portfolio and continue to be consolidated.

On acquisition date, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values. Acquisition-related costs are expensed as incurred.

3. INVESTMENT ENTITY AND CONSOLIDATION continued

3.3 Consolidation of wholly-owned subsidiaries comprising Zeder's head office operations, as well as the share incentive trust continued

Any excess of acquisition cost over fair value of the identifiable net assets acquired is recognised as goodwill. Any shortfall in the acquisition cost below the fair value of the identifiable net assets acquired (i.e. discount) is credited to profit and loss in the period of acquisition. Minority shareholders are stated at their proportion of the fair value of the assets and liabilities recognised.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

3.4 Investment in subsidiary (Company)

IAS27.11A requires an investment entity to similarly account for its investment in subsidiaries at fair value in its separate financial statements, therefore the underlying investment in subsidiary will be measured at fair value through profit or loss in accordance with IFRS 9 and IFRS 13, and with reference to the *SOTP value*, in the separate financial statements.

4. SEGMENT REPORTING

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

5. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include financial assets, consisting of investments (held at fair value through profit or loss), loans and advances, trade and other receivables, cash, money market investments and other cash equivalents, as well as financial liabilities, consisting of borrowings and trade and other payables.

6. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

7. FINANCIAL ASSETS

The group classifies its financial assets in the following measurement categories: those to be measured at fair value through profit or loss and those to be measured at amortised cost. Management determines the classification of its financial assets at initial recognition. The classification of financial assets are on the basis of the business model for managing the financial assets with the objective to hold financial assets in order to collect contractual cash flow or hold to collect contractual cash flow and selling financial assets.

For assets measured at fair value, gains and losses will be recorded in profit and loss.

7.1 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the group has transferred substantially all the risks and rewards of ownership.

7.2 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

(a) *At fair value through profit or loss*

- *Investments at fair value through profit or loss*

  The group classifies its financial assets as fair value through profit or loss if the financial assets are either held for trading or designated as at fair value through profit or loss.

  The group subsequently measures all investments as at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the income statement as applicable. Dividends from such investments continue to be recognised in profit and loss as other income when the group's right to receive payment is established.

7. FINANCIAL ASSETS continued

7.2 Measurement continued

(a) *At fair value through profit or loss continued*

- *Money market funds at fair value through profit or loss*

  The group classifies its investments in money market funds as at fair value through profit or loss, due to the underlying investments held by the money market funds that are periodically sold and thus the net asset value of the money market fund includes gains/losses from the sale of the underlying investments.

  The group subsequently measures all investments in money market funds at fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the income statement as applicable. Interest earned from such investments continue to be recognised as part of investment income in profit and loss.

(b) *At amortised cost*

- *Trade receivables*

  Trade receivables, measured in accordance with IFRS 9, are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The group and company applies the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for trade receivables.

- *Other financial assets at amortised cost*

  The group classifies its financial assets as at amortised cost only if both of the following criteria is met: the asset is held within a business model whose objective is to collect the contractual cash flows; and the contractual terms give rise to cash flows that are solely payments of principal and interest.

  Other financial assets at amortised cost include loans and advances and cash and other cash equivalents.

  Other financial assets are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value. All other financial assets, those classified as at amortised cost, are carried at amortised cost using the effective-interest method.

  For cash and other cash equivalents, interest is based on prevailing market rates of the respective bank accounts in which the cash and other cash equivalents are domiciled.

7.3 Valuation techniques used to determine fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For detail on the critical judgement applied on fair values, refer to accounting policy note 18.2, and for more detail with regards to the valuation techniques used to fair value of investments, refer to note 1.

7.4 Impairment

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due criterion. The expected credit loss rates for trade receivables are mainly determined using a provision matrix. The provision matrix used is based on each individual company within the group's historical default rates observed over the expected life of the receivables, an equivalent credit rating and adjusted as appropriate for current observable data and forward-looking estimates relating to the individual company within the group.

For all other financial assets at amortised cost, the group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by: (a) a review of overdue amounts; (b) comparing the risk of default at the reporting date and at the date of initial recognition; and (c) an assessment of relevant historical and forward-looking quantitative and qualitative information. If the credit risk on the financial asset has not increased significantly since initial recognition, the group measures the loss allowance for that financial asset at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument if a default was to occur within 12 months of the reporting date.

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if the financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

8. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position. For further information on the recognition of cash and cash equivalents, refer to accounting policy note 18.5.

9. STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

9.1 Treasury shares

The cost of treasury shares acquired are debited to the treasury share reserve, and upon disposal of such shares, the reserve is credited with the weighted average calculated cost attributable to the shares disposed of.

Where any group company purchases the company's equity share capital (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects. Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from group profits for the year. The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

9.2 Share trust

Certain of the group's remuneration schemes are operated through the Zeder Group Share Incentive Trust. The share trust is considered to be a special-purpose entity controlled by the group and is therefore consolidated.

10. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities, classified as financial liabilities at amortised cost, include borrowings and trade and other payables.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the income statement.

10.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit and loss as finance cost.

It is noteworthy to mention that as a result of the Pioneer Foods disposal, during the 2021 financial year, Zeder settled all its debt.

10.2 Trade and other payables

Trade and other payables are recognised initially at fair value, net of transaction costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period using the effective interest method.

11. TAXATION

11.1 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

11. TAXATION continued

11.2 Dividend withholding tax

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit and loss. However, the group's share incentive trust (not being exempt from dividend withholding tax) may incur a dividend withholding tax expense on treasury shares held.

12. EMPLOYEE BENEFITS

The group operates various post-employment schemes, including both defined benefit and defined contribution pension and medical plans.

12.1 Share-based compensation

Subsidiaries of the group operates equity-settled share-based payment schemes.

For the share-based payment schemes, the fair value of the employee services received in exchange for the grant of the scheme share options is recognised as an expense. The total amount to be expensed over the vesting periods, which are between four and five years, is determined by reference to the fair value of the scheme share options granted, excluding the impact of any non-market vesting conditions. For share options granted on or after 28 February 2018, the fair value included assumptions on market performance conditions. Non-market vesting conditions are included in assumptions concerning the number of scheme share options that are expected to become exercisable. Market performance conditions include assumptions with regards to the entity's total shareholder return. At each reporting date, the entity revises its estimates of the number of scheme share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit and loss, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment expense is recognised in profit and loss and a share-based payment reserve is recognised in equity as part of other reserves and represents the fair value at grant date of the share options that will be delivered on vesting.

12.2 Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

12.3 Other short-term employee benefits

The cost of all other short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to wages, salaries and bonuses represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

13. PROVISIONS AND CONTINGENT LIABILITIES

13.1 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

13.2 Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

14. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

15. REVENUE RECOGNITION

15.1 Management fee income and directors' fees

Management fee income and directors' fees comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the group's activities. Management fee income and directors' fees are shown net of value-added tax. The fair value of the consideration is the amount that is allocated to that performance obligation. Management fee income and directors' fees are recognised when (or as) the entity satisfies a performance obligation by transferring a promised service to the investment portfolio entity. A service is delivered when (or as) the investment portfolio entity obtains the benefit of that service.

It is the group’s policy to recognise management fee income and directors' fees when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the service has commercial substance, and collectability has been ascertained as probable.

15.2 Dividend income

Dividend income is recognised when the right to receive payment is established and is included as part of investment income in profit and loss.

15.3 Interest income

Interest income for financial assets that are not classified as at fair value through profit or loss is recognised using the effective interest rate method and is included as part of investment income in profit and loss. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income.

16. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

16.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

16.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the dilutive fair value gains/losses from the investments due to the additional ordinary shares of that investments that would have been outstanding assuming the conversion of all dilutive potential ordinary shares of that investments by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

16.3 Headline and diluted headline earnings per share

Headline and diluted headline earnings per share are calculated on the same basis set out above and in accordance with The South African Institute of Chartered Accountants (SAICA) Circular 1/2019.

16.4 Net asset value per share ("NAVPS")

NAVPS is calculated by dividing the net asset value by the total number of ordinary shares in issue at the financial year-end, excluding treasury shares. Net asset value is the value of the total assets (non-current assets plus current assets) minus total liabilities (non-current liabilities plus current liabilities).

Zeder adopted NAVPS as the applicable criteria for trading statement purposes.

16.5 Tangible asset value per share

Tangible asset value per share is calculated by dividing the tangible asset value by the total number of ordinary shares in issue at the financial year-end, excluding treasury shares. Tangible asset value is the net asset value less the value of goodwill and other intangible assets.

17. ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

18. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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 values of assets and liabilities are addressed below.

18.1 Assessment as an investment entity

Zeder has, as a result of the disposals per accounting policy note 1.1, reassessed whether it meets the definition of an investment entity in terms of IFRS 10 and the typical characteristics of an investment entity and has concluded that it, in fact, did so with effect from 1 March 2020. Refer to accounting policy note 1.1.

Zeder's focus on value creation for its shareholders has not changed, and therefore the performance of its investments is measured with reference to the fair value of each investment (i.e. *SOTP value*) rather than the consolidated profitability of Zeder (i.e. *recurring* headline earnings) with effect from 1 March 2020 in Zeder's drive to meet its objective of value creation through capital appreciation, investment income or both.

18. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES continued

18.2 Fair valuation of investments

The investment portfolio, a material asset of the group, is held at fair value through profit or loss.

The group applies a number of methodologies to determine and assess the reasonableness of the investments' fair value, which may include the following:

- Earnings multiple, including EV/EBITDA and price/earnings multiples;
- Market-related net asset value supported by third party valuations; and
- Recent transaction prices, including closing quoted listed share prices.

The primary valuation models utilised for valuing unlisted investments are the earnings multiple model, as well as the market-related net asset value of the investments, or a combination of both.

The earnings multiple is the main assumption applied to an earnings-based valuation. The multiple is derived from comparable listed companies. Companies in the same industry and geography and, where possible, with a similar business model and profile are selected and multiples are then adjusted for factors including, *inter alia*, liquidity risk, marketability risk, growth potential, relative performance and a minority/controlling discount/premium is applied. This continues to be an important exercise given the market volatility we have seen as a result of the Covid-19 pandemic in the year to 28 February 2021. EV/EBITDA multiples are applied to the recurring earnings, before interest, tax, depreciation and amortisation ("EBITDA"), of an investment to determine the enterprise value ("EV"). Earnings are usually obtained from the management accounts of the investments and where necessary, are adjusted for non-recurring items such as restructuring expenses or significant corporate actions. At 28 February 2021, for most of the investments we used the latest audited financial year-end earnings. In a small number of assets we used recurring headline earnings. Net debt and cash are deducted from/added to the EV to determine the fair value of the equity of the investments.

Independent third party valuations were obtained to determine the market-related net asset value for certain investments, and where there are extreme volatility in earnings and resultant market multiples of the investments and comparable companies. Certain agricultural companies trade at a discount to their underlying asset values and this can be attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. These discounts were referenced by considering the traded discounts of comparable companies, adjusting the discount for entity specific factors, which include, but not limited to, liquidity and marketability factors.

For additional details in respect of the investments, per IFRS 13, as well as post-tax profit sensitivity analysis, refer to note 1.

18.3 Classification as subsidiaries

Management concluded that the group controls and therefore fair value certain entities in which it holds an interest of less than 50%, most notably Kaap Agri (refer note 1). Judgement is required in the assessment of whether the group has control over the entity in terms of the variability of returns from the group's involvement in the entity, the ability to use power to affect the returns and the significance of the group's investment in the entity.

Zeder concluded Kaap Agri to be a subsidiary in terms of IFRS 10, in light of its shareholding, board representation and ongoing strategic input being provided by the Zeder management team. Critical to management's assessment that Zeder obtained *de facto* control of Kaap Agri due to the recent increase in shareholding and increased involvement by Zeder management in the various sub committees of Kaap Agri.

18.4 Deferred tax

Zeder applied judgement in assessing the quantum of capital gains tax payable on the future exit of its investments, as a result of being an investment entity, and considering the impact of the different exit strategies available. Management has estimated the deferred tax liability, as well as the deferred tax asset, considering the capital losses available for future set off against capital gains on exit of its investments. Refer to note 7 to the consolidated financial statement which includes, the best estimate of the deferred tax asset and liability for the year.

18.5 Money market funds

Cash and cash equivalents disclosed on the statement of financial position, and in note 4, includes investments in money market funds, being short-term highly liquid investments with maturities of three months or less. Money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The classification of money market funds as cash equivalents is only judgemental for purposes of disclosure and judgement applied could not have any impact of disclosed amounts of assets or liabilities.

Accounting policies relating to comparatives, continue in Annexure A – Comparative Accounting policies, as set out on pages 59 to 74.

1. INVESTMENTS

It was concluded that, with effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value, with the resultant gain or loss being recognised as a non-headline item in the income statement. As required by IFRS 9, in accordance with IFRS 10, Zeder manage and account for the majority of its financial assets as at fair value through profit or loss, with any resultant gain or loss recognised in fair value gains/losses. Fair value is determined in accordance with IFRS 13.

Statement of financial position items carried at fair value include investments in equity instruments. The group applies a number of valuation methodologies to the investments to determine and assess the reasonableness of the fair value, which may include the following: price/earnings or EV/EBITDA multiples; market related net asset values supported by third party valuations or closing quoted listed share prices.

The primary valuation models utilised for valuing unlisted portfolio investments are the EV/EBITDA multiple model and the market-related net asset value of investments. The applicable EV/EBITDA multiple used is determined by considering the multiples of comparable companies and adjusting the multiple for company specific factors. The market-related net asset value used is dependent on independent third party valuations on farms and other infrastructure assets, using comparable sales within the area, less a cost to sell.

GROUP	2021 Rm	2020 Rm
Pioneer Foods		6 348
Zaad	**2 010**	2 034
The Logistics Group	**1 325**	1 028
Capespan	**1 117**	999
Kaap Agri	**1 102**	723
Agrivision Africa	**146**	242
Quantum Foods		188
Other	**24**	19
Total investment value	**5 724**	11 581

Reconciliation

GROUP	Carrying value 29 Feb 20 Rm	Gain/(loss) upon deemed disposal and reacquisition of investments on 1 Mar 20[1] Rm	Fair value 1 Mar 20[2] Rm	Fair value gain/(loss) Rm	(Disposals)/ additions Rm	Fair value 28 Feb 21 Rm	Investment (dividend) income Rm
Continued operations							
Zaad	1 882	152	**2 034**	**(24)**		**2 010**	
The Logistics Group	1 333	(305)	**1 028**	**297**		**1 325**	
Capespan	417	582	**999**	**118**		**1 117**	
Kaap Agri[3]	723		**723**	**355**	**24**	**1 102**	**16**
Agrivision Africa	316	(74)	**242**	**(96)**		**146**	
Quantum Foods[4]	188		**188**	**120**	**(308)**	**–**	
Other[3]	19		**19**	**1**	**4**	**24**	**1**
	4 878	355	**5 233**	**771**	**(280)**	**5 724**	**17**
Discontinued operations							
Pioneer Foods[4]	5 051	1 297	**6 348**	**60**	**(6 408)**	**–**	
	9 929	1 652	**11 581**	**831**	**(6 688)**	**5 724**	**17**

[1] *Gain on deemed disposal and reacquisition of investments due to change in investment entity status. As a result, the foreign currency translation reserves accounted for by subsidiaries were recycled to the profit or loss and included in the gain on deemed disposal and reacquisition of investments as well (refer note 6).*

[2] *Fair value on 1 March 2020, equate to the reported SOTP value on 29 February 2020.*

[3] *During the year, Zeder purchased Kaap Agri shares on the open market and converted a loan to CAN-Agri into equity. Refer to note 18.3 for disposals during the year.*

[4] *Fair value gain represents fair value gain on disposal of assets held for sale and discontinued operations.*

1. INVESTMENTS continued

	GROUP												
	28 Feb 2021						SOTP value					Fair value	
Investment	Voting rights[1] %	No. of shares held m	Country of incorporation[2]	Nature of business	Listed/ unlisted	Classification at Feb 2021	1 Mar 2020 Rm	Movement Rm	28 Feb 2021 Rm	Portion %	Valuation method	Categorisation	R/share
Continued operations													
Zaad	97.0	33.0	South Africa[3]	Specialist agricultural seed and agrochemical company	Unlisted	Subsidiary	2 034	(24)	2 010	35	EV/EBITDA multiple (note A)	Level 3	60.85
The Logistics Group ("TLG")	98.5	361.9	South Africa[4]	Integrated logistics provider	Unlisted	Subsidiary	1 028	297	1 325	23	EV/EBITDA multiple (note A)	Level 3	3.66
Capespan	96.0	356.9	South Africa[5]	Fruit marketing and farming	Unlisted	Subsidiary	999	118	1 117	20	Market-related net asset value underpinned by farming operations including P/E multiple on other operations (note A)	Level 3	3.13
Kaap Agri	42.3	31.3	South Africa[4]	Retail and agricultural trade services group	Listed	Subsidiary[7]	723	379	1 102	19	Closing JSE-listed share price (note B)	Level 1	35.20
Agrivision Africa	56.0	1.0	Mauritius[6]	Farming and milling operation	Unlisted	Subsidiary	242	(96)	146	3	Market-related net asset value underpinned by farming & milling operations (note A)	Level 3	140.54
Quantum Foods				Integrated egg and boiler business	Listed	Sold during the year	188	(188)	–		Refer note B		
Other				Various	Unlisted	Various	19	5	24		Refer note C	Level 3	
Discontinued operations													
Pioneer Foods				Food and beverage company	Listed	Sold during the year	6 348	(6 348)	–				
Sub-total							11 581		5 724	100	Refer note B		
Cash and cash equivalents							83		876				
Other net assets							40		62				
Debt funding							(1 500)						
Total *SOTP value*							10 204		6 662				
***SOTP value* per share (rand)**							5.97		4.33				
Sub-total								(5 857)					
Adjust for disposals/(additions) included in movement								6 688					
Fair value gains/(losses) from investments								831					

1 *Voting rights equal economic interests, except for Kaap Agri where economic interest amounts to 44.5%.*
2 *Principle place of business is the country of incorporation, unless otherwise stated.*
3 *Operating via subsidiaries in Southern Africa, Europe and the Middle East.*
4 *Operating via subsidiaries in Southern Africa.*
5 *Operating via various subsidiaries throughout the world.*
6 *Operating via subsidiaries in Zambia.*
7 *During the year, Zeder purchased Kaap Agri shares on the open market increasing its voting interest from 41.0% to 42.3%. This, together with other considerations indicated de facto control and from July 2020, Kaap Agri became a subsidiary of Zeder.*

1. INVESTMENTS continued

Other additional information:

	Recurring headline earnings[8] Rm	EBIT Rm	EBITDA Rm	Net asset value Rm	Market-related net asset value[9] Rm
28 February 2021					
Zaad[10]	181	306	379		
TLG[11]	142	240	372		
Capespan[11]	76	76	148	1 478	1 661
Kaap Agri[12]	280	382	467		
Agrivision (USDm)[11]	2	3	6	59	72

[8] Recurring headline earnings is calculated on a see-through basis. The investments' recurring headline earnings is the sum of its effective interest in the recurring headline earnings of each of its underlying operations and represents its sustainable earnings.

[9] Valuations based on market-related net asset values of underlying assets, determined by reference to the comparable market prices per hectare, adjusted for company specific factors, that include inter alia, liquidity and marketability discounts as well as a net asset value discount attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. This excludes the fair value of other operations, in the case of Capespan, that is valued on an earnings multiple basis.

[10] Represents the year ended 31 January 2021. Different year-ends do not have an material impact on the valuation of the investment.

[11] Represents the year ended 31 December 2020. Different year-ends do not have a material impact on the valuation of the investment.

[12] These figures are the latest published results publicly available for the year ended 30 September 2020.

Valuation inputs: additional details in respect of the investments, per IFRS 13:

Note A - unlisted investments:

For an overall description with regards to the valuation methods and judgements applied refer to accounting policy note 18.2.

Level 3 unobservable inputs	EBITDA Rm	EV/EBITDA multiple[13] times	Net debt and cash Rm	Recurring headline earnings[8] Rm	P/E multiple[13] times	Comparable market prices[14] per hectare	Market related net asset value[9] Rm	Net company specific discounts %	Implied P/E multiple times
28 February 2021									
Zaad[15]	379		(1 128)	181					11.0
Seed	237	9.0	(868)	122				2.5	
Chemical	142	7.6	(260)	59				2.5	
The Logistics Group[16]	372	4.4	(602)	142				2.5	9.3
Capespan[17]								30.0	
Mainly South African farming assets						R0.2m – R1.1m	1 661		
Other operations				10	8.0			15.7 – 24.6	
Agrivision Africa (USDm)[18]						$3 000 – $6 000	72	75.0	

[13] EV/EBITDA and P/E (price/earnings) ratio's comparable to other similar companies, adjusted for company specific factors that include a combination of inter alia, liquidity, marketability, and minority/controlling discount/premiums, where applicable.

[14] Comparable market prices per hectare include pome, citrus, grapes, wheat and maize farm land valuations, obtained from an independent third-party valuer, measured against comparable sales.

[15] Represents the year ended 31 January 2021. The specific sector which Zaad operates in is generally characterised by valuations that translate into high earnings multiples, due to their unique product offerings developed through its own research and development divisions and their widespread presence in international markets. Zaad is earnings generative and thus valued on an EV/EBITDA multiple, comparable to other similar companies, adjusted for company specific factors that include a combination of, inter alia, liquidity, marketability, and minority/controlling discount/premiums, where applicable. The Zaad group consists of two divisions which operate on a global scale namely a Seed and Chemical business.

[16] Represents the year ended 31 December 2020. The Logistics Group owns and operates various strategic port assets and warehouses in South Africa and Mozambique. TLG is earnings and cash generative and thus valued on an EV/EBITDA multiple, comparable to other similar companies, adjusted for company specific factors that include a combination of liquidity, marketability, and minority/controlling discount/premiums, where applicable.

1. INVESTMENTS continued

Valuation inputs: additional details in respect of the investments, per IFRS 13: continued

[17] *Represents the year ended 31 December 2020. Capespan is an asset-heavy business with large Southern African fruit farming operations and an international fruit marketing capability. Capespan has an asset value under-pin, given the number of farms that it owns. Given the asset intense investment and inconsistent earnings, it remains appropriate to value Capespan on a market-related net asset value basis (fair value less cost to sell). These valuations are supported by third party valuations and/or comparable sales, adjusted for company specific factors, that include inter alia, liquidity and marketability discounts as well as a net asset value discount, attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. Associates of Capespan, which are earnings generative, are valued on a P/E multiple, based on comparable sales of similar associates, adjusted for company specific factors, that include a combination of, inter alia, liquidity, marketability, and minority discount. Not included in above table, based on an independent third-party valuer, a valuation of a fruit packing facility with cold storage based on a discounted cash flow model, with the following inputs: Net profit of R18m, represented by affordable net annual rent; capitalisation rate of 12%; and with a property value of R150m. Sensitivity on the capitalisation rate: A 1% increase would result in a R11m increase and a 1% decrease would result in a R15m decrease in estimated value.*

[18] *Represents the year ended 31 December 2020. Agrivision Africa is an asset-heavy farming and milling business in Zambia. Given the asset intense investment and lack of consistent earnings, it remains appropriate to value Agrivision Africa on a market related net asset value basis (fair value less cost to sell). These valuations are supported by appropriate third party valuations and/or by comparable sales, adjusted for company specific factors, that include inter alia, liquidity and marketability discounts as well as a net asset value discount, attributed to the appetite for primary farming assets and the ability of the company to realise these assets at market-related net asset values. As a result of the constrained operating environment and very few comparable farm sales, a significant discount was applied to the market-related net asset value calculation to take into account the distressed asset nature, rather than going concern.*

Note B – listed investments: Kaap Agri is valued using its closing JSE-listed share price as at 28 February 2021. Pioneer Foods and Quantum Foods were valued using the respective closing JSE-listed share prices and were categorised as level 1.

Note C – other unlisted investments: Certain equity securities included in other as at the most recent reporting date consisted of the unquoted equity securities. The unquoted equity securities include advances which are linked to equity securities that trade infrequently in over-the-counter markets. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying over-the-counter traded equity securities and the dividends received on these securities. The advances are carried at the fair value of the underlying over-the-counter traded equity securities. The balance include a 32.4% interest in Clean Air Nurseries, an associate, valued at the loans converted to equity during the year as this is a start-up enterprise. As at 28 February 2021, based on the assumption that the over-the-counter prices of the traded equity securities were 5% higher/lower for the full year, the fair value would have been R8m higher/lower than the current fair value.

Post-tax profit sensitivity analysis:

GROUP	2021 Increase Rm	2021 Decrease Rm
Closing JSE-listed share price (5%)	55	(55)
EV/EBITDA (1x)	847	(847)
Multiple discounts (5%)	6	(6)
Comparable market prices per hectare (10%)	56	(56)
Net asset value discounts (5%)	(47)	47

The change in valuation outcome disclosed in the above table shows the effect of the increase or decrease in the input variables deemed to be subject to the most judgement and estimation, and respective impact on the fair value presented in the consolidated annual financial statements. An increase in the EBITDA multiple and control premium inputs, would lead to an increase in the estimated value. However an increase in the discount due to the lack of liquidity and marketability and minority discount inputs, would lead to a decrease in the estimated value. An increase in the comparable market prices per hectare, would lead to an increase in the estimated value. However an increase in the net asset value discount, would lead to a decrease in the estimated value.

COMPANY	2021 Rm	2020 Rm
Investment in unlisted subsidiary		
Carrying value as at 29 February 2020	8 302	
Gain upon deemed disposal and reacquisition of investment on 1 March 2020	3 499	
Fair value as at 1 March 2020[1]	11 801	–
Net fair value loss on investment	(4 680)	
Fair value as at 28 February 2021[2]	7 121	–

[1] *Due to change in investment entity status.*

[2] *IAS27.11A requires an investment entity to account for its investment in subsidiaries at fair value in its separate financial statements, therefore the underlying investment in subsidiary will be measured at fair value through profit or loss in accordance with IFRS 9 and IFRS 13, in the separate financial statements. This resulted into a deemed disposal and reacquisition of the investment in Zeder Financial Services Limited ("ZFS") at fair value, with reference to the fair value of ZFS's underlying investments of R5.7bn, cash and cash equivalents of R876m, loans and advance of R518m and other net assets of R3m. Refer to note 26 for the investment in subsidiary, carried at cost in the prior year.*

The company holds 100% (2020: 100%) of the issued share capital of ZFS.

ZFS is a wholly-owned subsidiary who deliver investment services to the Zeder group and holds the group's investments in the underlying investment portfolio entities.

GROUP	2021 Rm	2020 Rm
2. LOANS AND ADVANCES		
Secured loans	**3**	77
Unsecured loans	**126**	12
	129	89
Current	**126**	16
Non-current	**3**	73
	129	89

As at 28 February 2021, the loans and advances have the following terms:

GROUP

Counterparty	secured/unsecured	Interest rate %	Repayment terms	2021 Rm
Participants of the share incentive scheme	Secured: shares with market value of R3m	SARS fringe benefit rate	Repayable in full within 7 years of such capital amount being advanced to the participant	**3**
Zaad	Unsecured	Prime plus 4%	Repayable by 30 June 2021	**126**
CAN-Agri	Unsecured	Prime plus 1%	Repayable in bi-annual instalments that commenced 15 January 2020	**51**
Provision for impairment				**(51)**
				129

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the loans and advances were also deemed to be disposed and reacquired (refer note 18.4). Loans and advances that remain in the current year, relate to those of the wholly-owned head office subsidiaries providing investment activities to Zeder. For more information with regards to the prior year comparatives of the secured and unsecured loans and advances (refer to note 30).

Historically, Zeder made loan funding available to the participants of the share incentive scheme to assist them to exercise their share options from a cash flow perspective, accumulate shares in Zeder and remain invested alongside fellow shareholders. This funding was available to cover 90% of the strike value plus the associated section 8C tax obligation. However, the Remuneration Committee has decided that, from 1 March 2018, Zeder will no longer provide such loan funding to participants for exercising their share options. The loans were non-recourse until 28 February 2021 and in terms of the accounting standard, the loans have been previously accounted for in terms of IFRS 2 *Share-based Payment* (refer notes 5.1 and 16). As at 28 February 2021, the loans became fully recourse and are now included in loans and advances. R3m relate to Mr JH le Roux (an executive director) and Rnil to Mr N Celliers (a former executive director) who settled the loan in full during the year.

For the CAN-Agri loan and advance, the first payments defaulted and therefore the loan balance is shown net of a provision for impairment of R51m (2020: R51m and included in loans to associates). However, during the year a payment of R3m was received and prior year impairment of R3m was reversed (refer note 13).

Loans and advances, being measured at amortised cost, are almost entirely fully performing, except for the loans to CAN-Agri. Due to the start-up nature of CAN-Agri's business, its current and projected cash flow requirements and the default on the first few payments, the group impaired the loans in full.

	GROUP		COMPANY	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
3. TRADE AND OTHER RECEIVABLES				
Trade receivables		1 626		
Loss allowance of trade receivables[1]		(108)		
Value added tax[2]	**11**	78		
Prepayments and sundry receivables[2]	**4**	218	**1**	1
	15	1 814	**1**	1

[1] *Refer note 20.3 for the reconciliation of the loss allowance.*
[2] *Total non-financial assets of R11m (2020: R238m) for the group and R0.5m (2020: R0.4m) for the company is included in above.*

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the trade and other receivables was also deemed to be disposed and reacquired (refer note 18.4). Trade and other receivables that remain in the current year, relate to those of the wholly-owned head office subsidiaries providing investment activities to Zeder.

GROUP	2021 Rm	2020 Rm
4. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS		
Bank balances	**605**	329
Money market fund	**271**	82
	876	411

The money market fund earned interest at money market rates during the year under review. Money market funds are invested in highly liquid instruments with a weighted average maturity of less than 90 days.

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the cash and cash equivalents was also deemed to be disposed and reacquired (refer note 18.4). Cash and cash equivalents that remain in the current year, relate to those of the wholly-owned head office subsidiaries providing investment activities to Zeder.

	GROUP		COMPANY	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
5. STATED CAPITAL				
5.1 Ordinary shares				
Authorised				
3 000 000 000 (2020: 3 000 000 000) ordinary shares with no par value.				
Issued				
Balance at beginnings and end of year	**6 634**	7 060	**6 634**	7 060
Number of shares in issue ('000)				
In issue (gross of treasury shares)	**1 543 260**	1 715 179	**1 543 260**	1 715 179
Held by share incentive trust	**(5 001)**	(5 001)		
Held by executives through loan funding advanced		(8 299)		
In issue (net of treasury shares)	**1 538 259**	1 701 879	**1 543 260**	1 715 179

The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements.

No ordinary shares were issued during the year under review and prior year. During the year, the company purchased 171 918 767 (2020: nil) ordinary shares in the open market, at an average price of R2.48 per share, in accordance with the general authority obtained from the shareholders at the Annual General Meetings on 26 July 2019 and 17 July 2020, respectively, and cancelled the shares with JSE obtained approval.

Unissued shares, limited to 5% of the company's number of shares in issue as at 2 June 2020 (amounting to 85 438 883 ordinary shares), have been placed under the control of the directors until the next annual general meeting. The directors are authorised to buy back shares subject to certain limitations and the JSE Listings Requirements.

Previously, a loan in the amount of R10m was advanced to a company controlled by a director, in order to acquire 2 635 933 JSE-listed Zeder ordinary shares ("the Zeder shares"). The group acquired the loan, amounting to R13m, from PSG Corporate Services Proprietary Limited ("PSGCS") (an indirect subsidiary of the ultimate holding company, PSG Group Limited). In terms of accounting standards, the loans receivable were eliminated on consolidation, accounted for in terms of IFRS 2 Share-based Payment and the Zeder shares accounted for as treasury shares. This loan was settled during the year (refer note 16).

Previously, treasury shares, allocated to executive directors in terms of a share incentive scheme, were recognised on loans granted on or prior to 28 February 2018. In terms of accounting standards, the loans receivable were eliminated on consolidation, accounted for in terms of IFRS 2 *Share-based Payment* and the Zeder shares accounted for as treasury shares. A loan, secured with Zeder ordinary shares, was non-recourse until 28 February 2021 and therefore released from treasury shares and reclassified as loans and advances and another loan was settled during the year (refer to notes 2 and 16).

5.2 Cumulative, non-redeemable, non-participating preference shares

Authorised

250 000 000 (2020: 250 000 000) shares with no par value

5. STATED CAPITAL continued

5.3 Share incentive schemes

During the year, the company operated an equity-settled share incentive scheme by means of the Zeder Group Share Incentive Trust ("SIT"). In terms of the scheme, share options are granted to executive directors and other employees ("participants"). Investments (that form part of the investment portfolio) also operate share option schemes on similar terms and include that of Agrivision Africa, Capespan Group Limited and The Logistics Group Proprietary Limited (refer to note 33).

In terms of the aforementioned schemes, share options in respect of ordinary shares are allocated to participants on grant date at market prices. The settlement of the purchase consideration payable by the participants in terms of the shares options granted occurs upon exercise.

The total equity-settled share-based payment amounted to a credit of R2m (2020: R34m). This charge, net of the related tax effect, was recognised in profit and loss and credited to other reserves (refer note 6) and non-controlling interests (refer to statement of changes in equity), respectively.

The SIT currently holds 5 001 469 (2020: 5 001 469) ordinary shares, with 25 489 086 (2020: 26 697 462) share options having been allocated that are unvested and/or unexercised with a total strike consideration of R61m (2020: R140m).

The weighted average strike price of share options exercised in terms of this equity-settled share scheme during the year under review was R2.72 (2020: R5.35) per ordinary share.

The maximum number of ordinary shares which may be utilised in terms of the scheme is 173 051 465 shares, while the maximum number of shares that may be offered to any single participant is 34 610 293 shares. To date, 6 468 249 (2020: 6 468 249) shares have been exercised by way of the scheme and accordingly a further 166 583 216 (2020: 166 583 216) shares may be exercised in future by way of the scheme. To date, a maximum of 8 227 549 (2020: 8 227 549) shares have been exercised by any single participant and accordingly a maximum of 26 382 744 (2020: 26 382 744) shares may be exercised in future by any single participant of the scheme.

Reconciliation of outstanding share options:	2021 Number	2020 Number
Number of share options allocated at beginning of the year	**26 697 462**	24 139 026
Number of share options exercised during the year		(1 553 352)
Number of share options forfeited during the year	**(17 014 548)**	(2 131 215)
Number of share options allocated during the year	**15 806 172**	6 243 003
Number of share options allocated at end of the year	**25 489 086**	26 697 462

Outstanding share options per tranche allocated:	Number of shares	Original price R[1]	Adjusted price R[1]	Volatility %[2]	Risk-free rate %	Fair value R[3]
29 February 2016	**93 279**	4.97	2.26	31.00	4.11	0.10
28 February 2017	**937 450**	7.29	4.07 - 4.29	31.00	4.1 - 4.5	0.00 - 0.02
28 February 2018	**1 807 307**	6.41	2.90 - 3.38	31.00	4.2 - 5.3	0.03 - 0.24
28 February 2019	**4 004 334**	4.36	1.05 - 1.68	31.00	4.2 - 5.8	0.40 - 1.07
29 February 2020	**2 840 544**	4.52	0.90 - 1.61	31.00	4.7 - 6.4	0.55 - 1.23
18 January 2021	**15 000 000**		2.66	93.97	4.25	1.69
28 February 2021	**806 172**		2.71	93.90	5.11	1.74
	25 489 086					

[1] *The approved SIT deed ("Trust Deed"), entitles Zeder's board (acting through its remuneration committee) ("Remcom") to instruct the SIT's trustees to effect such adjustments to the Strike Prices (as defined in the Trust Deed) of awarded but unexercised share options as the Remcom "shall consider fair and reasonable in the circumstances…" and to take account of special dividends and various other corporate actions listed in that clause. On 28 April 2020 Zeder distributed a gross dividend of R2.30 per share to Zeder ordinary shareholders as a special dividend from income reserves and in accordance with the JSE Listings Requirements and the Trust Deed, the SIT's trustees adjusted the Strike Prices of the awarded but unexercised share options.*

[2] *The expected price volatility is based on the one year historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.*

[3] *Due to a change in vesting conditions with regards to share options issued on or after 28 February 2018, the value of those options was calculated using a Binominal Model and a Black-Scholes model was used for share options issued before 28 February 2018.*

5. STATED CAPITAL continued

5.3 Share incentive schemes continued

For options granted on or after 28 February 2018, 50% of the amount of options that will vest, depends on Zeder's total shareholder return ("TSR"), that includes share price growth and dividend returns. Once vested, the options remain exercisable for a period of 180 days.

Vesting of shares occurs as follows:	%
2 years after grant date	25
3 years after grant date	25
4 years after grant date	25
5 years after grant date	25
	100

6. OTHER RESERVES

GROUP	Foreign currency translation Rm	Share-based payment Rm	Other[1] Rm	Total Rm
Balance at 1 March 2019	(380)	35	(52)	(397)
Currency translation adjustments including hyperinflation	(156)			(156)
Share of other comprehensive income of associates			(187)	(187)
Share-based payment costs – employees		33		33
Transfer between reserves		(31)	1	(30)
Balance at 28 February 2020	**(536)**	**37**	**(238)**	**(737)**
Deemed disposal and reacquisition of investments		**(9)**	**54**	**45**
Reclassification of foreign currency translation reserves through profit or loss[2]	**536**			**536**
Transactions with non-controlling shareholders			**(15)**	**(15)**
Share-based payment costs – employees		**(2)**		**(2)**
Transfer between reserves		**(14)**	**185**	**171**
Balance at 28 February 2021	**–**	**12**	**(14)**	**(2)**

[1] *During the year, the other reserves relating to the group's share of other comprehensive income/(losses) accounted for by associates were released to Retained Earnings as a result of the change in investment entity status and now other reserves comprise mainly of a provision for share buy-back from a dissenting shareholder, in terms of section 166 of the Companies Act, subsequent to the Pioneer Foods disposal. As at 29 February 2020, other reserves mainly related to the group's share of other comprehensive income/(losses) accounted for by associates and the initial remeasurement of written put options held by non-controlling shareholders of a subsidiary.*

[2] *During the year, and as a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the foreign currency translation reserves accounted for by subsidiaries were recycled to the profit or loss and included in the gain on deemed disposal and reacquisition of investments.*

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the other reserves was also deemed to be disposed and reacquired. Other reserves that remain in the current year, relate to those of the wholly-owned head office subsidiaries providing investment activities to Zeder.

COMPANY

The company's other reserves comprise mainly of a provision for share buy-back from a dissenting shareholder, in terms of section 166 of the Companies Act, subsequent to the Pioneer Foods disposal (2020: fully of share-based payment reserve).

GROUP	2021 Rm	2020 Rm
7. DEFERRED INCOME TAX		
Deferred income tax assets	**70**	140
Deferred income tax liabilities	**(71)**	(121)
Net deferred income tax liability	**(1)**	19
Deferred income tax assets		
To be recovered within 12 months		9
To be recovered after 12 months	**70**	131
	70	140
Deferred income tax liabilities		
To be recovered within 12 months		(5)
To be recovered after 12 months	**(71)**	(116)
	(71)	(121)

The movements in the net deferred tax liability were as follows:

GROUP	Provisions Rm	Lease liabilities Rm	Tax losses Rm	Unrealised profits Rm	Right-of-use assets Rm	Intangible assets and other differences Rm	Total Rm
Balance at 1 March 2019	27		115	16		(177)	(19)
Opening carrying value adjustment due to initial application of IFRS 16		48			(10)		38
Credited/(charged) to profit and loss	16	1	31	(7)	(1)	(3)	37
Charged to other comprehensive income	4					(7)	(3)
Subsidiaries acquired	1	3		(1)	(2)	(26)	(25)
Subsidiaries sold	1		(2)				(1)
Exchange rate movements including hyperinflation	(14)	(1)	(45)	(10)		62	(8)
Balance at 28 February 2020	**35**	**51**	**99**	**(2)**	**(13)**	**(151)**	**19**
Deemed disposal and reacquisition of investments (note 18.4)	**(35)**	**(51)**	**(99)**	**1**	**13**	**151**	**(20)**
Credited/(charged) to profit and loss			**70**	**(70)**			**–**
Balance at 28 February 2021	**–**	**–**	**70**	**(71)**	**–**	**–**	**(1)**

In the prior year, the deferred tax assets include a total amount of R13m, R2m, R84m and R0.4m for Capespan Group Limited, The Logistics Group Proprietary Limited, Zaad Holdings Limited and Agrivision Africa, respectively, which relates to the carried forward tax losses of the underlying subsidiaries within the group. Deferred tax on tax losses are mainly only recognised on a subsidiaries' tax loss, when the underlying subsidiaries support a profit history of at least two years and then only will the group limit the recognition of a deferred tax asset to three years. The group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiaries. The subsidiaries are expected to generate taxable income from financial year 2021 onwards which will reduce the tax loss. Most of the losses can be carried forward indefinitely and have no expiry date, except for losses within Agrivision Africa relating to Mpongwe Milling and within Zaad, amounting to R26m and R20m respectively, that will expire from 2021 to 2025 and which was not provided for.

Deferred income tax on temporary differences relating to equity securities, that form part of the investment portfolio, that are classified at fair value through profit or loss, is calculated using South Africa's effective capital gains tax rate of 22.4%. Deferred income tax was otherwise calculated on temporary differences using the applicable tax rate as per the tax jurisdiction it relates to.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and liabilities are shown separately in the statement of financial position but combined in the reconciliation to the net deferred tax balance.

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the deferred tax liability was also deemed to be disposed and reacquired (refer note 18.4). The net deferred tax liability that remains in the current year, relate to those of the wholly-owned head office subsidiaries providing investment activities to Zeder and the deferred income tax asset relating to capital losses available for the set off against future capital gains on the disposal of investments.

	GROUP		COMPANY	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
8. BORROWINGS				
Non-current	–	646	–	–
Secured loans		437		
Unsecured loans		209		
Current	–	2 870	**387**	1 590
Secured redeemable preference shares		1 500		
Secured loans		118		
Unsecured loans		67	**387**	1 590
Bank overdrafts		1 185		
Total	–	3 516	**387**	1 590

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the borrowings were also deemed to be disposed and reacquired (refer note 18.4). Borrowings that remained in the current year, related to those of the wholly-owned head office subsidiaries providing investment activities to Zeder.

Subsequent to the disposal of Pioneer Foods, Zeder settled all its debt (refer note 18.5 for the cash flow reconciliation of the Borrowings).

Refer to note 34, for term details with regards to the prior year borrowings.

COMPANY

The loans are unsecured, interest-free and have no fixed repayment terms.

9. EMPLOYEE BENEFITS

Assets and liabilities relating to the group's employee benefits can be summarised as follows:

GROUP	2021 Assets Rm	2021 Liabilities Rm	2021 Net Rm	2020 Assets Rm	2020 Liabilities Rm	2020 Net Rm
Short-term employee benefits						
Performance-based remuneration		**(3)**	**(3)**		(44)	(44)
Leave pay		**(1)**	**(1)**		(24)	(24)
Post-employment defined benefit plans			**–**	42	(99)	(57)
Termination employee benefits			**–**		(1)	(1)
	–	**(4)**	**(4)**	42	(168)	(126)
Non-current portion			**–**	42	(98)	(56)
Current portion		**(4)**	**(4)**		(70)	(70)

Short-term employment benefits

These benefits comprise performance-based bonus and leave pay accruals.

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the employee benefits assets and liabilities was also deemed to be disposed and reacquired (refer note 18.4). Employee benefits liabilities that remain in the current year, relate to those of the wholly-owned head office subsidiaries providing investment activities to Zeder. For more information with regards to the prior year comparatives of the employee defined benefit plan deficits, refer to note 37.

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FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

	GROUP		COMPANY	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
10. TRADE AND OTHER PAYABLES				
Trade payables[1]		1 085	**73**	8
Sundry payables	**79**	130		
Purchase consideration payable		94		
	79	1 309	**73**	8

[1] *Includes non-financial liabilities of Rnil (2020: R66m) for the group.*

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the trade and other payable was also deemed to be disposed and reacquired (refer note 18.4). Trade and other payable that remain in the current year, relate to those of the wholly-owned head office subsidiaries providing investment activities to Zeder.

For the company, trade payables comprise mainly of unclaimed dividends payable.

	GROUP		COMPANY	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
11. INVESTMENT INCOME				
Interest income earned using effective interest rate	**56**	43	**–**	–
Loans and advances	**6**	19		
Trade and other receivables		6		
Cash and cash equivalents	**50**	18		
Interest income earned on "fair value through profit or loss"	**9**	7	**–**	–
Cash and cash equivalents – money market fund	**9**	7		
Dividend income	**17**	1	**5 518**	–
Investments (note 1)	**17**		**5 518**	
Equity securities held at fair value through profit or loss		1		
	82	51	**5 518**	–
12. OTHER OPERATING INCOME				
Management and other fee income	**3**			
Directors fees	**2**	2		
Profit on sale of property, plant and equipment		8		
Profit on sale of subsidiary		2		
Rental income		4		
Sundry income		24		
	5	40		

	GROUP		COMPANY	
	2021 Rm	**2020 Rm**	**2021 Rm**	**2020 Rm**
13. MARKETING, ADMINISTRATION AND OTHER EXPENSES				
Depreciation	–	262	–	–
– Land		4		
– Buildings		48		
– Vehicles, plant and equipment		93		
– Office equipment		17		
– Right-of-use asset		81		
– Biological assets (bearer plants)		19		
Amortisation of intangible assets		33		
Lease Expenses	–	30	–	–
- Lease expense in respect of low-value items		7		
- Lease expense in respect of short-term leases		23		
Auditors' remuneration	**2**	22	–	–
– Audit services – current year	**2**	17		
– Audit services – prior year		1		
– Other services		4		
Employee costs[1]	**9**	851	–	–
– Salaries, wages and allowances	**11**	779		
– Equity-settled share-based payment costs	**(2)**	34		
– Pension costs – defined contribution and benefit plans		26		
– Medical costs – defined contribution and benefit plans		12		
Impairment losses	**(3)**	298	–	–
– Property, plant and equipment		114		
– Biological assets (bearer plants)		2		
– Intangible assets		46		
– Loans to associates		89		
– Loans and advances	**(3)**	1		
– Trade and other receivables		46		
Loss on sale of property, plant and equipment		2		
Repairs, maintenance and vehicle costs		119		
Marketing and administration costs	**16**	43	**2**	4
– Marketing		38		
– Administration	**16**	5	**2**	4
Professional fees	**3**	71		
Insurance costs		33		
Communication costs		22		
Commission paid		46		
Research costs incurred		17		
Other costs		229		
	27	2 078	**2**	4

[1] *Refer to the directors' report for further information with regards to directors' emoluments.*

14. FINANCE COSTS

	GROUP 2021 Rm	GROUP 2020 Rm
Redeemable preference shares	**49**	121
Secured loans		36
Unsecured loans		24
Bank overdrafts		91
Trade and other payables		2
Employee benefits		11
Lease Liabilities		64
Other		2
	49	351

15. TAXATION

	GROUP 2021 Rm	GROUP 2020 Rm	COMPANY 2021 Rm	COMPANY 2020 Rm
South Africa current taxation				
– Current year	**19**	56		
– Prior year		8		
South Africa deferred taxation				
– Current year		(24)		
Foreign current taxation				
– Current year		70		
Foreign deferred taxation				
– Current year		(13)		
	19	**97**	**–**	**–**

Reconciliation of effective tax rate:	%	%	%	%
South African standard tax rate	**28.0**	28.0	**28.0**	28.0
Adjusted for:				
– Non-taxable income	**(28.1)**	(30.1)	**(28.0)**	
– Non-deductible charges	**0.9**	34.5		(28.0)
– Net income from associates and joint ventures		(16.5)		
– Foreign tax rate differential		(3.1)		
– Capital gains tax rate differential		(0.8)		
– Special tax allowances		(1.3)		
– Deferred tax assets written off/not recognised		6.8		
– Effect of tax losses utilised		(4.2)		
– Prior period adjustments		0.6		
Effective tax rate for continued and discontinued operations	**0.8**	13.9	**–**	–

Tax charges relating to components of other comprehensive income	Rm	Rm	Rm	Rm
– Currency translation movements		(7)		
– Losses from changes in financial and demographic assumptions of post-employment benefit obligations		4		
	–	(3)	**–**	–

Non-taxable income relates mainly to dividend income, while non-deductible charges relate mainly to impairment charges, share-based payment costs and preference share funding (i.e. preference dividends paid).

16. RELATED-PARTY TRANSACTIONS AND BALANCES

The following related parties were identified with which the company and/or group transacted during the year, and/or balances were outstanding at year-end:

Party	Relationship
PSG Group Limited ("PSG Group")	Ultimate holding company
PSG Financial Services Limited ("PSL")	Wholly-owned subsidiary of PSG Group
Zeder Financial Services Limited ("ZFS")	Wholly-owned subsidiary
Zeder Corporate Services Proprietary Limited	Wholly-owned subsidiary of ZFS
Zeder Management Services Proprietary Limited	Wholly-owned subsidiary of ZFS
Zeder Africa Proprietary Limited ("ZA")	Wholly-owned subsidiary of ZFS
Zaad Holdings Limited ("Zaad")	Subsidiary of ZFS
Capespan Group Limited	Subsidiary of ZFS
The Logistics Group Proprietary Limited	Subsidiary of ZFS
Agrivision Africa	Subsidiary of ZA
Pioneer Food Group Limited ("Pioneer Foods")	Former associate of ZFS, discontinued operation and sold during the year
Kaap Agri Limited ("Kaap Agri")	Former associate of ZFS, now subsidiary of ZFS
Quantum Foods Holdings Limited ("Quantum Foods")	Former associate of ZFS, held for sale and sold during the year
Clean Air Nurseries Agri Global Proprietary Limited ("CAN-Agri")	Associate of ZFS
PSG Corporate Services Proprietary Limited ("PSGCS")	Indirect subsidiary of PSL
PSG Fundco Proprietary Limited	Indirect subsidiary of PSL
PSG Online Securities Proprietary Limited	Indirect subsidiary of PSL
PSG Money Market Fund	Indirect subsidiary of PSL
Grayston Elliot Proprietary Limited	Former indirect subsidiary of PSL
JH le Roux	Executive director of the company
N Celliers	Former executive director of the company

Related-party transactions during the year under review included dividends received from investments (refer notes 1 and 11) (2020: include associates (refer note 27.1) and discontinued operations (refer note 32.2)), various administration expenses and professional fees (refer note 13), interest income (refer note 11) (2020: and interest paid (refer note 14)).

29 February 2020: Included in the intergroup revenue were R8m goods sold to Kaap Agri and its subsidiaries, R4m goods sold to Pioneer Foods and its subsidiaries and R4m sold to Quantum Foods and its subsidiaries (refer note 38). Included in the intergroup cost of sales are R69m in respect of purchases from Kaap Agri and its subsidiaries. The group eliminated its portion of the unrealised profit and loss upon consolidation.

Included in the group's interest income is R9m (2020: R7m) received from PSG Money Market Fund and R6m (2020: Rnil) received from Zaad.

Refer to note 1 for dividends received from investments (and those classified as discontinued operation and assets held for sale) during the year (2020: Dividend income included in the group's investment in ordinary shares of associates (and those classified as discontinued operations) consist mainly of the following: R189m received from Pioneer Foods, R37m received from Kaap Agri and R20m received from Quantum Foods.)

Included in the group's marketing, administration and other expenses is professional fees of R0.1m (2020: R2m) paid to PSG Capital (a division of PSGCS) and R0.1m (2020: R0.8m) paid to Grayston Elliot Proprietary Limited for corporate finance and tax services relating to acquisitions made and tax advice during the year. Also included in the group's marketing, administration and other expenses is R7m (2020: R7m) paid to PSGCS for strategic, IT services and rent.

Included in the group's dividends paid is R1.7bn (2020: R82m) paid to PSL (the major shareholder in the company).

Details of the audited directors' emoluments and shareholdings and the prescribed officers' remuneration are included in the directors' report.

16. RELATED-PARTY TRANSACTIONS AND BALANCES continued

As at 28 February 2021, Rnil (2020: R20m) relates to loans, including accrued interest, granted to Mr N Celliers and R3m (2020: R5m) to Mr JH le Roux, both with regards to shares obtained through the vesting of Zeder ordinary shares previously allocated to Messrs N Celliers and JH le Roux, respectively, with the security value, based on the closing price as at 28 February 2021, of Rnil (2020: R20m) and R3m (2020: R4m) respectively. The loans carry interest at the SARS' official interest rate (2020: SARS' official interest rate) and are repayable seven years from the respective date of advance. At the reporting date, nil (2020: 4 704 566) and 1 045 838 (2020: 1 045 838) Zeder ordinary shares served as security for Mr N Celliers' loan and Mr JH le Roux's loan respectively. Mr N Celliers loan was settled during the year. Previously, until 28 February 2021 (refer notes 2 and 5.1), treasury shares were recognised on the loans granted on/before 28 February 2018. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 *Share-based Payment*. R2m (2020: R2m) were recognised during the year, through the group's profit and loss, for the above mentioned loans. The charges were calculated using a Binominal valuation model with the following inputs:

Price (R)	6.41
Volatility (%)	29.9
Dividend yield (%)	1.7
Risk-free rate (%)	7.0

A loan in the amount of R13m was advanced to Mr N Celliers, with regards to his previous acquisition of 2 635 933 Zeder ordinary shares. The Zeder ordinary shares serve as security for the loan receivable, with the security value, based on the closing price as at 29 February 2020, of R11m, carried interest at prime less 1% and was repaid during the financial year ending 28 February 2021. At the 29 February 2020, the loans' carrying value amounted to R11m. In terms of the accounting standard, the loans receivable has been accounted for in terms of IFRS 2 *Share-based Payment*, with the resultant charge to the group's profit and loss for the prior year, amounting to R0.3m. The charge was calculated using a Black-Sholes valuation model with the following inputs:

Price (R)	5.76
Volatility (%)	26.2
Dividend yield (%)	1.2
Risk-free rate (%)	6.0

29 February 2020: Included in trade and other receivables was an amount of R0.5m due by Kaap Agri, R0.3m due by Pioneer Foods and R0.1m due by Quantum Foods (refer note 3) and included in trade and other payables is an amount payable of R40m to Kaap Agri (refer note 10).

29 February 2020: Refer to note 27.2 for related-party balances outstanding at year-end with associates.

Related-party balances outstanding at the reporting date included cash invested with the PSG Money Market Fund amounting to R271m (2020: R82m) (refer note 4).

17. COMMITMENTS, SURETYSHIPS AND CONTINGENT LIABILITIES

Other contingent liabilities

The group did not have any material contingent liabilities at the reporting date.

The group is subject to litigation in the normal course of its business. Appropriate provisions are made when losses are expected to materialise. There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened) of which the group is aware, which may have a material effect on the financial position of the group.

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	GROUP 2021 Rm	GROUP 2020 Rm	COMPANY 2021 Rm	COMPANY 2020 Rm
18. NOTES TO THE STATEMENTS OF CASH FLOWS				
18.1 Cash (utilised by)/generated from operations				
Profit/(loss) before taxation	**1 137**	(99)	**4 335**	(4)
Interest income	**(65)**	(50)		
Dividend income	**(17)**	(1)	**(5 518)**	
Finance costs	**49**	351		
Depreciation		262		
Amortisation		33		
Net profit on sale of property, plant and equipment		(6)		
Net loss on dilution of interest in associate		1		
Net fair value gains		(11)		
Net profit on sale of interest in subsidiary company		(2)		
Net fair value gain resulting from disposal of subsidiary and step up of associate and joint venture to subsidiary		(58)		
Gain on deemed disposal and reacquisition of investments (note 1)	**(355)**		**(3 499)**	
Net fair value gain on investments (note 1)	**(771)**		**4 680**	
Change in fair value of biological assets		(225)		
(Reversal of)/impairments	**(3)**	596		
Share of profits of associates and joint ventures		(247)		
Equity-settled share-based payment costs	**(2)**	34		
Net harvest short-term biological assets		98		
Lease remeasurement		(3)		
Net monetary gain		(70)		
Non-cash translation movements	**1**	(100)		
Sub-total	**(26)**	503	**(2)**	(4)
Changes in working capital	**50**	(166)	**48**	4
Trade and other receivables	**(1)**	(148)		1
Decrease in inventories		280		
Increase in biological assets		(215)		
Increase/(decrease) in trade and other payables	**51**	(90)	**48**	3
Increase in employee benefits payable		7		
	24	337	**46**	–
18.2 Taxation paid				
Charged to profit and loss	**(19)**	(134)		
Foreign currency translation differences including hyperinflationary effect		22		
Movement in net taxation liability	**3**	70		
	(16)	(42)	**–**	–

18. NOTES TO THE STATEMENTS OF CASH FLOWS continued

18.3 Disposal of investments

2021 disposals

Pioneer Foods

On 23 March 2020, Zeder disposed of the entire shareholding held by it in Pioneer Food Group Limited, representing 28.2% of the total voting interest, to Pepsi Co, for an aggregate sale amount of R6.4bn. The carrying value of the investment in Pioneer Foods prior to disposal was R5.1bn, resulting in a fair value gain of R1.4bn upon disposal of the discontinued operation.

Quantum Foods

On 12 June 2020, Zeder disposed of the entire shareholding held by it in Quantum Foods Holdings Limited, representing 32.1% of that company's issued share capital, to Country Bird Holdings Proprietary Limited, for an aggregate sale amount of R308m. The carrying value of the investment in Quantum Foods prior to its disposal was R188m, resulting in a fair value gain of R120m upon disposal of the asset held for sale.

GROUP	Proceeds Rm	Carrying Value Rm	Fair value gains on disposal[1] Rm
Continued operations			
Quantum Foods	308	188	120
Discontinued operations			
Pioneer Foods	6 408	5 051	1 357
	6 716	5 239	1 477

[1] *This fair value gain on disposal represents an additional fair value gain of R120m on Quantum Foods and R60m on Pioneer Foods over and above the fair value gain for these investments as reflected in note 1 on the date of transition.*

18. NOTES TO THE STATEMENTS OF CASH FLOWS continued

18.4 Cash and cash equivalents on deemed disposal and reacquisition of investments

With effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value. Accordingly, Zeder prospectively changed its accounting treatment and now measures investments (other than wholly-owned head office subsidiaries providing investment activities to Zeder) at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. The results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder's previous accounting policy) and will therefore be deconsolidated upon change in status to that of an investment entity:

GROUP	Zaad Rm	The Logistics Group Rm	Capespan Rm	Agrivision Africa Rm	Total Rm
Property, plant and equipment	304	376	577	342	1 599
Right-of-use assets	50	302	72		424
Intangible assets	722	30	3	50	805
Biological assets (bearer plants)			413		413
Investment in ordinary shares of associates	142	146	67	4	359
Loans to associates	10		30		40
Investment in ordinary shares of joint ventures	2				2
Equity securities			6	6	12
Employee benefits			42		42
Deferred income tax assets	80	44	16		140
Biological assets (agricultural produce)	5		111	56	172
Loans and advances	60	20	9		89
Trade and other receivables	1 011	204	493	93	1 801
Derivative financial assets	1				1
Inventories	1 098	6	174	135	1 413
Current income tax assets			2	4	6
Cash, money market investments and other cash equivalents	152	52	108	16	328
Non-current assets held for sale	311	1	108		420
Deferred income tax liabilities	(79)	(14)	(4)	(22)	(119)
Borrowings	(1 145)	(218)	(315)	(338)	(2 016)
Lease liabilities	(58)	(435)	(139)		(632)
Derivative financial liabilities	(24)				(24)
Employee benefits	(18)	(23)	(118)	(5)	(164)
Trade and other payables	(875)	(136)	(239)	(48)	(1 298)
Current income tax liabilities	(27)	(4)	(12)		(43)
Non-current liabilities held for sale	(16)				(16)
Total identifiable net assets	1 706	351	1 404	293	3 754
Reclassification of foreign currency translation reserve	325	8	50	153	536
Non-controlling interest	(149)	(36)	(29)	(130)	(344)
Carrying value 29 February 2020	1 882	323	1 425	316	3 946
Gain/(loss) upon deemed disposal and reacquisition of investments on 1 March 2020	152	(305)	582	(74)	355
Fair value 1 March 2020	2 034	18	2 007	242	4 301
Cash and cash equivalents on deemed disposal of investments	(152)	(52)	(108)	(16)	(328)

18. NOTES TO THE STATEMENTS OF CASH FLOWS continued

18.5 Borrowings reconciliation

GROUP	Opening carrying value Rm	Financing cash flows Deemed disposal of investment (note 18.4) Rm	Borrowings repaid Rm	Closing carrying value Rm
28 February 2021				
Bank overdrafts	**1 185**	**(1 185)**		**–**
Redeemable preference shares	**1 500**		**(1 500)**	**–**
Unsecured loans	**276**	**(276)**		**–**
Secured loans	**555**	**(555)**		**–**
	3 516	**(2 016)**	**(1 500)**	**–**

GROUP	Financing cash flows Opening carrying value Rm	Borrowings repaid Rm	Borrowings drawn Rm	Business combination/ disposals Rm	Other changes[1] Rm	Closing carrying value Rm
29 February 2020						
Bank overdrafts	969	(182)	252	146		1 185
Redeemable preference shares	1 500					1 500
Unsecured loans	229	(314)	280	92	(11)	276
Secured loans	374	(134)	362	9	(56)	555
	3 072	(630)	894	247	(67)	3 516

[1] *Other changes mainly comprise of net of foreign currency exchange gains.*

COMPANY	2021 Rm	2020 Rm
Opening carrying value	**1 590**	1 401
Borrowings repaid	**(5 879)**	(3)
Borrowings drawn	**4 676**	191
Other changes		1
Closing carrying value	**387**	1 590

GROUP	2021 Rm	2020 Rm
19. EARNINGS AND DIVIDEND PER SHARE		
Headline earnings reconciliation		
The calculation of earnings per share is based on the following:		
Profit attributable to equity holders of the company	**2 475**	561
Net gain on deemed disposal and reacquisition of investments (note 1)	**(1 652)**	–
– Continued operations (gross and net)	**(355)**	
– Discontinued operations (gross and net)	**(1 297)**	
Net fair value gain on disposal of assets held for sale and discontinued operations (note 1)	**(180)**	–
– Continued operations (gross and net)	**(120)**	
– Discontinued operations (gross and net)	**(60)**	
Net fair value gain and profit resulting from disposal of subsidiary	**–**	(54)
– Gross		(56)
– Non-controlling interests		2
Net loss/(gain) on dilution of interest in associates	**–**	1
Impairment of associated companies	**–**	295
– Gross		298
– Non-controlling interests		(3)
Net fair value gain resulting from step up of associate and joint venture to subsidiary		(4)
Impairment of intangible assets and goodwill	**–**	45
– Gross		46
– Non-controlling interests		(1)
Net loss on sale and impairment of property, plant and equipment	**–**	77
– Gross		108
– Non-controlling interests		(18)
– Tax effect		(13)
Impairment of biological assets		2
Non-headline items of associates and joint ventures		(7)
Non-headline items of discontinued operations		(512)
Headline earnings	**643**	404
The calculation of the weighted number of shares in issue is as follows:		
Weighted number of shares at beginning of year ('000)	**1 701 879**	1 701 879
Weighted number of shares – share buy-back ('000)	**(82 621)**	
Weighted number of shares – disposal of held by executives through loan funding advanced ('000)	**39**	
Weighted number of shares at end of year ('000)	**1 619 297**	1 701 879
Number of bonus element shares to be issued in terms of share incentive scheme ('000)	**3 723**	176
Diluted weighted number of shares at end of year ('000)	**1 623 020**	1 702 055

19. EARNINGS AND DIVIDEND PER SHARE continued

GROUP	2021 Rm	2020 Rm
Basic earnings per share		
Profit attributable to equity holders of the company	**2 475**	561
Continued operations	**1 118**	(234)
Discontinued operations	**1 357**	795
Headline earnings	**643**	404
Continued operations	**643**	121
Discontinued operations		283
Weighted number of shares at end of year ('000)	**1 619 297**	1 701 879
Attributable/basic earnings per share (cents)	**152.8**	32.9
Continued operations	**69.0**	(13.8)
Discontinued operations	**83.8**	46.7
Headline earnings per share (cents)	**39.7**	23.7
Continued operations	**39.7**	7.1
Discontinued operations		16.6
Diluted earnings per share		
Diluted earnings and diluted headline earnings per share are calculated by using earnings and headline earnings and adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares on a group level (arising from the share-based payment arrangements set out in note 5). A calculation is performed to determine the number of shares that could have been acquired at fair value (determined using the annual volume weighted average JSE-listed share price of the company's shares) based on the monetary value of the shares/share options granted to participants.		
Diluted earnings attributable to ordinary shareholders	**2 382**	560
Continued operations	**1 025**	(235)
Discontinued operations	**1 357**	795
Diluted headline earnings	**550**	403
Continued operations	**550**	120
Discontinued operations		283
Diluted weighted number of shares at end of year ('000)	**1 623 020**	1 702 055
Diluted attributable earnings per share (cents)	**146.8**	32.9
Continued operations	**63.2**	(13.8)
Discontinued operations	**83.6**	46.7
Diluted headline earnings per share (cents)	**33.9**	23.7
Continued operations	**33.9**	7.1
Discontinued operations		16.6

Final dividends per share[1]

2020: no ordinary dividend declared; 230 cents special dividend (declared on 1 April 2020 and paid on 28 April 2020)

2021: no ordinary dividend declared; 20 cents special dividend (declared on 13 April 2021 and payable on 10 May 2021)

[1] *Dividends are not accounted for until they have been approved by the company's board of directors.*

20. FINANCIAL RISK MANAGEMENT

20.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk applicable to trade and other payables. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major portfolio investment within the group under policies approved by the respective boards of directors. Each major portfolio investments' board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity that is applicable to that major portfolio investments.

Financial instruments are grouped into the classes set out below in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 *Financial Instruments – Disclosures.* The sensitivity analysis presented below are based on reasonable possible changes in market variables for equity prices and interest rates for the group.

GROUP	At fair value through profit or loss Rm	At amortised cost Rm	Total Rm
28 February 2021			
Financial assets			
– Investments	**5 724**		**5 724**
– Loans and advances		**129**	**129**
– Trade and other receivables		**4**	**4**
– Cash, money market investments and other cash equivalents	**271**	**605**	**876**
	5 995	**738**	**6 733**
Financial liabilities			
– Trade and other payables		**79**	**79**
	–	**79**	**79**
29 February 2020			
Financial assets			
– Loans to associates		40	40
– Equity securities	31		31
– Loans and advances		89	89
– Trade and other receivables		1 576	1 576
– Derivative financial assets	1		1
– Cash, money market investments and other cash equivalents	82	329	411
	114	2 034	2 148
Financial liabilities			
– Borrowings		3 516	3 516
– Lease liabilities		632	632
– Derivative financial liabilities	24		24
– Trade and other payables		1 243	1 243
	24	5 391	5 415

20. FINANCIAL RISK MANAGEMENT continued

20.1 Financial risk factors continued

COMPANY	At fair value through profit or loss Rm	At amortised cost Rm	Total Rm
28 February 2021			
Financial assets			
– Investments	**7 121**		**7 121**
Financial liabilities			
– Borrowings		**387**	**387**
– Trade and other payables		**73**	**73**
	–	**460**	**460**
29 February 2020			
Financial liabilities			
– Borrowings		1 590	1 590
– Trade and other payables		8	8
	–	1 598	1 598

The company had no financial assets in the prior year.

20.2 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates and equity prices.

Price risk

Refer to note 1 (2020: note 43.2) with regards to the group's exposure to equity securities price risk because of investments held and classified on the statement of financial position as at fair value through profit or loss.

The group manages price risk by investing in a portfolio of investment entities and monitoring equity securities' prices on a regular basis.

Cash flow and fair value interest rate risk

The group's interest rate risk arises from interest-bearing investments, receivables and borrowings, which expose the group to cash flow interest rate risk if it is a variable rate instrument, or to fair value interest rate risk if it is a fixed rate instrument.

20. FINANCIAL RISK MANAGEMENT continued

20.2 Market risk continued

The table below distinguish between i) floating and ii) fixed and non-interest bearing financial assets and liabilities:

GROUP	2021 Rm	2020 Rm
Loans to associates	–	40
Floating rate		4
Fixed rate (including interest-free)		36
Loans and advances	**129**	89
Floating rate	**129**	51
Fixed rate (including interest-free)		38
Trade and other receivables	**4**	1 576
Floating rate		76
Fixed rate (including interest-free)	**4**	1 500
Cash, money market investments and other cash equivalents	**876**	411
Floating rate	**876**	395
Fixed rate (including interest-free)		16
Borrowings	–	(3 516)
Floating rate		(1 956)
Fixed rate (including interest-free)		(1 560)
Trade and other payables	**(79)**	(1 243)
Floating rate		(12)
Fixed rate (including interest-free)	**(79)**	(1 231)
Total	**930**	(2 643)
Floating rate	**1 005**	(1 442)
Fixed rate	**(75)**	(1 201)

The group manages its cash flow interest rate risk by monitoring interest rates on a regular basis.

COMPANY

The company had no exposure to interest rate risk.

The table below summarises the sensitivity of the group's post-tax net profit for the year to interest rate fluctuations. The analysis is based on the assumption that interest rates were 1% (2020: 1%) higher/lower for the full year, with all other variables (e.g. effective tax rate, interest carrying balances) held constant.

GROUP	2021 1% increase Rm	2021 1% decrease Rm	2020 1% increase Rm	2020 1% decrease Rm
Impact on post-tax profit	**7**	**(7)**	(20)	20

20. FINANCIAL RISK MANAGEMENT continued

20.3 Credit risk

Financial assets which potentially subject the group to credit risk, consist of loans to associates (refer note 27.2), loans and advances (refer note 2), derivative financial assets (refer note 36.1), other receivables (refer note 3) and cash and cash equivalents (refer note 4). Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit.

The following tables provide information regarding the aggregated credit risk exposure for the financial assets:

GROUP	Loans and advances Rm	Trade and other receivables Rm	Cash and cash equivalents Rm	Carrying value Rm
28 February 2021				
Ba1 Moody's			**605**	**605**
Not rated	**129**	**4**	**271**	**404**
	129	**4**	**876**	**1 009**

	Loans to associates Rm	Loans and advances Rm	Trade and other receivables Rm	Derivative financial assets Rm	Cash and cash equivalents Rm	Carrying value Rm
29 February 2020						
A Moody's					3	3
Aa Moody's			119		7	126
Aaa Moody's					64	64
B Moody's					1	1
Ba Moody's					46	46
Baa Moody's				1	128	129
Baa3 Moody's					26	26
BB+ Moody's					16	16
BBB- Moody's					38	38
Not rated	40	89	1 457		82	1 668
	40	89	1 576	1	411	2 117

The table below reflects the group's maximum exposure to credit risk (being carrying value) by class of asset:

GROUP	Carrying value Rm	Maximum exposure Rm	Collateral fair value Rm	Description of collateral and other credit enhancements held
28 February 2021				
Loans and advances[1]	**129**	**129**	**3**	**Mainly Zeder Investments ordinary shares**
Trade and other receivables	**4**	**4**		
Cash and cash equivalents	**876**	**876**		
	1 009	**1 009**	**3**	
29 February 2020				
Loans to associates	40	40		
Loans and advances	89	89	72	Assets pledged and cession of shares in underlying subsidiaries
Trade and other receivables	1 576	1 576	158	Credit guarantee insurance & lien on cargo
Derivative financial assets	1	1		
Cash and cash equivalents	411	411		
	2 117	2 117	230	

[1] *As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the prior year collateral on secured loans and advances were also deemed to be disposed and reacquired. For more information with regards to the prior year comparatives of the secured loans and advances, refer to note 30.*

20. FINANCIAL RISK MANAGEMENT continued

20.3 Credit risk continued

Loans and advances consist of secured and unsecured assets. There are no significant concentrations of credit risk. The group assesses all counterparties for creditworthiness before transacting, and monitors creditworthiness on a regular basis. There were no material impairments during the current or prior year in respect of loans and advances, except for the prior year impairment on the CAN-Agri loan that, as a result of the accounting policy change during the current year and now classified as loans and advances (previously classified as loans to associates) (refer note 2). Management demand collateral or other form of securitisation as they deem fit. Collateral includes mainly shares in the current year and included, guarantees and assets pledged in the prior year (refer notes 2 and 30).

Loans to associates consist of secured and unsecured assets. There are no significant concentrations of credit risk. The group assesses all counterparties for creditworthiness before transacting, and monitors creditworthiness on a regular basis. Loans to associates are impaired by reference to the net asset value of the debtor and/or discounted cash flow calculations. There were no material impairments during the current or prior year in respect of loans to associates, except for the prior year impairment on the CAN-Agri loan (loan now classified as loans and advances (refer notes 2 and 30).

Cash and cash equivalents' counterparties are limited to high-credit quality financial institutions. The unrated cash and cash equivalents relate to the group's investment in money market funds of which the underlying instruments are rated in terms of the Collective Investment Schemes Control Act. The mandate of the fund is to invest in cash deposits and highly liquid, fixed-interest securities with a weighted average maturity of less than 90 days. A spread of investments in top-quality financial instruments and institutions moderates the risk through diversification.

Cash and cash equivalents relate mainly to deposits held with the four traditional South African banks and/or their money market funds. Cash and cash equivalents are measured at amortised cost, except for the money market fund, carried at "fair value through profit and loss", fully performing and, considering forward-looking information, deemed fully recoverable. Accordingly, no expected credit losses have been provided for.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of receivables and, in the prior year and where appropriate, credit guarantee insurance cover is purchased. Risk control assess the credit quality of customers, taking into account its financial position, past experience and credit guarantee obtained. The utilisation of credit limits is regularly monitored.

In the prior year, the non-rated financial assets comprise mainly trade and other receivables. These balances mainly relate to Capespan, Zaad and The Logistics Group trade receivables. Capespan, Zaad and The Logistics Group perform ongoing credit evaluations regarding the financial condition of its trade receivables, and where appropriate, purchases credit guarantee insurance. Capespan's credit guarantee insurance is limited to an annual aggregate of R310m, Zaad's credit guarantee insurance is limited to an annual aggregate of R108m and The Logistics Group's credit guarantee insurance is limited to an annual aggregate of R158m.

Refer the foreign exchange risk note 43.2 where the receivables denominated in foreign currencies are disclosed, as at 29 February 2020. These receivables are susceptible to credit risk and the currency denominations provide an indication of their geographical area.

The unquoted equity securities are impaired to the value of the underlying instruments should the market value of the instruments fall below current carrying value.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for most of the trade receivables. To measure the expected credit losses, each individual company's trade receivables have been grouped based on days past due criterion and shared credit risk characteristics. In the prior year, examples of shared credit characteristics include, but is not limited to, size and type of customers (e.g. individuals, corporates, government), sales channels (e.g. own retail, through agents or agro-dealers), and type of market (e.g. local or foreign).

The expected credit loss rates for trade receivables are determined using a provision matrix. The provision matrix used is based on each individual company within the group's historical default rates observed over the expected life of the receivables, adjusted for factors that are specific to the debtor, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate. In the prior year, general economic conditions, e.g. inflation, unemployment rates, weather conditions (e.g. drought), availability of and fluctuations in foreign currency, availability of natural resources (e.g. water and electricity) and global competition, or a combination thereof, were considered by each individual company.

The respective credit policies, including the setting of credit granting criteria, the terms granted to debtors and write-off policies, are set by each investment portfolio entities' board of directors. These policies are set, taking into consideration the extensive diverse nature and geographical areas of the operating environment of each individual operating subsidiary and the general economic conditions of the markets the specific company trades in.

20. FINANCIAL RISK MANAGEMENT continued

20.3 Credit risk continued

The table below sets out the group's trade receivables and the average expected loss rate applied to each ageing category:

GROUP	Current Rm	Past due on credit terms 0-30 days Rm	30-60 days Rm	60-90 days Rm	>90 days Rm	Total Rm
28 February 2021						
Gross carrying amount - trade receivable						–
Loss allowance						–
Expected loss rate (%)						–
29 February 2020						
Gross carrying amount - trade receivable	1 104	160	78	41	243	1 626
Loss allowance	(9)	(8)	(8)	(17)	(66)	(108)
Expected loss rate (%)	(0.8%)	(5.0%)	(10.3%)	(41.5%)	(27.2%)	(6.6%)
Reconciliation:						
Balance at 1 March 2019	(6)	(2)	(1)	(15)	(25)	(49)
Charge to profit and loss						
In respect of financial assets originated during the year	(3)	(5)	(6)	(2)	(28)	(44)
In respect of financial assets originated during the prior years					(2)	(2)
Amounts written off					15	15
Subsidiaries acquired	(1)				(28)	(29)
Other movements	1	(1)	(1)		2	1
Balance at 29 February 2020	(9)	(8)	(8)	(17)	(66)	(108)
Deemed disposal and reacquisition of investments (note 18.4)	9	8	8	17	66	108
Balance at 28 February 2021	–	–	–	–	–	–

In the prior year, the standard credit terms range between 14 and 180 days from invoice date, depending on the type of customer, and the outstanding accounts are considered to be past due if not settled within allocated credit terms. Outstanding accounts are considered to be credit impaired when there has been a deterioration in the customers' creditworthiness or if credit rating is not available, the ability to adhere to the allocated credit terms and when the prospect of recovery is in doubt. Outstanding accounts are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Amounts written off may still be subject to enforcement activities under each subsidiary's recovery procedures, taking into account legal advice where appropriate.

In the prior year, changes to the consolidated expected loss rate were mainly due to the increase of provision of loss allowance on specific/individual debtors considered by each individual company. It should be noted that there are foreign trade receivables included in these balances and that not all the changes in the South African economic conditions, would necessarily correlate with the South African general economic conditions, e.g. deterioration in the economic circumstances in Zimbabwe.

COMPANY

The company had no exposure to credit risk.

20.4 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The group and standalone company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are available to meet future cash flow requirements and aims to maintain flexibility in funding by keeping committed credit lines available. During the year, the group settled it's preference share debt (refer notes 8, 18.5 and 34).

20. FINANCIAL RISK MANAGEMENT continued

20.4 Liquidity risk factors continued

The tables below analyses the group companies' financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

GROUP	<1 year Rm	1-5 years Rm	>5 years Rm	Carrying value Rm
28 February 2021				
– Trade and other payables	**79**			**79**
	79	**–**	**–**	**79**
29 February 2020				
– Borrowings	2 850	738	109	3 516
– Lease Liabilities	187	740	810	632
– Derivative financial liabilities		24		24
– Trade and other payables	1 243			1 243
	4 280	1 502	919	5 415

COMPANY

All financial liability balances are due within 12 months and thus the impact of discounting is not significant.

20.5 Fair value estimation

Financial assets and liabilities carried at fair value are disclosed by level of the following fair value measurement hierarchy:

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1 and comprise primarily JSE-listed investments classified as "fair value through profit or loss".

Level 2

Financial instruments that trade in markets that are not considered to be active but are valued (using valuation techniques) based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include over-the-counter traded financial instruments. Since level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information. If all significant inputs in determining an instrument's fair value are observable, the instrument is included in level 2.

Valuation techniques used in determining the fair value of financial assets and liabilities classified as level 2, include:

Instrument	Valuation technique	Main unobservable inputs
Derivative financial assets and liabilities	Exit price on recognised over-the-counter platforms	Not applicable - prices available publicly
Equity securities	Closing price on recognised over-the-counter platforms	Not applicable - prices available publicly

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently.

For unlisted investments, refer to note 1 for valuation techniques used in determining the fair value of said financial assets.

In the prior year, certain equity securities included in level 3 of the fair value hierarchy as at the most recent reporting date consisted of the unquoted equity securities set out in note 29. The unquoted equity securities include advances which are linked to equity securities that trade infrequently in over-the-counter markets. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying over-the-counter traded equity securities and the dividends received on these securities. The advances are carried at the fair value of the underlying over-the-counter traded equity securities.

20. FINANCIAL RISK MANAGEMENT continued

20.5 Fair value estimation continued

In the prior year, other derivative liabilities included in level 3 relate to put options held by non-controlling interests against the group. These fair values are calculated by applying the contractually agreed price/earnings multiple to the relevant subsidiary's board-approved budgeted profits and discounting it at a market-related interest rate. As at 29 February 2020, based on the assumption that the interest rates were 1% higher/lower for the full year, with all other variables (e.g. the relevant subsidiary's board-approved budgeted profits) held constant, the fair value would have been R0.7m higher/lower than the current fair value.

The fair value of financial assets and liabilities carried at amortised cost approximates their fair value.

There have been no significant transfers between level 1, 2 or 3 during the year.

The fair value of financial assets and liabilities carried at amortised cost approximates their fair value, while those measured at fair value in the statement of financial position can be summarised as follows:

GROUP	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2021				
Assets				
Investments	**1 102**		**4 622**	**5 724**
Cash and cash equivalents – money market fund	**271**			**271**
	1 373	**–**	**4 622**	**5 995**
As at 28 February 2021, the group had no financial liabilities measured at fair value.				
29 February 2020				
Assets				
Equity securities		2	29	31
Derivative financial assets		1		1
Cash and cash equivalents – money market fund	82			82
	82	3	29	114
Liabilities				
Derivative financial liabilities			24	24

GROUP	Level 3 2021 Rm	Level 3 2020 Rm
Reconciliation of financial assets:		
Opening balance	**29**	29
Deemed reacquisition of investments (note 1)	**4 303**	
Deemed disposal of investments (note 18.4)	**(10)**	
Additions	**4**	
Fair value gains	**296**	7
Disposal		(6)
Disposal of subsidiaries		(1)
Closing balance	**4 622**	29
Reconciliation of financial liabilities:		
Opening balance	**24**	25
Deemed disposal of investments (note 18.4)	**(24)**	
Fair value gains		(4)
Finance costs		3
Closing balance	**–**	24

20. FINANCIAL RISK MANAGEMENT continued

20.5 Fair value estimation continued

COMPANY	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
28 February 2021				
Assets				
Investments			7 121	7 121

COMPANY	Level 3 2021 Rm	Level 3 2020 Rm
Reconciliation of financial assets:		
Deemed reacquisition of investments (note 1)	11 801	
Fair value loss	(4 680)	
	7 121	–

The company had no financial assets in the prior year and no financial liabilities measured at fair value (2020: Rnil). The carrying amounts of financial liabilities carried at amortised cost approximate their fair values.

Capital management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure effectively, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, buy back shares, sell assets or increase/reduce debt.

Zeder Investments Limited's capital management is performed at a group level, giving consideration to, *inter alia*, the group's *sum-of-the-parts value*. When funding is required management will consider the various forms of paper available for issue taking into account current market conditions, anticipated trends in market indicators and the financial position of the group at the time. Management will accordingly consider raising additional capital or utilising debt. The directors have authority to issue ordinary shares up to 5% of the number of shares in issue.

21. EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to year-end Zeder declared a special dividend of 20 cents per share.

The financial results reported and business environment reviewed, reflect the year ended 28 February 2021, as well as subsequent events that transpired prior to the publication of these results. It is, however, important to note that, at the time of producing this report, some uncertainty around the global coronavirus pandemic remains. Many of Zeder's portfolio companies fell within the "essential services" classification under the Covid-19 regulations and were accordingly permitted to continue certain operations during the government-imposed lock-downs. Zeder is well positioned, with a stable balance sheet and cash resources.

Apart from the above, the directors are unaware of any matter or event which is material to the financial affairs of the group that have occurred between the end of the reporting year and the date of approval of the consolidated annual financial statements.

22. SEGMENT REPORT

During the year, as a result of the prospective change in Investment Entity status, the group changed the segments to reflect that of its seven major investments representing the major investments of the group, namely Zaad, The Logistics Group, Capespan, Kaap Agri, Quantum Foods, Agrivision Africa and Pioneer Foods. Previously the group was organised into five reportable segments, namely i) food, beverages and related services, ii) logistical services, iii) agri-related retail, trade and services, iv) agri-inputs and v) agri-production, that represented the different sectors in the broad agribusiness and related industries.

Previously, to provide context to its consolidated income statement, the group presented consolidated *recurring* headline earnings which was calculated on a proportional basis, and included the proportional earnings of underlying investments, excluding marked-to-market adjustments and once-off items. The result was that investments in which Zeder held less than 20% and which were generally not equity accountable in terms of accounting standards, were equity accounted for the purpose of calculating the consolidated *recurring* headline earnings. *Non-recurring* headline earnings included, *inter alia*, once-off gains and losses and marked-to-market fluctuations, as well as the resulting taxation charge on these items. However, following Zeder's change in status to that of an investment entity, consolidated *recurring* headline earnings is no longer presented to or evaluated by the chief operating decision-maker, the executive committee, ("CODM") and therefore it is no longer presented as part of Zeder's segment report.

SOTP is a valuation tool used to measure Zeder's performance. The *SOTP value* is calculated using the quoted market prices for all JSE-listed investments, and valuations performed for unlisted investments.

Change in segments prospectively to be in line with change in investment entity status. These values in the comparative periods will not necessarily correspond with the values per the consolidated annual statement of financial position since the comparative values were measured using the relevant accounting standards which included historical cost. Refer to Annexure E for the comparative segment report that includes the comparative figures.

GROUP	Fair value gains/ (losses) on investments Rm	Investment (dividend) income Rm	Other income and expenses Rm	Headline earnings Rm	SOTP value Rm
28 February 2021					
Segments					
Zaad	(24)		6	(18)	2 010
The Logistics Group	297			297	1 325
Capespan	118			118	1 117
Kaap Agri	355	16		371	1 102
Agrivision Africa	(96)			(96)	146
Other	1	1		2	24
Unallocated (mainly head office)			(12)	(12)	
Cash and cash equivalents					876
Other net assets					62
Total				662	6 662
Non-headline items (note 19)				1 832	
Taxation				(19)	
Profit for the year				2 475	
Profit for the year from continued operations				1 118	
Profit for the year from discontinued operations				1 357	
***SOTP value* per share (rand)**					4.33

Notes to the Annual Financial Statements relating to comparatives, continue in Annexure B - Comparative notes to the Annual Financial Statements, as set out on pages 75 to 97.

ANNEXURE A – COMPARATIVE ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

With effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value. Accordingly, Zeder prospectively changed its investment entity status and now measures investments (other than wholly-owned head office subsidiaries providing investment activities to Zeder) at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Therefore the results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder's previous accounting policy) and will therefore not be comparable to the results for the year ended 28 February 2021. The following information regarding accounting policies refer to the prior year and will fall away in the following financial year, but included in the current year financial statements for completeness:

19. BASIS OF PREPARATION

The comparative amounts in the financial statements have been prepared under the historical cost convention as modified for the effects of inflation where entities operate in hyperinflationary economies, the revaluation of financial assets and liabilities (including derivative financial instruments), employee defined benefit assets and liabilities, and biological assets, as well as investments in associates and joint ventures being accounted for according to the equity method of accounting.

The preparation of the comparative amounts in the financial statements, in conformity with IFRS, required the use of certain critical accounting estimates. It also required management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and standalone financial statements are disclosed in accounting policy note 45 below.

The Zimbabwean economy had been considered to be hyperinflationary. Accordingly, the comparative results, cash flows and financial position of the group's subsidiaries in Zimbabwe have been expressed in terms of the measuring unit current at the reporting date.

20. CONSOLIDATION

20.1 Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method of accounting for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit and loss.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in profit and loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit and loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment, being the incremental costs relating to acquire the investment such as professional fees for legal services, transfer taxes and other transaction costs.

20.2 Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

20.3 Disposal of subsidiaries

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

20. CONSOLIDATION continued

20.4 Associates

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit and loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss, where appropriate.

The group's share of post-acquisition profit and loss is recognised in profit and loss, and its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as an impairment in profit and loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising from investments in associates are recognised in profit and loss.

Loans to associates, not forming part of the group's investment in same, is classified as financial assets carried at amortised cost on the basis set out under the financial instruments accounting policy below.

20.5 Joint arrangements

In terms of IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method of accounting.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

21. SEGMENT REPORTING

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

22. FOREIGN CURRENCY TRANSLATION

22.1 Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which those entities operate ("functional currency"). The consolidated and separate financial statements are presented in South African rand, being the company's functional and presentation currency.

22.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss. Foreign exchange gains and losses are presented in profit and loss within "fair value gains and losses".

Changes in the fair value of monetary securities denominated in foreign currency classified as financial instrument at fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit and loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equity securities classified as at fair value through profit or loss, are recognised in profit and loss as part of "fair value gains and losses". Translation differences on non-monetary financial assets, such as equity securities classified at fair value through other comprehensive income, are included in other comprehensive income.

22. FOREIGN CURRENCY TRANSLATION continued

22.3 Foreign operations

The results and financial position of all group entities that have a functional currency different from the presentation currency and which do not operate in a hyperinflationary economy, are translated into the presentation currency as follows:

- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

The results and the financial position of the group entities which are accounted for as entities which operate in hyperinflationary economies and that have a functional currency that is different from the presentation currency of the group are translated into the presentation currency of its immediate parent at the exchange rates ruling at the reporting date.

Group entities with functional currencies other than the presentation currency, mainly have the following functional currencies:

	2020	
	Average rand per foreign currency unit	Closing rand per foreign currency unit
British pound	18.6	20.1
Euro	16.2	17.3
Hong Kong dollar	1.9	2.0
Japanese yen	0.1	0.1
Mozambique new metical	0.2	0.2
United States dollar	14.6	15.7
Zambian kwacha	0.9	0.9
Zimbabwe dollar/Zimbabwe RTGS	0.9	0.9

22.4 Hyperinflation

Hyperinflation accounting requires transactions and balances of each reporting period presented to be stated in terms of the measuring unit current at the end of the reporting period in order to account for the loss of purchasing power during the period. The group has elected to use the Zimbabwe Consumer Price Index ("CPI"), published by the Reserve Bank of Zimbabwe, as the measuring unit (or general price index) to restate amounts as CPI provides an observable indication of the change in the price of goods and services.

The results and the financial position, including comparative amounts, of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and the hyperinflation adjusted equity opening balances are recognised in other comprehensive income as part of foreign currency translations for the current period.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit and loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit and loss.

All items recognised in the statement of comprehensive income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of owners' equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income. Restated retained earnings are derived from all other amounts in the restated statement of financial position.

At the end of the first period and in the subsequent periods, all components of owners' equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

23. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item of property, plant and equipment.

Subsequent costs are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit and loss during the period in which it is incurred.

As the functional currency of the group's subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, property, plant and equipment relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to accounting policy note 45.12).

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets, as follows:

Land and buildings	25 – 75 years
Motor vehicles	4 – 5 years
Plant	5 – 15 years
Office equipment (includes computer equipment)	3 – 10 years

Land is not depreciated, except for land held under leasehold rights, which is depreciated over the relevant leasehold term.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. The lease terms across the group typically range between two and 20 years, excluding renewal options.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

Gains and losses on disposals of property, plant and equipment are determined by comparing the asset's proceeds with its carrying value and are included in profit and loss.

24. INTANGIBLE ASSETS

24.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary, joint venture or associate at the date of acquisition. Goodwill on the acquisition of a subsidiary is reported in the statement of financial position as an intangible asset. Goodwill on the acquisition of a joint venture or associate is included in the respective investment's carrying amount. Goodwill is tested bi-annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The groups of cash-generating units are not larger than operating segments.

An excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary, joint venture or associate at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisition is recognised as a gain on bargain purchase in profit and loss.

24.2 Trademarks

Acquired patents, trademarks and licences are shown at cost less accumulated amortisation and impairment losses. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

24.3 Customer lists

Acquired customer lists are shown at cost less accumulated amortisation and impairment losses. The carrying amount of each cash-generating unit is reviewed for impairment when an impairment indicator is identified.

24.4 Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when all of the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefits.

24. INTANGIBLE ASSETS continued

24.4 Computer software continued

- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

24.5 Capitalised product development costs

Research costs undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit and loss as an expense as incurred. Development costs are expensed when incurred, unless they result in projects that are technically and commercially feasible and the group has sufficient resources to complete development, in which event these development costs are capitalised and amortised over the estimated useful life of the project. Capitalised development costs are stated at cost less accumulated amortisation and impairment losses.

As the functional currency of the group's subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, capitalised product development costs relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to accounting policy note 45.12).

24.6 Amortisation of intangible assets

Amortisation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets, as follows:

Capitalised product development costs	3 – 20 years
Customer lists	4 – 6 years
Trademarks	3 – 5 years
Computer software	5 – 15 years

25. IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, being the higher of an asset's fair value less costs to sell and value-in-use.

For the purpose of assessing impairment, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely dependent on cash inflows of other assets or groups of assets (the cash-generating unit). An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in profit and loss in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. In respect of other assets, reversal of impairment losses is recognised in profit and loss in the period in which the reversal is identified, to the extent that the asset is not increased to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

26. FINANCIAL INSTRUMENTS

Financial instruments recognised on the statement of financial position include financial assets, consisting of equity securities, loans to associates and joint ventures, loans and advances, trade and other receivables, cash, money market investments and other cash equivalents, as well as financial liabilities, consisting of borrowings, derivative financial liabilities and trade and other payables.

There are group companies that are parties to derivative financial instruments that reduce exposure to financial risks. These instruments mainly comprise forward currency exchange contracts. Group companies do not apply hedge accounting and recognise changes in the fair value of these and other derivative instruments in profit and loss in the period in which they arise.

27. OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

28. FINANCIAL ASSETS

The group classifies its financial assets in the following measurement categories: those to be measured at fair value (either through other comprehensive income or through profit or loss), and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

For assets measured at fair value, gains and losses will either be recorded in profit and loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

28. FINANCIAL ASSETS continued

28.1 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the group has transferred substantially all the risks and rewards of ownership.

28.2 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit and loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) At fair value through profit or loss

Equity instruments at FVPL

The group classifies its financial assets as FVPL if the financial assets are equity investments that are held for trading or equity investments for which the entity has not elected to recognise FVOCI.

The group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit and loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. Dividends from such investments continue to be recognised in profit and loss as other income when the group's right to receive payment is established.

Money market funds at FVPL

The group classifies its investments in money market funds as FVPL, due to the underlying investments held by the money market funds that are periodically sold and thus the net asset value of the money market fund includes gains/losses from the sale of the underlying investments.

The group subsequently measures all investments in money market funds at fair value. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit and loss as applicable. Interest earned from such investments continue to be recognised as part of investment income in profit and loss.

(b) At amortised cost

Trade receivables

Trade receivables, measured in accordance with IFRS 9, are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The group and company applies the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for trade receivables.

Other financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria is met: the asset is held within a business model whose objective is to collect the contractual cash flows; and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other financial assets at amortised cost include the following: other receivables, loans and advances and loans to associates and joint ventures and cash, money market investments and other cash equivalents.

Other financial assets are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, then they are recognised at fair value. All other financial assets, those classified as at amortised cost, are carried at amortised cost using the effective-interest method.

For cash and other cash equivalents, interest is based on prevailing market rates of the respective bank accounts in which the cash and other cash equivalents are domiciled.

28.3 Valuation techniques used to determine fair values

The fair value of financial assets carried at FVPL or FVOCI is determined using techniques as set out in note 20.5.

28.4 Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost under IFRS 9. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due criterion. The expected credit loss rates for trade receivables are mainly determined using a provision matrix. The provision matrix used is based on each individual company within the group's historical default rates observed over the expected life of the receivables, an equivalent credit rating and adjusted as appropriate for current observable data and forward-looking estimates relating to the individual company within the group.

28. FINANCIAL ASSETS continued

28.4 Impairment continued

For all other financial assets at amortised cost, the group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by: (a) a review of overdue amounts; (b) comparing the risk of default at the reporting date and at the date of initial recognition; and (c) an assessment of relevant historical and forward-looking quantitative and qualitative information. If the credit risk on the financial asset has not increased significantly since initial recognition, the group measures the loss allowance for that financial asset at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument if a default was to occur within 12 months of the reporting date.

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if the financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Impairment losses on financial assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

29. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are classified as at fair value through profit or loss and are measured as set out below. Fair values of over-the-counter traded derivatives are obtained using valuation techniques, including discounted cash flow models and option pricing models.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only observable market data.

29.1 Non-controlling interest put option liabilities

IFRS requires the group to account for written put options held by non-controlling shareholders of the group's subsidiaries. Such options provide them with the right to require the group to acquire their shareholding in the respective subsidiary. IFRS 9 requires that in the circumstances described above, the present value of the future redemption amount be reclassified from equity to financial liabilities and that the financial liability so reclassified subsequently be measured in accordance with IFRS 9. In accordance with IFRS 9, all subsequent changes in the fair value of the liability together with the related interest charges arising from present valuing the future liability, shall be recognised in profit and loss.

29.2 Derivative financial instruments and hedging activities

The group uses derivative financial instruments to hedge its exposure to foreign exchange risk arising from operational activities. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. Subsequent to initial recognition, derivatives are measured at fair value.

30. BIOLOGICAL ASSETS

30.1 Agricultural produce

Agricultural produce are measured on initial recognition and at the end of each reporting period at fair value less cost to sell. Changes in the measurement of fair value less cost to sell are included in profit and loss for the period in which they arise. Costs to sell include all costs that would be necessary to sell the assets, including transportation costs and incremental selling costs, including auctioneers' fees and commission paid to brokers and dealers. All costs incurred in maintaining the assets are included in profit and loss for the period in which they arise. Refer note 25 for further details regarding the valuation of biological assets.

Agricultural produce is transferred at the prevailing fair value less cost to sell value to inventory upon harvest.

As the functional currency of the group's subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, agricultural produce relating to these subsidiaries are restated by applying the change in the general price indices from the date of acquisition to the current reporting date (refer to accounting policy note 45.6).

30.2 Bearer plants

Biological assets that meet the definition of bearer plants are measured at cost less accumulated depreciation and impairment losses. Bearer plants are measured at accumulated costs until maturity, similar to the accounting for a self-constructed item of property, plant and equipment.

Subsequent production and borrowing costs are included in the bearer plant's carrying value only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The lifespan of the bearer plant begins the day same is planted in the ground. Depreciation is calculated on the straight-line method at rates considered appropriate to reduce carrying values to estimated residual values over the useful lives of the assets. The useful life is determined in collaboration with the technical department, and is as follows:

Apples	36 years
Pears	36 years
Oranges and lemons	30 years
Grapes	18 years

30. BIOLOGICAL ASSETS continued

30.2 Bearer plants continued

A distinction is made between non-bearing and partially-bearing bearer plants and when the transformation has been sustainably completed (i.e. full-bearing orchards/vineyards). In collaboration with the technical department, the bearer plants (i.e. orchards/vineyards) are deemed to be full bearing when they reach the following ages:

Apples	6 years
Pears	6 years
Oranges and lemons	7 years
Grapes	3 years

All costs relating to the development of an orchard/vineyard are capitalised to the respective orchard/block of vineyard planted. The establishment costs are allocated per orchard/block of vineyard based on establishment costs allocated per hectare.

Production costs, capital expenditure and borrowing costs are capitalised to the bearer plant until the plant has reached the age of full bearing. Income that is received related to the orchard/vineyard prior to it becoming full bearing is credited to the capitalised costs.

Depreciation in respect of orchards/vineyards is calculated from the date the orchard/vineyard reaches the state of full bearing and calculated by taking the cost per orchard/vineyard and dividing by the relevant remaining life.

All orchards/vineyards to be removed during a financial year will be deemed to be removed from the date the last crop was harvested from the orchard/vineyard. No depreciation will be charged from that date for the specific orchard that is to be removed. The value of the orchards/vineyards removed is the book value of the orchard/vineyard at the deemed date of removal.

31. INVENTORY

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and relevant selling expenses.

As the functional currency of the group's subsidiaries in Zimbabwe is the currency of a hyperinflationary economy, inventories relating to these subsidiaries is measured at the lower of the restated cost and net realisable value (refer to accounting policy note 45.12).

32. CASH, MONEY MARKET INVESTMENTS AND OTHER CASH EQUIVALENTS

Cash and cash equivalents consist of cash held at call with banks and other short-term highly liquid investments with maturities of three months or less. Investments in money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are included within borrowings in the statement of financial position. For further information on the recognition of cash and cash equivalents, refer to accounting policy note 8.

33. STATED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

33.1 Treasury shares

The cost of treasury shares acquired are debited to the treasury share reserve, and upon disposal of such shares, the reserve is credited with the weighted average calculated cost attributable to the shares disposed of.

Where any group company purchases the company's equity share capital (i.e. treasury shares), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects. Any net income in relation to treasury shares (both fair value movements and dividends) is eliminated from group profits for the year. The number of shares in the earnings per share calculation is reduced for treasury shares held during the period on a weighted average basis.

33.2 Share trust

Certain of the group's remuneration schemes are operated through the Zeder Group Share Incentive Trust. The share trust is considered to be a special-purpose entity controlled by the group and is therefore consolidated.

34. FINANCIAL LIABILITIES

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities, classified as financial liabilities at amortised cost, include borrowings and trade and other payables.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss are initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

Financial liabilities classified at fair value, that include derivative financial liabilities, are initially and subsequently recognised at fair value less transaction costs that are directly attributable to the raising of the funds, with any resultant gains and losses recognised in the profit and loss. The gain or loss recognised in the profit and loss incorporates any measurement gains or losses and interest expense on the financial liability.

34.1 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in profit and loss as finance cost.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest on borrowings directly relating to the acquisition, construction or production of qualifying assets is capitalised until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the group during the construction period. All other borrowing costs are recognised in profit and loss in the period in which they are incurred.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

34.2 Trade and other payables

Trade and other payables are recognised initially at fair value, net of transaction costs incurred. Trade and other payables are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period using the effective interest method.

35. TAXATION

35.1 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

35. TAXATION continued

35.1 Current and deferred income tax continued

As the functional currency of subsidiaries in Zimbabwe is a currency of a hyperinflationary economy, deferred income tax relating to these subsidiaries is recognised using the liability method, providing for temporary differences arising between the tax bases of assets and liabilities and their restated carrying amounts (refer to accounting policy note 45.12).

35.2 Dividend withholding tax

Dividend withholding tax is not levied on the company but on the beneficial owner of the share and accordingly does not require recognition in profit and loss. However, the group's share incentive trust (not being exempt from dividend withholding tax) may incur a dividend withholding tax expense on treasury shares held.

36. EMPLOYEE BENEFITS

The group operates various post-employment schemes, including both defined benefit and defined contribution pension and medical plans.

36.1 Retirement pension and medical plans

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

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension or medical obligations. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in profit and loss.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

36.2 Share-based compensation

Subsidiaries of the group operates equity-settled share-based payment schemes.

For the share-based payment schemes, the fair value of the employee services received in exchange for the grant of the scheme share options is recognised as an expense. The total amount to be expensed over the vesting periods, which are between four and five years, is determined by reference to the fair value of the scheme share options granted, excluding the impact of any non-market vesting conditions. For share options granted on or after 28 February 2018, the fair value included assumptions on market performance conditions. Non-market vesting conditions are included in assumptions concerning the number of scheme share options that are expected to become exercisable. Market performance conditions include assumptions with regards to the entity’s total shareholder return. At each reporting date, the entity revises its estimates of the number of scheme share options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in profit and loss, and a corresponding adjustment to equity over the remaining vesting period.

If the group cancels or settles a grant of equity instruments during the vesting period, the group accounts for the cancellation or settlement of the grant and recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

The share-based payment expense is recognised in profit and loss and a share-based payment reserve is recognised in equity as part of other reserves and represents the fair value at grant date of the share options that will be delivered on vesting.

36.3 Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

36.4 Annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to reporting date.

36. EMPLOYEE BENEFITS continued

36.5 Profit sharing and bonus plans

The group recognises a liability and an expense for bonus plans and profit sharing, where contractually obliged, or where there is a past practice that has created a constructive obligation.

36.6 Other short-term employee benefits

The cost of all other short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. Accruals for employee entitlements to wages, salaries and bonuses represent the amount which the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The accruals have been calculated at undiscounted amounts based on current wage and salary rates.

37. PROVISIONS AND CONTINGENT LIABILITIES

37.1 Provisions

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

37.2 Contingent assets and liabilities

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

38. LEASES

The group leases various land, property, equipment and vehicles.

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

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

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

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

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

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

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

To determine the incremental borrowing rate, the group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

38. LEASES continued

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

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

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

39. DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

40. REVENUE RECOGNITION

The group has adopted IFRS 15, which introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time and those that are satisfied over time.

40.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for goods sold and services rendered in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

It is the group's policy to recognise revenue from a contract with customers when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

Revenue is recognised at the amount of the transaction price that is allocated to that performance obligation excluding amounts collected on behalf of third parties. Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset or service refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset. Refer note 38 for further detail on the recognition of revenue.

Royalty income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is recognised using the effective interest rate method and is included as part of investment income in profit and loss.

Dividend income is recognised when the right to receive payment is established and is included as part of investment income in profit and loss.

40.2 Disaggregation of revenue from contract with customers

The group's activities comprise the sale of agricultural produce (e.g. grains, fruit, etc.), agricultural products (e.g. seed, milled grains, etc.), logistics services (e.g. port charges, shipping and related services, etc.) and royalty income received on the sale of internally generated agricultural seeds. Refer note 38 for further detail regarding the disaggregation of revenue from contracts with customers.

41. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

41. NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS continued

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit and loss.

42. EARNINGS PER SHARE

42.1 Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

42.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the dilutive earnings from the subsidiaries or associates due to the additional ordinary shares of that subsidiary or associates that would have been outstanding assuming the conversion of all dilutive potential ordinary shares of that subsidiary or associate by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

42.3 Headline and diluted headline earnings per share

Headline and diluted headline earnings per share are calculated on the same basis set out above and in accordance with The South African Institute of Chartered Accountants (SAICA) Circular 1/2019.

43. GOVERNMENT GRANTS

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions. Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to profit and loss on a straight-line basis over the expected useful lives of the related assets.

44. ROUNDING OF AMOUNTS

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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 values of assets and liabilities are addressed below.

45.1 Estimated impairment of goodwill

The group tests bi-annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on either value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates (see note 24 for further detail and disclosure of estimates used).

45.2 Impairment of investment in associates and joint ventures

An impairment of associates and joint ventures is considered when the recoverable amount is below its carrying value. An impairment loss is recognised for the amount by which the investment in associated company's carrying amount exceeds its recoverable amount, being the higher of an asset's fair value less costs to sell and value in use. Refer to notes 27 and 28.

In determination of whether there is objective evidence of impairment, the following factors may be considered: normal volatility in share price, the financial health of the investee, sector performance, changes in operational and financing cash flow.

45.3 Acquisition of associates

Details regarding significant new investments in associates acquired in the prior year are disclosed in note 27. Furthermore during the prior year, the group's interest in certain already existing associates were also increased. In accounting for these transactions management had to apply judgement in allocating the purchase price to the identifiable assets and liabilities of the associates acquired, or the portion acquired when an additional interest was acquired.

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES continued

45.4 Recognition of intangible assets

With a business combination all identifiable assets are recognised at their respective fair values in the consolidated financial statements. The fair values of intangible assets acquired through business combinations are determined by using a discounted cash flow valuation method. The discount rate is based on the long-term risk-free rate with risk premiums added for market and other company and asset specific risks. During the year under review, no businesses were acquired with intangible assets.

Trademarks and customers' lists acquired through business combinations or acquisitions are valued on acquisition using discounted cash flow methodology based on assumptions and estimates regarding future revenue growth, weighted cost of capital, marketing costs and other economic factors affecting the value in use of these intangible assets. These assumptions reflect management's best estimates but are subject to inherent uncertainties, which may not be controlled by management.

The cost of the trademarks and customer lists are amortised over their estimated useful lives. The remaining useful lives of intangible assets are re-assessed annually. If the estimate of the remaining useful lives changes, the remaining carrying values are amortised prospectively over that revised remaining useful life.

Product development costs are capitalised by the group when product projections indicates that the product would be a success and the cost can be reliably determined. The projections are based on the expected margin that would realise on the sale of the products in the future, the expected life cycle of the product, as well as the market share that the company expect to gain with the specific product.

In the prior year, if useful lives were increased/decreased by 10%, the intangible assets recognised would have been approximately R3m higher/lower. Future profit margins used in determining customer contracts and relationships values were consistent with the margins applied in determining the fair value of the related investment.

Refer to the intangible asset accounting policy and note 24 for further detail.

45.5 Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated over their estimated useful lives to their estimated residual values. The remaining useful lives and residual values of property, plant and equipment are re-assessed annually. If the estimates of the remaining useful lives or residual values change, the remaining carrying values are depreciated prospectively, taking into account the revised estimates. Refer to the property, plant and equipment accounting policy and note 23 for further detail.

45.6 Fair value of biological assets

The fair value of these biological assets were determined using a discounted cash flow model, which incorporates significant variable inputs i.e. discount rate and useful life of the biological assets. Where an insignificant level of biological transformation had taken place since planting, the biological assets are valued at cost (refer note 25 for further details).

45.7 Money market funds

Cash and cash equivalents disclosed on the statement of financial position includes investments in money market funds, being short-term highly liquid investments with maturities of three months or less. Money market funds are classified as cash equivalents, since these funds are held to meet short-term cash requirements, are highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The classification of money market funds as cash equivalents is only judgemental for purposes of disclosure and judgement applied could not have any impact of disclosed amounts of assets or liabilities.

45.8 Recoverability of trade and other receivables

Each entity in the group makes assumptions on the recoverability of its financial assets. These instruments mainly cover trade and other receivables and production loans. The group measures the loss allowance for trade receivables by applying the simplified approach, which is prescribed by IFRS 9 and in accordance with accounting policy note 28, using a provision matrix.

45.9 Deferred tax

Each group entity determines the recoverability of deferred tax assets and the recognition of estimated tax losses. The recognition is based on the entities' ability to utilise these losses based on expected future taxable earnings. Deferred tax assets in respect of tax losses set out in note 8.

ANNEXURE A – COMPARATIVE ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES continued

45.10 Adoption of IFRS 16 Leases

The group adopted the new standard using the modified retrospective approach. The impact of the IFRS 16 transition is reliant upon a number of key estimates and judgements, primarily applied in determining the appropriate discount rates (incremental borrowing rates) and the lease term for each lease. The lease term may include future lease terms for which the group has extension options and which the group is reasonably certain to exercise.

(a) *Incremental borrowing rates*

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

(b) *Estimating the lease term*

When the group has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice, any cost that will be incurred to change the asset if an option to extend is not taken and the importance of the underlying asset to the operations of the group, to help them determine the lease term.

45.11 Date of classifying investment in Pioneer Food Group Limited ("Pioneer Foods") as a Non-current assets held for sale and Discontinued operations in terms of IFRS 5 Non-Current Assets Classified as Held for Sale and Discontinued Operations ("IFRS 5")

As at 29 February 2020, the company transferred its investment in Pioneer Foods (previously classified as an investment in associate) to non-current assets held for sale (refer note 32). The results of Pioneer Foods are presented as discontinued operations in the income statement and related notes, including the restatement of the comparative financial information.

During the prior year the Pepsico Inc group made an offer to the Pioneer Foods ordinary shareholders to acquire all of Pioneer Foods' issued ordinary shares for a cash consideration of R110 per share. General meetings of Zeder and Pioneer Foods shareholders were held on 30 September 2019 and 15 October 2019, respectively, and the required shareholder approvals were obtained to proceed with the transaction. However, despite of obtaining such shareholder approvals, the remained subject to various other significant suspensive conditions. These significant and highly uncertain suspensive conditions included, *inter alia*, relevant MAC clauses (i.e. Pioneer Foods profit warranties measured at each month-end), minority shareholder approvals and various competition commission approvals in numerous jurisdictions. Out of the numerous competition commission approvals required, the most significant one was in respect of South Africa, where the approval of the South African Competition Commission and Tribunal were critical for the transaction to be successfully concluded.

During March 2020, the Competition Commission Tribunal approval was obtained and all suspensive conditions were met and therefore the group could only reclassify Pioneer Foods as a non-current asset held for sale in terms of IFRS 5 on 29 February 2020.

45.12 Hyperinflation

The group has two subsidiaries which are incorporated in Zimbabwe, namely Klein Karoo Seed Marketing Zimbabwe (Pvt) Ltd ("KKSM Zimbabwe") and Agriseeds (Pvt) Ltd ("Agriseeds").

(a) Application of hyperinflationary accounting

On 11 October 2019, the Public Accountants and Auditors Board of Zimbabwe classified Zimbabwe as a hyperinflationary economy in accordance with the provisions of IAS 29, applicable to entities operating in Zimbabwe with financial periods ended on or after 1 July 2019.

The group concurs with this classification, supported by the following factors:

- The significant deterioration of the interbank real time gross settlement ("RTGS") dollar and Zimbabwe dollar ("ZWL$") exchange rates, the official currencies adopted in Zimbabwe during the year.
- Based on the Reserve Bank of Zimbabwe ("RBZ") published Consumer Price Index ("CPI"), the cumulative three-year inflation rate was 831.23% as at 29 February 2020.

The general price index, as published by the RBZ, were used in adjusting the historical cost local currency results and financial positions of the group's Zimbabwean subsidiaries.

The adjustment factors used to restate the financial statements as 29 February 2020, using 2019 base year are as follows:

Date	Indices	Adjusting factor
29 February 2020	563.9	1.0

45. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES continued

45.12 Hyperinflation continued

(b) *Exchange rate applied in translating the results, net assets and cash flows of the group's businesses in Zimbabwe*

During the prior reporting period:

Since the adoption of multiple currencies by the Zimbabwean government in 2009, entities in Zimbabwe were operating in a multi-currency regime. As a result of this regime, and prior to 1 October 2018, the US dollar was designated as the functional and presentation currency of KKSM Zimbabwe and Agriseeds. The group applied official average and closing US dollar ("USD") to rand ("ZAR") exchange rates during this period.

On 1 October 2018, following the directive issued by the RBZ, the RTGS dollar was adopted as the functional and presentation currency of KKSM Zimbabwe and Agriseeds. The application of the change in functional currency was applied prospectively from the beginning of the financial period and the prior year effect were considered immaterial.

During the current reporting period:

On 24 June 2019, the RBZ introduced statutory instrument 142 of 2019 resulting in the renaming of the RTGS dollar to the ZWL$ and resulting in the ZWL$ being the only form of legal tender in the country. The ZWL$ was therefore adopted as the functional and presentation currency of KKSM Zimbabwe and Agriseeds prospectively from this date.

Judgement was applied in the estimation and application of the ZWL$ to ZAR exchange rate. Management assessed that the official interbank exchange rate is not available for immediate settlement as shortages of foreign currency results in the official exchange rate not being liquid. An estimate of 1 ZWL to 0.85 ZAR was used as the exchange rate to translate the results, net assets and cash flows of the group's businesses in Zimbabwe during the current financial year. Inputs considered in this estimate include comparable prices of agronomy seeds produced in Zimbabwe which can be exported to South Africa, Zambia and other neighbouring Southern African countries. The closing ZWL$ to ZAR exchange rate was calculated using the official USD to ZAR exchange rate divided by the management estimated USD to ZWL$ exchange rate.

The results, net assets and cash flows of the group's businesses in Zimbabwe have been translated into the group's presentation currency at the closing rate in accordance with the hyperinflationary provisions of IAS 21 The Effects of Changes in Foreign Exchange Rates.

Sensitivity analysis

The table below illustrates the sensitivity of the income statement and statement of financial position to changes in the exchange rate. If the Old Mutual implied exchange rate was applied, with all other variables held constant, the impact in translating the income statement and statement of financial position would have been as follows:

	Exchange rate applied 1.0 ZWL$: 0.85 ZAR Rm	Old Mutual implied exchange rate[1] 1.0 ZWL$: 0.52 ZAR Rm
Impact on statement of financial position		
Current assets	3 862	3 756
Total assets	14 147	14 028
Current liabilities	4 368	4 333
Total liabilities	5 829	5 785
Impact on income statement		
Revenue	7 492	7 375
Net monetary gain	118	73
Loss for the year from continued operations	(196)	(253)
Loss attributable to owners of the parent from continued operations	(234)	(285)

[1] *Calculated by applying the Old Mutual implied rate of 1 USD to 28.23 ZWL$ (an average rate for February 2020 was used given the volatility of the rate). ZWL$ officially floats against other international currencies on the Interbank Foreign Exchange Market, on a willing seller-willing-buyer basis. However, a significant amount of transactions happen outside the official market, at an unofficial exchange rate. One of the few gauges of the Zimbabwe exchange rate is the so-called Old Mutual implied rate, a comparison of the price of shares of insurer Old Mutual Limited in London and Harare.*

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

With effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value. Accordingly, Zeder prospectively changed its accounting treatment and now measures investments (other than wholly-owned head office subsidiaries providing investment activities to Zeder) at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Therefore the results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder’s previous accounting policy) and will therefore not be comparable to the results for the year ended 28 February 2021. The following notes to the financial statement refer to the prior year and will fall away in the following financial year, but included in the current year financial statements for completeness:

23. PROPERTY, PLANT AND EQUIPMENT AND LEASES

23.1 Property, plant and equipment

GROUP	Land Rm	Buildings Rm	Vehicles, plant and equipment Rm	Office equipment Rm	Total Rm
At 28 February 2021					
Cost					–
Accumulated depreciation and impairment					–
	–	–	–	–	–
Reconciliation					
Balance at beginning of year	**351**	**740**	**457**	**51**	**1 599**
Deemed disposal and reacquisition of investments (note 18.4)	**(351)**	**(740)**	**(457)**	**(51)**	**(1 599)**
Balance at end of year	–	–	–	–	–
At 29 February 2020					
Cost	468	1 058	1 084	154	2 764
Accumulated depreciation and impairment	(117)	(318)	(627)	(103)	(1 165)
	351	740	457	51	1 599
Reconciliation					
Balance at beginning of year	396	762	507	34	1 699
Transfers of existing finance leases in terms of IFRS16		(1)	(22)		(23)
Additions	4	42	122	32	200
Disposals	(8)	(13)	(9)	(1)	(31)
Transfers to non-current assets held for sale	(5)	(26)	(13)	(1)	(45)
Depreciation	(4)	(48)	(93)	(17)	(162)
Impairment	(73)	(10)	(31)		(114)
Exchange rate movements including hyperinflation	(2)		(17)	1	(18)
Subsidiaries acquired	46	48	16	3	113
Subsidiaries sold	(3)	(14)	(3)		(20)
Balance at end of year	351	740	457	51	1 599

Details of land and buildings are available at the registered offices of the relevant group companies. Refer to note 34 for details regarding property, plant and equipment that serve as security for borrowings.

The property, plant and equipment in the current year, mainly comprise those of the Zeder head office subsidiaries and is less than R1m.

The prior year impairment mainly relates to Agrivision Africa's fair value uplift on the initial take-on of land and buildings of the milling and farming operations.

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

23. PROPERTY, PLANT AND EQUIPMENT AND LEASES continued

23.2 Right-of-use assets

GROUP	Land Rm	Buildings Rm	Vehicles, plant and equipment Rm	Office equipment Rm	Total Rm
At 28 February 2021					
Cost					–
Accumulated depreciation and impairment					–
	–	–	–	–	–
Reconciliation					
Balance at beginning of year	**46**	**347**	**31**	**1**	**425**
Deemed disposal and reacquisition of investments (note 18.4)	**(46)**	**(347)**	**(31)**	**(1)**	**(425)**
Balance at end of year	–	–	–	–	–
At 29 February 2020					
Cost	52	406	54	2	514
Accumulated depreciation and impairment	(6)	(59)	(23)	(1)	(89)
	46	347	31	1	425
Reconciliation					
Adoption of IFRS 16	46	378	16	1	441
Transfers of existing finance leases in terms of IFRS16		1	22		23
New leases entered into		40	23	1	64
Completion/cancellation of leases			(1)		(1)
Transfers to non-current assets held for sale		(8)	(7)		(15)
Depreciation	(5)	(56)	(19)	(1)	(81)
Exchange rate movements including hyperinflation	(1)		(1)		(2)
Other movements (including remeasurements)	6	(14)	(2)		(10)
Subsidiaries acquired		6			6
Balance at end of year	46	347	31	1	425

Lease agreements comprised mainly of port facilities at various harbours, through The Logistics Group, and a farm and operations in Namibia, through Capespan.

24. INTANGIBLE ASSETS

	Capitalised product development costs Rm	Customer lists Rm	Trademarks, computer software and other Rm	Goodwill Rm	Total Rm
At 28 February 2021					
Cost					–
Accumulated amortisation and impairment					–
Balance at end of year	–	–	–	–	–
Reconciliation					
Balance at beginning of year	**514**		**10**	**281**	**805**
Deemed disposal and reacquisition of investments (note 18.4)	**(514)**	–	**(10)**	**(281)**	**(805)**
Balance at end of year	–	–	–	–	–

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

24. INTANGIBLE ASSETS continued

	Capitalised product development costs Rm	Customer lists Rm	Trademarks, computer software and other Rm	Goodwill Rm	Total Rm
At 29 February 2020					
Cost	640	32	100	935	1 707
Accumulated amortisation and impairment	(126)	(32)	(90)	(654)	(902)
Balance at end of year	514	–	10	281	805
Reconciliation					
Balance at beginning of year	416		49	204	669
Additions	111		22		133
Disposals			(26)		(26)
Transfers to non-current assets held for sale	(101)				(101)
Amortisation	(28)		(5)		(33)
Impairment			(33)	(13)	(46)
Exchange rate movements including hyperinflation	19		(1)	(10)	8
Subsidiaries acquired	97		4	100	201
Balance at end of year	514	–	10	281	805

The prior year impairment relates mainly to goodwill on the investments in Contour Logistics (R10m) and Agriseeds (R3m) and to computer software in Capespan of R33m as a result of the restructure which occurred during the prior financial year.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Zaad Holdings Limited' general borrowings during the prior year, in this case 8.6%. Included in additions to capitalised product development costs in the prior year, was R9m capitalised borrowing costs.

Included in intangible assets other than goodwill were the following significant intangible assets and their remaining amortisation periods:

GROUP	Remaining amortisation period 2020	Carrying value 2020 Rm
Zaad		
– Capitalised product development costs[1]	3 - 20 years	500
		500

[1] *Capitalised product development costs are internally generated and in respect of plant and seed breeding operations and generic crop protection chemical ("CPC") registrations within the subsidiaries of Zaad Holdings Limited. With regards to plant and seed breeding operations, each product needs to go through its normal plant life cycle to generate seed, which can vary between 4 to 8 months. Some plants are seasonal and can only be grown once a year. Line development normally takes up to 7 cycles before a product can be released for commercial testing and future commercialisation. Included in cost under capitalised product development costs, for the prior year, are intangibles in use amounting to R162m which are currently being amortised. With regards to CPC registrations, the Fertilizers, Farm Feeds, Seeds and Remedies Act 36 of 1947, its regulations (and associated guidelines) require that a generic CPC has to undergo field testing to determine whether it is as efficacious as a registered counterpart and that it does not cause undue harm to the crop. A generic CPC has to undergo field testing on 40% of the crops that appear on a registered counterparts label to determine whether it is as efficacious as a registered counterpart and that it does not cause undue harm to the crop. The testing requires 3 successful trials per crop in different climatic zones. Any CPC that has a withholding period of 7 days or less has to be tested on 40% of the relevant crops on the counterparts label for residues. Testing requires 5 successful trials. The purity of the concentrated active ingredient must meet international standards and this is achieved by analysing 5 separate batches. Local analysis by an approved laboratory is required if information is not supplied by the manufacturer. The CPC registration normally takes between 30 – 36 months and is renewable every 3 years. Included in cost under capitalised product development costs in the prior year are intangibles in use amounting to R142m which are currently being amortised.*

24. INTANGIBLE ASSETS continued

Goodwill allocation

Goodwill was allocated to cash-generating units ("CGUs"), being each operating subsidiary. A summary of the prior year goodwill allocation is as follows:

GROUP	2020 Rm
Zaad	
– Zaad (previously known as Agricol)	52
– Bakker Brothers (previously known as Klein Karoo Seed Marketing)	67
– GAP Chemicals	89
– Farm-Ag International	11
Agrivision Africa	
– Somawhe Estates	49
The Logistics Group	
– Port Services	13
	281

Goodwill was tested for impairment bi-annually by comparing the carrying value to the recoverable amount of the CGUs, being the higher of value-in-use and fair value less cost to sell. Therefore, should the recoverable amount exceed the carrying value, goodwill in the prior year was considered adequately supported.

Zaad – Zaad (previously known as Agricol)

A definite value distinction can be made between earnings on own Intellectual Property ("IP") and earnings from the various seed trading operations. The IP operation commands a much higher profit margin and due to significant research and development costs and long development timeframes, also means a considerable higher barrier to entry. In the prior year, fair value less cost to sell for the Zaad's CGU is determined using unobservable inputs (level 3), by applying price/earnings ratio of 14 to the Seed business and 8 to the Chemical business' recurring headline earnings of R120m and R43m respectively. The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated between 7 to 9, adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for the CGU, the recoverable amounts would still exceed the carrying value.

Zaad – Bakker Brothers (previously known as Klein Karoo Seed Marketing)

A definite value distinction can be made between earnings on own Intellectual Property ("IP") and earnings from the various seed trading operations. The IP operation commands a much higher profit margin and due to significant research and development costs and long development timeframes, also means a considerable higher barrier to entry. In the prior year, fair value less cost to sell for the Bakker Brothers' CGU is determined using unobservable inputs (level 3), by applying a price/earnings ratio of 14 to the recurring headline earnings of R25m. The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated between 7 to 9, adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for the CGU, the additional amount of goodwill impairment that would have been recognised would be R10m.

Zaad – GAP Chemicals

In the prior year, the fair value less cost to sell of the CGU is determined using unobservable inputs (level 3), by applying price/earnings ratios to the various parts of the operations, equating to a price/earnings ratio of 8 to *recurring* headline earnings of R31m. The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated at 18.9, adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for the CGU, the additional amount of goodwill impairment that would have been recognised would be R20m

Zaad – Farm-Ag International

In the prior year, the fair value less cost to sell of the CGU is determined using unobservable inputs (level 3), by applying price/earnings ratios to the various parts of the operations, equating to a price/earnings ratio of 8 to *recurring* headline earnings of R12m. The price/earnings ratios applied were determined with reference to similar international listed companies where the average price/earnings ratio was calculated at 18.9, adjusted for entity specific considerations based on the CGU's product offerings. Had the price/earnings ratio been decreased by 10% for both CGU's, the recoverable amount would still exceed the carrying value.

Agrivision Africa – Farming operations

In the prior year, the fair value less cost to sell of Agrivision Africa's two farming CGUs, namely Mkushi Estates and Somawhe Estates, is determined based on the net realisable value of the underlying assets less 1% cost to sell, with reference to the fair value of land, buildings and other tangible assets (level 3 unobservable inputs). This was based mainly on a market-related valuation of all property, plant and equipment that was performed by an independent valuation specialist during the second half of the 2019 calendar year, at an average selling price between US$6 700 – US$7 600 per irrigated hectare of land. Had the price per irrigated hectare been adjusted downward by 10%, the recoverable amount would still exceed the carrying value.

24. INTANGIBLE ASSETS continued

The Logistics Group – Port Services

In the prior year, the value-in-use of Port Services is determined using a discounted cash flow model, management-approved budgets and the key inputs. During the prior year, the goodwill of Contour Logistics (R10m) was impaired due to the profitability of the company. Key inputs used for the discounted cash flow model, are as follows:

	2020
Discount rate	15.4%
Terminal growth rate	1.0%
Tax rate	28.0%

The directors are satisfied that the carrying value of goodwill is adequately supported.

For definition of *recurring* headline earnings, please refer to Annexure E.

GROUP	2021 Rm	2020 Rm
25. BIOLOGICAL ASSETS		
25.1 Bearer plants[1]		
Orchards		246
Vineyards		167
Non-current	–	413
Reconciliation:		
Balance at beginning of year	**413**	426
Deemed disposal and reacquisition of investments (note 18.4)	**(413)**	
Additions		40
Disposals		(7)
Depreciation		(19)
Impairment		(2)
Subsidiaries sold		(25)
Balance at end of year	–	413

[1] *Bearer plants are carried at cost less accumulated depreciation and impairment losses.*

GROUP	2021 Rm	2020 Rm
25.2 Biological assets – agricultural produce		
Maize[2]		26
Soya[2]		33
Orchards[2]		53
Vineyards[3]		44
Timber[4]		15
Sorghum and other[3]		2
	–	173
Non-current		15
Current		158
Reconciliation:		
Balance at beginning of year	**173**	166
Deemed disposal and reacquisition of investments (note 18.4)	**(173)**	
Additions		175
Harvests		(389)
Change in fair value of biological assets		225
Subsidiaries sold		(4)
Balance at end of year	–	173

25. BIOLOGICAL ASSETS continued

25.2 Biological assets – agricultural produce continued

[2] *These current biological assets are valued at cost, since an insignificant level of biological transformation has taken place since planting.*

[3] *These current biological assets, which comprise the fruit on the orchards, grapes on the vineyards, sorghum and other biological assets have been valued, as at 29 February 2020, using the following assumptions and inputs:*

Valuation technique	*Recoverable value.*
Unobservable inputs	*Average sales price per carton and cartons per hectare.*
Range of inputs	*Average sales price of R123 per carton and cartons per hectare of 2 800.*
Relationship of inputs to fair value	*Increase in sales price or in number of cartons, results in an increase in the fair value.*

[4] *This non-current biological asset is valued using the discounted cash flow valuation model to consider the present value of the net cash flows expected to be generated. Inputs are determined using historical data and industry standards. Refer to table below for the key valuation inputs, as at 29 February 2020:*

Valuation technique	*Discounted cash flow valuation.*
Unobservable inputs	*Estimated future cash flows (based on volume, price and cost assumptions) and weighted average cost of capital.*
Range of inputs	*Volume of timber based on an average of 1 050 poles and 350 mature trees per hectare over the lifetime of the plantation, age of trees between 1-20 years; price per unit of R570 – R700 with future increase of 3.5% p.a.; cost per unit of R300 with inflation rate of 6.5% p.a.; weighted average cost of capital of 20.66%.*
Relationship of inputs to fair value	*In arriving at fair value, the estimated future cash flows are discounted using the weighted average cost of capital. Any change in the cash flows or the cost of capital would directly impact the fair value.*

The abovementioned fair value of agricultural produce has been calculated using unobservable inputs (level 3). The table below summarises the sensitivity of the group's post-tax net profit for the prior year as a result of fair value assumption fluctuations, mainly driven by commodity prices. The analysis is based on the assumption that the fair value increase/decrease by 10% at the reporting date:

GROUP	2020 10% increase Rm	2020 10% decrease Rm
Impact on post-tax profit	12	(12)

Biological assets comprised of the following:

GROUP	2020 Included in carrying value at reporting date Hectares	2020 Harvested crops during the year Cartons/Tons
Maize	1 750	3.1 mt
Soya	5 037	13.3 mt
Wheat		32.7 mt
Apples and pears	563	1.1mc
Citrus	278	0.4mc
Grapes	287	2.8mc
Timber plantations	887	

COMPANY	2021 Rm	2020 Rm
26. INVESTMENT IN SUBSIDIARY		
Unlisted shares at cost		8 302

Zeder Financial Services Limited ("ZFS") is a wholly-owned subsidiary who deliver investment services to the Zeder group and holds the group's investments in the underlying investment portfolio entities. As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investment, the investment in ZFS was also deemed to be disposed and reacquired at fair value (refer to the company section in note 1).

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

GROUP	2021 Rm	2020 Rm
27. INVESTMENT IN ASSOCIATES		
27.1 Investment in ordinary shares of associates		
– Listed		911
– Unlisted		359
	–	1 270
Reconciliation of investment in ordinary shares of associates:		
Balance at beginning of year	**1 270**	6 251
– Previously reported	**1 270**	6 270
– Adjustment due to initial application of IFRS 16[1]		(19)
Transfer to subsidiary and reclassified as investments held at fair value through profit or loss (note 1)	**(723)**	
Transferred to assets held for sale and reclassified as investments held at fair value through profit or loss (note 1)	**(188)**	
Deemed disposal and reacquisition of investments (note 18.4)	**(359)**	
Equity accounting		
– Share of profits of associates[2]	–	501
Continued operations		237
Discontinued operations (note 32.2)		264
– Dividends received	–	(272)
Continued operations		(83)
Discontinued operations (note 32.3)		(189)
– Share of other comprehensive income of associates		(181)
Reversal of impairment/(impairment) of associates[3]	–	319
Continued operations		(298)
Discontinued operations (note 32.2)		617
Loss on dilution[4,5]	–	(87)
Continued operations		(1)
Discontinued operations (note 32.2)		(86)
Transferred to assets held for sale[6]		(5 158)
Subsidiaries aqcuired[7]		4
Transfer to subsidiaries[7]		(89)
Exchange rate movement		(18)
Balance at end of year	–	1 270
Market value of listed investments		911

[1] *During the prior year, IFRS 16 Leases also has an impact on the retained earnings opening balances of the group's underlying associates and joint ventures. The equity method of accounting applied in terms of IAS 28 Investments in Associates and Joint Ventures requires the group to account for its share of post-acquisition movements in other comprehensive income and other equity movements are recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Due to the aforementioned, an estimation calculation was performed on the adjustment due to the initial application of IFRS 16 on the underlying associates and joint ventures financial assets and liabilities.*

[2] *During the year, Zeder transferred its investment in Kaap Agri Limited ("Kaap Agri") to investments in subsidiaries and reclassified it as investments held at fair value through profit or loss, after obtaining "de facto" control over Kaap Agri (refer note 1).*

[3] *During the year, Zeder transferred its investment in Quantum Foods Holdings ("Quantum Foods") to assets held for sale and reclassified it as investments held at fair value through profit or loss and subsequently disposed of it at a premium (refer note 18.3).*

[2] *In the prior year, equity accounted earnings as per the income statement of R247m includes the equity accounted earnings from the investment in joint ventures of R10m (refer note 28.1) and exclude the equity accounted earnings from the investment in Pioneer Food Group Limited ("Pioneer Foods"), now classified as a discontinued operation of R264m (refer note 32.2).*

[3] *During the prior year, the company reversed R617m of the impairment charge previously recognised on its interest in Pioneer Foods, due to the subsequent recovery of its share price. This was off-set by impairment related to Kaap Agri and Quantum Foods due to the recent drop in the JSE listed share price, as well as two other investments in associates, Goodview and Yuppa. Impairment of associates as per the income statement of R298m exclude the reversal of impairment from the investment in Pioneer Foods, now classified as a discontinued operation of R617m (refer note 32.2).*

[4] *During the prior year the group incurred a dilution loss on Kaap Agri due to the share buy-back process and the group's interest in Pioneer Foods and Quantum Foods due to the settlement of the BBBEE scheme and changes in shareholding in the management and other share incentive schemes.*

[5] *In the prior year, the net loss on dilution of interest in associates as per the income statement of R0.5m exclude the net loss on dilution of interest from the investment in Pioneer Foods, now classified as a discontinued operation of R856m (refer note 32.2).*

[6] *As at 28 February 2020, the company transferred its investment in Pioneer Foods to non-current assets held for sale due to the offer received and approved by Pioneer Foods ordinary shareholders from the Pepsico Inc group to acquire all of Pioneer Foods issued ordinary shares at a cash consideration of R110 per share (refer note 32.1). During the year, the group, through Capespan, also transferred the investments in Goodview and Van Wylick to non-current assets held for sale.*

[7] *During the prior year, the group, through Zaad, exercised its call option to acquire the remaining 50.3% shareholding, together with the shareholder claims, in the agricultural chemicals business, GAP Chemicals Proprietary Limited for R111m (refer note 42.1).*

27. INVESTMENT IN ASSOCIATES continued

27.1 Investment in ordinary shares of associates continued

Further information

Refer to Annexure D for further details regarding the investment in associates.

GROUP	2021 Rm	2020 Rm
27.2 Loans to associates		
– Clean Air Nurseries Agri Global Proprietary Limited ("CAN-Agri")[8]		
– CAN-Agri[9]		
– GAP Chemicals Proprietary Limited ("GAP Chemicals")[10]		
– JWM Asia[11]		30
– Tradekor Holdings Proprietary Limited ("Tradekor")[10]		
– DLF Seeds Proprietary Limited[10]		4
– Hygrotech Zambia Limited[11]		4
– Sorghum Solutions Africa Proprietary Limited[11]		1
– Hoeveldrif Chemikaliee Proprietary Limited[11]		1
	–	40
Current		40
Non-current		
	–	40

[8] This loan is unsecured, carries interest at prime plus 1% and is repayable in bi-annual instalments that commenced 15 January 2020. The first payments defaulted and therefore, in the prior year, the loan balance is shown net of a provision for impairment of R51m. During the current year, as a result of the change in accounting policy, CAN-Agri is now accounted for as an investment at fair value through profit or loss and the loan to CAN-Agri is included in loans and advances, refer to note 2.

[9] These loans are unsecured, carries interest at prime plus 1% and repayable in bi-annual instalments commencing after 31 May 2020. In the prior year, these loan balances are shown net of a provision for impairment of R38m. During the current year, Zeder advances another R4m to CAN-Agri and on 31 May 2020, Zeder converted the loan to CAN-Agri ordinary shares. During the current year, as a result of the change in accounting policy, CAN-Agri is now accounted for as an investment at fair value through profit or loss and the loan to CAN-Agri is included in loans and advances, refer to note 2.

[10] These loans are unsecured, carry interest at prime with no repayment terms, except for Tradekor loan that was repaid during the prior year.

[11] These loans are unsecured, interest-free with no repayment terms.

Loans granted to associates, being measured at amortised cost, are almost entirely fully performing, with only an insignificant amount of expected credit losses being provided for, except for the loans to CAN-Agri. Due to the start-up nature of CAN-Agri's business, its current and projected cash flow requirements and the default on the first few payments, the group, in the prior year, impaired the loans in full.

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the loans to associates were also deemed to be disposed and reacquired (refer note 18.4).

GROUP	2021 Rm	2020 Rm
28. INVESTMENT IN JOINT VENTURES		
Investment in ordinary shares of joint ventures		
– Unlisted		2
Reconciliation of investment in ordinary shares of joint ventures:		
Balance at beginning of year	**2**	21
Deemed disposal and reacquisition of investments (note 18.4)	**(2)**	
Share of profits of joint ventures		10
Share of other comprehensive income of joint ventures		(6)
Transfer to subsidiaries		(25)
Exchange rate movement		2
Balance at end of year	–	2

GROUP	2021 Rm	2020 Rm
29. EQUITY SECURITIES		
At fair value through profit or loss		
– Unlisted but quoted		2
– Unquoted		29
	–	31

GROUP	Fair value through profit or loss Rm	Total Rm
Reconciliation of equity securities		
Balance at 1 March 2019	30	30
Disposals	(6)	(6)
Net fair value gains	8	8
Subsidiaries sold	(1)	(1)
Balance at 29 February 2020	**31**	**31**
Transfer to and reclassified as investments held at fair value through profit or loss (note 1)	**(19)**	**(19)**
Deemed disposal and reacquisition of investments (note 18.4)	**(12)**	**(12)**
Balance at 28 February 2021	–	–

As at 29 February 2020, R19m of the unquoted equity securities include advances which are linked to equity instruments. In terms of these agreements, the group is entitled to the majority of the increase in the market value of the underlying equity securities and the dividends received on these securities. The advances are impaired to the value of the underlying instruments should the market value of the instruments fall below the current carrying value of the advances (refer to note 20.5 for fair value disclosures).

30. LOANS AND ADVANCES – COMPARATIVE SECURED AND UNSECURED LOANS

The secured loans has the following terms:

Subsidiary	Counterparty	Security	Interest rate %	Repayment terms	GROUP 2020 Rm
Zaad	Seed Brothers	Bond over moveable property	Interest-free	Payable in 6 unequal payments	28
Zaad	Zaad Holdings Limited ("Zaad") non-controlling shareholders	Zaad ordinary shares	Prime to SARS official interest rate	Five years from inception date	27
Capespan	Capespan Group Limited ("Capespan") non-controlling shareholders and staff	Capespan and TLG ordinary shares	SARS official interest rate	Five years from inception date	9
TLG	The Logistics Group ("TLG") non-controlling shareholders	TLG and Capespan ordinary shares	SARS official interest rate	Five years from inception date	9
TLG	TLG empowerment loans	Lien on equipment	Interest-free	On demand	4
					77

Unsecured loans and advances comprise mainly advance payments made for lease, office and other deposits.

During the prior year, R1m loss allowance was raised and R1.2m unused amounts from the year before were reversed. The loss allowance as at 29 February 2020 amounted to R0.2m.

Loans and advances, being measured at amortised cost, are almost entirely fully performing, with only an insignificant amount of loss allowance being provided.

GROUP	2021 Rm	2020 Rm
31. INVENTORIES		
Raw materials		154
Work in progress		100
Finished goods		1 159
	–	1 413

Inventory to the value of R12m was written off during the prior year.

Inventories recognised as an expense during the prior year amounted to R1.8bn and were included in cost of sales.

As at 29 February 2020, raw materials consist of packaging material, consumables, fertilizer and seeds held for planting on the farms, wheat and maize held for milling and other inputs. Work in progress consist of seeds in the cleaning process prior to packaging the finished product. Finished goods include fruit produced, packaged seeds ready for sale and milled wheat and maize packaged.

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the inventory was also deemed to be disposed and reacquired (refer note 18.4).

32. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATION

32.1 Non-current assets and liabilities held for sale

As at 29 February 2020, the non-current assets held for sale and discontinued operation comprise mainly of the investment in Pioneer Foods (associate) of R5.1bn as a result of the offer received from the Pepsico Inc. group to acquire all of Pioneer Foods issued ordinary shares at a cash consideration of R110 per share. The scheme of arrangement was approved by the Zeder and Pioneer Foods ordinary shareholders and subsequent to the reporting date, by the Competition Tribunal (refer note 27.1). Refer note 18.3 with regards to detail on the disposal of Pioneer Foods during the year.

The remaining portion of the non-current assets/liabilities held for sale comprise of investments in associates held through Capespan (Goodview and Van Wylick) of R108m and other assets (R311m) and liabilities (R16m) of Zaad's investment in Klein Karoo Saad Bemarking, all of which are in the process of being sold.

As at 29 February 2020, non-current assets and liabilities held for sale comprised of the following assets and liabilities:

GROUP	2021 Rm	2020 Rm
Non-current assets held for sale		
Property, plant and equipment		45
Right-of-use assets		15
Intangible assets and goodwill		101
Investment in associates		5 158
Inventories		151
	–	5 470
Non-current liabilities held for sale		
Lease liabilities		(12)
Employee benefit liabilities		(4)
	–	(16)
Reconciliation:		
Balance at beginning of year	**5 454**	1
Transfer to and reclassified as investments held at fair value through profit or loss (note 1)	**(5 051)**	
Deemed disposal and reacquisition of investments (note 18.4)	**(403)**	
Transfer from assets and liabilities		5 454
Disposed		(1)
Balance at end of year	–	5 454

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

32. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATION continued

GROUP	2021 Rm	2020 Rm
32.2 Discontinued operations - Income statement		
Net income from associates and joint ventures		
Gain on deemed disposal and reacquisition of investments (note 1)	**1 297**	
Net fair value gain on investments (note 1)	**60**	
Equity accounted earnings (note 27.1)		264
Reversal of impairment of associates (note 27.1)		617
Net loss on dilution of interest (note 27.1)		(86)
Profit for the year	**1 357**	795

Non-headline items of the discontinued operations comprise mainly of the reversal of/(impairment) of associates and net (loss)/profit on sale/dilution of interest.

	2021 Rm	2020 Rm
32.3 Discontinued operations - Statement of cash flow		
Cash flow from operating activities (Annexure B)		189
Cash and cash equivalents at end of year	**–**	189

33. STATED CAPITAL - COMPARATIVE MATERIAL SUBSIDIARY SHARE INCENTIVE SCHEMES

Agrivision Africa

During the prior year under review, 17 778 share options were granted to participants at a total consideration of R3m. Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of Agrivision Africa. The maximum number of shares which may be offered to participants is currently unlimited but based on a formula relating to remuneration.

Reconciliation of outstanding share options:	2020 Number
Number of share options allocated at beginning of the year	88 580
Number of share options forfeited during the year	(26 055)
Number of share options allocated during the year	17 778
Number of share options allocated at end of the year	80 303

Analysis of outstanding scheme shares by financial year of maturity:	2020 Weighted average strike price (USD)	2020 Number
2020/21	54.62	16 743
2021/22	51.53	25 211
2022/23	48.54	20 894
2023/24	44.82	12 963
2024/25	43.70	4 492
		80 303

Outstanding share options per trance allocated:	Number of shares	Price USD	Volatility %[1]	Risk-free rate %	Fair value USD[2]
1 January 2016	17 620	54.62	23.6	10.1	15.63
1 January 2017	23 799	54.62	27.3	11.1	9.61
1 January 2018	25 403	43.70	27.6	9.7	8.62
1 January 2019	13 481	43.70	29.5	13.0	9.79
	80 303				

[1] *The expected price volatility is based on the historic volatility of averages of companies operating in similar markets with publicly available information.*
[2] *The value of the options was calculated in USD, Agrivision's functional currency, using the Black-Scholes-Merton model.*

33. STATED CAPITAL – COMPARATIVE MATERIAL SUBSIDIARY SHARE INCENTIVE SCHEMES continued

Capespan Group Limited ("Capespan")

Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of Capespan. The maximum number of shares which may be offered to participants is 38 818 693. During the prior year under review, the Capespan Group Share Incentive Trust held 2 211 177 ordinary shares in Capespan in order to assist in meeting its obligations in terms of the share options granted.

On 1 January 2019, the logistics division unbundled from Capespan, forming The Logistics Group Proprietary Limited ("TLG"). On that date, the share options scheme in Capespan was duplicated in TLG on as follows: for every 1 unvested Capespan share option previously held, the participant received 1 TLG share option; and the strike price of any unvested Capespan share options was adjusted downwards to accommodate the effect of the unbundling. All Capespan share options that vested on 1 January 2019 was issued at the reduced strike prices. The change was beneficial to the participants and IFRS 2 modification accounting was applied, in which the incremental fair value at the date of modification was recognised in addition to the grant-date fair value. All TLG options that vested on 1 January 2019 were waived by the participants of the scheme, in exchange for a cash settlement.

In the prior year and subsequent to the unbundling of the Capespan share incentive scheme, all remaining Capespan share options were cancelled, with the exception of one member. In the prior year, 20 053 949 new share options were issued to certain active employees at revised terms.

Reconciliation of outstanding share options:	2020 Number
Number of share options allocated at beginning of the year	17 777 222
Number of share options allocated during the year	20 053 949
Number of share options vested during the year	(6 415 464)
Number of share options cancelled during the year	(9 212 948)
Number of share options forfeited during the year	(1 622 410)
Number of share options allocated at end of the year	20 580 349

Analysis of outstanding scheme shares by financial year of maturity:	2020 Weighted average strike price (R)	2020 Number
2020/21	0.03	3 063 550
2021/22	0.67	5 724 952
2022/23	0.60	5 541 847
2023/24	1.50	3 125 000
2024/25	1.50	3 125 000
		20 580 349

Outstanding share options per trance allocated:	Number of shares	Price R	Volatility %[3]	Dividend yield %	Risk-free rate %	Fair value R[4]
1 January 2015	35 459	2.19	29.0	6.1	6.80 - 7.30	0.72
1 January 2015	263 158	3.21	29.0	6.1	6.80 - 7.30	0.32
1 January 2016	227 783	3.24	32.5	4.5	7.90 - 8.70	1.42
1 January 2019	164 981	0.24	24.2	12.5	7.20	1.10
1 January 2019	138 427	2.05	24.2	12.5	7.17 -7.27	0.01
1 January 2019	7 250 541	(0.57)	24.2	12.5	7.17 -7.38	1.90
1 January 2019	12 500 000	1.50	24.2	12.5	7.27 -7.60	0.10
	20 580 349					

[3] *The expected price volatility is based on the historic volatility of averages of companies operating in similar markets with publicly available information.*

[4] *The fair value of the options was calculated using the Black-Scholes model.*

33. STATED CAPITAL – COMPARATIVE MATERIAL SUBSIDIARY SHARE INCENTIVE SCHEMES continued

The Logistics Group Proprietary Limited ("TLG")

Each share option awarded entitles the participant to acquire one ordinary share in the issued share capital of TLG. The maximum number of shares which may be offered to participants is 36 659 205.

During the aforementioned logistics division unbundling from Capespan, on 1 January 2019, the share options scheme of Capespan was duplicated in TLG as follows: for every 1 unvested Capespan share option previously held, the participant received 1 TLG share option; and the strike price of any unvested TLG share options was adjusted downwards to accommodate the effect of the unbundling.

in the prior year and subsequent to the unbundling of the logistics division, all remaining TLG share options were cancelled and 26 965 598 new share options were issued to most of the active employees at revised terms.

Reconciliation of outstanding share options:	2020 Number
Number of share options due to unbundling	1 659 005
Number of share options allocated during the year	26 965 598
Number of share options cancelled during the year	(1 659 005)
Number of share options allocated at end of the year	26 965 598

Analysis of outstanding scheme shares by financial year of maturity:	2020 Weighted average strike price (R)	2020 Number
2020/21	0.01	605 190
2021/22	2.50	6 901 761
2022/23	2.54	6 805 350
2023/24	2.73	6 326 648
2024/25	2.73	6 326 649
		26 965 598

Outstanding share options per trance allocated:	Number of shares	Price R	Volatility %[5]	Dividend yield %	Risk-free rate %	Fair value R[6]
1 January 2019	30 077	0.01	25.5	4.5	7.00	2.61
1 January 2019	192 822	0.07	25.5	4.5	7.00	2.49
1 January 2019	1 436 106	0.01	25.5	4.5	7.00	2.49
1 January 2019	25 306 593	2.73	25.5	4.5	7.00	0.52
	26 965 598					

[5] *The expected price volatility is based on the historic volatility of averages of companies operating in similar markets with publicly available information.*

[6] *The fair value of the options was calculated using the Black-Scholes model.*

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

34. BORROWINGS – COMPARATIVE DETAIL OF TERMS

The borrowings, as at 29 February 2020, have the following terms:

Subsidiary	Counterparty	Security/Overdraft facility	Interest rate %	Repayment terms	GROUP 2020 Rm
Secured redeemable preference shares					
Zeder	FirstRand Bank	Investments in associates of R6.9bn	Fixed nominal annual dividend rate range between 7.73% and 8.11% compounded quarterly	Redeemable during Oct 2022, paid off in April 2020	1 500
Secured loans					
The Logistics Group	FNB	Property, plant and equipment of R0.2m	15.8%	60 monthly instalments	18
Zaad	Standard Bank[1]	Shareholding in Zaad International as security	3M USD LIBOR + 4.3%	Overnight facility	71
Zaad	First National Bank	General covering mortgage bond over immovable property of R56m	Prime - 0.25%	Monthly instalments	115
Zaad	Gro Capital Afgri	Mortgage bond of R27m	Prime + 0.25%	Monthly instalments	20
Zaad	ABN Amro Bank[3]	Property, plant and equipment of EUR34m	2.15% – 1M EURIBOR	Monthly instalments	42
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	3M LIBOR + 5.95%	33 months	143
Agrivision	African Agriculture and Trade Investment Fund[1]	Moveable and immovable property of USD30m	6M LIBOR + 7%	3 annual instalments from Oct 2021 - Oct 2023	60
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	3M LIBOR + 5.95%	Quarterly instalments Jul 2021 - Jul 2024	60
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	LIBOR + 4.43%	Quarterly instalments by Sep 2022	33
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	3M LIBOR + 5.95%	Quarterly instalments by Sep 2022	17
Agrivision	Standard Bank Mauritius[1]	Mortgage debenture and movable and immovable assets of USD30m	7.2%	Semi-annual instalments by Jun 2020	7
Unsecured loans					
Capespan	HSBC	Unsecured	EURIBOR +2.2%	Quarterly payments	7
The Logistics Group	Standard Bank	Unsecured	JIBAR	Lump sum payment at the end of the 5 years	200
Zaad	Roodesen Beleggings Proprietary Limited	Unsecured	9%	Repayable with 12 months from demand	9
Zaad	Maingard Investment Trust	Unsecured	Prime	Repayable on demand	23
Sub-total					2 325

34. BORROWINGS – COMPARATIVE DETAIL OF TERMS continued

Subsidiary	Counterparty	Security/Overdraft facility	Interest rate %	Repayment terms	GROUP 2020 Rm
Sub-total					2 325
Bank overdrafts					
Zaad	ABN Amro Bank[3]	Overdraft facility	2.2% - 1M EURIBOR		72
Zaad	First National Bank	Overdraft facility	Prime - 0.5%		474
Zaad	ABSA Bank	Overdraft facility	Prime - 0.25%		15
Zaad	Standard Bank Mauritius[1]	Overdraft facility	3M USD LIBOR + 4.3%		21
Zaad	Land Bank	Overdraft facility	Prime - 0.25%		141
Zaad	Short Term Direct Overdraft	Overdraft facility	Prime - 0.5%		44
Zaad	First National Bank	Overdraft facility	Prime - 0.5%		11
Capespan	HSBC[3]	Overdraft facility	1M EURIBOR plus 1%		93
Capespan	HSBC	Overdraft facility	JIBAR + 1.25%		150
Capespan	HSBC[1]	Overdraft facility	LIBAAR + 1.75%		26
Capespan	HSBC[1]	Overdraft facility	4.0%		21
Capespan	Standard Bank	Overdraft facility	8.5%		17
Agrivision	Standard Bank Mauritius & Zambia[1, 4]	Overdraft facility	3M LIBOR + 5.9%		17
Other insignificant borrowings					89
					3 516

[1] *USD denominated loans/bank overdrafts and values represent the ZAR equivalent.*
[2] *On a Capespan group level, these borrowings are secured by a guarantee from Capespan Group Limited.*
[3] *EUR denominated loans/bank overdrafts and values represent the ZAR equivalent.*
[4] *ZMW denominated bank overdrafts and values represent the ZAR equivalent.*

Effective interest rates

In the prior year, the effective interest rates applicable to significant borrowings range between 1% and 15.8%.

35. LEASE LIABILITIES

GROUP	2021 Rm	2020 Rm
Current		76
Non-Current		556
Balance at end of year	–	632
Reconciliation		
Opening balance	**632**	
Deemed disposal and reacquisition of investments (note 18.4)	**(632)**	
Adoption of IFRS 16		641
Transfers of existing finance leases in terms of IFRS16		19
New leases entered into		63
Completion/cancellation of leases		(1)
Payments - principal portion		(73)
Payments - finance cost		(64)
Transferred to held for sale		(12)
Exchange rate movements including hyperinflation		(5)
Finance Cost		64
Other movements (including remeasurements)		(11)
Subsidiaries acquired		11
Balance at end of the year	–	632

GROUP	2021 Rm	2020 Rm
36. DERIVATIVE FINANCIAL ASSETS AND LIABILITIES		
36.1 Derivative financial assets		
Forward currency exchange contracts		1
36.2 Derivative financial liabilities		
Non-current		
Non-controlling interests' put option liabilities		(24)

As at 29 February 2020, written put options entered into with Zaad Holdings Limited non-controlling shareholders, which granted them the right to put their shareholding to the group at a fixed price/earnings multiple that was market-related at the date of issue. The put options become exercisable in September 2021. The carrying value at the reporting date represents the present value of the possible exercise price.

As a result of the change in investment entity status and the resultant deemed disposal and reacquisition of investments, the derivative financial assets and liabilities was also deemed to be disposed and reacquired (refer note 18.4).

37. EMPLOYEE BENEFITS – COMPARATIVE EMPLOYEE DEFINED BENEFIT PLAN DEFICITS

Assets and liabilities relating to the group's employee benefits can be summarised as follows:

Post-employment defined benefit plans (Medical benefits)

The group, through Capespan Group Limited ("Capespan") and The Logistics Group Proprietary Limited ("TLG"), provides for post-employment medical aid benefits in respect of certain retired employees. This liability is for a relatively small group of staff and their dependants who were already retired from Outspan International Limited ("Outspan"), Unifruco Limited ("Unifruco") and International Harbour Services Proprietary Limited prior to the merger between Unifruco and Outspan in 1999 and the unbundling of the logistics division in 2019. To qualify for the scheme they had to be permanently employed, be a member of the company designated scheme at retirement and remain resident in South Africa until their retirement. The obligation was quantified by an independent actuary.

Post-employment defined benefit plans (Pension benefits)

The group, through Capespan, operates a number of externally funded defined benefit pension schemes across various countries. These schemes are set up under trusts and the assets of the schemes are therefore held separately from those of the group.

The pension benefits can be divided into the following three plans: South African Co-operative Citrus Exchange ("SACCE"), Capespan Continent NV ("CCNV") and Capespan Germany GmbH ("CGG"). These schemes are all closed to new employees.

The accompanying disclosures relate to the group's most significant defined benefit pension schemes across the United Kingdom, continental Europe and South Africa.

Actuarial valuations were carried out by independent actuaries for the various schemes using the projected unit credit method.

The respective employee defined benefit plan deficits can be analysed as follows:

	2021			2020		
	Medical benefits			Medical benefits		
GROUP	Assets Rm	Liabilities Rm	Net Rm	Asset Rm	Liabilities Rm	Net Rm
Present value of funded obligations			–		(19)	(19)
Balance at beginning of year		**(19)**	**(19)**		(24)	(24)
Deemed disposal and reacquisition of investments (note 18.4)		**19**	**19**			–
Interest expense			–		(2)	(2)
Gains from changes in financial and demographic assumptions			–		5	5
Employer contributions			–		2	2
Balance at end of year	–	–	–	–	(19)	(19)

37. EMPLOYEE BENEFITS – COMPARATIVE EMPLOYEE DEFINED BENEFIT PLAN DEFICITS continued

GROUP	2021 Pension benefits Asset[1] Rm	Liabilities Rm	Net Rm	2020 Pension benefits Asset[1] Rm	Liabilities Rm	Net Rm
Fair value of plan assets			–	42		42
Present value of funded obligations			–		(80)	(80)
	–	–	–	42	(80)	(38)
Balance at beginning of year	**42**	**(80)**	**(38)**	43	(79)	(36)
Deemed disposal and reacquisition of investments (note 18.4)	**(42)**	**80**	**38**			–
Past service cost			–		4	4
Interest expense			–		(9)	(9)
Return on plan assets			–	9		9
Losses from changes in financial and demographic assumptions			–		(9)	(9)
Employer contributions			–		1	1
Exchange differences			–	(10)	12	2
Balance at end of year	–	–	–	42	(80)	(38)

[1] *For the CCNV pension benefits, the assets are represented by a reinsurance policy and there is no right for set-off.*

Principal actuarial assumptions at the reporting date (expressed as weighted averages) are presented below:

GROUP	Medical benefits	Pension benefits SACCE	CCNV	CGG
29 February 2020				
Discount rate	8.5% - 8.6%	1.9%	0.5%	1.8%
Future medical costs increases	4.8% - 10.0%			
Inflation		2.5%	2.0%	2.2%

A sensitivity analysis for each significant actuarial assumption (i.e. what impact would a change in the actuarial assumption have on the net defined benefit obligation):

GROUP	Medical benefits Change in assumption	Increase Rm	Decrease Rm	Pension benefits Change in assumption	Increase Rm	Decrease Rm
29 February 2020						
Discount rate	0.5%	1	(1)	0.1%	(24)	22
Future salary increases				0.5%	4	(3)
Medical costs trend	1.0%	1	(1)			
Inflation				0.5%	(10)	12
Future mortality	1 year	1	(1)	1 year	(21)	21

The exposure to the group, through the Capespan and TLG medical benefits, is that the life expectancy of the beneficiaries exceeds the life expectancy applied by the actuaries or that the medical inflation exceeds the percentage provided for the valuation.

The group, through Capespan and TLG, reviewed the contributions and benefit structures of its medical schemes, to ensure that these are well positioned against steeply rising healthcare costs and to establish the existence and extent of any future obligations towards current retired employees.

The pension benefit plans exposes the group, through Capespan, to actuarial risks, such as longevity risks, currency risks, interest rate risks and market (investment) risk.

For the CCNV pension benefits, the pension assets are represented by a reinsurance policy. The insurance contracts in place are intended to fully cover the benefits as they are defined in the pension plans. Due to the nature of the coverage, there is no residing liability or risk, except if the insurer should no longer be able to perform its obligations. As long as Capespan pays the regular premium amount, the insurance will pay its contractual benefit to company.

37. EMPLOYEE BENEFITS – COMPARATIVE EMPLOYEE DEFINED BENEFIT PLAN DEFICITS continued

Biometric risk relates to human life conditions, e.g. death, disability and longevity. In terms of the active and vested members, premature pensionable events and longevity risks are reinsured. Financial risk exists due to implemented reinsurance contracts and the employer is obliged to finance premiums.

The group is also exposed to providing the employee with pension capital at retirement based on a predetermined formula. The exposure exists due to the difference between the asset and the liability where investment returns are exposed to market volatility.

GROUP	Agricultural produce Rm	Agricultural products Rm	Logistical services Rm	Royalty income Rm	Total Rm
38. REVENUE					
29 February 2020					
Food, beverage and related services	3 952				3 952
Logistical services			937		937
Agri-inputs		2 105		8	2 113
Agri-production	238	252			490
	4 190	2 357	937	8	7 492

During the prior year, the consolidated revenue comprised mainly of the following:

Agricultural produce

The group, through Capespan and Agrivision Africa, harvest various fresh produce (mainly fruit and grains) in southern Africa and sell it at local and export markets. Sales are recognised upon collection or delivery of the produce to the customer and where there is no unfulfilled obligation that could affect the customer's acceptance of the produce. Delivery abroad occurs when the products have been shipped to the customer at a specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions, if any, have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. The standard payment terms are usually within 14 to 60 days from delivery and invoice date at a fixed price, except for consignment and minimum price guarantee deals that may contain variable consideration based on market prices available at that time.

Agricultural products

The group, through Zaad and Agrivision Africa, produce and sell various agricultural products (mainly a broad range of agricultural seeds and milled grains) in Africa, Europe and other international emerging markets. Sales are recognised upon collection or delivery of the produce to the customer and where there is no unfulfilled obligation that could affect the customer's acceptance of the produce. The standard payment terms are usually upfront upon collection or within 30 to 90 days from delivery and invoice date at a fixed price, and may include discounts, depending on the type of customer.

Logistics services

The group, through The Logistics Group (previously the logistics division within Capespan), owns and operates several strategic logistics and terminal assets in southern Africa and earn revenue from providing logistics services (e.g. port charges, shipping and related services). Revenue from providing logistics services is recognised in the accounting period in which the services are rendered. Handling revenue and storage revenue are billed and accrued separately. Handling revenue are accounted for as and when services are rendered and storage revenue are accounted for as storage days are satisfied. The standard payment terms are usually within 30 days from invoice date at a fixed price, depending on the type of customer.

Royalty income

The group, through Zaad, owns and develops a broad range of internally developed agricultural seeds in Africa, Europe and other international emerging markets. Revenue, in the aforementioned markets, is recognised once sales, which give rise to the royalty income, has been determined and verified on a monthly basis. The standard payment terms are usually within 30 days from invoice date at a fixed price, depending on the type of customer.

Revenue from other sources

Revenue from other sources comprise mainly investment income (note 11), and other operating income (note 12).

Interest income is recognised using the effective interest rate method and dividend income is recognised when the right to receive payment is established. Both are included as part of investment income in the income statement.

Other operating income comprise mainly of management and other fee income, profit on sale of property, plant and equipment and other assets, as well as other incidental income included in sundry income.

Financing components

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

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

GROUP	2021 Rm	2020 Rm
39. COST OF SALES		
Changes in finished goods		4 985
Raw material and consumables used		410
Transportation expenses		218
Employment cost		10
	–	5 623
40. NET FAIR VALUE GAINS		
Unrealised net fair value gains	–	13
Equity securities – at fair value through profit or loss		9
Gains on derivative financial instruments		4
Realised net fair value gains	–	57
Equity securities – at fair value through profit or loss		(1)
Net fair value gain resulting from disposal of subsidiary		54
Net fair value gain resulting from step up of associate and joint venture to subsidiary		4
Net foreign exchange gains		9
	–	79
41. OPERATING LEASE AND CAPITAL COMMITMENTS		
Operating lease commitments		
Land operating leases		
– Due within one year		15
– Due within one to five years		67
– Due after more than five years		84
	–	166
Buildings operating leases		
– Due within one year		168
– Due within one to five years		659
– Due after more than five years		726
	–	1 553
Vehicles, plant and equipment operating leases		
– Due within one year		15
– Due within one to five years		19
– Due after more than five years		2
	–	36
Office equipment operating leases		
– Due within one year		1
– Due within one to five years		1
	–	2
Capital expenditure commitments		
Authorised but not yet contracted		
– Property, plant and equipment		111
– Intangible assets		96
– Biological assets		43
	–	250
Contracted		
– Property, plant and equipment		9

42. COMPARATIVE NOTES TO THE STATEMENTS OF CASH FLOWS

42.1 Subsidiaries acquired

2020 acquisitions

GAP Chemical Proprietary Limited ("GAP Chemicals")

On 1 September 2019 the group, through Zaad, exercised its call option to acquire the remaining 50.3% shareholding, together with the shareholder claims, in GAP Chemicals for a total consideration of R111m. The remaining portion of the purchase consideration and balance of the loan claim is payable in cash in or around May 2020 and included in Trade and other payables. GAP Chemicals is involved in the agricultural chemicals sector throughout Africa, offering complementary services to Zaad's existing operations and as a result goodwill of R89m arose in respect of expected synergies. Accounting for GAP Chemicals' business combination has now been finalised.

Farm-Ag International Proprietary Limited ("Farm-Ag")

On 1 September 2019 the group, through Zaad, exercised its call option to acquire the remaining 50% shareholding in Farm-Ag for a total consideration of R32m. The remaining portion of the purchase consideration is payable in cash in or around May 2020 and included in Trade and other payables. Farm-Ag is involved in the agricultural chemicals sector throughout Africa, offering complementary services to Zaad's existing operations and as a result goodwill of R11m arose in respect of expected synergies. Accounting for Farm-Ag International's business combination has now been finalised.

The expected synergies associated with the aforementioned business combinations include, *inter alia*, broadening the Zaad group's product range, cross selling a wider range of chemical products to existing clients of the Zaad group and vice versa, with both acquirees having a strong footprint in Africa which will allow Zaad to expand into new markets, as well as improved utilisation of the Zaad group's existing distribution network.

The summarised assets and liabilities recognised at the acquisition date was:

GROUP	GAP Chemicals Rm	Farm-Ag Rm	Total Rm
Property, plant and equipment	46	67	113
Right-of-use assets	6		6
Intangible assets	101		101
Investment in ordinary shares of associates	4		4
Loans to associates	1		1
Investment in ordinary shares of joint ventures		2	2
Deferred income tax assets	9	1	10
Inventories	273	38	311
Trade and other receivables	353	205	558
Current income tax assets	7		7
Cash, money market investments and other cash equivalents	4	55	59
Deferred income tax liabilities	(25)	(10)	(35)
Borrowings	(294)	(12)	(306)
Lease liabilities	(11)		(11)
Trade and other payables	(351)	(221)	(572)
Current income tax liabilities		(3)	(3)
Total identifiable net assets	123	122	245
Transfer from investment in ordinary share of associates and joint ventures	(101)	(35)	(136)
Non-controlling interest		(66)	(66)
Goodwill recognised	89	11	100
Total consideration transferred	111	32	143
Cash consideration paid	(75)	(16)	(91)
Cash and cash equivalents acquired	4	55	59
Net cash flow for subsidiaries acquired	(71)	39	(32)

The aforementioned business combinations do not contain any contingent consideration or indemnification asset arrangements and the acquisition-related costs expensed were insignificant.

Had GAP Chemicals been consolidated with effect from 1 March 2019 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R387m and loss after tax of R8m.

Had Farm-Ag been consolidated with effect from 1 March 2019 instead of its acquisition date, the consolidated income statement would have reflected additional revenue of R262m and profit after tax of R10m.

42. COMPARATIVE NOTES TO THE STATEMENTS OF CASH FLOWS continued

42.2 Subsidiary/Subsidiaries' operations sold

2020 disposals

Aggrigate Investments Proprietary Limited ("Aggrigate")

On 1 August 2019, the group, through Capespan disposed of a Northern Cape grape farming subsidiary, Aggrigate for a purchase consideration of R36m.

Dormell Properties 485 Proprietary Limited ("Dormell")

On 1 August 2019, the group, through Capespan, disposed of a Northern Cape grape farming subsidiary, Dormell for a purchase consideration receivable of R17m.

Seed Brothers Proprietary Limited ("Seed Brothers")

On 1 September 2019, the group, through Zaad disposed of its shareholding in Seed Brothers for a purchase consideration of R101.

The summarised assets and liabilities effectively disposed of was:

GROUP	Aggrigate Rm	Dormell Rm	Seed Brothers Rm	Total Rm
Property, plant and equipment	14	6		20
Biological assets	18	11		29
Deferred income tax assets			2	2
Equity securities	1			1
Inventories	1		33	34
Trade and other receivables	1		1	2
Deferred tax liability	(1)			(1)
Borrowings			(36)	(36)
Total identifiable net assets	34	17	–	51
Profit on sale of subsidiaries	2			2
Net cash flow on disposal of subsidiaries	36	17	–	53

43. COMPARATIVE FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

As at 29 February 2020, the group's activities expose it to a variety of financial risks: market risk (including price risk, cash flow and fair value interest rate risk and foreign exchange risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by each major entity within the group under policies approved by the respective boards of directors. Each major entity's board of directors provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

43.2 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates.

Price risk

In the prior year, the group was exposed to equity securities price risk because of investments held and classified on the statement of financial position as at fair value through profit or loss. The group manages price risk by investing in a portfolio of investments and monitoring equity securities' prices on a regular basis.

The table below summarises the sensitivity of the group's post-tax net profit for the year as a result of market price fluctuations. The analysis is based on the assumption that marked-to-market prices increase/decrease by 20% (2019: 20%) at the reporting date, with all other variables (e.g. effective tax rate) held constant.

GROUP	2020 20% increase Rm	20% decrease Rm
Impact on post-tax profit	4	(4)

ANNEXURE B – COMPARATIVE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

43. COMPARATIVE FINANCIAL RISK MANAGEMENT continued

43.2 Market risk continued

The impact on post-tax other comprehensive income would have been insignificant.

Refer to note 20.2 for disclosure with regards to the current year price risk.

Cash flow and fair value interest rate risk

Refer to note 20.2 for disclosure with regards to the cash flow and fair value interest rate risk.

Foreign exchange risk

In the prior year, the group had certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Management monitors this exposure and cover is used where appropriate.

The group's financial assets and liabilities denominated in foreign currency are analysed in the following table:

GROUP	British pound sterling Rm	United States dollar Rm	Euro Rm	Australian dollar Rm	Chinese yuan renminbi Rm	Sub-total A Rm
At 29 February 2020						
Financial assets						
– Trade and other receivables	8	376	61			445
– Cash and cash equivalents	37	19	11			67
Financial liabilities						
– Borrowings		(9)				(9)
– Lease Liabilities		(3)				(3)
– Trade and other payables	(3)	(285)	(17)	(4)	(25)	(334)
Total	42	98	55	(4)	(25)	166

GROUP	Sub-total A Rm	Mozambique new metical Rm	Zambian kwacha Rm	Japanese Yen Rm	Hong Kong Dollar Rm	Sub-total B Rm
At 29 February 2020 (continued)						
Financial assets						
– Trade and other receivables	445	49	1			495
– Cash and cash equivalents	67	27	3	1	3	101
Financial liabilities						
– Borrowings	(9)	(19)				(28)
– Lease Liabilities	(3)					(3)
– Trade and other payables	(334)	(36)	(1)			(371)
Total	166	21	3	1	3	194

GROUP	Sub-total B Rm	Chilean Peso Rm	New Zealand Dollar Rm	Angolan Kwanza Rm	Total Rm
At 29 February 2020 (continued)					
Financial assets					
– Trade and other receivables	495			39	534
– Cash and cash equivalents	101	1		56	158
Financial liabilities					
– Borrowings	(28)			(20)	(48)
– Lease Liabilities	(3)				(3)
– Trade and other payables	(371)		(1)	(19)	(391)
Total	194	1	(1)	56	250

43. COMPARATIVE FINANCIAL RISK MANAGEMENT continued

43.2 Market risk continued

In the prior year, the group, through Capespan Group Limited and Zaad Holdings Limited, has entered into forward currency exchange contracts, which relate to specific foreign commitments not yet due and export earnings of which the proceeds have not yet been received. The carrying value of forward currency exchange contracts are set out in note 36. Details of forward currency exchange contracts outstanding at the reporting date are as follows:

GROUP	Foreign amount Rm	Average exchange rate	Rand exposure translated at closing rate Rm
2020			
Exports			
United States dollar	3.0	14.6	40
British pound sterling	2.0	18.6	40
Euro	1.0	16.2	20
			100
Imports			
United States dollar	2.0	14.6	32
Euro	1.0	16.2	20
			52

For the prior year, the table below shows the sensitivity of post-tax profits of the group to a 20% appreciation/depreciation in the South African rand exchange rate at year-end, with all other variables (e.g. effective tax rate) held constant.

GROUP	2020 20% appreciation Rm	2020 20% depreciation Rm
Translation of financial assets/liabilities from transaction to functional currency		
Impact on post-tax profit		
United States dollar	(5)	5
Euro	(4)	4
Chinese yuan renminbi	4	(4)
Australian dollar	1	(1)
Angolan Kwanza	(14)	14
Translation from functional to presentation currency		
Impact on post-tax profit		
British pound	(9)	9
United States dollar	(6)	6
Euro	(13)	13
Hong Kong dollar	(5)	5
Mozambique new metical	6	(6)
Zambian kwacha	(2)	2
Impact on post-tax other comprehensive income		
British pound	9	(9)
United States dollar	(107)	107
Euro	(66)	66
Mozambique new metical	18	(18)
Zambian kwacha	(1)	1
Zimbabwe dollar/Zimbabwe RTGS	3	(3)

ANNEXURE C – COMPARATIVE SIGNIFICANT SUBSIDIARIES

FOR THE YEAR ENDED 28 FEBRUARY 2021

With effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value. Accordingly, Zeder prospectively changed its accounting treatment and now measures investments (other than wholly-owned head office subsidiaries providing investment activities to Zeder) at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Therefore the results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder's previous accounting policy) and will therefore not be comparable to the results for the year ended 28 February 2021. The following information regarding significant subsidiaries refer to the prior year and will fall away in the following financial year, but included in the current year financial statements for completeness:

Subsidiary	Country of incorporation[1]	Nature of business	Economic interest held directly or indirectly[2] 2020 %
Zeder Financial Services Limited	South Africa	Investment holding	100.0
Zaad Holdings Limited ("Zaad")	South Africa[3]	Specialist agricultural seed company	95.7
Capespan Group Limited ("Capespan")	South Africa[4]	Fruit marketing and farming	96.7
The Logistics Group Proprietary Limited ("TLG")	South Africa[5]	Integrated logistics provider	98.6
Agrivision Africa ("Agrivision")	Mauritius[6]	Farming and milling operation	56.0

[1] *Principle place of business is the country of incorporation, unless otherwise stated.*
[2] *Economic interests equal voting rights.*
[3] *Operating via subsidiaries in Southern Africa, Europe and the Middle East.*
[4] *Operating via various subsidiaries throughout the world.*
[5] *Operating via subsidiaries in Southern Africa.*
[6] *Operating via subsidiaries in Zambia.*

Subsidiary	Profit or loss attributable to non-controlling interests 2020 Rm	Carrying value of non-controlling interests 2020 Rm
Zaad	28	148
Capespan	(4)	29
TLG	27	37
Agrivision	(13)	130
Total	38	344

	Profitability (100%)			Dividends paid		
Subsidiary	Profit from continuing operations 2020 Rm	Total comprehensive income for the year 2020 Rm	Revenue 2020 Rm	To non-controlling interests 2020 Rm	To owners of the parent 2020 Rm	Total 2020 Rm
Zaad[7]	214	105	2 113		6	6
Capespan[8]	1 023	974	3 951	2	73	75
TLG[8]	137	135	949			–
Agrivision[8]	(32)	(51)	490			–

ANNEXURE C – COMPARATIVE SIGNIFICANT SUBSIDIARIES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

	Assets			Liabilities		
Subsidiary	**Non-current 2020 Rm**	**Current 2020 Rm**	**Total 2020 Rm**	**Non-current 2020 Rm**	**Current 2020 Rm**	**Total 2020 Rm**
Zaad[7]	1 438	2 437	3 875	501	1 737	2 238
Capespan[8]	1 367	986	2 353	214	625	839
TLG[8]	921	286	1 207	630	203	833
Agrivision[8]	402	304	706	286	124	410

Additional summarised information:

	Other information (100%)			Cash flow information		
Subsidiary	**Recurring headline earnings 2020 Rm**	**EBIT 2020 Rm**	**EBITDA 2020 Rm**	**Operating activities 2020 Rm**	**Investing activities 2020 Rm**	**Financing activities 2020 Rm**
Zaad[7]	169	358	421	21	(238)	110
Capespan[8]	(36)	(10)	72	52	68	(291)
TLG[8]	128	204	321	187	(120)	(157)
Agrivision (USD'000)[8]	866	(1 815)	1 338	1 271	(880)	12 699

[7] *Represents the year ended 31 January 2020.*
[8] *Represents the year ended 31 December 2019.*

Additional fair value information:

	Zaad	TLG
Details of valuation inputs:	**Feb 20**	**Feb 20**
Total *SOTP value* (Rm)	2 034	1 028
Valuation information:		
IFRS 13 fair value hierarchy	Level 3	Level 3
Valuation methodology	Price/earnings ratio's of underlying components	Price/earnings ratio's of underlying components
Valuation inputs (100%):		
Price/earnings ratio (multiple)		
Seed business	12 – 15	
Chemical business	6 – 10	
Logistical business		6 – 10
Sensitivity of key inputs:		
Price/earnings ratio	R22m decrease per 1% decrease in price/earnings ratio.	R10m decrease per 1% decrease in price/earnings ratio.

ANNEXURE C – COMPARATIVE SIGNIFICANT SUBSIDIARIES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

Details of valuation inputs:	**Capespan** **Feb 20**	**Agrivision Africa** **Feb 20**
Total *SOTP value* (Rm)	999	242
Valuation information:		
IFRS 13 fair value hierarchy	Level 3	Level 3
Valuation methodology	SOTP based on adjusted net asset value of underlying farming operations, including price/earnings on other operations	SOTP based on adjusted net asset value of underlying farming operations
Valuation inputs (100%):		
Net asset value		
South African farming assets (Rm)	856	
Non-South African farming and milling assets ($m)		93
Disposal value (Rm)		
Fruit operations held for sale	125	
Price/earnings ratio (multiple)		
Fruit operations[9]	6 – 9	
Sensitivity of key inputs:		
Net asset value	R8m decrease per 1% decrease in net asset value.	R2m decrease per 1% decrease in net asset value.
Price/earnings ratio	R2m decrease per 1% decrease in price/earnings ratio.	

9 *Included in 29 February 2020 value is associates valued at disposal value.*

ANNEXURE D – COMPARATIVE SIGNIFICANT ASSOCIATES

FOR THE YEAR ENDED 28 FEBRUARY 2021

With effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value. Accordingly, Zeder prospectively changed its accounting treatment and now measures investments (other than wholly-owned head office subsidiaries providing investment activities to Zeder) at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Therefore the results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder's previous accounting policy) and will therefore not be comparable to the results for the year ended 28 February 2021. The following information regarding significant associates refer to the prior year and will fall away in the following financial year, but included in the current year financial statements for completeness:

Associate	Country of incorporation[1]	Nature of business	Economic interest held directly or indirectly[2] 2020 %
Pioneer Food Group Limited ("Pioneer Foods")[4]	South Africa[3]	Food and beverage company	30.1
Kaap Agri Limited ("Kaap Agri")	South Africa[3]	Retail and agricultural trade services group	43.2
Quantum Foods Holdings Limited ("Quantum Foods")	South Africa[3]	Integrated egg and boiler business	32.1
May Seed[4]	Turkey	Agricultural seed company	35.0

[1] *Principle place of business is the country of incorporation, unless otherwise stated.*
[2] *Economic interests equal voting rights, except for Pioneer Foods and Kaap Agri where voting interest amounts to 28.6% and 41.0% (2019: 27.1% and 41.1%), respectively.*
[3] *Operating via various subsidiaries throughout Southern Africa.*
[4] *As at 29 February 2020, Pioneer Foods was classified as a discontinued operation and transferred to non-current assets held for sale (refer note 32.1 and 12).*

Associate	Dividends received during the year 2020 Rm	Carrying value at year-end 2020 Rm	Market value of quoted investments at year-end 2020 Rm
Pioneer Foods	189		
Kaap Agri	37	723	723
Quantum Foods	20	188	188
May Seed	1	141	
Other immaterial associated companies (aggregated)	25	218	
Total	272	1 270	911

Associate	Profitability (100%)			Profitability (Group's interest)	
	Profit for the year 2020 Rm	Total comprehensive income for the year 2020 Rm	Revenue 2020 Rm	Profit for the year 2020 Rm	Total comprehensive income for the year 2020 Rm
Pioneer Foods[5]	916	924	22 273	272	264
Kaap Agri[5]	281	283	8 452	119	114
Quantum Foods[5]	189	201	4 418	55	55
May Seed[6]	57	57	565	20	20

ANNEXURE D – COMPARATIVE SIGNIFICANT ASSOCIATES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

Associate	Other income statement line items (100%) Interest income 2020 Rm	Depreciation and amortisation 2020 Rm	Finance cost 2020 Rm	Income tax expense 2020 Rm
Pioneer Foods[5]	18	(467)	(200)	(302)
Kaap Agri[5]	126	(61)	(111)	(99)
Quantum Foods[5]	15	(73)	(4)	(67)
May Seed[6]		(29)	(25)	(16)

	Assets				Liabilities		
Associate	Cash and cash equivalents 2020 Rm	Non-current 2020 Rm	Current 2020 Rm	Total excluding cash 2020 Rm	Non-current 2020 Rm	Current 2020 Rm	Total 2020 Rm
Pioneer Foods[5]	554	8 113	6 550	14 109	2 355	3 353	5 708
Kaap Agri[5]	46	1 786	3 002	4 742	206	2 655	2 861
Quantum Foods[5]	220	1 182	1 333	2 295	257	420	677
May Seed[6]	2	307	428	733	67	306	373

[5] *These figures are the latest published results publicly available for these companies for the year ended 30 September 2019.*

[6] *These figures are the latest audited financial statements for this company for the year ended 31 August 2019.*

Reconciliation of summarised financial information to carrying value of most significant investments:

	Pioneer Foods[7] 2020 Rm	Kaap Agri[7,8] 2020 Rm
Total assets reported above	14 663	4 788
Total liabilities reported above	(5 708)	(2 861)
Net assets reported above	8 955	1 927
Non-controlling interests		(100)
Equity attributable to owners of the parent	8 955	1 827
Group's economic interest in the associate (%)	30.3	43.2
Group's interest in equity attributable to owners of the parent	2 711	789
Deemed goodwill included in associates' carrying value (*net of impairment*)[8]	2 340	(66)
Transferred to non-current assets held for sale[9]	(5 051)	
Associates' carrying value at year-end	–	723

[7] *Amounts are most recently reported publicly available results as at 30 September 2019.*

[8] *Also include timing differences emanating from lag period accounting adjustments.*

[9] *As at 29 February 2020, Pioneer Foods was classified as a discontinued operation and transferred to non-current assets held for sale (refer note 32.1 and 12).*

ANNEXURE D – COMPARATIVE SIGNIFICANT ASSOCIATES

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

Additional fair value information:

	Pioneer Foods	Kaap Agri	Quantum Foods
Details of valuation inputs:	**Feb 20**	**Feb 20**	**Feb 20**
Total *SOTP value* (Rm)	6 348	723	188
Valuation information:			
IFRS 13 fair value hierarchy	Level 1	Level 1	Level 1
Valuation methodology	JSE listed share price	JSE listed share price	JSE listed share price
Valuation inputs:			
Closing price (Rps)	108.97	23.82	3.05
Sensitivity of key inputs:	R1.3bn decrease per 20% decrease in closing price.	R145m decrease per 20% decrease in closing price.	R43m decrease per 20% decrease in closing price.
Closing price (Rps)			

ANNEXURE E – COMPARATIVE SEGMENT REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2021

With effect from 1 March 2020, Zeder had qualified as an investment entity per the IFRS 10 criteria. As a result, on such date, the group's existing subsidiaries (other than wholly-owned head office subsidiaries providing investment activities to Zeder) were deemed to be disposed of and re-acquired at fair value. Accordingly, Zeder prospectively changed its accounting treatment and now measures investments (other than wholly-owned head office subsidiaries providing investment activities to Zeder) at fair value through profit or loss, irrespective of whether they are subsidiaries, as permitted by IFRS 10. Therefore the results for the year ended 29 February 2020 will not be restated (having been prepared in accordance with Zeder's previous accounting policy) and will therefore not be comparable to the results for the year ended 28 February 2021. The following information regarding segment report refer to the prior year and will fall away in the following financial year, but included in the current year financial statements for completeness:

For the prior year, the group is organised into five reportable segments, namely i) food, beverages and related services, ii) logistical services, iii) agri-related retail, trade and services, iv) agri-inputs and v) agri-production. The segments represent different sectors in the broad agribusiness industry.

For the prior year, segments operated mainly in the Republic of South Africa, while some associates and subsidiaries operate elsewhere (refer Annexures C and D for further details). Additional geographical information has not been presented since same is not reviewed by the chief operating decision-maker ("CODM"), being the executive committee, nor is the information available and the cost to develop it would be excessive.

Headline earnings comprise *recurring* headline earnings and *non-recurring* headline items. *Recurring* headline earnings (being a measure of segment profit) is calculated on a see-through basis. The group's *recurring* headline earnings is the sum of its effective interest in the *recurring* headline earnings of each of its underlying investments. The result is that investments which the group do not equity account or consolidate in terms of accounting standards, are included in the calculation of *recurring* headline earnings.

Non-recurring headline items includes the elimination of equity securities' see-through *recurring* headline earnings not equity accounted, the related net fair value gains/losses and investment income (as recognised in the profit and loss). Associates' and subsidiaries' once-off gains/losses are excluded from *recurring* headline earnings and included in *non-recurring* headline items.

For the prior year, segmental income comprises revenue and investment income, as per the income statement.

Sum-of-the-parts ("SOTP") is a valuation tool used to measure the group's performance. The SOTP value is calculated using the quoted market prices for all JSE-listed investments, and internal valuations for unlisted investments. These values will not necessarily correspond with the values per the statement of financial position since the latter are measured using the relevant accounting standards which include historical cost and the equity accounting method.

The CODM evaluates the following information to assess the segments' performance:

As a result of the aforementioned change in segments, information for the year ended 28 February 2021, are also included below, and presented on the old basis of segment information, the five reportable segments, namely i) food, beverages and related services, ii) logistical services, iii) agri-related retail, trade and services, iv) agri-inputs and v) agri-production, but are not comparable to those for the previous year ended 29 February 2020:

	GROUP						
Headline earnings segmental analysis:	**Food, beverages and related services Rm**	**Logistical services Rm**	**Agri-related retail, trade and services Rm**	**Agri-inputs Rm**	**Agri-production Rm**	**Unallocated (mainly head office) Rm**	**Total Rm**
28 February 2021							
Headline earnings	**118**	**297**	**373**	**(18)**	**(96)**	**(31)**	**643**
Continued operations	118	297	373	(18)	(96)	(31)	643
Discontinued operations							–
Non-headline items (note 19)	2 059	(305)		152	(74)		1 832
Attributable earnings	**2 177**	**(8)**	**373**	**134**	**(170)**	**(31)**	**2 475**
Continued operations	820	(8)	373	134	(170)	(31)	1 118
Discontinued operations	1 357						1 357

ANNEXURE E – COMPARATIVE SEGMENT REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

	GROUP						
Recurring headline earnings segmental analysis:	Food, beverages and related services Rm	Logistical services Rm	Agri-related retail, trade and services Rm	Agri-inputs Rm	Agri-production Rm	Unallocated (mainly head office) Rm	Total Rm
29 February 2020							
Recurring headline earnings from investments	315	125	114	163	8		725
Continued operations	19	125	114	163	8		429
Discontinued operations	296						296
Net interest, taxation and other income and expenses						(166)	(166)
***Recurring* headline earnings**	315	125	114	163	8	(166)	559
Continued operations	19	125	114	163	8	(166)	263
Discontinued operations	296						296
Other *non-recurring* headline earnings[1]	(96)	(6)	7	24		(84)	(155)
Headline earnings	219	119	121	187	8	(250)	404
Continued operations	(64)	119	121	187	8	(250)	121
Discontinued operations	283						283
Non-headline items[2]	(46)	(9)	(1)		(24)	237	157
Attributable earnings	173	110	120	187	(16)	(13)	561
Continued operations	(91)	110	120	187	(16)	(544)	(234)
Discontinued operations	264					531	795

GROUP	2020
Earnings per share (cents)	
Recurring headline earnings per share	32.8
Continued operations	15.4
Discontinued operations	17.4

[1] *During the prior year, non-recurring items comprised mainly of the impairment of loans to associates and restructuring costs, countered by a net monetary gain due to Zimbabwe being classified as a hyperinflationary economy for the first time during the prior year.*

[2] *During the prior year, non-headline items comprised mainly of the reversal of the prior year's impairment charge recognised on its associate investment in Pioneer Foods, countered by its impairment on its investments in two associates, Quantum Foods and Kaap Agri due to the recent decline in their JSE listed share prices. Other impairments include impairments in other Capespan associates, goodwill from two subsidiaries and Agrivision Africa's fair value uplift on the initial take-on of property, plant and equipment of the milling and farming operations.*

ANNEXURE E – COMPARATIVE SEGMENT REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2021 (CONTINUED)

GROUP	2021 SOTP value Rm	2021 Loss before tax from continued operations Rm	2020 SOTP value Rm	2020 Loss before tax from continued operations Rm
Segments				
Food, beverages and related services	**1 117**	**2 177**	7 535	716
Continued operations	**1 117**	**820**	1 187	(79)
Discontinued operations		**1 357**	6 348	795
Logistical services	**1 325**	**(8)**	1 028	179
Agri-related retail, trade and services	**1 126**	**373**	742	114
Agri-inputs	**2 010**	**134**	2 034	264
Agri-production	**146**	**(170)**	242	(48)
Management fees and other income and expenses (including impairments)		**(12)**		(529)
Profit before tax		**2 494**		696
Profit for the year from discontinued operations		**(1 357)**		(795)
Profit/(loss) before tax from continued operations		**1 137**		(99)
Cash and cash equivalents	**876**		83	
Debt funding	**62**		(1 500)	
Other net assets			40	
SOTP value	**6 662**		10 204	
***SOTP value* per share (rand)**	**4.33**		5.97	

GROUP	2021 Rm	2020 Rm
IFRS revenue (including revenue and investment income) segment analysis		
Food, beverages and related services	**1**	3 969
Revenue		3 952
Investment income	**1**	17
Logistical services	**–**	939
Revenue		937
Investment Income		2
Agri-related retail, trade and services investment income	**16**	
Agri-inputs	**6**	2 128
Revenue		2 113
Investment income	**6**	15
Agri-production	**–**	491
Revenue		490
Investment income		1
Unallocated investment income (mainly head office interest income)	**59**	16
IFRS revenue	**82**	7 543

SHAREHOLDER ANALYSIS

FOR THE YEAR ENDED 28 FEBRUARY 2021

GROUP	Shareholders Number	Shareholders %	Shares held Number	Shares held %
Range of shareholding				
1 – 20 000	9 055	78.9	33 927 901	2.2
20 001 – 50 000	1 034	9.0	34 264 909	2.2
50 001 – 100 000	568	5.0	41 165 937	2.7
100 001 – 500 000	614	5.4	132 711 463	8.6
500 001 – 1 000 000	95	0.8	64 709 538	4.2
Over 1 000 000	98	0.9	1 231 479 137	80.1
	11 464	100.0	1 538 258 885	100.0
Treasury shares				
– Employee share scheme	1		5 001 469	
	11 465		1 543 260 354	
Public and non-public shareholding				
Non-public				
– Directors[1]	5	0.1	8 188 406	0.6
– PSG Financial Services Limited	1		748 354 891	48.6
Public	11 458	99.9	781 715 588	50.8
	11 464	100.0	1 538 258 885	100.0
Major shareholders holding 5% or more of shares in issue *(net of treasury shares)* at 28 February 2021				
PSG Financial Services Limited (wholly-owned subsidiary of ultimate holding company, PSG Group Limited)			748 354 891	48.6
Public Investment Corporation (including Government Employees Pension Fund)[2]			133 581 001	8.7
Coronation Asset Management Proprietary Limited[2]			81 868 499	5.3
			963 804 391	62.6

[1] *Refer to the directors' report for further details on the directors' shareholdings.*
[2] *The shareholding includes shares held directly or indirectly by the entity and/or its clients.*