SABS

INTEGRATED ANNUAL REPORT 2023/24

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SABS

GENERAL INFORMATION
SOUTH AFRICAN BUREAU OF STANDARDS

(Incorporated via an Act of Parliament and domiciled in the Republic of South Africa)

SABS COMMERCIAL SOC LIMITED (WHOLLY OWNED SUBSIDIARY)

Registration Number: 2000/013581/30

PHYSICAL ADDRESS

1 Dr Lategan Road

Groenkloof

Pretoria, 0001

POSTAL ADDRESS

Private Bag X191

Pretoria, 0001

CONTACT DETAILS

Telephone: +27 12 428 7911 or +27 0 861 27 7227

Email: info@sabs.co.za

Website: www.sabs.co.za

COMPANY SECRETARY

Jaarman Charles Kgoale

Telephone: +27 12 428 6536

Email: Charles.Kgoale@sabs.co.za

BANKER

ABSA

15 Troye Street

Johannesburg, 2001

AUDITORS

Auditor-General of South Africa

4 Daventry Street

Lynnwood Bridge Office Park

Lynnwood Manor

Pretoria, 0081

FEEDBACK

The SABS is committed to effecting further improvements to this report and would appreciate any constructive feedback.

Comments can be directed to the Acting Head of Corporate Strategy, Stakeholder Relations and Media, Ms Mpodi Manaka, at Mpodi.Manaka@sabs.co.za, or submitted at 1 Dr Lategan Road, Groenkloof, Pretoria, 0001.

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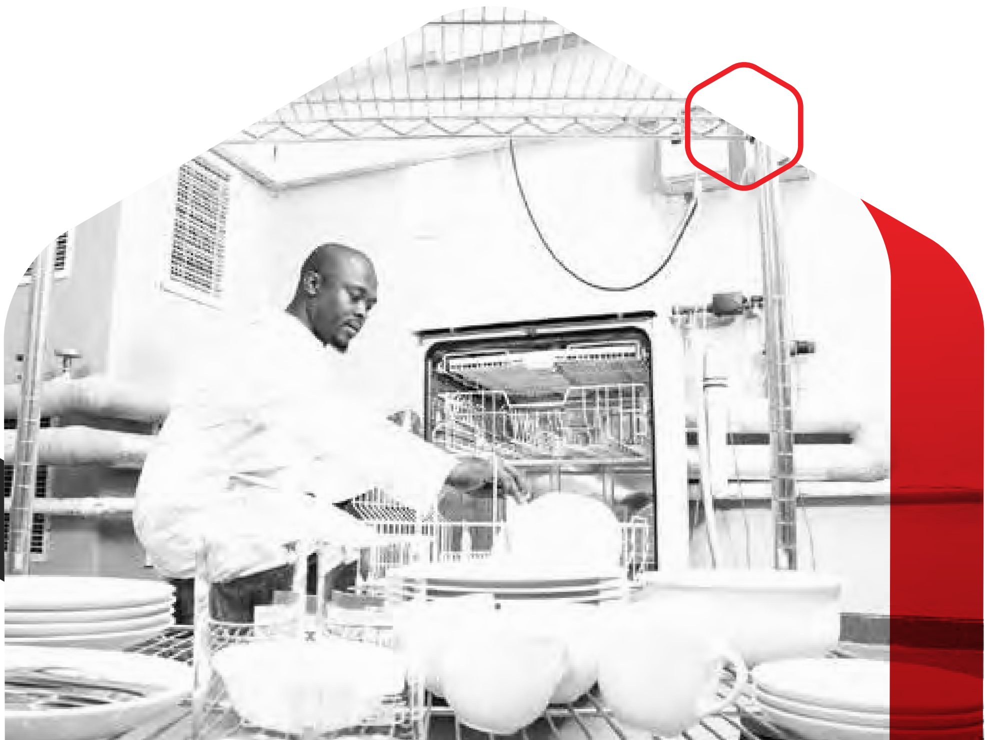


PART A

INTRODUCTION

ABOUT THIS REPORT

1

The South African Bureau of Standards presents its FY2023/24 (FY24) Integrated Annual Report, which provides a comprehensive view of the organisation's activities during FY24.

The information and disclosures in this report are based on the principles of materiality (page 45). The report is structured around eight material issues, details of which are on page 46. The report was compiled according to the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework. The report structure and the information presented are aligned with international standards and frameworks, and discussions about value creation are built on the six capitals identified by the IIRC.

Our financial reporting complies with the International Financial Reporting Standards (IFRS), the South African Companies Act and the Public Finance Management Act (PFMA). The SABS subscribes to the principles of good governance of King IV and contributes to the achievement of the United Nations Sustainable Development Goals (UNSDGs), with details included in the materiality discussion on pages 45 - 46. The Board reviewed this report and approved it on 29 August 2024. The Auditor-General South Africa (AGSA) provided assurance on the group's audited financial statements and issued an unqualified audit opinion.

SCOPE AND BOUNDARY

This integrated report covers our strategy and performance from 1 April 2023 to 31 March 2024. There were no significant changes to the scope and boundary from the previous financial year. The report represents our organisational overview and external environment, governance, business model, risk and opportunities, strategy, performance, outlook and basis of presentation. Our reporting considers the perspectives of key stakeholders with significant influence or considerable interest in the SABS. The report also provides insight into the nature and quality of the organisation's relationships with its key stakeholders.

The SABS strives to strategically engage with its diverse representation of stakeholders as it implements key strategic projects that are aligned with the legislative mandate of the organisation thereby enriching its credibility through transparent reporting practices. The report is produced annually and includes the SABS' performance and activities across various portfolios of services and locations.

DISCLOSURES

The SABS Board, supported by the Audit and Risk Committee, is responsible for providing oversight on governance including internal controls, which identify, evaluate, manage, and provide reasonable assurance on the Annual Financial Statements (AFS) of the organisation. Our combined assurance model seeks to optimise assurance obtained from management, and internal and external assurance providers while embedding strong ethics and ensuring that there is good governance.

Using the Board-approved risk management process, the SABS management identifies key risks and implements internal controls and mitigation plans to ensure the attainment of its strategic objectives. The Internal Audit Department provides independent and objective assurance to the Board regarding governance processes, management of risk and internal control systems that are adequate and effective in mitigating risks.

All content that is contained in this report is gathered from various sources throughout the organisation.

GOVERNING PRINCIPLES AND STANDARDS

The report is aligned with the following:

- Public Finance Management Act, 1 of 1999
- Companies Act, 71 of 2008
- International Financial Reporting Standards (IFRS)
- King IV Code
- Standards Act, 8 of 2008
- Internally developed guidelines and policies

FORWARD-LOOKING INFORMATION

During the compilation of this report, management presented their views on the outlook of the organisation and its predicted performance based on forecasts of local and global economic and political conditions. Forward-looking statements were informed by the SABS' corporate plan. These statements are subject to future risk exposure and uncertainty and, therefore, are not audited nor can be taken as reliable information on which investment decisions may be made.

BOARD APPROVAL

The SABS Board, with the support of its Board committees, acknowledges responsibility for the integrity and completeness of the integrated report. It is the Board's opinion that this report addresses the material issues that influence the organisation's ability to create value. The SABS Board considers the content of this report to be accurate, reliable, complete, and prepared in accordance with the Integrated Reporting Framework. This report was approved by the SABS Board on 29 August 2024.

Mr Lizo Makele
Chief Executive Officer (Acting)
South African Bureau of Standards
23 August 2024

Dr Ronald Josias
Chairperson of the Board (Acting)
29 August 2024

MINISTER'S FOREWORD

2

Mr Parks Tau, MP
Minister of Trade, Industry and Competition

As we present the South African Bureau of Standards' (SABS) Integrated Annual Report for the year 2023/2024, I am reasonably pleased to reflect briefly on the milestones attained by this institution.

The 7th Administration has identified infrastructure investment along with green industrialisation as critical to addressing unemployment, poverty, and inequality.
In this context, the SABS has played a pivotal role in supporting these priorities through its standardisation and conformity assessment services. By providing best practice standards and innovative solutions, the SABS underpinned our efforts to achieve sustainable economic growth and improve our socio-economic landscape.

The SABS continues to have active participation in prestigious international and regional standardisation organisations. Through its engagement with these organisations, the SABS has reinforced its role as a global player in setting and influencing standards. This international collaboration supports our government's commitment to enhancing South Africa's global competitiveness and promoting regional integration, particularly in the context of the African Continental Free Trade Area (AfCFTA).

During 2023/24 financial year the SABS published 450 standards, of which 180 standards are homegrown and 270 are national adoptions of International Organisation for Standardization (ISO), International Electro-technical Commission (IEC), and other International Standards marking a notable increase from previous years. The SABS also maintained over 7,600 Standards in the year under review.

The SABS plays a crucial role in advancing the priorities to reduce poverty, addresses high cost of living, drives job creation and inclusive growth. SABS will need to strengthen delivery on its core mandate and better align its work around a common set of outcomes defined for **the dtic** established for the 2024/25 Financial Year.

I extend my gratitude to the chairperson and members of the Board, the Acting CEO, Management and staff of SABS for their contributions to the entity's performance during the year under review. I look forward to working with the SABS as we strengthen **the dtic's** institutions to create a dynamic, competitive, and inclusive economy that benefits all South Africans.

Mr Parks Tau, MP
Minister of Trade, Industry and Competition

3 CHAIRPERSON OF THE BOARD STATEMENT

Dr Ronald Josias
Chairperson of the Board (Acting)

In the pursuit of "Giving you the Quality Edge," the SABS as the peak internationally recognised, national standardisation institution, continues to serve the South Africa's society, industry and government through developing, maintaining and promoting South African National Standards and conformity assessment services. By executing its mandate, the SABS support the needs of South African enterprises competing in a fast-pace global economy whilst promoting international trade and enhancing South Africa's economic performance and social wellbeing through entrenching "Quality" in all we do.

OVERVIEW OF STRATEGIC PERFORMANCE

The financial year 2023/2024 saw a measurable progress at the SABS, as the peak national standardisation institution. The strategic focus for the year under review were as follow:

Finance

It is my pleasure to report that SABS has achieved an unqualified audit opinion with findings from the Auditor General of South Africa for the period under review. This audit opinion exemplifies our strive to our strategic focus of financial sustainability whilst aligning the delivery of our products and services in support of the dtic's reimagined industrial priority sectors.

Performance

A noteworthy accomplishment of this period is our continued participation and thought leadership in esteemed international and regional standardisation organisations, such as the International Organization for Standardization (ISO), the International Electrotechnical Commission (IEC), and the African Regional Standards Organization (ARSO) and the African Electrotechnical Commission. These collaborations underscore our maintain and expand our international recognition, allowing us to influence global and regional standards whilst publishing relevant nationals through international best practices.

Amidst some inherent infrastructure and operational challenges, the SABS achieved nine of thirteen targets set by the Board. This equates to 69% of target attained. Our key operational divisions which include Standards, Certification and Laboratory services, remains committed towards financial sustainability and operational effectiveness. These, achievements, although not meeting our targets, exemplify the commitment of our staff in the operating divisions as well as corporate services amidst significant challenges in providing standardisation and quality assurance services to our diverse portfolio of stakeholders in the public and private sector.

STRATEGIC RELATIONSHIPS

The SABS' legislated mandate encourages the organisation to ensure that it operates in an environment of inclusive stakeholder engagements. The SABS' stakeholder plan defines the key stakeholder categories, mode of engagement. During the year under review, various engagements with the Quality Infrastructure Institutions, the Shareholder **(the dtic**), the Portfolio Committee on Trade and Industry, our customers and staff had been undertaken aligned to our stakeholder plan.

STRATEGIC FOCUS OVER THE MEDUIM AND LONG TERM

During this period, the organisation continued its comprehensive review of our organisational operating model and structure, placing paramount importance on defining a fit for purpose organisation whilst ensuring optimal staff placements with requisite skills and competencies that deliver value to our clients.

The Board is also mindful of a number of programmes and initiatives that are within the planning and implementation phases which will extend to the medium term of reporting. Some of these include enhancing our customer focus whilst driving operational excellence, supporting the African Continental Free Trade Area (AfCFTA) through leadership and active participation in regional and international standardisation programmes, implementing a digital transformation strategy, prioritised infrastructure maintenance and ramping up of the Local Content Verification programme. Over the medium to long term, the Board will continue to strengthen its fiduciary and oversight responsibilities to ensure the effective fulfilment of the organisation's mandate.

ACKNOWLDGEMENT AND APPRECIATION

I would like to acknowledge and express my sincere appreciation to the SABS employees, including its Executives, tirelessly continued to expand the importance of standards and conformity assessment services. Special thanks to Mr. Honourable Ebrahim Patel, former Minister of Trade, Industries and competition, as well as **the dtic** staff for their continued support. I would also like to congratulate Honourable Minister Parks Tau (MP) on his appointment. Thank you to all stakeholders, locally, regionally and internationally including the relevant government department, SABS's committee members and the technical infrastructure agencies for helping build this important organisation.

Lastly, The SABS Board of Directors were appointed on the 1st of December 2022 by the Executive Authority, Honourable Minister Ebrahim Patel of **the dtic.** It is a privilege and an honour to be appointed the Board of the SABS, and I would like to acknowledge and express my sincere appreciation to the Board members for their dedication to lead this organisation still in transition to its full potential.

Dr Ronald Josias
Chairperson of the Board (Acting)
29 August 2024

4 Report of the **auditor-general**

to Parliament on the South African Bureau of Standards

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

1. I have audited the consolidated and separate financial statements of the South African Bureau of Standards (SABS) set out on pages 89 to 151, which comprise the statement of consolidated and separate financial position as at 31 March 2024, consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended 31 March 2024, as well as notes to the consolidated and separate financial statements, including material accounting policy information.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the SABS as at 31 March 2024 and its financial performance and cash flows for the year that ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for Opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the Auditor-General for the audit of the consolidated and separate financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' (International Code of Ethics for Professional Accountants (IESBA code) including International Independence Standards) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

6. I draw attention to the matter below. My opinion is not modified with respect to this matter.

Restatement of corresponding figures

7. As disclosed in note 39 to the financial statements, the corresponding figures for 31 March 2023 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2024.

Responsibilities of the accounting authority for the separate and consolidated financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the IFRS and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of the consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the audit of the consolidated and separate financial statements

10. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

11. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report. This description, which is located on page 16, forms part of my report.

REPORT ON THE ANNUAL PERFORMANCE REPORT

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

13. I selected the following material performance indicators related to the core function, render conformity assessment services and matters connected therewith, presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest

    - Report on support provided by the SABS on key identified developmental policy interventions or any other ministerial directives.
    - Government, SOE, regulatory and related public sector engagements.
    - Number of new products, services, solutions launched.

14. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery of its mandate and objectives.

15. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives.
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included.
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
    - the targets can be linked directly to the achievement of the indicators and are specific, time-bound, and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, and how performance will be evaluated.
    - the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
    - the reported performance information is presented in the annual performance report in the prescribed manner.
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over or underachievement of targets.

16. I performed the procedures to report material findings only, and not to express an assurance opinion or conclusion.

17. I did not identify any material findings on the reported performance information for the selected indicators.

Other Matters

18. I draw attention to the matter below.

Achievement of Planned Targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over or underachievement.

20. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 57 to 58.

Render conformity assessment services and matters connected therewith

Targets achieved: 80%

Budget spent: The entity does not budget per indicator. The budget spent per indicator could not be determined

Key service delivery indicator not achieved	Planned target	Reported achievement
Number of new products, services, and solutions launched	Introduce four new online courses	Three (3 YTD) new on line courses

REPORT ON COMPLIANCE WITH LEGISLATION

21. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

22. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

23. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

24. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements

25. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.

26. Material misstatements on related parties and financial risk management identified by the auditors in the submitted financial statements were corrected, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

Expenditure Management

27. Effective and appropriate steps were not taken to prevent irregular expenditure disclosed in note 37 to the annual financial statements, as required by section 51 (1)(b)(ii) of the PFMA.

28. Effective steps were not taken to prevent fruitless and wasteful expenditure disclosed in note 37 to the annual financial statements, as required by section 51 (1)(b)(ii) of the PFMA.

Strategic planning

29. An annual shareholder's compact was not concluded in consultation with the executive authority as required by treasury regulation 29.2.1.

OTHER INFORMATION IN THE ANNUAL REPORT

30. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the consolidated and separate financial statements, the auditor's report and those selected material indicators in the scoped-in core functions presented in the annual performance report that has been specifically reported on in this auditor's report.

31. My opinion on the consolidated and separate financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected material indicators in the scoped-in core functions presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

34. I considered internal control relevant to my audit of the consolidated and separate financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

35. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

36. Management did not implement adequate review processes to ensure that information reported in the financial statements reports the true reflection of the transactions that occurred and is accurate and complete. Management did not ensure a prompt and adequate review of financial statements prior to submission for auditing. This resulted in material misstatements in the financial statement, impacting compliance with legislation.

37. Vacancies within the entity were not filled on time, which resulted in numerous findings reported during the audit with respect to financial statements and compliance with legislation.

OTHER REPORTS

38. I draw attention to the following engagement that I conducted. This report did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.

39. I performed an agreed procedures engagement on royalties payable by the SABS for the period 1 January 2023 to 31 December 2023. The procedures were performed solely to help the public entity evaluate the reasonableness of the royalties payable and to enable the authorised dealer to determine whether the royalties can be remitted in terms of the current exchange control permission they hold. The report covered the period 1 January 2023 to 31 December 2023 and was issued to the accounting authority on 30 May 2024.

Auditor-General

Pretoria
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA
Auditing to build public confidence

Annexure to the Auditor's Report

The annexure includes the following:

- the Auditor-General's responsibility for the audit.
- the selected legislative requirements for compliance testing.

AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Professional Judgement and Professional Scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the consolidated and separate financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial Statements

In addition to my responsibility for the audit of the consolidated and separate financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 public entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the consolidated and separate financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with Those Charged with Governance

I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION - SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Section 50(3)(b); 51(1)(a)(iii); 51(1)(b)(i); Section 51(1)(b)(ii); 51(1)(e)(iii); 52(b); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56; 57(b); 57(d); 66(3)(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities	Regulation 29.1.1; 29.1.1(a); 29.1.1(c); 29.2.1; Regulation 29.2.2; 29.3.1; 31.1.2(c); 31.2.5; Regulation 31.2.7(a); 33.1.1; 33.1.3
Construction Industry Development Board (CIDB) Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.2
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.1; 3.4(b); 3.9
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5. 7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Standards Act	Section 6(1); 6(2) (a), 6(2)(b), 6(3)a), 6(3)(b); 6(4) Section 7(1); 7(2) Section 8 (a), 8(b); 8(c); 8(d) Section 9(1); 9(2); 9(3); 9(4) Section 10(1), 10(2) Section 11(1); 11(2); 11(3); 11(4); 11(5); 11(6); 11(7); 11(8) Section 12(1); 12(2); 12(3); 12(4) Section 13(1); 13(2); 13(3); 13(4) Section 14(1); 14(2)(a), 14(2)(b); 14(3) Section 15(1); 15(2)(a), 15(2)(b); 15(3) Section 16(1); 16(2); 16(3); 16(4); 16(5) Section 17(1); 17(2)(a); 17(2)(b); 17(3)(a);17(3)(b); 17(3)(c)

5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE INTEGRATED ANNUAL REPORT

INTEGRATED ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

I hereby acknowledge that the Integrated Annual Report and the Annual Financial Statements of the South African Bureau of Standards (SABS) have been submitted to the Auditor-General for auditing in terms of section 55(1)(c) of the PFMA.

I acknowledge my responsibility for the accuracy of the accounting records and the fair presentation of the Annual Financial Statements and confirm, to the best of my knowledge, the following:

Annual Financial Statements

The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Public Finance Management Act (PFMA). All amounts and information in the Integrated Annual Report and Annual Financial Statements are consistent with the Annual Financial Statements submitted to the auditors for audit purposes.

Performance Information

The performance information fairly reflects the operations and actual output against planned targets for performance indicators as per the Corporate Plan of the SABS for the financial year ending 31 March 2024. The performance information has been reported in accordance with the requirements of the guidelines on performance information reports as issued by the National Treasury. A system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of performance information.

Human Capital Management

The human capital information contained in the respective tables in the Integrated Annual Report fairly reflects the information of the SABS for the financial year ending 31 March 2024.

In Respect of Material Issues

The Integrated Annual Report is complete, accurate and free from any omissions.

Preparation of the Annual Financial Statements

The annual financial statements have been prepared under the supervision of Ms Kholofelo Masoga CA (SA), Chief Financial Officer of the SABS.

Company Secretary

Mr Jaarman Charles Kgoale was appointed as the SABS Company Secretary with effect from 22 November 2023.

Mr Lizo Makele
Chief Executive Officer (Acting)
South African Bureau of Standards
23 August 2024


No
Yes
No
Yes
No
Yes
occurred, and
practice.

PART

B

WHO WE ARE

COMPANY **OVERVIEW**

1

The SABS is the peak national standardisation institution in South Africa. The entity exists as a public entity in terms of the Standards Act (Act No. 8 of 2008), under the Executive Authority of the Department of Trade, Industry and Competition.

The SABS is a Schedule 3B public entity under the Public Finance Management Act (Act No. 1 of 1999). Schedule 3B entities are referred to as government business enterprises.

OUR MANDATE IS TO:

Develop, promote, and maintain South African National Standards (SANS)

Promote quality in connection to commodities, products, and services

Render conformity assessment services and related matters

OUR VISION:

To be the trusted standardisation and quality assurance service provider of choice

OUR MISSION:

To provide standards and conformity assessment services that contribute towards the efficient functioning of the economy

OUR VALUES ARE:

Day-to-day activities and business conduct are guided by the following values:

- Excellence
- Customer Centricity
- Accountability
- Integrity
- Innovation

OUR SHAREHOLDER:

The SABS is an agency of **the dtic** mandated to provide standardisation services to support government's industrialisation and quality assurance objectives. The SABS develops relevant South African National Standards that underpin the provision of its training, testing, certification, inspection, and verification services to stakeholders in the public and private sectors.

2

OUR HISTORY

1945
SABS was established (Act No. 24 of 1945)

1947
ISO was established, with the SABS as a founding member

1969
SABS Design Institute established to stimulate industrialisation through engineering and product design

1970
The National Electrical Test Facility (NEFTA) is established

1977
Introduction of the SABS Mark for product approval

1982
Automotive, solar heating and endoparasite laboratories established

1983
Nuclear and acoustics testing laboratory established

1984
Radiation testing laboratory established

1986
National Building regulations effected

1988
Explosive testing laboratory established

1991
Meat testing laboratory established

1995
Appliance testing laboratory established

1998
Dedicated condom testing laboratory established

2008
SABS redefined through the Standards Act (Act No. 8 of 2008)

2012
Local Content Verification (LCV) office established

2016
Energy efficiency laboratory established

2017
Thermal testing for refrigeration trucks is established

2018
Reintroduction of testing to Customer Specific Requirements

2021
Local Content Verification Scheme Launched

2022
ISO Council Membership (2021-2023)

Figure 1: History of the SABS

OUR
FUNDING MODEL

3

The organisation is funded through commercial revenues generated from operations and grant funding from **the dtic**.

WHERE
WE OPERATE

4

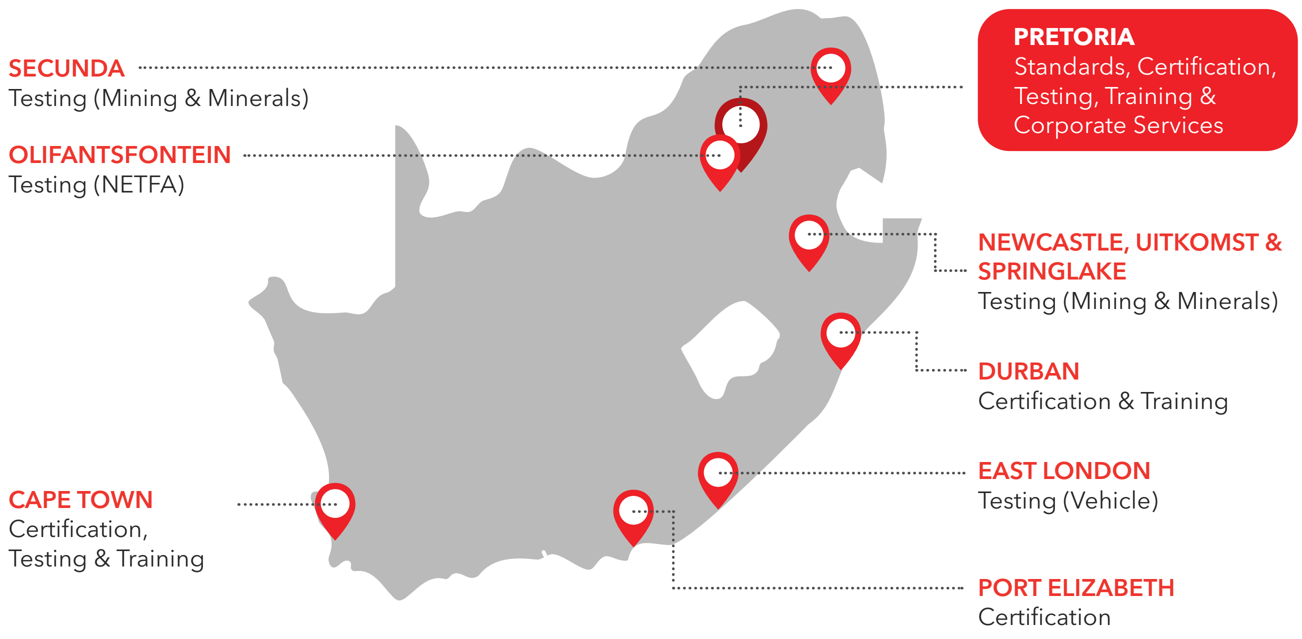


Figure 2: SABS National Footprint

5 OUR SERVICE OFFERING

The SABS provides services across the standards development and conformity assessment services value chain. The diagram below illustrates the assorted services as well as key sectors supported.

STANDARDS

- Facilitating the end-to-end process of developing national standards
- Publishing of National Standards
- Market access to national standards

- Accessibility
- Acoustics
- Adhesive and packaging
- Agrochemicals
- Automotive
- Building and construction

TRAINING

- Training on the understanding and implementation of standards

- Chemicals
- Chromatography
- Civil engineering
- Clothing and protective wear
- Electro-technical
- Electronic appliances
- Energy efficiency
- Engineering

ADVISORY

- Technical support to SMMEs, entrepreneurs and other stakeholders on standardisation services
- Providing business solutions to enhance the quality of products and services

- Environment (EMS)
- Explosion prevention
- Fibre and polymers
- Food and beverages
- ICT
- Industrial chemistry
- Lighting technology
- Mechanical and fluid

CERTIFICATION

- Product certification (SABS Mark Scheme)
- System certification
- Consignment inspections
- Local content verification

- Medical and health
- Metrology
- Mining and minerals
- Paints and sealants
- Petrochemical
- Pharmaceutical
- Radiation protection
- Rotating machinery

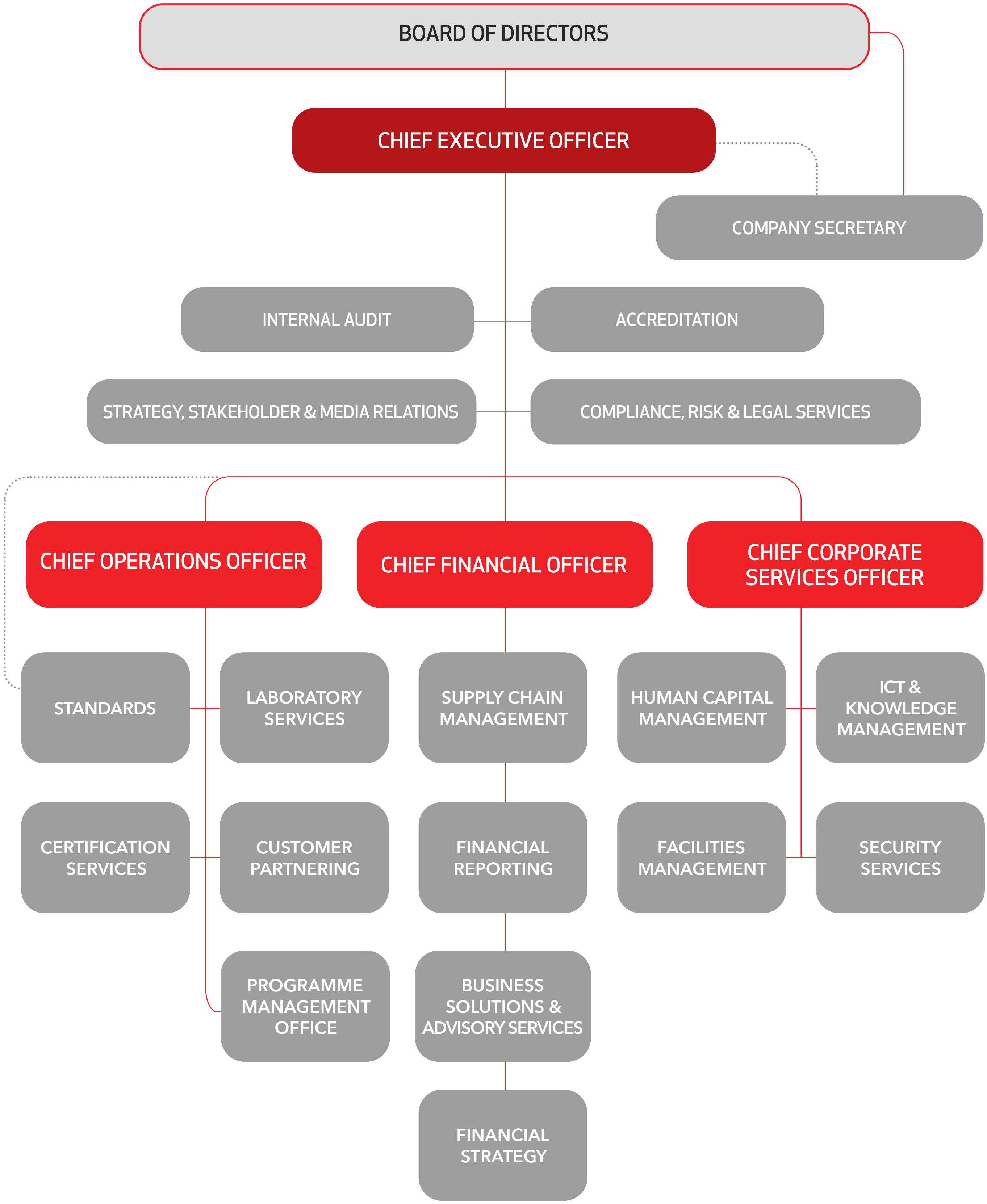
TESTING

- Testing of products in line with ISO/IEC standards and international laboratories' protocols
- Calibration and Proficiency Testing schemes

- Rubber and plastics
- Safety and security
- Solar water heating
- Textiles and leather
- Timber
- Transportation

OPERATIONAL STRUCTURE

6



ACCOUNTING **AUTHORITY**

Name	Period	Age	Gender	Race	Qualifications	Areas of experience
ACCOUNTING AUTHORITY: NON-EXECUTIVE DIRECTORS						
 DR RONALD JOSIAS (Acting Chairperson – effective 08 August 2024)	01 Dec 2022	57	M	C	• PhD (Public Administration) • MPhil (International Business) • MBA • NHD (Mechanical Engineering)	Strategy & Development Research, Business Development, Regional Integration and World Trade
 DR RUDZANI NEMUTUDI	01 Dec 2022	54	M	A	• PhD (Physics) • MSc (Physics) • BSc (Honours) • Certificate (Management Development)	Strategic Planning Technical Infrastructure Development, Performance Monitoring, International Relations, Research Development and Institutional Sustainability
 MS DEIDRE PENFOLD	01 Dec 2022	60	F	W	• BCom (Honours) (Economics)	Research & Innovation, Stakeholder Engagement, Strategic Planning & Performance, SHEQ
 DR NANDIPHA MADIBA	01 Dec 2022	60	F	A	• PhD (Business Leadership and Management) • DBA • MBA • BCompt (Honours) • CD (SA)	Corporate Governance, CFO & Accounting Officer experience, Combined Assurance, Auditing, Financial Reporting, Financial Planning/ Management, Strategy development & facilitation, Risk mitigation & management, Human Resources Management;

Name	Period	Age	Gender	Race	Qualifications	Areas of experience
 **DR MUKONDELELI GRACE KANAKANA-KATUMBA**	01 Dec 2022	47	F	A	• D-Phil (Engineering Management) • MBA • B-Tech (Industrial Engineering)	Turnaround Strategy, Strategy Formulation, Organisational Leadership, Performance Planning & Management, Monitoring & Evaluation, Research & Development and Entrepreneurship Development
RESIGNATIONS: ACCOUNTING AUTHORITY						
 **DR SANDILE MALINGA**	01 Dec 2022 – 17 July 2024	56	M	A	• PhD (Physics) • MBA • MSc • BSC (Honours) • BSC (Physics and Mathematics	Financial Management, Corporate Governance and Leadership
 **MS GLORIA MNGUNI**	01 Dec 2022 – 31 Jan 2024	40	F	M	• CA(SA)	Financial Planning & Reporting, Internal & External Auditing, Strategic Planning, Reporting and Corporate Governance
 **MR TUMISANG TSEHLO**	01 Dec 2022 – 03 May 2023	49	M	A	• MBA • MSc Eng (Industrial) • BSc Eng (Elecmech)	Strategy Development & Execution, Operational & Manufacturing Strategy, Operational Performance Monitoring
ACCOUNTING AUTHORITY: EXECUTIVE DIRECTOR						
 **MR LIZO MAKELE** Chief Executive Officer (Acting)	01 Aug 2024*	54	M	A	• MBA • BTech: HR Management • National Diploma: HR Management & MDP	Strategic Planning, Stakeholder Engagement, Project Management, Organisational Development, Performance Management, Human Capital Development

**Dr Sadhvir Bissoon was Acting Chief Executive Officer from January 2023 - 19 January 2024; Mr Lungelo Ntobongwana was Acting Chief Executive Officer from 20 January 2024 - 31 July 2024*

Board Committees

Audit and Risk
Finance, Investment and Strategy
Human Capital, Social and Ethics
Chairperson

8

EXECUTIVE COMMITTEE

LIZO MAKELE (54)

Acting Chief Executive Officer (ACEO)

Date appointed as ACEO:
01 August 2024

Date appointed to the SABS:
01 July 2018

Qualification:
MBA, BTech: HR Management & MDP, National Diploma: HR Management

KHOLOFELO MASOGA (46)

Chief Financial Officer (CFO)

Date appointed as CFO:
03 July 2023

Date appointed to the SABS:
03 July 2023

Qualification:
CA(SA), Cert. Dir (IODSA), MBA, EDP & IBLMP

LUNGELO NTOBONGWANA (46)

Chief Operations Officer (COO)
(Acted as CEO from 21 January 2024 - 31 July 2024)

Date appointed as COO:
20 January 2024

Date appointed to the SABS:
01 August 2017

Qualification:
MBA, MCom, BTech: Project Management, Diploma: Analytical Chemistry & EDP

DR THAMI BATYASHE (50)

Acting Chief Corporate Services Officer (ACCSO)

Date appointed as ACCSO:
01 August 2024

Date appointed to SABS:
01 November 2021

Qualification:
PhD in Informatics, Masters (Information Technology), MBL, BTech Information Management (Cum Laude)

OUR STAKEHOLDERS AND PARTNERSHIPS

9

The SABS' legislated mandate encourages the organisation to ensure that it operates in an environment of inclusive stakeholder engagements. The SABS' stakeholder plan defines the key stakeholder categories, mode of engagement and value proposition as depicted in the below table.

Category	How we engage	Their needs and expectations	How we create value
Clients and Business Partners	• Focused meetings and key account sessions • Marketing and promotional events • Social media messaging and promotions • Market research • Surveys and feedback forms • Direct communication	• Effective communication • Provision of services that are accredited by a relevant authority i.e., SANAS • Efficient delivery of products and services • Meeting expected turnaround times • Fair and competitive pricing	• Developing and maintaining high-quality national standards through diverse stakeholder engagements aligned to international best practices • Providing certification services that help businesses demonstrate compliance with national and international standards, enhancing their credibility and competitive edge • Offering comprehensive testing services • Offering training programmes that educate businesses on the latest standards and quality management practices
Shareholder	• Regular updates to shareholders through annual reports, quarterly reports, and financial updates • Convening quarterly meetings with the technical infrastructure directorate	• Implementation of the Corporate plan and attainment of organisational objectives and performance targets • Clear and transparent financial reporting • Robust governance structures that ensure accountability, ethical behaviour, and compliance with relevant laws and regulations • A clear understanding of the organisation's strategic direction • Continuous improvement in operational efficiency to reduce costs, improve service delivery, and enhance customer satisfaction	• Developing and diversifying service offerings to create multiple service offerings • Implementing cost control measures and improving operational efficiency to maximise profitability and ensure sustainable financial health • Developing and executing clear strategic plans that outline the organisation's long-term goals • Establishing and maintaining strong governance frameworks that ensure transparency, accountability, and ethical practices

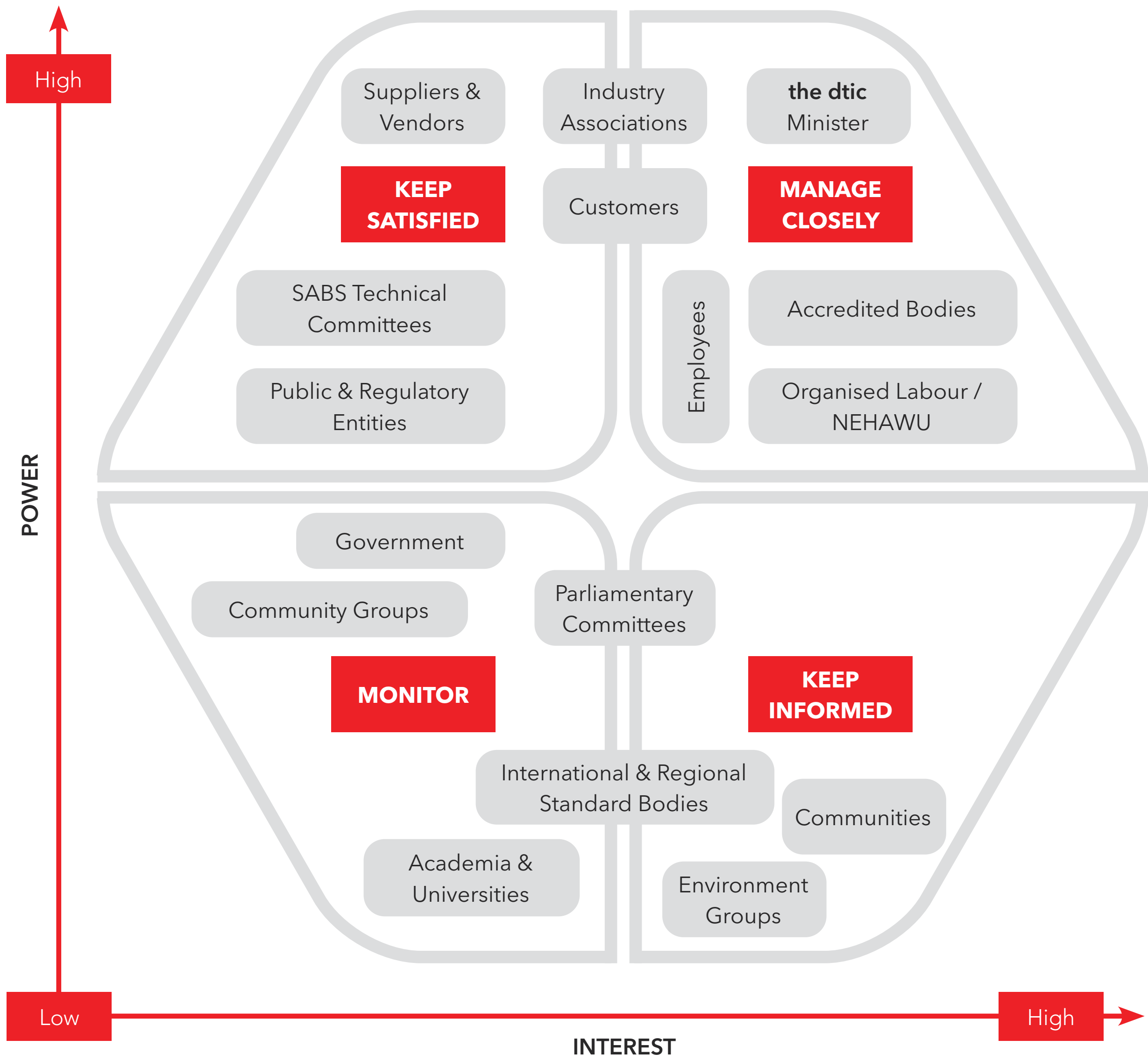
Category	How we engage	Their needs and expectations	How we create value
Board of Directors	• Engagements are underpinned by the Board Charter • Establishment of Board committees and convening of Committee and Board meetings aligned to the annual work plan (at least 4 meetings per year) • Convening of strategic workshops	• Management to ensure that the SABS's activities and initiatives align with its vision and mission • Development and implementation of long-term strategic plans that guide the organisation's growth and adaptability in a dynamic market • Efficient and effective operations to achieve high-quality standards and services • Implementation of robust risk management frameworks to mitigate potential risks affecting operations • Maintenance of sound financial health through prudent financial management, budgeting, and resource allocation • Adherence to financial transparency and accountability in all financial dealings and reporting • Adherence to all legal and regulatory requirements governing the operations of the SABS	• Supporting national development goals by ensuring that products and services meet high standards • Implementing efficient operational processes and systems that enhance productivity and reduce costs, demonstrating prudent management and operational excellence to the board • Effective risk management practices that help protect the organisation from potential disruptions, ensuring stability and continuity • Prudent financial management and cost control measures • Ensuring compliance with national and international standards and regulations to mitigate legal risks and enhances the organisation's credibility
Employees	• Regular updates on organisational goals, changes, and developments • Management forums • Staff address by the CEO • Planned events on specific programmes i.e., Wellness, Women's Month, Health, and Safety etc.	• Regular, open, and transparent communication from leadership about organisational goals, changes, and developments • Mechanisms for providing feedback and suggestions, such as surveys, suggestion boxes, and regular meetings with management • Formal recognition programmes to acknowledge and reward employees' contributions and achievements • Regular appreciation and acknowledgement from supervisors and peers • Adequate paid time off, including vacation, sick leave, and personal days • Access to wellness programmes that support physical and mental health, such as fitness programmes, counselling services, and health screenings	• By offering continuous learning opportunities through training programmes, workshops, and educational courses, helping employees enhance their skills and advance their careers • Ensuring a safe, healthy, and ergonomically sound work environment that meets all regulatory standards • Fostering a supportive and positive organisational culture that promotes teamwork, respect, and collaboration • Supporting physical and mental well-being through wellness programmes, including fitness programmes, counselling services, and health screenings • Implementing policies that ensure equal opportunities for all employees, regardless of gender, race, age, disability, or other characteristics

Category	How we engage	Their needs and expectations	How we create value
		• A commitment to diversity and inclusion, ensuring all employees feel valued and respected • Opportunities to participate in organisational initiatives, projects, and committees • Availability of resources and support needed to perform their jobs effectively	• Communicating clear job expectations, goals, and performance metrics to employees • Ensuring the financial stability of the organisation, which provides job security for employees
Government, SOEs and Regulators	• Through regular updates, reports, and presentations • Organising and participating in stakeholder meetings, workshops, and forums to discuss standards-related issues and collaborate on solutions	• To develop and maintain standards that are timely, relevant, and aligned with national priorities • Expert advice on technical matters related to standards and conformity assessment • Support the development of policies and regulations by providing technical input and ensuring that these regulations are based on sound standards • Reliable and credible certification services that verify compliance with national and international standards • Conduct thorough testing and inspection of products and services to ensure they meet required standards, which supports regulatory enforcement and consumer protection	• Developing and enforcing safety standards for products and services to protect consumers and the public from harm • Harmonising South African standards with international standards to facilitate trade and market access for South African products • Providing detailed and transparent reporting to government and regulatory bodies, demonstrating accountability and compliance • Providing training and capacity-building programmes for government officials and regulators to enhance their understanding and application of standards • Working with international standardisation bodies to harmonise standards, facilitating smoother trade and cooperation with other countries
Communities and Environmental Groups	• Running campaigns to educate the public about the benefits of standards and quality assurance • Organising events such as open days and exhibitions (outreach programmes) • Providing support to SMMEs to help them meet standards and improve their competitiveness	• Expectations for SABS to develop and enforce stringent environmental standards that protect natural resources, air quality, water quality, and biodiversity • Expectation that SABS contributes to efforts to mitigate climate change by developing standards that promote energy efficiency, renewable energy adoption, and carbon footprint reduction	• By developing and enforcing rigorous environmental standards that protect natural resources, air quality, water quality, and biodiversity • Holding regular stakeholder meetings on standardisation • Actively monitoring compliance with standards, conducting audits and assessments to verify adherence and address non-compliance issues promptly

Category	How we engage	Their needs and expectations	How we create value
	• Advocate for the participation of technical experts in SABS technical committees	• Need for transparent communication from SABS regarding standards, regulations, and their implications for communities and environmental protection • Expectations for SABS to develop eco-labels and certifications that help consumers identify and support environmentally responsible products and services	• Promote sustainable development practices through standards that encourage resource efficiency, waste reduction, and pollution prevention • Maintaining transparency in standards development, certification processes, and compliance monitoring, ensuring accountability to communities and environmental stakeholders

Table 1: Stakeholder engagement strategy

Stakeholder engagement is governed by our Stakeholder Engagement Strategy and Plan. Our internal and external stakeholders are prioritised as indicated in the matrix below:



PART C

HOW WE CREATE VALUE

CHIEF EXECUTIVE OFFICER'S STATEMENT

1

Mr Lizo Makele
Chief Executive Officer (Acting)

The South African economy faced significant challenges in 2023, which had a notable impact on the performance of the South African Bureau of Standards (SABS). The country's economic growth was almost stagnant, with an estimated GDP growth of just 0.6% for the year due to persistent power outages, supply chain bottlenecks, higher input costs, and lower commodity prices.

The energy crisis, characterised by frequent and prolonged loadshedding, severely affected industrial sectors like mining, agriculture and manufacturing, which are crucial to the economy. The situation disrupted operations across various industries, leading to decreased production outputs and efficiency. For the SABS, which is integral in setting and maintaining standards for these sectors, the economic instability translated into financial and operational challenges, affecting its ability to effectively carry out its mandate.

Furthermore, the high inflation and rising costs of living pressured businesses and consumers alike, leading to reduced spending and investment in quality assurance and standardisation initiatives. Financial and operational constraints resulted in decreased demand for SABS's products, services, and solution, thereby further hampering organisational performance.

Overall, despite economic headwinds, the SABS managed to enhance its performance by focusing on its core mission of developing and maintaining national standards; promoting quality with respect to commodities, products, and services; and rendering conformity assessment services and matters connected therewith. These efforts play a crucial role in supporting the South African economy by ensuring quality and safety of products and services across various industries.

GENERAL FINANCIAL REVIEW

While the SABS Group achieved positive and encouraging net profit, the main contributor to the profit is due to short-term cost savings. The organisation is currently in the process of placing employees in the new structure and where positions cannot be filled internally, external resources will be considered. As new employees are brought into the organisation, employee benefits costs are expected to increase together with the related costs. Thus, the focus for the SABS Group needs to continue to improve revenue generation to match expected increase in administrative and operational expenses to ensure continued financial sustainability.

PERFORMANCE OVERVIEW

SABS saw significant achievements despite the challenging economic environment. Key highlights include:

- The SABS published a record 450 national standards, which included new, adopted, amended, and revised standards - marking a notable increase from previous years.
- The organisation also attributed its record number of standards published to the better functioning of technical committees, increased participation from regulators and departments, and efficiencies gained from virtual platforms.
- For its performance information the organisation achieved an overall 69% for the year under review.

OUTLOOK

The SABS has several strategic initiatives in place for 2024/25 financial year to enhance its performance and impact, and to maintain financial sustainability. The organisation is actively focusing on both internal development and external engagement to maintain its position as a trusted standardisation and business assurance solution provider.

The SABS will focus on the following initiatives in the next financial year:

1. **Graduate Development Programme:** The SABS is continuing its commitment to nurturing young talent through its Graduate Development Programme. This programme is designed to help unemployed graduates transition into the working environment by providing them with valuable exposure to formal training and experiential learning.
2. **Filling of Critical Roles:** The SABS is actively recruiting for various critical positions across different levels. This recruitment drive is part of the organisation's strategy to attract and retain skilled professionals who can contribute to the vision of excellence and innovation.
3. **Focus on Standards Development:** One of SABS' core responsibilities is the development and maintenance of South African National Standards. The organisation is enhancing its partnership with both Regional and International Standards Bodies; and fostering effective operations within technical committees to ensure that standards are relevant and meet various requirements such as economic, regulatory, health, safety, and environmental consideration.
4. **Upgrade of Infrastructure:** The SABS has also embarked on Operations, Facilities, and Information Technology infrastructure programmes to contribute towards operational efficiency and financial sustainability.
5. **New Revenue Generation:** The Customer Partnering business unit is in the process of developing a Go-to-Market Strategy that will see the SABS attracting and retaining customers to achieve and maintain financial sustainability.

Mr Lizo Makele
Chief Executive Officer (Acting)
South African Bureau of Standards
23 August 2024

OUR VALUE CREATION MODEL

2

THE CONTEXT FOR OUR BUSINESS MODEL

The SABS operates in a dynamic environment that traverses all economic sectors. The unique model of developing our national standards and the provision of conformity assessment services sets the SABS apart from other organisations providing similar services in South Africa. Who we are, how we conduct ourselves and what we do are influenced by factors such as:

PROFILING OF KEY RISKS AND OPPORTUNITIES

There are internal and external factors that can impact the value-creation activities of the organisation if not mitigated properly; there are also factors that can substantially boost the performance of the organisation if those opportunities are realised.

Our key risks include:

- Financial Sustainability
- Relevance and Adaptability
- Quality and Accuracy
- Stakeholder Engagements
- Operational Efficiency
- Cybersecurity Threats
- Human Capital

Our opportunities are:

- Digital Transformation
- Innovation in Standards Development
- International Collaboration
- Enhancing Stakeholder Engagements
- Market Expansion
- Policy Advocacy and Support
- Enhancing Research and Innovation

Refer to pages 46 to 48

OUR EXTERNAL ENVIRONMENT

The macroeconomy (national, regional, and global) as well as international trends such as technological changes and environmental awareness inform the SABS' approach to addressing socio-economic development needs.

Refer to page 43

OUR STAKEHOLDERS

The SABS provides a governance framework that coordinates and leads stakeholder engagements that underpin the development, promotion, maintenance, and dissemination of national standards. Our key stakeholders include employees, clients, shareholders, industry, regulators, SOEs, communities and the government of the Republic of South Africa; and they contribute to our value-creation efforts.

Refer to pages 29 to 33

OUR APPROACH TO RESOURCE MANAGEMENT

Our ability to create value depends on our management of the six capitals, which is the value that we create for our stakeholders. We allocate resources based on our mandate as a national standardisation institution. We are also aligned with national and regional sustainable development strategies. The outcomes of our value creation process therefore contribute to the National Development Plan (NDP) at a national level and the United Nations Sustainable Development Goals (UNSDGs) at a global level.

Refer to pages 72 to 78

SUPPORTED BY STRONG GOVERNANCE, ETHICS AND LEADERSHIP

Our ability to create value and deliver on sustainable development impact is dependent on our financial sustainability and the extensiveness of our robust governance, ethics, and integrity. The centre of our value-creation process is our solid leadership.

Refer to pages 73 to 80

TURNING CAPITALS INTO VALUES

At the heart of the SABS' value-creation business model is the desire to support industrialisation and improve the quality of life of our citizens. The SABS relies on various relationships and resources, also referred to as the six capitals, to create value. The inputs are required to deliver the strategy and generate value for all stakeholders. The SABS carefully considers the trade-offs between the capitals, aiming to maximise positive outputs and outcomes and limit any negative impacts.

INPUTS

FINANCIAL CAPITAL

Our strong asset base and the grant received from the government allow us access to capital and equity growth. These funds are used to run the business and to finance both the expansion and replacement of plant and equipment.

- Equity: R995.9-million (FY2022/23: R925.1-million)
- Grant: R248.8-million (FY2022/23: R273.1-million)
- Assets: R1 733.7-billion (FY2022/23: R1 601.8-billion)

HUMAN CAPITAL

Employees play a critical role in attaining the SABS' vision, delivering on our strategy, serving our clients and fulfilling our mandate.

- 675 permanent employees (FY2022/23: 672)
- 60 graduate trainees recruited (FY2022/23: 55)
- R4.9-million spent on training and development (FY2022/23: R3.1-million)

SOCIAL & RELATIONSHIP CAPITAL

Our relationships with key stakeholders include clients, partners, regulators, technical committees, SOEs and government.

- 126 technical committees' meetings held (FY2022/23: 176)
- Engaged with top 50 clients (FY2022/23: 20)
- Participated in 35 (FY2022/23: 30) Technical Harmonisation committees of the African Organisation for Standardisation (ARSO)
- Participated in 10 government, SOE, regulatory and related public sector engagements (FY2022/23: 10)
- Draft Memorandum of Understanding (MOU) created for further review and input by BRICS National Standard Bodies (NSB)

INTELLECTUAL CAPITAL

Our brand, reputation, knowledge, and experience.

- More than 78 years of standards development, conformity assessment and promoting quality products

NATURAL CAPITAL

Our natural resources.

- Investment in energy-efficiency technologies
- Standardisation services in support of the energy sector
- Publication of standards to support the agricultural sector

MANUFACTURING CAPITAL

Our business structure, regional footprint, processes, and information & communication technology (ICT) systems enable us to render our services nationally.

- Implemented a new operating model
- Capex spends (Infrastructure Upgrade R27.9-million) (FY2022/23: R46.5 million)

RISKS ASSOCIATED WITH INPUTS

- Cybersecurity Threats
- Relevance and Adaptability
- Operational Efficiency
- Quality and Accuracy

OUTPUTS

STANDARDS DEVELOPMENT

- 450 standards published
- 301 days to publish a standard
- 5 standards published in the Agricultural and Mining Sectors
- 5 standards published within the scope of energy efficiency (new, revised standards)
- Successfully hosted the BRICS Head of NSB Forum in November 2023
- Hosted: Partnership on Standards and Quality Assurance in support of increased Intra-Africa trade and trade with the United States of America at the 2023 African Growth and Opportunity Act (AGOA) Forum

CERTIFICATION

- Maintained all relevant accreditations
- Introduced one new certification scheme
- Completed 100% of Local Content Verification (LCV) projects that were submitted by government entities
- 25 certificates and 3 permits issued in the LCV Energy Management/ Environmental Management/Product Certification scheme in the Mining Sector

LABORATORY SERVICES DIVISION

- Introduced 26 new test methods
- Maintained all relevant accreditations
- Engagements with 24 high-value clients done
- Ventilator test equipment commissioned
- RPS new dosimetry system implemented

CUSTOMER PARTNERING

- Participated in 27 key marketing and promotional initiatives
- Engagements with top 50 clients
- Conducted 20 case studies with customers
- Completed 4 Outreach Initiatives Programmes

OUTCOMES

FINANCIAL CAPITAL

- Assets: R1 733.7-billion (FY2022/23: R1 601.8-billion)
- Group Net profit: R69.4 million (FY2022/23: R88.6 million)

HUMAN CAPITAL

- R417.5-million paid in salaries, wages, and benefits (FY2022/23: R401.5-million)
- 92.30% black employees (FY2022/23: 91.37%)
- 48.90% female employees (FY2022/23: 48.07%)
- 47 graduates absorbed in permanent positions (FY2022/23: 0)

SOCIAL & RELATIONSHIP CAPITAL

- R2-million vouchers issued to qualifying Small, Medium, and Micro Enterprises (SMME's) (FY2022/23: R1.60-million)
- R75.60-million procurement spend in support of SMMEs (FY2022/23: R73.50)
- Level 6 B-BBEE contributor (FY2022/23: Level 8 B-BBEE contributor)

INTELLECTUAL CAPITAL

- 33 employees attended the Emerging and Transitional Leadership Development Programme
- 12 employees attended the Transitional Leadership Programme
- 36 bursaries awarded to employees
- 7 bursaries awarded to external black learners
- 753 various training interventions

NATURAL CAPITAL

- Electricity consumption (MWh): 15 520 (FY2022/23: 19 089)
- Water consumption (kilolitres): 153 601 (FY2022/23: 166 192)
- Fuel consumption (litres): 63012 (FY2022/23: 47 993 litres)

MANUFACTURING CAPITAL

- Broad footprint through a presence in 5 provinces
- Information and communication technology (ICT) infrastructure

OUR **STRATEGY**

3

The SABS' growth strategy focuses on several key areas to ensure it remains relevant and effective in developing and promoting standardisation, promoting quality with respect to commodities, and rendering conformity assessment services.

An overview of the SABS growth strategy is as follows:

ENHANCING TECHNICAL CAPABILITIES

- **Investment in Technology:** Upgrading laboratories and testing facilities with the latest technology to improve testing accuracy and efficiency.
- **Skills Development:** Ongoing training programmes for staff to stay updated with the latest standards and testing methods.

EXPANDING SERVICE OFFERINGS

- **New Standards Development:** Identifying emerging industries and technologies to develop relevant standards.
- **Certification Services:** Expanding certification services to cover a wider range of products and industries.
- **Laboratory Services:** Introducing new testing methods to cover a wider range of products and services.

IMPROVING STAKEHOLDER ENGAGEMENT

- **Industry Partnerships:** Collaborating with industry leaders, government bodies, institutions, universities, and other standardisation organisations to align standards with industry needs.

ENHANCING OPERATIONAL EFFICIENCY

- **Process Optimisation:** Streamlining internal processes to reduce turnaround times for testing and certification.
- **Quality Management Systems:** Implementing robust quality management systems to ensure consistent service delivery.

DIGITAL TRANSFORMATION

- **Online Platforms:** Developing online platforms for easier access to standards, certifications, and testing services.
- **Data Analytics:** Utilising data analytics to identify trends, improve decision-making, and enhance service offerings.

MARKET EXPANSION

- **Regional Presence:** Expanding SABS's presence within South Africa and into other African countries to become a leading standardisation body on the continent.
- **International Recognition:** Seeking recognition and accreditation from international standardisation bodies to enhance credibility and acceptance of SABS standards globally.

SUSTAINABILITY AND INNOVATION

- **Sustainable Practices:** Promoting standards that encourage sustainable practices and environmental protection.
- **Support for Innovation:** Supporting innovation by developing standards that facilitate the adoption of new technologies and innovative products.

CUSTOMER-CENTRIC APPROACH

- **Feedback Mechanisms:** Establishing channels for customer feedback to continuously improve services.
- **Customised Solutions:** Offering tailored solutions to meet the specific needs of different industries and businesses.

PART D

OUR OPERATING ENVIRONMENT

EXTERNAL ENVIRONMENT

1

POLITICAL

Government Policies:

The SABS is influenced by South African government policies regarding industrial standards, quality assurance, and trade regulations.

Regulatory Framework:

As a government agency, the SABS operates within the regulatory framework set by national and international bodies. Political stability and government priorities can impact its operations.

Trade Agreements:

International trade agreements and relations affect the standards and compliance requirements that the SABS must align with.

ECONOMIC

Economic Stability:

The overall economic health of South Africa impacts SABS' funding and the demand for its services. Both local and global economic downturns can lead to budget constrains and reduced business activity.

Industry Growth:

Growth in various sectors such as manufacturing, mining, and technology influences the demand for standardisation and certification services.

Foreign Investment:

Levels of foreign direct investment can affect the need for internationally recognised standards and certification.

SOCIAL

Consumer Awareness:

Increasing awareness and demand for quality and safety among consumers drive the need for stringent standards and compliance checks.

Workforce Skills:

The availability of skilled professionals in the fields of quality assurance, and technology impacts the operational efficiency of the SABS.

Public Health and Safety:

Social issues such as public health and safety concerns necessitate rigorous standards for products and services.

TECHNOLOGICAL

Technological Advancements:

Rapid technological changes require the SABS to continually update and revise standards to keep pace with innovation.

Digital Transformation:

Adoption of digital technologies can improve the efficiency and accuracy of standards development and certification processes.

Research and Development:

Collaboration with research institutions and industries for developing new standards based on cutting-edge technology is crucial.

ENVIRONMENTAL

Sustainability Initiatives:

International and national focus on sustainability and environmental protection influences the SABS' standards, particularly regarding green technologies and eco-friendly practices.

Climate Change:

Addressing climate change impacts through standards for energy efficiency, carbon footprint reduction, and sustainable practices is a growing area of focus.

Environmental Regulations:

Compliance with environmental regulations necessitates the development of relevant standards and certification processes.

LEGAL ENVIRONMENT

Legislation:

National laws and regulations governing standardisation, quality assurance, and product safety directly impact SABS' activities.

Intellectual Property Rights:

Legal issues related to intellectual property can affect the development and enforcement of standards.

International Standards:

Alignment with international standards and compliance with global trade requirements are essential for maintaining competitiveness.

RISK & MATERIAL ISSUES

2

Enterprise risk management is an integral part of the SABS' efforts toward opportunity maximisation. The Accounting Authority actively manages risk in pursuit of organisational goals and objectives.

The Accounting Authority also recognises that the realisation of its mandate depends on the ability of the leadership team to effect innovative and bold steps to transform the institution into a highly professional services institution, as well as mitigate the risk of compromising the SABS' legislative mandate and delivery of quality service to all stakeholders, including those which are considered national public good services for which there is not a significant commercial return on investment.

MATERIAL RISKS

During the year under review, the strategic risk of the SABS was conducted, and the risks that were identified were incorporated into the Combined Assurance Plan. The strategic risk register is monitored and reported to the Board through the Audit and Risk Committee on a quarterly basis.
The below risk is significant to the SABS and its operating environment:

STRATEGIC RISK EXPOSURE

<table>
<tr><th>Low Risks</th><th>Medium Risks</th><th>High Risks</th></tr>
<tr><td rowspan="5">1. Standards Development, Governance & Promotion</td><td>2. Fraud and corruption</td><td>3. Profitability performance (efficiencies)</td></tr>
<tr><td>4. Loss of stakeholder confidence and customer dissatisfaction</td><td>5. Inadequate modernisation and integration of ICT Security</td></tr>
<tr><td>6. Loss of Accreditation</td><td>7. Inadequate management of talent and performance</td></tr>
<tr><td>8. Security, Health & Safety</td><td rowspan="2">9. Infrastructure Constraints</td></tr>
<tr><td>10. Compliance</td></tr>
</table>

In line with the SABS risk management framework, the above risks along with their mitigation actions are monitored, and where necessary the emerging risks are identified. The Audit and Risk Committee provides oversight over the management of these risks in line with the charter, furthermore, talent management, ethics and stakeholder management risks are managed and reported to the Human Capital, Social & Ethics Committee.

3

MANAGING OUR RISKS AND OPPORTUNITIES

The SABS adheres to the risk policies and processes aligned with the King IV Code of Corporate Governance. The Audit and Risk Committee is responsible for risk management oversight. The organisation has adopted an Enterprise-wide Risk Management (ERM) approach to the management of risks impacting the strategic and operational objectives of the organisation.

The Compliance, Risk and Legal Services is responsible for the ERM portfolio and is tasked to implement effective and efficient systems of risk, ethics, and compliance management for the SABS in line with the Public Finance Management Act (PFMA) and relevant prescripts.

The risk management portfolio includes:

- Financial Risk Management
- Strategic Risk Management
- Operational Risk Management
- Project Risk Management
- Anti-corruption, Fraud Prevention and Awareness
- Business Continuity Management
- Compliance Management
- Ethics Management

The SABS' Risk Management Framework

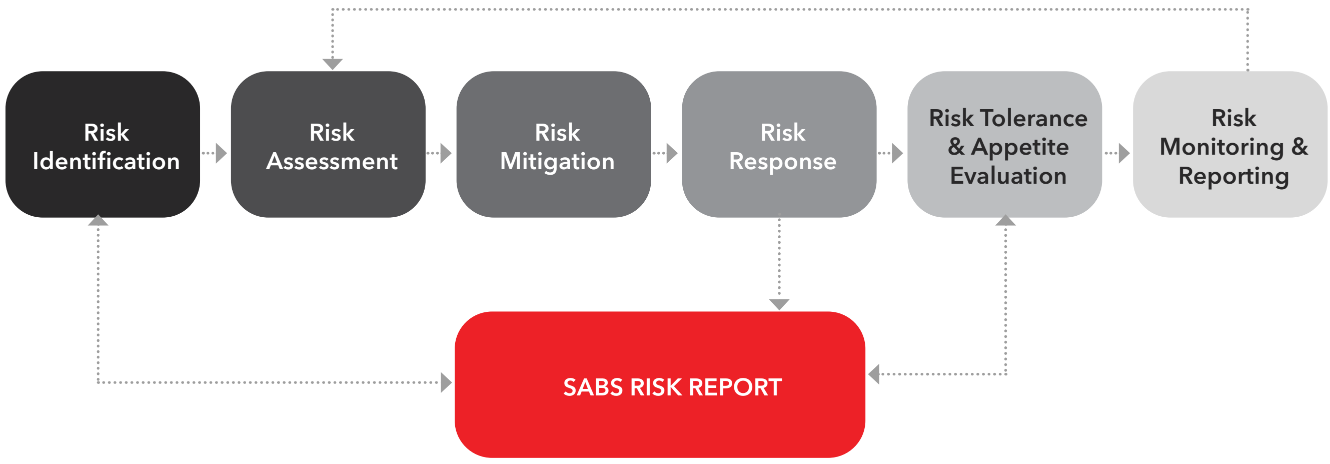


Figure 3: Risk Management Framework

COMBINED ASSURANCE

FIVE LINES OF DEFENCE FRAMEWORK

4

The SABS has adopted a "five lines of defence" model to manage risk. The model defines the roles and responsibilities for the management of risk and emphasises the fundamental concept that risk ownership and management are everyone's responsibility, from the Accounting Authority level and throughout the business.

The model is summarised below as follows:

Line of Defence	Role	Responsibility
First	Management and Business	Owns and processes risk management policies and procedures
Second	Specialist Functions	Provides specialist support to management in the management of risk. Includes areas such as risk and compliance, accreditation as well as Health, Safety and Environment (HSE) units
Third	Internal Assurance providers	Supplies independent assurance on the effectiveness of risk management by internal auditors
Fourth	External Assurance Providers	Gives independent assurance on the effectiveness of risk management by SABS' external auditors and accreditation bodies such as South African National Accreditation System (SANAS) and RvA
Fifth	Accounting Authority	Oversees the activities of SABS and accounts to the shareholder for strategy and performance

Table 2: Levels of Combined Assurance

PART E

OUR OPERATING CONTEXT: PERFORMANCE AND OUTLOOK

STANDARDS DIVISION

1

STANDARDS DIVISION

BUSINESS OVERVIEW

BUSINESS OBJECTIVE

- Development, promotion, and maintenance of South African National Standards (SANS) and other publications is the primary function of the Standards division of the SABS.
- National Standards provide solutions, knowledge and information that support national industrial objectives, and socio-economic and environmental priorities, contributing to sustainable growth, thereby improving the lives of South African citizens.
- National Standards further catalyse economic activity by providing technical tools to support local industries access to domestic, regional, and global markets. National, regional, and international collaboration of a diverse stakeholder representation provides the foundation for the development of state-of-the-art technical solutions that support the United Nations Sustainable Development Goals, the National Development Plan and the Re-imagined Industrial Strategy.
- The key objectives of the National Standards Body (NSB) include the development and maintenance of relevant National Standards that address market needs, support, and enable socio-economic and environmental objectives, industrial policy, and innovative and competitive industries.

PRODUCTS AND SERVICES

- Develop, promote, and maintain South African National Standards (SANS), South African Technical Standards (SATS), South African Technical Reports (SATR) and other relevant publications.
- Represent South Africa and strategically participate and influence international and regional standards organisations such as ISO, IEC, ARSO, SADCSTAN, AFSEC and BRICS.
- Marketing and distribution of standards and relevant publications through various channels and platforms.

PERFORMANCE OVERVIEW

PERFORMANCE HIGHLIGHTS

The Standards Divisions:

- Published 450 standards of which 180 are homegrown and 270 are national adoptions of ISO, IEC, and other International Standards.
- 301 days turnaround time to publish a standard.
- Maintained over 7600 Standards.

PERFORMANCE LOWLIGHTS

- Revenue budget was not met due to poor economic conditions and operational challenges.

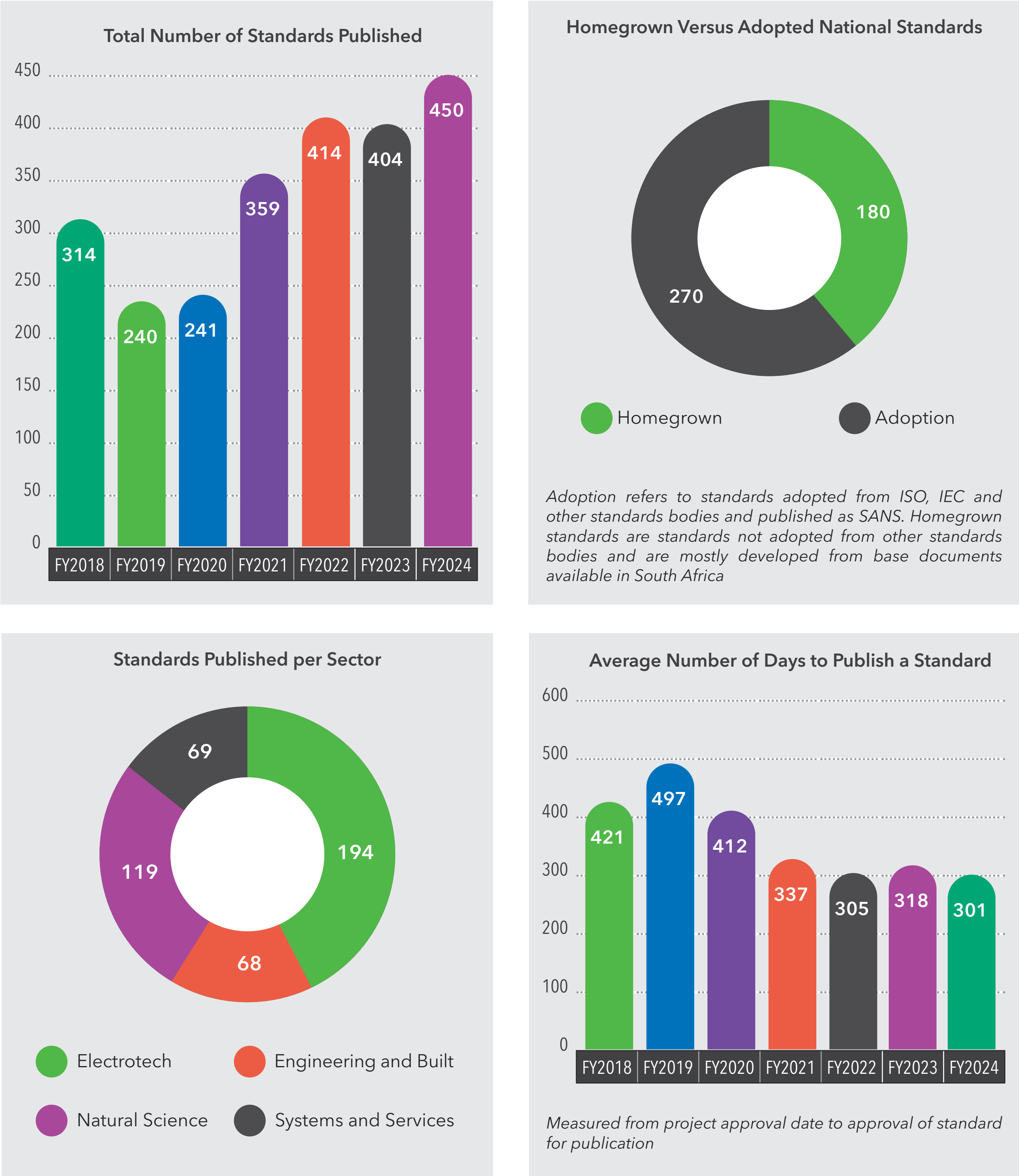


Figure 4: Performance Results – Standards

BY THE NUMBERS

		FY2024	FY2023
Staff	Number	59	64
Total standards publications	Number	7821	7 548
Technical committees' meetings held	Number	167	197
Participants in technical committees	Number	2661	2304
Technical committee satisfaction index	%	80%	81%
Standards published • Homegrown • Adoptions	Number Number Number	450 180 270	404 145 259
Days to publication (turnaround times)	Days	301	318
Standards in various stages of development (at year-end)	Number	765	850
Sale of standards - External	Value/R	34.1-million	34.6-million
WTO/TBT • Total subscriptions	Number	152	212

THE YEAR AHEAD

People

- Develop systems/framework for the assessment of the competency of standards professionals

Process

- Review of standards workflows
- Contribute to the roadmap and 60% implementation of the business review project plan

Product

- Explore opportunities for the creation of new sector-specific standards collections

Technology

- Introduction of XML as a publishing tool

CERTIFICATION SERVICES DIVISION

CERTIFICATION DIVISION

BUSINESS OVERVIEW

BUSINESS OBJECTIVE

Certification is the provision of assessment services, by an independent body of written assurance (or a certificate), that the product, service, or system in question meets specific standard requirements of a scheme. Certification can be a useful tool for adding quality and credibility, by demonstrating that a product or service meets companies' expectations. For some industries, certification is a legal or contractual requirement. The SABS Certification, a division of the SABS, provides independent third-party certification services, assuring that products, systems, and services comply with predefined standards and customer specifications.

Although the certification scheme is voluntary by nature, compliance to the SABS Mark is made compulsory for several products by the regulators under various considerations viz. public interest, protection of human, animal or plant health, the safety of the environment, prevention of unfair trade practices and national security. For such products, the regulators, including government departments, direct the mandatory use of the SABS Mark of Approval, under a Licence arrangement.

Operating in an environment dominated by large multinational certification bodies, the Certification division will continue to focus its efforts on enhancing customer value, underpinned by several strategic initiatives. Core to this strategy is aligning the division with **the dtic's** industrialisation agenda and unlocking the opportunities for operational excellence through the optimisation of processes and digital transformation of the business which will continue into the new fiscal year.

Procurement of locally manufactured products is one of the key demand-side industrial policy levers identified by government to support industrial development in South Africa. The objective is for local manufacturers, including black-owned companies and black industrialists to benefit from a substantial share of public sector procurement.

The SABS has built the requisite capacity to conduct local content verification (LCV) to support the developmental agenda of the country, this is for both public and private sectors. The division provides its services across all 39 European Accreditation Codes (EA Codes) while the SABS Mark Scheme has a presence in 33 countries.

PRODUCTS AND SERVICES

- Certification including quality management system and product certification (Mark Scheme)
- Local content verification in terms of the implementation guidelines of the recently published Mining Charter as well as fulfilling the verification requirements of designated products and sectors for local procurement in line with the amended regulations to the Preferential Procurement Policy Framework Act (PPPFA)
- Consignment inspections

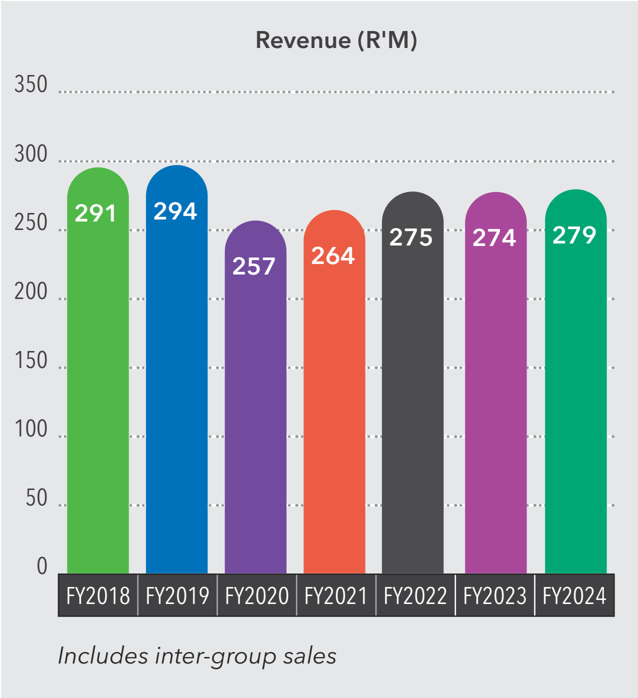
PERFORMANCE OVERVIEW

PERFORMANCE HIGHLIGHTS

- Development and implementation of one new scheme – Future of Building Efficiency
- Completed a feasibility study on conformity assessment services for energy efficiency
- Maintenance of all its Accreditations (SANAS, RvA and FSSC)

PERFORMANCE LOWLIGHTS

- Revenue budget was not met due to poor economic conditions
- Operational challenges



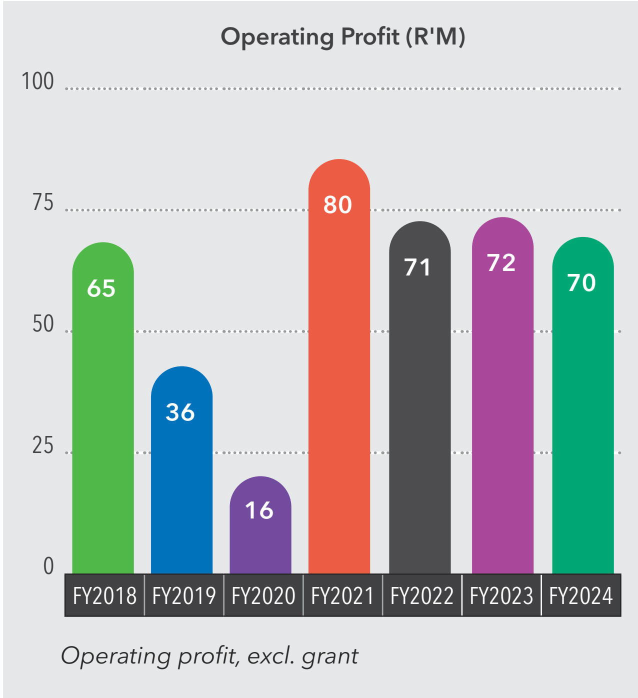


Figure 5: Performance Results – Certification

BY THE NUMBERS

		FY2024	FY2023
Revenue - external	R million	279.0	274.3
Operating profit	R million	69.5	72.0
Staff	Number	130	136

THE YEAR AHEAD

People

- Identify gaps and expand Auditor Competency by 10%

Process

- Contribute to the process mapping roadmap and achieve 80% implementation of the business review project plan

Product

- Provide input to the IP Framework in relation to SABS Mark abuse

Technology

- Contribute to the digital roadmap and business requirements for the certification system

3

LABORATORY SERVICES DIVISION

LABORATORY SERVICES

BUSINESS OVERVIEW

The SABS' laboratory (or testing) activities provide an extensive array of testing, calibration, inspection, and evaluation capabilities across a diverse range of technologies. The SABS testing capability is the most extensive and comprehensive service of its kind in Southern Africa.

Priority is given to the accreditation of test laboratories. The most widely implemented accreditation is by SANAS in terms of SANS/ISO/IEC 17025 (General requirements for the competence of testing and calibration laboratories). Some laboratories are accredited to SANS/ISO 17043 for proficiency testing activities. Other laboratories are also recognised for good laboratory practice (OECDGLP) compliance.

In many cases, specific activities are approved by testing and/or inspection authorities for the Department of Health, South African Pharmaceutical and Health Authority as well as the National Nuclear Regulator. Operations are split across five business clusters: electrotechnical, automotive and mechanical, mining and minerals, food, and health, as well as chemicals and materials..

PRODUCTS AND SERVICES

- Sampling, Testing and Analysis
- Environmental Monitoring
- Proficiency Testing
- Reference Materials

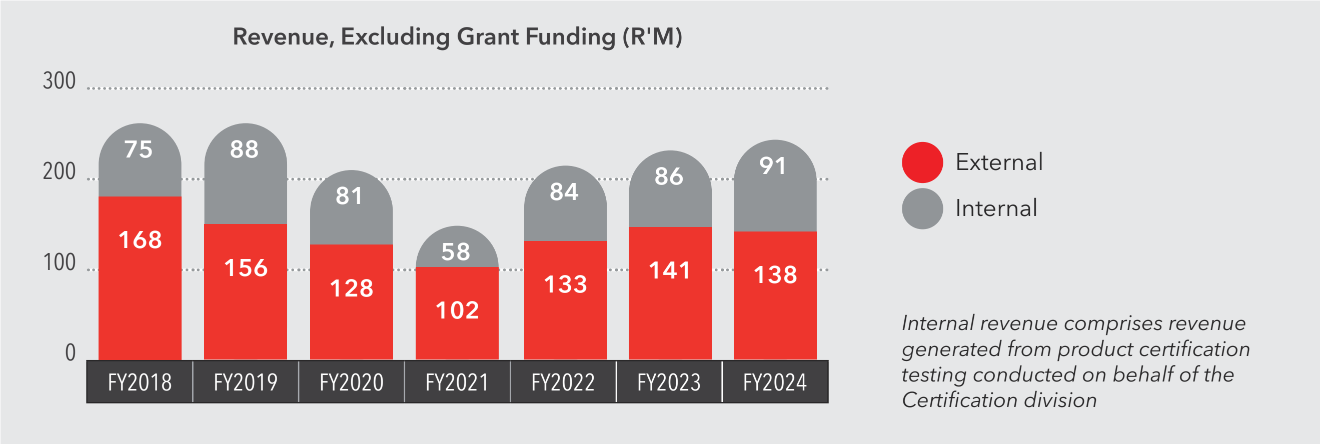
PERFORMANCE OVERVIEW

HIGHLIGHTS

- Introduced 26 new test methods
- Maintained all relevant accreditations
- Engagements with 24 high-value clients done
- Ventilator test equipment commissioned
- RPS new dosimetry system implemented

LOWLIGHTS

- Not all labs were profitable
- Longer turnaround times
- Loss of customers
- Revenue target for Laboratory Services not met



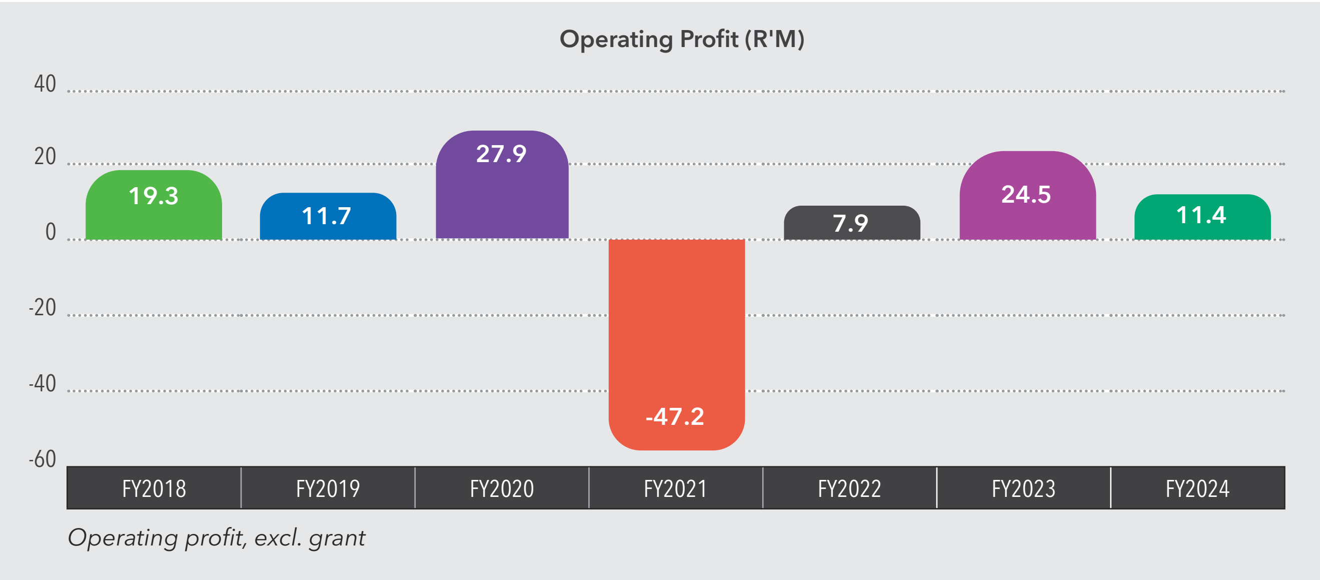


Figure 6: Performance Results – Laboratories

BY THE NUMBERS

		FY2024	FY2023
Revenue - External	R million	138.3	141.4
Operating Profit (excluding grant)	R million	11.4	24.5
Test Laboratories	Number	28	28
Staff	Number	249	257

THE YEAR AHEAD

People

- Identify training needs for newly appointed personnel and 40% implementation
- Develop a framework to address one-person laboratory risks and 40% implementation

Process

- Contribute to the process roadmap and 80% implementation of business review project plan

Product

- Conduct a feasibility study on insourcing of testing of cosmetics and cannabis
- Finalisation of the feasibility study for Testing of Electric Vehicles and 40% implementation

Technology

- Contribute to the technology roadmap and business requirements for the Laboratory system

4 CUSTOMER PARTNERING DIVISION

CUSTOMER PARTNERING DIVISION

BUSINESS OVERVIEW

BUSINESS OBJECTIVE

Customer Partnering consists of the Marketing and Communications (Marcoms), Sales and Business Development, and Customer Engagement departments and seeks to create an awareness of the SABS products and solutions, improve the customer experience, and enhance the financial sustainability of the Bureau through customer retention and acquisition. The SABS turnaround strategy is underpinned by the effective execution of customer retention and acquisition plans.

PERFORMANCE OVERVIEW

HIGHLIGHTS

- Developed and implemented a marketing plan for published standards
- Developed and implemented a marketing plan for technical committees
- Engagements with top 50 customers
- 20 case studies on client success stories
- Concluded 2 agreements with SEZs
- Conducted 4 outreach programmes

LOWLIGHTS

- Lost 257 customers compared to FY2022/23
- Accepted Tenders target missed by 25%
- Accepted Quotes are 17% below R56m target
- Finalisation of mapping of core processes including integration points

BY THE NUMBERS

		FY2024	FY2023
Total Value of Quotes Issued	R million	332	128
Total Value of Quotes Accepted	R million	69	47
Active Customers	Number	6 931	6 744
Staff	Number	37	33

Figure 7: Performance Results – Customer Partnering

THE YEAR AHEAD

People

- Identify training needs for sales leads, sales officers, and key accounts officers and 60% implementation

Process

- Contribute to the process roadmap and 80% implementation of business review project plan

Product

- Develop a go-to-market (GTM) strategy for newly-developed products, solutions and services and 40% implementation

Technology

- Contribute to the technology roadmap and business requirements for ERP [CRM component]

PREDETERMINED **OBJECTIVES**

5

PERFORMANCE AGAINST APPROVED STRATEGIC OBJECTIVES

The table below provides a high-level summary of performance against the approved 2023/24 SABS Corporate Plan for the period under review. Nine out of 13 targets have been achieved which equates to 69% of targets attained for the 2023/24 financial year.

DEVELOP, PROMOTE, AND INCREASE THE USE OF STANDARDS

Output and Key Performance Area	Target (FY2023/24)	Target (Q4)	Actual (Q4)
South African Standards supporting reimagined industrial priority sectors as defined by the dtic	Eighty percent (80%) of standards commitments	Eighty percent (80%) of standards published	Eighty-four (84%) of standards published
Government, SOE, regulatory and related public sector engagements	10	10(YTD)	10(YTD)
Report on support provided by the SABS on key identified developmental policy interventions or any other Ministerial directives	4	4(YTD)	4(YTD)

PROVIDE INTEGRATED CONFORMITY ASSESSMENT SERVICES SOLUTIONS

Output and Key Performance Area	Target (FY2023/24)	Target (Q4)	Actual (Q4)
Customer satisfaction survey	75%	75%	69%*
Number of new products, services, and solutions launched	Introduce four (4) new online courses	Four (4 YTD) new online courses	Three (3 YTD) new online courses
	One (1) new certification scheme	One (1 YTD) new certification scheme	One (1 YTD) new certification scheme
	Two (2) new test methods	Two (2 YTD) new test methods	Six (6 YTD) new test methods

** The information and communication technology (ICT) systems encountered limitations throughout the financial year, impacting the accuracy and completeness of data used to calculate the performance indicator. Consequently, the reported figure of 69% may not reflect actual performance and cannot be reliably audited. The business is actively collaborating with the ICT team to address these system issues.*

ACHIEVE AND MAINTAIN FINANCIAL SUSTAINABILITY

Output and Key Performance Area	Target (FY2023/24)	Target (Q4)	Actual (Q4)
Net profit of SABS Group	Profit of R1.6-million	Profit of R1.6-million	Profit of R69.4-million

CONTINUOUS IMPROVEMENT IN INTERNAL SYSTEMS AND PROCESS

Output and Key Performance Area	Target (FY2023/24)	Target (Q4)	Actual (Q4)
Cost-to-income-ratio of SABS Group	103.7%	103.7%	98.5%

CREATING AND MAINTAINING A HIGH-PERFORMANCE CULTURE

Output and Key Performance Area	Target (FY2023/24)	Target (Q4)	Actual (Q4)
Employee engagement rate	Minimum rating of 3 out of 5	Minimum rating of 3 out of 5	Minimum rating of 3 out of 5
Economic participation of women, youth, and people with disabilities • Percentage (%) of women supported • Percentage (%) of youth supported • Percentage (%) of people with disabilities supported	48.0% 23.0% 2.0%	48.0% 23.0% 2.0%	48.9% 19.3% 1.6%

Table 3: Performance Against Strategic Objectives

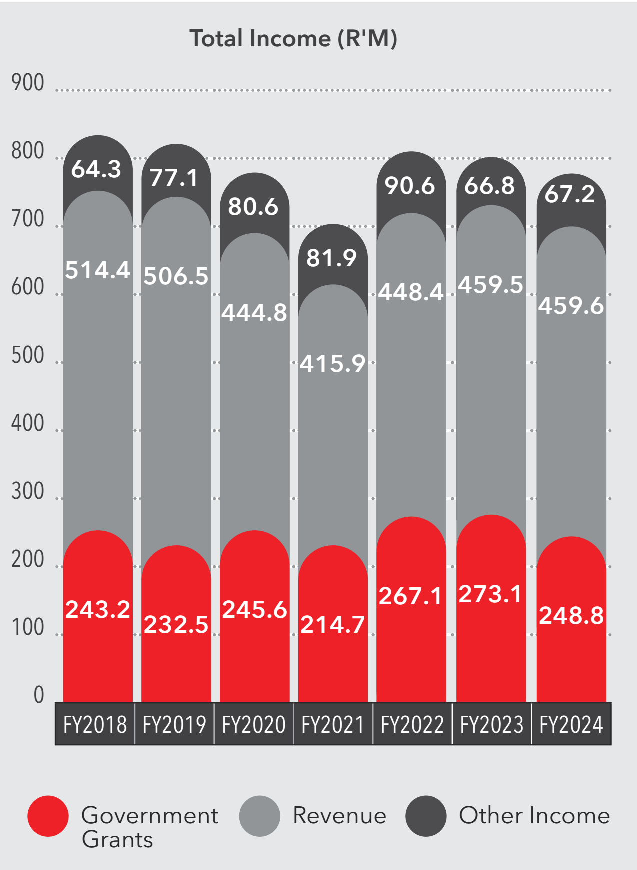
FINANCIAL **PERFORMANCE**

GROUP FINANCE OVERVIEW

Total Income

Total income for the year decreased by 3.0% to R775.6-million (2023: R799.4-million) to R746.6-million (2023: R775.3-million). The SABS received a government grant from **the dtic** of R248.8-million excluding VAT for operational requirements for the year.

Revenue from conformity assessment services, comprising certification, and laboratory services, increased by R1.4-million to R417.1-million (2023: R415.7-million). Revenue from standard sales and training decreased by R1.4-million to R42.4-million (2023: R43.8-million). Other income increased due to reduced recognised deferred income, fair value adjustment on investments through profit, and sundry income.



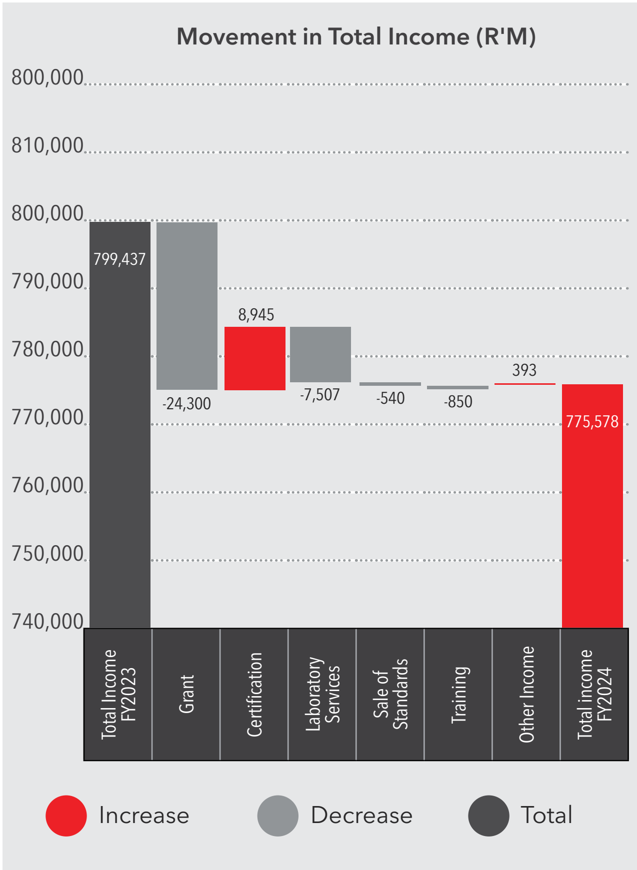
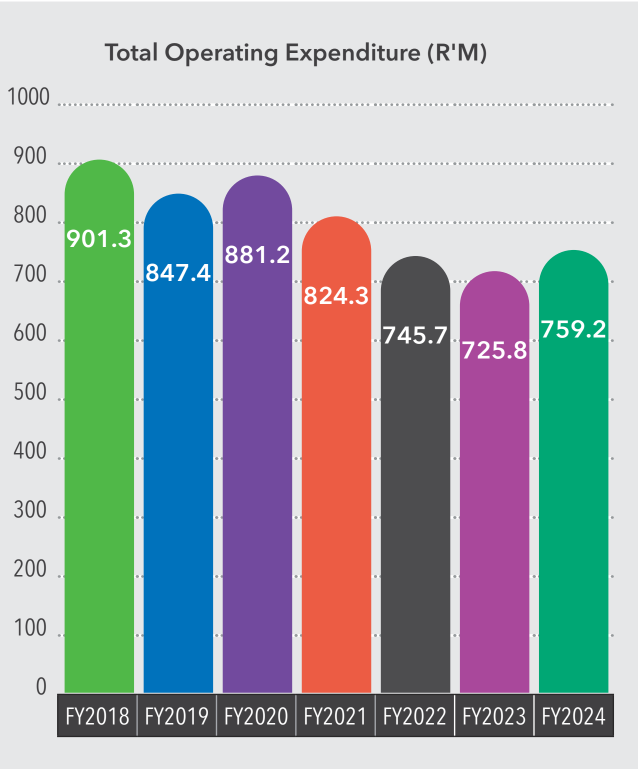


Figure 8: Total Income 7-year Review

Operating Expenditure

The SABS continued to contain its administration and operational expenditure. Total expenditure (including depreciation and amortisation) increased by 4.6% to R759.2-million (2023: R725.8-million), the 4.6% increase is aligned to inflation.



Employee benefit expenditure comprises 55.0% (2023: 55.3%) of the SABS total administration and operational expenditure and amounted to R417.5-million (2023: R401.6-million).

Net Investment Income

The SABS earns interest on bank accounts, money market investments, short-term deposits, and available-for-sale investments. In the year under review, the SABS earned a finance income of R60.8-million (2023: R35.2-million).

Finance costs were realised from lease liabilities, banking facilities, and late payments and amounted to R1.9-million (2023: R1.9-million).

Operating Loss and Net Profit

The SABS profit from operating activities has decreased by 77.8% to R16.4-million compared to an operating profit of R73.6-million in the previous financial year.

Including the net interest received of R58.9-million (2023: R33.3-million), the SABS recorded a net profit of R69.4-million for the year (2023: R88.6-million net profit).

Figure 9: Operating Expenditure 7-year Review

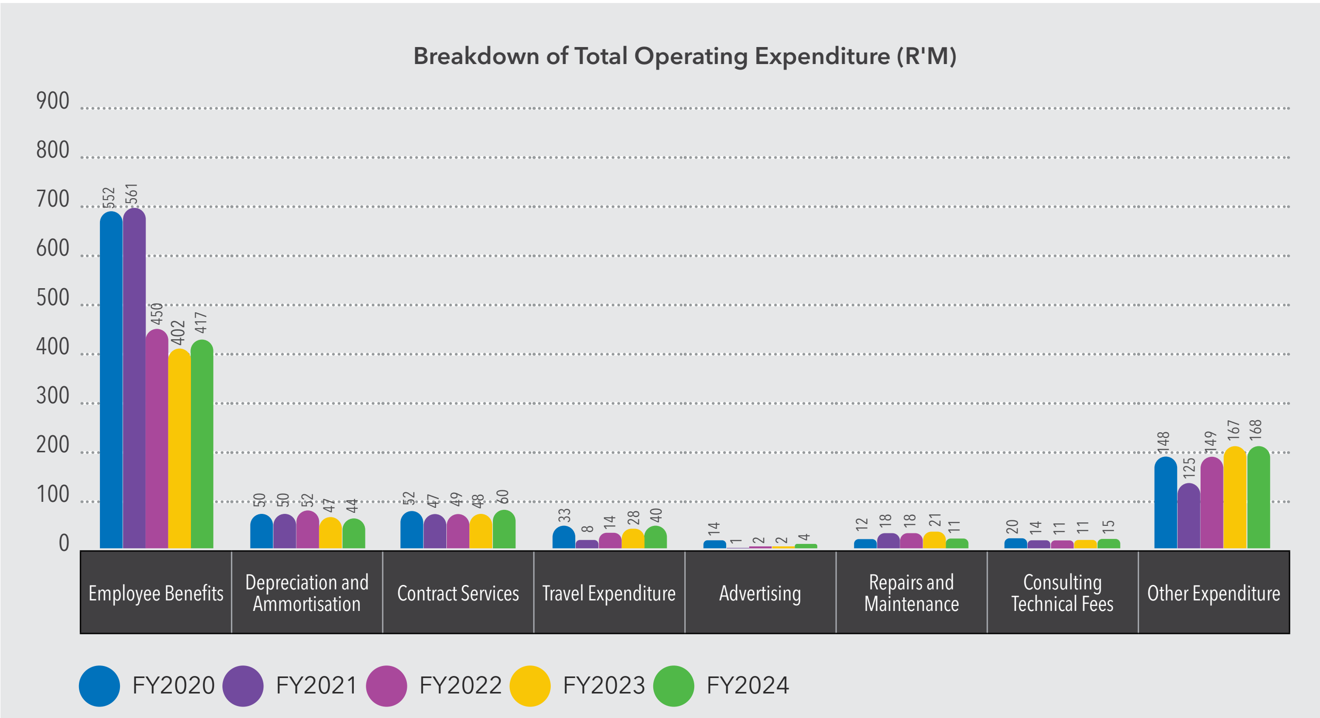


Figure 10: Total Operating Expenditure 5-year Review

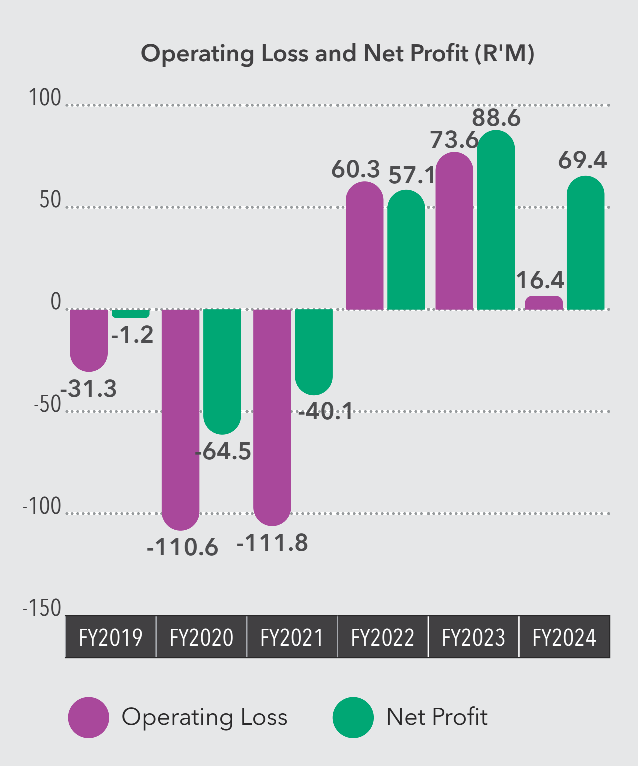


Figure 11: Operating Profit 6-year Review

FINANCIAL POSITION

Total assets increased by 8.2% to R1.7-billion (2023: R1.6-billion). Non-current assets increased by 4.5% to R1.0-billion from R0.9-billion in FY2023.

Movement in Property, Plant and Equipment as well as Intangible Assets

The year's new capital expenditure, including intangible assets, was R27.9-million (2023: R46.5-million). Investments in new laboratory equipment and ICT equipment were in line with the renewal strategy of the SABS.

Depreciation and amortisation totalled R44.4-million (2023: R46.7-million).

Investments at Fair Value through Profit and Loss

During the year, financial assets increased by R7.5-million to R145.0-million, mainly due to fair value adjustments.

Working Capital

Current assets increased from R676.7-million in the prior year to R766.9-million, mainly due to an increase in cash and equivalents and trade and other receivables.

Current liabilities increased by 9.3% to R241.7-million, mainly due to an increase in trade and other payables.

Overall, the current ratio has improved from the prior year to 3.2 (2023:3.1).

Cash and Cash Equivalents

Cash flow generated from operations totalled R89.9-million (2023: R95.4-million). At year-end, the SABS' cash and cash equivalents totalled R577.7-million (2023: R480.8-million).

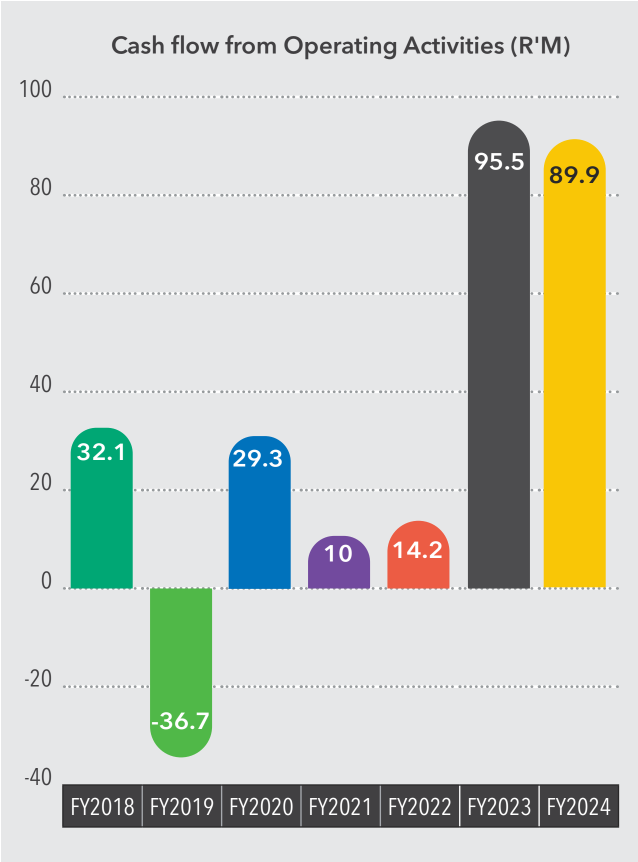


Figure 12: Cash flow Emanating from Operations Post-employment Healthcare Benefits

The SABS provides post-employment medical aid contribution subsidies to qualifying retirees. Employees who meet set criteria (detailed in note 20 of the annual financial statements) are also entitled to this benefit when they retire. Actuaries have valued the plan's liability at year-end. The post-employment healthcare benefit obligation was valued at R59.7-million (2023: R61.8-million).

The funds earmarked to defray the post-employment liability are preserved through the investments held at fair value through profit and loss, currently valued at R145.0-million (2023: R137.5-million).

Borrowings

The SABS has no outstanding borrowings, except for finance leases for operating assets.

Post-balance Sheet Events

No material events occurred after the reporting date and up to the date of this report.

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (GROUP)

In line with the National Treasury's new PFMA Compliance and Reporting Framework, effective 3 January 2023, the SABS adopted a revised approach to presenting non-compliance, fruitless and wasteful (UIFWE) expenditure. This framework supersedes previous guidance. The SABS remains committed to responsible financial management and takes corrective action whenever situations lead to UIFWE expenditure.

Reconciliation of fruitless and wasteful expenditure:

Description	FY2024 (R'000)	FY2023 (R'000)
Opening Balance	**10 570**	**2 622**
Prior Period Error Adjustment	-	1 769*
Restated Opening Balance	**10 570**	**4 391**
Add: Fruitless and Wasteful Expenditure confirmed	936	6 180
Less: Fruitless and Wasteful Expenditure written off	-	-
Less: Fruitless and Wasteful Expenditure recoverable	-	-
Closing Balance	**11 506**	**10 570**

**Prior period error adjustment relates primarily to fruitless and wasteful expenditure that were identified during 31 March 2023 financial year relating to previous years and were not included in the opening balance.*

Reconciling notes

Description	FY2024 (R'000)	FY2023 (R'000)
Fruitless and Wasteful Expenditure that was under assessment in 2023	-	-
Fruitless and wasteful expenditure that relates to 2023, identified in 2024	-	90
Fruitless and wasteful expenditure reported in prior year, reversed in current year	(312)	-
Fruitless and Wasteful Expenditure for the current year	1 248	6 090
Total	**936**	**6 180**

Details of current and previous year fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description	FY2024 (R'000)	FY2023 (R'000)
Fruitless and Wasteful Expenditure under assessment	-	-
Fruitless and Wasteful Expenditure under determination	-	-
Fruitless and Wasteful Expenditure under investigation	-	-
Total	**-**	**-**

Details of current and previous year fruitless and wasteful expenditure recovered

Description	FY2024 (R'000)	FY2023 (R'000)
Fruitless and Wasteful Expenditure recovered	-	-
Total	**-**	**-**

Details of current and previous year fruitless and wasteful expenditure written off

Description	FY2024 (R'000)	FY2023 (R'000)
Fruitless and Wasteful Expenditure written-off	-	-
Total	**-**	**-**

Details of current and previous year disciplinary steps taken as a result of fruitless and wasteful expenditure

Description	FY2024 (R'000)	FY2023 (R'000)
In progress	-	-
Completed	936	6 180
Total	**936**	**6 180**

Reconciliation of irregular expenditure

Description	FY2024 (R'000)	FY2023 (R'000)
Opening Balance	39 981	37 504
Add: Irregular Expenditure confirmed	3 804	2 477
Less: Irregular Expenditure condoned	(9 225)	-
Less: Irregular Expenditure not condoned and removed	-	-
Less: Irregular Expenditure recoverable	-	-
Less: Irregular Expenditure not recovered and written off	-	-
Closing Balance	**34 561**	**39 891**

Reconciling notes to the annual financial statement disclosure

Description	FY2024 (R'000)	FY2023 (R'000)
Irregular Expenditure that was under assessment in FY2023	-	-
Irregular Expenditure that relates to FY2023 and identified in FY2024	-	-
Irregular Expenditure for the current year	3 804	2 477
Total	**3 804**	**2 477**

Details of current and previous year irregular expenditure (under assessment, determination, and investigation)

Description	FY2024 (R'000)	FY2023 (R'000)
Irregular Expenditure under assessment	-	10
Irregular Expenditure under determination	-	-
Irregular Expenditure under investigation	-	-
Total	**-**	**10**

Details of current and previous year irregular expenditure condoned

Description	FY2024 (R'000)	FY2023 (R'000)
Irregular Expenditure condoned for 2022FY	3 576	-
Irregular Expenditure condoned for 2023FY	1 938	-
Irregular Expenditure condoned for 2024FY	3 711	-
Total	**9 225**	**-**

Details of current and previous year irregular expenditure removed - (not condoned)

Description	FY2024 (R'000)	FY2023 (R'000)
Irregular Expenditure NOT condoned and removed	-	-
Total	**-**	**-**

Details of current and previous year irregular expenditure recovered

Description	FY2024 (R'000)	FY2023 (R'000)
Irregular Expenditure recovered	-	-
Total	**-**	**-**

Details of current and previous year irregular expenditure written off (irrecoverable)

Description	FY2024 (R'000)	FY2023 (R'000)
Irregular Expenditure written-off	-	-
Total	**-**	**-**

No inter-institutional transactions that have led to irregular expenditure.

Details of current and previous year disciplinary steps taken as a result of irregular expenditure

Description	FY2024 (R'000)	FY2023 (R'000)
In progress	308	2 476
Completed	3 711	-
Total	**4 019**	**2 476**

7

SIX-YEAR PERFORMANCE OVERVIEW

	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019 Restated
	R'm	R'm	R'm	R'm	R'm	R'm
STATEMENT OF PROFIT OR LOSS						
Revenue	459.6	459.5	448.4	415.9	444.8	506.5
Parliamentary grant recognised as income	248.8	273.1	267.1	214.7	245.6	232.5
Expenditure	(759.2)	(725.8)	(743.5)	(824.3)	(881.2)	(847.4)
Operating (loss)/profit	16.4	73.6	60.3	(111.8)	(110.2)	(31.3)
Net investment income	58.9	33.3	17.6	27.6	48.6	30.1
Profit/(loss) for the year	69.4	88.6	57.1	(40.1)	(61.6)	(1.2)
STATEMENT OF FINANCIAL POSITION						
Property, plant, and equipment	720.6	726.2	720.1	710.1	684.0	687.7
Investment properties	6.1	6.5	6.8	7.2	7.5	7.7
Intangibles	12.7	12.9	15.4	14.2	13.4	20.1
Investments at fair value	145.0	137.5	132.7	120.3	100.5	312.6
Right-of-use assets	40.2	8.3	15.9	23.0	15.7	
Deferred taxation	42.3	33.6	31.0	40.6	-	-
Non-current assets/disposal group held for sale	-	-	-	-	-	-
Current assets excluding cash	189.2	195.9	166.1	177.1	154.4	202.6
Net cash and cash equivalents	577.7	480.8	406.2	457.6	531.9	259.2
Total assets	**1 733.7**	**1 601.8**	**1 494.2**	**1,550.1**	**1,507.4**	**1 489.8**
Capital and reserves	995.9	925.1	838.9	782.7	815.7	887.1
Other non-current liabilities	496.1	455.4	454.4	483.7	463.9	317.0
Current liabilities	241.7	221.2	200.9	283.7	222.5	285.7
Total equity and liabilities	**1 733.7**	**1 601.8**	**1 494.2**	**1,550.1**	**1,507.4**	**1,489.8**
CASH FLOWS						
Net cash flow from operating activities	89.9	95.4	14.2	10.0	29.3	(36.7)
Net cash flow from investing activities	17.4	(14.7)	(50.4)	(73.9)	251.9	169.8

	FY2024	FY2023	FY2022	FY2021	FY2020	FY2019 Restated
	R'm	R'm	R'm	R'm	R'm	R'm
Net cash flow from financing activities	(10.4)	(6.1)	(15.2)	(10.4)	8.4	-
Cash & cash equivalents at the beginning of the year	480.8	406.2	457.6	531.9	259.2	126.0
Cash and cash equivalents at the end of the year	577.7	480.8	406.2	457.6	531.9	259.2
RATIO ANALYSIS						
PROFITABILITY AND ASSET MANAGEMENT						
Asset turnover	0.3	0.3	0.3	0.3	0.3	0.4
Return on assets (excluding cash and cash equivalent)	1.4%	6.6%	5.5%	(10.2%)	(11.3 %)	(2.5%)
Return on equity	1.6%	8.0%	7.2%	(14.3%)	(13.4 %)	(3.5%)
Current ratio	3.2	3.1	2.8	2.2	3.1	1.6
Operating margin %	3.6%	16.0%	13.4%	(26.9%)	(24.8 %)	(6.2%)
Revenue % to total income	64.9%	62.7%	62.7%	66.0%	64.4%	68.5%
PERFORMANCE						
Number of employees at year-end	675	672	738	824	856	877
Commercial revenue per employee	681	684	608	505	520	578
Cost per employee	1 125	1 080	1 010	1 000	1 029	966
Operating profit per employee	24.2	109.5	81.7	(135.7)	(128.7)	(35.7)
Remuneration as a % of total expenditure	55.0%	55.3%	60.5%	68.1%	62.7%	60.9%

Table 4: 6-Year Financial Performance Overview

Ratio definitions

Asset turnover: Revenue divided by assets less current liabilities
Return on assets: Operating profit as a percentage of assets excluding cash resources
Current ratio: Current assets to current liabilities
Operating margin %: Operating profit as a percentage of revenue
Revenue % to total income: Revenue divided as a percentage of total income

PART F

OUR HUMAN CAPITAL

It is a strategic imperative for the organisation to give recognition to the role and value of employees in successfully delivering on its institutional mandate. The Human Capital strategy guides the execution of the business's operating model and is anchored on the following elements:

- Talent acquisition, including recruitment, on-boarding and graduate placement.
- Learning and development, including competency assessments as well as leadership and skills development.
- Performance management, including contracting, tracking, evaluation, and enhancement.
- Compensation and benefits, including terms and conditions, collective agreements, incentives, and salary structures.

1. OUR PURPOSE IN BUILDING TALENT TO DRIVE PERFORMANCE EXCELLENCE:

To enable value creation in our new operating model, we are aligning efforts and working harder at enhancing talent, optimising performance, and coaching to unleash the full potential of our employees:

Our Employee Value Proposition:

- We develop employees and free their potential.
- Retain critical competencies.
- Create an environment that enables excellent performance.
- Attract competent, skilled, and dedicated professionals.

Our Value-Add Human Capital Offering:

- We enhance capacity to enable the organisation to deliver on its strategic objectives.
- We optimise the workforce plan to deliver on the operating model; and to lessen duplications across functions in line with standards and best practices.

2. LEARNING AND DEVELOPMENT

An integrated organisation-wide learning and development strategy delivered the following:

- Learning and Development Corporate Policy and Procedure.
- A bespoke Leadership Competency Framewor.k
- Targeted high-impact leadership development programmes.

The Transitional Leadership Programme in partnership with the University of the Witwatersrand was launched, and attendance was as follows:

- 33 employees attended the Emerging and Transitional Leadership Development Programme.
- 12 employees attended the Transitional Leader Programme.
- 344 employees attended 716 development interventions.
- 56 interns attended 178 learning programmes on their development plan.
- 716 training interventions implemented.
- Employee development spent: 61% against a target of 80%.

Training Investments: 4-year overview

FY24	R4,9m
FY23	R5,5m
FY22	R2,6m
FY21	R1,4m

3. CREATING AN ENABLING ENVIRONMENT TO MOVE THE ORGANISATION TO A HIGH-PERFORMANCE CULTURE

In the period under review, the organisation stabilised and undertook several initiatives to embed the organisational operating model.

Further to the structure migration and placement process:

- 258 positions within the new organisational structure were filled through a process of employee expressions of interest and panel interviews.
- 317 candidates not selected through the competitive process were managed through the Corporate Pool. Using strict matching criteria, they were placed in roles closely aligned with their qualifications.
- After filling all employee positions, 47 graduates were successfully placed in the remaining vacancies, utilising the same rigorous matching criteria.

- Through this process, 59 vacancies were identified as critical and are currently being filled through the standard open recruitment process.

The SABS Board approved a salary harmonisation process. This process aims to ensure that the remuneration of placed employees aligns with the positions they now hold. The Board established the principles for this harmonisation, and the organisation is currently managing its implementation according to these guidelines.

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4. STAFF REMUNERATION

Our remuneration philosophy aims to strengthen our ability to attract and retain talent to enable execution of our turnaround plan and strategy. Furthermore, to stimulate high performance and ensure equitable pay.

Our priority is to develop a fit-for-purpose Reward and Remuneration Framework:

- The new pay scales were approved for implementation, following extensive market research and this was the basis from which the harmonisation principles were implemented.
- Before the implementation of the harmonisation principles, an Executive Panel was established to oversee the process. Additionally, all proposed new Cost to Company (CTC) structures underwent a pre-implementation audit by Internal Audit.
- The Short-Term Incentive Structure was also approved for implementation.

Our permanent employees' benefits:

- Short-term incentives
- Medical Aid
- Retirement Fund
- Tuition Fees
- Incapacity benefits
- Employee Assistance Programme
- Travel allowances (where applicable)

5. FACILITATING THE TRANSITION TOWARDS A HIGH-PERFORMANCE CULTURE

To solidify the new operating model and foster a smooth transition to the "SABS way" of working, the organisation embarked on a cultural transformation journey. This initiative aims to define how we interact with customers and optimise efficiencies to cultivate a high-performance culture. To understand the current organisational culture and identify an ideal state that aligns with the new SABS Strategy, Operating Model, and Structure, a culture survey and focus group sessions were conducted. The findings from these initiatives have been documented to guide the definition of the upcoming culture journey in the next financial year.

The culture change journey will focus on two key pillars: actively embodying the new values and dismantling silos. This will position SABS for continued success. The initiative will include a structured rollout with monthly and quarterly milestones and activities designed to embed these pillars. The journey will culminate in a celebration of successfully living the new values, solidifying the desired cultural shift.

6. TRANSFORMATION

Diversity and Inclusion is a framework integral to the organisation's transformation initiatives:

1,6 % vs 2,0%	People with disability
48,9 %	Female representation
92,3 %	African, Coloured and Indian
19 ,3%	Youth (35 years and under)

We are continuing to execute our diversity plans to strengthen African, Coloured and Indian (ACI) representation in our workforce, increase women representation in the workplace, and make progress with the inclusion of people with disabilities.

7. NUMBER OF EMPLOYEES

FY2024	675	-0,4%
FY2023	672	8,9%
FY2022	738	10,4%
FY2021	824	

675	95	Corporate Services (Human Capital, ICT & Knowledge Management, Facilities and Security Services)
	59	Finance (Reporting, Strategy, Supply Chain Management and Business Solutions & Advisory Services)
	489	Operations (Certification, Laboratory Services, Standards, Programme Management Office and Customer Partnering)
	32	Office of the CEO (Internal Audit, Risk & Compliance, Accreditation, Strategy, Stakeholder & Media Relations)

A strategic review of organisational structures and workforce needs led to a reduction in headcount. This prioritisation ensured roles aligned with business requirements.

However, the restructuring process impacted the leadership pipeline, particularly at mid-to-senior levels, due to voluntary exits despite a low overall attrition rate. This highlights the importance of fostering internal talent development to build a robust leadership pipeline.

8. EMPLOYEE RELATIONS

The SABS is dedicated to upholding sound labour principles and fostering a work environment free of prejudice. The Human Capital Division plays a vital role in ensuring compliance with prevailing labour laws and achieving this commitment.

During this reporting period, the ER unit made significant strides in enhancing workplace harmony and proactively addressing employees' concerns.
Over the past year, the unit:

- Managed a total of 23 cases, including grievances, incapacity and disciplinary cases.
- Socialised employees on the new disciplinary code.
- Conducted awareness sessions on the new anti-harassment policy for employees at all levels.

Through these interventions, we continue to ensure that protect the rights of all employees, while also working towards minimising the rise in cases of misconduct. The unit facilitated the successful conclusion of a Recognition Agreement with the National Education, Health and Allied Workers Union (NEHAWU).

9. EMPLOYEE WELLNESS

We focus on employee wellness by providing appropriate support.

The uptake of the Employee wellness programme is positive and employees and their families receive support in a wide range of well-being issues.

From April 2023 to March 2024, a total of 312 new cases were opened. This represents a 45.54% year-to-date utilisation rate for the current reporting period. The unit actively promoted employee well-being by adhering to the Department of Health's observances calendar with monthly awareness programmes and events.

Additionally, the unit hosted an annual wellness day to address various employee well-being challenges identified through risk assessments and current trends.

10. OCCUPATIONAL SAFETY

To ensure consistent and comparable safety data across regions, the organisation remains committed to employee education on safety reporting protocols.

No major incidents were reported across the areas of occupational and process safety environment. Lost Time Injury Frequency Rate (LTIFR) is at 0.17 which is within the risk tolerance level of 0.5. The SABS has maintained a low LTIFR for more than 3 years, below the tolerance level.

Occupational Safety has two primary objectives, namely:

- prevention of injuries on duty; and
- the design, implementation, and administration of a safety management system that assures compliance with the applicable legal (OHS Act 85 of 1993).

The overall accountability for safety governance rests with the Executive Committee.

The Health, Safety, and Environment (HSE) business unit tracks and monitors the organisation's safety performance against established monthly targets. Divisional Heads of Departments are accountable for safety performance in their respective operations.

PART G

GOVERNANCE

GOVERNANCE REPORT

1

Good corporate governance is essential to the success of the SABS. Its role is to build an environment of trust, transparency, accountability, and business integrity while simultaneously protecting and advancing the interests of the country and its citizens impacted by the SABS' operations.

EXECUTIVE AUTHORITY AND PARLIAMENTARY OVERSIGHT

The SABS is wholly owned by the South African Government, and it is regulated in terms of the Standards Act, the PFMA and its accompanying Treasury Regulations. The SABS is classified as a Schedule 3B public entity under the PFMA.

As the Executive Authority of the entity, the Minister of the Department of Trade, Industry and Competition **(the dtic)** holds the Accounting Authority responsible for oversight of the organisation; and the Executive Team for managing the SABS and delivering on its mandate.

In line with section 52 of the PFMA, the SABS is required to submit its Corporate Plan in October and January each year; and the Shareholder's Compact in March each year to **the dtic**. The Shareholder's Compact, which serves as an agreement between the SABS Board and the Shareholder, documents key performance measures and targets for assessing organisational performance. The Corporate Plan is also submitted to the National Treasury in February of each year. The SABS' Accounting Authority reports on performance and related matters to the Shareholder through quarterly and annual reports.

The Executive Authority ensures that annual performance plans and the Corporate Plan are true to the mandate and the government's priorities. The Executive Authority also provides direction on developing and implementing strategic priorities and policies.

The Standing Committee on Public Accounts reviews the annual financial statements and the Auditor-General's audit reports.

2 GOVERNANCE FRAMEWORK

The Board's emphasis on the importance of enabling a corporate governance environment is reflected in its governance framework, which promotes efficient, effective, fair, and transparent operations through clearly assigned roles and responsibilities. The Shareholder and Board oversight ensures that the organisation's practices align with governance good practice, while policies, legislation and regulations govern operations. Although ultimately accountable, the Board delegates authority through a delegation matrix to its committees and to various structures of the organisation to ensure efficiency.

3 GOVERNANCE STRUCTURE

Figure 13: SABS Board and its Sub-Committees

4 ROLE OF THE BOARD OF DIRECTORS

The Board is responsible for the strategic direction, and oversight and for setting the tone for ethical and effective leadership of the organisation. The board approves policies and plans that give effect to effective governance of the organisation based on good corporate governance practices; and monitors the implementation thereof by executive management. It provides decisive and effective leadership on key matters of strategic direction by bringing an independent and informed view.

The Board also promotes an ethical culture through regularly reviewed policies and practices and advocates uncompromising integrity and transparency to embed excellence in every facet of the business. The Board Charter, which regulates Board parameters and ensures good corporate governance in all dealings, outlines the roles and responsibilities of the Board, including adopting strategic plans, defining materiality clearly, monitoring operational performance, determining the integrity of policy processes, risk management and internal controls, and director selection, orientation, and evaluation.

COMPOSITION OF THE ACCOUNTING AUTHORITY

5

COMPOSITION OF THE BOARD

In constituting the Board, the Executive Authority ensures an appropriate balance of knowledge, skills, experience, power and diversity in gender, race, tenure, and socio-economic background. The Board composition encourages vigorous Board and committee debates that lead to relevant and effective judgment and guidance for management on strategy and objectives.

The Standard Act determines Board size, with a minimum of seven and a maximum of nine members appointed by the shareholder. All members except for the CEO are non-executive directors. Mr Tumisang Tsehlo resigned on 3 May 2023, and Ms Gloria Mnguni resigned on 31 January 2024. The Board comprised one executive and seven non-executive Directors four of whom are female and five (including the CEO) are male. Diversity of race and age ensures continuity and effective succession planning. The Chairperson and CEO positions are separate.

Terms in Office: Non-executive Board Members

Members	Number of Years
Dr Sandile Malinga	19 months
Dr Rudzani Nemutudi	19 months
Ms Deidre Penfold	19 months
Dr Nandipha Madiba	19 months
Ms Gloria Mnguni (Resigned 31 Jan 2024)	14 months
Dr Ron Josias	19 months
Dr Mukondeleli Grace Kanakana-Katumba	19 months
Mr Tumisang Tsehlo (Resigned 03 May 2023)	6 months

Table 5: Director's Years of Service

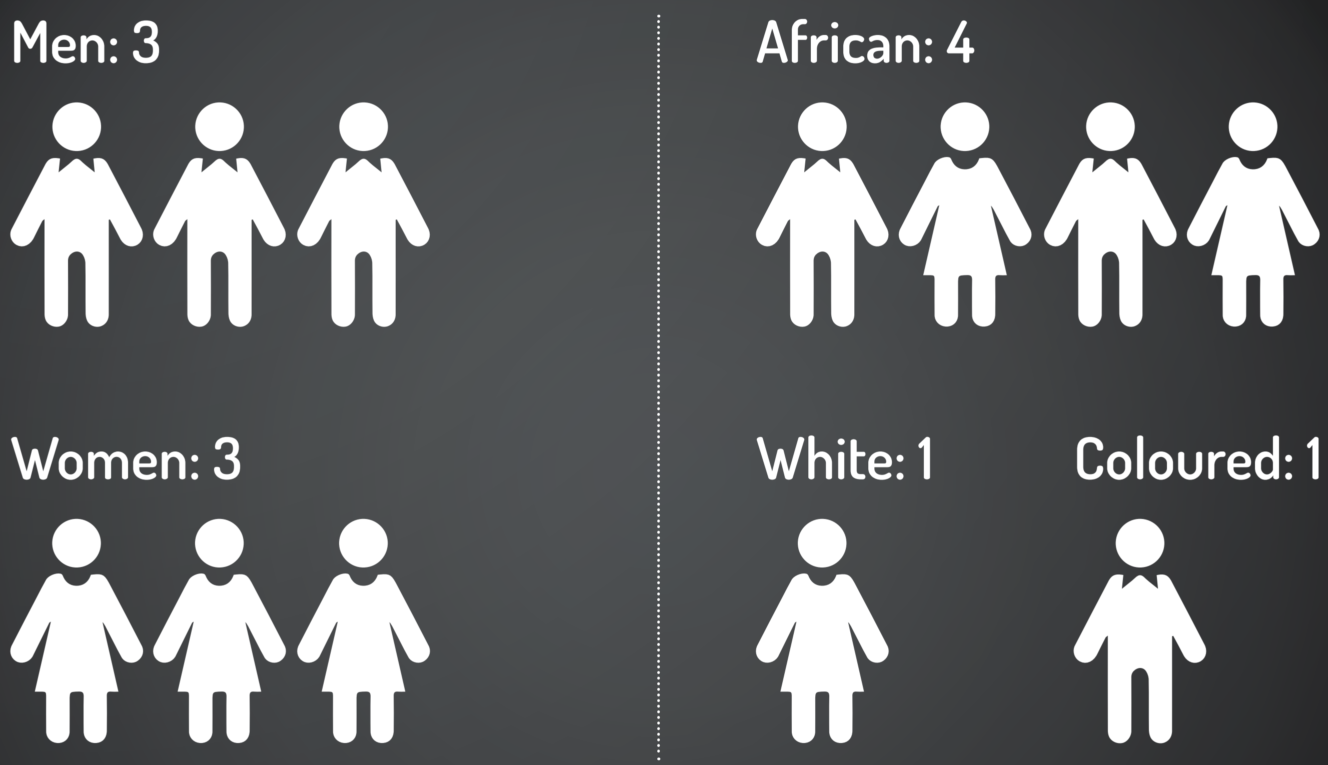

Figure 14: Demographics - Non-Executive Directors

Board Meetings and Attendance

During the period under review, the board held ten (10) scheduled meetings.

Name	Position	02 May 2023	30 May 2023	29 Jun 2023	28 Jul 2023	30 Aug 2023	27 Sep 2023	24 Oct 2023	27 Oct 2023	26 Jan 2024	28 Mar 2024
Dr Sandile Malinga	Chairperson	√	√	√	√	√	√	√	A	√	√
Dr Grace Mukondeleli Kanakana-Katumba	Member	√	√	√	√	√	A	√	A	√	√
Dr Nandipha Madiba	Member	√	√	√	√	√	√	√	√	√	√
Ms Gloria Mnguni (resigned 31 January 2024)	Member	√	√	√	√	√	√	√	√	A	N/A
Dr Rudzani Nemutudi	Member	√	√	√	√	√	√	A	A	√	√
Dr Ron Josias	Member	√		√	√	√	√	√	√	√	√
Ms. Deidré Penfold	Member	√	√	√	√	√	A	A	√	√	√
Mr Tumisang Tsehlo (resigned 03 May 2023)	Member	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dr Sadhvir Bissoon[1]	CEO (A)	√	√	√	√	√	√	√	√	N/A	N/A
Mr Lungelo Ntobongwana[2]	CEO (A)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√

Table 6: Board Meetings and Attendance

√ - Attended
A - Absent with an apology
N/A - No longer/yet a member of the board

Member Independence and Conflicts of Interest

Directors have a fiduciary duty to disclose the nature of their interests at each Board and committee meeting. These are recorded in a register kept for this purpose. Each director's interests are updated at each Board meeting and this register is circulated at each Board meeting for information. The approved Conflict of Interest Policy is well-entrenched within the organisation.

The Company Secretary maintains a register of members' interests and for the FY2023/24 period, no conflicts of interest were reported.

Board Committees

The Board established three committees, namely the Audit and Risk Committee; Human Capital, Social and Ethics Committee; and the Finance, Investment and Strategy Committee. Each committee is chaired by a non-executive director who reports to the Board on discussions, conclusions, and recommendations. All Executive members are standard invitees to all board committee meetings.

Audit and Risk Committee (ARC)

The Audit and Risk Committee's primary purpose is to oversee internal controls and financial assurances and ensure that they comply with statutory duties and responsibilities outlined in the Public Finance Management Act, the Companies Act and the King Code IV.

In terms of section 77(b) of the PFMA, an audit and risk committee must meet at least twice a year. The Committee met six (6) times during the financial year that ended on 31 March 2024.

Statutory duties of the ARC include but are not limited to:

- Audit (internal and external) oversight
- Enterprise risk management and oversight to ensure effective internal controls
- Combined assurance
- Oversight of ICT and Digital Transformation (including ICT governance)
- Financial reporting
- Compliance

1 Mr. Sadhvir Bissoon became the Acting CEO from January 2023.
2 Mr. Lungelo Ntobongwana became the Acting CEO from January 2024.

Human Capital, Social & Ethics Committee (HCSEC)

The Committee has both statutory and non-statutory mandates which include among others to:

- Ensure labour and employment matters specifically in relation to the organisations' standing on the International Labour Organisation's protocol on decent work and working conditions
- Monitor safety, health, and environment specifically in relation to the impact of activities on social and economic development
- Monitor the Employment Equity Act and the Broad-Based Black Economic Empowerment Act
- Recommend the Ethics Management Framework and Ethics Strategy
- Provided guidance and advice on all sustainability matters
- Monitor customer and stakeholder relationships
- Implementation of the current King Report and Code on Corporate Governance
- Oversee and monitor the norms dealing with conflict of interest, remunerative work, gifts, and sponsorships for staff members of the SABS
- Ensure good corporate citizenship

Finance, Investment and Strategy Committee (FISCOM)

The Committee has both statutory and non-statutory mandates which include among others:

- Strategic planning (strategic plans, annual corporate plans including budgeting and strategic financial modelling & allocations)
- Institutional performance monitoring & evaluation (quarterly and annual reports)
- Strategic oversight over core related areas e.g., Standards, Certification, Testing and BSAS
- Strategic oversight over project management
- Strategic investment

Board and Committee Evaluation

No board or sub-committee evaluations have been conducted for the period FY2023/24.

Board Remuneration

The non-executive members' fees, for the period FY2023/24 have been set at National Treasury-approved rates.

Non-executive directors do not receive performance-based remuneration or retainers. The fees paid to non-executive directors during the reporting period appear on page 138 of the Group Annual Financial Statements.

Chief Executive Officer

Management of the day-to-day operations is the CEO's responsibility, assisted by the Executive Management Committee, working to fulfil the mandate of the organisation.

Currently, the organisation is in the process of appointing a permanent CEO.

Company Secretary

The Company Secretary plays a key role in guiding the Board members on the execution of their duties, keeping the Board aware of relevant changes in legislation and corporate governance best practice. The Company Secretary is also secretary to the Board committees and the Board members have unrestricted access to the services of the Company Secretary.

During the period under review, Jaarman Charles Kgoale fulfilled the role of Company Secretary.

ROLE OF THE
ACCOUNTING AUTHORITY

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The members of the Audit and Risk Committee held meetings with the Accounting Authority, SABS senior management, internal audit function and the external auditors, collectively and individually, on matters related to governance, internal control, and risk in the SABS, throughout the reporting period.

AUDIT AND RISK COMMITTEE RESPONSIBILITIES

The Audit and Risk Committee complied with its responsibilities arising from section 51(1)(a)(ii) of the PFMA read with Treasury Regulation 27.1.8 and it also reports that it operated in terms of the Audit and Risk Committee Terms of Reference in conjunction with the Internal Audit Charter.

The Audit and Risk Committee (ARC) herewith presents its report for the financial year ended 31 March 2024, as required by section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999) (PFMA) read with Treasury Regulation 27.1.10.

AUDIT AND RISK COMMITTEE MEETINGS AND ATTENDANCE

In terms of section 77(b) of the PFMA, an audit and risk committee must meet at least twice a year. During the financial year ended 31 March 2024, the Committee met on six (6) occasions.

The table below shows the attendance at these meetings:

Name	Position	24 May 2023	30 May 2023	27 Jun 2023	19 Jul 2023	18 Oct 2023	16 Feb 2024
Ms. Gloria Mnguni (resigned 31 January 2024)	Chairperson ARC	√	√	√	√	√	N/A
Dr Nandipha Madiba	Member	√	√	√	√	√	√
Ms Deidré Penfold - Chairperson	Chairperson ARC (effective 01 March 2024)	√	√	√	√	√	√
Dr Sadhvir Bissoon (01 April 2023 – 19 January 2024)	CEO (A)	√	√	√	√	√	N/A
Mr Lungelo Ntobongwana (effective 20 January 2024)	CEO (A)	N/A	N/A	N/A	N/A	N/A	√

Table 7: ARC Meetings and Attendance

√ = Attended
N/A - No longer/yet a member of the board

The members of the Audit and Risk Committee held meetings with the Accounting Authority, senior management of the SABS, the internal audit function, and the external auditors, collectively and individually, on matters related to governance, internal control and risk in the SABS, throughout the reporting period.

EFFECTIVENESS OF INTERNAL CONTROL

The Audit and Risk Committee reviewed the reports from internal and external auditors regarding audits undertaken within the internal control environment. Various matters that were not prevented or detected by the SABS' internal controls were placed before the Committee.

Based on the audits performed by the internal and external auditors, breakdowns in controls were identified. The Committee noted the issues raised and considered appropriate management responses. Where applicable, remedial measures were introduced and will be monitored.

THE QUALITY OF MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The Audit and Risk Committee is satisfied with the content and quality of management and quarterly reports prepared and issued during the year as required by the statutory framework. The Committee has engaged with management to remedy shortcomings, especially those concerning performance against predetermined objectives.

The Audit and Risk Committee has reviewed and commented on the SABS' Annual Financial Statements and the report on performance information.

INTERNAL AUDIT FUNCTION

In terms of the PFMA, the Accounting Authority must ensure that the SABS has an internal audit system that is controlled and directed by the Audit and Risk Committee. The Committee is satisfied that the internal audit function is operating effectively and has addressed key risks pertinent to the SABS. Therefore, effective internal quality assurance and other programmes cover all aspects of internal audit activity.

RISK MANAGEMENT FUNCTION

The Audit and Risk Committee oversees the risk management function. The SABS' Head of Compliance Risk and Legal Services reports to the Audit and Risk Committee on the management of risk. The Committee has reviewed the risk register and the reports from the Head of Compliance Risk and Legal Services and is generally satisfied with the standards of the risk management process.

FRAUD AND CORRUPTION

The Audit and Risk Committee oversees fraud and corruption prevention controls and mechanisms within the SABS operating environment. To this end:

- Risk incidents are logged in an operational risk register and monitored
- The SABS has a toll-free whistleblowing hotline operated by an external service provider. Employees are encouraged to report any suspected corrupt, fraudulent, criminal, or unethical practices. All incidences of fraud or corruption reported through the toll-free whistleblowing hotline during the year were investigated.

EVALUATION OF THE FINANCE FUNCTION

The Audit and Risk Committee is satisfied that the finance function is performing effectively given current constraints. However, these constraints were identified that required the introduction of remedial plans, and capacity and will be monitored by the Committee.

INFORMATION TECHNOLOGY GOVERNANCE

The Audit and Risk Committee oversees Information and Communication Technology (ICT) controls at the SABS. During the year, steps required to strengthen various ICT controls and governance were identified. These issues are being addressed through projects that will upgrade these information systems.

EVALUATION OF THE INTEGRATED ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS

The Audit and Risk Committee has reviewed:

- Significant financial reporting judgements and estimates are contained in the Annual Financial Statements
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context
- Quality and acceptability of, and any changes in, accounting policies and practices
- Compliance with accounting standards and legal requirements
- Significant adjustments and/or unadjusted differences resulting from the audit
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted
- Reasons for major year-on-year fluctuations
- Asset valuations and revaluations
- Calculation and levels of general and specific provisions
- Write-offs and reserve transfers
- The basis for the going concern assumption, including any financial sustainability risks and issues

The Committee has evaluated the Annual Financial Statements for the year ended 31 March 2024 and considers that it complies, in all material respects, with the requirements of the IFRS and the requirements of the PFMA and the Companies Act and that the adoption of the going concern basis in preparing the Annual Financial Statements is appropriate.

EXTERNAL AUDITOR'S REPORT

Auditor-General of South Africa is the independent external auditor of the SABS Annual Financial Statements (AFS). The Audit and Risk Committee met with the external auditors to confirm that there were no unresolved issues arising from the AFS. We thank them for the cooperation and diligence they displayed during the process.

The Audit and Risk Committee accepts the conclusion and audit opinion of the external auditors on the AFS and agrees that the audited AFS can be accepted and read together with the external auditor's report.

OTHER MATTERS

The Audit and Risk Committee draws attention to the financial position of the SABS. While acknowledging that comprehensive business plans and actions are in place to achieve financial stability, we stress that these plans require the support and attention of the Board and Executive Authority if they are to be successfully implemented.

On behalf of the Audit and Risk Committee:

Ms Deidre Penfold
Chairperson of the Audit and Risk Committee
South African Bureau of Standards

COMPLIANCE WITH LEGISLATION

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The SABS derives its mandate from the Standards Act, No. 8 of 2008. As a Schedule 3B public entity, together with its subsidiary, SABS Commercial SOC Ltd, SABS is enjoined to comply with the provisions of the Public Finance Management Act, No. 1 of 1999. The SABS has implemented a compliance management policy. Compliance self-assessments have been conducted in the year under review and compliance reports, which include compliance mitigations are implemented and reported to the Board. In line with the combined assurance plan, the compliance risks together with non-compliance incidents that have been identified by the external assessors i.e., External Auditors, Regulators and Accreditation Bodies are monitored, and the implementation of the action plans are included in the compliance reports.

8 INTERNAL AUDIT

INTERNAL AUDIT SERVICES

The Internal Audit Services (IAS) department is an independent and objective assurance provider. It delivers on its mandate through a risk-based approach methodology, offering reasonable assurance on the effectiveness of the internal controls, risk management, compliance management and governance.

All audit activities conform to international standards for the professional practice of internal auditing as provided by the Institute of Internal Auditors (IIA). The IAS department operates according to its charter, which the Audit and Risk Committee approved. The internal audit services are sufficiently skilled and supported by those charged with governance (TCWG) to deliver on its mandate. To remain an objective and independent assurance provider, the head of IAS reports to the Acting Chief Executive Officer and functionally to the Audit and Risk Committee.

INTERNAL AUDIT PROGRAMME

The effectiveness of internal audit activity is assessed through internal and external evaluations. These programmes identify opportunities for improvement that are implemented and monitored by the head of IAS.

The internal auditors in the IAS department maintain their membership with the IIA of South Africa, which is affiliated with the international body.

The risk-based internal audit plan focused on the following focal points, which are fundamental to the SABS as required by Treasury Regulation 27.2:

- The information technology system environment
- The reliability and integrity of financial and operational performance information
- The effectiveness of SABS operations and performance
- The safeguarding of SABS assets in compliance with relevant laws and regulations

The IAS' effective stakeholder management ensured efficiencies across all internal audit activities. Identified assurance gaps and duplications by SABS providers were addressed through integrated assurance (combined assurance) actions by the IAS and external auditors.

For more about the combined assurance model, refer to page 47.

9 FRAUD AND CORRUPTION

The Audit and Risk Committee provides oversight over the fraud and corruption prevention controls and mechanisms within the SABS' operating environment.

To this end:

- Risk incidents are logged in an operational risk register and monitored.
- The SABS has a toll-free whistleblowing hotline operated by an external service provider. Employees are encouraged to report any suspected corrupt, fraudulent, criminal, or unethical practices. All incidences of fraud or corruption reported through the toll-free whistleblowing hotline during the year were investigated.

MINIMISING **CONFLICT OF INTEREST**

10

Conflict of Interest of Employees in the Performance of Services of the SABS.

When joining the organisation, all employees commit to avoiding conflicts of interest, by signing the conditions of employment. All employees are required to annually submit a declaration of interest form to allow the company, through line management, to assess any conflict of interest.

Additionally, the services of the organisation are delivered through processes that allow complaints by external and internal stakeholders and appeal to a higher authority in the organisation.

The following key services have reinforced the SABS' protocols to minimise employees' conflicts of interest:

- Internal audit services
- Zero tolerance for fraud and corruption
- Encouraging whistleblowing with the implementation of a no-charge Fraud Line available on 0800 00 7112. In addition, email and website options are also available to report fraud and corruption

CODE OF **CONDUCT**

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The SABS' Code of Conduct provides a set of values, rules, standards, and principles that outline what the organisation expects from its employees. The primary focus of the Code is to help employees understand what the expectations are when they communicate internally and externally and act as representatives of the organisation.

The Code of Conduct also alerts existing and potential suppliers and customers of the values of the SABS so that they can comply with the organisation's business practices. Included in the Code of Conduct of the SABS are the organisation's values, acceptable and unacceptable behaviour, day-to-day business practices and how employees are mandated to interact with external parties.

Third parties are also expected to abide by the Code while dealing with SABS employees or visiting any of the SABS offices or sites.

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HEALTH, SAFETY, AND **ENVIRONMENTAL MATTERS**

APPROACH TO HEALTH AND SAFETY

The SABS' approach to safety is built on a strong foundation of visible leadership and competency and is supported by clear policies and procedures.

SUPPORTING THE WELLBEING OF EMPLOYEES

Employee health, wellness and fitness for work are fundamental contributors to an employee's ability to effectively execute his or her designated responsibilities and implement innovative and value-adding initiatives for the business. Employee benefit arrangements include tailored healthcare insurance plans for employees and their direct dependants where this is practicable and appropriate. On-site clinics, employee assistance programmes and wellness support programmes are also available.

PROVIDING A SAFE WORKING ENVIRONMENT

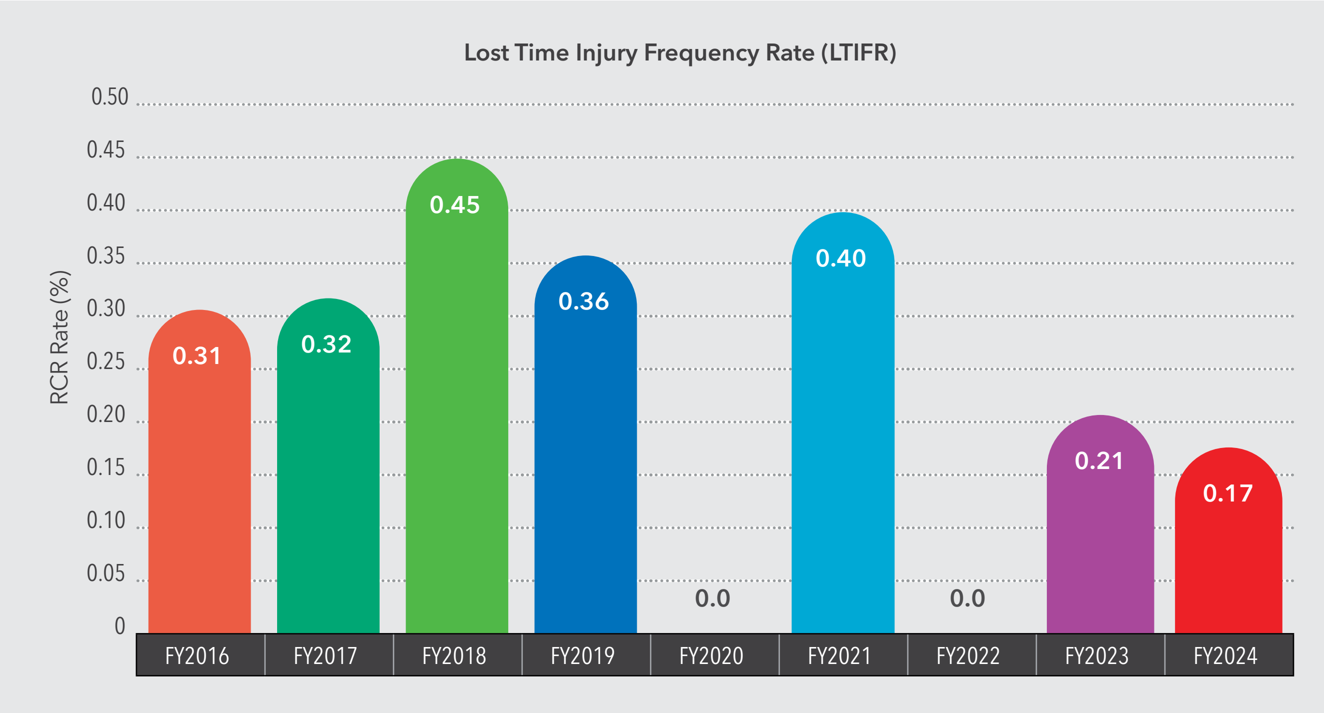
A safe work environment is a vital component of employee productivity, well-being, and performance. Therefore, to ensure a safe and healthy environment for employees and all stakeholders, the SABS focuses on complying with the Occupational Health and Safety Act, 85 of 1993 and its regulations as well as the Compensation for Occupational Injuries and Diseases (COID) Act, 130 of 1993.

A dedicated Health, Safety and Environmental (HSE) Management unit guides the SABS on all health and safety matters, legislation, and regulatory updates.

Figure 15: HSE Management Framework

MEASURING HEALTH AND SAFETY EFFORTS

- The lost time injury frequency rate (LTIFR) of 0.17 was achieved (FY2023: 0.21)
- The minor injury frequency rate (MIFR) of 0.02 was achieved (FY2023: 0.42)
- **No fatalities** were recorded in FY2024



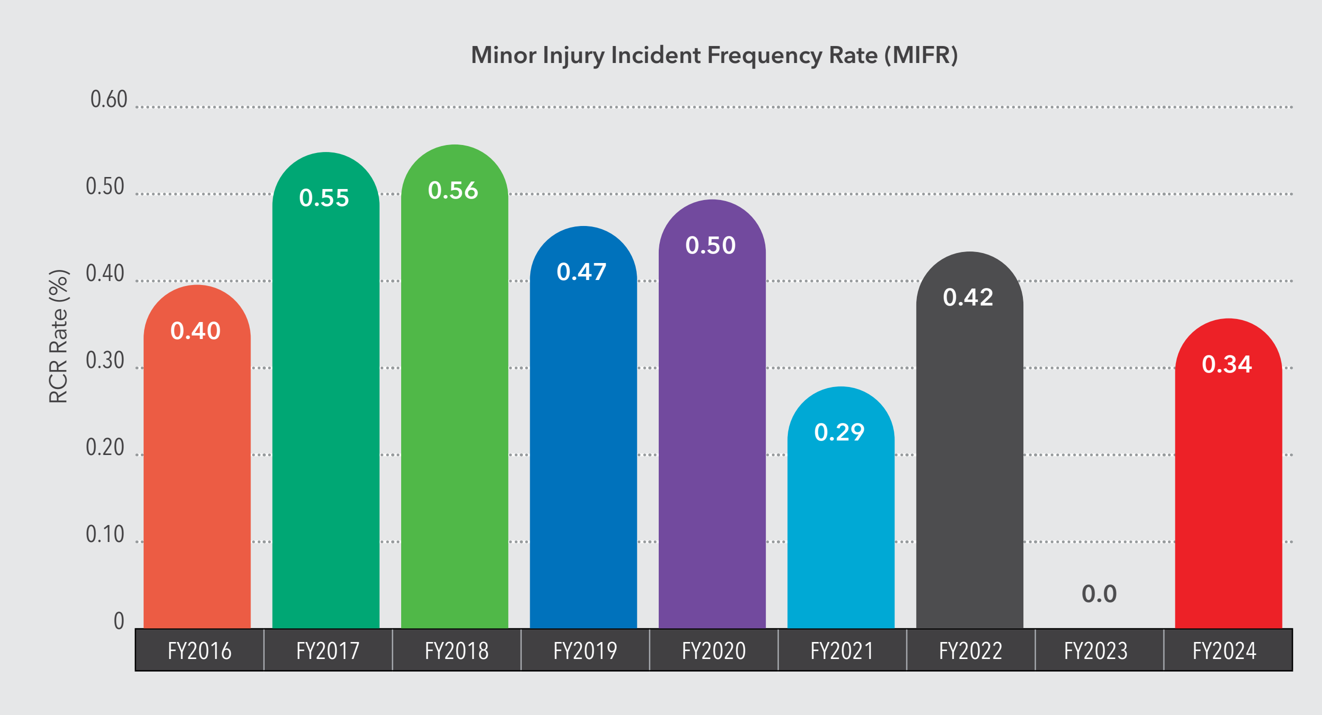


Figure 16: Lost Time Injury Frequency Rate (LTIFR) and Minor Injury Frequency Rate (MIFR)

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SOCIAL RESPONSIBILITY

RESPONSIBLE CORPORATE CITIZENSHIP

Responsible corporate citizenship is more than a compliance requirement; it is fundamental to the SABS' objectives. The SABS recognises that there are inseparable linkages between its sustainable growth, its relationships with key stakeholders and its contribution to society in the broader context.

CONDUCTING BUSINESS IN A RESPONSIBLE MANNER

The SABS' Code of Ethics encapsulates the organisation's inherent approach to conducting business ethically, with integrity and with commercial wisdom which strives to enhance the economic and social well-being of its employees, customers, and business partners.

ENGAGING STAKEHOLDERS

The SABS is committed to adopting a stakeholder-inclusive governance approach and sustaining strong relationships with its stakeholders through transparency and effective communication. The approach to takeholder engagement is set out on pages 28-32 of this report.

CORPORATE GOVERNANCE

The SABS operates on an established foundation of strong corporate governance. More can be read about this in the Corporate Governance Report set out on pages 74-81 of this report.

ETHICS MANAGEMENT, ANTI-BRIBERY, AND CORRUPTION

The SABS is committed to zero tolerance for any fraudulent and unethical behaviour. Its fraud policy, fraud prevention plan and Code of Ethics are effectively implemented. For the reporting period the anti-corruption and fraud prevention policy was reviewed and the following initiatives were established:

- Ethics management Framework
- A minimum Anti-Corruption Capability Assessment
- Fraud and Corruption Risk Assessments
- The Anti-Corruption and Fraud Prevention Plan

To promote a culture of whistleblowing, an independent external service provider independently manages the SABS whistleblowing hotline. Logged calls are then managed by Internal Audit Services and the anonymity of whistleblowers is guaranteed.

All reasonable suspicions of fraud, corruption, maladministration, and unethical behaviour are verified and investigated, and appropriate action is taken, including but not limited to:

- Consequence management procedures
- Referrals to relevant agencies
- Institution of criminal proceedings
- Civil litigation
- Recovery of losses

The acceptance of gifts and benefits is covered in the SABS' fraud prevention plan that sets the framework of levels of employees, including Board members, who are prohibited from accepting or giving gifts or hospitality that are of a nominal value or participating in events sponsored by current or prospective customers or suppliers.

B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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The SABS achieved a level 6 B-BBEE level contributor status at its most recent assessment (previously: Level 8 B-BBEE level contributor). The group's B-BBEE certification was performed by AmexBEE, an independent economic empowerment rating agency. Management is implementing an improvement plan to achieve a better level.

Has the SABS applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following?		
Criteria	**Response**	**Description**
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	Yes	The SABS has developed and implemented a Group Preferential Procurement Policy (CP 405). The policy details the development of designated categories of suppliers which are implemented through open bidding processes and the application of the preference points in awarding bids
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering partnerships with the private sector?	N/A	
Determining criteria for the awarding of incentives, grants, and investment schemes in support of Broad-Based Black Economic Empowerment?	N/A	

Table 8: B-BBEE Code of Good Practices

PART H

FINANCIAL INFORMATION

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ANNUAL FINANCIAL STATEMENTS

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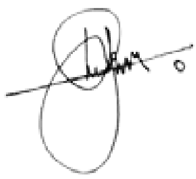
Prepared under supervision of:

Kholofelo Masoga CA(SA), CFO

Published:

31 July 2024

The Annual Financial Statements set out on page 90 to 151, which have been prepared on the going concern basis, were approved by the Accounting Authority on 31 July 2024, and were signed on its behalf by:



Mr Lungelo Ntobongwana
Chief Executive Officer (Acting)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

Figures in R '000	Note(s)	Group 2024	Group 2023 Restated*	Group 2022 Restated*	SABS 2024	SABS 2023	SABS 2022
ASSETS							
Non-Current Assets							
Property, plant and equipment	2	720,597	726,196	720,084	487,520	481,746	477,826
Right-of-use assets	18	40,174	8,348	15,865	35,031	7,367	12,599
Investment property	3	6,127	6,478	6,829	128,311	132,536	142,133
Intangible assets	4	12,673	12,870	15,416	11,520	10,847	13,294
Investment in subsidiary	5	-	-	-	100,000	100,000	100,000
Deferred tax assets	13	42,283	33,620	31,045	-	-	-
Investment at fair value through profit or loss	9	144,958	137,531	132,738	144,958	137,531	132,738
Loan to group entity	11	-	-	-	-	-	18,822
Total non-current assets		**966,812**	**925,043**	**921,977**	**907,340**	**870,027**	**897,412**
Current Assets							
Inventories	6	2,865	4,322	3,964	2,865	4,322	3,962
Trade and other receivables	7	155,186	171,475	160,392	84,890	19,163	16,039
Current tax asset	8	3,240	-	-	-	-	-
Vat receivable	10	27,897	20,191	2,825	10,272	11,565	4,585
Loan to group entity	11	-	-	-	-	1,254	-
Cash and cash equivalents	12	577,698	480,757	406,188	346,721	376,457	296,894
Total current assets		**766,886**	**676,745**	**573,369**	**444,748**	**412,761**	**321,480**
Total assets		**1,733,698**	**1,601,788**	**1,495,346**	**1,352,088**	**1,282,788**	**1,218,892**
EQUITY AND LIABILITIES							
Equity							
Accumulated Profit		904,231	834,843	746,228	767,703	733,609	683,395
General reserve	14	54,282	54,282	54,282	54,282	54,282	54,282
Other components of equity	15	37,388	35,930	32,989	21,696	21,878	20,793
Total equity		**995,901**	**925,055**	**833,499**	**843,681**	**809,769**	**758,470**
LIABILITIES							
Non-Current Liabilities							
Lease liabilities	18	25,497	796	2,251	22,259	687	1,217
Deferred income	19	406,524	388,045	381,606	347,238	334,951	322,121
Employee benefit obligations	20	64,118	66,657	70,552	35,828	37,586	40,443
Total non-current liabilities		**496,139**	**455,498**	**454,409**	**405,325**	**373,224**	**363,781**
Current Liabilities							
Provisions	16	1,567	1,566	1,437	1,567	1,566	1,436
Trade and other payables	17	197,459	181,513	169,267	71,866	76,381	72,641
Current tax liabilities	8	-	5,292	-	-	-	-
Lease liabilities	18	15,410	8,279	9,816	13,292	7,049	6,621
Loan from group company	11	-	-	-	430	-	-
Deferred income	19	18,312	15,779	18,344	10,155	9,167	10,327
Employee benefit obligations	20	8,910	8,806	8,574	5,772	5,632	5,616
Total current liabilities		**241,658**	**221,235**	**207,438**	**103,082**	**99,795**	**96,641**
Total liabilities		**737,797**	**676,733**	**661,847**	**508,407**	**473,019**	**460,422**
Total Equity and Liabilities		**1,733,698**	**1,601,788**	**1,495,346**	**1,352,088**	**1,282,788**	**1,218,892**

Restated: refer to note 39 for the details of the prior period errors

STATEMENT OF PROFIT AND LOSS
and Other Comprehensive Income for the year ended 31 March 2024

2

Figures in R '000	Note(s)	Group 2024	Group 2023	SABS 2024	SABS 2023
Revenue	21	459,565	459,517	42,857	35,579
Government grants	29.7	248,847	273,099	248,847	273,099
Other income	22	67,214	66,821	86,665	87,952
		775,626	**799,437**	**378,369**	**396,630**
Employee benefits expense	23	(417,533)	(401,575)	(177,065)	(171,015)
Depreciation and amortisation		(44,383)	(46,742)	(22,923)	(23,226)
Travel expenditure		(40,306)	(27,833)	(6,798)	(1,972)
Advertising expenditure		(4,040)	(2,399)	(1,871)	(1,610)
Contract services		(59,987)	(48,223)	(54,559)	(45,049)
Consulting and technical fees		(14,528)	(11,485)	(6,372)	(3,283)
Repairs and maintenance		(10,580)	(20,595)	(5,715)	(13,932)
Other operating expenditure	24	(167,903)	(166,937)	(112,150)	(116,023)
Profit from operating activities		**16,366**	**73,648**	**(9,084)**	**20,520**
Finance income	25	60,830	35,193	44,468	30,678
Finance costs	26	(1,915)	(1,874)	(1,289)	(984)
Profit before tax		**75,281**	**106,967**	**34,095**	**50,214**
Taxation	27	(5,893)	(18,352)	-	-
Profit (Loss) for the period		**69,388**	**88,615**	**34,095**	**50,214**
Other comprehensive income net of tax					
Components of other comprehensive income that will not be reclassified to profit or loss					
Gains on other component of equity	15	2,065	3,628	(181)	1,085
Income tax relating to post-employment healthcare benefits	15	(606)	(686)	-	-
Total other comprehensive income that will not be reclassified to profit or loss		**1,459**	**2,942**	**(181)**	**1,085**
Total other comprehensive income net of tax		**1,459**	**2,942**	**(181)**	**1,085**
Total comprehensive income		**70,847**	**91,557**	**33,914**	**51,299**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2024

3

Figures in R '000	Other components of equity	General reserve	Accumulated profit	Total
Group	R `000	R `000	R `000	R `000
Balance at 1 April 2022 as previously reported	32,989	54,282	751,620	838,891
Increase (decrease) due to corrections of prior period errors	-	-	(5,393)	(5,393)
Balance at 1 April 2022 as restated	32,989	54,282	746,228	833,499
Changes in equity				
Profit for the year	-	-	88,615	88,615
Other comprehensive income	2,942	-	-	2,942
Total comprehensive income for the year	2,942	-	88,615	91,557
Balance at 31 March 2023	**35,930**	**54,282**	**834,843**	**925,060**
Balance at 1 April 2023	**35,930**	**54,282**	**834,843**	**925,055**
Changes in equity				
Profit for the year	-	-	69,388	69,388
Other comprehensive income	1,459	-	-	1,459
Total comprehensive income for the year	1,459	-	69,388	70,847
Balance at 31 March 2024	**37,388**	**54,282**	**904,231**	**995,902**
SABS	R `000	R `000	R `000	R `000
Balance at 1 April 2022	20,793	54,282	683,395	758,470
Changes in equity				
Profit for the year	-	-	50,214	50,214
Other comprehensive income	1,085	-	-	1,085
Total comprehensive income	1,085	-	50,214	51,299
Balance at 31 March 2023	**21,878**	**54,282**	**733,609**	**809,769**
Balance at 1 April 2023	**21,878**	**54,282**	**733,609**	**809,769**
Changes in equity				
Profit for the year	-	-	34,094	34,094
Other comprehensive income	(181)	-	-	(181)
Total comprehensive income	(181)	-	34,094	33,913
Balance at 31 March 2024	**21,696**	**54,282**	**767,703**	**843,683**

STATEMENT OF CASH FLOW
as at 31 March 2024

4

Figures in R '000	Note(s)	Group 2024	Group 2023	SABS 2024	SABS 2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		500,249	470,755	57,461	63,667
Cash grant received from government		248,847	273,099	248,847	273,099
Cash paid to suppliers		(275,726)	(248,556)	(174,514)	(198,904)
Cash paid to employees		(418,672)	(405,021)	(177,405)	(176,147)
Cash generated from operations	34	54,698	90,277	(45,611)	(38,285)
Interest income	25	60,830	33,959	44,468	29,443
Finance costs	26	(1,915)	(1,361)	(1,289)	(984)
Tax paid	35	(23,695)	(27,469)	-	-
Net cash from operating activities		**89,918**	**95,406**	**(2,432)**	**(9,826)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(20,745)	(35,869)	(15,502)	(11,945)
Purchase of intangible assets	4	(950)	(614)	(950)	-
Loans to group companies repaid		-	-	1,676	82,358
Grant funding	19	39,130	21,739	39,130	21,739
Other intercomapany receivables(Grant)		-	-	(27,780)	-
Grant funding to subsidiary	19	-	-	(15,700)	-
Net cash from investing activities		**17,435**	**(14,744)**	**(19,126)**	**92,152**
CASH FLOWS FROM FINANCING ACTIVITIES					
Payment on lease liabilities		(10,412)	(6,095)	(8,178)	(2,763)
Net cash from financing activities		**(10,412)**	**(6,095)**	**(8,178)**	**(2,763)**
Total cash movement for the period		**96,941**	**74,567**	**(29,736)**	**79,563**
Cash at the beginning of the period		480,757	406,190	376,457	296,894
Total cash at end of the period	12	**577,698**	**480,757**	**346,721**	**376,457**

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate Annual Financial Statements are set out below.

1.1 BASIS OF PREPARATION

The consolidated and separate Annual Financial Statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these Annual Financial Statements, PFMA and the Companies Act of South Africa.

The Annual Financial Statements have been prepared on the historic cost basis, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rand (ZAR), which is the Group and company's functional currency, and all values are rounded to the nearest thousand (R'000), except when otherwise stated.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These accounting policies are consistent with the previous years.

1.2 CONSOLIDATION

Basis of consolidation

The Group's financial statements consolidate those of the parent company and all of its subsidiaries at 31 March each year. All subsidiaries have a reporting date of 31 March.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

The results of subsidiaries are included in the consolidated Annual Financial Statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the Annual Financial Statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Investments in subsidiaries in the separate financial statements

In SABS's separate Annual Financial Statements, investments in subsidiaries are carried at cost less any accumulated impairment. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down to its recoverable amount and the difference is transferred to profit and loss. Investments in subsidiaries is tested for impairment on an annual basis. The Group records the below market element of the intercompany loan under investment in subsidiaries which is then assessed for impairment annually where applicable. In the event of settlement of intercompany loan, the below market element is derecognised from investment in subsidiaries.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of Annual Financial Statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key sources of estimation uncertainty

Impairment of financial assets (excluding trade receivables)

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Useful lives of property, plant and equipment

Property, plant and equipment is depreciated on a straight line basis over its useful economic life. Intangible assets are, amortised on a straight-line basis over the estimated useful life of the asset. Management reviews the appropriateness, of useful economic life at least annually and any changes that could affect prospective depreciation/amortisation rates and asset carrying values. Estimates in this regard are based on historical experience and expectations of the manner in which assets are to be used, together with expected proceeds likely to be realised when assets are disposed of at the end of their useful lives. Such expectations could change over time and therefore impact both depreciation charges and carrying values of tangible and intangible assets in the future.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligation: The Group provides Certification services that start off with a pre-assessment audit, prior to the customer receiving the rights to access the certification mark scheme. The pre-assessment audit and mark scheme use both a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer. The Group determined that both the pre-assessment audit and use of the mark scheme are capable of being distinct. The fact that the Group sometimes performs the pre-assessment audit and does not subsequently grant use of the mark scheme indicates that the two can be provided on a stand-alone basis. This indicates that the customer can benefit from both services on their own. The Group also determined that the promises to transfer the pre-assessment audit and mark scheme usage are distinct within the context of the contract.

- Determining the method to estimate variable consideration and assessing the constraint: Certain contracts for Laboratory Services do not have a value that can be determined upfront and some of the certification contracts have penalties for cancellations which give rise to variable consideration. In determining the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. If this cannot be determined, the Group does not recognise any revenue until it knows the amount that will be recognised.

Retirement benefits

The expected costs of providing post-employment benefits under defined benefit arrangements relating to employee service during the period are determined based on financial actuarial assumptions. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details about post-retirement benefits are provided in note 20.

ECL allowance of trade receivables

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

Trade receivables are considered month to month with an expected life of one month. Settlement rate analysis was performed to assess the expected invoice settlement rate and it demonstrated that the expected life of trade receivables is one month and there is no significant financing component to the monthly invoices.

The provision rates are based on days past due on a collective basis for all trade and other receivables in totality. The provision matrix is initially based on the Group's historical observed default rates. Based on the nature of the of business and historical evidence the default point is set at 150 days past due. The historical default rates on ageing has been selected as the most appropriate methodology to develop the probabilities of default with a settlement rate analysis a twelve month performance window is used for the calculation of the probability of default to give time to trade receivables to reach settlement.

Upon transitioning to IFRS 9, the company collated sufficient data for the on-going business operations. IFRS 9 introduced stringent data requirements which was not previously compiled and collated for purposes of creating a Loss Given Default model in accordance with IFRS 9. Based on the available data at transition, management has been able to quantify and model an appropriate Loss Given Default Model which approximates the historical loss rate for the company. Management is recalibrating the Loss Given Default Model on an annual basis.

Income taxes

Computation of the Group's income tax expense and liability provisions for potential tax liabilities and, recognition of deferred tax assets are in terms of the Group's taxation policy.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised,based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Refer to note 13.

1.4 INVESTMENT PROPERTY

Investment property is property (land or a building–or part of a building–or both) held by the entity to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for administrative purposes; or
- sale in the ordinary course of business.

Investment property is initially measured at cost, with transaction costs and other directly attributable expenditure being included in the the initial measurement.

Investment property is carried at cost less accumulated depreciation and less any accumulated impairment losses.

Depreciation is charged to the statement of profit and loss on a straight line basis over the estimated useful life of each part of an item of investment property from when it is available to operate as intended by management. The estimated useful life of investment properties is:

Item	Useful life
Property - buildings	5 - 50 years

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use.

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the Group holds for its own use or for rental to others and which are expected to be used for more than one period.

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 Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost or deemed cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs are included in profit or loss in the period in which they are incurred.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property plant and equipment is subsequently stated at cost less accumulated depreciation and less any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Useful life
Buildings	Straight line	3 - 50 years
Motor vehicles	Straight line	3 - 35 years
Furniture & office equipment	Straight line	3 - 50 years
Laboratory equipment	Straight line	3 - 60 years
Artwork	Straight line	30 years

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

Where significant parts (components) of an item of property, plant and equipment have different useful lives or depreciation methods to the item itself, these parts are accounted for as separate items of property, plant and equipment.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in the statement of profit or loss when the item is derecognised.

The Group capitalises all costs incurred in constructing assets to be available for use as intended to capital work in progress (WIP) and is not depreciated. Once the assets' construction has been completed and the assets are ready for use as intended by management, the Group transfers the WIP at cost to the various classes of property plant and equipment items to which they relate. The normal provisions of property plant and equipment items to which they have been transferred to will then apply.

The WIP account relates to acquired assets under construction awaiting transfer as all asset acquisitions are procured through the WIP account and capitalised from there. Capital work in progress is stated at cost net of accumulated impairment losses, if any.

1.6 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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

The capital work in progress (WIP) account in intangibles (refer note 4) relates to acquired intangibles awaiting transfer as all intangible asset acquisitions are procured through the WIP account and transferred from there. Capital work in progress is stated at cost net of accumulated impairment losses, if any. The Group capitalises all costs incurred in developing the assets to be available for use as intended. WIP is not amortised. Once the assets' development has been completed and the assets are ready for use as intended by management, the Group transfers the capital work in progress at cost to intangible asset items to which they relate. The normal provisions of intangible asset items to which they have been transferred to will then apply.

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

Intangible assets with finite lives or capital work in progress are assessed for impairment whenever there is an indication,that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets are reviewed at the end of every reporting period.

Amortisation is provided to write down the intangible assets, on a straight line basis to their residual values as follows:

Item	Useful life
Computer software, other	3 - 20 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

1.7 FINANCIAL INSTRUMENTS

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Note 33 Financial risk management presents the financial instruments held by the Group based on their specific classifications.

Loans receivable at amortised cost

Classification

Loans to group companies are classified as financial assets subsequently measured at amortised cost. Where the interest rate charged is not market related the Group determines the non-market portion of the loan and classified this to investment in subsidiaries.

They have been classified in this manner because the contractual terms of these loans give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the Group becomes a party to the contractual provisions of the loan. The loans are measured at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

Application of the effective interest method

Interest income is calculated using the effective interest method and is included in profit or loss in interest income (note 25).

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Expected credit losses

The Group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans. There is a 12-month ECL allowance applied from initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition. On initial recognition the Group measures the loss allowance at an amount equal to 12-month ECL.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due. Based on the assessment the Group has assessed the risk of default as being high.

Definition of default

For purposes of internal credit risk management the Group consider that a default event has occurred if there is internal or external information that indicates that the subsidiary is unlikely to pay its loan balance in full per contractual terms.

Irrespective of the above analysis the Group considers that default has occurred when a loan installment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a loan when there is information indicating that the subsidiary is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the subsidiary has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Group recovery procedures taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss. The Group assessed the financial position of the subsidiary and have impaired the loan in full.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met. The Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other expenditure in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to loans receivable are included in the specific notes and the financial risk management (note 33).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Trade and other receivables

Classification

Trade and other receivables excluding, when applicable, VAT and prepayments are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions of the receivables. They are measured at initial recognition at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Trade and other receivables denominated in foreign currencies

When trade and other receivables are denominated in a foreign currency, the carrying amount of the receivables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in other operating gains (losses) (note 22 and 24).

Details of foreign currency risk exposure and the management thereof are provided in the financial risk management (note 33).

Expected credit loss allowance

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT receivable and prepayments. The amount of expected credit losses is updated at each reporting date.

Measurement and recognition of expected credit losses

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical probability of default and credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The provision matrix is initially based on the Group's historical observed default rates. The Company will calibrate the matrix to adjust the historical and probability of default and credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical probability of default and credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in note 7.

Write-off policy

The Group considers writing off a receivable as a bad debt when there is information that suggests reasons why a debt,may be considered as irrecoverable. Such reasons may include:

- Definite economic loss events: Reliable and verifiable information has been received pertaining to a customer entering into business rescue proceedings, liquidation, being subject to a winding up order the sole member / sole proprietor becoming deceased or an official deregistration of a company.
- Cost to recover exceeds or is likely to exceed the value of the debt: This must be ascertained in terms of the identification of any pertinent credit risk, the likelihood of successful collections, advices from the Group collections attorneys and the time value of money (i.e., the cost of recovery increases and success rate decreases the older the debt gets) and the legal strength of the Group position regarding any disputed debt.
- All reasonable / cost effective collections activities have been undertaken: i.e., all debt collection procedures have been followed and all cost effective legal collections avenues have been exhausted.
- No trace: The customer cannot be successfully traced in order to pursue them for payment.
- The three year period of prescription has been exceeded. As per the Prescription Act 68 of 1969.
- Any other pertinent reason: Not cited above that may lead to a debt being considered as irrecoverable.

Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 7) and the financial risk management (note 33).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Investments in equity instruments Classification

Classification

Investments in equity instruments are presented in note 9. They are classified at fair value through profit or loss.

Recognition and measurement

Investments in equity instruments are recognised when the Group becomes a party to the contractual provisions of the instrument. The investments are measured at initial recognition, at fair value. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other income (note 22).

Dividends received on equity investments are recognised in profit or loss after the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in other income (note 22).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 17), excluding VAT and amounts received in advance are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions and are measured at initial recognition at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating,interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

Trade and other payables denominated in foreign currencies

When trade payables are denominated in a foreign currency, the carrying amount of the payables are determined in the foreign currency. The carrying amount is then translated to the Rand equivalent using the spot rate at the end of each reporting period. Any resulting foreign exchange gains or losses are recognised in profit or loss in the other operating gains (losses) (note 22 or 24).

Details of foreign currency risk exposure and the management thereof are provided in the financial risk management (note 33).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Cash and cash equivalents comprise of cash at bank and on hand and short-term and call deposits which are subject to insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

The Group derecognises financial liabilities when and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

1.8 TAXATION

Current tax assets and liabilities

Current 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 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.

Deferred 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 goodwill or an asset or liability that is not a business combination and, 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: the carry forward of unused tax,losses and unused tax credits, 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 that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss).

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in the statement of 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.

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.

Value added tax

Revenues, expenses and assets are recognised net of the amount of vat, except:

- Where the vat incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

1.9 LEASES - IFRS 16

The Group assesses at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the,right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i.) Right of use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings - 3 to 50 years
- Motor vehicles and other equipment - 3 to 20 years

The right-of-use assets are also subject to impairment and are tested annually or when there is an indication of impairment (policy note 1.11) .

ii.) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii.) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term (refer to note 18).

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset,are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms, and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised,over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

1.10 INVENTORIES

Inventories are measured at the lower of cost and netrealisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

1.11 IMPAIRMENT OF NON- FINANCIAL ASSETS

The Group assesses at each end of the reporting period or more frequently if there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- 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.

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 cashgenerating 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 of disposal and its value in use.

If the recoverable amount of an asset or CGU 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.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If such indication exists, the Group estimates the assets's or CGU's recoverable amount.

The increased carrying amount of an asset 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 or CGU carried at cost less accumulated depreciation or amortisation is recognised immediately in the statement of profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 RESERVES

The General reserve comprises profits that have been set aside to provide for replacement of assets or any other contingencies as deemed necessary by management. The reserve is comprised of 50% of one year's operations expenses and is disclosed under equity as it is part of the Group's net worth.

1.13 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid, vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in 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 nonaccumulating absences, when the absence occurs.

The expected cost of profit sharing and 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.

Defined contribution plans

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

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Post-employment healthcare benefit obligation

The entitlement to post–employment healthcare benefits is based on employees appointed prior to 1 September 1998, who have ten years membership to the designated medical aid schemes at retirement, remaining in service up to retirement age and retired employees with the benefit.

The liability recognised in respect of post-employment healthcare benefit is the present value of the defined,benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries,using the projected credit unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms of maturity approximating the terms of the related liability.

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

Past service costs are recognised immediately in profit and loss.

Long service leave obligation

The entitlement to leave benefits is based on employees who were employed before 1 March 2008 who will receive additional leave days based on their respective years of service with SABS. Specifically SABS employees with six to ten years' service are awarded an additional three days leave per annum for the rest of employment and SABS employees with ten completed years or more in service will receive another three days additional per annum leave for the rest of their employment (i.e., six days additional leave per annum). Employees will receive the long service award once they have reached the years of service. The obligation,is valued annually by an independent qualified actuary. Any unrecognised actuarial gains and losses and past service costs are recognised immediately in profit and loss.

Termination benefits

A liability for termination benefit is recognised at the earlier of when the offer can no longer be withdrawn and when the related restructuring costs are recognised.

1.14 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the Group 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 is recognised as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.15 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the Group 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 of the period in which it becomes receivable.

Government grants related to assets, including nonmonetary grants at fair value are presented in the statement of financial position by setting up the grant as deferred income and recognised as income in equal amounts over the expected useful life of the related asset (refer to note 19 and note 22).

Grants related to income are presented as a credit in the profit or loss (separately).

1.16 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group is in the business of providing sales of standards as well as laboratory services, training and certification services.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or service before transferring them to customers.

To determine whether to recognise revenue the Group follows a five-step process:

- Identifying the contract with a customer
- Identifying the performance obligations
- Determining the transaction price
- Allocating the transaction price to the performance obligations
- Recognising revenue when/as the performance obligation(s) are satisfied.

The Group enters into transactions for each product or service offering separately and the transaction price is determined based on each individual performance obligation.

The Company's transactions are per individual goods or service offerings, the company rarely enters into transactions involving a range of its products and services and where a contract requires for services to be provided by more than one division, the transaction is aggregated and not split.

Certain Group contracts have price uncertainty at the beginning of each billing period although services to be provided to the customer are determinable, the billable amount is only established post the delivery of the service. Transaction prices for services and sale of standards are mainly made up of the fixed rates and variable components such as annual escalation of fees,on the annual certification fees, penalty on cancellation of scheduled audits, reimbursements of re-certification costs,,discounts on annual payments. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers. Refer to note 21 for more detail.

The Group has adopted the practical expedient in applying IFRS 15, in the determination of the transaction price as there is no significant financing component as the payment terms are 30 days.

Contract Balances

Trade receivables - A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of trade receivables and other receivables for the accounting policy applicable to initial recognition and subsequent measurement.

Contract liabilities - A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

- ***Subscriptions cash customers:*** Contracts where the Group grants a customer a right to use complete collection, pre- selected or self-selected number of standards. Under the subscription agreement, in addition to the right of use of standards over the subscription period, the customer is entitled to quarterly updates for the duration of the subscription period.

- ***Laboratory services (payment received for work not completed yet):*** Where there is timing difference between receipt of the customer payment and completion of work which leads to an overlap between two financial years, this results in a contract liability equal to the amount recorded in payment amount for which performance obligation has not been satisfied.

- ***Certification:*** This applies to upfront payment where the permit period overlaps over two financial periods and upfront payment for pre-permit assessment where payment is received at year-end but performance obligation not yet fulfilled. This results in a contract liability equal to the amount recorded in payment amount for which performance obligation has not been satisfied.

- ***Training:*** This applies to payment received where training has not been conducted yet or training has been conducted but a certificate has not been issued yet i.e., in both cases performance obligation has not been fulfilled. This will result in a contract liability equal to the amount recorded in payment amount for which performance obligation has not been satisfied

1.17 TRANSLATION OF FOREIGN CURRENCIES

Functional and presentation currency

Items included in the annual financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statements are presented in Rand which is the group functional and presentation currency.

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

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 annual 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.

1.18 DEFERRED INCOME

Deferred income arises when payments are received from customers or for grants before goods and services are rendered or before conditions of the grant are fulfilled. Deferred income is recognised initially as a liability upon receipt of payments. When goods and services are rendered or when conditions of the grant are fulfilled, the deferred income liability is reduced and grant income or revenue is recognised through profit or loss

1.19 OTHER EXPENDITURE

Operating expenses are presented by nature and are recognised in profit and loss upon utilisation of the service or as incurred. Significant expenses relating to operating activities of the Group and intended for earning income are presented in separate lines by their nature in the statement of profit and loss.

1.20 OTHER INCOME

Other income relates to income received other than from the normal business activities of the company. Significant, other income relating to other activities in the company are disclosed in a separate note in the annual financial statements.

1.21 OTHER COMPONENTS OF EQUITY

Other components of equity is the gains and losses associated to the post-employment healthcare benefit directly recognised in other comprehensive income. Refer to note 15 and note 20 for the information about the characteristics of its defined benefit plans and the nature of the benefits provided by the plan.

1.22 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of profit and,loss in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of profit and loss. The entity records the details of all alleged fruitless and wasteful expenditure in the register; investigates the incidents; where appropriate raise a debt.

1.23 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA, is expenditure other than unathorised expenditure incurred in contravention of or that is not in accordance with the requirement of any applicable legislation, including:

- this Act; or
- the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury in terms of sections 76(1) to 76(4) of the PFMA requires the following:

- Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements is recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps will be taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register will be updated accordingly.
- Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements will be updated with the amount condoned
- Irregular expenditure written off by the Board is submitted to National Treasury for condonation.
- Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.,Immediate steps will be taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register will be updated accordingly.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

1.24 PRIOR PERIOD ERRORS

Material errors discovered in prior years are corrected in the financial statements of the current period as required by applicable accounting standards. Corrections are made by restating the comparative amounts for the prior period(s) presented. Management evaluates the materiality of prior period errors based on quantitative and qualitative factors, including the impact on financial statement users' understanding of the current period's financial performance and financial position. Material prior period errors are disclosed separately in the financial statements along with the nature of the error, the impact on each financial statement line item, and the year(s) in which the error originated.

1.25 RELATED PARTY TRANSACTIONS

A related party is a person or entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or an entity that is subject to common control, or joint control.

The Group, in the ordinary course of business, entered into various sale and purchase transactions on an arm's length basis at market rates with related parties. The SABS is presumed to be related to all other government entities within the national sphere by virtue of its classification as a national public entity. Only transactions carried out within the ambit of the Department of Trade and Industry and transactions not carried out on an arms' length basis are disclosed. Key personnel are limited to the Board and the Executives only.

1.26 EVENTS AFTER THE REPORTING DATE

Recognised amounts in the Annual Financial Statements are adjusted to reflect significant events arising after the reporting date, but before the financial statements are authorised for issue, provided there is evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note if applicable. Refer to note 31.

2. PROPERTY, PLANT AND EQUIPMENT

2.1 BALANCES AT YEAR END AND MOVEMENTS FOR THE YEAR

GROUP	R`000	R`000	R`000	R`000	R`000	R`000	R`000
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024	Land	Buildings	Motor vehicles	Office equipment	Laboratory equipment	Artwork	Total
Balance at 1 April 2023							
At cost	350,700	366,744	1,431	101,026	380,079	1,009	1,200,989
Accumulated depreciation and/or impairment	(2,309)	(143,013)	(1,277)	(90,325)	(237,514)	(355)	(474,793)
Carrying amount	**348,391**	**223,731**	**154**	**10,701**	**142,565**	**654**	**726,196**
Movements for the year ended 31 March 2024							
Addition from acquisitions	-	1,994	-	9,219	15,690	-	26,903
Depreciation	-	(9,068)	(6)	(3,508)	(19,210)	(40)	(31,832)
Impairment loss recognised in profit or loss	-	-	-	-	-	-	-
Disposals	-	(51)	(1)	(35)	(44)	-	(131)
Other movements*	-	65	-	(179)	(425)	-	(539)
Property, plant and equipment at the end of the year	**348,391**	**216,671**	**147**	**16,198**	**138,576**	**614**	**720,597**
Closing balance at 31 March 2024							
At cost	350,700	320,989	1,431	104,377	388,366	1,009	1,166,872
Accumulated depreciation and/or impairment	(2,309)	(104,318)	(1,284)	(88,179)	(249,790)	(395)	(446,275)
Carrying amount	**348,391**	**216,671**	**147**	**16,198**	**138,576**	**614**	**720,597**
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2023							
Balance at 1 April 2022							
At cost	350,700	354,463	1,432	102,746	347,392	1,009	1,157,742
Accumulated depreciation and/or impairment	(2,309)	(129,111)	(1,263)	(86,345)	(218,317)	(315)	(437,660)
Carrying amount	**348,391**	**225,352**	**169**	**16,401**	**129,075**	**694**	**720,082**
Movements for the year ended 31 March 2023							
Additions from acquisition	-	12,315	-	328	33,269	-	45,912
Depreciation	-	(7,969)	(14)	(5,986)	(19,772)	(40)	(33,781)
Impairment loss recognised in profit or loss	-	(5,968)	-	-	-	-	(5,968)
Disposals	-		-	(41)	(7)	-	(48)
Property, plant and equipment at the end of the year	**348,391**	**223,730**	**155**	**10,702**	**142,565**	**654**	**726,197**
Closing balance at 31 March 2023							
At cost	350,700	366,744	1,432	101,027	380,079	1,009	1,200,991
Accumulated depreciation and/or impairment	(2,309)	(143,014)	(1,277)	(90,325)	(237,514)	(355)	(474,794)
Carrying amount	**348,391**	**223,730**	**155**	**10,702**	**142,565**	**654**	**726,197**

Fully depreciated assets with an original cost of R38,6 million (2023: R36,6 million), are still in use.

SABS	R`000	R`000	R`000	R`000	R`000	R`000	R`000
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024	Land	Buildings	Motor vehicles	Office equipment	Laboratory equipment	Artwork	Total
Balance at 1 April 2023							
At cost	350,700	124,992	139	73,675	45,998	1,000	596,504
Accumulated depreciation and/or impairment	(2,309)	(34,847)	(131)	(66,689)	(10,432)	(350)	(114,758)
Carrying amount	**348,391**	**90,145**	**8**	**6,986**	**35,566**	**650**	**481,746**
Movements for the year ended 31 March 2024							
Additions	-	1,994	-	9,189	5,027	-	16,210
Depreciation	-	(4,365)	(4)	(2,356)	(2,348)	(40)	(9,113)
Disposals	-	(50)	-	(15)	(1)	-	(66)
Assets transferred to subsidiary	-	55	-	(678)	(7)	-	(630)
Other movements*	-	(34)	-	(152)	(441)	-	(627)
Property, plant and equipment at the end of the year	**348,391**	**87,745**	**4**	**12,974**	**37,796**	**610**	**487,521**
Closing balance at 31 March 2024							
At cost	350,700	124,133	139	76,706	49,245	1,000	601,923
Accumulated depreciation and/or impairment	(2,309)	(36,388)	(135)	(63,731)	(11,449)	(390)	(114,402)
Carrying amount	**348,391**	**87,745**	**4**	**12,975**	**37,796**	**610**	**487,521**
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2023							
Balance at 1 April 2022							
At cost	350,700	111,169	139	75,986	42,912	1,000	581,906
Accumulated depreciation and/or impairment	(2,309)	(29,506)	(122)	(63,677)	(8,159)	(310)	(104,083)
Carrying amount	**348,391**	**81,663**	**17**	**12,309**	**34,753**	**690**	**477,823**
Movements for the year ended 31 March 2023							
Additions from acquisitions	-	12,310	-	9	3,047	-	15,366
Depreciation	-	(3,850)	(9)	(4,260)	(2,234)	(40)	(10,393)
Disposals	-	-	-	(29)	-	-	(29)
Retirements	-	22	-	(1,042)	-	-	(1,020)
Property, plant and equipment at the end of the year	**348,391**	**90,145**	**8**	**6,987**	**35,566**	**650**	**481,747**
Closing balance at 31 March 2023							
At cost	350,700	124,992	139	73,675	45,998	1,000	596,504
Accumulated depreciation and/or impairment	(2,309)	(34,847)	(131)	(66,688)	(10,432)	(350)	(114,757)
Carrying amount	**348,391**	**90,145**	**8**	**6,987**	**35,566**	**650**	**481,747**

Fully depreciated assets with an original cost of R21,0 million (2023: R25,3 million), are still in use

* Other Movements on property plant and equipment are as a result of an accumulation legacy differences between the fixed assets register and general ledger.

Registers with details of land and buildings are available for inspection by shareholders at the registered office of the company and its respective subsidiaries.

There were no assets that were pledged as security.

2.1.1 Capital - work in progress

The work in progress detailed below has been fully disclosed in Note 2.1: Property, Plant, and Equipment. The opening balance of property, plant, and equipment includes the opening balance of work in progress for each asset class. Additions to work in progress are recorded as additions in Note 2.1: Property, Plant, and equipment. The closing balance of work in progress has also been included in the closing balance of Note 2.1: Property, Plant, and Equipment as part of the total cost. Transfers to completed assets disclosed in work in progress, are not disclosed under Note 2.1: Property, Plant, and Equipment because the corresponding transfer from work in progress results in a net zero effect.

	Opening balance	Additions	Transfers to completed assets	Total
Group - Reconcilliation of work in progress - 2024	R`000	R`000	R`000	R`000
Building	50,241	1,994	(7,308)	44,927
Laboratory equipment	26,882	15,690	(9,658)	32,914
Office equipment	23	9,219	(7,878)	1,364
	77,146	**26,903**	**(24,844)**	**79,205**
Group - Reconcilliation of work in progress - 2023	R`000	R`000	R`000	R`000
Building	47,873	12,470	(10,102)	50,241
Laboratory equipment	23,161	33,307	(29,586)	26,882
Office equipment	23	-	-	23
	71,057	**45,777**	**(39,688)**	**77,146**

	Opening balance	Additions	Transfers to completed assets	Total
SABS - Reconcilliation of work in progress - 2024	R`000	R`000	R`000	R`000
Building	50,241	1,994	(7,308)	44,927
Laboratory equipment	18,552	5,027	(2,089)	21,490
Office equipment	23	9,189	(7,848)	1,364
	68,816	**16,210**	**(17,245)**	**67,781**
SABS - Reconcilliation of work in progress - 2023	R`000	R`000	R`000	R`000
Building	47,873	12,470	(10,102)	50,241
Laboratory equipment	20,556	3,086	(5,090)	18,552
Office equipment	23	-	-	23
	68,452	**15,556**	**(15,192)**	**68,816**

3. INVESTMENT PROPERTY

Figures in R `000	Note(s)	Group 2024	Group 2023	SABS 2024	SABS 2023
BALANCES AT YEAR END AND MOVEMENTS FOR THE YEAR					
Reconciliation for the year					
Balance at the beginning of the year					
At cost		12,984	12,984	236,362	236,362
Accumulated depreciation and impairment		(6,506)	(6,155)	(103,826)	(94,229)
Carrying amount		**6,478**	**6,829**	**132,536**	**142,133**
MOVEMENTS FOR THE YEAR					
Depreciation		(351)	(351)	(4,225)	(3,630)
Impairment loss recognised in profit or loss		-	-	-	(5,968)
Transfer from (to) inventories and owner- occupied property		-		-	1
Investment property at the end of the year		**6,127**	**6,477**	**128,311**	**132,536**
Closing balance at the end of the year					
At cost		12,984	12,984	236,363	236,362
Accumulated depreciation		(6,857)	(6,507)	(108,052)	(103,826)
Carrying amount		**6,127**	**6,477**	**128,311**	**132,536**

Figures in R `000	Note(s)	Group 2024	Group 2023	SABS 2024	SABS 2023
Amounts recognised in profit or loss					
Intercompany rental received in respect of land and buildings		39,439	-	39,439	43,695
Rental income from investment property		13,181	17,749	13,181	17,749
Direct operating expenses relating to investment properties that did not generate rental income		1,097	2,432	1,097	2,909
Direct operating expenses relating to investment properties that generated rental income		17,163	20,925	17,164	27,748

4. INTANGIBLE ASSETS

4.1 RECONCILIATION OF CHANGES IN INTANGIBLE ASSETS

GROUP	R `000	R `000
	Computer software	Total
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024		
Balance at 1 April 2023		
At cost	77,890	77,890
Accumulated amortisation	(65,020)	(65,020)
Carrying amount	**12,870**	**12,870**
Movements for the year ended 31 March 2024		
Other acquisitions	949	949
Work in progress capitalisation	-	-
Additions	-	-
Amortisation	(1,087)	(1,087)
Impairment loss recognised in profit or loss	-	-
Other movements	(60)	(60)
Intangible assets at the end of the year	**12,673**	**12,673**
Closing balance at 31 March 2024		
At cost	78,389	78,389
Accumulated amortisation	(65,716)	(65,716)
Carrying amount	**12,673**	**12,673**
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2023		
Balance at 1 April 2022		
At cost	78,591	78,591
Accumulated amortisation	(63,175)	(63,175)
Carrying amount	**15,416**	**15,416**
Movements for the year ended 31 March 2023		
Additions	614	614
Amortisation	(1,988)	(1,988)
Retirements	(1,172)	(1,172)
Intangible assets at the end of the year	**12,870**	**12,870**
Closing balance at 31 March 2023		
At cost	77,890	77,890
Accumulated amortisation	(65,020)	(65,020)
Carrying amount	**12,870**	**12,870**

Fully depreciated assets with an original cost of R7,3 million (2023: R7,8 million), are still in use.

SABS	R `000	R `000
	Computer software	Total
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2024		
Balance at 1 April 2023		
At cost	52,573	52,573
Accumulated amortisation	(41,726)	(41,726)
Carrying amount	**10,847**	**10,847**
Movements for the year ended 31 March 2024		
Other acquisitions	950	950
Amortisation	(557)	(557)
Transfers	301	301
Disposals	(1)	(1)
Other movement	(20)	(20)
Intangible assets at the end of the year	**11,520**	**11,520**
Closing balance at 31 March 2024		
At cost	53,422	53,422
Accumulated amortisation	(41,902)	(41,902)
Carrying amount	**11,520**	**11,520**
RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2023		
Balance at 1 April 2022		
At cost	53,888	53,888
Accumulated amortisation	(40,593)	(40,593)
Carrying amount	**13,295**	**13,295**
Movements for the year ended 31 March 2023		
Additions	(1,276)	(1,276)
Amortisation	(1,172)	(1,172)
Impairment loss recognised inprofit or loss	10,847	10,847
Intangible assets at the end of the year	**13,295**	**13,295**
Closing balance at 31 March 2023		
At cost	52,573	52,573
Accumulated amortisation	(41,726)	(41,726)
Carrying amount	**10,847**	**10,847**

^ Other Movements on intangible asset are as a result of an accumulation legacy differences between the fixed assets register and general ledger.

Fully depreciated assets with an original cost of R2,0 million (2023: R2,5 million), are still in use.

4.2 CAPITAL - WORK IN PROGRESS

The work in progress detailed below has been fully disclosed in Note 4.1: Intangible assets. The opening balance of intangible assets includes the opening balance of work in progress. Additions to work in progress are recorded as additions in Note 4.1: Intangible assets. The closing balance of work in progress has also been included in the closing balance of Note 4.1 Intangible assets as part of the total cost. Transfers to completed assets disclosed in work in progress, are not disclosed under Note 4.1 Intangible assets because the corresponding transfer from work in progress results in a net zero effect.

Figures in R `000		Group		SABS	
	Note(s)	2024	2023	2024	2023
Computer software					
Opening balance		9,245	11,453	9,245	10,417
Additions		950	264	950	-
Transfers to completed assets		(950)	(1,300)	(950)	-
Impairment		-	(1,172)	-	(1,172)
		9,245	**9,245**	**9,245**	**9,245**

5. INVESTMENT IN SUBSIDIARIES

The entity's principal subsidiary is:

Figures in R `000			SABS	
		Note(s)	2024	2023
Name	**Ownership**			
SABS Commercial SOC Ltd	100%		**100,000**	**100,000**

An independent service provider was engaged to estimate the fair market value of SABS Commercial SOC Ltd as at 31 March 2024. They had appraised a fully marketable, controlling ownership interest in the business SABS Commercial SOC Ltd in accordance with internationally accepted appraisal standards. The valuation of SABS Commercial SOC Ltd as at 31 March 2024 was R109,983,043. No impairment in investment in subsidiary was recognised in the current financial year.

Fair value hierarchy for the valuation was categorised at level 3 given that the shares in SABS Commercial are not publicly traded and there is no active market for these shares.

The results obtained from the following three methods under the Income Approach were used to provide an estimate for the valuation of SABS Commercial:

- Discounted Cash Flow method- Deterministic
- Discounted Cash Flow method- Probabilistic
- Capitalisation of earnings

The Probabilistic Discounted Cash Flow Method accounts for the uncertainties in future cash flows more accurately. Each risk is specifically accounted for in the risk distribution formula. A higher weighting was assigned to this calculation method.

The fair rate of return (FRR) comprises five elements:

- The risk-free pre-tax return available to the investor (RF).
- The normal tax rate of the investor (NTR).
- The systematic risk premium (SRP).
- The beta modifying the systematic risk premium (BTA).
- Small company premium (SR)
- The unsystematic risk premium (URP).

The formula used to arrive at the fair rate of return for discounting cash flow in a valuation is: FRR = GLT x (1 – NTR) + Beta (SRP) + URP.

Description	DCF Deterministic	DCF Probabilistic	Capitalisation of earnings
Pre-tax risk-free rate	12.14%	12.14%	12.14%
Investors tax rate	27.00%	27.00%	27.00%
Systematic risk premium	8.70%	8.70%	8.70%
Beta	0.47	0.47	0.47
Small company premium	5.20%	5.20%	5.20%
Unsystematic risk	5.60%	3.60%	7.60%
Fair Rate of return- calculated	23.76%	21.76%	25.76%
Long Term Growth Rate	4.50%	4.50%	4.50%
Capitalisation Rate	19.26%	17.26%	21.26%

SABS Commercial SOC Ltd

The results of SABS Commercial SOC Ltd for the financial periods can be summarised as follows:

Figures in R `000	SABS	
	2024	2023
Revenue	418,889	427,176
Other income	22,207	25,584
Expenditure	(400,017)	(384,891)
Operating profit	**41,079**	**67,869**
(Finance costs)/interest received	8,697	(8,764)
Taxation	(5,893)	(18,352)
Profit for the year	**43,883**	**40,753**

6. INVENTORIES

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Consumable stores	2,893	4,345	2,893	4,345
Obsolete stock written off	(28)	(23)	(28)	(23)
	2,865	**4,322**	**2,865**	**4,322**

No amounts other than obsolete stock of R28,000 (2023: R23,000) were recognised as expense during the year.

7. TRADE AND OTHER RECEIVABLES

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Trade receivables	181,056	194,629	21,179	9,735
Trade receivables impairment	(42,351)	(36,264)	(1,825)	(865)
Trade receivables - net	138,705	158,365	19,354	8,870
Other receivables (Grant)	-	-	27,780	-
Deposits and payments in advance	9,873	10,331	9,683	10,096
Other group receivables	-	-	25,109	-
Employee costs in advance	3,363	1,434	977	197
Other receivables	3,245	1,345	1,987	-
Total trade and other receivables	**155,186**	**171,475**	84,890	19,163

Trade receivables are discounted at an effective rate of 5.3% (2023: 7,75%). No interest is charged on overdue accounts. The credit period is 30 days from date of invoice. The carrying amounts approximate their fair value. No individual customer represents more than 10% of the Group's trade receivables.

Other receivables (Grant) comprises grant funding paid over to SABS Commercial, which were assessed not to meet the condition of the grant and is being refunded to the SABS.

The ECL allowance on trade receivables has been determined by reference to the IFRS 9 expected credit loss model and the current economic environment. No ECL allowance has been determined for other receivables as there is no history of default. The Company applied the simplified approach and the results of the model was utilised as the base case with adjustments thereafter that affected the base ECL as discussed below.

The group identified debt that has an extremely high probability of becoming bad debt write offs in the next financial year. It was considered prudent to include all such amounts at a 100% ECL. These includes:

- Prescribed invoices that have exceeded the three year period of prescription
- Adverse history of debts - customers that have been placed into provisional liquidation, final liquidation, final de-registration or business rescue
- Foreign withholding tax - Instances where foreign governments withhold a certain percentage of payments as part of their fiscal policy
- Debt that is likely to be prescribed as 31 March 2024.

The Group identified that all invoices included on the year end credit note accrual that should not be included in the ECL calculation. These are not included as they will be credited and as such there is no possibility of them eventually being written off as a bad debt in the next financial year.

Within the context of ECL model the above was implemented by overriding the PD, LGD and DF all to 0%.

A PD scalar of 1.23 was applied to account for the macroeconomic sensitivity. 20 percentage points were added representing the difference of median default rate based on historic data to maximum default rate.

The credit period is 30 days from date of invoice. The carrying amounts approximate their fair value. No individual customer represents more than 10% of the Company's trade receivables.

ECL allowance of trade receivables:

Figures in R `000	Group	SABS
Balance at 1 April 2022	(37,924)	(1,066)
Amount written off	15,551	2,250
Allowance for expected credit losses	(13,891)	(2,049)
As at 31 March 2023	**(36,264)**	**(865)**
Amount written off	12,195	331
Allowance for expected credit losses	(18,282)	(1,291)
As at 31 March 2024	**(42,351)**	**(1,825)**

Age analysis of trade and other receivables

As at 31 March 2024, the age analysis of trade and other receivables is as follows:

	Total	Not past due	Past due			
		Current	> 30 days	> 60 days	>90 days	> 120 days
Group						
2024						
Carrying value (R'000)	181,056	28,957	33,489	9,463	4,469	104,678
	100%	16%	18%	5%	2%	58%
Impairment (R'000)	42,352	2,750	2,306	1,047	433	35,816
	100%	6%	5%	2%	1%	85%
2023						
Carrying value (R'000)	194,630	42,311	22,296	13,321	9,384	107,318
	100%	22%	11%	7%	5%	55%
Impairment (R'000)	36,264	2,302	988	1,304	765	30,905
	100%	6%	3%	4%	2%	85%
SABS						
2024						
Carrying value (R'000)	21,179	8,425	6,723	646	772	4,613
	100%	40%	32%	3%	4%	22%
Impairment (R'000)	1,825	404	304	41	63	1,013
	100%	22%	17%	2%	3%	55%
2023						
Carrying value (R'000)	9,735	3,287	1,261	2,378	12	2,797
	100%	34%	13%	24%	0%	29%
Impairment (R'000)	865	96	71	177	1	520
	100%	20%	8%	20%	0%	60%

8. CURRENT TAX ASSETS AND LIABILITIES

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
CURRENT TAX ASSETS AND LIABILITIES COMPRISE THE FOLLOWING BALANCES:				
Current tax assets	3,240	-	-	-
Total current tax asset per the statements of financial position	**3,240**	**-**	**-**	**-**
Current tax liabilities	-	(5,292)	-	-
Total current tax liability per the statements of financial position	**-**	**(5,292)**	**-**	**-**

9. INVESTMENT AT FAIR VALUE THROUGH PROFIT AND LOSS

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS INCORPORATES THE FOLLOWING BALANCES:				
Opening balance	137,531	132,738	137,531	132,738
Profits on financial assets measured at FVTPL	5,328	3,223	5,328	4,793
Dividend	2,097	357	2,097	-
Interest	2	1,213	2	-
Closing balance	**144,958**	**137,531**	**144,958**	**137,531**

These investments are held in various diversified portfolios and are intended to create a base of plan assets to cover post-employment medical benefits and capital expansions.

10. VAT RECEIVABLE

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
VAT Receivable from SARS	27,897	20,191	10,272	11,565
	27,897	**20,191**	**10,272**	**11,565**

11. LOANS TO GROUP ENTITY

Figures in R `000	SABS	
	2024	2023
LOANS TO SABS COMMERCIAL SOC LTD		
Balance at 1 April	1,254	18,822
Increase in loan to SABS Commercial SOC Ltd	-	64,737
Repayment of loan by SABS Commercial SOC Ltd	(1,855)	(88,000)
Interest income	177	5,643
Loan balance	(424)	1,202
ECL allowance	(6)	52
Balance at 31 March	**(430)**	**1,254**

The ECL is a product of the probability of default (PD) and the loss given default (LGD). LGD of 45% proposed for SA corporates by South African Reserve Bank and supported by Credit Agencies was used as a basis of the maximum loss that an entity would experience during a loss event. This is also in line with Global Credit data. Given that the counterparty in the intercompany loan being assessed is a South African government backed public entity – SABS Commercial, there is insufficient data available to accurately assess and calculate a loss rate or PD from historical performance. Instead, the PD estimate is based on Moody's credit risk ratings. The PD is estimated from the credit risk rating provided by Moody's which is mapped to a PD. The group has measured the loss allowance at an amount equal to 12 month ECL.

Reconciliation of the ECL allowance of loan receivable

	SABS
Balance at 1 April 2022	(476)
Allowance for expected credit losses	52
As at 31 March 2023	**(424)**
Reversal of expected credit losses	(6)
As at 31 March 2024	**(430)**

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in current assets:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Cash				
Cash on hand	30	-	30	-
Balances with banks	454,935	285,474	223,958	263,661
Other cash and cash equivalents	122,733	195,283	122,733	112,796
	577,698	**480,757**	**346,721**	**376,457**

The Group has cash management facilities, resulting in all bank balances being swept daily into the accounts held by SABS and SABS Commercial SOC Ltd. Short-term deposits are made for varying periods between one day and six months, depending on the immediate operational cash requirements of the Group, and earn interest based on the respective short-term deposit dates. The funds are available on demand and there are no restrictions placed on the funds except for the portion of funds earmarked specifically and exclusively for the acquisition of assets for the group amounting to R213.9-million (2023: R189.5-million).

The Group has opted to not have access to any overdraft facilities. If the need arises to make use of overdraft facilities the Group will obtain the necessary approvals.

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. The effective interest rate of money market instruments is 8.25% at 31 March 2024 (2023: 8.25%).

13. DEFERRED TAX

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
TEMPORARY DIFFERENCES				
Property, plant and equipment	(8,739)	(8,057)	-	-
Intangible assets	(77)	(253)	-	-
Right of use assets	(8,007)	(16,546)	-	-
Lease liabilities	12,092	22,993	-	-
Other deductible temporary differences				
Employee related provisions	17,133	17,186	-	-
Doubtful debt allowance	6,565	5,744	-	-
Income received in advance and other payables	28,237	16,847	-	-
Recognised in comprehensive income	(4,851)	(4,245)	-	-
Discounting of debtors	(70)	(49)	-	-
Deferred tax asset/(liability)	**42,283**	**33,620**	-	-

DEFERRED TAX MOVEMENT

The movement for the period in the Group's deferred tax positions was as follows:

	Group 2024	Group 2023	SABS 2024	SABS 2023
Opening balance	33,620	31,045		
Tax rate change	-	(1,235)	-	-
Temporary differences on property, plant and equipment	(681)	2,452	-	-
Temporary differences on intangible assets	177	8	-	-
Temporary differences on right of use assets	8,538	7,989	-	-
Temporary differences on lease liabilities	(10,901)	(8,770)	-	-
Temporary differences on employee related provisions	(53)	1,037	-	-
Temporary differences on income received in advance and other payables	11,389	1,730	-	-
Temporary differences on tax losses	-	-	-	-
Temporary differences in comprehensive income	(606)	(786)	-	-
Temporary difference on expected credit loss allowance	821	77	-	-
Temporary differences on discounting debtors	(21)	73	-	-
Closing balance	**42,283**	**33,620**	**-**	**-**
DEFERRED TAX ASSET				
Balance at the beginning of the period	33,620	31,045	-	-
Current year charge				
- per the statement of comprehensive income	(606)	(686)	-	-
- deferred tax assets/(liability)	9,269	3,261	-	-
Closing balance	**42,283**	**33,620**	**-**	**-**
Reflected in the statement of financial position as follows:				
Deferred tax assets	42,283	33,620	-	-
Deferred tax assets	**42,283**	**33,620**	**-**	**-**

14. GENERAL RESERVE

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Balance	54,282	54,282	54,282	54,282

Ministerial approval has been granted to build up a general reserve to a maximum of 50% of one year's operational expenses, to provide for aspects such as replacement of assets and other contingencies. No funds have been transferred to the reserve during the period under review as it was not required.

15. OTHER COMPONENTS OF EQUITY

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Employee benefits				
Opening balance	35,930	32,989	21,878	20,793
Movements during the period				
Remeasurement of defined liability	2,065	3,627	(181)	1,085
Tax expense	(606)	(686)	-	-
Closing balance	**37,389**	**35,930**	**21,697**	**21,878**

16. PROVISIONS

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Other salary related provisions	1,566	1,566	1,566	1,566

Other salary related provisions - relates to backpay of salaries as a result of a CCMA case. The amount reflects the difference between the amount awarded by the CCMA and the amount determined legal experts. The CCMA erred in their calculation as the backpay period was in excess of the maximum 24 months as prescribed by Law. The Group has lodged a review application which is expected to be finalised during the 2024 financial year after which the final payment will be made if not successful.

Other salary related provisions	Group		SABS	
	2024	2023	2024	2023
Opening balance	1,567	1,436	1,567	1,436
Provisions	-	131	-	131
Closing balance	**1,567**	**1,567**	**1,567**	**1,567**

17. TRADE AND OTHER PAYABLES

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Trade payables	102,058	94,164	35,150	25,405
Contract liabilities	22,835	23,876	8,773	7,532
Short-term employee obligations	33,274	32,114	14,321	12,085
Amounts received in advance	39,292	31,359	13,622	31,359
Total trade and other payables	**197,459**	**181,513**	**71,866**	**76,381**
Non-current liabilities	-	-	-	-
Current liabilities	197,459	181,513	71,866	76,381
	197,459	**181,513**	**71,866**	**76,381**

The carrying amount of trade and other payables approximates their fair value. Trade payables are normally settled on average 45 days from invoice date and bear no interest.

The amount disclosed as contract liabilities at the end of 2024 has been recognised as revenue in the current reporting period.

18. LEASE LIABILITIES AND RIGHT-OF-USE ASSETS

18.1 LEASE LIABILITIES

The carrying amount of the lease liabilities is as follows:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Liabilities	9,075	12,067	7,736	7,838
Interest	1,598	1,161	1,241	806
Payment	(11,836)	(7,256)	(9,249)	(3,568)
Additions	43,084	3,103	36,700	2,660
Remeasurement of lease liability	(1,014)	-	(877)	-
	40,907	**9,075**	**35,551**	**7,736**
Non-current assets	25,497	796	22,259	687
Current assets	15,410	8,279	13,292	7,049
	40,907	**9,075**	**35,551**	**7,736**

Exposure to liquidity risk

Refer to note 33 Financial risk management for the details of liquidity risk exposure and management. The maturity analysis of lease liabilities are disclosed in note 33.

18.2 AMOUNTS RECOGNISED IN THE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Buildings	1,172	2,294	-	-
Motor vehicles	1,900	814	988	411
IT equipment	683	683	683	683
Computer Software	7,367	6,827	7,358	6,827
	11,122	**10,618**	**9,029**	**7,921**

18.3 RIGHT-OF-USE ASSETS

The group leases several vehicles. The average lease term is 3 years. The group leases several buildings. The average lease term is 54 months. The group has one license lease and one lease of machinery. The average lease term is three years. Details pertaining to leasing arrangements, where the group is lessee are presented below:

NET CARRYING AMOUNTS OF RIGHT-OF-USE ASSETS

The carrying amounts of right-of-use assets are included in the following line items:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Buildings	2,593	958	-	-
Motor vehicles	5,112	23	2,561	-
IT equipment	626	1,308	626	1,308
Computer software	31,843	6,059	31,844	6,059
	40,174	**8,348**	**35,031**	**7,367**
The additions to the right of use assets are as follows:				
Remeasurements				
Buildings	(137)	815	-	815
Computer software	-	-	-	-
	(137)	**815**	**-**	**815**
Additions				
Buildings	2,944	413	-	-
Motor vehicles	6,989	-	3,549	-
Computer software	33,151	2,690	33,151	2,690
	43,084	**3,103**	**36,700**	**2,690**
Depreciation recognised on right-of-use assets				
Depreciation recognised on each class of right-of-use assets is presented below.				
Buildings	1,172	2,294	-	-
Motor vehicles	1,900	814	988	411
IT equipment	683	683	683	683
Computer software	7,367	6,827	7,358	6,827
	11,122	**10,618**	**9,029**	**7,921**

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Other disclosures				
Interest expense on lease liabilities	1,598	1,161	-	-
Leases of low value assets included in operating expenses	1,573	1,056	-	(16)
Short term leases	2,815	567	-	-
Variable lease payments not included in the measurement of lease liabilities included in operating expenses	-	15	-	-
	5,986	**2,799**	**-**	**(16)**

The variable lease payments relate to a strategic partnership with a customer as explained in note 21.5. Due to the dependency of the lease payments on services to be rendered by SABS it is impractical to determine future cashflows. Lease payments are equal to 10% of revenue generated from the customer which is unknown into the future.

19. DEFERRED INCOME

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Opening balance - Plant and equipment	403,824	399,949	344,117	332,448
Additional infrastructure grant received	39,130	21,739	39,130	21,739
Grant utilised to pay debtors	-	-	-	-
Grant refund to DTIC	-	-	-	-
Grant funding recognised to Profit & Loss	(18,089)	(16,961)	(10,155)	(9,167)
Rental Income adjusted	-	(903)	-	(903)
Grant received against expenditure	(29)	-	-	-
Transfered to SABS Commercial	-	-	(15,699)	-
Closing balance	**424,836**	**403,824**	**357,393**	**344,117**
Deferred income not yet utilised	166,675	163,745	146,630	143,509
Deferred income utilised - released as the asset is depreciated	258,161	240,072	210,763	200,608
Non- current liabilities	406,524	388,045	347,238	334,951
Current liabilities	18,312	15,779	10,155	9,167
	424,836	**403,824**	**357,393**	**344,118**

SABS received funds from Government earmarked specifically and exclusively for the acquisition of assets for the Group.

The funds are treated as deferred income over the useful life of the assets. All assets brought into use are kept in working condition and maintained regularly.

The useful life of the relevant assets are:

- Bio fuel - 5 years
- Netfa encapsulated sphere - 5 years
- Laboratories - 50 years
- Set top boxes project - 3 to 10 years
- National Electrical Test Facility (Netfa) short circuit laboratory - 3 to 10 years
- Thermal test chamber - 10 years
- Computer equipment - 3 years

20. EMPLOYMENT BENEFIT OBLIGATIONS

20.1 DEFINED CONTRIBUTION PLANS

Retirement benefits are provided for through the SABS Retirement Fund to which the organisation and its employees,contribute. This fund operates as a defined contribution fund and is administered in terms of the Pension Funds Act, 1956 (Act No. 24 of 1956, as amended. Refer to note 23 for amounts recognised as an expense for defined contribution plans.

Post-employment healthcare benefits obligation

This obligation arises as SABS provides post-retirement medical assistance for current employees and pensioners of SABS who are members of Bestmed or Discovery Medical Scheme and are entitled to receive a contribution subsidy from SABS. All employees employed by the SABS before 1 September 1998 who belong to Bestmed or Discovery for at least ten years and retire after the age of 60 are entitled to a post-retirement medical subsidy. There are no plan assets for this liability.

The funding of the liability is being managed through the Group's investments (refer to note 9). Valuations of these obligations are carried out annually by independent qualified actuaries. The most recent valuation was done as at 31 March 2024.

If an eligible employee is younger than age 55, employed before 1 September 1998 and not on a medical aid at the valuation date, it is assumed that the employee will join the medical aid before retirement and will receive the post-retirement healthcare benefit. These employees were included in the liability. At the reporting date, the Group had 354 (2023: 374) pensioners and 37 (2023: 40) active employees, whilst the SABS had 260 (2023: 280) pensioners and 9 (2023: 10) active employees entitled to the benefit.

The total outstanding liability amounts to R59.7-million as at March 2024 (2023: R61.8-million). The most recent valuation was performed as at 31 March 2024.

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Post-employment healthcare benefit				
Opening balance	61,793	65,457	38,616	41,393
Provisions made	6,340	6,349	3,855	3,911
Benefits paid	(6,330)	(6,385)	(5,623)	(5,603)
Remeasurements (Other component of equity)	(2,065)	(3,628)	181	(1,085)
Total liability	**59,738**	**61,793**	**37,029**	**38,616**

The amount recognised in the other comprehensive income is determined as follows:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Actuarial gain/(loss) - change in financial assumptions	(2,065)	3,898	181	2,038
Experience gain	-	(270)	-	(953)
	(2,065)	**3,628**	**181**	**1,085**

The amount recognised in the statement of profit and loss for the year ended 31 March 2024 is determined as follows:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Current service cost	175	175	44	47
Interest cost	6,165	6,174	3,811	3,864
	6,340	**6,349**	**3,855**	**3,911**
Present value of the obligation				
Opening balance	61,793	65,457	38,616	41,393
Current service cost	175	175	44	47
Interest cost	6,165	6,174	3,811	3,864
Benefits paid	(6,330)	(6,385)	(5,623)	(5,603)
Actuarial (gain)/loss - change in financial assumptions	(2,065)	(3,898)	181	(2,038)
Experience (gain)/loss	-	270	-	953
Closing balance	**59,738**	**61,793**	**37,029**	**38,616**

20.2 LONG SERVICE LEAVE AWARD OBLIGATION

The Group provides employees employed before 1 March 2008 with three additional leave days after five years of service and another three days after ten years of service. Employees annual leave entitlement is increased with these days. The Group's net obligation in this regard is the amount of future benefit that employees have earned in return for their services in current and prior periods. The obligation is valued annually by independent qualified actuaries. Any unrecognised actuarial gains or losses and past service costs are recognised immediately. There are no plan assets for this liability. At the reporting date, the Group and SABS had 180 (2023: 188) and 56 (2023: 57) employees entitled to the benefit respectively

The total outstanding liability amounts to R13.3 million as at March 2024 (2023: R13.7 million). The most recent valuation was performed as at 31 March 2024.

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Opening balance	13,670	13,669	4,603	4,667
Provisions made	1,874	2,298	770	749
Benefits vesting	(2,254)	(2,297)	(801)	(813)
Net liability in statement of financial position	**13,290**	**13,670**	**4,572**	**4,603**
Present value of funded obligations	**13,290**	**13,670**	**4,572**	**4,603**

The amount recognised in the statement of profit and loss for the year ended 31 March 2024 is determined as follows:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Current service cost	714	749	243	259
Interest cost	1,164	1,115	391	380
Actuarial loss - change in financial assumptions	(4)	(607)	136	(195)
Experience (loss)/gain	-	1,041	-	305
	1,874	**2,298**	**770**	**749**

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Present value of the obligation				
Opening balance	13,670	13,669	4,603	4,667
Current service cost	714	749	243	259
Interest cost	1,164	1,115	391	380
Actuarial (gain)/loss - change in financial assumptions	(2,254)	(607)	(801)	(195)
Experience (gain)/loss	(4)	1,041	136	305
Benefits vesting	-	(2,297)	-	(813)
Closing balance	**13,290**	**13,670**	**4,572**	**4,603**

20.3 DEFINED BENEFIT OBLIGATION - CURRENT AND NON-CURRENT PORTION

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Non-current				
Post-employment healthcare benefit	53,018	55,371	32,034	33,802
Long service leave	11,100	11,286	3,794	3,784
	64,118	**66,657**	**35,828**	**37,586**
Current				
Post-employment healthcare benefit	6,720	6,422	4,995	4,814
Long service leave	2,190	2,384	777	818
	8,910	**8,806**	**5,772**	**5,632**

20.4 SIGNIFICANT ASSUMPTIONS

The significant assumptions used in determining post-employment healthcare benefit and long service leave obligations are discussed below:

Post employment healthcare benefit obligation

- **Discount rate assumption** - The Group have set the discount rate by taking the average yields from the zero coupon SA Government bond curve with a duration of between 10 and 15 years. The recommended discount rate as at 31 March 2024 is 12.13%. The source is the Johannesburg Stock Exchange through Inet BFA data service. The duration for the previous valuation was between 10 and 15 years and resulted in a discount rate of 10.51%.
- **Future inflation assumption** - The general inflation assumption is used to estimate the base rate for determining the rate at which the future healthcare subsidies will increase. The Group have estimated the market's pricing of inflation by comparing the yields on nominal bonds to the yields on real bonds on the yield curve for bonds with a duration of between 10 and 15 years. The implied inflation assumption is therefore 6.94% per annum for future inflation. The source is the Johannesburg Stock Exchange through Inet BFA data service. The inflation assumption used for the previous valuation 5.24%.
- **Valuation method** - The accrued service liability is calculated by valuing all future leave and payments expected to be made in respect of benefits accrued up to the valuation date. Allowance has been made in these calculations for salary increase where applicable and for investment returns up to the date that the benefit is received.

Long service leave award obligation

- **Discount rate** - The discount rate required by IAS 19 should be set with reference to the market yield on high quality corporate bonds. However, where there is no deep market in corporate bonds, which is the case in South Africa, IAS 19 requires the discount rate to be based on yields of government bonds. IAS 19 places emphasis on matching the discount rate to the duration of the liabilities.The discount rate has been determined by using the best-fit discount rate as at 31 March 2024, based on the yields from the zero-coupon government bond curve. The best fit has been determined considering the cashflow-weighted duration of the liabilities, which is approximately five years. The recommended discount rate is 10.36%. The source is the Johannesburg Stock Exchange through Inet BFA data service. The duration for the previous valuation was six years and resulted in a discount rate of 9.31%.
- **Future salary inflation assumption** - The Group assumed that future salary inflation will exceed general inflation by 6.65% per annum. The implied salary inflation assumption is therefore 5.63% per annum.
- **Valuation Method** - • The accrued service liability is calculated by valuing all future leave and payments expected to be made in respect of benefits accrued up to the valuation date. Allowance has been made in these calculations for salary increase where applicable and for investment returns up to the date that the benefit is received.

Figures in R `000	GROUP	
	2024	2023
Discount rate per annum		
Post employment healthcare benefit obligation	12.13%	10,51%
Long service leave award obligation	10.36%	9,31%
Salary inflation		
Long service leave award obligation	6.65%	5,63%
General inflation		
Post employment healthcare benefit obligation	6.65%	5,24%
Long service leave award obligation	5.65%	5,63%
Post-retirement mortality		
Post employment healthcare benefit obligation - Mortality during employment	SA 85-90 (Light) rated down 1 year for males and females	
Post employment healthcare benefit obligation - Mortality during employment	PA(90) -1 with a 1% mortality improvement p.a from 2010	
Expected retirement age - Males and females	SA 85-90 (Light) rated down 1 year for males and females	
Post employment healthcare benefit obligation	60/65 years	

*The assumed retirement age is 65 for all employees, employed before 1 September 2000 and 60 for all employees, employed after 1 September 2000. No allowance was made for early retirement.

20.5 SENSITIVITY ANALYSIS - POST-EMPLOYMENT HEALTHCARE BENEFIT OBLIGATION

Quantitative sensitivity analysis for significant assumptions on the obligations as at as shown below:

Below the effects on the obligation as at 31 March 2024 (central basis liability) results when assumptions are increased or decreased on:

Figures in R `000	Group		SABS	
	Liability R'000	Change in liability %	Liability R'000	Change in liability %
Post employment mortality Age rating				
+1 year	61,781	3.4%	38,414	3.7%
Central	59,738	-	37,029	-
-1 year	57,704	-3.4&	35,659	-3.7%
Discount rate				
+1%	55,950	-6.3%	35,022	-5.4%
Central	59,738	-	37,029	-
-1%	64,036	7.2%	39,272	6.1%
Salary inflation				
+1%	64,071	7.3%	39,272	6.1%
Central	59,738	-	37,029	-
-1%	55,872	-6.5%	34,994	-5.5%

Future sensitivity on service and interest cost (March 2024)

Figures in R `000	Group		SABS	
	Service Cost	Interest Cost	Service Cost	Interest Cost
Discount rate				
+1 %	137	6,935	33	4,285
Central	156	6,867	37	4,202
-1 %	178	6,780	42	4,105
Post employment mortality				
+1 year	160	7,115	38	4,370
Central	156	6,867	37	4,202
-1 year	151	6,621	36	4,036
Salary inflation				
+1 %	179	7,395	42	4,475
Central	156	6,867	37	4,202
-1 %	137	6,397	33	3,955

20.6 SENSITIVITY ANALYSIS - LONG SERVICE LEAVE AWARD OBLIGATION

Below the effects on the obligation on 31 March 2024 (central basis liability) results when the assumptions are increased and decreased by:

Figures in R `000	Group		SABS	
	Liability R'000	Change in liability %	Liability R'000	Change in liability %
Discount rate				
+1%	12,785	-3.8%	4,404	-3.7%
Central	13,290	-	4,571	-
-1%	13,834	4.1%	4,749	3.9%
Salary inflation				
+1%	13,850	4.2%	4,755	4.0%
Central	13,290	-	4,571	-
-1%	12,762	-4.0%	4,397	-3.8%
Withdrawal rate				
+20%	13,022	-2.0%	4,486	-1.9%
Central	13,290	-	4,571	-
-20%	13,569	2.1%	4,659	1.9%

Future sensitivity on service and interest cost (March 2024)

Figures in R `000	Group		SABS	
	Service Cost	Interest Cost	Service Cost	Interest Cost
Discount rate				
+1 %	639	1,360	221	467
Central	665	1,294	229	444
-1 %	693	1,221	238	418
Salary inflation				
+1 %	694	1,354	238	463
Central	665	1,294	229	444
-1 %	638	1,238	220	425
Withdrawal rate				
+20%	650	1,266	22	435
Central	665	1,294	229	444
-20%	680	1,324	234	453

20.7 FIVE YEAR SUMMARY

Five year summary of post-employment benefit obligations is as follows:

Figures in R `000	2024	2023	2022	2021	2020
Post-employment healthcare obligation benefit					
Present value of obligation	59,738	61,793	65,457	67,003	73,780
Actuarial gains/(losses)	2,065	3,628	1,371	(8,326)	(6,586)
Long service leave award					
Present value of obligation	13,290	13,670	13,669	15,805	21,679
Actuarial (losses)/gains	4	(433)	(1,547)	(5,448)	(2,221)

21. REVENUE

21.1 REVENUE FROM CONTRACTS WITH CUSTOMERS

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Sale of Standards	34,086	34,626	34,086	34,627
Laboratory Services	144,371	151,878	-	-
Intercompany sales	-	-	436	953
Certification	-	-	-	-
Training	272,763	263,818	-	-
Training	8,345	9,195	8,335	-
	459,565	**459,517**	**42,857**	**35,580**

21.2 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The company disaggregates revenue from customers as follows:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
SALE OF GOODS				
Sale of Standards	14,003	17,514	14,003	17,514
Intercompany sales	-	-	436	953
	14,003	**17,514**	**14,439**	**18,467**
Rendering of services				
Laboratory Services	144,371	151,878	-	-
Certification	272,763	263,819	-	-
Training	8,345	9,195	8,335	-
	425,479	**424,892**	**8,335**	**-**
Other revenue				
Standards - subscription fees	20,083	17,111	20,083	17,111
	20,083	**17,111**	**20,083**	**17,111**
Total revenue from contracts with customers	**459,565**	**459,517**	**42,857**	**35,578**

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
TIMING OF REVENUE RECOGNITION				
At a point in time				
Sale of goods	14,003	17,514	14,003	17,514
Laboratory Services	144,371	151,878	-	-
Certification (Pre assessment audits)	21,025	19,037	-	-
Training	8,345	9,195	8,335	-
Intercompany sales	-	-	436	953
	187,744	**197,624**	**22,774**	**18,467**
Over time				
Certification	251,738	244,782	-	-
Standards - Subscription fees	20,083	17,111	20,083	17,111
	271,821	**261,893**	**20,083**	**17,111**
Total revenue from contracts with customers	**459,565**	**459,517**	**42,858**	**35,578**

21.3 TRANSACTION PRICE ALLOCATED TO PERFORMANCE OBLIGATIONS THAT ARE UNSATISFIED OR PARTIALLY UNSATISFIED AT THE REPORTING DATE

The transaction price which has been allocated to performance obligations which are unsatisfied or partially unsatisfied at the reporting date are presented below. Due to the nature of the work performed in the Laboratory Services division it will be onerous to reliably estimate the expected completion dates of unsatisfied performance obligations at reporting date, depending on the nature of the tests performed completion could range from two weeks to three years. All unsatisfied performance obligations related to Certification division are expected to be completed within one year from reporting date.

Transaction price allocated to (to be recognised in future periods):

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Laboratory services	31,220	29,264	-	-
Certification	14,589	11,289	-	-
	45,809	**40,553**	**-**	**-**

21.4 GROUP PERFORMANCE OBLIGATIONS

Training - The company recognises revenue when its performance obligations are met. This occurs at a point in time when the course is complete. Training services are invoiced once the training has been provided thus when the Company has satisfied its performance obligations. Payment of the transaction price is due 30 days from date of invoice.

Pre Assessment Audit (Certification) - The company recognises revenue from the pre-assessment audit once the audit has been completed, thus at a point in time. Work performed under the pre-assessment audit is invoiced upon completion of the audit. For credit customers payment is 30 days from date of invoice.

The Right of Use of Mark Scheme (Certification) - The company recognises revenue from the right of use of the mark scheme on a straight line basis over the term of the contract (period of three years). As the amount of work required to be performed under these contracts do not vary significantly from month-to-month, the straight-line method provides a faithful depiction of the transfer of goods or services.There are compliance audits performed over the contract period for both system and product mark schemes. Billing related to the right of use under the mark scheme varies from monthly to quarterly to annually. For credit customers payment is 30 days from date of invoice.

Laboratory Services - The company provides laboratory services to customers. The laboratory services comprise of Product and Witness testing. The revenue for laboratory services is recognised at a point in time upon completion of the performance obligation. Laboratory services are invoiced upfront and payable in 30 days except for cash customers where payment is due on date of invoice.

21.5 FAIR VALUE OF NON-CASH CONSIDERATIONS

The company entered into strategic partnership in previous financial years with one of its customers whereby the customer leased to the company a technical equipment for use to conduct tests at a fee to all customers including the customer who is party to the partnership.

Control of the leased equipment which was delivered and installed at the company's premises will remain with the company for the duration of the lease period. Lease payments of 10% of revenue generated from the customer could not be recognised as the right of use asset and corresponding lease liability could not be determined at commencement.

Lease expense for the year of R0 (2023: R15,190) was recognised in profit and loss. An amount of R0 (2023: R15,190) was also recognised within laboratory services revenue as a fair value of non-cash consideration received for services rendered.

22. OTHER INCOME

Other income comprises:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Sundry income	20,309	10,343	12,398	10,008
Royalties received	-	-	1,504	1,879
Inter Company recoveries				
Foreign exchange gains	1,870	2,932	1,202	473
Deferred income relating to expenditure recognised	-	-	-	-
Rentals received in respect of land and buildings	-	280	-	1,421
Intercompany rental received in respect of land and buildings	-	-	40,155	43,695
Income relating to SMME's	-	6,852	-	-
Dividends from investment	-	357	-	357
Rental income on investment property	13,824	17,749	13,824	17,749
Income recovery from dosimeters	5,695	4,508	-	-
Income recognised for local content verification	-	3,478	-	-
Fair Value adjustments on investment through profit and loss	7,427	3,203	7,427	3,203
Bad debts recovered	-	156	-	-
Dividends from investments	-	-	-	-
Deferred income iro government grants	18,089	16,963	10,155	9,167
Total other income	**67,214**	**66,821**	**86,665**	**87,953**

In prior years only certain Other Income items were disclosed whereas all other income items have been disclosed in the current year. Prior year comparative information have consequently also been included for fair presentation.

In analysing the other income items it was identified that certain internal charges between business units within SABS were incorrectly included in other income and other expenditure. This was corrected in the current year and the prior year comparative information was also corrected. Also refer to note 24 - Other operating expenditure and note 39 - Prior period errors.

23. EMPLOYEE BENEFIT EXPENSE

Employee benefits expense comprises:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Salaries and wages	336,069	321,059	144,580	141,116
Medical aid and other employment benefits	52,563	48,988	18,890	15,038
Pension contributions	22,942	22,302	9,770	9,621
Termination benefits	-	-	-	-
Board emoluments (Note 29)	-	580	-	580
Total employee benefits expense	**411,574**	**392,929**	**173,240**	**166,355**
Post-employment healthcare benefits (note 20)	6,340	6,349	3,855	3,911
Long service leave benefits (note 20)	(380)	2,298	(31)	749
	417,534	**401,576**	**177,064**	**171,015**

24. OTHER OPERATING EXPENDITURE

Other operating expenditure comprise:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Allowance/(Reversal) of allowance for expected credit losses	6,088	214	960	(201)
Assessment rates and municipal charges	67,761	66,278	66,910	64,469
Auditors remuneration	6,189	6,488	4,904	5,045
Bad debts	12,195	15,551	331	2,250
Calibration cost	2,192	2,947	-	4
Computer expenses	7,030	10,498	7,029	10,437
Consumables	2,826	6,432	2,826	297
ECL allowance/(reversal of allowance) on loan to subsidiary	-	-	-	(52)
Exchange losses	2,053	3,998	713	2,190
Fines and penalties	885	4,235	429	2,578
General expenses	17,079	6,033	3,703	5,501
Impairment of assets	-	7,141	-	7,141
Insurance	3,986	3,284	3,986	3,253
Legal expense	3,070	1,142	2,520	1,142
Loss/(gain) on disposal of property, plant and equipment	130	52	67	29
Membership fees	6,114	4,808	6,114	3,571
Outsourced laboratory services	17,006	12,482	932	-
Postage	2,609	2,983	68	171
Printing and stationery	1,493	2,155	1,493	1,185
Recruitment cost	4,682	1,451	4,682	1,449
Royalties - Deductible	422	728	390	634
Short term leases and low value items	545	2,618	545	1,286
Telephone and fax	(679)	2,317	(679)	568
Training	4,227	3,102	4,227	3,076
Total other operating expenditure	**167,903**	**166,937**	**112,150**	**116,023**

25. FINANCE INCOME

Finance income comprises:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Bank balance	44,290	23,823	38,825	18,638
Interest received from subsidiaries	-	-	5,643	10,827
Interest received	16,540	10,157	-	-
Interest on Investments FVTPL	-	1,213	-	1,213
Total finance income	**60,830**	**35,193**	**44,468**	**30,678**

26. FINANCE COST

Finance costs included in profit or loss:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Operating lease liabilities	1,753	1,161	1,241	806
Interest on banking facilities and late payments	-	-	-	-
Interest on banking facilities and late payments	162	715	48	178
Total finance costs	**1,915**	**1,874**	**1,289**	**984**

27. INCOME TAX EXPENSE

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Reconciliation of the tax expense				
Accounting profit	49,776	59,105	-	-
Accounting profit before income tax	**49,776**	**59,105**	**-**	**-**
Taxation at 27% (2022: 28%)	13,440	15,958	-	-
Tax effect of adjustments on taxable income				
Amounts not credited to the income statement	28,237	(10,171)	-	-
Movement in provision	(16,619)	(21,762)	-	-
Tax deducatible amounts not claimed in profit and loss	(22,387)	18,341	-	-
Exempt Income	-	-	-	-
Non-deductible expenditure	12,492	16,847	-	-
Adjustment in resect of current income tax of previous year	-	2,397	-	-
Assessed loss brouht forward	-	-	-	-
Normal Taxation	**15,162**	**21,610**	**-**	**-**
Deferred tax on temporary differences	(9,269)	(4,492)	-	-
Rate change		1,234	-	-
Deferred taxation	**(9,269)**	**(3,258)**	-	-
Taxation	**5,893**	**18,352**	**-**	**-**
Deferred tax expense recognised directly in other comprehensive income	606	(686)	-	-

SABS has been exempted from income tax in terms of the provisions of section 10(1)cA(I) of the Income Tax Act. The Group figures disclosed represents the SABS Commercial SOC Ltd taxation.

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contigent liabilities

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Third parties	**6,517**	**7,558**	**6,517**	**7,558**

The contingent liabilities are partly due to alleged negligence in testing products, which is largely covered by insurance, as well as CCMA employee disputes. The cases are still pending.

Contingent assets

The SABS has instituted legal proceeding against a lessee in which the entity obtained a court order for outstanding rental. The court order will be executed with the service of eviction summons. This has given rise to a contingent asset estimated at R0.3-million.

29. RELATED PARTIES

National Government and state-controlled entities

The group is controlled by SABS (incorporated in South Africa under section 2 of the Standards Act, 1945 which was superseded by the Standards Act, 1993 (Act No. 29 of 1993) and subsequently superseded by the Standards Act, No. 8 of 2008. The SABS reports to **the dtic**.

Principal related parties

Related party	**Country of incorporation**	**Nature of relationship**
SABS Commercial SOC Ltd	South Africa	Subsidiary

SABS is presumed to be related to all other government entities within the national sphere by virtue of its classification as a national public entity. However, only transactions carried out within the ambit of **the dtic** and transactions not carried out on normal terms are disclosed.

29.1 LOANS RECEIVABLE FROM/(PAYABLE) TO RELATED PARTIES - SABS

Figures in R `000	SABS	
	2024	2023
SABS Commercial SOC Ltd	(430)	1,254
Net loan (payable) receivable from group companies	**(430)**	1,254

29.2 OTHER GROUP TRANSACTIONS - INCOME

Figures in R `000	SABS	
	2024	2023
Royalties received	1,539	1,879

29.3 PURCHASES FROM RELATED PARTIES

The following transactions were carried out with related parties within the ambit of **the dtic** (Executive Authority) and is included in trade and other payable balances. Refer to note 17:

Figures in R `000	2024			
	Group		SABS	
	Purchases	Balances Outstanding	Purchases	Balances Outstanding
National Regulator for Compulsory Specifications	8	4	-	-
National Metrology Institute of South Africa	136	55	-	-
South African National Accreditations System	2,185	(9)	-	-
SABS Commercial SOC Ltd - Intercompany	-	-	1,744	2,118
Industrial Development Corporation	-	28	-	-
SABS Commercial SOC Ltd - Salaries	-	-		-
	2,329	**78**	**1,744**	**2,118**

Figures in R `000	2023			
	Group		SABS	
	Purchases	Balances Outstanding	Purchases	Balances Outstanding
National Regulator for Compulsory Specifications	9	14	2	-
National Metrology Institute of South Africa	264	33	-	-
South African National Accreditations System	2,016	61	-	-
SABS Commercial SOC Ltd - Laboratory services	-	-	-	-
Industrial Development Corporation	-	28	-	-
National Consumer Commission	-	391	-	391
	2,289	**527**	**2**	**391**

29.4 SALES AND OTHER TO RELATED PARTIES

Figures in R `000	2024				2023			
	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding
Group								
the dtic	-	-	-	-	-	-	-	-
National Regulator for Compulsory Specifications	20,193	160	-	2,581	19,176	247	-	2,878
National Metrology Institute of South Africa	56	12	-	288	176	3	-	44
South African National Accreditations System	546	26	-	628	726	90	1	705
National Consumer Commission	7,790	-	-	1,967	8,900	-	-	-
Industrial Development Corporation	-	-	-	-	-	-	-	-
National Lottery Commission	1,667	74	-	1,858	-	-	-	-
National Gambling Board	-	0.4	-	3	3	-	-	3
	30,252	**272**	**-**	**7,325**	**28,981**	**340**	**1**	**3,630**

Figures in R `000	2024				2023			
	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding	Sales and other	ECL Allowance	Bad debts written off	Balances Outstanding
SABS								
SABS Commercial SOC Ltd - Business advisory	436	-	-	-		-	-	-
SABS Commercial SOC Ltd - Outstanding balance		135	-	31,206		-	-	-
SABS Commercial SOC Ltd,- Intercompany sale of standards	-	-	-	-	953	-	-	-
SABS Commercial SOC Ltd - Rentals: Land and Buildings	40,155	-	-	-	43,695	-	-	-
SABS Commercial SOC Ltd - Overheads recoveries	1,176	-	-	-	1,487	-	-	-
SABS Commercial SOC Ltd - Royalties	1,539	-	-	-	1,539	-	-	-
National Regulator for Compulsory Specifications	10,813	4	-	91	11,506	16	-	472
National Metrology Institute of South Africa	28	8	-	235	19	2	-	19
National Lotteries Commission	1,667	74	-	1,858	-	-	-	-
South African National Accreditations System	546	26	-	628	726	90	1	705
National Gambling Board	-	0.4	-	3	3	-	-	3
National Consumer Commission	7,790	-	-	1,967	8,900	-	-	-
	64,150	**247**	**-**	**35,988**	**68,828**	**108**	**1**	**1,199**

29.5 KEY MANAGEMENT COMPENSATION

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
Group - 2024							
Non-executive directors - paid by SABS							
Dr Sandile Malinga		-	-	-	-	-	**-**
Dr Rudzani Nemutudi		-	-	-	-	-	**-**
Dr Mukondeleli Grace Kanakana-Katumba		-	-	-	-	-	**-**
Mr Tumisang Tshehlo		2	-	-	-	-	**2**
MS Deidre Penfold	*	118	-	-	-	-	**118**
Dr Nandipha Madiba	*	191					**191**
Dr Ron Josias	*	96	-	-	-	-	**96**
Ms Gloria Mnguni	&	-	-	-	-	-	**-**
Rene Van Wyk	*#	(5)	-	-	-	-	**(5)**
		402	**-**	**-**	**-**	**-**	**402**
Executive directors - paid by SABS							
Dr Sadhvir Bissoon (Acting CEO)	^	-	1,850	15	288	189	**2,342**
L Ntobongwana (Acting CEO)	^^	-	350	-	28	33	**412**
		-	**2,200**	**15**	**316**	**222**	**2,754**

^ *Appointed acting CEO until 19 January 2024*
^^ *Appointed acting CEO on 20 January 2024*
& *Treasury guideline - Employees of national, provincial and local government or agencies and entities of Government serving on boards of public entities are not entitled to additional remuneration.*
# *Term ended 17 February 2023*
* *Committee meetings - fees included in the group results*

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
SABS - 2024							
Non-executive directors - paid by SABS							
Mr Tumisang Tshehlo	**	2	-	-	-	-	**2**
MS Deidre Penfold	*%	118	-	-	-	-	**118**
Dr Nandipha Madiba	*%	191	-	-	-	-	**191**
Dr Ronald Josias	*%	96	-	-	-	-	**96**
Rene Van Wyk	*	(5)	-	-	-	-	**(5)**
		402	**-**	**-**	**-**	**-**	**402**
Executive directors - paid by SABS							
Dr Sadhvir Bissoon (Acting CEO)	^	1,850	15	288	189	-	**2,342**
L Ntobongwana (Acting CEO)	^^	350	-	28	33	-	**411**
		2,200	**15**	**316**	**222**	**-**	**2,753**

^ *Appointed acting CEO on 19 January 2023 to 19 January 2024.*
^^ *Appointed acting CEO on 20 January 2024*
& *Treasury guideline - Employees of national, provincial and local government or agencies and entities of Government serving on boards of public entities are not entitled to additional remuneration.*
# *Term ended 17 February 2023*
* *Committee meetings - fees included in the group results*
** *Appointed on 1 December 2022 and resigned 17 April 2023*
% *Appointed 01 December 2022*

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
Group - 2023							
Non-executive directors							
Jodi Scholtz	& #	-	-	-	-	-	-
Dr Tshenge Demana	& #	-	-	-	-	-	-
Dr Sandile Malinga	& %	-	-	-	-	-	-
Dr Rudzani Nemutudi	& %	-	-	-	-	-	-
Dr Mukondeleli Grace Kanakana-Katumba	& %	-	-	-	-	-	-
Audit and Risk Committee							
Mr Tumisang Tshehlo	**	24	-	-	-	-	**24**
Ms Deidre Penfold	* %	33	-	-	-	-	**33**
Dr Nandipha Madiba	* %	56	-	-	-	-	**56**
Dr Ronald Josias	* %	33	-	-	-	-	**33**
Ms Gloria Mnguni	& %	-	-	-	-	-	-
Sikkie Kajee	*	50	-	-	-	-	**50**
Rene Van Wyk	*	35	-	-	-	-	**35**
		231	**-**	**-**	**-**	**-**	**231**
Executive directors - paid by SABS							
Dr Sadhvir Bissoon	^	-	451	67	62	-	**580**

^ *Appointed acting CEO on 19 January 2023*
& *Treasury guideline - Employees of national, provincial and local government or agencies and entities of Government serving on boards of public entities are not entitled to additional remuneration.*
# *Term ended 17 February 2023*
* *Committee meetings - fees included in the group results*
** *Appointed on 17 February 2023 and resigned 17 April 2023*
% *Appointed 17 February 2023*

Figures in R `000	Note	Committee fees	Salary / director's fees	Bonus / payments	Retirement and medical fund	Other	Total
SABS - 2023							
Non-executive directors - paid by SABS							
Jodi Scholtz	& #	-	-	-	-	-	-
Dr Tshenge Demana	& #	-	-	-	-	-	-
Dr Rudzani Nemutudi	& %	-	-	-	-	-	-
Dr Mukondeleli Grace Kanakana-Katumba	& %	-	-	-	-	-	-
Audit and Risk Committee							
Mr Tumisang Tshehlo	**	24	-	-	-	-	**24**
MS Deidre Penfold	* %	33	-	-	-	-	**33**
Dr Nandipha Madiba	* %	56	-	-	-	-	**56**
Dr Ronald Josias	* %	33	-	-	-	-	**33**
Ms Gloria Mnguni	& %	-	-	-	-	-	-
Shabeer Khan	& #	-	-	-	-	-	-
Sikkie Kajee	*	50	-	-	-	-	**50**
Rene Van Wyk	*	35	-	-	-	-	**35**
		230	**-**	**-**	**-**	**-**	**230**
Executive							
Dr Sadhvir Bissoon	^	-	431	67	62	-	**560**

^ *Appointed acting CEO on 19 January 2023*
& *Treasury guideline - Employees of national, provincial and local government or agencies and entities of Government serving on boards of public entities are not entitled to additional remuneration.*
# *Term ended 30 November 2022*
* *Committee meetings - fees included in the group results*
** *Appointed on 1 December 2022 and resigned 17 April 2023*
% *Appointed 01 December 2022*

Key management personnel compensation

The following emoluments were paid to executives who report directly to the CEO and other key management personnel

Figures in R `000	Note	Salary	Bonus/ performance payments	Retirement and medical fund	Other	Total
Group & SABS - 2024						
Executive Management						
K Masoga (CFO)	#	1,813	-	122	-	1,935
L Matras (Acting CFO)	@	363	-	33	37	433
T Maharaj (CFO)	**	250	-	28	-	278
HL Makele (CCSO)		2,256	15	225	-	2,496
Paid by SABS		**4,682**	**15**	**408**	**37**	**5,142**
L Ntobongwana (COO)		1,341	15	107	4	1,467
K Temba (Acting COO)		350	-	57	32	439
Paid by Subsidiary		**1,690**	**15**	**165**	**36**	**1,906**
Group		**6,372**	**30**	**572**	**73**	**7,048**

** *Resignation 17 April 2023*
@ *Appointed acting CFO on 17 April 2023 - 30 June 2023*
^ *Appointed acting CEO on 19 January 2023 - 19 January 2024*
# *Appointed Effective 1 July 2023*

Figures in R `000	Note	Salary	Bonus/ performance payments	Retirement and medical fund	Other	Total
Group & SABS - 2023						
Executive						
T Maharaj (CFO)	**	2,277	9	317	-	2,603
Dr S Bissoon (Divisional Head: Standards)	^	1,825	9	266	-	2,100
HL Makele (CCSO)		2,110	9	218	-	2,337
Paid by SABS		**6,212**	**27**	**801**	**-**	**7,040**
KJ Temba (Divisional Head: Certification)		1,692	9	251	93	2,045
L Ntobongwana (Divisional Head: Customer Partnering)		1,599	9	129	86	1,823
T Sepuru (Divisional Head: Laboratory Service)		1,312	9	113	70	1,504
Paid by Subsidiary		**4,603**	**27**	**493**	**249**	**5,372**
Group		**10,815**	**54**	**1,294**	**249**	**12,412**

** *Resignation 17 April 2023*
^ *Appointed acting CEO on 19 January 2023 - 18 January 2024*

29.6 TRANSFER OF ASSETS (TO)/FROM RELATED PARTIES

There was a transfer of assets to related parties of R0.6 million (2023: R0).

Figures in R `000	SABS	
	2024	2023
WIP transfer to subsidiary	-	-
SABS - assets transferred from subsidiary	630	-
	630	**-**

29.7 GOVERNMENT GRANTS

SABS extended R27.1-million (2023: R0) grant for local content verification and R43.5-million (2023: R0) grant for infrastructure to SABS Commercial SOC Ltd of which R27.8-million (2023: R0) of the infrastructure grant is receivable by SABS as there is no reasonable assurance that the conditions of the grant will be fulfiled under SABS Commercial.

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Received from the dtic				
Grant pertaining to operations	248,847	273,099	248,847	273,099
Grant pertaining to infrastructure*	39,130	21,739	39,130	21,739
Transfered to SABS Commercial SOC Ltd				
Grant refund (receivable) from SABS Commercial	-	-	(27,780)	-
Grant pertaining to infrastructure	-	-	(15,700)	-
Grant pertaining to operations	**-**	**-**	**(27,100)**	**-**

*In prior year, infrastructure grant was not disclosed as part of related party disclosure, to ensure completeness and fair presentation, prior period comparative R21.7-million was restated.

30. CHANGE IN ACCOUNTING ESTIMATES

Property, plant and equipment

The group assessed the useful lives of certain assets, and the result of the assessment was an increase/(decrease) in the remaining useful lives of some of these assets. The effect of the change in estimate for the current period is a decrease in depreciation of R4.6-million (SABS: R3.3-million) and an increase in future periods of R4.6-million (SABS: R3.3-million).

31. EVENTS AFTER THE REPORTING DATE

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

32. GOING CONCERN

At 31 March 2024, the SABS had accumulated surpluses of R767.7-million (2023: R733.6-million). Total assets exceeded total liabilities by R843.7-million (2023: R809.8-million). The going concern consideration regarding the SABS subsidiary, SABS Commercial SOC Ltd is included below:

At 31 March 2024, SABS Commercial SOC Ltd had accumulated profit of R122.5-million (2023: 78.6-million) and the company' total assets exceed its liabilities by R238.2-million (2023: R192.7-million). This company has made profits in the last three years which is indicative of measure put in place to turn around the operations.

The SABS Group continues to implement and evolve the turnaround strategy which has been endorsed by the dtic.

Management has implemented and continues to implement stringent cost cutting and aggressive revenue generation initiatives. Management believes that the Group will continue to remain a going concern due to various initiatives currently being implemented.

The financial statements for the Group have thus been prepared on the basis of accounting policies applicable to a going concern.

33. FINANCIAL RISK MANAGEMENT

33.1 FOREIGN CURRENCY RISK MANAGEMENT

Foreign currency exposures arise from revenue generating services from overseas clients and purchase of capital equipment, consumables and airfare costs. The Group does not enter into forward exchange contracts. Where possible the supplier is requested to take this cover to fix the price for the Group.

Forward exchange contracts - recognised transactions.
No forward exchange contracts were entered into during the financial year ended 31 March 2024 (2023: None)

Uncovered foreign exchange exposure.
At year end the Group was exposed to the following Rand translated foreign currency denominated assets and liabilities for which no forward cover had been taken out. The exchange rate used for the translation is as at reporting date.

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Foreign amount:				
United States Dollar	(31,695)	(5,172)	(31,983)	(8,278)
Great Britain Pounds	(950)	(1,412)	234	(23)
Euro	(928)	(2,518)	(155)	46
Swiss Franc	(575)	613	(547)	426
Australian Dollar	(110)	(113)	-	-
Canadian Dollar	(15)	(14)	-	-
Namibian Dollar	142	167	-	-
Danish Krone	(2)	(2)	(2)	(2)

The impact of the Group's exposure to foreign currency is not material.

33.2 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk as it places funds in the money market floating interest rates. Interest rate risk is managed through effective cash management. Finance income as at 31 March 2024 was R60,1-million (2023: R35,1-million). Finance cost as at 31 March 2024 was R1,9-million (2023: R 1,9-million). The exposure of financial assets and financial liabilities to interest rate risk is as follows:

Figures in R `000	2024			2023		
	Interest bearing financial assets	Non-interest bearing financial assets	Total	Interest bearing financial assets	Non-interest bearing financial assets	Total
	Floating rate	Other		Floating rate	Other*	
Group						
Cash and cash equivalents	577,698	-	577,698	480,757	-	480,757
Trade receivables	-	138,705	138,705	-	158,365	158,365
	577,698	**138,705**	**716,403**	**480,757**	**158,365**	**639,122**
SABS						
Cash and cash equivalents	346,721	-	346,721	376,457	-	376,457
Trade receivables	-	19,354	19,354	-	8,870	8,870
Loans to group companies	-	-	-	1,254	-	1,254
	346,721	**19,354**	**366,075**	**377,711**	**8,870**	**386,581**

	2024			2023		
	Interest bearing financial liabilities	Non-interest bearing financial liabilities	Total	Interest bearing financial liabilities	Non-interest bearing financial liabilities	Total
	Floating rate	Other		Floating rate	Other*	
Group						
Trade payables	-	102,058	102,058	-	94,159	94,159
Financial liabilities exposure to interest rate risk	**-**	**102,058**	**102,058**	**-**	**94,159**	**94,159**
SABS						
Trade payables	-	35,150	35,150	-	25,405	25,405
Financial liabilities exposure to interest rate risk	**-**	**35,150**	**35,150**	**-**	**25,405**	**25,405**

The following table demonstrates the sensitivity to a reasonable possible change in interest rate for the Group.

Group	Increase/decrease in basis points	Effect on profit (R'000)
2024		
Rand	+50	2,678
Rand	-50	(2,678)
2023		
Rand	+50	2,358
Rand	-50	(2,358)

33.3 LIQUIDITY RISK MANAGEMENT

The Group manages liquidity risk through the compilation and monitoring of cash flow forecasts as well as ensuring that there are adequate banking facilities. Trade and other payables are settled within 12 months for both the the Group and SABS. The maturity analysis relating to lease liability is based on undiscounted cash flows:

Figures in R `000	Financial liabilities				
	Within 1 month	1 - 3 months	3 - 12 months	1 - 5 years	Total
Group					
GROUP - 2024					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	510	12,458	15,209	13,863	42,040
GROUP - 2023					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	7,434	522	1,383	845	10,184
SABS					
SABS - 2024					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	293	12,023	13,238	10,367	35,921
SABS - 2023					
Financial Liabilities					
Financial liabilities amortised at cost					
Lease liabilities	7,246	147	671	719	8,783

33.4 CREDIT RISK MANAGEMENT

Credit risk is managed on a group basis (refer to note 7).

Potential concentrations of credit risk consist mainly of cash and cash equivalents and trade receivables.

Credit risk from balances with banks and financial institutions is managed by only dealing with well-established banks and financial institutions of high quality credit standing. These credit ratings are not worse than BB- as per FITCH or GCR. The current ratings of the various banks and financial institutions varies between AA and BB-. The credit exposure to any one counterparty is managed by monitoring transactions. Credit quality of a customer is assessed based on a credit assessment report and individual credit limits are based upon the financial history of the customer as provided in these reports and any previous financial data held by the company. Customers with any relevant adverse financial history are not afforded a credit facility and need to pay on a cash only basis.

Trade receivables comprise a large number of customers, dispersed across different industries and geographical areas. Credit evaluations are performed on the financial condition of these debtors. Where appropriate, the necessary credit guarantees are arranged. Trade receivables are shown net of ECL allowance. Management assessed that there is minimum to no risk related to other receivables as disclosed in note 7.

The group is exposed to credit-related losses in the event of non-performance by counterparties. The group continually monitors its positions and the credit ratings of its counterparties and limits the extent to which it enters into transactions with any one party.

The group applied IFRS 9 to calculate expected credit losses for all trade receivables as they are considered to be month to month with an expected life of one month. A settlement rate analysis was performed during model development to assess the expected invoice settlement rate and it was determined that 51% of the invoices settled in the first month, 85% and 97% by 6 and 12 months respectively. It was determined then that this is sufficient to demonstrate that the expected life of their trade is 1 month and there is no significant financing components to their monthly invoice (no effective interest rate applied). It is also deemed unnecessary to incorporate a forward looking overlay on the probabilities of default. The group did not consider there to be any significant concentration of credit risk which had not been insured or adequately provided for.

The maximum exposure to credit risk is as follows:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Cash and cash equivalents	577,698	480,757	346,721	376,457
Trade receivables	138,705	158,365	19,354	8,870
Loan to group companies	-	-	1,412	1,254
	716,403	**639,122**	**367,487**	**386,581**

The credit exposures by geographical region for trade debtors are summarised as follows:

	Group		SABS	
	2024 %	2023 %	2024 %	2023 %
South Africa	97	97	86	75
Other	3	3	14	25
Total	100	**100**	**100**	**100**

33.5 CAPITAL RISK MANAGEMENT

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising shareholder value.

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Trade payables	(102,058)	(94,164)	(35,150)	(25,406)
Lease liabilities	(42,040)	(9,075)	(35,921)	(7,736)
Cash and cash equivalents	577,698	480,757	346,721	376,456
	433,600	377,518	275,650	343,314
Equity	**995,902**	**925,055**	**843,681**	**809,769**

The Group's cash reserves are sufficient to cover all debt.

33.6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of all financial instruments approximated fair value.

Financial instruments traded in an active market - Financial instruments traded in an organised financial market are measured at the current quoted market price, adjusted for any transaction costs necessary to realise the assets or settle the liabilities.

Fair value hierarchy

The Group used the following hierarchy for determining and disclosing the fair value of the financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Observable market data

As at 31 March 2024, the Group held the following financial instruments measured at fair value:

Figures in R `000	Level 1	Total
Group		
2024		
FVTPL - Equities and bonds	144,958	**144,958**
2023		
FVTPL - Equities and bonds	137,531	**137,531**
SABS		
2024		
FVTPL - Equities and bonds	144,958	**144,958**
2023		
FVTPL - Equities and bonds	137,531	**137,531**

The cost of the asset is deemed fair value.

There were no transfers between level 1 and level 2 in the year ended 31 March 2024 (2023: 0).

34. CASHFLOWS FROM OPERATING ACTIVITIES

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Loss/(profit) before taxation	75,281	106,967	34,095	50,214
Adjustments for:				
Finance income	(60,830)	(35,193)	(44,468)	(30,678)
Finance costs	1,915	1,874	1,289	984
Plant and other equipment related government grants amortised	(18,089)	(16,962)	(10,155)	(9,167)
Depreciation on PPE	42,945	44,401	18,143	18,319
Depreciation on investment properties	351	351	4,225	3,630
Amortisation on intangible assets	1,087	1,988	557	1,276
Loss/(profit) on disposal of property, plant and equipment	130	52	87	29
Gains on foreign exchange	(1,870)	(2,932)	(1,202)	(473)
Losses on foreign exchange	2,053	3,999	713	2,189
Correction effected to foreign exchange-loss	(322)		-	-
FVTPL investment movement	(7,427)	(3,203)	(7,427)	(3,202)
Provision for employment benefit obligations	5,960	6,351	3,824	3,847
Employee benefits paid from provisions	(6,330)	(6,385)	(5,623)	(5,603)
Increase/(decrease) in ECL allowance of trade receivables	6,088	214	960	(201)
Dividend income		(357)	-	(357)
Expense transferred out of work-in-progress and assets	-	-	-	-
Reversal/allowance of ECL of loans to group companies		-	6	(52)
Grants for expenses	(27)	131	-	131
Bad debts written off	12,092	15,539	332	2,250
Inventory write-off	(28)	(23)	(28)	(23)
Deferred income expensed - opex for capex	-	-	-	-
Impairment of PPE and Investment property	-	7,141	-	7,141
Unpaid capital expense	(6,160)	-	(708)	(64,736)
Other PPE non cash movements	597	-	626	-
IFRS 16 non-cash movements	(323)	1,369	(335)	-
Transfer of assets to subsidiary	-	-	329	1,020
Grant funded rental income adjustment	-	(904)	-	(904)
	47,093	**124,419**	**(4,760)**	**(24,366)**
Changes in working capital:				
Decrease/(increase)in inventory	1,485	(337)	1,485	(337)
Increase/ Decrease in Employee benefits obligations	-			
Decrease/(increase) in trade and other receivables	261	(23,904)	(38,408)	(4,699)
(Decrease)/increase in trade and other payables	13,565	7,465	(5,221)	(1,902)
Decrease/(increase) VAT receivable	(7,706)	(17,366)	1,293	(6,981)
	7,605	**(34,142)**	**(40,851)**	**(13,919)**
	54,698	**90,277**	**(45,611)**	**(38,285)**

35. INCOME TAX PAID

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Amounts receivable / (payable) at the beginning of the year	(5,292)	(11,262)	-	-
Amounts (receivable) / payable at the end of the year	(3,240)	7,286	-	-
Taxation expense (credit)	(5,893)	(18,352)	-	-
Penalties		(1,368)	-	-
Interest expense	-	(515)	-	-
Less deferred tax included in taxation expense	(9,269)	(3,258)	-	-
	(23,694)	**(27,469)**	**-**	**-**

36. COMMITMENTS

Capital commitments

Commitments for the acquisition of property, plant and equipment:

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Contracted	**39,141**	**61,958**	**22,391**	**42,072**

Capital commitments are funded through internally generated funds and grants received specifically and exclusively for that purpose..

37. IRREGULAR, FRUITLESS AND WASTEFUL DISCLOSURE AND NON-COMPLIANCE

During the current year, National Treasury issued a new PFMA Compliance and Reporting Framework for presenting the non- complaince, fruitless and wasteful expenditure and irregular expenditure that was effective on 03 January 2023. This framework replaces previous guidance.

The Group is committed to using its funds in a responsible manner. Corrective action is taken where situations lead to fruitless and wasteful expenditure.

Figures in R `000	Group		SABS	
	2024	2023	2024	2023
Irregular expenditure	308	2,477	115	2,307
Fruitless and wasteful expenditure	1,248	6,180	772	2,756
	1,556	**8,657**	**887**	**5,063**

38. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations not yet effective

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2023 or later period but are not relevant to its operations.

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Unlikely there will be a material impact	1-Jan-23	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-current - Amendments to IAS 1	1-Jan-23	Unlikely there will be a material impact
• Definition of Accounting Estimates - Amendments to IAS 8	1-Jan-23	Unlikely there will be a material impact
• Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	1-Jan-23	Unlikely there will be a material impact
• Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	1-Jan-23	Unlikely there will be a material impact
• Amendment to IFRS 16 – Leases on sale and leaseback	1-Jan-24	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)	1-Jan-24	Unlikely there will be a material impact
• Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)	1-Jan-24	Unlikely there will be a material impact
• Lack of Exchangeability – Amendments to IAS 21	1-Jan-25	Unlikely there will be a material impact
• IFRS 18 Presentation and Disclosure in Financial Statements	1-Jan-27	Unlikely there will be a material impact

39. PRIOR PERIOD ERRORS

Group and SABS

In prior year, infrastructure grant received by SABS was not disclosed as part of related party disclosure, to ensure completeness and fair presentation, prior period comparative of R21,7 million was restated.

Group

During 2021 financial year, debtors with credit balances that prescribed were recognised in profit or loss as income prior to meeting prescription requirements. This resulted in trade and other payable as well as VAT receivable being understated by R6,5-million (including reduction in tax liabilities of R2,0-million) and R1,1-million respectively, whilst accumulated profit was overstated by R5,4-million.

The impact of the errors on the financial statements

Figures in R `000	Previously reported	Impact	Restated amount
Group 2022			
Impact on the statement of financial position			
Accumulated profit	(751,620)	5,393	(746,227)
Trade and other payables	(162,769)	(6,500)	(169,269)
VAT receivable	1,717	1,108	2,825
Group 2023			
Impact on the statement of financial position			
Accumulated profit	(840,241)	5,398	(834,843)
Trade and other payables	(180,299)	(6,500)	(186,799)
VAT receivable	19,083	1,108	20,191

ABBREVIATIONS AND **ACRONYMS**:

AFCFTA
African Continental Free Trade Area

AFS
Available-for-sale

AFSEC
African Electro-technical Standardisation Committee

ARSO
African Regional Standards Organisation

B-BBEE
Broad-Based Black Economic Empowerment

CEO
Chief Executive Officer

CFO
Chief Financial Officer

CGU
Cash generating unit

DCF
Discounted cash slow

EE
Employment equity

EIR
Effective interest rate

EME
Exempt micro enterprises

ERM
Enterprise wide management

GAAP
Generally Accepted Accounting Principles

GCS
Global Conformity Services

IAS
International Accounting Standard

IASB
International Standards on Auditing Board

ICT
Information communication technology

IEC
International Electro-technical Commission

IFRS
International Financial Reporting Standards

IIA
Institute of Internal Auditors

IPAP
Industrial Policy Action Plan

ISA
International Standards on Auditing

ISO
International Organisation for Standardization

IT
Information technology

KING IV
King Report on Governance for South Africa and the King Code of Governance Principles

KPI
Key performance indicator

LTIFR
Lost time injury incident frequency rate

LTI
Lost time injury

MI
Minor injury

MIIFR
Minor injury incident frequency rate

MWh
Megawatt hour

NDP
National Development Plan

NETFA
National Electrical Test Facility

NRCS
National Regulator for Compulsory Specifications

OCI
Other Comprehensive Income

PAA
Public Audit Act

PFMA
Public Finance Management Act

PPPFA
Preferential Procurement Policy Framework Act

QSE
Qualifying small enterprise

R&D
Research and development

RvA
Raad voor Accreditatie

SA
South Africa

SABS
South African Bureau of Standards

SADC
Southern Africa Development Community

SADCSTAN

Southern Africa Development Community
Co-operation on Standardisation

SANAS
South African National Accreditation System

SANS
South African National Standards

SATR
South African Technical Report

SATS
South African Technical Specifications

SMME
Small, medium and micro-enterprise

SOC
State-owned Company

SOE
State-owned Enterprise

SQAM
Standards, Quality, Accreditation and Metrology

the dti
The Department of Trade and Industry

the dtic
The Department of Trade, Industry and Competition

TI
Technical Infrastructure

VAT
Value Added Tax

VDA
German Association of the Automotive Industry

WIP
Work-in-progress

ZAR
South African Rand

NOTES

SABS

SOUTH AFRICAN BUREAU OF STANDARDS

(Incorporated via an Act of Parliament and domiciled in the Republic of South Africa)

1 Dr Lategan Road
Groenkloof, Pretoria, 0001

Private Bag X191
Pretoria, 0001

+27 12 428 7911 | +27 0 861 27 7227

info@sabs.co.za

www.sabs.co.za

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