

# ANNUAL REPORT

For the year ended 31 March 2022

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Takeover  
Regulation  
Panel

a member of the dtic group

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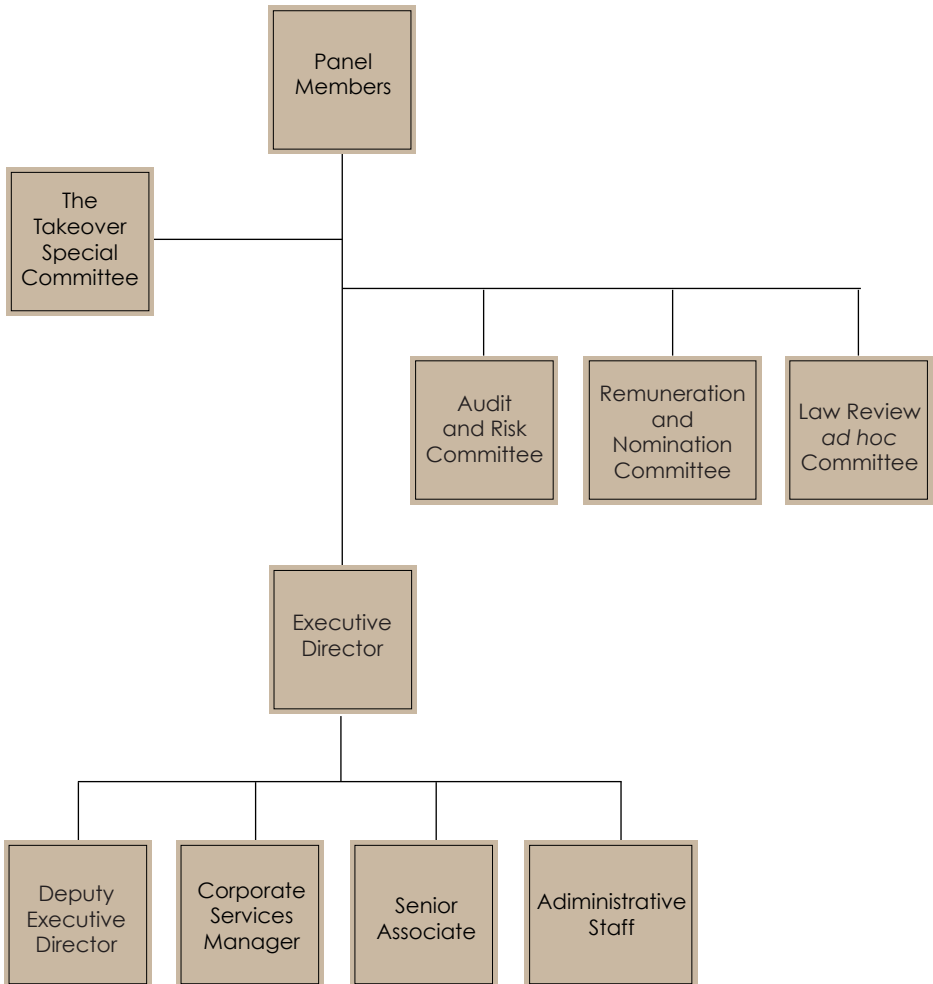
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# THE PANEL

The Takeover Regulation Panel (the Panel) is established in terms of section 196 of the Companies Act No 71 of 2008 (the Act) as a juristic person. The Panel reports to the Minister of Trade, Industry and Competition (the dtic). It functions as an organ of state within the public administration, but as an institution outside the public service. The mandate of the Panel is to regulate takeovers (referred to as affected transactions in the Act), with the primary focus on the protection of minority shareholders' interests and the maintenance of market integrity.

## THE PANEL STRUCTURE



# PANEL'S RESPONSIBILITIES AND APPROVAL OF THE ANNUAL REPORT

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The Members of the Panel are responsible for preparing and presenting annual financial statements that fairly present the financial position, performance and cash flows for the period.

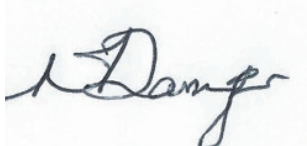
The Panel maintained adequate accounting records and an effective system of internal controls, risk management and complied in all material respects, with applicable laws and regulations.

The Panel has prepared the annual financial statements presented on pages 25 to 42 using the South African Standards on Generally Recognised Accounting Practice (GRAP). Appropriate accounting policies, supported by reasonable and prudent judgments and estimates have been used consistently.

Continuation of the Panel's activities is dependent on the support and cooperation of the dtic. The Panel is satisfied that the Panel is a going concern and has continued to adopt the going concern basis in preparing the annual financial statements.

The external auditor is responsible for reporting on whether the annual financial statements are fairly presented. Their report is presented on pages 22 to 24 in accordance with the applicable financial reporting framework.

The annual financial statements on pages 25 to 42 were approved by the Panel on 27 July 2022 and are signed on its behalf by the undersigned.



**Neo Phakama Dongwana**  
Chairperson



**Andile Nikani**  
Executive Director

# MEMBERS OF THE PANEL

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## Members



**Neo Phakama Dongwana**  
Chairperson  
*designated in terms of  
section 198(1)(a)*



**Annalie de Bruyn**  
JSE Representative  
*appointed in terms of  
section 197(1)(c)*



**Christopher Ewing**  
*(retired 31 March 2022)*  
*appointed in terms of  
section 197(1)(d)*



**Nano Matlala**  
*(term of office ended on 30  
September 2021)*  
*appointed in terms of  
section 197(1)(d)*

**Members appointed in terms of section 197(1)(d)**

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**Nocamagu Mbulawa**



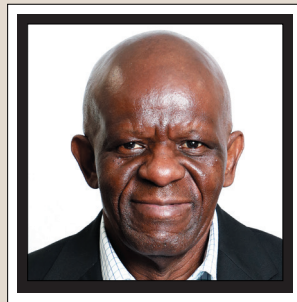
**Ebrahim Moolla**



**Sandile Siyaka**



**Nonzukiso Siyotula**



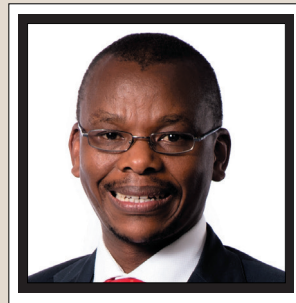
**Ntshengedzeni Tshivhase**

## Ex Officio Members

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**Advocate Rory Voller**  
Commissioner: Companies  
and Intellectual Property  
Commission  
*appointed in terms of  
section 197(1)(a)*



**Tembinkosi Bonakele**  
Commissioner: Competition  
Commission South Africa  
*appointed in terms of section  
197(1)(b) (represented by  
Tamara Paremoer)*

## EXECUTIVE

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**Andile Nikani**  
Executive Director



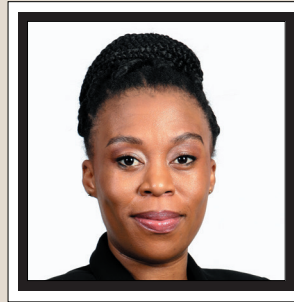
**Zanokuthula Nduli**  
Deputy Executive Director

## MANAGEMENT

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**Margaret Motsoahae**  
Corporate Services  
Manager



**Zoliswa Mkwetshana**  
Senior Associate  
*(appointed 01 September  
2021)*

# SUB-COMMITTEES OF THE PANEL

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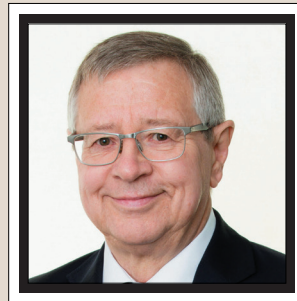
## Audit and Risk Committee



**Nocamagu Mbulawa**  
Chairperson



**Annalie de Bruyn**



**Christopher Ewing**  
*(retired 31 March 2022)*



**Neo Phakama Dongwana**



**Ebrahim Moolla**

## Remuneration and Nomination Committee



**Ebrahim Moolla**  
Chairperson



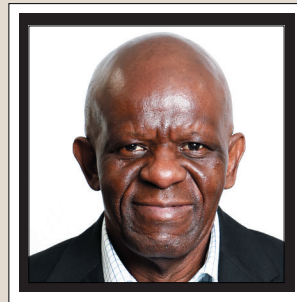
**Annalie de Bruyn**



**Neo Phakama Dongwana**



**Sandile Siyaka**



**Ntshengedzeni Tshivhase**

# CHAIRPERSON'S REPORT



It is my pleasure to present the Annual Report of the Takeover Regulation Panel (the Panel) for the year 2021/2022.

2021 marked both the 10th anniversary of the Panel's establishment in terms of section 196 of the Companies Act, No. 71 of 2008 (the Act) and the 30th anniversary of the Panel's existence, previously known as the Securities Regulation Panel (the SRP). Stakeholders may recall that before 1 May 2011, when the Act came into force, the Panel existed not as a creature of statute but rather had evolved from within the auspices of the JSE Limited and fashioned after the UK's Takeover Panel. Today, the Panel is established as a juristic person in terms of the Act and reports to the Minister of Trade, Industry and Competition (the Minister). The Panel is one of the regulatory bodies that fall under the umbrella of the Consumer and Corporate Regulation Division of the Department of Trade, Industry and Competition (the dtic). In terms of the Act, the Panel functions as an organ of state within the public administration but outside the public service.

The Panel has jurisdiction throughout the Republic of South Africa. It is independent and subject to the Constitution and the law, and any policy statement, directive or request issued

by the Minister of the dtic. The Panel is impartial and performs its functions without fear, favour or prejudice. It exercises functions in terms of the Act, any other law or written directive from the Minister, in an efficient, cost-effective manner and according to the values and principles mentioned in section 195 of the Constitution.

I wish to extend the Panel's gratitude for the fruitful partnership with the dtic over the years. We thank the Minister and his entire team (as well as their predecessors) for their role in assisting the Panel's work. I also wish to thank my predecessor, Mr Nano Matlala, and the previous Executive Director, Dr. Madimetja Lucky Phakeng for setting the tone for our relationship with the dtic, as well as my current Executive Director, Mr Andile Nikani for maintaining that high standard of performance and accountability.

## Highlights over the last decade

During the last decade, the Panel achieved or celebrated the following highlights:

- Successfully transitioned from the old regulatory regime under the Companies Act, 1973 (the old Companies Act) to the current regime, under the Act.
- Appointed its first black female Chairperson.
- Appointed its first black Executive Director (Dr. Phakeng).
- Went through multiple seamless leadership transitions, including at Executive and Panel levels.
- Maintained its high reputation among its stakeholders as a reliable and consistent regulator, which ensures the predictability and soundness of our regulatory processes.
- Grew its balance sheet substantially year on year for more than a decade, ensuring that

it maintains its sustainability during an otherwise challenging general macroeconomic and capital markets operating environment in South Africa.

The Panel is proud to celebrate these achievements, considering the turbulent environment (exacerbated by the COVID-19) over the last decade. We also thank our stakeholders for supporting our functions.

### **Governance and other matters**

The Panel currently consists of 9 Members appointed by the Minister in terms of sections 197 and 198 of the Act, having bid farewell to two previous Members, Mr Nano Matlala and Mr Chris Ewing, whose terms of office terminated during the course of this year. The Panel supports the Management team's work by providing advice, guidance and discharging any functions falling within its remit in terms of the Companies Act while adhering to good corporate governance standards. The Panel Members have a diversity of skills that are instrumental in keeping the Panel relevant and focused. It is gender and age balanced to ensure continuity. Implementation of the Panel's mandate and proper governance is the responsibility of all Panel Members. The oversight function of the Panel is carried out mainly through governance committees which convene regularly to discharge their roles and responsibilities in line with each committee's terms of reference.

The Panel has two subcommittees that report to the Panel, namely, the Audit and Risk Committee under the Chairmanship of Ms Nocamagu Mbulawa and the Remuneration and Nominations Committee under the Chairmanship of Mr Ebrahim Moolla. The meetings and attendance records of Members are reflected on page 17.

The executive functions of the Panel are led by its Executive Director, Mr Andile Nikani, assisted by the Deputy Executive Director, Mr Zano Nduli. The Executives led the Panel's business continuity initiatives following the outbreak and spread of COVID-19. We lived in an uncertain and challenging time, not only in South Africa but all over the world, as we battled the scourge of the COVID-19 pandemic. We have learned that the COVID-19 virus has had mutant variants and the Panel had to adapt to the uncertainty brought on by the pandemic. Our thoughts go to all our stakeholders who were not spared by this dark cloud, losing family members, colleagues and friends. Our efforts over the last year were aimed at ensuring our employees' physical and mental well-being whilst ensuring that we continued to discharge our mandate within the context of this pandemic.

The Panel is committed to good corporate governance. Our external auditors, SizweNtsalubaGobodo Grant Thornton Incorporated, issued an unqualified audit report for the year under review. Outsourced Risk and Compliance Assessment completed their term of appointment to the Panel as its internal auditors. In October 2021, we went through a competitive process to approve new internal auditors, and Nexia SAB&T were appointed for the next five years with effect from 1 April 2022. Together, SizweNtsalubaGobodo Grant Thornton Incorporated and Nexia SAB&T will continue with their audit function to assist the Panel with ensuring that risks are managed effectively.

### **Strategic Plan review**

Following the challenges brought onto all our lives by the pandemic, the Panel authorised the Management to undertake a mid-cycle review of its current strategy, which was presented to the Panel's committees during the last quarter of the financial year under review. This will be followed by a thorough engagement with the findings of this review at Panel level during the next financial year.

### **The Takeover Special Committee**

Section 202 of the Act created the Takeover Special Committee (the TSC) to hear and decide any matter referred to by the Panel, the Executive Director or Deputy Executive Director. In addition, the

TSC may review compliance notices issued by the Executive Director or Deputy Executive Director. For the year under review, the TSC considered to finality two matters that came before it, and the third one was settled between the parties. The three matters involved (i) Dipula's proposed scheme between its board and classes of shareholders (Dipula); (ii) the prosecution of mandatory offer by Impala to the shareholders of Royal Bafokeng (Royal Bafokeng); and (iii) the proposed underwriting by Magister and its concert parties in favour of Tongaat Hullet (Tongaat). The Dipula matter was settled as mentioned above, and the Royal Bafokeng and Tongaat matters were decided by the TSC.

#### Acknowledgements and thanks to outgoing Panel Members

I wish to extend my sincere appreciation to my fellow Panel Members for their support and wise counsel throughout the year to ensure that the Panel can effectively and efficiently fulfil its mandate. Further, on behalf of the Panel, I wish to express my gratitude to the Executives, Management, and Administrative staff for their continued dedication to ensuring that the Panel's day-to-day regulatory activities run smoothly.

**Neo Phakama Dongwana**  
**Chairperson**  
**27 July 2022**

# EXECUTIVE DIRECTOR'S REVIEW

## Introduction

It gives me pleasure to present this report, which affords the Panel's stakeholders an overview of our legislative mandate and our performance for the financial year under review.

## Mandate of the Panel

Section 201 of the Act sets out the mandate of the Panel, which includes:

- regulation of affected transactions and offers;
- investigation of complaints with respect to affected transactions and offers;
- application for a court order to wind up a company, in appropriate circumstances; and
- consultation with the Minister in respect of additions, deletions or amendments to the Takeover Regulations.

The Panel may also:

- consult with any person at the request of any interested party with a view to advise on the application of any provision in respect of affected transactions or offers, or the Takeover Regulations;
- issue, amend or withdraw information on current policy in regard to proposed affected transactions or offers, to serve as guidelines for the benefit of persons concerned in such proposed transactions;
- receive and deal with representations relating to any matter with which it may deal in terms of the Act; and
- perform any other function assigned to it by legislation.

## Reasons for regulating affected transactions and offers

The Panel regulates affected transactions and offers in order to achieve the following objectives:

- ensure the integrity of the marketplace and fairness to the holders of the securities of regulated companies;
- ensure the provision of:
  - necessary information to holders of securities of regulated companies, to the extent required to facilitate the making of fair and informed decisions; and
  - adequate time for regulated companies and holders of their securities to obtain and provide advice with respect to offers; and
  - prevent actions by regulated companies designed to impede, frustrate, or defeat an offer, or the making of fair and informed decisions by the holders of that company's securities.



### Companies subject to the Takeover Provisions

- public companies;
- state-owned companies;
- private companies that have volunteered to be subjected to the takeover provisions in their memorandum of incorporation; and
- private companies, which had 10 percent or more of their issued securities transferred between unrelated parties within a period of 24 months immediately prior to the date of the particular affected transaction or offer.

We have proposed changes to the Companies Act that will grant the Panel jurisdiction over private companies based on the size of a private company. The proposed amendments will result in the target or offeree company that meets or exceeds the financial threshold of annual turnover or the assets value of the company as determined in terms of section 118(2), being subject to the jurisdiction of the Panel. The Minister of The Department of Trade, Industry and Competition (dtic) will from time to time determine the financial thresholds that will trigger the jurisdiction of the Panel in respect of private companies.

### Types of affected transactions and offers

- disposals of all or the greater part of the assets or undertaking of regulated companies;
- amalgamations or mergers of regulated companies;
- schemes of arrangement involving regulated companies and their shareholders;
- acquisitions of, or announced intention to acquire, beneficial interest in any voting securities of regulated companies;
- the announced intention to acquire a beneficial interest in the remaining voting securities of regulated companies not already held by a person or persons acting in concert;
- mandatory offers in regulated companies; and
- compulsory acquisitions of shares involving regulated companies.

***The Panel in regulating any affected transaction or offer must not have regard to commercial advantages or disadvantages of any transaction or proposed transaction as provided under section 119(1) of the Act. Further, in exercising its powers and performing its functions, the Panel must not express any view or opinion on the commercial advantages or disadvantages of any transaction or proposed transaction as provided under 201(3) of the Act.***

## Funding of Panel operations and activities

The Panel was funded from the following sources:

<b>Fees paid by parties when submitting circulars for review and approval</b>	<b>R7 280 000 (2021: R5 975 000)</b>
Fees paid by parties in respect of consultations, opinions and rulings	R819 000 (2021: R726 000)
<b>Yearly surcharge fees paid by companies listed on the JSE Ltd</b>	<b>R19 643 219 (2021: R19 251 516)</b>
Interest earned on funds invested	R3 936 287 (2021: R4 068 342)

## Affected Transactions

The number of transactions regulated by the Panel increased compared to the last financial year, with the majority of these relating to private companies. This is consistent with the preceding reporting period. There was an increase in the number of complaints or queries raised by shareholders and other parties. Some of the notable transactions involved Tongaat Hullet Limited, Dipula Income Fund and Royal Bafokeng Platinum Limited.

The increase in the number of complaints and enquiries made by shareholders demonstrates the maturity of South African capital markets. We welcome shareholder activism as it has proved beneficial in the fulfilment of our mandate under the Companies Act. Although the market remains volatile, the increase in transaction activity is a further demonstration by market participants that South Africa remains resilient.

In line with its mandate, the Panel is required to consider matters speedily and efficiently. Accordingly, depending on the complexity of a transaction, the estimated time to review and provide comments on a circular is very short on average. Applications for rulings in respect of private companies are on average considered within 48 hours of receipt. The details of affected transactions and offers regulated by the Panel for the financial year under review are included in Annexure 1.

## Governance

Although the function of the Panel is largely legislated, the Panel is consistently looking for new ways to enhance its governance. This includes adhering to the best international standards, practices and King IV Code as well as regularly reviewing and updating its risk register and governance policies to ensure that they are relevant and in line with best practice trends. The Panel's governance structure consists of the Audit & Risk Committee and the Remuneration & Nominations Committee. These committees play a major role in ensuring that management is held to a high standard of governance. As part of ensuring that the Panel sets high legal standard, it has an ad hoc forum referred to as the Law Review Committee that debates general legal matters referred by the Executive Director.

The Panel adopted an aggressive succession plan that includes the recruitment of additional staff that will assist with its operations. Further, the Panel approved a secondment and internship programme that will be implemented in the new financial year. The secondment programme envisages a collaborative strategy with key market participants in terms of which the market participants will place key personnel at the Panel at their own cost. The internship programme envisages a plan in terms of which the Panel will employ interns for a limited period. Both programmes are based on a training programme that will see a transfer of skills to interns and secondees with the hope of building a pipeline for the Panel to use for recruitment purposes in the future.

## Special Committee on Company Law

The Executive Director of the Panel is a permanent invitee to the Special Committee on Company Law (SCCL). The main function of the SCCL is to review and advise government on the Companies Act. The SCCL was extremely busy in the financial year under review as it had to consider and advise on various proposals that are aimed at amending the Act. The Panel also proposed amendments to the Act that related to the Panel's jurisdiction with regard to private companies and schemes of arrangement. The sections that are currently under review relate to the need to lessen the regulatory burden in the listing environment and enhance board participation.

## Mergers and Acquisition Environment

To a large extent, the Panel regulates listed companies, albeit it is within a mergers and acquisition space. We undertook a research study that looked into the causes of de-listings from the JSE. The study concluded that one of the major features of South Africa's equity markets in the last twenty years has been the decline in the number of companies listed on the Johannesburg Stock Exchange (JSE). In 2001, there were 601 companies listed on the exchange. By August 2021, the number had fallen to 327, a decline of 45 percent. The trend has generally been continuous, except for the period 2006 to 2008 when there was an increase in the number of domestic companies listed on the exchange.

Table 1 below shows that de-listings exceeded new listings in most years from 2010 to 2021 with listed companies falling from 407 in 2010 to 324 by December 2021. Domestic listings fell every year during this period. The increase between 2014 and 2015 arose from new listings by foreign companies during those years. At the same time, the trend in the market capitalisation of companies on the exchange, although volatile, has increased. The result is that the JSE now has fewer companies, and they tend to be older and larger companies who maintain their market capitalisation growth.

A fall in listings occurs when de-listings exceed new listings from Initial Public Offerings (IPOs) or transfers from other exchanges. A de-listing refers to the removal of listed shares from a stock market, either involuntarily or voluntarily. Involuntary de-listing typically arise when a company contravenes the regulations of the stock exchange or is insolvent or liquidated. In South Africa, voluntary de-listings require a corporate action that is typically implemented by way of a scheme of arrangement, in terms of which the listed entity repurchases its own shares, or a takeover, and this process is regulated by the Panel.

**Table 1: Trends in Listed Companies on the JSE 2015 to 2021**

End-year	New listings	De-listing	Net listings	Companies Listed	JSE Market Cap. Rb	Market Cap. per Company Rb
2010	15	17	-2	407	6 698,7	16,5
<b>2011</b>	<b>19</b>	<b>17</b>	<b>2</b>	<b>406</b>	<b>6 908,5</b>	<b>17,0</b>
2012	15	18	-3	402	8 384,0	20,9
<b>2013</b>	<b>13</b>	<b>26</b>	<b>-13</b>	<b>389</b>	<b>10 626,4</b>	<b>27,3</b>
2014	30	22	8	391	11 493,7	29,4
<b>2015</b>	<b>23</b>	<b>19</b>	<b>4</b>	<b>395</b>	<b>11 727,6</b>	<b>29,7</b>
2016	18	25	-7	388	13 580,6	35,0
<b>2017</b>	<b>21</b>	<b>32</b>	<b>-11</b>	<b>377</b>	<b>15 461,4</b>	<b>41,0</b>
2018	12	17	-5	372	12 682,0	34,1
<b>2019</b>	<b>6</b>	<b>24</b>	<b>-18</b>	<b>354</b>	<b>17 440,3</b>	<b>49,3</b>
2020	5	20	-15	339	17 854,0	52,7
<b>2021*</b>	<b>9</b>	<b>24</b>	<b>-15</b>	<b>324</b>	<b>20 500,0</b>	<b>63,3</b>

Source: JSE Market Statistics \*August 2021

It is worth pointing out that the decline in the number of listed companies is not confined to South Africa. An Organisation for Economic Co-operation and Development (OECD) survey of fifty major stock markets covering the major exchanges in the world shows that since 2005, approximately 30 000 companies have delisted; primarily in the United States (US), the United Kingdom (UK) and in major markets in Continental Europe. As a result, in the OECD area, there has been a fall in listed companies every year from 2008 to 2019 (OECD, 2021). However, the global number of listed domestic companies increased during this century, from 39 892 in 2000 to 43 248 in 2019 (World Bank, 2021), because of a rise in net listings on stock exchanges in developing countries; notably in Eastern Asia, particularly in China. Large numbers of IPOs in China and other Asian countries in the last ten years resulted in half of the world's public companies being listed on Asian exchanges at the end of 2020 (OECD, 2021).

### **Acknowledgment**

The excellent reputation of the Panel is owed mainly to Panel Members. The Panel will be a different institution if it was not for the tireless guidance of the Panel Members. The Panel Members are the most excellent and impressive group of individuals that have assisted greatly in shaping the Panel. I look forward to continue working with the dtic and other stakeholders. I would be remiss if I failed to thank my Chairperson, Mrs Neo Phakama Dongwana, and staff whose support and commitment has been invaluable.

**Andile Nikani**  
**Executive Director**  
**27 July 2022**

# CORPORATE GOVERNANCE REPORT

To the extent applicable, the Panel has adopted the King IV Report on Corporate Governance. This commitment provides stakeholders with the assurance that the Panel's affairs are being managed in terms of the core principles of integrity, competence, responsibility, accountability, fairness and transparency.

The Panel is a regulatory body, established in accordance with Chapter 8 of the Companies Act. The Members of the Panel are appointed by the Minister of Trade, Industry and Competition. Executive Director, Deputy Executive Director, Corporate Services Manager and Senior Associate are responsible for the day to day activities of the Panel.

The Members of the Panel are responsible for approval of the annual report. In preparing the annual report, the Panel has used appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

## The Panel

The Panel Members are independent individuals of high calibre with diverse backgrounds and expertise, each of whom adds value and brings independence to the Panel. The Panel is supported by various sub committees that have been appointed to ensure good corporate governance and address matters requiring specialised attention.

During the year under review, four Panel meetings were held, including a special meeting over and above the four quarterly meetings. Details of attendance by Members are set out below:

Member	21 April 2021	21 July 2021	26 October 2021	26 January 2022
Neo Phakama Dongwana	P	P	P	P
<b>Tembinkosi Bonakele / designated representative</b>	<b>A</b>	<b>AA</b>	<b>AA</b>	<b>AA</b>
Annalie de Bruyn	P	P	P	P
<b>Christopher Ewing</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
Nano Matlala	P	P	P	NAM
<b>Nocamagu Mbulawa</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
Ebrahim Moolla	P	P	P	P
<b>Sandile Siyaka</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
Nonzukiso Siyotula	P	AA	P	P
<b>Ntshengedzeni Tshivhase</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>
Advocate Rory Voller	P	P	P	P

P = Present   A = Absent   AA = Absent with Apology   NAM = Not a Member

## SUB-COMMITTEES

### Audit and Risk Committee

The Audit and Risk Committee (ARC) is a governance committee of the Takeover Regulation Panel (the Panel). Its responsibilities are prescribed by the prescripts of good corporate governance and are outlined in the terms of reference, as approved by the Members of the Panel; which are in line with the King IV Code on good corporate governance as well as international best practice. The terms of reference are reviewed and updated regularly.

The ARC has an independent role in terms of the Companies Act and is accountable to the Panel.

### Composition of the ARC

**The independent non-executive members of the ARC are:**

Nocamagu Mbulawa: Chairperson  
Christopher Ewing (retired 31 March 2022)  
Annalie de Bruyn  
Neo Phakama Dongwana: Panel Chairperson (by invitation)  
Ebrahim Moolla

All the members of the ARC are independent, and the Panel is satisfied that the ARC has sufficient recent and relevant financial experience to enable the members to carry out their duties and responsibilities and that the members of the ARC bring a wide range of relevant experience.

The ARC meets four times a year. The ARC meets both the external and internal auditors separately in private sessions, without Management being present. The Executive Director, Deputy Executive Director, Corporate Services Manager and Senior Associate as well as the Chairperson of the Panel attend committee meetings as necessary at the invitation of the Chairperson of the ARC.

The Panel's policy on non-audit services is reviewed annually and the ARC considers services that may be provided to the Panel by the external auditors. In addition, the ARC conducts a formal evaluation of the independence of the auditors as is required by law and includes planning/technical abilities, audit process/outputs and quality control as well as business insight. The ARC keeps abreast of current and emerging trends in international accounting standards.

The ARC has satisfied itself as to the effectiveness of the system of financial controls of the Panel and that the annual financial statements of the Panel have been produced in accordance with GRAP and that the external auditor is independent of the Panel.

The ARC, *inter alia*, assists the Panel Members in discharging their responsibilities relating to the safeguarding of assets, the operation of adequate and effective systems of control and to fairly present the annual financial statements in compliance with all applicable legal and regulatory requirements and accounting standards.

The ARC has performed its duties in accordance with its terms of reference which among others included the following functions:

- Reviewed and recommended the approval of the annual financial statements
- Confirmed the going concern status of the Panel as reflected in the annual financial statements
- Assessed the effectiveness of the internal controls systems
- Assessed that there were no material breakdowns in the internal control environment

- Reviewed the internal audit policy in line with the King IV Code
- Approved the internal audit plan for the financial year
- Nominated the current auditors as the Panel's external auditors
- Approved the external audit engagement letter and plan, and also determined the audit fees payable to the external auditors
- Considered the independence of the auditors
- Reviewed Panel policies
- Maintained oversight of the fraud and corruption risk management policy
- Assessed the efficacy and effectiveness of the functions performed by internal audit, external audit, finance and the ARC sub-committee.

The ARC has satisfied itself that the external auditor appointment complies with the provisions of the Companies Act and that the auditor is independent.

The ARC also satisfied itself that the expertise and experience of the Corporate Services Manager which includes the finance function of the Panel are appropriate to meet the responsibilities of the position.

**Approval of the report:**

The ARC confirms, for the period ended 31 March 2022, that it has functioned in accordance with its terms of reference.

**On behalf of the Audit and Risk Committee**  
**Nocamagu Mbulawa**  
**Chairperson**  
**27 July 2022**

## SUB-COMMITTEES

### Remuneration and Nomination Committee

The remuneration of the Panel Executive is in part governed by the provisions of the Companies Act in conjunction with current and historical board policies and best remuneration governance precepts.

However, the Panel has added another layer of oversight to enhance remuneration governance by the establishment of a Remuneration and Nomination Committee with delegated responsibility for ensuring the implementation of the Panel Remuneration policy as approved by the Panel from time to time and making recommendations to it in respect of management, employee and non-executive Panel remuneration for consideration and the final approval of the Panel.

The committee consists of non-executive Panel Members who in turn obtain high level advice from an external independent remuneration specialist.

The independent non-executive members of the Remuneration and Nomination Committee are:

Ebrahim Moolla: Chairperson

Annalie de Bruyn

Neo Phakama Dongwana: Panel Chairperson (by invitation)

Sandile Siyaka

Ntshengedzeni Tshivhase

The work of the committee is governed by a Panel approved charter and a policy and strategy document framed largely along the lines recommended by King IV Code and best remuneration practices.

The Panel provides cost effective packages designed to attract and retain executives and staff of the highest calibre and which motivates them to perform to the highest of standards, thereby ensuring alignment between the Panel and its stakeholders.

The Panel and members of its Governance Committee are remunerated by a hybrid model, partly guided in terms of the Treasury Regulations as well as historical antecedents of its predecessor, the Securities Regulation Panel (SRP), in matters involving hearings of the Takeover Special Committee, Panel and Committee meetings involving matters of great complexity, novel points of law and importance and or involving voluminous documentation.

Executive Management attend a part of the meetings of the Committee by invitation but are excused from attendance during the actual deliberation by the Committee of the quantum of remuneration as it relates to Management.

### On behalf of the Remuneration and Nomination Committee

**Ebrahim Moolla**

**Chairperson**

**27 July 2022**

## EMPLOYMENT EQUITY

The Panel continuously reviews its employment policies to ensure that they are appropriate. The Panel values its employees and employment policies are designed to promote a working environment in which they are able to reach their personal potential. Promotion and recruitment of employees is based on merit and no discrimination is applied in terms of background, race or sexual orientation. Employees are recognised for their contribution to the success of the Panel and are remunerated accordingly.

The Panel staff complement is as follows:

		African	
	Male	Female	Total
<b>Executive</b>	<b>2</b>	-	<b>2</b>
Management	-	2	2
<b>Administration Staff</b>	-	<b>1</b>	<b>1</b>
<b>Total</b>	<b>2</b>	<b>3</b>	<b>5</b>

## CONTROL ENVIRONMENT

Internal control comprises methods and procedures adopted by the Executive and Management to assist in achieving the objectives of safeguarding assets, preventing and detecting error and fraud, ensuring the accuracy and completeness of accounting records and preparing reliable annual financial statements.

The audit function is conducted by the internal and external auditors and supported by the Audit and Risk Committee. The Audit and Risk Committee evaluates the adequacy and effectiveness of the Panel's controls, financial reporting mechanisms and records, information systems and operations as well as reporting on the adequacy of these controls. It also provides additional assurance regarding the safeguarding of the Panel's assets and financial information.

## CODE OF ETHICS

The Panel is committed to a strong set of values that are shared, known and supported by everyone. The Panel strives to act in an ethical manner and has adopted a set of values dealing with beliefs, norms, standards, people, traditions and customs.

These values are:

- integrity
- professionalism
- reliability
- customer orientated
- excellence

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE TAKEOVER REGULATION PANEL

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## Opinion

**W**e have audited the financial statements of the Takeover Regulation Panel (the Panel), set out on pages 25 to 42, which comprise the statement of financial position as of 31 March 2022, and the operating statement, statement of changes in equity and the statement of cash flows for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Panel as of 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with South African Standards on Generally Recognised Accounting Practise (Standards of GRAP).

## Basis for opinion

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

## Other Information

The Panel Members are responsible for the other information. The other information comprises the Panel and its structure, Panel's responsibilities and approval of the annual report, Disclosure on the Members, Executive and management of the Panel, Disclosure on the sub-committees of the Panel, Chairperson's report, Executive Director's review, Corporate Governance report, Annexure 1: Analysis of transactions reviewed by the Executive. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other informa-

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

### **Responsibilities of the Members for the Financial Statements**

The Panel Members are responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Panel'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 Members either intend to liquidate the Panel or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

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

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

### **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 SizweNtsalubaGobodo Grant Thornton Inc. has been the auditor of the Panel for 9 years.



**Kelelo Hiaionne**  
**StewaNisalubaCobodo Grant Thornton**  
**Inc. Director**  
**Registered Auditor**  
**27 July 2022**  
**20 Morris Street**  
**East Woodmead**

# STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	2022 R	2021 R
<b>ASSETS</b>			
<b>Non-current assets</b>			
Furniture and equipment	2	299 035	81 796
Total non-current assets		299 035	81 796
<b>Current assets</b>			
Accounts receivable	3	2 962 149	402 619
Cash in bank and funds on deposit		101 426 232	99 365 367
Total current assets		104 388 381	99 767 986
<b>Total assets</b>		<b>104 687 416</b>	<b>99 849 782</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Accumulated surplus		102 194 047	96 461 349
<b>Non-current liabilities</b>			
Employee benefit obligations	4	1 354 731	1 402 595
<b>Current liabilities</b>			
Accounts payable	5	654 963	1 285 822
Provisions	5	483 675	700 016
<b>Total equity and liabilities</b>		<b>104 687 416</b>	<b>99 849 782</b>

# INCOME STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R	2021 R
Revenue		27 742 219	25 952 516
Annual levies		19 643 219	19 251 516
Fees for services		7 280 000	5 975 000
Rulings and Consultations		819 000	726 000
Other income		3 363 640	1 554 244
Interest received	6	<u>3 936 287</u>	<u>4 068 342</u>
Operating income		35 042 146	31 575 102
Operating expenses		<u>(29 309 448)</u>	<u>(23 937 710)</u>
Net surplus before taxation	7	5 732 698	7 637 392
Taxation		<u>-</u>	<u>-</u>
Net surplus for the year	8	<u>5 732 698</u>	<u>7 637 392</u>
<b>Total operating surplus</b>		<b>5 732 698</b>	<b>7 637 392</b>

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

	<b>Total</b>
	<b>R</b>
Accumulated surplus as at 31 March 2020	88 823 957
Total operating surplus for the year	<u>7 637 392</u>
Accumulated surplus as at 31 March 2021	96 461 349
<b>Total operating surplus for the year</b>	<u><b>5 732 698</b></u>
<b>Accumulated surplus as at 31 March 2022</b>	<b>102 194 047</b>

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 R	2021 R
<b>Cash flows from operating activities</b>			
Cash generated by operations	A	(1 617 388)	4 621 606
Interest received		3 936 287	4 068 342
		<u>2 318 899</u>	<u>8 689 948</u>
Net cash inflow from operating activities			
<b>Cash flows from investing activities</b>			
Additions to furniture and equipment		(258 034)	(2 393)
Net cash outflow from investing activities		(258 034)	(2 393)
<b>Net increase cash and cash equivalents</b>		<b>2 060 865</b>	<b>8 687 555</b>
Cash and cash equivalents at beginning of the year		<u>99 365 367</u>	<u>90 677 812</u>
<b>Cash and cash equivalents at end of the year</b>	B	<b><u>101 426 232</u></b>	<b><u>99 365 367</u></b>

# NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	R	R
<b>A. Cash generated by operations</b>		
Total operating surplus	<b>5 732 698</b>	7 637 392
Adjusted for:		
Actuarial loss	-	485 986
Depreciation	<b>38 072</b>	40 370
Disposal of assets	<b>2 723</b>	-
Interest received	<b>(3 936 287)</b>	(4 068 342)
Post-retirement medical aid interest	<b>98 060</b>	-
Post-retirement medical aid	<b>(145 924)</b>	(139 044)
Cash from operations before working capital changes	<b>1 789 342</b>	3 956 362
(Increase)/decrease in accounts receivable	<b>(2 559 530)</b>	113 111
(Decrease)/Increase in accounts payable and provisions	<b>(847 200)</b>	552 133
Net working capital changes	<b>(3 406 730)</b>	665 244
Cash generated by operations	<b>(1 617 388)</b>	<b>4 621 606</b>
<b>B. Cash and cash equivalents at end of period</b>		
Cash and cash equivalents comprise:	<b>101 426 232</b>	99 365 367
Cash in bank and funds on deposit	<b>101 426 232</b>	<b>99 365 367</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

## 1. Accounting Policies

### Basis of Preparation

The annual financial statements are prepared in accordance with the South African Standards on Generally Recognised Accounting Practice (GRAP). The annual financial statements are prepared on the historical cost basis and going concern basis incorporate the following principal accounting policies, which have been consistently applied for the year ending 31 March 2022 in all material respects. Financial figures have been rounded to the nearest Rand.

These annual financial statements have been prepared on an accrual basis of accounting, unless specified otherwise. The annual financial statements comply with GRAP.

### 1.1 Furniture and equipment

Furniture and equipment are measured initially at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Furniture and equipment are recognised when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Panel, and the cost of the asset can be measured reliably.

Furniture and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the straight-line method to write-down the cost of such assets over their estimated useful lives which are as follows:

Furniture 10 years  
Equipment 5 years

The residual values, useful lives and depreciation methods of the assets are reviewed, and adjusted if appropriate, at each financial year-end. The Panel also assesses whether there is any indication that an asset may be impaired at each reporting date. If any such indication exists, the amount of the loss is measured as the difference between the carrying amount of the asset and the recoverable amount.

An item of furniture and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

### 1.2 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets.

The revenue is recognised on an accrual basis. The invoiced value of services rendered comprising surcharge fee income, fees for documentation, hearings, and rulings, excluding value added tax are recognised at the date services are rendered. Annual levies in the current year were raised in advance on 1 April 2021 and recognised on a straight-line basis for the period. Interest income is recognised in the income statement on an accrual basis using the effective interest rate method based on the capital amounts outstanding.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### **Interest**

Revenue arising from the use of Panel assets yielding interest is reconsidered when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Panel, and
- The amount of the revenue can be measured reliably.

## **1.3 Financial instruments**

### ***Initial recognition and measurement***

Financial assets and financial liabilities are recognised at fair value in the statement of financial position when the Panel has become a party to the contractual provisions of that instrument.

### ***Financial assets***

The Panel's financial assets in accordance with GRAP 104 are measured at amortised cost using the effective interest rate method. Accounts receivable comprise fees receivable, pre-paid expenses and sundry receivables.

Where there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

### ***Financial liabilities***

The Panel's financial liabilities in accordance with GRAP 104 are measured at amortised cost using the effective interest rate method. Financial liabilities include accounts payable consisting of creditors and accrued expenses.

### ***Offsetting***

Financial assets and financial liabilities have not been offset in the statement of financial position. A financial asset is derecognised when the amount has been settled or the rights to receive cash have expired. A financial liability is derecognised when the obligation under the li-

ability is discharged, cancelled or expires.

#### **1.4 Contingent liabilities**

The Panel discloses a contingent liability where it has a possible obligation as a result of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Panel; or it is not probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

#### **1.5 Effect of new Standards of GRAP**

The following standards are now effective and applicable to the Panel.  
GRAP 108 Statutory Receivables

#### **1.6 Leases**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### **Operating lease**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

#### **1.7 Materiality**

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decision of users, and so be material, requires consideration of the characteristics of those users. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

#### **1.8 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

##### **Trade receivables**

The Panel assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable de-

crease in the estimated future cash flows from a financial asset.

### **Impairment testing**

The Panel reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 5.

### **Effective interest rate**

The Panel uses the prime interest rate to discount future cash flows.

### **Allowance for doubtful debts**

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired.

## **1.9 Employee benefits**

Employee benefits are all forms of consideration given by the Panel in exchange for services rendered by employee.

A constructive obligation is an obligation that derives from the Panel's actions whereby an established pattern of past practice, published policies or a sufficiently specific current statement, the Panel has indicated to other parties that it will accept certain responsibilities and as a result, the Panel has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employee renders the related service.

Short-term employee benefits include items such as:

- Salaries are payable when a service has been rendered. The expense is recognised in that period.
- Short-term compensation for absences (such as paid annual leave and paid sick leave) where the compensation for absences is due to be settled within twelve months after the end of the reporting period in which the employee renders the related service;
- Bonus, incentive and performance related payments payable at the discretion of the Panel

within twelve months after the end of the reporting period in which the employee renders the related service; and

- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered a service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefit expected to be paid in exchange for the service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in payment or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employee render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

### **Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the Panel provides post-employment benefits for one employee.

## **1.10 Provisions and contingencies**

Provisions are recognised when:

- The Panel has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If the Panel has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

### **1.11 Comparative figures**

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2. Furniture and equipment	Furniture	Equipment	Total
	R	R	R
Net book value at 31 March 2020	16 973	102 800	119 773
Additions for the period	-	2 393	2 393
Depreciation	(4 837)	(35 533)	(40 370)
Net book value at 31 March 2021	12 136	69 660	81 796
Additions for the period	208 616	49 418	258 034
Depreciation	(4 637)	(33 435)	(38 072)
Disposal of Assets	(2 723)	-	(2 723)
<b>Net book value at 31 March 2022</b>	<b>213 392</b>	<b>85 643</b>	<b>299 035</b>
Depreciation rate	10%	20%	
Cost	300 391	266 560	566 951
Accumulated depreciation	(288 255)	(196 900)	(485 155)
Net book value 31 March 2021	<b>12 136</b>	<b>69 660</b>	<b>81 796</b>
Cost	413 941	315 978	729 919
Accumulated depreciation	(200 549)	(230 335)	(430 884)
<b>Net book value 31 March 2022</b>	<b>213 392</b>	<b>85 643</b>	<b>299 035</b>
3. Accounts receivable	2022		2021
	R		R
Fees receivable	<b>4 985 743</b>	2 197 590	
Provision for doubtful debts	<b>(2 268 683)</b>	(1 952 640)	
Fees receivable after the provision for doubtful debts	<b>2 717 060</b>	244 950	
Prepaid expenses	<b>236 150</b>	104 658	
Sundry receivables	<b>8 939</b>	53 011	
	<b>2 962 149</b>	<b>402 619</b>	

No interest is charged on past due fees receivables. The carrying value of accounts receivables approximates fair value. A provision for doubtful debts has been raised against accounts receivable as it is the policy of the Panel to provide for fees outstanding longer than twelve months.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

Ageing of fees receivable	2022	2021
	R	R
Currents	872 529	241 500
<b>Past due but not impaired</b>	<b>1 844 531</b>	<b>3 450</b>
30 - 60 days	1 550 131	-
60 - 90 days	287 500	3 450
90+	6 900	-
	<b>2 717 060</b>	<b>244 950</b>

#### 4. Employee benefit obligations

##### *Defined contribution plan:*

All staff members of the Panel are members of the Acumen Pension Fund. The staff members contribute in accordance with the rules of that pension scheme. Total contributions made to the pension scheme during the year were R951 741 (2021: R846 114).

##### *Post-retirement medical benefit plan:*

The Panel operates a post-retirement medical benefit plan for one retired employee of the Panel. Under the scheme, the Panel will contribute for both the employee and his spouse until their death. The contributions will be to the medical aid fund to which the employee was a member at the date of his retirement.

The Panel obtains an actuarial valuation every three years in order to measure the post-retirement medical aid liability. The last valuation was in March 2021 and the next valuation shall be in March 2024. The assumptions made in the valuation include medical inflation, investment returns and number of dependants. The Members believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value.

Post-retirement medical benefit plan:

	2022	2021
	R	R
Amounts recognised in income in respect of the scheme are as follows:		
<b>Interest cost</b>	342 347	244 287
	<b>342 347</b>	<b>244 287</b>
The amounts included in the statement of financial position arising from the Panel's obligation in respect of post-retirement medical benefit plans is as follows:		
Opening balance	1 158 308	845 964
Actuarial loss	-	451 388
Medical payments	(145 924)	(139 044)
Present value of unfunded obligations	1 012 384	1 158 308
<b>Total liability</b>	<b>1 354 731</b>	<b>1 402 595</b>
<b>Key assumptions used:</b>		
Discount rate	7.38%	7.38%
Medical inflation	3.90%	3.90%

**Sensitivity analysis**

The effect of a 1% increase and decrease in the inflation assumption on the service cost, interest cost and accrued liability is shown below:

Sensitivity to medical inflation		
1%	Base	-1%
R1 446 582	R1 354 731	R1 271 415
<b>6.78%</b>	-	<b>-6.15%</b>

**5. Accounts payable and provisions**

<b>Accounts payables:</b>		
Creditors and accrued expenses	654 963	1 285 821
Unallocated deposits	-	-
	<b>654 963</b>	<b>1 285 821</b>
Provisions		
Provision for leave pay	483 675	700 016
Opening balance	700 016	379 420
Movement	(216 341)	320 596
	<b>1 138 638</b>	<b>1 985 837</b>

Accounts payable and provisions (continued)

<b>5. Accounts payable and provisions (continued)</b>			
<b>Contractual maturity analysis of financial liabilities</b>		<b>2022</b>	<b>2021</b>
		<b>R</b>	<b>R</b>
On demand		361 047	1 155 612
1 - 5 years		293 916	130 210
<b>6. Other Income</b>		<b>654 963</b>	<b>1 285 822</b>
Bad debts recovered		1 399 264	1 226 808
Hearing fees		1 933 661	-
Sundry income		30 715	327 436
		<b>3 363 640</b>	<b>1 554 244</b>
<b>7. Operating expenses</b>			
Operating expenses include the following items:			
Auditor's remuneration		474 696	437 498
Depreciation		38 072	40 370
Legal fees		1 858 868	472 026
Operating lease payments - building		428 284	511 069
Operating lease payments - other		476 373	627 963
Panel Members' fees		3 427 315	3 464 285
- Chairperson		953 384	704 453
- Members		2 473 931	2 245 301
- Other expenses		-	514 531
Other administrative expenses		3 488 727	2 452 149
Interest cost for post-retirement medical benefits		98 060	244 287
Personnel costs		19 019 053	15 932 347

Included in personnel costs are the following:

**Executive and Management remuneration**

2022	Basic Salary	Bonuses	Medical aid and other contributions	Pension fund contributions	Total
<b>Executive</b>					
AM Nikani	4 071 832	4 187 980	-	391 673	8 651 485
CZ Nduli	2 174 839	2 348 400	74 642	253 419	4 851 300
<b>Management</b>					
M Motsoahae	1 234 226	1 323 909	85 914	206 033	2 850 082
Z Mkwetshana	662 105	-	24 395	13 500	700 000
2021	Basic Salary	Bonuses	Medical aid and other contributions	Pension fund contributions	Total
<b>Executive</b>					
AM Nikani	3 933 713	3 424 000	-	378 387	7 736 100
CZ Nduli	2 162 815	1 800 000	71 112	184 073	4 218 000
<b>Management</b>					
M Motsoahae	1 066 083	1 087 268	134 364	179 159	2 466 874

## 8. Taxation

The Panel is exempt from the payment of taxation in terms of Section 10 (cA) of the Income Tax Act.

The premises lease commenced on 1 June 2021 and remain in force for a period of 3 years terminating on 31 May 2024. In terms of the lease agreement, no deposit was paid. An irrevocable bank guarantee for the amount of R327 132 was issued and will remain in full force and effect until the expiry of the lease. An amount of R327 132 has been pledged on the FNB Current Account.

## 9. Commitments

	2022	2021
	R	R
<b>Rental payments in terms of premises lease agreement</b>		
Future minimum lease payments payable within 1 year	422 167	120 605
Future minimum lease payments payable between 2 and 3 years	530 358	-
<b>Parking payments in terms of lease agreement</b>		
Future minimum lease payments payable within 1 year	76 500	21 738
Future minimum lease payments payable between 2 and 3 years	96 105	-
<b>Operating Costs in terms of lease agreement</b>		
Future minimum lease payments payable within 1 year	239 767	59 192
Future minimum lease payments payable between 2 and 3 years	301 213	530 358

The premises lease commenced on 1 June 2021 and remain in force for a period of 3 years, terminating on 31 May 2024. In terms of the lease agreement, no deposit was paid. An irrevocable bank guarantee for the amount of R327 132 was issued and will remain in full force and effect until the expiry of the lease. An amount of R327 132 has been pledged on the FNB Current Account.

## 10. Financial Risk Management

### 10.1 Credit risk

The Panel's income is derived from:

- levies on the annual listing fees charged by Exchanges to listed companies. Levies are charged in terms of regulation 171 of the Companies Regulations, 2011;
- documentation fees and fees charged for consultations and rulings. Fees are charged in terms of regulation 122 of the Companies Regulations, 2011; and
- interest received from investments.

The levies and fees charged by the Panel are approved by the Minister of Trade, Industry and Competition and published in the Government Gazette.

Should there be a major fall in the market capitalisation of listed companies, this would have

a detrimental effect on income of the Panel. Similarly, should there be a considerable fall off in takeover and merger activity, income of the Panel would be adversely impacted.

The Panel always runs the risk of any of its rulings being taken on review to the High Court, or the Panel itself instituting High Court action against parties which do not comply with the Companies Act No. 71 of 2008 and Companies Regulation 2011. Such an action could draw heavily on the Panel's resources.

The Panel is confident that it will be able to recover all accounts receivable in full.

The Panel has no significant concentrations of credit risk.

*The maximum exposure to credit risk:*

Cash and cash receivables R101 426 232

Trade receivables is R2 962 149

## 10.2 Liquidity risk

Based on the strength of the statement of financial position, the Panel is of the view that all liabilities, including contingent liabilities, can be met from existing funds.

## 10.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to adverse movements in market rates. In respect of market risk, the Panel is exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that arises on an interest-bearing asset due to variability of interest rates.

1% increase in inflation	59 068	59 068
1% decrease in inflation	(59 068)	(59 068)

## 11. Accounting estimates and judgments

### *Post-retirement medical aid benefit*

Projected Unit Credit Method as prescribed by GRAP 25 was used for the purpose of calculating post-retirement medical aid benefit. This method is based on the approximation that the post-retirement benefit is notionally built up over the employee' working life. The post-retirement medical aid liability is valued every three years.

### *Furniture and equipment*

The residual values of the fixed assets are reviewed annually. Management believe that the assets are in good condition, useful and its residual value is nil.

### *Impairment*

Management identifies possible impairment of trade receivables on an ongoing basis. An impairment allowance in respect of doubtful debts is raised against the receivable when their collectability is considered to be doubtful. Management believe that the impairment adjustment is conservative and there are no significant receivables that are doubtful and have not been impaired or provided for. In determining whether a particular receivable could be doubt-

ful, the ageing is taken into consideration.

#### ***Provision for leave pay***

Management review provisions at each reporting date and is adjusted to reflect the current best estimates. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. The provision calculation is based on the estimated number of leave days accumulated.

### **12. Going Concern**

In the light of COVID-19, Management has re-assessed the appropriateness of the use of the going concern assumption in the preparation of the annual financial statements. Based on the assessment performed, Management notes that the Panel will continue to receive the annual levies and funds will be available for future operations of the Panel. Commitments will occur in the ordinary course of business. As a result, the annual financial statement are prepared on the basis of a going concern.

### **13. COVID-19 impact**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak to be a pandemic which had a significant impact on economic uncertainty. Whilst it cannot be predicted how long the disruption will continue or the full extent of the impact on the Panel, Management have considered the impact in carrying out their assessment of the cashflow projections.

### **14. Subsequent Events**

No matter that is material to the financial affairs of the Panel has occurred between the reporting date and the date of the approval of the annual financial statements.

# ANALYSIS OF TRANSACTIONS REVIEWED BY THE EXECUTIVE

FOR THE YEAR ENDED 31 MARCH 2022

## ANNEXURE 1: ANALYSIS OF TRANSACTIONS REVIEWED BY THE EXECUTIVE

	2022	2021
	R	R
<b>Fundamental transactions</b>	<b>31</b>	<b>28</b>
Sec 112 - Disposal of assets	6	6
Sec 113 – Amalgamations and mergers	-	-
Sec 114 – Scheme of arrangements	25	22
<b>Mandatory offers</b>	<b>11</b>	<b>7</b>
Offers under Section 123	5	-
Waiver by shareholders Regulation 86.4	6	7
<b>General offer</b>	<b>8</b>	<b>13</b>
<b>Partial offers – Section 125</b>	<b>-</b>	<b>-</b>
	<b>50</b>	<b>48</b>
<b>Rulings</b>	<b>244</b>	<b>226</b>
Sec 119.6 - Exemptions	190	195
Relaxation of Regulations	39	24
Other	15	7
<b>Advisory Opinions</b>	<b>2</b>	<b>3</b>

