

10 ACCOUNTING FRAMEWORK

10.1 BASIS OF PREPARATION

The material accounting policies applied in the preparation of the Group annual financial statements are in the related notes and are consistent with those adopted in the prior year, unless otherwise specified.

The Group annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act, as amended.

The Group annual financial statements are prepared under the historical cost convention, adjusted for financial instruments measured at fair value through profit or loss. Amounts are rounded to the nearest thousand with the exception of earnings per share, ordinary share capital and equity compensation benefit. The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical 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 estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the notes to which they relate.

10.2 GOING CONCERN

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its current funding levels into the foreseeable future.

Refer to note 3.2.2 for a description of the Group's facilities and covenants.

The Directors have a reasonable expectation that the Group has adequate resources and facilities to continue in operational existence for the foreseeable future and is not at risk of breaching its covenants. The Group therefore continues to adopt the going concern basis in preparing the financial statements.