

VECV South Africa (Pty) Ltd
(Registration number 2016/007012/07)
Annual financial statements
for the year ended 31 March 2023

These annual financial statements were supervised by:
The Directors

Venter De Jager (Pretoria) Incorporated
Chartered Accountants (SA)
Registered Auditor

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71
of 2008.
Issued 19 April 2023

VECV South Africa (Pty) Ltd

(Registration number: 2016/007012/07)

Annual Financial Statements for the year ended 31 March 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Sale of commercial trucks
Directors	Simmerdeep Singh Gill Anirvan Banerjee Nitin Dabas
Registered office	Block C, Ground Floor 272 West Avenue, Lakefield Office Park Centurion Gauteng 0157
Business address	Block C, Ground Floor 272 West Avenue, Lakefield Office Park Centurion Gauteng 0157
Bankers	Standard Chartered Bank
Auditors	Venter De Jager (Pretoria) Incorporated Chartered Accountants (SA) Registered Auditor
Company registration number	2016/007012/07
Tax reference number	9000986258
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Issued	19 April 2023

VECV South Africa (Pty) Ltd

(Registration number: 2016/007012/07)

Annual Financial Statements for the year ended 31 March 2023

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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Supervised by

The Directors

Published

19 April 2023

VECV South Africa (Pty) Ltd

(Registration number: 2016/007012/07)

Annual Financial Statements for the year ended 31 March 2023

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the preparation, content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, They are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 6 - 8.

The annual financial statements set out on pages 9 - 24, which have been prepared on the going concern basis, were approved by the board of directors on 19 April 2023 and were signed on its behalf by:

Approval of annual financial statements

Directors

VECV South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2023

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of VECV South Africa (Pty) Ltd for the year ended 31 March 2023.

1. Incorporation

The company was incorporated on 22 January 2016 and obtained its certificate to commence business on the same day.

2. Nature of business

VECV South Africa (Pty) Ltd was incorporated in South Africa with interests in the motor vehicles industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Share capital

			2023	2022
Authorised			Number of shares	
Ordinary shares			1,000	1,000
Issued			2023	2022
	R	R	Number of shares	
Ordinary shares	23,780,002	23,780,002	310	310

There have been no changes to the authorised or issued share capital during the year under review.

5. Dividends

Given the current state of the global economic environment, the board of directors believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the board of directors has resolved not to declare a dividend for the financial year ended 31 March 2023.

6. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

7. Directors

The directors in office at the date of this report are as follows:

Directors	Changes
Simmerdeep Singh Gill	
Anirvan Banerjee	
Manoj Kumar	Resigned 12 December 2022
Nitin Dabas	Appointed 12 December 2022

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Directors' Report

There has been two changes to the Directorate for the period under review. Nitin Dabas has been appointed on 12 December 2022 and Manoj Kumar has resigned on 12 December 2022.

8. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 March 2023 the company's investment in property, plant and equipment amounted to R226,353 (2022:R7,913).

Property, plant and equipment purchased in the current year amounted to R235,714 (2022: R NIL) and disposed R6,095 (2022:NIL).

9. Holding company

The company's holding company is VE Commercial Vehicles Ltd which holds 100% (2022 100%) of the company's equity. VE Commercial Vehicles Ltd is incorporated in India.

10. Borrowing powers

Standard Chartered Bank South Africa has approved working capital demand loan facility of R10,000,000. The said facility is backed by a Standby Letter from Chartered Bank, India on behalf of VE Commercial Vehicles Limited. As at 31 March 2023, the utilisation of credit facility is NIL.

11. Events after the reporting period

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

12. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

13. Auditors

Venter De Jager (Pretoria) Incorporated continued in office as auditors for the company for 2023.

At the AGM, the shareholder will be requested to reappoint Venter De Jager (Pretoria) Incorporated as the independent external auditors of the company and to confirm Mr GM van der Berg as the designated lead audit partner for the 2024 financial year.

14. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on 19 April 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

The annual financial statements set out on pages 9 - 24, which have been prepared on the going concern basis, were approved by the board of directors on 19 April 2023, and were signed on its behalf by:

Approval of annual financial statements

Directors

19 April 2023

Independent Auditor's Report

To the shareholder of VECV South Africa (Pty) Ltd

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of VECV South Africa (Pty) Ltd set out on pages 9 to 21, which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of VECV South Africa (Pty) Ltd as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

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

Key audit matters

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

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "VECV South Africa (Pty) Ltd annual financial statements for the year ended 31 March 2023", which includes the Directors' Report as required by the Companies Act 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report

Auditor's responsibilities for the audit of the Annual Financial Statements

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

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

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

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

Independent Auditor's Report

Report on other legal and regulatory requirements

In terms of the Auditing Professions Act, Section 44(4), we report that another member of Venter De Jager (Pretoria) Incorporated was responsible for assisting with the statutory documentation and tax compliance records of the entity.

Venter De Jager (Pretoria) Incorporated
GM van der Berg
Director
Chartered Accountants (SA)
Registered Auditor

19 April 2023

VECV South Africa (Pty) Ltd

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Statement of Financial Position as at 31 March 2023

	Note(s)	2023 R	2022 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	226,353	7,913
Current Assets			
Inventories	4	67,430,080	35,132,919
Trade and other receivables	3	21,295,096	29,376,494
Cash and cash equivalents	5	9,184,427	12,865,513
		97,909,603	77,374,926
Total Assets		98,135,956	77,382,839
Equity and Liabilities			
Equity			
Share capital	6	23,780,002	23,780,002
Retained income		9,902,972	2,206,097
		33,682,974	25,986,099
Liabilities			
Current Liabilities			
Trade and other payables	7	64,372,051	51,231,829
Current tax payable		80,931	164,911
		64,452,982	51,396,740
Total Equity and Liabilities		98,135,956	77,382,839

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Statement of Comprehensive Income

	Note(s)	2023 R	2022 R
Revenue	8	220,348,784	117,611,874
Cost of sales	9	(199,457,201)	(99,973,786)
Gross profit		20,891,583	17,638,088
Other income	10	1,790,713	2,235,430
Operating expenses		(13,414,277)	(11,928,697)
Operating profit	11	9,268,019	7,944,821
Investment revenue		1,329,672	156,998
Finance costs	13	(54,026)	(73,896)
Profit before taxation		10,543,665	8,027,923
Taxation	15	(2,846,790)	(2,247,818)
Profit for the year		7,696,875	5,780,105
Other comprehensive income		-	-
Total comprehensive income for the year		7,696,875	5,780,105

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Statement of Changes in Equity

	Share capital	Retained income	Total equity
	R	R	R
Balance at 01 April 2021	23,780,002	(3,574,008)	20,205,994
Profit for the year	-	5,780,105	5,780,105
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	5,780,105	5,780,105
Balance at 01 April 2022	23,780,002	2,206,097	25,986,099
Profit for the year	-	7,696,875	7,696,875
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	7,696,875	7,696,875
Balance at 31 March 2023	23,780,002	9,902,972	33,682,974

Note(s)

6

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Annual Financial Statements for the year ended 31 March 2023

Statement of Cash Flows

	Note(s)	2023 R	2022 R
Cash flows from operating activities			
Cash (used in) generated from operations	16	(1,790,247)	609,345
Interest income		1,329,672	156,998
Finance costs		(54,026)	(73,896)
Tax paid		(2,930,770)	(693,016)
Net cash from operating activities		(3,445,371)	(569)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(235,714)	-
Total cash movement for the year		(3,681,085)	(569)
Cash at the beginning of the year		12,865,513	12,866,082
Total cash at end of the year	5	9,184,428	12,865,513

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Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible assets which the company 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 company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

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 company and the cost can be measured reliably. Day to day servicing 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 is derecognised.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and 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 company.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 Years
Motor vehicles	Straight line	3 Years
Office equipment	Straight line	3 Years
IT equipment	Straight line	3 Years

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

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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Accounting Policies

1.1 Property, plant and equipment (continued)

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 profit or loss when the item is derecognised.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Derivatives

Derivative financial instruments are measured at fair value at each reporting date. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

1.3 Tax

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 reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

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Accounting Policies

1.3 Tax (continued)

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

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

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

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

1.6 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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Accounting Policies

1.7 Share capital and equity (continued)

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.8 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

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

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.9 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.10 Borrowing costs

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

1.11 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

The foreign exchange component of a non-monetary item is recognised consistently with any other gains or losses on those items, in other comprehensive income or in profit or loss.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

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Accounting Policies

1.11 Foreign exchange (continued)

Investments in foreign subsidiaries, joint ventures and associates

Exchange differences arising on the translation of a foreign operation into the functional currency of the company are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in equity.

Cumulative exchange differences on disposal of a foreign subsidiary are not reclassified to profit or loss.

VECV South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023			2022		
	R			R		
2. Property, plant and equipment						
	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	346,039	(150,987)	195,052	148,239	(140,326)	7,913
Motor vehicles	439,372	(439,372)	-	439,372	(439,372)	-
Office equipment	71,405	(58,803)	12,602	62,024	(62,024)	-
IT equipment	79,469	(60,770)	18,699	57,030	(57,030)	-
Total	936,285	(709,932)	226,353	706,665	(698,752)	7,913
Reconciliation of property, plant and equipment - 2023						
	Opening balance	Additions	Depreciation	Closing balance		
Furniture and fixtures	7,913	197,800	(10,661)	195,052		
Office equipment	-	15,475	(2,873)	12,602		
IT equipment	-	22,439	(3,740)	18,699		
	7,913	235,714	(17,274)	226,353		
Reconciliation of property, plant and equipment - 2022						
	Opening balance	Depreciation	Closing balance			
Furniture and fixtures	32,620	(24,707)	7,913			
3. Trade and other receivables						
Trade receivables		16,759,566	21,145,368			
Prepayments		839,600	1,419,436			
Deposits		174,710	123,700			
VAT		1,774,819	726,094			
Normal warranty claims		(297,293)	(37,860)			
Other receivables		2,043,694	5,999,756			
		21,295,096	29,376,494			
4. Inventories						
Stock in trade		67,430,080	35,132,919			
5. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances		9,184,427	2,865,513			
Short-term deposits		-	10,000,000			
		9,184,427	12,865,513			

VECV South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023 R	2022 R
6. Share capital		
Authorised		
Ordinary shares	1,000	1,000
690 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
310 Ordinary shares	23,780,002	23,780,002
7. Trade and other payables		
Trade payables	63,484,905	50,288,362
PAYE, UIF and SDL	263,384	257,394
Other payables	623,762	686,073
	64,372,051	51,231,829
8. Revenue		
Sale of goods	210,101,103	111,954,931
Rendering of services	10,247,681	5,656,943
	220,348,784	117,611,874
9. Cost of sales		
Sale of goods		
Cost of goods sold	199,457,201	99,973,786
10. Other income		
Profit on exchange differences	562,885	2,121,671
AMC Income	516,000	111,696
Insurance claim received	11,879	-
Recoupment of expenses	699,949	2,063
	1,790,713	2,235,430
11. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	1,754,448	1,729,810
Motor vehicles		
• Contractual amounts	544,048	396,284
	2,298,496	2,126,094
Depreciation on property, plant and equipment	17,275	24,707
Employee costs	6,652,718	7,651,725

VECV South Africa (Pty) Ltd

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Notes to the Annual Financial Statements

	2023 R	2022 R
12. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	17,275	24,707
13. Finance costs		
Bank	54,026	73,896
14. Auditor's remuneration		
Fees	52,000	50,000
15. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	2,846,790	857,927
Deferred taxation		
South African deferred tax - current year	-	1,389,891
	2,846,790	2,247,818
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	10,543,665	8,027,923
Tax at the applicable tax rate of 27% (2022: 28%)	2,846,790	2,247,818
16. Cash (used in) generated from operations		
Profit before taxation	10,543,665	8,027,923
Adjustments for:		
Depreciation and amortisation	17,275	24,707
Profit on foreign exchange	(562,885)	(1,933,066)
Interest received	(1,329,672)	(156,998)
Finance costs	54,026	73,896
Changes in working capital:		
Inventories	(32,297,161)	(17,142,108)
Trade and other receivables	8,081,398	(6,667,644)
Trade and other payables	13,703,107	18,382,635
	(1,790,247)	609,345

VECV South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2023

Notes to the Annual Financial Statements

	2023	2022
	R	R
17. Related parties		
Relationships		
Holding company		VE Commercial Vehicles Ltd
Related party balances and transactions with entities with control, joint control or significant influence over the company		
Related party balances		
Amounts included in Trade receivable (Trade Payable) regarding related parties		
VE Commercial Vehicles Ltd	822,426	1,401,746
VE Commercial Vehicles Ltd	(55,558,980)	(42,473,961)

18. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

VECV South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

	Note(s)	2023 R	2022 R
Revenue			
Sale of goods		210,101,103	111,954,931
Rendering of services		10,247,681	5,656,943
	8	220,348,784	117,611,874
Cost of sales			
Opening stock		(35,132,919)	(17,990,811)
Purchases (Import)		(178,965,515)	(93,275,701)
Purchases (Local)		(52,788,846)	(23,840,193)
Closing stock		67,430,080	35,132,919
	9	(199,457,201)	(99,973,786)
Gross profit		20,891,583	17,638,088
Other income			
AMC Income		516,000	111,696
Insurance claim received		11,879	-
Recoupment of expenses		699,949	2,063
Interest received		1,329,672	156,998
Profit on exchange differences		562,885	2,121,671
		3,120,385	2,392,428
Expenses (Refer to page 23)		(13,414,277)	(11,928,697)
Operating profit	11	10,597,691	8,101,819
Finance costs	13	(54,026)	(73,896)
Profit before taxation		10,543,665	8,027,923
Taxation	15	(2,846,790)	(2,247,818)
Profit for the year		7,696,875	5,780,105

VECV South Africa (Pty) Ltd

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Annual Financial Statements for the year ended 31 March 2023

Detailed Income Statement

	Note(s)	2023 R	2022 R
Operating expenses			
Advertising		369,269	30,421
Auditors remuneration	14	52,000	50,000
Cleaning		29,515	29,060
Computer expenses		12,003	14,887
Consulting and professional fees		786,778	154,700
Depreciation, amortisation and impairments		17,275	24,707
Employee costs		6,652,718	7,651,725
Recruitment expenses		248,665	-
Vehicle incentive expenses		1,658,495	-
Insurance		104,985	88,231
Lease rentals on operating lease		2,298,496	2,126,094
Magazines, books and periodicals		-	389
Motor vehicle expenses		341,142	783,606
Postage		4,587	3,770
Printing and stationery		14,421	10,061
Promotions		65,332	36,730
Rates and taxes		72,337	38,343
Relocation expenses		158,688	26,697
Repairs and maintenance		-	31,974
Staff welfare		83,951	24,214
Subscriptions		59,843	317,638
Telephone and fax		66,213	103,033
Travel - local		317,564	382,417
		13,414,277	11,928,697

VECV South Africa (Pty) Ltd

(Taxpayer reference number 9000986258)

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Annual Financial Statements for the year ended 31 March 2023

Tax Computation

	2023 R
Net profit per income statement	10,543,665
Taxable income for 2023	10,543,665
Tax thereon @ 27% in the Rand	2,846,790
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	164,911
Prior year adjustment	-
Amount refunded/(paid) in respect of prior year	(164,911)
Amount owing/(prepaid) in respect of prior year	-
Tax owing/(prepaid) for the current year:	
Normal tax	
Per calculation	2,846,790
1st provisional payment	(1,801,076)
2nd provisional payment	(964,783)
	80,931
Amount owing/(prepaid) at the end of year	80,931