VACUFORM 2000
Proprietary Limited
(Registration No. 1999/017013/07)

Annual Financial Statements
for the year ended 31 March 2020

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General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Manufactures and sells thermo-formed plastic, polyurethane and automotive components
Directors	A Taylor (Managing Director) MMD Mokgatle RJ Manyapye BK Garg V Johri A Bhakri R Gupta
Registered address	155 Van Eden Crescent Rosslyn East 0200
Business address	155 Van Eden Crescent Rosslyn East 0200
Postal address	PO Box 911-312 Rosslyn 0200
Holding company	MSSL Mauritius Holdings Limited Incorporated in Mauritius
Ultimate holding company	Motherson Sumi Systems Limited Incorporated in India
Bankers	The Standard Bank of South Africa Limited First National Bank Ned Bank Limited
Auditors	Ernst & Young Inc.
Company registration number	1999/017013/07
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently complied under the supervision of: EM Taylor CA (SA)
Published	________________________

Index

The reports and statements set out below comprise the financial statements presented to the shareholders:

The following supplementary information does not form part of the annual financial statements and is unaudited:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the year end and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all know forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2021 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

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

The annual financial statements set out on pages 8 to 41 which have been prepared on the going concern basis, were approved by the directors on 06/07/2020 and are signed on its behalf by:

Director	**Director**
AJ Taylor (Managing Director)	

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Building a better working world

Independent Auditor's Report

To the Shareholders of Vacuform 2000 Proprietary Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Vacuform 2000 Proprietary Limited ('the company') set out on pages 10 to 41, which comprise the statement of financial position as at 31 March 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Vacuform 2000 Proprietary Limited as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Annual Financial Statements* section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements of the company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 41-page document titled "Vacuform 2000 Proprietary Limited Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for Annual Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- 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 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 annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Building a better working world

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.

Ernst & Young Inc.
Director – Dawid Petrus Venter
Registered Auditor
Chartered Accountant (SA)

08 July 2020

Directors' Report

The directors submit their report for the year ended 31 March 2020.

1. Incorporation

The company was incorporated in South Africa on 6 August 1999 and obtained its certificate to commence business on same day.

2. Review of activities

Main business and operations

The company is engaged in manufacturing and selling of thermo – formed plastic, polyurethane and automotive components and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net loss of the company was R1 895 852 (2019: Profit of R5 138 052).

Registered office	155 Van Eden Crescent Rosslyn East 0200
Business address	155 Van Eden Crescent Rosslyn East 0200
Postal address	PO Box 911 – 312 Rosslyn 0200

3. General review of operations

The financial position of the company and the results of its operations for the year is set out in the attached annual financial statements and do not require further amplifications.

4. Events after the reporting period

The directors are not aware of any other matter or circumstance arising since the end of the financial year that would materially impact the annual financial statements.

5. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

6. Property, plant and equipment

There were no changes in the nature of property, plant and equipment in the policy regarding their use during the financial period.

7. Borrowings

No new borrowings were received.

8. Dividends

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

9. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	**Nationality**
AJ Taylor (Managing Director)	South African
MMD Mokgatle	South African
RJ Manyapye	South African
BK Garg	Australian
V Johri	Indian
A Bhakri	Indian
R Gupta	Indian

10. Secretary

The company has not appointed a secretary.

11. Auditors

Ernst & Young Inc will continue in office in accordance with section 90 of the Companies Act of South Africa.

12. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

13. Holding company

The company's holding company is MSSL Mauritius Holdings Limited incorporated in Mauritius.

14. Ultimate holding company

The company's ultimate holding company is Motherson Sumi Systems Limited incorporated in India.

15. Liquidity and solvency

The directors have performed the required liquidity and solvency test required by the Companies Act of South Africa.

Statement of Financial Position as at 31 March 2020

	Note	31 March 2020 R	31 March 2019 R
Assets			
Non-current assets			
Property, plant and equipment	*6*	46 846 535	21 967 510
Right-of-use assets	*7*	2 163 213	-
Goodwill	*8*	2 356 476	2 356 476
Intangible assets	*9*	569	1 519
		51 366 793	24 325 505
Current assets			
Inventories	*10*	15 971 084	16 763 803
Trade and other receivables	*11*	51 517 472	53 669 516
Cash and cash equivalents	*12*	11 724 924	27 837 834
Tax receivable		628 291	628 291
		79 841 771	98 899 444
Total assets		131 208 564	123 224 949
Equity and liabilities			
Equity			
Share capital	*13*	1 100 100	1 100 100
Retained income		7 231 167	9 127 019
		8 331 267	10 227 119
Liabilities			
Non-current liabilities			
Long term liabilities	*14*	881 545	1 647 781
Loans from shareholders	*15*	57 158 931	53 557 946
Long Term lease liabilities	*19*	1 495 448	-
		59 535 924	55 205 727
Current liabilities			
Current portion of long-term liabilities	*14*	1 082 714	1 284 993
Loans from shareholders	*15*	1 476 617	1 476 617
Trade and other payables	*16*	57 373 090	53 657 819
Deferred tax	*17*	667 829	1 372 674
Short term loan	*18*	2 032 917	-
Short term lease liabilities	*19*	708 205	-
		63 341 372	57 792 103
Total Liabilities		122 877 296	112 997 830
Total equity and liabilities		131 208 564	123 224 949

Vacuform 2000 Proprietary Limited
(Registration Number: 1999/017013/07)
Annual Financial Statements for the year ended 31 March 2020

Statement of Comprehensive Income

	Note	31 March 2020 R	31 March 2019 R
Revenue	*20*	170 923 304	200 431 194
Cost of sales	*21*	(113 705 921)	(134 083 908)
Gross profit		57 217 383	66 347 286
Other income	*22*	9 758 871	2 348 255
Operating expenses	*23*	(64 909 520)	(58 360 087)
Operating profit		2 066 733	10 335 454
Investment revenue	*24*	666 649	536 910
Finance costs	*25*	(5 334 080)	(4 162 333)
(Loss) /profit before taxation		(2 600 697)	6 710 031
Income tax	*26*	704 845	(1 571 979)
(Loss) /profit for the year		(1 895 852)	5 138 052
Total comprehensive (loss) /income for the year		**(1 895 852)**	**5 138 052**

Vacuform 2000 Proprietary Limited
(Registration Number: 1999/017013/07)
Annual Financial Statements for the year ended 31 March 2020

Statement of Changes in Equity

	Share Capital	Share premium	Retained income/ (Accumulated loss)	Total
	R	R	R	R
Balance as at 31 March 2018	**100**	**1 100 000**	**3 988 967**	**5 089 067**
Total comprehensive profit for the year	-	-	5 138 052	5 138 052
Balance as at 31 March 2019	**100**	**1 100 000**	**9 127 019**	**10 227 119**
(Loss) for the year			(1 895 852)	(1 895 852)
Total comprehensive (loss) for the year	-	-	(1 895 852)	(1 895 850)
Balance as at 31 March 2020	**100**	**1 100 000**	**7 231 167**	**8 331 267**

	Note	31 March 2020 R	31 March 2019 R
Cash generated from operations	*28.1*	11 550 772	27 886 511
Interest income		666 649	536 910
Finance cost		(5 229 102)	(4 162 333)
Taxation paid	*28.2*	-	(827 596)
Net cash flows from operating activities		6 988 319	23 433 492
Cash flows from investing activities			
(Additions) to property, plant, and equipment		(28 673 743)	(2 651 708)
Disposal of fixed assets		-	164 671
Net cash flows from investing activities		(28 673 743)	(2 487 037)
Cash flows from financing activities			
Increase in shareholders' loans		3 600 985	3 622 567
Movement in loan payable		2 032 917	-
Repayment of long-term liabilities		(968 515)	(5 940 503)
Net cash flows from financing activities		4 665 387	(2 317 936)
Total cash and cash equivalents movement for the year		(16 112 910)	18 628 519
Cash at beginning of the year		27 837 834	9 209 315
Total cash and cash equivalents at end of the year	*12*	11 724 924	27 837 834

Accounting Policies

Vacuform 2000 Proprietary Limited (the company) is a company domiciled in the Republic of South Africa.

1. Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value and incorporate the principal accounting policies set out below. They are presented in South African Rand.

These accounting policies are consistent with the previous period.

1.1 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.

Significant judgements include:

Trade receivables
The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit/loss when there is objective evidence that the balance is impaired, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the receivable is impaired.

Impairment testing
The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. 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 for expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with other economic factors.

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

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

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Residual values and useful lives of plant and equipment
The directors reviewed the residual values, useful lives and carrying amount of its plant and equipment to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss. The directors judged a residual value of zero as a result of the fact that furniture and equipment are held for trading and are normally scrapped.

1.2 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The cost of self-constructed assets includes the cost of material and direct labour.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Land is not depreciated. Property, plant and equipment is depreciated on the straight-line basis over its expected useful lives to the estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Item	Average useful life
Buildings	20 years
Computer equipment	3 years
Furniture and fittings	10 years
Motor vehicles	5 years
Plant and equipment	10 years
Electrical installation	10 years
Moulds	3 years
Office equipment	5 years

Capital work in progress is reflected at cost and is only depreciated once available for use as intended by management.

The residual value, useful life and depreciation method of each asset is reviewed, and adjusted if appropriate, at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

Accounting Policies

1.2 Property, plant and equipment (continued)

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Assets acquired by instalments sale agreements

Assets acquired in terms of instalment credit agreements are capitalised at their cash cost equivalent and the corresponding liability to the financier is raised. Instalments paid are allocated using the effective interest rate method to determine the finance cost, which is charged against income, and the capital repayment, which reduces the liability to the financier. These assets are depreciated on the same basis as similar categories of property, plant and equipment owned by the company over the estimated useful life of the asset.

1.3 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquired and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisitions of subsidiaries is included in ‘intangible assets’. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of any entity include the carrying amount of goodwill relating to the entity sold.

Goodwill represents the excess of the cost of an acquisition over the fair value of the company’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in ‘intangible assets’.

Goodwill is tested annually for impairment and 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.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the
- cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

Accounting Policies

1.4 Intangible assets (continued)

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

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

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

Item	**Useful life**
Computer software	3 years

1.5 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Accounting Policies

1.5 Financial instruments (continued)

Subsequent measurement (continued)

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the company's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Gains and losses on subsequent measurement

Gains and losses arising from the change in fair value of the financial instruments that are not part of a relationship are included in net profit or loss for the period in which the change occurs.

Accounting Policies

1.5 Financial instruments (continued)

Offsetting financial instruments

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

1.6 Income tax

Current income tax assets and liabilities

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

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Accounting Policies

1.6 Income tax (continued)

Income tax expenses (continued)

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

The company has applied IFRS 16 using the modification retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4 are disclosed separately if they are different from those under IFRS 16 and the impact of changes is disclosed in notes 27.

A. Significant accounting policy

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for the consideration. To assess whether a contract conveys the right to control the use of an identified assets, the company assesses whether.

- The contract involves the use of an identified asset- this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified:
- The company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use: and
- The company has the right to direct the use of the assets. The company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare case where the decision about how and for what purpose the asset is used is predetermined, the company has the right to direct the use of the asset if either:
- The company has the right to operate the asset: or
- The company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.
At inception or on reassessment of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and building in which it is a lessee, the company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Policy applicable from 1st April 2019

For contracts entered into before 1st April 2019, the company determined whether the arrangement was or contained a lease based on the assessment of whether:

Fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- The arrangement has conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met;
- The purchaser has the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
- Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

Accounting Policies

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

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

Raw materials and consumable stores and spares are measured at costs or net realisable value on a first-in-first out basis.

Work in progress is measured at cost of raw material, determined as above, direct labour and an appropriate portion of manufacturing overheads.

1.9 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.
The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

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

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

Accounting Policies

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service), are recognised in the period on which the service is rendered and are not discounted.

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

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

1.11 Provisional and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

1.12 Government grants

Government grants are recognised when there is reasonable assurance that:

- the company will comply with the conditions attaching to them; and
- the grants will be received.

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 during the period in which it becomes receivable.
Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the assets.
Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.
Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

Accounting Policies

1.13 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Revenue is earned from two separate revenue streams:

1) Tooling revenue

The Company changed its accounting policy with respect to the recognition of tooling revenue. The Company applies the ‘percentage of completion method’ to determine the appropriate amount to recognize in a given period. The Company determines the stage of completion on the basis of milestones achieved to date. When the outcome of a contract can be estimated reliably, and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable. The company does not recognize profit on booking of such revenue (“Zero profit margin method”) the costs include all expenses incurred in direct relation to the specific projects and a proportion of the fixed and variable general costs incurred on the basis of normal capacity for the Company’s contracts. On the balance sheet, the Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Prior to this change in policy the Company recognized tooling based on the ‘completed contract method’.

The Company believes that the new policy is preferable and it aligns more closely to the accounting for tooling transactions based on ‘percentage of completion method’.

The impact of this change in accounting policy on the financial statements is primarily on the recognition of revenue and cost on achievement/completion of milestone of related tooling transactions. This change did not result in a material impact on the profitability of the current year or any years included within these financial statements. The impact on each line item of the primary financial statements since the adoption of above is provided as restated figures on the respective years.

2) Deferred revenue

Deferred revenue is earned in its entirety from the sale of tools to contract customers. The deferred revenue is recognised per the conditions and terms as set out in the customer contracts. Balances will be transferred from deferred revenue to revenue on the passing of risks and rewards to the contract customer per the revenue recognition criteria above.

Accounting Policies

3) Component revenue

Component revenue is earned from the manufacture and supply of motor vehicle components to the various contract customers. The risks and rewards of ownership are transferred to the customer on delivery of the components to the customers' premises.

All recognition criteria are applied when accounting for both revenue streams per the conditions above.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to the annual financial statements

2. New Standards and Interpretations

2.1 Standards and Interpretations

These standards and interpretations will have an immaterial effect on the above financial statements except where otherwise noted.

New pronouncements applicable to the 31 March 2020 year-end

The company applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below in note no 27 . The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

The following new and amended IFRSs did not have any impact on the accounting policies, financial position or performance of the Company:

Title	Effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments – Classification and Measurement, and Disclosures	1 January 2019
Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2	1 January 2019
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	1 January 2019
Transfers of Investment Property - Amendments to IAS 40	1 January 2019
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2019
AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters	1 January 2019
IFRS 15 Revenue from Contracts with Customers	1 January 2019

The adoption of the above standards and/or interpretations did not have any material impact on the financial statement

2.2 Standards issued but not yet effective

The Company expects that adoption of these standards, amendments and interpretations will in most cases not have any significant impact on the Company's financial position or performance in the period of initial application.

Standards issued, but not yet effective are listed below:

Title	Effective date (annual periods beginning on or after)
IFRS 17 Insurance Contracts	1 Jan 2020
Conceptual Framework for Financial Reporting	1 Jan 2021

Note: An entity shall apply the amendments for annual periods beginning on or after 1 January 2019. If an entity applies the standard for an earlier period, these amendments shall be applied for that earlier period.

Notes to the annual financial statements

3. Risk management

Capital risk management

The company policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The company monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 31 March 2020 and 31 March 2019 are as follows:

	31 March 2020	31 March 2019
Long term debts	59 517 093	56 682 344
Current maturity of long-term debts	1 082 714	1 284 993
Less: Cash and cash equivalents	11 724 924	27 837 834
Net debts	**48 874 883**	**30 129 503**
Total equity	8 725 972	10 227 119
Total capital	57 600 855	40 356 621
Gearing ratio	**84%**	**75%**

The increase in the gearing ratio during the 2020 financial year resulted due to accumulation of Interest on shareholders loan and loss during the year.

Financial risk management

The company's activities expose it to a variety of financial risk, market risk (including currency risk, cash flow and interest rate risk), credit risk and liquidity risk.

The company's principal financial instruments comprise of the following loans and receivables (including trade and other receivables and cash and cash equivalents) and held to maturity financial instruments. The main purpose of these financial instruments is to fund the company's current and future operations. The majority of the company's financial instruments arise directly from its operations.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach in managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

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

At 31 March 2020	**Within 1 Year**	**Within 5 Years**
Shareholders loans	1 476 617	57 158 931
Trade and other payables	42 084 881	-
IDC loans	800 004	699 986
Vehicle Finance	282 710	181 559

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

3. Risk management (continued)

At 31 March 2019	**Within 1 Year**	**Within 5 Years**
Shareholders loans	1 476 617	53 557 946
Trade and other payables	41 186 143	-
IDC loans	1 111 580	1 513 781
Vehicle Finance	173 413	133 999

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return. The company is exposed to the following market risks: interest rate risk and foreign exchange risk.

Interest rate risk

As the company has no interest-bearing assets, the company's income and operating cash flows are independent of changes in market interest rates.

The company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Currently the borrowings of the company are at variable rates.

The following table reflects the market value of the company's interest-bearing liabilities as reflected in note 14 and shareholders' loans which are reflected in note 15.

Sensitivity analysis

The company analyses its interest rate exposure. The company calculates the impact on profit and loss by simulating scenarios of interest rate shifts. These are done only for major interest-bearing liabilities. Based on the simulation the impact on post tax profit of a 1 percent shift would be a maximum increase or decrease of R347 741 (2019: R353 542).

IDC loan	1 499 990	2 625 361
Vehicle Finance	464 269	307 412
Shareholders loans:		
MSSL Mauritius Holdings Limited	46 862 277	44 133 421
AJ Taylor	2 000 000	2 000 000
WJ du Toit	7 082 462	6 410 701

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. For other financial assets the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

3. Risk management (continued)

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

Financial instrument		
Trade receivables	49 161 437	53 177 540
Cash and cash equivalents	11 724 924	27 837 834

Foreign exchange risk
The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The company does not hedge foreign exchange fluctuations.

The following table reflects the market value of the company's liabilities at year end in other currencies.

Foreign currency exposure at the end of the reporting period	**31 March 2020**	**31 March 2019**
Liabilities		
Bureau Veritas India Private EUR 82 102.91	36 657	-
CMS Spa EUR 43890.00	860 244	-
Trocellen creditor, USD 82 102.94 (2019: 112 441.65)	1 459 248	1 681 003
Kautex Tectron – Creditor USD (2019: 273.23)	-	4 085
Nengbo Henshuai – Creditor USD (2019: 12)	-	179
Cheauyan Design – Creditor USD (2019: 7810.40)	-	116 765
Rochelling creditor, EUR 102 909.32 (2019: EUR 273.23)	2 965 921	-
Motherson Auto Limited, USD 2088	37 125	-
Motherson Air Travel Agency INR 1870.26	380	-
Geiss EUR 7 948.31 (2019: 7 948.31)	-	129 240
IMATUVE EUR 234 (2019: 234)	-	3 805
SCCL Global Projects, USD 35 620.93 (2019: 26 142.22)	464 809	-
SK Auto India INR (2019: 322 330.00)	-	67 689
MSSL GMBH EUR 12039 (2019: 11844)	235 964	192 583
Vehicle Certification Agency GBP (2019: 268)	-	5 068

Exchange rates used for conversion of foreign items were:		
US Dollar	17.78	14.95
EURO	19.60	16.26
INR	0.23	0.21
GDP	18.91	18.91

Sensitivity analysis

A 25 percent strengthening of the Rand against the USD and EURO currency as at 31 March 2020 would have increased loss by the amount R1 290 767 (2019: R550 104). This analysis assumes that all other variables, in particular interest rates, remains constant. A 25 percent weakening of the Rand against the same currency will have an equal but opposite effect on the profit and loss, on the basis that all other factors remain constant.

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

4. Financial assets by category

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

2020	**Loans and Receivables**	**Total**
Trade and other receivables	51 517 472	49 138 454
Cash and cash equivalents	11 724 924	11 724 924
	63 242 396	60 863 378

2019	**Loans and Receivables**	**Total**
Trade and other receivables	53 669 516	53 141 759
Cash and cash equivalents	27 837 834	27 837 834
	81 507 349	80 979 593

5. Financial liabilities by category

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

2020	**Loans and Payables**	**Total**
Long term liabilities	881 545	881 545
Shareholders' loans	58 635 548	58 635 548
Trade and other payables	57 373 090	42 084 881
Current portion of long term liabilities	1 082 714	1 082 714
	117 972 897	102 684 688

2019	**Loans and Payables**	**Total**
Long term liabilities	1 647 781	1 647 781
Shareholders' loans	55 034 563	55 034 563
Trade and other payables	53 657 819	39 712 922
Current portion of long-term liabilities	1 284 993	1 284 993
	111 625 156	97 680 259

6. Property, plant and equipment

2020	Cost R	Accumulated Depreciation R	Net book Value R
Owned assets			
Land	610 181	-	610 181
Buildings	7 166 661	4 880 069	2 286 592
Plant and equipment	40 054 916	23 041 862	17 013 055
Furniture and fittings	71 222	68 660	2 562
Motor vehicles	1 786 091	1 254 659	531 432
Office equipment	173 745	150 442	23 303
Computer equipment	858 836	590 009	268 826
Moulds	164 150	164 150	-
Capital work in progress	26 110 585	-	26 110 585
	76 996 386	30 149 851	46 846 535

2019	Cost R	Accumulated Depreciation R	Net book Value R
Owned assets			
Land	610 181	-	610 181
Buildings	7 166 661	4 521 736	2 644 925
Plant and equipment	36 990 974	19 825 861	17 165 113
Furniture and fittings	68 423	68 423	-
Motor vehicles	1 350 756	1 116 448	234 308
Office equipment	164 575	145 049	19 526
Computer equipment	513 466	513 466	-
Moulds	164 150	164 150	-
Capital work in progress	1 293 457	-	1 293 457
	48 322 643	26 355 133	21 967 510

Land and buildings consist of the following properties:

Erf 328, Rosslyn East, City of Tshwane Metropolitan Municipality, Registration Division JR, Gauteng measuring 5 240 square metres. The property is held under title deed T 10991/2001 and encumbered per note 14.

Erf 157, Rosslyn East, City of Tshwane Metropolitan Municipality, Registration Division JR, Gauteng measuring 2 400 square metres acquired on 29 November 2004. The property is held under title deed T 87823/2005 and encumbered per note 14.

Notes to the annual financial statements

6. Property, plant and equipment (Continued)

Reconciliation of property, plant and equipment assets – 2020

	2019 R	Additions R	Disposals R	Transfers R	Depreciation R	2020 R
Owned assets						
Land	610 181	-	-	-	-	610 181
Buildings	2 644 925	-	-	-	(358 333)	2 286 592
Plant and equipment	17 165 113	3 063 943	-	-	(3 216 001)	17 013 055
Furniture and fittings	-	2 799	-	-	(237)	2 562
Motor vehicles	234 308	435 335	-	-	(138 211)	531 432
Office equipment	19 526	9 170	-	-	(5 393)	23 303
Computer equipment	-	345 369			(76 543)	268 826
Capital work in progress	1 293 457	27 622 860	-	(2 805 732)	-	26 110 585
	21 967 510	31 479 475	-	(2 805 732)	(3 794 718)	46 846 536

Reconciliation of property, plant and equipment assets – 2019

	2018 R	Additions R	Disposals R	Transfers R	Depreciation R	2019 R
Owned assets						
Land	610 181	-	-	-	-	610 181
Buildings	3 000 288	-	-	-	(377 180)	2 623 108
Plant and equipment	16 475 065	3 885 205	-	-	(3 173 911)	17 186 359
Furniture and fittings	3 713	-	-	-	(3 713)	-
Motor vehicles	379 178	170 578	(164 671)	-	(150 777)	234 308
Office equipment	2 257	21 582	-	-	(3 742)	20 097
Moulds	27 025	-	-	-	(27 025)	-
Capital work in progress	2 719 114	2 459 548	-	(3 885 205)	-	1 293 457
	23 216 821	6 536 913	(164 671)	(3 885 205)	(3 736 348)	21 967 510

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

7. Right-of-use assets

IFRS 16.47 requires a lessee to either present in the statement of financial position, or disclose in the notes, the right-of-use assets separately from other assets and lease liabilities separately from other liabilities. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee is required to include right-of-use assets within the same line item that the corresponding underlying assets would be presented if they were owned (e.g., under property, plant and equipment) and it is required to disclose which line items in the statement of financial position include those right-of-use assets. Similarly, if the lessee does not present lease liabilities separately in the statement of financial position, the lessee is required to disclose the line items in the statement of financial position which include those liabilities. The Company presented its ‘Right-of-use assets’ separately in the statement of financial position. The related lease liabilities were presented separately.

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

7. Right-of-use assets (Continued)

2020	**Cost R**	**Accumulated Depreciation R**	**Net book Value R**
Land	278 649	278 648	1
Buildings	828 123	276 420	551 703
Plant and equipment	964 658	31 663	932 995
Motor vehicles	744 403	65 889	678 514
	2 815 833	652 620	2 163 213

8. Goodwill

	2020	2019
Goodwill – at cost	2 356 476	2 356 476

Goodwill arose as a result of the purchase price exceeding the net book value of assets purchased from Vacuform Proprietary limited. Goodwill is allocated to the company's cash – generating units (CGUs) identified according to business segments.

The key assumptions used for the value-in-use calculations are as follows:

	2020	2019
Vacuform 2000 Proprietary Limited		
Gross margin	16%	16%
Growth rate	6.3%	6.3%
Discount rate (pre-tax)	8%	8%

9. Intangible assets

2020	**Cost R**	**Accumulated Amortisation R**	**Carrying Value R**
Computer software	1 057 557	(1 056 988)	569

2019	**Cost R**	**Accumulated Amortisation R**	**Carrying Value R**
Computer software	1 057 557	(1 056 038)	1 519

Reconciliation of Intangible assets – 2020

	2019 R	**Depreciation R**	**2020 R**
Computer software	1 519	(950)	569

Reconciliation of Intangible assets – 2019

	2018 R	**Depreciation R**	**2019 R**
Computer software	2 185	(666)	1 519

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

10. Inventories

Raw materials	12 317 305	10 344 096
Work in progress	914 223	3 861 881
Finished goods	2 739 556	2 557 826
	15 971 084	16 763 803

The cost of inventories recognised as an expense and included in "cost of sales" amounted to R113 705 921 (2019: R134 083 908) as referenced in note 21.

11. Trade and other receivables

Trade receivables	29 587 782	38 974 764
Deposits	202 429	118 972
South African Revenue Services – VAT	2 153 606	373 004
Other receivables	19 573 654	14 202 776
	51 517 472	53 669 516

Fair value of trade and other receivables

Trade and other receivables	51 517 472	53 669 516

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 6 months past due date are not considered to be impaired.
At 31 March 2020, R 1 325 763 (2019: R 2 553 210) were past due date but not impaired.

Trade and other receivables past due but not impaired

The ageing of amount past due date but not impaired is as follows:

Past due 0 – 30 days	20 920 191	27 707 373
Past due 31 – 120 days	7 267 982	2 465 194
More than 121 days	1 325 763	2 553 210
	29 513 936	32 725 777

Due to the short-term nature of current receivables, their carrying amount is assumed to be the same as their fair value. The effect of discounting is negligible. The fair value is classified as level 3 fair value in the fair value hierarchy due to the inclusion of unobservable inputs, including contemporary credit risk.

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

The allowance accounts in respect of trade receivables are used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is written off against the assets directly.

Notes to the annual financial statements	31 March 2020 R	31 March 2019 R

12. Cash and cash equivalents

For the purpose of the statement of cash flows, cash, cash equivalents and bank overdrafts include total cash assets less bank overdrafts.

Current accounts	9 309	12 110
Cash on hand	11 715 615	27 825 724
Cash on hand in the cash flow statement	11 724 924	27 837 834

13. Share capital

Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
Issued		
100 Ordinary shares of R1 each	100	100
Share premium	1 100 000	1 100 000
	1 100 100	1 100 100

14. Long term liabilities

Secured		
Industrial Development Corporation of South Africa Limited		
IDC Loan number: 246		
The loan is repayable in 60 monthly payments commencing on 31 January 2015. Interest is payable at prime less 3%.	-	311 576
IDC Loan number: 856		
The loan is repayable in 60 monthly payments commencing on 30 September 2017. Interest is payable at prime less 3%.	1 499 990	2 313 785
Standard Bank Vehicle Finance		
The loan is repayable in 60 monthly payments commencing on 01 November 2015. Interest is payable at prime plus 0.50%	113 488	307 413
NED Bank		
The loan is repayable in 36 monthly payments commencing on 01 August 2019. Interest is payable at prime	350 781	-
	1 964 259	2 932 774

The IDC loans are secured by means of the following securities:
-Joint and several suretyships in favour of the IDC by all shareholders for loans provided to Vacuform.
-All shares held in Vacuform are ceded/pledged to the IDC.
-All shareholder loans are ceded to the IDC.
-General Notarial Bond over all moveable assets for R17 750 000
-Mortgage Bond over ERF 328 for R13 500 000
-Mortgage Bond over ERF 157 for R1 900 000
-Special Notarial Bond over new assets to be financed for R4 000 000

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

14. Long term liabilities (Continued)

Secured

Industrial Development Corporation of South Africa Limited

The Standard Bank vehicle finance is secured by means of value of the respective vehicles under contract.

Non-current liabilities	881 545	1 647 781
Current liabilities	1 082 714	1 284 993
	1 964 259	2 932 774

15. Shareholders' loans

RJ Manyapye	30 000	30 000
AJ Taylor	4 260 809	4 060 440
WJ du Toit	7 082 462	6 410 702
MMD Mokgatle	400 000	400 000
MSSL Mauritius Holdings Limited	46 862 277	44 133 421
	58 635 548	55 034 563

Non – current liabilities

AJ Taylor	3 214 192	3 013 823
WJ du Toit	7 082 462	6 410 702
MSSL Mauritius Holdings Limited	46 862 277	44 133 421
	57 158 931	53 557 946

The shareholders loans are only repayable upon repayment of the IDC loan agreement. The payment of the shareholders' loans is readily only applicable from 1 April 2020.

Current liabilities

RJ Manyapye	30 000	30 000
AJ Taylor	1 046 617	1 046 617
MMD Mokgatle	400 000	400 000
	1 476 617	1 476 617

The above loans are unsecured, interest free and terms of repayment have not been determined, except for the following:
- R 2 000 000 of the loan from AJ Taylor carries interest at prime rate.
- The principal and accrued interest from WJ Du Toit carries interest at prime rate.
- MSSL Mauritius Holdings Limited loan carries an interest at prime rate on principal amount.

16. Trade and other payables

Trade payables	22 795 291	29 035 798
Deferred income	14 074 652	12 832 043
Accrued leave pay	729 222	944 364
Accrued bonus	321 601	(17 584)
Payroll accruals	162 734	186 074
Other payables	19 289 589	10 677 124
	57 373 090	53 657 819

Notes to the annual financial statements	31 March 2020 R	31 March 2019 R

16. Trade and other payables (Continued)

Fair value of trade and other payables

Trade and other payables	57 373 090	53 657 819

The fair value of trade and payables approximate their carrying value at the end of the year, due to their short term nature

17. Deferred tax

Deferred tax asset		
Deferred tax on provision	294 231	259 498
Deferred tax on unutilized tax losses	458 573	-
Deferred tax on unrealized forex gain / losses	279 901	-
Deferred tax on income received in advance	3 906 105	2 885 522
	4 938 809	3 145 020
Deferred tax liability		
Deferred tax on fixed assets	3 482 795	4 517 694
Deferred tax on provision for doubtful debts	-	-
Deferred tax on Section 24C allowance	2 123 843	-
	5 606 638	4 517 694
Deferred tax		
Current deferred tax asset	4 938 809	3 145 020
Deferred tax liability	(5 606 638)	(4 517 694)
	667 829	1 372 674

18. Short term loan

MSSL RSA – Short term loan	2 032 917	-
	2 032 917	-

19. Lease liabilities

Long term lease liabilities	1 495 448	-
Short term lease liabilities	708 205	-
	2 203 653	-

20. Revenue

Component sales	153 273 484	185 139 908
Tooling revenue	17 649 820	15 291 286
	170 923 304	200 431 194

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

21. Cost of sales

Inventory at beginning of period	16 763 803	18 167 398
Purchases	112 913 203	132 680 313
	129 677 005	150 847 711
Less: Inventory at closing of period	15 971 084	16 763 803
Cost of goods sold	113 705 921	134 083 908

22. Other income

Miscellaneous income	9 758 871	2 183 584
Profit on sale on fixed assets	-	164 671
	9 758 871	2 348 255

23. Expenses by nature

Operating profit is arrived at after taking into account:		
Audit fees	242 689	232 605
Depreciation and amortisation	4 448 289	3 737 014
Donations	5 000	6 837
Employee costs	35 503 567	31 256 392
Fines and penalties	6 345	-
Lease rentals on operating lease	2 241 080	2 783 690
Loss on forex exchange differences	1 178 611	887 555
Municipal expenses	4 650 417	5 382 673
Other expenses	11 210 421	7 272 534
Production costs of goods for sale - refer note.20	113 705 921	134 083 908
Repairs and maintenance	4 414 485	6 040 374
Transportation expenses	1 008 617	760 413
Total costs of sales, distribution costs and administrative expenses	178 615 441	192 443 995

24. Investment revenue

Interest received	666 649	536 910
	666 649	536 910

25. Finance expense

Interest on long term loans	5 158 226	4 101 957
Other interest	175 854	60 376
	5 334 080	4 162 333

Notes to the annual financial statements

26. Income tax expense

	31 March 2020 R	31 March 2019 R
Major components of the income tax expense		
Income tax – current	-	199 305
Deferred tax – current	(704 845)	1 372 674
	(704 845)	1 571 979

Reconciliation of the income tax expense

Reconciliation between accounting profit and income tax expense.

	31 March 2020 R	31 March 2019 R
Accounting (loss) /profit	(2 600 697)	6 710 031
Tax at the applicable tax rate of 28%	-	1 878 808
Tax effect of adjustments on taxable income		
Unrecognised deferred tax asset on assessed loss	-	(1 679 503)
Tax applicable rate @ 28%	-	199 305

27. Effect of adoption of IFRS16

IFRS 16.49 requires a lessee to present in the statement of profit or loss, the interest expense on lease liabilities separately from the depreciation charge for the right-of-use asset. The interest expense on the lease liabilities is a component of finance costs, which IAS 1.82(b) requires to be presented separately in the statement of profit or loss. Consistent with this requirement, the Company presented interest expense on lease liabilities and the depreciation charge on the right-of-use asset under 'cost of sales' and 'administrative expenses' in P & L A/c.

	31 March 2020 R	31 March 2019 R
Depreciation	652 620	-
Finance cost	104 978	-
Lease charge	(717 158)	-
	(40 440)	-

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

28. Notes to the cash flow statement

28.1 Cash generated by operations

Net (loss) /profit before taxation	(2 560 257)	6 710 031
Adjusted for:		
Depreciation and amortisation	3 795 668	3 737 014
Interest received	(666 649)	(536 910)
Finance expense	5 229 102	4 162 333
Operating profit before working capital changes	5 797 863	14 072 468
Decrease in inventories	792 719	1 403 595
Decrease in trade and other receivables	2 152 043	1 340 955
Increase in trade and other payables	3 715 270	11 069 493
(Decrease) in deferred income	(704 845)	-
	11 550 772	27 886 511

28.2 Taxation paid

Amount outstanding at beginning of the year	(628 291)	-
Normal income taxation	-	199 305
Amount to be refunded at end of the year	628 291	628 291
	-	827 596

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

29. Related parties

Relationships

Ultimate holding company	Motherson Sumi Systems Limited
Holding company	MSSL Mauritius Holdings Limited
Related parties	MSSL Global RSA Module Engineering Limited
	Edcol Global Proprietary Limited
	MothersonSumi Infotech and Designs Limited
	Motherson Auto Limited
Key management and personnel	RJ Manyapye
	AJ Taylor
	WJ Du Toit
	MMD Mokgatle
	BK Garg
	V Johri
	A Bhakri
	R Gupta

Related party balances

Loan accounts – owing to related parties		
RJ Manyapye	30 000	30 000
AJ Taylor	4 260 809	4 060 440
WJ du Toit	7 082 462	6 410 701
MMD Mokgatle	400 000	400 000
MSSL Mauritius Holdings Limited	46 862 277	44 133 421
MSSL Global RSA	2 032 917	-
	60 668 465	55 034 562

Amounts included in trade receivables regarding related parties		
MSSL Global RSA Module Engineering Limited	120 711	118 476
	120 711	118 476

Amounts included in trade payables regarding related parties		
MothersonSumi Infotech and Designs Limited	(487 636)	(30 193)
MSSL Global RSA Module Engineering Limited	(412 079)	821 088
MSSL GMBH	(193 656)	(190 865)
Motherson Air Travel Agency	(26 406)	(81 261)
Motherson Auto Limited	(30 899)	-
SCCL Global Projects FZE	(372 353)	-
	(1 523 029)	518 769

Sales to related parties		
MSSL Global RSA Module Engineering Limited	1 288	41 278
	1 288	41 278

Notes to the annual financial statements	**31 March 2020 R**	**31 March 2019 R**

29. Related parties (Continued)

Related party transactions

Purchases from related parties		
MothersonSumi Infotech and Designs Limited	791 196	637 499
MSSL Global RSA Module Engineering Limited	921 781	795 690
MSSL GMBH	193 656	213 016
Motherson Auto Limited	30 899	14 931
Motherson Air Travel Agency	179 948	81 281
SCCL Global Projects	372 353	-
	2 363 742	1 742 417

Interest expenses on long term related party loans		
MSSL Mauritius Holding Limited	2 728 856	2 795 545
MSSL Global RSA Module Engineering Limited	32 917	-
	2 761 773	2 795 545

Remuneration to key management and personnel		
AJ Taylor	2 518 632	2 248 799

Detailed income statement
for the year ended 31 March 2020

	31 March 2020 R	31 March 2019 R
Sales	170 923 304	200 431 194
Revenue	170 923 304	200 431 194
Cost of sales	(113 705 921)	(134 083 908)
Inventory at beginning of period	16 763 803	18 167 398
Purchases	112 913 203	132 680 313
	129 677 005	150 847 711
Less: Inventory at end of period	(15 971 084)	(16 763 803)
Gross profit	57 217 383	66 347 286
Other income	10 425520	2 885 165
Interest received	666 649	536 910
Other income	9 758 871	2 348 255
	67 642 903	69 232 451
Less: Expenditure	(70 243 600)	(62 522 420)
Net (loss) /profit before taxation	(2 600 697)	6 710 031
Less: Taxation	704 845	(1 571 979)
Net (loss) /profit for the year	(1 895 852)	5 138 052
Total comprehensive (loss) /income for the year	(1 895 852)	5 138 052

The supplementary information presented on page 42 and page 43 does not form part of the annual financial statements and is unaudited.

Detailed income statement

for the year ended 31 March 2020

	31 March 2020 R	31 March 2019 R
Expenditure	70 243 600	62 522 420
Advertising and promotions	34 058	105 829
Auditors' remuneration	242 689	232 605
Bank charges	163 230	179 429
Computer expenses	798 431	501 501
Consumables stores	1 049 537	780 359
Courier and postage	-	495
Depreciation and amortisation	4 448 289	3 737 014
Discount allowed	(256)	-
Donations	5 000	6 837
Electricity, water, rates and taxes	4 650 417	5 382 673
Finance costs	5 334 080	4 162 333
Freight charges	1 008 617	760 413
General expenses	3 088 111	214 961
Insurance	674 839	508 006
Legal and professional fees	1 721 185	1 538 905
Loss on foreign transactions	1 178 611	887 555
Motor vehicle expenses	1 103 300	1 064 373
Printing and stationery	455 249	264 201
Penalties	6 345	-
Protective clothing	128 702	92 878
Quality control	289 470	72 662
Rental	2 241 080	2 783 690
Repairs and maintenance	4 414 485	6 040 374
Salaries and wages	35 503 567	31 256 392
Security	667 851	437 590
Staff training	226 593	212 523
Subscriptions	68 767	121 365
Telephone and fax	431 408	488 684
Travel and accommodation	309 944	688 773

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