



GRINDROD LIMITED AUDITED ANNUAL FINANCIAL STATEMENTS

PORT
TERMINALS
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BANK

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CONTENTS

1	Approval of the Annual Financial Statements
2	CEO and CFO responsibility statement
3	Compliance statement by the Group company secretary
3	Preparation of the Annual Financial Statements
4	Report of the Audit committee
9	Directors' report
12	Independent auditor's report
19	Statement of financial position
21	Income statement
22	Statement of other comprehensive income
23	Statement of cash flows
24	Statement of changes in equity
25	Segmental analysis
32	Accounting policies
43	Notes to the financial statements
130	Company statement of financial position
131	Company income statement
132	Company statement of cash flow
133	Company statement of changes in equity
134	Notes to the Grindrod Limited Company financial statements
141	Interests in subsidiaries
142	Share analysis of ordinary shareholders
144	Share analysis of cumulative, non-redeemable, non-participating, non-convertible preference shares
145	Key operating segments
146	Loan funds
147	Bank and Private Equity funding instruments
148	Value added statement

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

The preparation of the consolidated and separate Annual Financial Statements that fairly represent the results of the Group in accordance with the Companies Act, International Financial Reporting Standards (IFRS), SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), the Financial Reporting Pronouncement (as issued by the Financial Reporting Standards Council) and JSE Listing requirements and is ultimately the responsibility of the directors.

The Board also ensures an independent audit of the Annual Financial Statements by the external auditors. The Board confirms that the internal accounting control systems have adequate verification and maintenance of accountability for Grindrod's assets, and assure the integrity of the Annual Financial Statements. There was no major breakdown in controls experienced during 2020 that could undermine the reliability of the Annual Financial Statements. Based on the financial performance of the Grindrod group, its cashflow projection to the end of March 2022, secured funding lines, and positive solvency and liquidity tests, the directors confirm their view that the Grindrod group will remain operational for the foreseeable future. The Annual Financial Statements were consequently prepared on a going concern basis.

At the Board meeting held on 09 April 2021, the board of directors approved the Annual Financial Statements and further authorised Mr Mike Hankinson and Mr Andrew Waller in their respective capacities as chairman and chief executive officer to sign off the Annual Financial Statements. The Annual Financial Statements which appear on pages 19 to 140, are therefore signed on its behalf by:



Mike Hankinson
Chairman

Durban
09 April 2021



Andrew Waller
Chief Executive Officer (CEO)

Durban
09 April 2021

CEO AND CFO RESPONSIBILITY STATEMENT

for the year ended 31 December 2020

The directors, whose names are stated below, hereby confirm that:

- (a) the Annual Financial Statements set out on pages 19 to 140, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit committee and the Auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Fathima Ally CA(SA)
Chief financial officer

Durban
09 April 2021

Andrew Waller
Chief executive officer

Durban
09 April 2021

COMPLIANCE STATEMENT BY THE GROUP COMPANY SECRETARY

for the year ended 31 December 2020

The Group company secretary of Grindrod Limited certifies that, in terms of section 88(2) of the Companies Act No.71 of 2008, as amended, the company has lodged with the Companies and Intellectual Property Commission of South Africa all such returns and notices as are required of a public company in terms of this Act and that all such returns are true, correct and up to date in respect of the financial year ended 31 December 2020.

Vicky Commaille
Group company secretary

Durban
09 April 2021

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 December 2020

The consolidated and separate Annual Financial Statements, which appear on pages 19 to 140 have been prepared under the supervision of Fathima Ally, CA (SA) and were approved by the Board of directors on 09 April 2021.

Fathima Ally CA(SA)
Chief financial officer (CFO)

Durban
09 April 2021

REPORT OF THE AUDIT COMMITTEE

The Audit committee is a statutory Board sub-committee, appointed by the shareholders to assist the Board in its corporate governance supervision responsibilities. The committee operates independently of management, is free of any organisational restraint or pressure and acts in accordance with its statutory duties and the delegated authority of the Board, within formally approved Terms of Reference, reviewed and approved annually.

ROLE OF THE COMMITTEE

The Audit committee ensures that accurate financial reporting and adequate systems, controls and financial risk-management policies, procedures and standards are in place. The committee is responsible to ensure appropriate corporate governance and compliance within the scope of its mandate, with a specific focus on the potential risks to Grindrod, and for IT governance and the strategic alignment of IT with the performance and sustainability objectives of Grindrod.

The committee is also, subject to Board approval, authorised to investigate any activity within the scope of its Terms of Reference and to interact with the directors, management, employees and assurance providers and to obtain independent professional advice to ensure effective governance. The committee has decision-making authority regarding its statutory duties and is accountable to the Board and Grindrod's shareholders.

COMPOSITION AND COMMITTEE MEETINGS

The committee composition adheres to the requirements of the Companies Act, the JSE Listings Requirements and King IV. The chairman of the Board may not serve as chairman or as a member of the committee.

The committee comprises three independent non-executive directors, all of whom are financially literate. During the year under review, directors serving on the committee included Grant Gelink (re-appointed 28 May 2019 and appointed as chairperson 26 November 2014), Willem van Wyk (appointed 30 January 2020) and Zimkhitha Zatu (appointed 30 January 2020). More details of these directors are given on pages 134 to 137 of the integrated annual report.

The independence of the Audit committee and performance of its members were evaluated by the Nomination committee during March 2021. Based on the recommendation of the committee, the Board proposed the election of the members to the shareholders at the forthcoming Annual General Meeting.

The committee invites the chairman, the CEO, the CFO, internal audit manager and representatives of the external auditors to attend its meetings.

Committee members meet at scheduled meetings twice a year and at unscheduled meetings when required to address urgent matters in its scope of responsibility. Two unscheduled meetings were held in 2020 to approve, inter alia, the 2020 Annual Financial Statements and integrated annual report.

Attendance of committee members at the meetings of the committee during the year is listed on page 139 of the integrated annual report.

Fees paid to the committee members are reflected on page 170 in the remuneration report and the proposed fees for 2021 are detailed on page 194 of the integrated annual report.

The Group Company Secretary serves as secretary to the committee.

The internal and external auditors have unrestricted access to the Chairman and members of the committee. In 2020, the Chairman of the committee had two meetings with the internal auditors and two with the external auditors without management being present. During these meetings no material issues were raised.

KEY ACTIVITIES

In terms of its mandate, matters considered by the Audit committee based on its annual work plan for 2020 included:

- evaluation of the independence, effectiveness and performance of the internal audit function;
- reviewing and approving the internal audit charter, annual work plan and internal audit fees;
- assessing the suitability, expertise and experience of the CFO and the expertise, experience and resources of Grindrod's finance function;
- reviewing the combined assurance model and the effectiveness of the process for identifying, assessing and reporting on significant internal financial-control and fraud risks as related to financial reporting;
- reviewing the Group IT governance report and IT risks, and evaluation of audit assessments of IT-related controls performed by the internal and external auditors together with the appropriateness of actions taken by management to address key issues identified, and reporting on its findings to the Risk committee;
- reviewing the cyber security user awareness strategy, the cyber security vulnerability and monitoring plan and the cyber security framework implementation plan;
- nominating the independent external auditor and rotation of the designated audit partner and the approval of their terms of engagement and fees for audit services, for approval by shareholders at the Annual General Meeting;
- reviewing the extent of non-audit services provided by the independent external auditor and approval of the related fees;
- reviewing the external auditors' work plan, staffing, independence, effectiveness, audit findings, key audit risks and external audit report;
- reviewing the internal auditors' limited assurance report;
- legislative and regulatory compliance within the scope of its mandate;
- reviewing implementation of Grindrod's tax policy;
- reviewing and recommending to the Board publicly disclosed financial information, including the interim results for the six months ended 30 June 2020;
- reviewing the Annual Financial Statements and results for the year ended 31 December 2020 and this 2020 integrated annual report in line with applicable legislative and regulatory compliance and recommendation thereof for approval by the Board of directors;
- ensuring that appropriate financial reporting procedures exist and are functioning efficiently, including consideration of all entities included in the consolidated group IFRS financial statements and ensuring access to all financial information required to effectively report on the financial statements of the Group;
- reviewing and confirming the going concern status;
- assessing and reviewing the Audit committee pack submitted by Deloitte & Touche providing the information as per the JSE Listings Requirements, paragraph 22.15(h);
- noting a briefing document on audit matters prepared by Deloitte & Touche;
- evaluating the performance of the Audit committee; and
- approving its annual work plan for 2021.

The functions of the committee are also performed for the subsidiaries within each division of Grindrod Limited. The external auditor was nominated for each material subsidiary company for re-appointment.

Report of the Audit committee continued

EXTERNAL AUDIT

Deloitte & Touche served as Grindrod's registered external auditors for the 2020 financial year. The terms of engagement, independence, expertise, audit quality, objectivity and the appropriateness of rotation of key partners in Deloitte & Touche as the external auditor were appraised by the Audit committee, which includes an annual evaluation. The committee meets with the external auditors twice a year.

In assessing the auditor's independence, the committee considered guidance contained in King IV as well as Independent Regulatory Board for Auditors (IRBA) publications and the related commentary thereon. Deloitte & Touche have been auditors of the Grindrod Group for 17 years, and audit partner Mark Holme for two years, and have demonstrated an institutional knowledge, deep expertise and experience of the Group in all the related countries in which the Group operates. The committee is satisfied that in discharging its duties in terms of its mandate, together with the robust internal Deloitte independence processes that Deloitte & Touche's independence is maintained and has not been impacted by tenure. The Deloitte & Touche internal independence processes include periodic internal quality reviews as well as those conducted by IRBA, the rotation of the Group audit partner and key component audit partners at least every five years, independence audits on all partners, established safeguards and procedures and independence training and monitoring of non-audit services.

Following its assessment and review the committee accepted the audit committee pack submitted by the external auditor as required in terms of the JSE Listings Requirements, paragraph 22.15(h) and confirmed that the external auditor and designated audit partner met the required standards prescribed by the JSE Listings Requirements.

The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Grindrod. External audit fees approved for the 2020 financial year to Deloitte & Touche amounted to R27.3 million (2019: R30.8 million); which includes foreign denominated fees of US\$255 379 (2019: US\$408 530); SGD nil (2019: SGD18 000) and P620 000 (2019: P709 128).

The total non-audit services for the 2020 financial year performed by and paid to Deloitte & Touche amounted to R1.5 million (2019: R4.7 million), of which 76.9% relates to permitted consulting advisory services (2019:80.1% relates to permitted tax services).

Following review, the committee satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

SIGNIFICANT AREAS OF JUDGEMENT

Many areas within the financial statements require judgement, which are set out in the accounting policies of the Annual Financial Statements.

KEY AUDIT MATTERS

The following have been identified as significant audit risks and key audit matters by Grindrod's independent external auditor:

- **Material property-backed loan**

Included in the Group's "Loans and advances", is a material loan of R1.0 billion (2019: R1.1 billion), secured by the borrowers' property holdings. The valuation of the properties securing the interest-bearing loan and the related profit share is a Key Audit Matter due to the material amount outstanding, the significant judgements associated with determining the fair value of the security and the considerable length of time since the loan was originally granted.

- **Measurement of loans and advances by the Bank**

Loans and advances by Grindrod Bank are either measured at amortised cost less impairments in terms of an expected credit loss model, or at fair value through profit or loss in accordance with IFRS 9: Financial Instruments. Significant judgement is exercised by the directors in assessing these impairments and fair value measurements which, in aggregate, are considered to be a key audit matter.

For impairments, this includes estimating whether there was a significant increase in credit risk since inception of a loan or advance which determines whether it is classified as Stage 1, 2 or 3; the probability that a loan or advance will default either over a 12 month period or over the lifetime of the loan or advance depending on staging; and the loss given default with a key input being the expected realisable value of the collateral securing the loan or advance.

For fair value, this includes changes in interest rates since inception of the loan or advance (in the case of fixed rate loans and advances); changes in credit risk of the counterparty since inception as well as changes in general market credit spread levels for a given credit rating; changes in general market liquidity spread levels since inception; and the current and projected future value of the asset being financed, in the case of loans and advances where the total payoff depends on the value of such underlying asset.

More detail on these matters is set out in the independent auditors' report on page 12.

INTERNAL FINANCIAL CONTROLS ATTESTATION

In 2019, paragraph 3.84(k) of the JSE Listing Requirements was introduced, requiring the CEO and CFO to make positive statements around their responsibilities to ensure the establishment and maintenance of internal financial controls over the Annual Financial Statement preparation. This was effective for Grindrod's 31 December 2020 year-end.

The committee has overseen a process guided by principle 15 of the King Code, by which Grindrod's management and internal audit performed an assessment of the effectiveness of the company and its consolidated subsidiaries internal financial controls, and that these functions support the integrity of information for Grindrod's Annual Financial Statement preparation.

The following was assessed to substantiate the CEO and CFO's attestation of financial controls:

- the determination of materiality, the identification of risks associated with significant subsidiaries;
- testing the design and implementation of financial controls and utilising internal audit as well as management self-assessments to test the operating effectiveness of financial controls; and
- obtaining assurance letters including control attestations from divisional heads.

Report of the Audit committee continued

The CEO, CFO and the internal auditor, reviewed the internal financial controls, and reported their findings to the Audit committee. The Audit committee considered the identified deficiencies as well as management's responses (and mitigations) and agreed action plans to remediate in the short term, where not already reported as remediated by management and/or internal audit.

The Audit committee was satisfied that none of the deficiencies identified were pervasive to all subsidiaries nor resulted in any loss to the Group. They also did not arise because of fraud by senior management or prior period errors.

As a result, the Audit committee was satisfied with the CEO and CFO internal financial control attestation.

ANNUAL FINANCIAL STATEMENTS

Following the committee's review of the Annual Financial Statements for the year ended 31 December 2020, it is of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and IFRS as issued by the IASB, and the JSE Listing Requirements and fairly present the results of operations, cash flows and the financial position of Grindrod. On this basis, the committee recommended that the Board of directors approve the Annual Financial Statements of Grindrod for the year ended 31 December 2020.

INTEGRATED ANNUAL REPORT

The committee reviewed this report together with supplementary attachments, taking cognisance of material factors and risks that may impact the integrity thereof and recommended that the Board of directors approve the integrated annual report of Grindrod for the year ended 31 December 2020.

JSE PROACTIVE MONITORING

During the financial year under review, the Audit committee reviewed the JSE's reports on its proactive monitoring of the 2019 year-end financial statements and 2020 interim financial statements. Management have reviewed the comments and designed remedial actions, where required. Where applicable, the actions to implement the recommendations made by the JSE are being monitored by the Audit committee.

On behalf of the Audit committee



Grant Gelink
Chairman

09 April 2021

DIRECTORS' REPORT

for the year ended 31 December 2020

The directors have pleasure in presenting the consolidated and separate Annual Financial Statements of Grindrod Limited for the year ended 31 December 2020.

NATURE OF BUSINESS

Grindrod is a logistics and financial services company with significant investments in agricultural and marine fuel trading sectors. Its key operations consist of Port and Terminals which provide dry-bulk commodities handling services along key trade corridors in South Africa, Mozambique and Namibia. The Logistics segment operates a container cargo feeder services integrated with landside operations for container handling, ships agency, clearing and forwarding, and rail services. Grindrod Bank provides bespoke bank and related services to its private, corporate and institutional clients particularly in property lending, SMME banking, capital markets and retail banking.

REVIEW OF OPERATIONS

The financial results for the year ended 31 December 2020 and the results of operations are covered in the consolidated and separate statements of financial position, income statements, statements of comprehensive income and segmental analysis on pages 19 to 31 and 130 to 133.

ACQUISITION

During the year, the Group acquired a controlling interest in Swift Engineering, The acquisition is set to strengthen the capabilities of the Group's marine technical division and to provide a comprehensive service offering to the niche technical market. This has been provisionally accounted for in terms of IFRS 3 Business Combinations.

Company acquired	Nature of business	Percentage acquired	Date acquired	Purchase consideration (R'000)
Swift Nova Engineering Solutions Proprietary Limited	Specialised fabrication servicing the marine energy and oil and gas sectors	51%	01 November 2020	3 000

DISCONTINUED OPERATIONS

Whilst the sale of the Agricultural investments has been executed, pending the fulfillment of certain conditions, the sale process with regards to the Marine Fuels investment has been delayed and is no longer highly probable in the short term. As a result, the accounting standards require the business results to be reclassified into continuing operations resulting in a restatement of the prior period results.

Following the reclassification of Marine Fuels into continuing, as well as the Group's strategy to realise non-core businesses, the segments have been restated in line with how the chief operating decision maker analyses the Group as well as the requirements of IFRS 8: Operating segments. This resulted in the Marine Fuels and Agricultural Logistics and the Private Equity and Property segments being included as non-core.

SHARE CAPITAL

Details of the authorised and issued shares are shown in note 14 on page 72 and the share analysis on pages 142 to 144. The directors propose that the general authority granted to them to repurchase ordinary shares as opportunities present themselves be renewed at the forthcoming AGM. The directors propose that a general authority be granted to them to allot and issue ordinary shares up to 5% of the number of ordinary shares in issue and that a general authority be granted to issue shares for cash.

Directors' report continued

ORDINARY AND PREFERENCE DIVIDENDS

Notwithstanding the strong cash generation from the core businesses, the Board has decided to delay the reinstatement of the dividend in order to focus on reducing the debt associated with the non-core businesses. The Board will review this position in August 2021.

Notice is hereby given that no gross final dividend has been declared out of income reserves for the year ended 31 December 2020 (2019: 14.2 cents final dividend declared).

The directors declared a dividend of 312.0 (2019: 445.0) cents per preference share which was paid on 29 March 2021.

SPECIAL RESOLUTIONS

In addition to special resolutions approved at the Company's AGM, a special resolution for the authority in terms of the Companies Act No. 71 of 2008 (the Companies Act) and the JSE Listings Requirements for the repurchase by the company of 64 000 000 of its own ordinary shares of 0.002 cents each from Newshelf 1279 (RF) Proprietary Limited, registration number 2011/013310/07, the BEE SPV, was approved. Special resolutions were passed by certain subsidiaries within the Group to amend their memorandum of incorporation and to authorise, as a general approval, the directors of these companies to provide financial assistance to other Group companies in terms of section 45 of the Companies Act.

SUBSIDIARY COMPANIES

Information on subsidiary and associated companies is contained on page 141, and in notes 5 and 6 of the Consolidated Annual Financial Statements. The business review of the main operating segments is covered on pages 2 to 4 of the provisional results for the year ended 31 December 2020 published on 4 March 2021.

DIRECTORATE

Brief curricula vitae of the current directors are disclosed on pages 134 to 137 of the integrated annual report. Details of directors' remuneration and the incentive schemes appear in note 36 of the Consolidated Annual Financial Statements.

Raymond Ndlovu resigned as alternate non-executive director to Pieter Uys on 1 January 2020 and was replaced by Willem van Wyk on 30 January 2020. Zola Malinga resigned as non-executive independent director on 1 January 2020. Zimkhita Zatu and Ben Magara were appointed as independent non-executive directors on 30 January 2020.

Cathie Lewis resigned as Group company secretary with effect from 31 May 2020 to focus on Sustainability. Following Cathie's resignation, Vicky Commaille was appointed as Group company secretary with effect from 1 June 2020.

Fathima Ally was appointed as Group Financial Director with effect from 1 September 2020.

According to the Company's Memorandum of Incorporation, at the forthcoming AGM, Mike Hankinson, Nkululeko Sowazi and Pieter Uys retire by rotation. All are eligible and have offered themselves for re-election.

In line with governance recommendations regarding tenure, Mkhusele Faku retired from the Board of the Company effective 2 December 2020. The Board wishes Mkhusele well and extends its appreciation for his valued contribution and service during his 10-year tenure as a non-executive director.

The registered office of the company is as follows:

Business address:	Postal address:
Grindrod Mews	PO Box 1
106 Margaret Mncadi Avenue	Durban
Durban	4000
4001	South Africa
South Africa	

AUDIT COMMITTEE

At the forthcoming AGM, pursuant to the requirements of section 94(2) of the Companies Act of South Africa, shareholders will be requested to pass an ordinary resolution appointing the chairman and members of the audit committee.

MAJOR SHAREHOLDERS

Shareholders holding beneficially, directly or indirectly, in excess of 5% of the issued share capital of the Company are on the share analysis from page 142 to 144.

AUDITORS

At the forthcoming AGM, pursuant to the requirements of section 90(1), read with section 61(8)(c) of the Companies Act of South Africa, shareholders will be requested to pass an ordinary resolution re-appointing Deloitte & Touche as the company's independent registered auditors and to confirm the appointment of Mark Holme as the designated audit partner.

SUBSEQUENT EVENTS

There are no adjusting post balance sheet events to report. The sale of Senwes Limited was finalised on the 30 March 2021 as all conditions precedent have been fulfilled and this is a non-adjusting post balance sheet event.

GOING CONCERN

The directors consider that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis of accounting in preparing the Group and Company's Annual Financial Statements.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Grindrod Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Grindrod Limited (the Group and Company) set out on pages 19 to 140, which comprise the consolidated and separate statements of financial position as at 31 December 2020, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and 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 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' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code). 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters apply to the consolidated financial statements and there is no key audit matter for the separate financial statements.

Key Audit Matter

Material property backed loan

Included in the Group's "Loans and advances", is a material loan carried at fair value, secured by the borrowers' property holdings.

The loan includes a profit share agreement, directly linked to profit on the disposal or development of the underlying properties and is carried in the Group's consolidated annual financial statements at a fair value of R1.0 billion (2019: R1.1 billion).

Fair value has been determined by the directors, in the absence of an observable market price. The valuation process is described in Note 34 to the consolidated annual financial statements. This valuation is a level 3 type valuation in accordance with IFRS 13: Fair Value Measurement, where the fair value is not based on observable market data.

The directors believe the recorded fair value of the loan to be appropriate within a reasonable range of possible outcomes. In determining the range, the directors obtained independent external valuations of the properties securing the loan. These property valuations are a key input in determining the fair value of the loan. The property valuations are subject to judgment and estimation uncertainty.

We identified the valuation of the properties securing the interest-bearing loan and related profit share as a key audit matter due to the material amount outstanding and the significant judgments and estimates associated with determining the fair value.

We also critically considered management's disclosure of the long-outstanding material loan, as a current asset.

How the matter was addressed in the audit

In evaluating the fair value of the material property backed loan, we performed the following procedures:

- inspected the original interest-bearing loan agreement and considered the terms of the loan including the related profit share agreement and the nature of the security held by the Group;
- utilised internal accounting specialists and evaluated the directors' conclusion that the loan, seen with the profit share element, is a financial instrument measured at fair value as it is not subject to the repayment solely or primarily of principal and interest;
- utilised internal valuation specialists who concurred that the valuation of the loan is closely linked to the valuation of the underlying securities;
- benchmarked the key inputs, specifically the estimated selling prices per square metre and the highest and best use estimates, used in the directors' valuation, to external evidence. This evidence included recent professional valuations of the underlying properties and our audit procedures included assessing key inputs for reasonability in relation to relevant market indicators and recent developments in the region;
- considered how the directors' valuation factored in the lack of liquidity of the undeveloped coastal properties and the uncertainty surrounding either the time to disposal or development by the owners. We considered that the land is currently zoned as "Agricultural" and that no development activities had yet commenced;
- performed sensitivity analyses on key inputs;
- obtained a written representation that the Board expects to realise the loan within twelve months after the reporting period. We also considered that the loans are legally repayable within twelve months of the reporting date.

We found that the directors' calculated fair value of the underlying securities, which are critical in determining the fair value of the loan, was appropriate. The fair value of the loan and the disclosures relevant to the "level 3" type valuation is appropriate in all material respects.

Independent auditor's report continued

Key Audit Matter

Measurement of loans and advances in the Bank

Loans and advances of Grindrod Bank are either measured at amortised cost less impairments in terms of an expected credit loss (ECL) model, or at fair value through profit or loss (FVTPL). This is in accordance with IFRS 9: Financial Instruments (IFRS 9).

Significant judgement is exercised by the directors in assessing these impairments and fair value measurements, and includes estimating:

Impairments:

- whether there was a significant increase in credit risk since inception (SICR), which determines whether a loan or advance is classified as Stage 1, 2 or 3. Many collateralised loans and advances have no scheduled repayments until the end of the loan term, making it highly judgmental to identify a SICR;
- the probability that a loan or advance will default (PD), either over a 12-month period or over the lifetime of the loan or advance, depending on staging; and
- the loss given default (LGD). A key input into the LGD model is the expected realisable value of the collateral securing the loan or advance.

Fair value:

- changes in interest rates since inception (in the case of fixed rate loans and advances);
- changes in credit risk of the counterparty since inception, as well as changes in general market credit spread levels for a given credit rating;
- changes in general market liquidity spread levels since inception; and
- the current and projected future value of the asset being financed, in the case of loans and advances where the total payoff depends on the value of such underlying asset.

How the matter was addressed in the audit

With the assistance of auditor's and management's experts, we performed the following audit procedures on the ECL model:

- assessed the design and implementation of key internal controls relating to the model;
- assessed the appropriateness of assumptions and variables used in determining the ECL in relation to current market conditions and forward-looking economic information;
- assessed the completeness, accuracy and validity of data inputs used during the development and application of the credit impairment model;
- considered the methodologies and assumptions applied in order to assess compliance with IFRS 9, including the determination of SICR, PD, EAD (exposure at default) and LGD;
- assessed the appropriateness of management's stage allocation;
- evaluated the methodology used to incorporate forward-looking information in the calculation of expected credit losses;
- performed substantive tests of details on a sample basis, relating to the estimated realisable value of the collateral securing loans and advances included in the ECL model; and
- considered and assessed the qualitative factors that influence the impairment, including the amount in arrears, period in arrears and the financial strength of the borrower.

Key Audit Matter

Measurement of loans and advances in the Bank

Impairment of loans and advances is disclosed in note 10 and note 34, and fair value is disclosed in note 34 to the consolidated financial statements.

Due to the significant judgement applied by the directors, as disclosed in "Judgements made by management and key sources of estimation uncertainty" in note 1 to the consolidated financial statements, the credit impairments against loans and advances measured at amortised cost and the fair value of loans and advances measured at FVTPL, are in aggregate considered to be a key audit matter.

How the matter was addressed in the audit

With the assistance of auditor's and management's experts, we performed the following audit procedures on the fair value models:

- assessed the valuation methodologies for compliance with IFRS 13: Fair Value Measurement (IFRS 13), financial instrument pricing theory and market practice;
- evaluated the completeness, accuracy and validity of the contractual terms and conditions utilised as data inputs into the fair value models; and
- assessed the appropriateness of the models and the reasonableness of the assumptions and market data variables used in the fair value calculations, against current market conditions and relevant forward-looking economic information.

We performed sensitivity analyses and stress testing on key parameters of the ECL and FV model inputs subject to estimation uncertainty, in order to focus and direct our audit procedures, and inform our conclusions.

We assessed the material disclosures made by management against the requirements of IFRS 7: Financial Instruments – Disclosures, IFRS 9 and IFRS 13.

We considered whether management has appropriately allowed for the increased risk introduced by the COVID-19 pandemic to the loan book, in their estimation process for determining both the ECL and FV.

Independent auditor's report continued

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Grindrod Limited Integrated Annual Report 2020" and in the document titled "Grindrod Limited Audited Annual Financial Statements for the year ended 31 December 2020", which includes the Directors' Report, the Audit Committee's Report, the Compliance Statement by the Company Secretary as required by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- identify and assess the risks of material misstatement of the 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 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and/or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the 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.

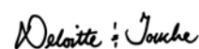
We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report continued

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Grindrod Limited for 17 years.



Deloitte & Touche

Registered Auditor

Per: MH Holme CA (SA), RA

Partner

09 April 2021

Deloitte Place, 2 Pencarrow Crescent,
Pencarrow Park, La Lucia Ridge Office Estate,
La Lucia 4051, Durban

STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	Consolidated	
		2020 R'000	2019 R'000*
Assets			
Non-current assets			
Property, terminals, machinery, vehicles and equipment	3	1 951 368	1 858 744
Right of use assets	3	844 644	1 103 398
Goodwill and Intangible assets	4	677 057	772 861
Investments in joint ventures	5	2 771 627	2 700 626
Investments in associates	6	113 987	92 917
Investment property		91 617	91 617
Other investments	7	1 989 910	2 302 077
Preference share investments by trusts	8	–	644 900
Deferred taxation asset	9	151 561	98 910
Loans and advances	10	4 804 042	4 263 948
Long-term negotiable securities	11	185 232	–
Total non-current assets		13 581 045	13 929 998
Current assets			
Liquid assets and short-term negotiable securities	11	2 284 018	2 478 941
Current portion of loans and advances	10	4 129 176	4 166 910
Current portion of preference share investments by trusts	8	–	482 544
Inventories		93 092	122 900
Trade and other receivables	12	1 273 663	1 357 057
Taxation receivable		29 771	23 764
Cash and cash equivalents		1 846 811	4 729 850
		9 656 531	13 361 966
Non-current assets classified as held for sale	13	367 034	432 063
Total current assets		10 023 565	13 794 029
Total assets		23 604 610	27 724 027

* Re-presented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current assets held for sale and discontinued operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

Statements of financial position continued

	Notes	Consolidated	
		2020 R'000	2019 R'000*
Equity and liabilities			
Capital and reserves			
Share capital and premium	14	3 950 427	3 982 066
Non-distributable reserves		1 535 732	1 468 632
Accumulated profit		2 622 984	3 156 208
Equity attributable to owners of the company		8 109 143	8 606 906
Non-controlling interests		(150 134)	(71 653)
Total equity		7 959 009	8 535 253
Non-current liabilities			
Long-term borrowings	15	341 490	268 230
Lease liabilities	15	703 071	924 878
Long-term Bank and private equity funding	16	386 764	1 117 838
Derivative financial liabilities		73 046	23 422
Participatory contribution from Bank customers	8	–	77 544
Deferred taxation liabilities	9	63 397	136 296
Provision for post-retirement medical aid		21 039	22 724
Deposits from Bank customers	18	234 276	352 757
Provisions		14 143	10 082
Total non-current liabilities		1 837 226	2 933 771
Current liabilities			
Trade and other payables	19	1 440 209	1 513 435
Long-term borrowings	15	103 901	177 476
Lease liabilities	15	264 792	280 869
Bank and private equity funding	16	1 345 601	535 009
Deposits from Bank customers	18	9 199 405	10 827 608
Participatory contribution from Bank customers	8	–	1 646 732
Short-term borrowings and bank overdraft	15	1 352 764	1 223 973
Taxation payable		101 703	49 901
Total current liabilities		13 808 375	16 255 003
Total equity and liabilities		23 604 610	27 724 027

* Re-presented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current assets held for sale and discontinued operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

INCOME STATEMENT

for the year ended 31 December 2020

	Notes	Consolidated	
		2020 R'000	2019 R'000*
Revenue	20	3 751 156	3 834 459
Trading profit before expected credit losses and depreciation and amortisation		546 868	1 096 928
Depreciation and amortisation		(526 299)	(501 468)
Expected credit losses	21	(213 283)	(560 486)
Operating (loss)/profit before interest, taxation and non-trading items	21	(192 714)	34 974
Non-trading items	22	(194 479)	(335 353)
Interest received	23	116 488	157 343
Interest paid	23	(326 292)	(299 201)
Loss before share of associate and joint venture companies' profit/(loss)		(596 997)	(442 237)
Share of joint venture companies' profit/(loss) after taxation	5	285 303	(141 221)
Share of associate companies' profit after taxation	6	20 439	24 179
Loss before taxation		(291 255)	(559 279)
Taxation	24	(119 828)	9 114
Loss for the year		(411 083)	(550 165)
Attributable to:			
Ordinary shareholders		(415 219)	(615 648)
Preference shareholders		51 244	66 044
Owners of the parent		(363 975)	(549 604)
Non-controlling interests		(47 108)	(561)
		(411 083)	(550 165)
Basic loss per share (cents)	25	(61.4)	(90.5)
Diluted loss per share (cents)**		(61.4)	(90.5)

* Re-presented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current assets held for sale and discontinued operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

** Diluted loss per share was calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive share schemes.

STATEMENT OF
OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2020

	Consolidated	
	2020 R'000	2019 R'000*
Loss for the year	(411 083)	(550 165)
Other comprehensive (loss)/income		
Items that may be reclassified subsequently to loss or profit		
Exchange differences on translating foreign operations arising during the year	151 413	(75 109)
Items that will not be reclassified subsequently to loss or profit		
Actuarial losses**	(25 896)	(10 327)
Fair value gain arising on financial instruments**	4 407	4 773
Total comprehensive loss for the year	(281 159)	(630 828)
Total comprehensive loss attributable to:		
Owners of the parent/company	(238 553)	(628 920)
Non-controlling interests	(42 606)	(1 908)
	(281 159)	(630 828)

* Re-presented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current assets held for sale and discontinued operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

** Net of taxation. Refer to note 9 for taxation effects.

STATEMENT OF
CASH FLOWS
for the year ended 31 December 2020

	Notes	Consolidated	
		2020 R'000	2019 R'000
Operating activities			
Cash generated from operations	30.1	871 059	1 019 162
Interest received		92 045	126 986
Interest paid		(315 393)	(299 201)
Dividends received		377 009	71 397
Dividends paid		(159 219)	(205 782)
Taxation paid	30.2	(196 503)	(122 862)
		668 998	589 700
Other operating cash flows from Bank			
Net advances to customers		(707 725)	(946 427)
Net liquid assets and short-term negotiable securities		139 822	346 344
Net purchase of preference shares by trusts		-	(86 444)
Net redemption of participatory contributions from Bank		(129 101)	(239 848)
Net deposits (repaid to)/received by customers		(1 746 684)	673 961
Net cash flows from operating activities		(1 774 690)	337 286
Investing activities			
Property, terminals, machinery, vehicles and equipment acquired	30.3	(240 862)	(201 280)
Acquisition of other investments		(71 952)	(86 804)
Disposal of other investments		21 195	45 839
Acquisition of subsidiaries, joint ventures and associates	30.4	(2 329)	1 999
Disposal of subsidiaries, joint ventures and associates	30.5	6 056	(4 776)
Proceeds on disposal of property, terminals, machinery, vehicles and equipment		93 863	75 697
Net cashflows on disposal of non-current assets and liabilities held-for-sale		-	305 331
Intangible assets acquired		(2 204)	(13 876)
Proceeds on disposal of intangible assets		3 287	-
Funds advanced to joint ventures and associate companies		(91 908)	(30 698)
Funds repaid by joint ventures and associate companies		8 779	737
Net cash flows from investing activities		(276 075)	92 169
Financing activities			
Acquisition of treasury shares		(45 442)	(2 737)
Participatory contribution from Bank customers raised		26 700	317 400
Participatory contribution from Bank customers repaid		(26 700)	(67 400)
Acquisition of non-controlling interest		(74 161)	-
Long-term interest-bearing debt raised		104 937	565 639
Long-term interest-bearing debt repaid		(1 001 555)	(1 093 787)
Short-term interest-bearing debt repaid		(17 140)	(17 913)
Short-term interest-bearing debt raised		200 959	-
Net cash flows from financing activities		(832 402)	(298 798)
Net (decrease)/increase in cash and cash equivalents		(2 883 167)	130 657
Cash and cash equivalents at beginning of the year		3 758 759	3 639 237
Difference arising on translation		68 363	(11 135)
Cash and cash equivalents at end of the year	30.6	943 955	3 758 759

STATEMENT OF
CHANGES IN EQUITY
for the year ended 31 December 2020

	Consolidated	
	2020 R'000	2019 R'000*
Ordinary and preference share capital and share premium	3 950 427	3 982 066
Balance at beginning of the year	3 982 066	3 977 456
Share options vested	13 803	7 347
Treasury shares acquired	(45 442)	(2 737)
Equity compensation reserve	47 857	56 471
Balance at beginning of the year	56 471	54 991
Share-based payments	5 189	8 827
Share options vested	(13 803)	(7 347)
Foreign currency translation reserve	1 598 738	1 455 229
Balance at beginning of the year	1 455 229	1 529 560
Foreign currency translation realised	(7 804)	1 281
Foreign currency translation adjustments	151 313	(75 612)
Other non-distributable reserves	(110 863)	(43 068)
Balance at beginning of the year	(43 068)	(43 637)
Foreign currency translation adjustments	3 402	569
Acquisition of non-controlling interest	(71 197)	(22 265)
Disposal	-	22 265
Movement in accumulated profit	2 622 984	3 156 208
Balance at beginning of the year	3 156 208	3 912 258
Other comprehensive income from financial instrument	4 407	4 773
Actuarial loss recognised	(25 896)	(10 327)
Loss for the year	(363 975)	(549 604)
Ordinary dividends paid	(96 516)	(134 848)
Preference dividends paid**	(51 244)	(66 044)
Total interest of shareholders of the company	8 109 143	8 606 906
Equity attributable to non-controlling interests of the company	(150 134)	(71 653)
Balance at beginning of the year	(71 653)	52 280
Foreign currency translation adjustments	4 502	(1 347)
Purchase of non-controlling interest	(29 005)	22 265
Non-controlling interest acquired as part of business combination	(4 670)	(139 472)
Loss for the period	(47 108)	(561)
Ordinary dividends paid	(2 200)	(4 818)
Total equity attributable to all shareholders of the company	7 959 009	8 535 253
Dividends per share (cents)	-	19.2
Interim	-	5.0
Final	-	14.2

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current assets held for sale and discontinued operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

** Preference dividends paid relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

SEGMENTAL
ANALYSIS
for the year ended 31 December 2020

The Ports and Terminals segment provides bulk handling of commodities to major role-players in the industry together with managing and handling port activities in South Africa and Mozambique.

The Logistics segment is involved in providing holistic and complete freight services, from the handling and storage of containers, clearing and forwarding to road, rail and seaborne freight.

The Bank segment provides loan finance and retail services through Grindrod Bank.

The Group segment consist of the head office companies including property companies with external revenue comprising dividend and rental income.

The private equity and property segment consists investments in private and property equity portfolios and loans provided to Kwa Zulu Natal North Coast property companies.

The Marine Fuels and Agricultural Logistics segment is primarily a supplier of marine fuels, bunkers and agricultural commodities worldwide.

Following the reclassification of Marine Fuels into continuing, as well as the Group's strategy to realise non-core businesses, the segments have been restated in line with how the chief operating decision maker analyses the group as well as the requirements of IFRS 8: Operating segments. This resulted in the Marine Fuels and Agricultural Logistics and the Private Equity and Property segments being included as non-core.

Segmental analysis continued

Business Segments	Ports and Terminals		Logistics		Bank		Group		Total Core Operations	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 Re-presented and re-stated*	2020 R'000	2019 Re-presented and re-stated*
Revenue – External	1 081 990	1 151 844	3 232 044	3 272 575	378 236	350 326	57 351	41 590	4 749 621	4 816 335
Revenue – Internal	1 801	3 858	34 002	93 531	–	–	316 622	140 831	352 425	238 220
Trading profit/(loss) after expected credit losses	460 611	458 316	906 723	854 716	38 376	94 164	(50 010)	(959)	1 355 700	1 406 237
Depreciation and amortisation	(125 144)	(128 998)	(576 146)	(509 232)	(15 606)	(14 058)	(2 159)	(26 469)	(719 055)	(678 757)
Operating profit/(loss)	335 467	329 318	330 577	345 484	22 770	80 106	(52 169)	(27 428)	636 645	727 480
Non-trading Items	(49 936)	(133 375)	21 122	(49 217)	4	–	37 763	(52 998)	8 953	(235 590)
Share of associate companies' profit after taxation	88 839	71 535	303	(186)	–	–	–	–	89 142	71 349
Segment result excluding net interest and taxation	374 370	267 478	352 002	296 081	22 774	80 106	(14 406)	(80 426)	734 740	563 239
Interest received	3 323	23 257	27 318	25 596	–	–	99 389	106 531	130 030	155 384
Interest paid	(47 242)	(66 276)	(143 133)	(129 827)	31 297	18 745	(110 647)	(87 974)	(269 725)	(265 332)
Taxation	(102 428)	(42 603)	(98 495)	(66 413)	5 324	(374)	(46 373)	(2 517)	(241 972)	(111 907)
Profit/(loss) for the year	228 023	181 856	137 692	125 437	59 395	98 477	(72 037)	(64 386)	353 073	341 384
Non-controlling interest	(1 939)	(6 621)	(534)	8 257	(2 092)	(2 322)	–	–	(4 565)	(686)
Profit attributable to shareholders	226 084	175 235	137 158	133 694	57 303	96 155	(72 037)	(64 386)	348 508	340 698
Preference dividends	–	–	–	–	(19 736)	(12 748)	662	(11 869)	(19 074)	(24 617)
Profit attributable to ordinary shareholders	226 084	175 235	137 158	133 694	37 567	83 407	(71 375)	(76 255)	329 434	316 081
Capital expenditure	48 687	97 508	355 157	348 408	–	2 042	–	7 552	403 844	455 510
Total segment assets	3 062 734	3 540 130	4 918 377	5 058 160	11 695 178	15 348 178	2 165 625	2 501 978	21 841 914	26 448 446
Segment assets excluding investments in associates	2 429 629	2 921 397	4 915 711	5 055 794	11 695 178	15 348 178	2 165 625	2 502 992	21 206 143	25 828 361
Investments in associates	633 105	618 733	2 666	2 366	–	–	–	(1 014)	635 771	620 085
Segment liabilities	(1 000 028)	(1 231 276)	(2 913 215)	(3 215 695)	(10 092 348)	(13 785 006)	(1 444 007)	(1 309 981)	(15 449 598)	(19 541 958)

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels and stripping out Private Equity and Property which was included in Group in the prior year.

All segment revenue, expenses, assets and liabilities are all directly attributable to the segments. Internal segment revenue between Grindrod segments are at arm's length. All intersegment transactions are eliminated on consolidation.

Segmental analysis continued

Business Segments	Private Equity and Property		Marine Fuels and Agricultural Logistics		Total segment			
	2020	2019	2020	2019	2020	2019	2019	
	R'000	Re-presented and re-stated* R'000	R'000	Re-presented and re-stated* R'000	Adjustments R'000	Total R'000	Adjustments R'000	Re-presented and re-stated* Total R'000
Revenue – External	116 043	77 487	11 504 669	16 041 200	(12 619 177)	3 751 156	(17 100 563)	3 834 459
Revenue – Internal	-	-	-	-	(352 425)	-	(238 220)	-
Trading (loss)/profit after expected credit losses	(489 361)	56 710	103 725	(627 852)	(636 479)	333 585	(298 653)	536 442
Depreciation and amortisation	(8 853)	(1 214)	(4 940)	(5 811)	206 549	(526 299)	184 314	(501 468)
Operating (loss)/profit	(498 214)	55 496	98 785	(633 663)	(429 930)	(192 714)	(114 339)	34 974
Non-trading items	(82 010)	1 096	(161 399)	(238 000)	39 977	(194 479)	137 141	(335 353)
Share of joint venture companies' profit after taxation	-	-	-	-	285 303	285 303	(141 221)	(141 221)
Share of associate companies' profit after taxation	-	-	-	14 465	(68 703)	20 439	(61 635)	24 179
Segment result excluding net interest and taxation	(580 224)	56 592	(62 614)	(857 198)	(173 353)	(81 451)	(180 054)	(417 421)
Interest received	5 251	72 016	6 296	10 900	(25 089)	116 488	(80 957)	157 343
Interest paid	(146 418)	(129 833)	(5 707)	(55 406)	95 558	(326 292)	151 370	(299 201)
Taxation	28 696	17 020	(7 491)	(13 821)	100 939	(119 828)	117 822	9 114
(Loss)/profit for the year	(692 695)	15 795	(69 516)	(915 525)	(1 945)	(411 083)	8 181	(550 165)
Non-controlling interest shareholders	49 728	9 428	-	-	1 945	47 108	(8 181)	561
(Loss)/profit attributable to shareholders	(642 967)	25 223	(69 516)	(915 525)	-	(363 975)	-	(549 604)
Preference dividends	(32 170)	(41 427)	-	-	-	(51 244)	-	(66 044)
(Loss)/profit attributable to ordinary shareholders	(675 137)	(16 204)	(69 516)	(915 525)	-	(415 219)	-	(615 648)
Capital expenditure	-	-	-	-	-	403 844	-	455 510
Total segment assets	2 448 087	2 184 537	1 836 166	2 638 980	(2 521 557)	23 604 610	(3 547 936)	27 724 027
Segment assets excluding investments in associates	2 448 087	2 184 537	1 836 166	2 638 980	(1 999 773)	23 490 623	(3 020 768)	27 631 110
Investments in associates	-	-	-	-	(521 784)	113 987	(527 168)	92 917
Segment liabilities	(1 650 223)	(1 743 497)	(1 051 776)	(1 891 354)	2 505 996	(15 645 601)	3 988 035	(19 188 774)

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels and stripping out Private Equity and Property which was included in Group in the prior year.

All segment revenue, expenses, assets and liabilities are all directly attributable to the segments. Internal segment revenue between Grindrod segments are at arm's length. All intersegment transactions are eliminated on consolidation.

Segmental Analysis continued

The Group's four divisions operate in seven principal geographical areas – North America/Bermuda, South America, the Middle East, United Kingdom/Europe/Isle of Man, Singapore/Asia/Far East/Australia, Rest of Africa and South Africa.

Geographic segments	North America/Bermuda		South America		Middle East		United Kingdom/Europe/ Isle of Man	
	2020 R'000	2019 R'000*	2020 R'000	2019 R'000*	2020 R'000	2019 R'000*	2020 R'000	2019 R'000*
Revenue – External	34 100	36 439	117 456	365 578	3 910 600	5 358 606	410 906	1 371 997
Profit/(loss) attributable to ordinary shareholders	3 158	909	(5 779)	14 883	121 975	22 541	493	(97 085)
Capital expenditure	-	-	-	-	-	-	-	-
Segment assets	6 103	7 773	(129 213)	(45 481)	797 617	1 470 858	480 388	579 941

Geographic segments	Singapore/Asia/Far East/Australia		Rest of Africa		South Africa	
	2020 R'000	2019 R'000*	2020 R'000	2019 R'000*	2020 R'000	2019 R'000*
Revenue – External	7 097 388	8 749 274	1 608 734	1 762 353	3 191 149	3 290 775
(Loss)/profit attributable to ordinary shareholders	74 985	(558 247)	291 951	507 654	(902 002)	(298 312)
Capital expenditure	-	-	145 246	129 873	258 598	325 637
Segment assets	898 031	1 363 003	5 478 810	6 036 027	18 594 431	21 859 842

Geographic segments	Total Group	
	2020 R'000	2019 R'000*
Total Group	16 370 333	20 935 022
(Loss) attributable to ordinary shareholders	(415 219)	(407 657)
Capital expenditure	403 844	455 510
Segment assets	26 126 167	31 271 963

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels and stripping out Private Equity and Property which was included in Group in the prior year.

ACCOUNTING POLICIES

for the year ended 31 December 2020

Outlined below are the principal accounting policies that are applicable to the consolidated and separate Annual Financial Statements. However, policies applicable to the specific accounting items have been included in the applicable detailed notes to the Annual Financial Statements for ease of reference.

1. Basis of preparation

1.1 Accounting framework

The consolidated and separate Annual Financial Statements of Grindrod comply with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council using the historical cost basis except for certain financial instruments and investment properties that are reported at fair value. The Annual Financial Statements of Grindrod also comply with the Listing Requirements of the JSE Limited and the requirements of Companies Act No. 71 of 2008.

The preparation of consolidated and separate Annual Financial Statements in conformity with IFRS requires the board of directors to make judgements, estimate and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances the actual outcome may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting judgments 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. Judgments made in the application of IFRS that have influenced the financial statements and estimates with a risk of adjustment in the next year are discussed in the "Judgments made by management and key sources of estimation uncertainty" on page 43 to 44.

Except as detailed below, the accounting policies have been applied consistently to all periods presented in these consolidated and separate financial statements. The consolidated and separate financial statements are presented in South African Rands, which is the Group's reporting currency. All financial information has been rounded to the nearest thousand unless stated otherwise.

The basis of preparation, accounting policies and methods of computation are consistent with the prior year, except for new and revised IFRSs and interpretations adopted per point 7 of this note.

1.2 Underlying concepts

The consolidated and separate Annual Financial Statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income, and expenses are not offset unless specifically permitted by IFRS. Financial assets and liabilities are offset, and the net amount reported only when a legally enforceable right to set off the amounts exists, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the IFRSs. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

1.3 Foreign currencies

The functional currency of each entity is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing at the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Gains and losses arising on exchange differences are recognised in profit or loss in the period in which they arise. This excludes exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur.

The Annual Financial Statements of Grindrod's entities whose functional currencies differ to Grindrod's presentation currency, which is the South African Rand, are translated as follows:

- assets, including goodwill, and liabilities at exchange rates prevailing on the statement of financial position date;
- income, expense and cash flow items at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the material transactions are used; and
- equity items at the exchange rate prevailing on the date they arose.

Resulting exchange differences are recognised in other comprehensive income and accumulated in equity. On disposal of such a business unit, this reserve is recognised in profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

1.4 Segmental reporting

Segment accounting policies are consistent with those adopted for the preparation of Grindrod's consolidated and separate Annual Financial Statements, with the exception of joint ventures which have been included on a proportionate share basis using the effective shareholdings.

Accounting policies continued

1. Basis of preparation continued

1.4 Segmental reporting continued

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the Grindrod Chief Executive Officer, Andrew Waller, to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

For financial statements presentation purposes, these individual operating segments have been aggregated into a primary or reportable segments taking into account the following factors:

- these primary segments offer integrated services;
- the nature of the services are similar; and
- these primary segments have similar long-term gross profit margins.

Segment assets include all operating assets used by a segment, and consist principally of property, terminals, vehicles and equipment, as well as current assets. Segment liabilities include all operating liabilities. These assets and liabilities are all directly attributable to the segments.

1.5 Comparative figures

Comparative figures are restated in the event of a change in accounting policy or a prior period error or when required by IFRS or where restatement results in a more meaningful comparison to current year figures. Refer to note 2.

2. Separate Annual Financial Statements

2.1 Subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures in the separate Annual Financial Statements presented by Grindrod are recognised at cost less impairments.

3. Consolidated Annual Financial Statements

3.1 Interest in subsidiaries

A subsidiary is an entity over which the parent exercises control. Subsidiaries are consolidated into Grindrod Group results.

Grindrod reassesses whether it controls its investee entities at each reporting date or where facts and circumstances indicate that there are changes to control.

The results of subsidiaries are consolidated from the date on which control was obtained.

Profit or loss and each component of other comprehensive income are attributed to the owners of Grindrod and its non-controlling interests.

Where necessary, adjustments are made to the Annual Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Grindrod Group.

All material inter-company balances and transactions are eliminated. Foreign currency translation reserves are not reversed against the carrying amount of the respective asset relating to inter-company transactions with entities of differing functional currencies.

Non-controlling interests in the net assets of consolidated subsidiaries are shown separately from the Grindrod Group equity. On acquisition, the non-controlling interests that relate to present ownership and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Non-controlling interests are considered to be equity participants and all transactions with non-controlling interests are recorded directly within equity.

Changes in Grindrod's ownership interests in its subsidiaries that do not result in Grindrod losing control over the subsidiaries are accounted for as equity transactions.

3.2 Business combinations

Grindrod accounts for acquisitions of businesses using the acquisition method. Under this method Grindrod measures the fair value of the tangible and intangible assets and liabilities of the acquiree, non-controlling interest in the acquiree and the fair value of the consideration paid at acquisition date. Where the consideration is cash, the fair value is the actual amount paid. Either goodwill or a gain on bargain purchase (or negative goodwill) will arise. Grindrod accounts for a gain on bargain purchase in the income statement on the date of acquisition. Acquisition related costs are recognised in profit and loss as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, Grindrod reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Grindrod accounts for a partial disposal of an investment by transferring, from reserves, the proportionate business combination reserves directly to retained income.

Upon loss of control of a subsidiary, Grindrod derecognises the assets and liabilities of the subsidiary in full and measures any investment retained in the former subsidiary at its fair value. A re-measurement gain or loss, that forms part of the total gain or loss on the disposal of the subsidiary, is recognised in profit or loss.

4. Statement of financial position

4.1 Inventories

Inventories which include rail spare parts and components, spare parts and consumables for equipment used at the terminals, onsite fuel, and general consumable stores are valued at the lower of cost and net realisable value. The method used to value the inventory is weighted average cost. The costs of inventories include costs incurred in bringing the inventories to their present location.

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-downs of inventories to net realisable value and all losses of inventories or reversals of previous write downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

Accounting policies continued

4. Statement of financial position continued

4.2 Financial instruments

On initial recognition, Grindrod measures its financial assets and financial liabilities at fair value. Transaction costs and fees that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured at amortised cost or fair value based on Grindrod's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets that are held within a business model whose objective is to collect the contractual cash flows and have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost. All other financial assets are subsequently measured at FVTPL.

If the business model under which the Group holds financial assets changes, the affected financial assets are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the financial assets.

Financial assets

Liquid assets and short-term negotiable securities

Initial measurement

Liquid assets and short-term negotiable instruments consist of statutory liquid assets required to be held by Grindrod Bank to meet liquid asset requirements in terms of the Banks Act, 1990 (Act No.94 of 1990) and other securities such as preference shares and money market investments. These assets are recorded at the transaction price at origination which represents fair value at inception.

Subsequent measurement

The liquid assets and short-term negotiable instruments are measured at amortised cost which approximate fair value due to their high liquidity and short duration.

Loans and advances

Initial measurement

Loans and advances that have fixed or determinable payments that are not quoted in an active market, are classified as loans and advances. Loans and advances are recognised at the transaction price as this represents the fair value at origination of the loan or a conclusion of the sales transaction.

Fees receivable from Corporate and Investment Banking and Property Solutions (origination fees) are recognised over the life of the loan and are initially recorded at their present value and subsequently recognised as an adjustment to the effective interest rate of the loan.

Fees receivable from the other business units (Retail, Treasury, Corporate Finance and General Bank fees) are recognised at their transaction price as it represents the fair value of the fee receivable. These fees are not attached to a loan as they are for compensation for services performed. These fees are recognised as the service is performed in accordance with the requirements of IFRS 15 Revenue from Contracts with Customers.

Subsequent measurement

Fixed rate loans are held at FVTPL. The Group enters into interest rate swap agreements to economically hedge these fixed rate loans. Therefore, as the Group has used these instruments as hedging tools, it has chosen to recognise fixed rate loans at their fair value. The Group does not apply hedge accounting.

Variable rate advances are held at amortised cost as the business model is to hold the assets for the collection of contractual cash flows. These advances' contractual cash flows represent SPPI.

There are certain advances that have additional revenue arrangements attached to them in terms of which the Group is entitled to a fee or dividend derived from specified asset values upon facility expiry or upon early settlement due to realisation of the specified asset. Where such loans meet the SPPI test they are classified as held at amortised cost and where they fail the SPPI test they are classified as held at FVTPL.

Derecognition

Loans and advances are only derecognised when the balance is repaid or renegotiated, as there is no longer a right to contractual cash flows or if an advance is written off.

Modification

The Group is sometimes required to modify the terms of advances provided to customers. The risk of default of such advances after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition. When the modification is not substantial it does not result in derecognition of the original asset.

Expected Credit Loss (ECL)

A financial asset that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored by the Group. If a significant increase in credit risk ("SICR") since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired (unless an event of default has occurred).

If the financial asset is credit-impaired, it is then moved to Stage 3. The financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows have occurred. Evidence of credit-impairment includes observable data that typically indicates one or more of the following:

- acts of insolvency (liquidation/business rescue proceedings);
- significant financial difficulty of the debtor or borrower; and/or
- a default event, which typically includes non-repayment according to contract terms.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Financial assets in Stage 2 or 3 have their ECL measured based on expected credit losses that result from default events that may arise on a remaining lifetime basis.

Group measures the credit risk of financial assets using assumptions with regards to Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) on an individual loan by loan basis or each financial asset as applicable.

Accounting policies continued

4. Statement of financial position continued

4.2 Financial instruments continued

Financial assets continued

Trade and other receivables (including fees receivable)

Initial Measurement

Trade and other receivables are recognised at transaction price as this represents the fair value. There is no significant financing component given the receivables are short-term in nature and thus the transaction price does not differ significantly from the fair value.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Refer to note 34 for ECL for further details.

Subsequent measurement

Trade and other receivables are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Initial Measurement

Cash and cash equivalents consist of funds held with the South African Reserve Bank (SARB) and funds held with other South African banks and financial institutions and are recognised at transaction price as this represents the fair value.

Subsequent measurement

Cash and cash equivalents are subsequently measured at amortised cost using the effective interest method.

Financial liabilities

Long-term liabilities

Initial Measurement

Long-term liabilities are recognised at the transaction price, which is representative of the fair value of this financial liability.

Subsequent measurement

Long-term liabilities are classified and measured at amortised cost.

Deposits from Bank customers

Initial measurement

Deposits from Bank customers are recorded at the actual transaction date which is representative of fair value of this financial liability.

Subsequent measurement

Deposits from Bank customers are classified and measured at amortised costs.

Trade and other payables

Initial measurement

Trade and other payables are recorded at a transaction value being fair value.

Subsequent measurement

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

4.3 Non-current Assets Held for Sale and Discontinued Operations (NCAHFS)

Grindrod presents, separately, the results of NCAHFS in the income statement. The assets and liabilities associated with these operations are classified and reported in NCAHFS in the statement of financial position.

The carrying value of NCAHFS is measured at fair value less cost to sell at each reporting period. Any resulting adjustment to the carrying value is recognised in the income statement of the discontinued operations. Grindrod only classifies assets as NCAHFS when a decision to dispose of the asset has been made by the Board, there is an active programme to locate a buyer and when the certainty of disposal is highly probable and likely to conclude within one year from the date of classification.

4.4 Treasury shares

Treasury shares are equity instruments of the Company, held by other companies in the Grindrod Group. All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

5. Income statement

5.1 Impairment of assets

At each reporting date the carrying amount of tangible and intangible assets is assessed to determine whether there is any indication that those assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit to which the asset belongs is estimated. The recoverable amount is the higher of the fair value less costs to sell or the value in use. The value in use included in the calculation of the recoverable amount, is estimated by taking into account future cash flows, forecast market conditions and the expected lives of the assets.

Goodwill and the cash-generating units to which these assets have been allocated, are tested for impairment annually even if there is no indication of impairment. For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units expected to benefit from the synergies of the business combination at inception of the business combination. Impairment losses recognised on goodwill are not subsequently reversed. The attributable amount of goodwill is included in the profit or loss on disposal when the related business is sold.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. The impairment loss is first allocated to reduce the carrying amount of goodwill and then to the other assets of the cash-generating unit. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on financial assets as well as trade and other receivables are determined based on specific and objective evidence that assets are impaired and are measured as the difference between the carrying amount of the assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounting policies continued

5. Income statement continued

5.1 Impairment of assets continued

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

6. Cashflow

Treatment of Interest, dividends and taxes

The Group has elected to classify interest received and interest paid (including interest on lease liabilities and interest arising from revenue contracts, if there is any) as cash flows from operating activities. Dividends paid have been classified as operating as this indicates the Group's ability to pay dividends out of operating cash flows.

7. New standards and interpretations

7.1 New and revised IFRSs applied with no material effect on the consolidated and separate Annual Financial Statements

The following new and revised IFRSs have been adopted in these Annual Financial Statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years and are mandatorily effective.

Amendments to IFRS 3 Definition of a business	The amendment elaborates on the definition of a business and is aimed at providing further guidance to better distinguish between the acquisition of a business or a group of assets.
Amendments to IFRS 16 Leases, COVID-19-Related Rent Concessions	Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.
Amendments to References to the Conceptual Framework in IFRS Standards	Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards.
Amendments to IAS 1 and IAS 8 Definition of material	The definition of "material" has been clarified and aligned with the definition used in the Conceptual Framework and in the various standards.
IFRS 9, IAS 39 and IFRS 7 – Phase 1 Amendments (Interest Rate Benchmark Reform)	These amendments address the potential effects from IBOR reform on financial reporting.

7.2 New and revised IFRSs in issue, but not yet effective

IFRS 3 Business Combinations	On 14 May 2020, the IASB issued 'Reference to the Conceptual Framework (Amendments to IFRS 3)' with amendments to IFRS 3 'Business Combinations' that update an outdated reference in IFRS 3 without significantly changing its requirements. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
	The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.

IAS 37 Contingent Liabilities	On 14 May 2020, the IASB issued 'Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
	The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.
IAS 16 Property, Plant and Equipment	On 14 May 2020, the IASB issued 'Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.
	The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.
IAS 8 Amendments on accounting estimates	On 12 February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023.
	The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.
IAS 1 Amendments to classification	On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual periods beginning 1 January 2023.
	The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.
IFRS 17 Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The amendments are effective for annual periods beginning 1 January 2023.
	The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.

Accounting policies continued

7. New standards and interpretations continued

7.2 New and revised IFRSs in issue, but not yet effective continued

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

The effective date is deferred by the IASB pending the outcome of its research project on the equity method of accounting.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.

2018 – 2020 Annual Improvements Cycle – Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

Changes were made to IFRS 1 First-time adoption of International Financial Reporting Standards and IAS 41, Agriculture, which will have no impact on the Group.

An illustrative example has been removed from IFRS 16 to prevent potential confusion regarding the treatment of lease incentives. This amendment is not expected to have an impact on the Group.

IFRS 9 has been amended to clarify the fees that an entity includes when determining whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Key accounting estimates and judgements

In preparing Grindrod's Annual Financial Statements in compliance with IFRS, key sources of uncertainty and critical judgements were required in applying Grindrod's accounting policies.

Certain critical accounting policies and key sources of estimation uncertainty identified as involving particularly complex or subjective judgements or assessments in Grindrod's Annual Financial Statements are outlined below.

Property, plant and equipment

The degree of judgement and estimation is required when assessing residual values and useful lives of the property, plant and equipment. Residual values of these assets are reviewed annually after considering future market conditions, the remaining life of the asset and projected disposal values. The estimation of the useful lives is based on historic performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current best estimate of the useful lives of the assets. Properties accounted for as own use assets are thus held at cost less depreciation. Where market indicators reflect that these properties could realise more than their carrying values if disposed of, the depreciation is halted. Details on the property, plant and equipment is provided for in note 3.

Goodwill

Grindrod has a material goodwill carrying value in its balance sheet. The key judgment in assessing the impairment of the goodwill was forecasting the future cashflows from businesses that support the goodwill, growth rate and the appropriate discount rate. Management considered the forecasted future cashflows to be achievable.

The details on the inputs used in assessing the impairment are outlined in note 4.

Investment in joint ventures

Management assesses contractual agreements in determining the classification of its joint arrangements. Under contractual agreements, where neither party has the right to unilaterally control the company nor unanimous consent is required for all decisions made with regards to the relevant activities of the company, such entities are classified as joint ventures. The determination will include the voting rights and limits of authority as detailed in agreements. This has resulted in circumstances where the entities are classified as joint ventures when the ownership is below or exceeds 50%. Significant operations where Grindrod holds a majority of the shares but the entities are jointly managed are TCM, NLPI and RBTG; these entities are equity accounted in terms of IAS 28 Investments in Associates and Joint Ventures.

Refer to note 5 for a list of significant joint arrangements.

Fair value of loan and advances and other investments

Some of Grindrod's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or liability, Grindrod uses market-observable data to the extent it is available. Where Level 1 inputs, as defined by fair value hierarchy in IFRS 13 Fair Value Measurement's, are not available, Grindrod engages third party qualified valuers to perform valuations. Where there is no observable data, Level 3, management will make assumptions based on their knowledge, experience, prevailing economic variables and other factors in carrying out fair value measurements in terms of IFRS 13 Fair Value Measurements.

Notes to the financial statements continued

1. Key accounting estimates and judgements continued

Fair value of loan and advances and other investments continued

Individually significant carrying values that were classified as Level 3 valuations were loans and advances secured by the borrowers' North Coast properties, Blythedale and Addington, and the majority of the private equity and property investment portfolio. The assessment of the adequacy of these properties as security was performed using a rate per square metre of undeveloped farmland, although these properties were released from agricultural use, and are therefore allowed to be rezoned for residential, commercial or mixed use. A portion of the Blythedale property is funded externally by ABSA who has a bond over this property and who also commissioned an independent valuation as part of the funding transaction. There is also a profit share arrangement which is determined at an agreed rate of 30% of the surplus on disposal of the Addington property. The recorded fair value falls within an acceptable range of possible values.

Additional information about the valuation and key inputs used in determining the fair value of the various assets and liabilities are disclosed in note 34.

Expected Credit Loss on loans and advances and trade and other receivables

Significant judgement is required in assessing the impairment on loans and advances in terms of the requirements of IFRS 9 Financial Instruments relating to expected credit loss (ECL). The significant judgements applied by Grindrod in determining the impairment include the expected realisable value of the collateral securing the advance, the probability that an advance will default (Probability of Default (PD)), credit risk changes (Significant Increase in Credit Risk (SICR)), the size of credit exposures (Exposure at Default (EAD)), and the expected loss on default (Loss Given Default (LGD)) using the three-stage model. For trade and other receivables, a provision matrix is used.

Refer to notes 10 and 34 for more detail on ECL.

Control assessment

Grindrod holds its investments and conducts certain of its banking investment activities using joint ventures, associates, minority shareholdings in private companies and special purpose entities. These entities may be funded by preference shares, term loans, equity or a combination of all of these. IFRS 10 Consolidated Financial Statements defines control and establishes control as a basis for consolidation. Significant judgment is made in assessing control over these entities. In assessing control, irrespective of its shareholding or board influence, Grindrod determined whether it had exposure or rights to variable returns from its involvement with the investee, and its ability to affect those returns through its power over the investee.

Grindrod has special purpose entities that are often deemed to act "on auto pilot" when rights and obligations are pre-determined on the initial establishment of the entity. In these instances, the directors initially view these rights as protective in nature to ensure that Grindrod is able to secure its funding into those entities. Grindrod reviews these structures as circumstances change, such as payment defaults and inadequate security against the loan or funding. Where there have been material changes that resulted in a default event or Grindrod have had to provide some cure to the structure, such action would typically result in control changing as Grindrod's protective rights become substantive in nature, and consolidation would be triggered. Refer to note 39 for an analysis of the Group's interest in unconsolidated entities.

In the current year, Grindrod Bank has given up the ability to appoint trustees in Grindrod Investment Trust (GIT) and no longer has a residual interest in the trust. Further, an independent third party has been appointed manager of the trust. Consequently, these actions have resulted in a loss of control over GIT and the trust is no longer consolidated in terms of IFRS 10: Consolidated Annual Financial Statements, with effect from 1 September 2020.

2. Restatement and representation of the financial results for the year ended 31 December 2020

Financial results for 2019 have been restated for the following:

2.1 Restatement

- The financial results for the prior year, were restated to reflect the Marine Fuels and Agricultural Logistics segment as continuing operations. Whilst the sale of the Agricultural investments was executed, pending the fulfilment of certain conditions, the sale process with regards to the Marine Fuels investment was delayed and is no longer highly probable in the short term. In terms of the IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations, this segment must therefore be reclassified as continuing operations and can no longer be reported as a discontinued operation. Agricultural Logistics investment is still classified as non-current assets held for sale.
- Whilst classified as non-current assets held-for-sale, the Marine Fuels business was carried at fair value less cost to sell and no profits/(losses) were reported in equity accounted earnings. The reclassification out of non-current assets held for sale results in these profit/(losses) being reported in equity accounted earnings and accordingly 2019 was restated.

	Consolidated		
	Previously reported as at 31 December 2019 R'000	2. Restatement of Marine Fuels out of non-current assets held for sale R'000	Restated 31 December 2019 R'000
The impact on the statement of financial position as at 31 December 2019:			
Assets			
Non-current assets			
Property, terminals, machinery, vehicles and equipment	1 858 744	-	1 858 744
Right of use assets	1 103 398	-	1 103 398
Goodwill and Intangible assets	772 861	-	772 861
Investments in joint ventures	2 348 145	352 481	2 700 626
Investments in associates	92 917	-	92 917
Investment property	91 617	-	91 617
Other investments	2 302 077	-	2 302 077
Preference shares investment by trusts	644 900	-	644 900
Loans and advances	4 263 948	-	4 263 948
Deferred taxation	98 910	-	98 910
Total non-current assets	13 577 517	352 481	13 929 998
Total current assets	13 361 966	-	13 361 966
Non-current assets held for sale	985 892	(553 829)	432 063
Total assets	27 925 375	(201 348)	27 724 027

Notes to the financial statements continued

2. Restatement and representation of the financial results for the year ended 31 December 2020 continued

2.1 Restatement continued

	Consolidated		
	Previously reported as at 31 December 2019 R'000	2. Restatement of Marine Fuels out of non-current assets held for sale R'000	Restated 31 December 2019 R'000
The impact on the Statement of Financial Position as at 31 December 2019:			
Equity and liabilities			
Capital and reserves			
Share capital and premium	3 982 066	-	3 982 066
Non-distributable reserves	1 461 991	6 641	1 468 632
Accumulated profit	3 364 197	(207 989)	3 156 208
Equity attributable to owners of the company	8 808 254	(201 348)	8 606 906
Non-controlling interests	(71 653)	-	(71 653)
Total equity	8 736 601	(201 348)	8 535 253
Total non-current liabilities	2 933 771	-	2 933 771
Total current liabilities	16 255 003	-	16 255 003
Non-current liabilities associated with assets classified as held for sale	-	-	-
Total equity and liabilities	27 925 375	(201 348)	27 724 027

The impact on the statement of comprehensive income at 31 December 2019:

	Consolidated				
	Previously reported as at 31 December 2019	1. Re-presentation of discontinued operations	2. Restated for Marine Fuels change in equity accounted earnings	Restated 31 December 2019	
Revenue	3 834 459	-	-	3 834 459	
Trading profit before expected credit loss and depreciation and amortisation	1 096 928	-	-	1 096 928	
Depreciation and amortisation	(501 468)	-	-	(501 468)	
Expected credit losses	(68 355)	(492 131)	-	(560 486)	
Operating profit before interest and taxation	527 105	(492 131)	-	34 974	
Non-trading items	(97 353)	(238 000)	-	(335 353)	
Interest received	157 343	-	-	157 343	
Interest paid	(299 201)	-	-	(299 201)	
Profit before share of associate and joint venture companies' profit	287 894	(730 131)	-	(442 237)	
Share of joint venture companies' profit after taxation	58 636	8 132	(207 989)	(141 221)	
Share of associate companies' profit after taxation	9 714	14 465	-	24 179	
Profit before taxation	356 244	(707 534)	(207 989)	(559 279)	
Taxation	9 114	-	-	9 114	
Profit for the year before non-controlling interest	365 358	(707 534)	(207 989)	(550 165)	
Non-controlling interest	561	-	-	561	
Profit for the year from continuing operations	365 919	(707 534)	(207 989)	(549 604)	
Loss from discontinued operations	(707 534)	707 534	-	-	
Loss for the year	(341 615)	-	(207 989)	(549 604)	
Earnings	R'000	299 875	(707 534)	(207 989)	(615 648)
Headline Earnings	R'000	525 154	(469 861)	(207 989)	(152 696)
EPS	cents	44.1	(104.0)	(30.6)	(90.5)
HEPS	cents	77.2	(69.1)	(30.6)	(22.5)

Statement of cash flows

There has been no impact on the 2019 statement of cashflows.

Following the reclassification of Marine Fuels into continuing, as well as the Group's strategy to realise non-core businesses, the segments have been restated in line with how the chief operating decision maker analyses the Group as well as the requirements of IFRS 8: Operating segments. This resulted in the Marine Fuels and Agricultural Logistics and the Private Equity and Property segments being included as non-core.

Notes to the financial statements continued

3. Property, terminals, machinery, vehicles and equipment and right of use assets

Property, terminals, machinery, vehicles and equipment are reflected at cost and are depreciated over their estimated useful lives to estimated residual values, on the straight line basis as follows:

Terminals, machinery and equipment	5 – 20 years
Information technology equipment	3 – 5 years
Locomotives	12 – 22 years
Vehicles	5 – 10 years
Freehold and leasehold properties	25 – 50 years

Depreciation commences when the assets are available and ready for their intended use. Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives. The methods of depreciation, useful lives and residual values are reviewed annually.

Grindrod capitalises borrowing costs directly attributable to the acquisition, construction and production of qualifying assets.

Locomotives that are held for rental are initially classified as property, terminals, vehicles and equipment. When these assets cease to be rented and a decision is made to sell these assets, the carrying amount is transferred to current assets (inventories) as 'held-for-sale'. Upon sale of the 'held-for-sale' assets, the sales value is recorded in gross revenue and the related carrying value of these assets recorded in cost of sales.

Freehold land is reflected at cost and not depreciated. Buildings are reflected at cost and depreciated to estimated residual value over their useful life to Grindrod, currently estimated at 50 years from the date of acquisition. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with Grindrod's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are available and ready for their intended use.

Expenditure relating to leasehold properties is capitalised and depreciated over the period of the lease.

Right of use assets are depreciated over their expected useful lives. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Where the estimated residual value of assets classified as property, terminals, machinery, vehicles and equipment exceeds the book value, depreciation is halted.

An item of property, terminals, machinery, vehicles and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, terminals, machinery, vehicles and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

	Cost/valuation 2020 R'000	Accumulated depreciation, amortisation and impairment 2020 R'000	Carrying value 2020 R'000	Carrying value 2019 R'000
Freehold and leasehold properties				
Opening balance	1 455 555	(313 476)	1 142 079	1 104 173
Translation gain/(loss)	16 770	(251)	16 519	(8 422)
Reclassification	110 459	(1 433)	109 026	-
Impairment	-	(8 382)	(8 382)	-
Additions and improvements	36 513	-	36 513	86 534
Acquisition of businesses	-	-	-	465
Disposal of businesses	(207)	207	-	-
Disposals	(18 491)	12 836	(5 655)	(135)
Depreciation and amortisation	-	(23 729)	(23 729)	(40 623)
Transferred from non-current assets classified as held-for-sale	-	-	-	87
Closing balance	1 600 599	(334 228)	1 266 371	1 142 079
Property under construction				
Opening balance	47 591	-	47 591	5 605
Translation loss	(1 563)	-	(1 563)	(1 160)
Additions	106 852	-	106 852	46 715
Disposals	(18)	-	(18)	(3 569)
Reclassification	(126 955)	-	(126 955)	-
Closing balance	25 907	-	25 907	47 591

Notes to the financial statements continued

3. Property, terminals, machinery, vehicles and equipment and right of use assets continued

	Consolidated			
	Cost/valuation 2020 R'000	Accumulated depreciation, amortisation and impairment 2020 R'000	Carrying value 2020 R'000	Carrying value 2019 R'000
Terminals, machinery, vehicles and equipment				
Opening balance	2 082 599	(1 413 525)	669 074	606 183
Translation gain/(loss)	38 308	(29 462)	8 846	(5 224)
Reclassification	15 799	(4 776)	11 023	18 917
Additions	157 126	-	157 126	248 501
Acquisition of businesses	355	-	355	13 731
Reversal of impairment/(impairment)	-	631	631	(37 606)
Disposals	(269 555)	232 980	(36 575)	(39 805)
Disposal of business	(453)	196	(257)	-
Depreciation	-	(151 133)	(151 133)	(141 592)
Transferred from non-current assets classified as held for sale	-	-	-	5 969
Closing balance	2 024 179	(1 365 089)	659 090	669 074
Leased terminals, vehicles and equipment				
Opening balance	-	-	-	36 264
Translation loss	-	-	-	-
Reclassification	-	-	-	(36 264)
Additions	-	-	-	-
Acquisition of businesses	-	-	-	-
Depreciation	-	-	-	-
Closing balance	-	-	-	-
Right of use assets				
Opening balance	1 960 604	(857 206)	1 103 398	1 006 617
Translation gain/(loss)	46 882	(7 130)	39 752	(420)
Reclassification	3 227	(932)	2 295	17 347
Additions	100 822	-	100 822	329 125
Acquisition of businesses	-	-	-	45 270
Lease modifications	497	-	497	-
Disposals	(287 938)	212 448	(75 490)	-
Depreciation	-	(326 630)	(326 630)	(294 541)
Closing balance	1 824 094	(979 450)	844 644	1 103 398
Total	5 474 779	(2 678 767)	2 796 012	2 962 142
Property, terminals, machinery, vehicles and equipment	3 650 685	(1 699 317)	1 951 368	1 858 744
Right of use assets	1 824 094	(979 450)	844 644	1 103 398

	Consolidated 2019		
	Cost/valuation R'000	Accumulated depreciation, amortisation and impairment R'000	Carrying value R'000
Freehold and leasehold properties	1 455 555	(313 476)	1 142 079
Property under construction	47 591	-	47 591
Terminals, machinery, vehicles and equipment	2 082 599	(1 413 525)	669 074
Right of use assets	1 960 604	(857 206)	1 103 398
	5 546 349	(2 584 207)	2 962 142

Details of the freehold and leasehold properties are recorded in a register available for inspection at the registered office of the Company or its subsidiaries.

Certain assets are encumbered in respect of capitalised lease and loan liabilities, details of which are shown under loan funds on page 146.

Impairment

In the current year, freehold land and buildings of R8.4 million (2019: Rnil) were impaired based on market value (classified as Level 2 per the fair value hierarchy) with reference to the current selling price less cost to sell of freehold land and buildings of similar location, age and condition.

In the prior year, trucks of R37.6 million were impaired based on market value, asset age and utilisation. Market value (classified as Level 2 per the fair value hierarchy) was determined with reference to the current selling price less cost to sell of trucks of similar location, age and condition.

Further details relating to the right of use asset are shown in note 35.

It is the policy of Grindrod and its subsidiaries to insure their property, terminals, machinery, vehicles and equipment at replacement value, however in certain circumstances asset cover is limited to market value. The sum insured excluding joint ventures is R3 324.1 million (2019: R2 852.6 million) and including joint ventures is R11 720.5 million (2019: R10 303.9 million).

Notes to the financial statements continued

4. Goodwill and intangible assets

4.1 Accounting policy

Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognised in a business combination and is determined as the excess of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is reviewed for impairment at least annually. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets

Intangible assets acquired separately are initially recognised at cost or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, they are not amortised but tested for impairment annually and impaired, if necessary. If assessed as having a finite useful life, they are amortised over their useful life using the straight line basis, and tested for impairment if there is an indication that they may be impaired.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4.2 Goodwill

	Carrying value 2020 R'000	Carrying value 2019 R'000
Opening balance	654 414	572 837
Translation gain/(loss)	2 161	(435)
Acquisition of businesses	4 860	82 012
Impairment	(82 012)	-
Closing balance	579 423	654 414

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the underlying discreet businesses as they represent separately identifiable cash-generating units. The following cash-generating units, being the lowest level CGU that are viewed separately by the chief operating decision maker, have carrying amounts of goodwill that are considered significant in relation to the Group's total goodwill balance:

	2020 R'000	2019 R'000
Terminals	12 290	12 290
Grindrod Integrated Logistics*	145 417	170 152
Intermodal (previously Seafreight)*	133 584	108 502
Ships Agencies and Clearing and Forwarding	288 132	281 458
Group	-	82 012
	579 423	654 414

* During the current year, following an internal merger of operations, goodwill of R25.1 million, previously allocated to the Grindrod Integrated Logistics was reallocated to Intermodal.

Impairment testing of goodwill

The recoverable amounts of the cash-generating units were based on a value in use determined using discounted cash flow (DCF) valuation models. The DCF calculation uses cash flow projections based on financial budgets approved by the directors covering a three year period with an additional two years included based on the expected margins and growth rate of 4.3%, which was also used in the determination of the terminal value. COVID-19 had a limited impact on CGU's except for certain South African operations withing the Grindrod Integrated Logistics CGU.

The key assumptions used by management in determining the cashflows used in the financial budgets for the initial three year period were as follows:

- Forecast sales growth rates, margins and operating profits are based on past experience adjusted for market trends and strategic decisions for expansion of service offering into Northern Mozambique;
- Despite the limited impact, the discount rates were increased to cater for the potential continued impact of COVID-19 on future cashflows.

A pre-tax discount rate of between 14.7% – 16.7% (2019:13.7% – 15.7% pre-tax) per annum is applied as follows:

- Terminals – 14.7% (2019: 13.7% pre-tax)
- Ships Agencies and Clearing and Forwarding – 16.7% (2019: 15.7% pre-tax)
- Grindrod Integrated Logistics – 15.6% (2019: 14.0% pre-tax)
- Intermodal – 16.2% (2019: 15.4% pre-tax)

Historically the discount rates were reported post-tax.

The discount rates are based on current market assessment of the optimal capital structure, cost of equity and cost of debt. The directors believe that any reasonable change in the key assumptions, on which the recoverable amounts are based, would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Notes to the financial statements continued

4. Goodwill and intangible assets continued

4.2 Goodwill continued

Goodwill of R82.0 million arose in the prior year as a result of the consolidation of ISI following the control review in terms of IFRS 10 Consolidated Financial Statements. In the current year, the business was severely affected by COVID-19 resulting in a deterioration of the order book and resultant cashflows. Therefore, an impairment of R82.0 million was recognised for Innovative Strategic Investments 1 Proprietary Limited ("ISI") in the group segment. The impairment was based on the value in use determined on a discounted cash flow basis.

Sensitivities on goodwill valuation

The impact on the net surplus on the discounted cash flow calculations of the material goodwill balances will be impacted as follows:

	2020 Headroom R'000	Impact on headroom if	
		1% increase in discount rate and 1% decrease in growth rate R'000	1% increase in discount rate and 1% increase in growth rate R'000
Grindrod Integrated Logistics	1 017 060	(293 841)	420 643
Intermodal	415 133	(140 170)	189 757
Ships Agencies and Clearing and Forwarding	560 321	(103 516)	141 447

The above movements do not result in any potential impairments.

4.3 Other Intangible Assets

	Cost/valuation 2020 R'000	Accumulated amortisation and impairment losses 2020 R'000	Carrying value 2020 R'000	Carrying value 2019 R'000
Opening balance	427 621	(309 174)	118 447	129 138
Translation gain/(loss)	803	(230)	573	(26)
Reclassification from property, terminals, vehicles and equipment	4 610	-	4 610	-
Additions	2 204	-	2 204	13 876
Disposals	(41 170)	37 884	(3 286)	-
Disposal of businesses	(312)	205	(107)	-
Amortisation	-	(24 807)	(24 807)	(24 712)
Transferred from non-current assets classified as held for sale (note 13)	-	-	-	171
Closing balance	393 756	(296 122)	97 634	118 447
Goodwill and Intangible assets total			677 057	772 861

Write-off periods of other intangible assets

Intangible assets consist mainly of leases, software, licences and customer contracts and are written off over periods ranging from 3 (2019: 3) to 30 (2019: 30) years.

5. Investments in joint ventures

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method of accounting.

Where a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated Annual Financial Statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The requirements of IFRS 9 Financial instruments are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's loans in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group has joint venture interests in the following companies, which have the same year end as the company unless otherwise stated:

Name of joint venture	Principal Activity	Place of incorporation	Segment	Consolidated	
				2020 Proportion of ownership	2019 Proportion of ownership
Rohlig-Grindrod Proprietary Limited	Clearing and forwarding	South Africa	Logistics	42.5%	42.5%
Portus Indico-Sociedade de Servicos Portuarios SA	Port operations	United Arab Emirates	Ports and Terminals	48.5%	48.5%
GPR Leasing Africa Limited (GPR)	Rail	Mauritius	Logistics	-	55.0%
Maputo Intermodal Container Depot SA	Storage and logistics	Mozambique	Logistics	50.0%	50.0%
Cockett Marine Oil Private Limited	Marine fuel and lubricants	Singapore	Marine Fuels	50.0%	50.0%
Cockett Marine South Africa Proprietary Limited	Marine fuel and lubricants	South Africa	Marine Fuels	50.0%	50.0%
CMOG Fuel DMCC (CMOG)	Marine fuel and lubricants	United Arab Emirates	Marine Fuels	50.0%	50.0%
Terminal De Carvo da Matola Limitada (TCM)	Terminals	Mozambique	Ports and Terminals	65.0%	65.0%
Oiltanking Grindrod Calulo Holdings Proprietary Limited (OTGC)	Liquid bulk storage and trading	South Africa	Ports and Terminals	30.5%	30.5%
RBT Grindrod Terminals Proprietary Limited (RBTG)	Terminals	South Africa	Ports and Terminals	59.7%	59.7%
New Limpopo Bridge Projects Limited (NLPI)	Rail	Mauritius	Logistics	74.5%	74.5%
Grindrod Rail Consultancy Proprietary Limited	Rail	South Africa	Logistics	42.3%	-
RailCo Africa Limited	Rail	Mauritius	Logistics	42.3%	-

Notes to the financial statements continued

5. Investments in joint ventures continued

Interests in joint ventures continued

Information about the composition of the Group at the end of the reporting period has been included in the key operating segment on page 145. In the current year the Group as part of transaction to grow the Rail operations, merged GPR into RailCo Africa Limited and diluted its shareholding in Grindrod Rail Consultancy Proprietary Limited from 100% to 42.3%.

Summarised financial information in respect of each of the Group's joint ventures are set out below. The summarised financial information below represents amounts in joint ventures financial statements prepared in accordance with IFRS and adjusted by the Group, when necessary, for equity accounting purposes.

	Port and Terminals		Logistics		Marine Fuels		Total	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000*	2020 R'000	2019 R'000*
Statement of profit/(loss) at effective share								
Revenue	686 354	600 102	574 995	527 675	11 504 669	16 041 200	12 766 018	17 168 977
Operating income before interest and taxation and after non-trading items and non-controlling interests	319 028	167 628	70 541	66 290	75 600	(141 529)	465 169	92 389
Net interest paid	(40 131)	(42 524)	(30 238)	(28 746)	589	(44 505)	(69 780)	(115 775)
Taxation	(81 905)	(67 038)	(20 690)	(36 974)	(7 491)	(13 823)	(110 086)	(117 835)
Profit for the year	196 992	58 066	19 613	570	68 698	(199 857)	285 303	(141 221)
Statement of financial position at 100%								
Non-current assets	3 089 424	3 081 056	1 621 371	1 510 176	266 958	160 238	4 977 753	4 751 470
Current assets (excluding cash)	271 651	255 503	1 186 495	1 231 297	1 849 916	3 760 110	3 308 062	5 246 910
Cash and cash equivalents	203 126	247 303	200 714	132 774	188 872	65 200	592 712	445 277
Non-current liabilities	(772 636)	(744 063)	(375 072)	(682 316)	-	-	(1 147 708)	(1 426 381)
Current liabilities	(457 181)	(672 549)	(1 794 871)	(1 457 629)	(2 103 552)	(3 468 210)	(4 355 604)	(5 598 388)
Bank overdraft	-	-	(128 860)	(196 891)	-	(314 498)	(128 860)	(511 389)
Net assets	2 334 384	2 167 250	709 777	537 411	202 194	202 840	3 246 355	2 907 501
Proportion of Group's ownership in joint ventures	1 320 685	1 311 855	341 871	295 037	101 097	101 420	1 763 653	1 708 312
Goodwill	317 244	308 069	21 435	1 886	-	32 620	338 679	342 575
Loans	204 564	286 784	175 440	168 005	316 260	218 441	696 264	673 230
Other	9 616	10 744	(36 585)	(34 235)	-	-	(26 969)	(23 491)
Group's share of net assets of joint ventures	1 852 109	1 917 452	502 161	430 693	417 357	352 481	2 771 627	2 700 626
Dividends received from joint ventures	351 206	21 690	20 804	22 872	-	-	372 010	44 562

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuel.

Notes to the financial statements continued

5. Investments in joint ventures continued

Interests in joint ventures continued

The proportionate share of the capital commitments of the joint ventures is as follows:

	Consolidated	
	2020 R'000	2019 R'000
Authorised and contracted for and due within one year	7 165	-
Authorised and not contracted for	-	-
Total	7 165	-
The cumulative unrecognised proportionate share of equity accounted losses in CMOG.	244 791	202 974

CMOG incurred significant losses in the prior year as a result provisions raised on trade receivables. The Group has limited the equity accounted loss recognised to the value of investment and related shareholder loans. This investment is carried at nil value. The cumulative loss not recognised has been detailed above.

In the current year an impairment of R96.4 million was recognised in Cockett Marine Oil Private Limited and R3.0 million in OTGC. Both impairments were based on a value in use determined on discounted cashflow basis.

At the end of the current year, Port operations joint venture, breached one of its debt covenants. This covenant breach was waived subsequent to year-end.

An operation located in Zimbabwe is included in the Logistics segment and the funds are freely available for use in Zimbabwe but the transfer of funds outside of the country is limited. The value of the restricted funds at year end was R14.1 million (2019: R13.5 million) at Grindrod's effective share.

6. Investments in associates

The consolidated Annual Financial Statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting from the acquisition date to the disposal date, except when the investment is classified as held for sale, in which case it is accounted for as non-current assets held for sale. Losses of associates in excess of the group's interest are only recognised to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate.

Grindrod holds certain investments in associates and joint ventures, directly or indirectly, through an entity that is an investment entity as defined, and has elected to measure those investments at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. Grindrod made this election separately for each associate or joint venture, at initial recognition of the associate or joint venture. These investments have been disclosed in other investments. Refer to note 7.

Goodwill arising on the acquisition of associates is accounted for in accordance with the accounting policy for goodwill as set out below but is included in the carrying amount of the associate.

The Group has associate interests in the following companies:

Name of associate	Principal Activity	Place of incorporation	Segment	2020 Proportion of ownership	2019 Proportion of ownership
Grindrod Namibia Stevedoring Proprietary Limited	Stevedoring	Namibia	Ports and Terminals	49.0%	49.0%
Empresa De Dragagem Do Porto de Mozambique S.A.	Port dredging	Mozambique	Ports and Terminals	25.5%	25.5%
Senwes Limited	Agricultural logistics	South Africa	Marine Fuels and Agricultural Logistics	20.7%	20.7%
Sturrock Flex Shipping Limited	Clearing and forwarding	Tanzania	Logistics	37.1%	49.0%

Information about the composition of the Group at the end of the reporting period has been included in the key operating segments on page 145.

Summarised financial information in respect of each of the Group's associates is set out below. The summarised financial information below represents amounts in associates financial statements prepared in accordance with IFRS and adjusted by the Group, when necessary, for equity accounting purposes.

Notes to the financial statements continued

6. Investments in associates continued

	Port and Terminals		Logistics		Marine Fuels and Agricultural Logistics		Total	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Statement of profit/(loss) at effective share								
Revenue	40 771	37 485	5 645	10 513	-	356 924	46 416	404 922
Depreciation	(23 316)	(20 409)	-	-	-	(6 891)	(23 316)	(27 300)
Operating income before interest and taxation	39 215	31 527	478	706	-	34 330	39 693	66 563
Net interest paid	(12 016)	(16 908)	-	-	-	(14 832)	(12 016)	(31 740)
Taxation	(7 063)	(4 715)	(175)	(896)	-	(5 033)	(7 238)	(10 644)
Profit/(loss) for the year	20 136	9 904	303	(190)	-	14 465	20 439	24 179
Statement of financial position at 100%								
Non-current assets	981 170	1 016 728	723	702	-	1 187 243	981 893	2 204 673
Current assets (excluding cash)	63 337	39 115	15 302	17 624	-	6 141 682	78 639	6 198 421
Cash and cash equivalents	8 843	56 724	9 185	6 840	-	66 810	18 028	130 374
Non-current liabilities	(326)	(641 004)	(24)	(23)	-	(1 209 751)	(350)	(1 850 778)
Current liabilities	(564 696)	(103 730)	(25 769)	(22 499)	-	(3 351 467)	(590 465)	(3 477 696)
Net assets	488 328	367 833	(583)	2 644	-	2 834 517	487 745	3 204 994
Proportion of Group's ownership in associate	126 748	95 642	(216)	1 296	-	586 178	126 532	683 116
Loans	-	-	2 885	1 070	-	-	2 885	1 070
Goodwill and other	(15 430)	(5 091)	-	-	-	(97 006)	(15 430)	(102 097)
Transferred to non-current assets classified as held for sale	-	-	-	-	-	(489 172)	-	(489 172)
Group's share of net assets of associates	111 318	90 551	2 669	2 366	-	-	113 987	92 917
Dividends received from associates	-	-	-	-	-	25 363	-	25 363

Notes to the financial statements continued

7. Other investments

Other investments measured at fair value through profit and loss (FVTPL)

Other investments measured at FVTPL consist of listed investments and unlisted investments in, and loans to, the private equity investees, and the pension fund surplus.

Other investments measured at FVTPL are measured at fair value and changes to the fair value are processed to the income statement. The Group's Private Equity and Property operations meet the definition of an investment entity because it has a diversified portfolio, multiple investors and various equity ownerships. Therefore all private equity investments remain at FVTPL including investments where the Group holds over 20% of the equity interest.

Other investments measured at fair value through other comprehensive income (FVTOCI)

This consists of unlisted investments in insurance cell captives initially measured at fair value and subsequently measured FVTOCI and changes to the fair value are recorded in other comprehensive income.

	2020 R'000	2019 R'000
Financial assets measured at FVTPL		
Listed investments	96 187	178 437
Unlisted investments	1 487 459	1 670 237
Pension fund surplus recognised*	68 768	132 211
Financial assets measured at FVTOCI		
Unlisted investments in insurance cell captives	17 537	12 454
Financial assets measured at amortised cost		
Loans to related parties	319 959	308 738
	1 989 910	2 302 077

* Details of the pension fund are included in note 17.

Refer to note 34 for fair value hierarchy.

The fair value of the investments approximates the carrying amount.

Loans to related parties relate mainly to the preference shares in RBT Resources Proprietary Limited and in RBT Grindrod Proprietary Limited. The preference shares in RBT Resources Proprietary Limited is held at amortised cost. Interest is charged at prime interest rate plus 2% and the preference share is redeemable within 4–10 years. The preference shares in RBT Grindrod Terminals Proprietary Limited is held at amortised cost. Interest is charged at prime interest rate and the preference share is redeemable after 10 years. The fair value of the security for the preference shares exceeds the value of the loans and there is no breach currently. Hence no expected credit loss provision has been raised.

Material investments in associates held by the Private Equity business which is an "investment entity" are included in the unlisted investments and are measured at FVTPL

	Place of incorporation	2020 Proportion of ownership	2019 Proportion of ownership
Entity A	South Africa	49.6%	49.6%
Entity B	South Africa	26.0%	26.0%
UK Property investments	United Kingdom	49.0%	49.0%

Summarised financial information in respect of each of the Group's significant associates are set out below. The summarised financial information below represents gross amounts in Associates' financial statements:

	Entity A		Entity B	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Statement of profit/(loss) at 100%				
Revenue	4 757	13 159	644 784	603 289
Depreciation	(12)	(20)	–	–
Operating (loss)/income before interest and taxation	(24 850)	(14 382)	189 085	124 940
Net interest (paid)/received	(5 479)	(7 702)	(157 583)	(44 670)
Taxation	–	5 649	(8 907)	(22 471)
(Loss)/profit for the year	(30 329)	(16 435)	22 595	57 799
Statement of financial position at 100%				
Non-current assets	520 080	584 858	911 305	476 247
Current assets (excluding cash)	49 598	55 706	221 903	339 518
Cash and cash equivalents	272	108	7 609	2 709
Non-current liabilities	(176 576)	(132 551)	(714 857)	(412 272)
Current liabilities	(890)	(338)	(204 279)	(194 003)
Net assets	392 484	507 783	221 681	212 199

	UK Property investments	
	2020 R'000	2019 R'000
Statement of profit/(loss) at 100%		
Revenue	27 370	6 520
Operating (loss)/income before interest and taxation	(110 654)	183 076
Net interest paid	(124 362)	(41 707)
Taxation	857	(582)
(Loss)/profit for the year	(234 159)	140 787
Statement of financial position at 100%		
Non-current assets	1 651 201	785 922
Current assets	231 085	123 025
Non-current liabilities	(1 423 779)	(316 663)
Current liabilities	(36 885)	(15 204)
Net assets	421 622	577 080

The above represents the net asset value of the respective entities. Fair value disclosure is included in note 34.

Associate entities have differing year ends. Management have used the latest unaudited available financial information.

Notes to the financial statements continued

8. Preference share investments by trusts

	Consolidated	
	2020 R'000	2019 R'000
Preference share assets	-	1 127 444
Split as follows		
Non-current	-	644 900
Current	-	482 544
Participatory contributions	-	(1 724 276)
Split as follows		
Non-current	-	(77 544)
Current	-	(1 646 732)

During the current year, Grindrod Bank Limited has given up the ability to appoint trustees in Grindrod Investment Trust (GIT) and no longer has a residual interest in the trust. Further, an independent third party has been appointed manager of the trust. Consequently, these actions have resulted in a loss of control over GIT and the trust is no longer consolidated in terms of IFRS 10: Consolidated Annual Financial Statements, with effect from 1 September 2020. The trust was renamed Singular Investment Trust.

The GIT and the Grindrod Preference Share Investment Trust (GPSIT) source cumulative preference shares from a limited pool of credit suitable issuers. Potential investors are approached, and the trusts enter into participation agreements with these investors in terms of which the investors make contributions to the trusts and the trusts use the contributions to subscribe for cumulative preference shares.

The investors, who become vested beneficiaries of the trusts, have an irrevocable right, title and interest in and to the cashflows arising from the underlying preference shares held by the trusts. Investors carry the credit risk of the underlying preference shares. Investors have shorter maturity dates, in general, compared to the contract duration of the preference share investment made by the trusts. The trusts manage the arising liquidity mismatch in the ordinary course of their business.

In the previous year GFS Holdings Proprietary Limited and Grindrod Property Private Equity Proprietary Limited, wholly owned subsidiaries of Grindrod Limited, issued cumulative preference shares to GIT of R600 million in its respective statements of financial position. Grindrod Bank Limited invests in the GIT on a nominal basis but had no contribution balance with the GIT as at the end of the prior year.

9. Deferred taxation

Deferred taxation assets and liabilities

Deferred taxation is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated and separate Annual Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred taxation assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred taxation liabilities are recognised for taxable temporary differences, unless specifically exempt.

Deferred taxation assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting profit.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and it is the intention to settle these on a net basis.

	Consolidated	
	2020 R'000	2019 R'000*
Deferred taxation analysed by major category:		
Capital allowances	(80 231)	(117 965)
Provisions	88 127	91 801
Other timing differences**	29 227	(56 233)
Leases	47 499	36 871
Estimated taxation losses	3 542	8 140
	88 164	(37 386)
Reconciliation of deferred taxation:		
Opening balance	(37 386)	(160 470)
Income statement effect	123 123	153 297
Translation adjustment	(945)	1 020
Acquisition of businesses	539	-
Disposal of businesses	(1 167)	-
Deferred tax recognised directly in equity	4 000	(671)
Transferred from non-current assets classified as held for sale	-	(30 562)
Closing balance	88 164	(37 386)
Comprising:		
Deferred taxation assets	151 561	98 910
Deferred taxation liabilities	(63 397)	(136 296)
	88 164	(37 386)

* Comparative figures have been restated to reflect more appropriate disclosures of categories of deferred taxation.

** Other timing differences mainly relates to fair value losses and deferred income

Deferred taxation assets have been recognised on assessed losses and timing differences in the relevant entities which the Group believes it is probable that they will generate a taxable profit in the foreseeable future. The assessments are performed on a continuous basis.

Notes to the financial statements continued

10. Loans and advances

	Consolidated	
	2020 R'000	2019 R'000
Held at amortised cost	5 452 698	4 996 343
Held at FVTPL	2 528 167	2 466 627
Designated at FVTPL	952 353	967 888
	8 933 218	8 430 858
Contractual terms for loans and advances are not homogenous instead each funding arrangement is bespoke.		
Loans and advances – companies and close corporations	7 900 495	7 083 948
Loans and advances – unincorporated businesses	586 326	597 793
Loans and advances – individuals	35 685	72 813
Accrued income	44 064	60 775
Preference shares	657 381	741 998
Revaluation of loans held at FVTPL	[26 856]	[43 879]
Less: ECL provision against advances (Stages 1 and 2)	[34 696]	[22 129]
Less: ECL allowance against loans and advances (Stage 3)	[229 181]	[59 976]
	8 933 218	8 430 858
Advances are made at market related rates of interest and are secured with various types of collateral such as cash, mortgage bonds, shares, discounted invoices, guarantees and suretyships.		
Spilt as follows		
Non-current	4 804 042	4 263 948
Current	4 129 176	4 166 910
Maximum exposure to credit risk before impairments	9 197 095	8 512 963
Exposures with renegotiated terms	1 377 453	1 389 478
The maturity analysis of advances is based on the remaining contractual periods to maturity from the reporting date and does not take repayment profiles into account.		
Sectoral analysis:		
Agriculture, hunting, forestry and fishing	70 182	55 850
Mining and quarrying	21 112	34 298
Manufacturing	127 903	218 390
Electricity, gas and water supply	7 879	1 640
Construction	11 188	-
Wholesale and retail trade, repair of specified items, hotels and restaurants	483 848	305 453
Transport, storage and communication	53 943	52 325
Financial intermediation and insurance	286 428	399 299
Real estate*	5 800 772	5 375 988
Business services	306 409	368 381
Community, social and personal services	41 861	38 117
Private households	27 838	64 037
Other**	1 728 551	1 539 209
ECL provision against advances (Stages 1 and 2)	[34 696]	[22 129]
	8 933 218	8 430 858

* This primarily relates to industrial and commercial properties located mainly in KZN, Gauteng and Western Cape.

** Other consists of loans and advances to investment holding entities with diverse investment portfolios therefore these loans and advances cannot be categorised.

	Consolidated	
	2020 R'000	2019 R'000
Geographical analysis:		
South Africa	8 933 218	8 430 858
Included in loans and advances are fixed rate loans designated at FVTPL:		
Net book value of loans and advances held at FVTPL	859 067	945 759
Revaluation of loans and advances held at FVTPL	93 286	22 129
	952 353	967 888
Analysis of classified, impaired or non-performing loans and advances:		
Loans and advances classified as special mention ¹	551 845	811 732
Loans and advances classified as sub-standard ²	339 568	252 862
Loans and advances displaying significant weakness ³	227 384	88 470
Carrying amount of classified, impaired or non-performing loans and advances	1 118 797	1 153 064
Collateral held against classified, impaired or non-performing loans and advances*	4 173 714	3 985 861
Sectoral analysis of impaired loans and advances:		
Manufacturing	-	7 839
Financial intermediation and insurance	15 044	19 380
Real estate	626 832	522 833
Wholesale and retail trade, repair of specified items, hotels and restaurants	43 157	60 635
Private households	355	848
Community, social and personal services	6 726	-
Business services	236 386	210 193
Other	190 297	331 336
	1 118 797	1 153 064
Breakdown of ECL provision included above:		
Analysis of portfolio (Stages 1 and 2)		
Provision at the beginning of the year	22 129	20 614
Net increase in provision	12 567	1 515
Provision at the end of the year	34 696	22 129
Analysis of impairments (Stage 3)		
Impairments at the beginning of the year	59 976	24 566
Net increase in impairments	196 188	35 410
Write-off against impairments	[26 983]	-
Impairments at the end of the year	229 181	59 976
Provisioning analysis		
Portfolio provision – Stage 1	20 670	15 177
Portfolio provision – Stage 2	14 026	6 952
Specific impairments – Stage 3	229 181	59 976
	263 877	82 105

¹ Special mention are credit exposures in respect of which the obligor is experiencing difficulties that may threaten the Bank's position. Ultimate loss is not expected, but may occur if adverse conditions persist.

² Any credit exposure that reflects an underlying, well defined weakness that may lead to probable loss if not corrected should be included in the category of sub-standard.

³ Significant weakness includes the following categories:
Doubtful: Credit exposure in the category of doubtful is considered to be impaired, but is not yet considered final loss.

Loss: Credit exposures classified as loss are considered to be uncollectable once collection efforts, such as realisation of collateral and institution of legal proceedings, have been unsuccessful.

* Overcollateralised in certain instances.

Notes to the financial statements continued

10. Loans and advances continued

	Consolidated	
	2020 R'000	2019 R'000
Carrying value of the collateralised loans and advances		
Property	5 425 745	4 881 500
Listed Shares	207 567	325 587
Unlisted Shares	230 144	85 942
Debtors	52 771	168 732
Guarantee/Letter of Undertaking	1 578 668	1 254 661
Other	126 264	127 196
Collateral held	7 621 159	6 843 618
Unsecured	1 874 843	1 857 941
Revaluation of loans at fair value through profit or loss	(26 856)	41 949
ECL allowance against loans and advances (Stages 1 and 2)	(34 696)	(22 129)
ECL allowance against loans and advances (Stage 3)	(229 181)	(59 976)
Security for financing guarantees provided by the Bank (note 26)*	(272 051)	(230 545)
	8 933 218	8 430 858
Refer to note 34 for further disclosure on ECL		
Included in loans and advances are funds from related parties earning interest at market related rates:		
Directors (directly or indirectly) (Grindrod Bank CEO)	1 760	3 879

* Considered in the assessment of ECL

11 Liquid assets and short-term negotiable securities

	Consolidated	
	2020 R'000	2019 R'000
At amortised cost		
Money market investments	607 091	-
Government bonds	185 232	-
Preference shares	16 641	-
Treasury bills	1 661 248	2 478 941
ECL allowance against negotiable securities (ECL Stage 1)	(962)	-
	2 469 250	2 478 941
Analysis of ECL allowance (Stage 1)		
Allowance at 1 January	-	-
Net increase in allowance	962	-
Allowance at 31 December	962	-
ECL allowance analysis		
Stage 1 – 12-month ECLs	962	-
Total ECL allowance on negotiable securities	962	-
Stage 1 – 12-month ECLs		
Gross carrying amount	2 470 212	2 478 941
Less: ECL allowance	(962)	-
Net carrying amount at 31 December	2 469 250	2 478 941
ECL allowance at 1 January	-	-
Net impairment losses recognised	962	-
ECL allowance at 31 December	962	-
Long-term negotiable securities	185 232	-
Liquid assets and short – term negotiable securities	2 284 018	2 478 941
Total	2 469 250	2 478 941

The carrying amount of liquid assets and short-term negotiable securities approximate their fair value.

Notes to the financial statements continued

12. Trade and other receivables

	Consolidated	
	2020 R'000	2019 R'000
Trade receivables	1 232 464	1 150 743
Less: expected credit loss	(544 766)	(524 445)
Net trade debtors	687 698	626 298
Receivables from joint ventures	134 044	161 741
VAT receivable	59 493	89 088
Prepayments	62 094	100 748
Recoverable disbursements	125 500	130 196
Other receivables*	204 834	248 986
	1 273 663	1 357 057

* Included in other receivables are accrued income, contract assets, deposits and receivable claims.

The carrying amount of trade and other receivables approximates fair value as these are predominantly short term and non-interest bearing.

Further details relating to expected credit loss for trade receivable, receivables from joint ventures and other receivables are shown in note 34.

13. Non-current assets classified as held for sale and non-current liabilities associated with assets classified as held for sale

Non-current assets or disposal groups are classified as held for sale if the carrying amount will be recovered principally through sale rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the assets or disposal group are available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such asset (or disposal groups) and management is committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of the classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Immediately prior to being classified as held for sale, the carrying amount of assets and liabilities are measured in accordance with the applicable standard. After classification as held for sale, an asset is measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the asset and disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

Non-current assets or disposal groups that are classified as held for sale are not depreciated and no equity accounted earnings are recognised.

	Consolidated	
	2020 R'000	2019 R'000*
Non-current asset classified as held for sale		
Investment in associate	367 034	432 063
	367 034	432 063

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuel. Refer to Note 2.

Business disposals

Whilst the sale of the Agricultural investments has been executed, pending the fulfillment of certain conditions, the sale process with regards to the Marine Fuels investment has been delayed and is no longer highly probable in the short term. As a result, the accounting standards required that the business can no longer be classified as a Non-current Asset Held for Sale and the results were reclassified into continuing operations resulting in a restatement of the prior period results.

Agricultural Logistics

In the current year, the investment in Senwes was valued at fair value less costs to sell based on the concluded sale agreement. In the prior year, the investment in Senwes was marked to market using its publicly observable closing price of R11.95 per share as at 31 December 2019 as quoted on ZARX. No sensitivity was therefore necessary for this level 1 valuation.

Current year movement in non-current assets classified as held for sale

	Consolidated
	R'000
Investment in joint venture and associates	
Opening balance	432 063
IFRS 5 Impairment	(65 029)
Closing balance	367 034

Notes to the financial statements continued

15. Borrowings continued

The Group has undrawn committed facilities as at 31 December 2020, as follows:

	Expiry category	Currency	2020 R'000	2019 R'000
Long-term debt facilities	9-12 months	ZAR	119 545	195 680
Short-term borrowing facilities				
	0-3 months	USD	1 462	1 400
	9-12 months	USD	38 133	-
Short-term borrowing facilities				
	0-3 months	ZAR	19 862	-
	3-6 months	ZAR	409 801	316 068
	9-12 months	ZAR	4 230	-
			593 033	513 148

16. Bank and private equity funding

	Consolidated	
	2020 R'000	2019 R'000
Unsecured		
Unsecured financing	1 096 316	1 084 009
Secured		
Secured financing	636 049	568 838
	1 732 365	1 652 847
Total amounts repayable within one year	(1 345 601)	(535 009)
Long-term borrowings	386 764	1 117 838

The North Coast property is pledged as security for the loan of R491.8 million (2019: R493 million). Freehold land and buildings of R147.7 million are pledged as security for loans of R69.2 million.

Full details of the long and short-term financing and interest rate profiles are detailed on the schedule of Bank and Private Equity funding instruments on page 147.

17. Retirement benefit plans

Grindrod provides privately administered pension and provident funds for all permanent employees except those who belong to an external fund, industry pension fund or provident scheme. All eligible employees are members of either defined benefit or defined contribution plans which are governed by the Pension Funds Act, 1956.

Post-employment benefit obligations

Grindrod operates a defined benefit pension plan as well as two defined contribution provident funds.

Current contributions to Grindrod's defined contribution funds are charged against income when incurred. The cost of providing benefits to Grindrod's defined benefit plan and the obligation in respect of post-retirement medical aid are determined and expensed using the projected unit credit actuarial valuation method. Contribution rates to the defined benefit plan are adjusted for any unfavourable experience adjustments. Favourable experience adjustments are retained within the fund. Actuarial surpluses are brought to account in Grindrod's Annual Financial Statements only when it is clear that economic benefits will be available to Grindrod. These surpluses are recognised immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur.

Grindrod's actuarially estimated liability in respect of post-retirement medical benefits has been fully provided in the statement of financial position.

The risks faced by Grindrod as a result of the defined benefit plan are actuarial risks relating to:

- longevity risk;
- investment risk;
- market risk;
- liquidity risk;
- salary risk; and
- foreign exchange rate risk

Longevity risk

The pension liability has been outsourced in the name of the Fund (GN12), thus presently the Fund is exposed to the risk that the insurer might default on pension payments. This removes the longevity risk from the Fund i.e. the risk that pensioners live longer than expected, and passes this risk on to the insurer.

Investment risk

The plan assets are primarily invested in equities and bonds (with a majority in equities). This exposes the Fund to a slight concentration of market risk. If the plan assets are not adequate or suitable to fund the liabilities of the Fund (and the nature thereof) the entity will be required to fund the balance, hence exposing it to risks on the investment return.

Market risk

In order to reduce market risk, the investment portfolio is diversified by investing in equities of different companies and in different issues of bonds and deposits. Cash deposits are also invested with different institutions as well as in different geographical markets. The risk is further reduced by investing in well-researched companies and by investing in bonds with high credit ratings.

Notes to the financial statements continued

17. Retirement benefit plans continued

Liquidity risk

Liquidity risk, the risk of not having liquid assets to meet liabilities as they fall due, is reduced by investing in liquid assets and highly tradeable assets.

Salary risk

Salaries are assumed to move with inflation, which means the active member liability is also exposed to inflation risk.

Foreign exchange risk

The great majority of member's retirement fund liabilities are denominated in ZAR. A currency mismatch is therefore introduced when investing in foreign investments. The risk is due to the fact that the currency invested could weaken against the Rand. However, since inflation in South Africa is likely to remain structurally higher than in most developed countries, it is expected that the Rand would weaken against the major investment currencies over time.

The volatility risk associated with foreign investments is reduced when only a limited portion of the portfolio's assets are invested offshore as is currently required in terms of Regulation 28 and the South African Reserve Bank requirements.

The funded status of the defined benefit pension fund is as follows:

	Consolidated	
	2020 R'000	2019 R'000
Actuarial value of assets	105 838	177 269
Actuarial present value of liabilities	(37 070)	(45 058)
Actuarial surplus (note 7)	68 768	132 211
The amounts recognised in the Annual Financial Statements in this respect are as follows:		
Recognised asset at beginning of the year	132 211	134 230
Recognised in the income statement in the current year	11 787	11 627
Interest on obligation	(4 500)	(4 148)
Current service cost	(1 482)	(1 830)
Expected return on plan assets	17 769	17 605
Recognised in other comprehensive income in the current year	(29 176)	(13 646)
Actuarial loss arising from changes in financial assumptions	(40 473)	(12 910)
Actuarial gain/(loss) arising from changes in experience assumptions	11 297	(736)
Transfer to Grindrod Shipping South Africa Proprietary Limited	(46 054)	-
	68 768	132 211

Following the disposal of the Shipping division, the pension fund administrators have concluded the process of registering Grindrod Shipping Holdings Limited as a second employer participant to this fund. Accordingly, an amount of R46.1 million has been transferred to Grindrod Shipping South Africa Proprietary Limited at year-end.

	2020 %	2019 %
The assets of the fund were invested as follows:		
Cash and cash equivalents	4.2	4.3
Equity instruments	36.4	38.0
Debt instruments	18.5	14.8
Real estate	13.7	17.8
International instruments	27.0	25.0
Other	0.2	0.1

The fair value of the above equity and debt instruments are determined based on quoted market prices in active markets.

An actuarial valuation was performed on 31 December 2020. The employer's contributions to all retirement benefit plans are charged against income when incurred.

	2020 %	2019 %
The principal actuarial assumptions applied in the determination of fair values include:		
Discount rate	13.7	10.1
Salary increase	8.7	6.5
Pension increase	7.7	5.5
Inflation increase	7.7	5.5
Statutory discount rate for minimum benefits	4.7	3.7
Post-retirement discount rate for minimum benefits	4.0	4.0

The effect of an increase or decrease of 1% in the assumed discount rates are as follows:

2020		2019	
Increase	(Decrease)	Increase	(Decrease)
Effect of a 1% 0.0%	Effect of a 1% 0.1%	Effect of a 1% (1.7%)	Effect of a 1% 2.1%

The effect of an increase or decrease of 1% in the assumed inflation rates are as follows:

2020		2019	
Increase	(Decrease)	Increase	(Decrease)
Effect of a 1% 0.1%	Effect of a 1% 0.0%	Effect of a 1% 2.0%	Effect of a 1% (1.7%)

The sensitivity analysis presented above may not be representative of the actual change in the obligation as it is unlikely that the above changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from the prior year.

The employees expect to make a contribution of R1 000 (2019: R33 000) to the retirement benefit plan during the next financial year.

Risk Management

There has been no change in the Group's risk management process as detailed above.

Notes to the financial statements continued

18. Deposits from bank customers

	Consolidated	
	2020 R'000	2019 R'000
Measured at amortised cost		
Call deposits	5 962 249	6 380 209
Notice and fixed deposits	3 399 610	4 676 784
Interest accrued	71 822	123 372
	9 433 681	11 180 365
<i>Maturity analysis</i>		
Withdrawable on demand	5 980 003	6 411 918
Maturing within one month	620 268	1 424 453
Maturing after one month but within six months	2 257 839	2 691 870
Maturing after six months but within one year	341 295	299 367
Maturing after one year	234 276	352 757
	9 433 681	11 180 365
Spilt as follows:		
Non-current	234 276	352 757
Current	9 199 405	10 827 608
The maturity analysis of deposits is based on their remaining contractual periods to maturity from the reporting date.		
<i>Sectoral analysis:</i>		
Banks	32 330	37 510
Government and public sector	742 482	809 755
Individuals	1 627 841	803 836
Business sector	7 031 028	9 529 264
	9 433 681	11 180 365
<i>Geographical analysis:</i>		
South Africa	9 433 681	11 180 365
Included in deposits are funds from related parties earning interest at market related rates:		
Directors (directly or indirectly)	135	350

19. Trade and other payables

	Consolidated	
	2020 R'000	2019 R'000
Trade creditors	654 398	650 440
Accrued expenses	424 096	637 818
Other payables*	361 715	225 177
	1 440 209	1 513 435

* Other payables consist mainly of VAT, deposits, guarantees and preference dividends payable.

The carrying amount of trade and other payables approximates fair value as these are predominantly short-term and non-interest bearing.

20. Revenue

20.1 Accounting policy

At the inception of a contract with a customer, Grindrod assesses the goods or services promised in the contract and identifies as a performance obligation each promise to transfer to the customer either a good or service (or bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Revenue is recognised when the performance obligation relating to each specific contract has been satisfied. Performance obligations are satisfied either at a point in time or over time. Where performance obligations are satisfied over time, the entity adopts an input method based on the costs incurred to date as a percentage of the total cost of the contract as a measure of the percentage of completion of the contract. Given the nature of the contracts completed over time, this method provides a faithful depiction of the transfer of goods and services for performance obligations satisfied over time.

The performance obligation with respect to the sale of goods is recognised when the Grindrod entity has delivered its products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or Grindrod has objective evidence that all criteria for acceptance have been satisfied. The performance obligation with respect to provision of services is recognised when the service has been provided to the customer.

Payments by customers are typically made in advance or within 30 days of revenue being recognised. Where payments are deferred for a period beyond 12 months after revenue being recognised, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

Contracts with customers within the Port and Terminals business segment include transaction prices that have variable considerations. This is due to the existence two types of specific contracts namely:

- take or pay (ToP) arrangements whereby the customer commits to a minimum volume throughput during the contract period;
- commodity purchase price (CCP) contracts whereby the price per tonne is linked to the price of the underlying commodity being hauled.

A variable consideration is only recognised to the extent that it is highly probable i.e. when the additional consideration/charge is agreed upon between the parties. ToP and CPP revenue does not always materialise as it involves negotiation with the customer which may result in either of the following:

- Additional revenue being recognised if the customer agrees to the additional charge; or
- Additional revenue not being recognised if the customer does not agree to the additional charge.

Due to the variability and subjectivity involved, Grindrod's policy is to recognise ToP and CPP revenue only when amounts are agreed-upon/confirmed with the customer. This ensures that there is no significant reversal of previously recognised revenue.

Notes to the financial statements continued

20. Revenue continued

20.1 Accounting policy continued

The transaction price is allocated to each performance obligation in a contract on a relative stand-alone selling price basis where contracts have more than one performance obligation. Where discounts are issued on contracts that consist of more than one performance obligation, Grindrod allocates the discount to each performance obligation separately. In some instances, Grindrod provides multiple services to customers in a single contract. Where it is the intention of Grindrod to provide an end-to-end solution, these are considered as an integrated set of activities and treated as a single performance obligation.

20.2 Revenue description

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Grindrod recognises revenue when it transfers control over a product or service to a customer.

The following is a description of the principal activities from which Grindrod generates its revenue:

Bulk Terminals

The bulk terminal activities involve receiving, stockpiling and loading of cargo onto vessels for onward transportation. The terminal earns a fixed rate, per ton loaded onto the vessel, which is a single performance obligation hence the point-in-time revenue recognition. The performance obligation is met when cargo tonnage is loaded onto the vessel and involves an integrated set of activities as the terminal would not be able to fulfil its promise, by transferring each of the services independently.

Container Handling

Grindrod provides various services to customers through its Intermodal and Seafreight business including container handling, transport, warehousing, loading and offloading. Grindrod also sells and leases containers to customers. The performance obligation related to handling and transport of containers performed by the Seafreight business is recognised over time. The remaining services rendered by the Intermodal business is satisfied at a point in time.

Logistics

Grindrod provides a variety of logistics solutions for the transportation of cargo through road, rail and sea. The performance obligation from this service is satisfied at a point in time when the cargo has been delivered to the customer.

Ships Agency

Grindrod provides clearing and forwarding of imports and exports, transportation of goods and ship husbandry services. Each performance obligation from these services is satisfied at a point in time when the cargo has been delivered to the customer.

Other Services

Other services includes revenue earned from various ancillary services including, but not limited to, training and bay stevedoring. The performance obligation is the provision of the relevant service and is satisfied over time.

Fee, Dividend and Interest income (By Grindrod Bank)

Fee income earned on origination of advances is deferred and recognised on a yield to maturity basis over the average life of the relevant advances. Where the receipt of fee income is deferred by contractual agreement, the present value of the fee income is recognised upfront and the accretion is recognised over the duration of the contractual receipt.

Interest income is recognised on a time proportion basis which takes into account the effective yield on the asset. Interest income includes the amount of amortisation of any discount or premium.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

	Consolidated	
	2020 R'000	2019 R'000
Revenue from each category is disaggregated in the following table:		
Bulk Terminals	354 199	500 357
Container Handling	1 385 972	1 376 078
– Recognised at a point in time	885 962	912 234
– Recognised over time	500 010	463 844
Logistics	844 746	972 365
Net interest income from Bank	91 941	121 730
Fee income of Financial Services	286 861	228 596
Ships agency	449 021	381 973
Other Services	338 416	253 360
	3 751 156	3 834 459
Analysis of Bank's net interest income included above:		
Interest income	683 041	988 950
Advances	419 499	575 042
Balances at banks and short-term funds	123 389	258 842
Preference share dividends, negotiable securities portfolio	4 538	1 458
Other short-term securities	97 802	87 162
Participatory contribution income	37 813	66 446
Interest expense	(591 100)	(867 220)
Call deposits	(215 528)	(303 758)
Notice and fixed deposits	(113 338)	(211 366)
Other interest expense	(54 659)	(81 838)
Prime-linked notice deposits	(151 943)	(183 854)
Participatory contribution expense	(55 632)	(86 404)
Net interest income	91 941	121 730

Notes to the financial statements continued

21. Operating (loss)/profit before interest, taxation and non-trading items

21.1 Employee benefit costs

The cost of providing employee benefits is accounted for in the period in which the benefits are earned by employees.

The cost of short-term employee benefits is recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render services that increases their entitlement or, in the case of non-accumulating absences, when the absences occur.

Defined benefit costs

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as service cost (including current service costs, past service cost, as well as gains and losses on curtailments and settlements), net interest expense or income and remeasurement.

The Group presents service cost and net interest expense or income in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The employee benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

21.2 Operating (loss)/profit before interest, taxation and non-trading items includes the following:

	Consolidated	
	2020 R'000	2019 R'000*
Net (losses)/gains on financial instruments	(375 942)	229 080
Net foreign exchange (losses)/gains	(23 432)	3 222
Voyage expenses	175 250	135 266
Cost of sales	893 510	1 130 692
Bunker fuels	124 052	113 742
Container handling and logistics	604 759	823 448
Other commodities	164 699	193 502
Staff costs	1 146 837	1 232 842
Depreciation	501 492	476 756
Amortisation	24 807	24 712
Expected credit loss – Loans and advances	204 663	23 904
Increase in trade receivables expected credit loss allowance	8 620	536 582
Auditors' remuneration		
Audit fees – current year provision	27 142	23 322
Prior year under provision	8 994	2 299
Other	2 639	8 826
Professional fees		
Administrative and managerial	19 904	18 892
Technical/projects	7 696	24 796
Sundry income**	25 999	86 259

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels.

** Sundry income includes insurance proceeds received, release of sundry creditors, scrap revenue and spare part revenue.

22. Non-trading items from continuing operations

Non-trading items cover those amounts that are not considered to be of an operating/trading nature, and generally include re-measurements due to:

- impairments of goodwill and non-current assets;
- gains and losses on the measurement to fair value less costs to sell (or on the disposal) of assets or disposal groups constituting discontinued operations;
- gains and losses on the measurement to fair value less costs to sell of non-current assets or disposal groups classified as held for sale;
- gains and losses on the disposal of property, machinery, terminals, vehicles and equipment;
- recycling through profit or loss of foreign currency translation reserves upon disposal of entities whose functional currencies are different to the Group's presentation currency;
- recycling through profit or loss of fair value gains and losses previously recognised directly in equity upon the disposal of financial instruments and the realisation of hedges of a net investment in a foreign operation; and
- the Group's proportionate share of exceptional items (determined on the same basis) of associates and joint ventures.

Re-measurements to fair value of other financial instruments (including amounts recycled through profit or loss under cash flow hedges that were previously recognised directly in equity) are not included in non-trading items.

Non-trading items, is a non-IFRS measure and consists of items that are usually capital in nature or not of an operational nature. In most cases non-trading items are those items excluded from HEPS in accordance with the South African Institute of Chartered Accountants (SAICA) Circular 1/2019.

	Consolidated	
	2020 R'000	2019 R'000*
Net impairment of property, terminals, machinery, vehicles and equipment (note 3)	(7 751)	(37 606)
Net loss on disposal of investments	(9 835)	(39 759)
Impairment of investments in joint ventures	(99 439)	(23 544)
Loss on remeasurement to fair value less costs to sell	(65 029)	(238 000)
Net profit on disposal of property, terminals, machinery, vehicles and equipment	51 320	2 276
Foreign currency translation reserve release	7 803	1 280
Impairment of goodwill	(82 010)	-
Gain on bargain purchase	10 462	-
	(194 479)	(335 353)

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting the prior year earnings of Marine Fuels.

Notes to the financial statements continued

23. Interest received/(paid)

	Consolidated	
	2020 R'000	2019 R'000
Interest received on loans and receivables at amortised cost	116 488	157 343
Interest paid on financial liabilities held at amortised cost	(245 245)	(230 149)
Interest paid on lease liabilities	(81 047)	(69 052)
Total interest paid	(326 292)	(299 201)

Net finance costs excludes interest reported by Bank which is shown as revenue in note 20.

24. Taxation

The charge for current taxation is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to taxable income.

Deferred taxation is recognised in profit or loss except when it relates to items credited or charged directly to equity, in which case it is also recognised in equity.

	Consolidated	
	2020 R'000	2019 R'000*
South African normal taxation		
Current		
On income for the year	64 825	79 218
Capital gains taxation (CGT)	8 241	227
Prior year	33 719	31 343
Withholding taxes	4 160	2 314
Deferred		
On income for the year	(72 264)	(20 797)
Capital gains taxation (CGT)	7 217	-
Prior year	(43 456)	(84 338)
Foreign		
Current		
On income for the year	77 094	63 931
Prior year	7 832	(30 855)
Withholding taxes	47 080	2 252
Deferred		
On loss for the year	(11 356)	(3 280)
Prior year	(3 264)	(49 129)
	119 828	(9 114)

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. In addition the taxation rate reconciliation for Mauritius has been separately disclosed (previously this was combined as "Mauritius and Other"). Further details relating to the restatements are shown in note 2.

2020	South Africa %	Mozambique %	Mauritius %	Other %	Group %
Rate of Tax**	(28.0)	32.0	15.0	(14.7)	(27.9)
Normal taxation					
Adjusted for:					
Current year tax losses not utilised	4.9	-	-	5.3	6.5
Exempt income ¹	(10.5)	(3.4)	(0.3)	(2.6)	(14.2)
Non-taxable foreign items/Income taxed at source ⁴	(0.7)	0.2	(0.3)	-	(0.9)
Withholding tax	0.5	-	63.9	-	8.6
Non-allowable items ²	36.4	2.7	9.0	25.1	49.8
Investment tax credits	-	(11.0)	(12.0)	-	(3.8)
CGT ³	2.0	-	-	-	2.6
Exchange rate impact	-	1.6	-	-	0.3
Prior year	(1.0)	-	(0.6)	6.9	(0.9)
Effective rate of taxation	3.6	22.1	74.7	20.0	20.1
Effective rate of taxation on loss including joint ventures and associates					(79.6%)

2019*	South Africa %	Mozambique %	Mauritius %	Other %	Group %
Rate of Tax**	(28.0)	32.0	15.0	(15.8)	(9.8)
Normal taxation					
Adjusted for:					
Current year tax losses not utilised	1.8	(10.6)	-	3.1	(1.3)
Exempt income ¹	(66.3)	-	(6.1)	(3.5)	(20.6)
Non-taxable foreign items/Income taxed at source ⁴	0.1	0.2	-	-	0.1
Withholding tax	2.2	-	24.1	1.9	3.3
Non-allowable items ²	155.0	0.7	76.1	16.8	60.6
Investment tax credits	-	(5.7)	(12.0)	-	(3.3)
CGT ³	(5.3)	-	-	-	(1.3)
Exchange rate impact	-	(0.6)	-	-	(0.3)
Tax dispensation	-	(25.0)	-	-	(13.8)
Prior year	(49.5)	-	(74.8)	(2.2)	(15.7)
Effective rate of taxation	10.0	(9.0)	22.3	0.3	(2.1)
Effective rate of taxation on loss including joint ventures and associates					(20.3%)

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. In addition the taxation rate reconciliation for Mauritius has been separately disclosed (previously this was combined as "Mauritius and Other"). Further details relating to the restatements are shown in note 2.

** The negative rate of tax is due to loss before taxation.

The Other and Group rate of tax varies as it is based on a weighted average calculation for the respective year. The weighted average calculation is a function of the aggregation of the statutory taxation arising from each of the entities over the aggregate of the net profit/loss before taxation for the respective entities. As this mix changes so too does the tax rate.

¹ Exempt income relates mainly to dividends received and capital profit on sale.

² Non-allowable items mainly relate to non-deductible fair value expenses and impairments.

³ Capital gains tax includes taxation on fair value of investments in the Bank and Private Equity divisions and sale of property.

⁴ Non-taxable foreign items mainly relate to differences on foreign subsidiaries taxation rates.

Subsidiary companies have estimated taxation losses of R604.1 million (2019: R994.4 million) of which R20.1 million (2019: R28.2 million) has been utilised in the calculation of deferred taxation.

Notes to the financial statements continued

25. Earnings per share

	Consolidated	
	2020 R'000	2019 R'000*
25.1 Basic loss per share		
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:		
Loss attributable to owners of parent	(363 975)	(549 604)
Less: preference dividends	(51 244)	(66 044)
Loss used in the calculation of basic earnings per share	(415 219)	(615 648)
Weighted average number of shares in issue for the year (000s)	676 640	680 442
Basis loss per shares (cents)	(61.4)	(90.5)
25.2 Diluted loss per share		
Diluted weighted average number of shares in issue for the year (000s)	676 640	681 304
Reconciliation of weighted average number of shares (000s)		
Basic average number of shares in issue	676 640	680 442
Shares that will be issued for no value in terms of share option scheme	-	862
Diluted average number of shares in issue	676 640	681 304
Diluted loss per shares (cents)**	(61.4)	(90.5)
25.3 Headline and diluted headline loss per share		
Headline loss per share is based on headline loss of	(168 118)	(152 696)
and		
on the weighted average number of shares in issue for the year (000s)	676 640	680 442
Diluted headline loss per share is based on the weighted average number of shares in issue for the year (000s)	676 640	681 304
Headline loss per share (cents)		
Basic	(24.8)	(22.5)
Diluted**	(24.8)	(22.5)

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

** Diluted earnings per share and diluted headline earnings per share were calculated on weighted average number of shares due to the anti-dilutive effect of the long-term incentive scheme shares.

	Consolidated	
	2020 R'000	2019 R'000*
Headline loss reconciliation:		
Loss attributable to ordinary shareholders of the Company	(415 219)	(615 648)
Adjusted for:		
Net impairment of property, terminals, machinery, vehicles and equipment	7 895	28 445
Net impairment of property, terminals, machinery, vehicles and equipment (gross)	7 751	37 606
Tax effect	144	(9 161)
Gain on bargain purchase	(10 462)	-
Net loss on disposal of investments	9 835	39 759
Net profit on disposal of property, terminals, machinery, vehicles and equipment	(38 837)	(2 329)
Net profit on disposal of property, terminals, machinery, vehicles and equipment (gross)	(51 320)	(2 276)
Tax effect	12 483	(53)
Impairment of investments in joint ventures	99 439	23 544
Impairment of goodwill	82 012	-
Loss on re-measurement on assets held for sale	65 029	238 000
Foreign currency translation reserve released	(7 804)	(1 281)
Joint Ventures:		
Net gain on disposal of investment property, intangibles, property, terminals, machinery, vehicles and equipment	(2 062)	(3 323)
Net profit on disposal of investments		(453)
Impairment of intangibles, property, terminals, machinery, vehicles and equipment	42 056	140 135
Foreign currency translation reserve released		455
Headline loss	(168 118)	(152 696)

* Represented for the impact of reclassifying the Marine Fuels and Agricultural Logistics segment back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

Notes to the financial statements continued

26. Capital commitments

	Consolidated	
	2020 R'000	2019 R'000
Authorised and contracted for		
Due within one year	279 639	156 194
Authorised and not contracted for	81 527	206 210
Total	361 166	362 404
Financing guarantees provided by the Bank	735 152	538 223
Cash backed	463 101	307 678
Lending guarantees (note 10)	272 051	230 545
Financing guarantees are provided where lending facilities have been approved and all the terms and conditions of the loan have been met.		
Irrevocable unutilised facilities to be advanced to Bank customers	310 324	204 553

Irrevocable unutilised facilities are approved lending facilities which cannot be unconditionally withdrawn, prior to facility expiry, by Bank.

Grindrod's total capital commitments relate to property, terminals, machinery, vehicles and equipment.

These commitments will be funded by cash resources, cash generated from operations and bank financing facilities. Grindrod has carried out a detailed liquidity planning exercise and is confident that it has the necessary resources to meet its capital and other commitments.

27. Contingent liabilities

Despite settlement in December 2020 of an investigation by Brazilian authorities into the Cockett Group, the Cockett Group is still under investigation by two other authorities. External legal counsel has been engaged to assist the Cockett Group in responding to such investigations in an open and transparent way and are proactively co-operating with the authorities concerned. One investigation has been dormant for more than a year and the other only affects a small subsidiary of the Cockett Group. Due to the above mentioned circumstances, any potential exposures (such as fines, penalties or legal costs) are not possible to determine and estimate at this stage.

The settlement is still subject to review by the Brazilian Federal General Controlling Office and it is not possible to estimate when this will happen but no changes are expected.

28. Foreign currency denominated items

	Consolidated			
	2020		2019	
	Year-end rates	Average rates	Year-end rates	Average rates
All foreign currency denominated items are translated in terms of the Group's policies.				
At 31 December exchange rates used on conversion were considered material:				
United States Dollar (USD)	14.62	16.56	14.00	14.46
Pound Sterling (GBP)	19.92	21.35	18.59	18.47
Metical (MZN)	0.19	0.23	0.23	0.23
In addition, due to the Group's significant operations in Mozambique, the USD/MZN rate is considered material.	75.00	69.41	61.41	62.50

29. Operating leases receipts

The minimum future lease receivable under non-cancellable operating leases are as follows:

	Consolidated			
	1 year R'000	2 – 5 years R'000	>5 years R'000	Total R'000
2020				
Properties and other	16 244	21 639	–	37 883
2019				
Properties and other	10 279	17 737	–	28 016

Notes to the financial statements continued

30. Cash flow

	Consolidated	
	2020 R'000	2019 R'000*
30.1 Reconciliation of operating (loss)/profit before interest, taxation and non-trading items to cash generated from operations		
Operating (loss)/profit before interest, taxation and non-trading items	(192 714)	34 973
Adjustments for:		
Depreciation	501 492	476 756
Share option expense	5 189	8 827
Amortisation of intangible assets	24 807	24 712
Non-cash financial instruments and foreign exchange (gains)/losses	(10 857)	3 287
Expected credit loss	213 283	560 486
Fair value adjustment on Bank and Private Equity instruments	366 230	(190 238)
Cash generated from operations before working capital changes	907 430	918 803
Working capital changes		
Decrease in inventories	18 463	24 611
(Increase)/decrease in trade and other receivables	(3 895)	191 396
Decrease in trade and other payables	(50 939)	(115 648)
Cash generated from operations	871 059	1 019 162
30.2 Taxation paid		
Balance at the beginning of the year	(26 136)	9 877
Current year	(242 951)	(146 588)
Foreign exchange translation	1 082	(289)
Businesses disposed	(429)	137
Transferred to non-current assets classified as held for sale	-	(12 135)
Net balance at the end of the year	71 931	26 136
Taxation paid	(196 503)	(122 862)
30.3 Property, terminals, machinery, vehicles and equipment acquired		
Additions – property, terminals, machinery, vehicles and equipment	(401 313)	(710 875)
Adjusted for non-cash additions		
Right-of-use asset additions	100 822	329 125
Additions through instalment sale agreements	59 629	180 470
Cash flow on acquisition of property, terminals, machinery, vehicles and equipment	(240 862)	(201 280)
30.4 Acquisition of subsidiaries and joint ventures (Refer to note 32)		
Property, terminals, machinery, vehicles and equipment	(336)	(59 466)
Other investments	-	(60 281)
Loans and advances	-	60 247
Working capital	4 865	35 979
Goodwill	(4 860)	(82 012)
Long-term borrowings	3 211	244 598
Deferred taxation	(539)	2 409
Non-controlling interests	(4 670)	(139 475)
Cash and cash equivalents	(671)	(1 999)
Total purchase consideration	(3 000)	-
Less: cash and cash equivalents	671	1 999
Cash disposed	(2 329)	1 999

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

30.5 Deconsolidation and disposal of subsidiaries and joint ventures

During the year, the Group, as part of the overall Rail transaction, diluted its interest in Grindrod Rail Consultancy Proprietary Limited from 100% to 42.3% effective 1 July 2020 for Rnil consideration.

In addition, during the current year, Grindrod Bank has given up the ability to appoint trustees in Grindrod Investment Trust (GIT) and no longer has a residual interest in the trust. Further, an independent third party has been appointed manager of the trust. Consequently, these actions have resulted in a loss of control over GIT and the trust is no longer consolidated in terms of IFRS 10 Consolidated Annual Financial Statements, with effect from 1 September 2020.

	Consolidated	
	2020 R'000	2019 R'000*
Property, terminals, machinery, vehicles and equipment	257	-
Intangible assets	107	-
Preference share investments by trusts	1 127 444	-
Investments in joint ventures	(69 587)	-
Working capital	90 318	4 275
Taxation	429	(136)
Liquid assets and short-term negotiables	(130 131)	-
Deferred taxation	1 167	-
Participatory contribution from Bank customers	(1 595 175)	-
Cash and bank overdraft	(6 056)	(6 331)
Long-term borrowings externalised due to deconsolidation	600 000	-
Business combination reserve	-	22 265
Total	18 773	20 073
Loss on disposal of investments	(18 773)	(31 180)
	-	(11 107)
Less: cash and cash equivalents	6 056	6 331
Cash flow, net of disposal	6 056	(4 776)

30.6 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	1 846 811	4 729 850
Deposits with the SA Reserve Bank (SARB)**	217 877	208 798
Interbank call deposits	654 336	2 216 948
Bank balances and cash	974 598	2 304 104
Bank overdrafts (note 15)	(902 856)	(971 091)
	943 955	3 758 759

* Represented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

** Amounts included in cash and cash equivalents relating to Bank subsidiaries where the balances form part of the reserving requirements as required by the Banks Act. Reserving requirements do not include all liquidity with SARB. Use of this deposit is subject to SARB approval but once approved can be accessed within 90 days hence constitutes a cash equivalent. There are no restrictions imposed on the availability. In 2019, interbank call deposits were disclosed as part of reserving requirements. This has now been correctly excluded.

Notes to the financial statements continued

31. Share-based payments

Equity-settled share options

Executive directors, senior executives and other employees have been granted equity settled share options in terms of the Grindrod Limited Forfeitable Share Plan (FSP).

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant and recognised in profit or loss on the straight-line basis over the vesting period, based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a binomial pricing model.

Cash-settled share based payments

Share appreciation rights granted to employees for services rendered or to be rendered are raised as a liability and recognised in profit or loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is remeasured annually until settled and any changes in value are recognised in profit or loss. Fair value is measured using a binomial pricing model.

Equity-settled forfeitable share plan

During 2012, Grindrod introduced the Forfeitable Share Plan (FSP). The scheme allows executive directors and senior employees to earn a long-term incentive to assist with the retention and reward of selected employees.

Shares are granted to employees for no consideration. These shares participate in dividends and shareholder rights from grant date.

The vesting of the shares is subject to continued employment for a period of three, four and five years or the employee will forfeit the shares.

On resignation, the employee will forfeit any unvested shares. On death or retirement only a portion of the shares will vest, calculated based on the number of months worked over the total vesting period.

In terms of IFRS 2 Share-based Payments, the transaction is measured at the fair value of the equity instruments at the grant date. The fair value takes into account that the employees are entitled to dividends from the grant date.

The fair value of the equity-settled shares subject to non-market conditions is the average share price at grant date.

There were 1 479 000 (2019: Nil) equity settled shares issued in the current year.

Cash-settled share based payments

The Group issues to certain employees share appreciation rights (SAR) that require the Group to pay the intrinsic value of the SAR to the employee at the date of exercise.

The Group has recorded liabilities of R14.1 million (2019: R10.1 million).

The Group recorded total current year expense of R5.3 million (2019: R1.7 million).

The fair values were calculated using a stochastic model based on the standard binomial options pricing model.

This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

The inputs into the model were as follows:

	Consolidated	
	2020	2019
Share price (cents)	505	503
Expected rolling volatility		
Three year expected option lifetime	44.0%	46.7%
Four year expected option lifetime	43.9%	42.7%
Five year expected option lifetime	43.5%	42.2%
Expected option lifetime		
Vesting periods three	3 years	3 years
Vesting periods four	4 years	4 years
Vesting periods five	5 years	5 years
Risk-free rate based on zero-coupon government bond yield		
Three year expected option lifetime	7.3%	6.6%
Four year expected option lifetime	7.0%	6.6%
Five year expected option lifetime	7.0%	6.6%
Expected dividend yield	4.7%	3.9%

The reconciliations of the FSP's and SAR's issued are included in the director emoluments in note 36.

Notes to the financial statements continued

32. Business combinations

Acquisition of subsidiaries

Company acquired	Nature of business	Percentage acquired	Date acquired	Purchase consideration R'000
Swift Nova Engineering Solutions Proprietary Limited	Specialised fabrication servicing the marine energy, oil and gas sectors	51%	01 November 2020	3 000
Total purchase consideration				3 000

Reasons for acquisition

In the current year, the Group acquired a controlling interest in Swift Nova Engineering Solutions Proprietary Limited. The acquisition is set to strengthen the capabilities of the Group's marine technical division and to provide a comprehensive service offering to the niche technical market. This has been provisionally accounted for in terms of IFRS 3 Business Combinations.

Impact of the acquisition on the results of the Group

From the dates of the acquisition, the acquired business contributed profit of R0.5 million and revenue of R4.8 million at Grindrod's effective share.

Net assets acquired in the subsidiaries transactions and the goodwill/intangible assets arising, are as follows:

	Acquirees' carrying amount before combination at fair value R'000
Net assets acquired	
Property, terminals, machinery, vehicles and equipment	336
Deferred taxation	539
Inventory	1 488
Trade and other receivables	2 981
Non-controlling interests	4 670
Cash and cash equivalents	671
Trade and other payables	(9 334)
Long-term borrowings	(3 211)
Fair value of assets and liabilities	(1 860)
Goodwill	4 860
Purchase consideration	3 000

33. Related party transactions

During each year, the Group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

2020	Consolidated			
	Other related parties R'000	Associates R'000	Joint ventures R'000	Amounts due by/(to) related party R'000
Goods and services sold to:				
Cockett Marine Oil Private Limited	-	-	3 989	-
Directors (directly or indirectly)	320	-	-	1 894
Guarantee fee income earned from associates	-	3 373	-	-
GPR Leasing Africa Proprietary Limited	-	-	51 922	15 903
GPR Leasing SA Proprietary Limited	-	-	579	9
Grindrod Rail Consulting Services Proprietary Limited	-	-	5 696	1 641
Interest earned on loans to associates	-	126 406	-	-
Bank loans to associates	-	-	-	1 601 639
Property owning entities	-	-	-	822 044
Investment entities	-	-	-	319 992
Private equity portfolio	-	-	-	459 603
Maputo Intermodal Container Depot, S.A	-	-	-	67 618
NLPI Limited	-	-	30 959	43 209
OTGC Terminals Proprietary Limited	-	-	8 863	92 183
OTGC Holdings Proprietary Limited	-	-	-	289
Portis Indico	-	-	157 452	-
RailCo Africa Limited	-	-	6 541	118 685
RBT Grindrod Terminals Proprietary Limited	-	-	42 007	186 301
RBT Resources Proprietary Limited	-	-	14 362	190 398
Röhlig-Grindrod Proprietary Limited	-	-	43 357	1 137
Senwes Limited	-	23 185	-	-
Shakespeare Masiza	1 080	-	-	10 818
Terminal De Carvo da Matola Limitada	-	-	211 953	-
	1 400	152 964	645 298	2 264 106
Goods and services purchased from:				
Cockett Marine Oil Private Limited	-	-	(101 773)	(3 547)
Grindrod Namibia Stevedoring Proprietary Limited	-	-	-	(69)
GPR Leasing Africa Proprietary Limited	-	-	(2)	(3 575)
GPR Leasing SA Proprietary Limited	-	-	(3 908)	(396)
Grindrod Rail Consulting Services Proprietary Limited	-	-	(3 457)	(2 301)
NLPI Limited	-	-	(423)	(2 038)
RBT Grindrod Terminals Proprietary Limited	-	-	(2 337)	(272)
Röhlig-Grindrod Proprietary Limited	-	-	(2 774)	(241)
	-	-	(114 674)	(12 439)

Notes to the financial statements continued

33. Related party transactions

2019	Consolidated			Amounts due by/(to) related party R'000
	Other related parties R'000	Associates R'000	Joint ventures R'000	
Goods and services sold to:				
Beitbridge Bulawayo Railway BEI001	-	-	-	10 112
Cockett Marine Oil Private Limited	-	-	5 469	1 823
Directors (directly or indirectly)	381	-	-	4 229
Guarantee fee income earned from associates	-	18 580	-	-
GPR Leasing Africa Proprietary Limited	-	-	7 080	145 581
GPR Leasing SA Proprietary Limited	-	-	413	131
Grindrod Namibia Stevedoring Proprietary Limited	-	1 470	-	-
Interest earned on loans to associates	-	207 868	-	-
Bank loans to associates	-	-	-	1 994 864
Property owning entities	-	-	-	526 139
Investment entities	-	-	-	517 272
Private equity portfolio	-	-	-	951 453
Maputo Intermodal Container Depot, S.A	-	-	25	169 766
Maputo Port Development Company	-	257	-	248
NLPI Limited	-	-	21 584	42 835
OTGC Holdings Proprietary Limited	-	-	10 345	93
Portis Indico	-	-	21 690	-
RBT Grindrod Terminals Proprietary Limited	-	-	13 335	159 994
RBT Resources Proprietary Limited	-	-	16 901	176 036
Röhlig-Grindrod Proprietary Limited	-	-	55 888	2 115
Senwes Limited	-	25 763	-	70
Shakespeare Masiza	-	-	2 877	11 251
Terminal De Carvo da Matola Limitada	-	-	19 941	926
	381	253 938	175 548	2 720 074
Goods and services purchased from:				
Beitbridge Bulawayo Railway BEI001	-	-	-	(3 918)
Cockett Marine Oil Private Limited	-	-	(123 216)	(19 115)
Grindrod Namibia Stevedoring Proprietary Limited	-	(501)	-	(1 181)
GPR Leasing Africa Proprietary Limited	-	-	-	(16 489)
GPR Leasing SA Proprietary Limited	-	-	-	(452)
Maputo Port Development Company	-	(96 448)	-	(5 093)
RBT Grindrod Terminals Proprietary Limited	-	-	(5 387)	(322)
RBT Resources Proprietary Limited	-	-	(2 289)	(6 777)
Röhlig-Grindrod Proprietary Limited	-	-	(3 170)	(345)
	-	(96 949)	(134 062)	(53 692)

Joint ventures

Details of interests in joint ventures are set out in note 5.

Associates

Details of material investments in associates are set out in note 6.

Directors

Details of directors' interests in the Company and directors' emoluments are set out in note 36.

Details on balances due by/(to) directors are disclosed in note 10.

Shareholders

The principal shareholders of the Company are detailed in the share analysis from page 142 to 143.

34. Financial instruments risk management objectives and policies

The principal risks to which the Group is exposed through financial instruments are:

- foreign currency risk;
- commodity risk;
- interest rate risk;
- credit risk;
- liquidity risk; and
- capital adequacy risk.

The Group's overall strategy with regard to liquidity and financial risk is guided by the corporate objective to maximise the Group's cash flow, actively manage its risk and reduce earnings volatility in a cost effective manner.

Divisional and Group treasury aim to negotiate better rates for borrowings and avoid restrictive covenants, which limit the Board's flexibility to act. The Group also aims to minimise transaction charges from the Company's banks, maximise interest income and minimise interest cost through efficient cash management practices.

Treasury function

The treasury function incorporates the following main sections:

- foreign exchange management;
- cash management;
- funding and liquidity management;
- counterparty and credit risk management;
- interest rate exposure management; and
- bank relationship management.

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

Treasury risk management

Treasury risks are managed through the implementation of effective policies and regular interactions between the Group and divisional treasuries. In addition, Group Treasury performs the following functions:

- forecast liquidity and funding requirements;
- foreign exchange cover levels based on the exchange rate views;
- performance of market risk management;
- interest rate exposure and cover levels; and
- reporting on divisional treasury positions.

Chief Financial Officer

The Group CFO together with the divisional executives are responsible for the ultimate approval of day-to-day treasury activities, and reporting on treasury matters.

Executive committee

The Executive committee reviews all treasury related proposals and strategies that require Board approval prior to submission.

Board of directors

The Board of directors is the highest approval authority for all treasury matters. Material changes to the policies and treasury matters as determined by the Group's limits of authority are required to be submitted to the Board.

34.1 Financial instruments by category and fair value hierarchy

The Group's financial instruments consist mainly of loans and advances, deposits from Bank customers, cash deposits with banks, investments, trade and other receivables and payables, bank borrowings and loans to and from subsidiaries.

Derivative instruments comprising interest rate swaps are used by the Bank for hedging purposes. The nominal value of the total outstanding contracts at year-end is R822.6 million (2019: R935.9 million).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable or based on observable inputs:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Levels 2 and 3 fair values were determined by applying either a combination of, or one of the following, valuation techniques:

- Projected unit method; and/or
- Market value considerations including credit and liquidity risk; and/or
- The net asset value of the underlying investments; and/or
- A price earnings multiple or a discounted projected income/present value approach; and/or
- Market-related interest rate yield curves to discount expected future cash flows; and/or
- Any additional revenue arrangements valued per the specified arrangement based on the specified underlying asset. The specified underlying assets include property and unlisted investments supported by management valuation.

The fair value measurement based on income approach valuation uses key inputs that are not observable in the market. Key inputs used in the valuation include discount rates and future profit assumptions based on historical performance but adjusted for expected growth. Management re-assesses the earnings or yield multiples at least annually based on their assessment of the macro- and micro-economic environments.

R'000	2020					
	Carrying value	Fair value			Amortised cost	Other non-financial instruments
		Level 1	Level 2	Level 3		
Financial instruments						
Cash and cash equivalents	1 846 811	-	-	-	1 846 811	-
Other investments	1 989 910	96 187	68 768	1 504 997	319 958	-
Loans and advances	8 933 218	-	952 353	2 640 843	5 340 022	-
Trade and other receivables	1 273 663	-	-	-	1 152 076	121 587
Borrowings	(4 498 383)	-	-	-	(4 498 383)	-
Derivative financial liabilities	(73 046)	-	(73 046)	-	-	-
Trade and other payables	(1 440 209)	-	-	-	(1 207 738)	(232 471)
Deposits from Bank customers	(9 433 681)	-	-	-	(9 433 681)	-
Non-financial instruments						
Investment property	91 617	-	-	91 617	-	-
Total		96 187	948 075	4 237 457	(6 480 935)	110 884

R'000	2019					
	Carrying value	Fair value			Amortised cost	Other non-financial instruments
		Level 1	Level 2	Level 3		
Financial instruments						
Cash and cash equivalents	4 729 850	-	-	-	4 729 850	-
Other investments	2 302 071	178 437	132 211	1 679 685	311 738	-
Preference shares linked to participatory contributions	1 127 444	-	-	-	1 127 444	-
Loans and advances*	8 430 859	-	967 888	2 466 627	4 996 343	-
Trade and other receivables	1 357 062	-	-	-	1 167 226	189 836
Borrowings	(4 528 278)	-	-	-	(4 528 278)	-
Derivative financial liabilities	(23 422)	-	(23 422)	-	-	-
Trade and other payables	(1 479 487)	-	-	-	(1 227 914)	(251 573)
Participatory contributions	(1 724 276)	-	-	-	(1 724 276)	-
Deposits from Bank customers	(11 180 365)	-	-	-	(11 180 365)	-
Non-financial instruments						
Investment property	91 618	-	-	91 618	-	-
Total		178 437	1 076 677	4 237 930	(6 328 232)	(61 737)

* Prior year includes re-allocations from amortised cost to Level 3 as detailed in the Level 3 reconciliation below.

The carrying amounts of the Group financial instruments approximate their fair value.

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.1 Financial instruments by category and fair value hierarchy continued

	2020 Level 3 R'000	2019 Level 3 R'000
Reconciliation of Level 3 fair value measurements of financial assets		
Opening balance	4 237 930	3 099 845
Transfers*	-	417 401
Purchases	293 117	1 289 941
Settlements	(155 701)	(741 145)
IFRS 10 eliminations	-	(71 557)
Total gains/(losses) recognised in:		
- Other comprehensive income	32 314	4 434
- Income statement	(170 203)	239 011
Closing balance	4 237 457	4 237 930

* In the prior year, the Group re-assessed all its loans and advances considering acquisition of profit share components and the realisable value of the loan together with the recoverability of Grindrod's investment in the underlying entities. As a result, these loans are fair value loans and reclassified from loans and advances to Level 3 fair valued loans.

Net fair value movement is recognised in the consolidated income statement and statement of other comprehensive income for Level 3 financial instruments were R137.9 million (2019: R243.4 million).

Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements for material investments:

Material investment's principal activity	Fair value at 31 Dec 2020 R'000	Fair value at 31 Dec 2019 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value (000)
Private equity	142 800	251 707	Adjusted net asset value	Based on adjusted net asset value	Based on adjusted net asset value	Based on adjusted net asset value
Medical	185 437	225 591	Discounted cash flow	Perpetuity Growth Discount rate	6.0% – 8.0% 12.0% – 14.0%	Increase perpetuity growth to 8.0% and increased WACC to 14.0% would decrease fair value to R176 396
				Discount rate	12.6% – 13.6%	Decrease perpetuity growth to 6.0% and decreased WACC to 12.0% would increase fair value to R194 309
				EBITDA Margin		Increase of 1% would increase fair value to R224 326 Decrease of 1% would increase fair value to R146 547

Material investment's principal activity	Fair value at 31 Dec 2020 R'000	Fair value at 31 Dec 2019 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value (000)
Asset financing	283 136	175 818	Earnings multiple approach	PE Multiple	8.8x – 10.8x	Increased PE multiple to 10.8x would increase fair value to R312 058 Decreased PE multiple to 8.8x would decrease fair value to R254 505
Asset financing	82 882	60 662	Net asset value	Based on net asset value	Based on net asset value	Based on net asset value
Real estate	507 057	487 570	Net asset value driven by underlying property valuations	Based on net asset value driven by underlying property valuations for which comparable sale transactions in the market were considered.	Based on net asset value driven by underlying property valuations for which comparable sale transactions in the market were considered.	This investment relates to preference share investments in commercial and residential property in the UK. Increase of 10% of the underlying property valuations will increase the investment fair value by GBP 5 013 Decrease of 10% of the underlying property valuations will reduce the investment fair value by GBP 4 249 For the commercial property: This comprised over 75% of the portfolio. The Group is part of a waterfall structure in which its preference shares rank second after external bank funding. Consequently, the value of the underlying property would have to decrease by 34% before the investment is fully impaired. For the residential property: An increase of 10% of the underlying property valuation will increase the investment fair value by GBP 3 092 Decrease of 10% of the underlying property valuation will reduce the investment fair value by GBP 658 The Group's maximum exposure on residential property is R124.3 million

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.1 Financial instruments by category and fair value hierarchy continued

Valuation inputs and relationships to fair value continued

Material investment's principal activity	Fair value at 31 Dec 2020 R'000	Fair value at 31 Dec 2019 R'000	Valuation method	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value (000)
North Coast property loans	1 377 428	1 420 730	Underlying security valuation	Discount rate	Per expert valuation	Fair value of the loans range between R1.1 billion and R1.6 billion. Fair values of the loans is based on the combined property values of R2.5 billion, determined independently, of which R1.8 billion constitutes the Group's security after accounting for the profit share of the Addington property. Refer to fair value of loan and advances and other investments in note 1.
				Highest and best use value of combined properties which is derived from the selling price per square metre		Increase of 10% R128.0 million Decrease of 10% (R128.0 million)
Loans and advances – Bank	1 263 415	1 151 241	Discounted cash flow	Credit spread range of 2% to 17.2%*		Increase of 100bps – R14 460 Decrease of 100bps – (R14 933)

* The loans are valued by forecasting the future interest rate by forecasting the forward interest rate on the contractually referenced floating interest rate curve and adding the contractual fixed inception credit spread. This future interest rate is applied to the nominal or carrying amount of the loan. The interest and capital cash flows are discounted using the Prime or JIBAR swap yield curves back to the valuation date. An appropriate credit spread is generally added to the curve used for discounting purposes to reflect the current credit risk associated with the borrower. If the borrower of the loan has had no change in credit risk profile since inception, the inception credit spread is applied.

Valuation process

The Group's finance and corporate finance teams perform valuations on certain assets for financial reporting purposes. The valuation inputs, assumptions, methodology and outputs are then challenged and debated with the Group Chief Financial Officer (CFO) prior to approval. Teams present their valuations for significant investments to the CFO who interrogates the methodology used and the assumptions applied in the valuations. Discussions of valuation processes and results are held between the CFO and the respective teams at least once every six months, in line with the Group's half-yearly reporting periods. Any resulting adjustments to the carrying value will follow the internal approval process. North Coast properties, being security on the lending, are assessed by an independent valuation professional.

The four main inputs used by the Group in measuring the fair value of financial instruments are:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset;
- Risk adjustments: these are specific to the counterparties (including assumptions about credit default rates) and are derived from the market assumptions on the operational environment and other factors affecting the investment;
- Earnings growth factor for unlisted investments: these are estimated based on market information for similar types of companies or historical growth patterns; and
- Independent expert valuations: valuations were conducted by registered independent experts using both the market approach and investment method.

34.2 Foreign currency risk

The objective of the foreign exchange exposure management policy is to ensure that all foreign exchange exposures are identified as early as possible and that the identified exposures are actively managed to reduce risk. All exposures are to reflect underlying foreign currency commitments arising from trade and/or foreign currency finance. Under no circumstances are speculative positions, not supported by normal trade flows, permitted.

The Group is subject to economic exposure, transaction exposure and translation exposure.

- Economic exposure consists of planned net foreign currency trade in goods and services not yet manifested in the form of actual invoices and orders. Economic exposure is initially identified at the time of budget preparation and is progressively reviewed on a quarterly basis at the time of each budget revision.
- Transaction exposure consists of all transactions entered into which will result in a flow of cash in foreign currency at a future time, such as payments under foreign currency, long- and short-term loan liabilities, purchases and sales of goods and services (from invoice date to cash payment or receipt), capital expenditure (from approval date until cash payment) and dividends (from declaration date to payment date). Commercial transactions shall only be entered in currencies that are readily convertible by means of formal external forward contracts.
- Translation exposure relates to the Group's investments and earnings in non-ZAR currencies which are translated in the ZAR reporting currency. Translation exposure is not hedged.

The Group's policy is to forward cover all trade commitments that are not hedged by a foreign currency revenue stream and to cover the Rand funded element of material capital commitments.

Foreign monetary items are converted to Rands at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year-end to settlement date, as provided by independent financial institutions.

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.2 Foreign currency risk continued

Foreign currency balances

The uncovered foreign currency denominated balances at 31 December were as follows:

	Consolidated			
	2020 US\$000	2020 R'000	2019* US\$000	2019* R'000
Loans	(4 749)	(69 430)	[3 683]	[51 556]
Trade and other receivables	23 625	345 398	28 406	397 690
Trade and other payables	(10 388)	(151 866)	[13 093]	[183 306]
Bank balances	20 671	302 205	42 721	598 092
Short-term borrowings and bank overdraft	(17 028)	(248 949)	[18 093]	[253 302]
Lease liabilities	(35 925)	(525 228)	[50 126]	[701 760]
	(23 794)	(347 870)	[13 868]	[194 142]

The uncovered foreign currency denominated balances at 31 December were as follows:

	Consolidated			
	2020 £000	2020 R'000	2019* £000	2019* R'000
Bank balances	2 252	44 864	3 847	71 524
Investments	27 681	551 412	30 073	559 048
	29 933	596 276	33 920	630 572

The uncovered foreign currency denominated balances at 31 December were as follows:

	Consolidated	
	2020 R'000	2019* R'000
Other currencies**		
Trade and other receivables	274 261	186 717
Trade and other payables	(327 733)	[247 687]
Bank balances	80 624	47 872
Lease liabilities	(2 823)	[2 794]
	24 329	[15 892]

Sensitivity analysis

At year-end the sensitivity of the net open exposure on the operating profit is as follows:

	Consolidated	
	2020 R'000	2019* R'000
Net exposure		
+10% in exchange rate	27 231	42 054
-10% in exchange rate	(27 231)	[42 054]

* Comparative figures have been restated to reflect more appropriate disclosures for the foreign exchange risk.

** Other currencies consists mainly of MZM and AUD.

34.3 Interest rate risk

34.3.1 Interest rate risk of the Group (excluding Bank)

The Group monitors its exposure to fluctuating interest rates and generally enters into contracts that are linked to market rates relative to the currency of the asset or liability. The Group makes use of derivative instruments, such as interest rate swaps to manage this exposure, from time to time.

The interest rate profile of the Group borrowings is summarised as follows:

	2020 R'000	2019 R'000
Loans linked to LIBOR	-	72 073
Loans linked to SA prime rate	1 093 664	651 792
Loans linked to JIBAR	546 899	492 761
Loans linked to Mozambique FPC	-	433
Loans linked to Botswana prime rate	69 677	-
Loans linked to Namibia prime rate	11 306	-
Short-term borrowings linked to LIBOR	248 948	252 882
Short-term borrowings linked to SA prime rate	1 103 816	971 091
	3 074 310	2 441 032

Full details of the interest rate profile of long-term borrowings is set out in the schedule of loan funds on page 146.

The range of interest rates in respect of all non-current borrowings comprising both fixed and floating rate obligations at 31 December 2020 is as follows: local rates are between 5.0% and 10.3% (2019: 8.0% and 10.3%), foreign rates are between 5.8% and 7.5% (2019: 7.0% and 23.3% (this related to loans linked to Mozambique FPC which was settled)). Floating rates of interest are based on LIBOR (London inter-bank offered rate – for USD borrowings) and on JIBAR (Johannesburg inter-bank agreed rate – for SA borrowings). Fixed rates of interest are based on contract rates. Interest rate swaps are taken in order to fix interest rates on certain loans.

Sensitivity analysis

At year-end the sensitivity of the net open exposure of floating interest rates on the operating profit is as follows:

	Consolidated	
	2020 R'000	2019 R'000
Net exposure		
+50 BPS	(3 778)	[2 443]
-50 BPS	3 778	2 443

The interest rate sensitivity results in higher income as there was a greater impact in interest received compared to interest paid.

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.3 Interest rate risk continued

34.3.2 Interest rate risk of the Bank

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect a financial institution's earnings and the value of its assets, liabilities and capital. The risk is due to assets and liabilities repricing at different times, or against different base rates. The amount at risk is a function of the magnitude and direction of interest rate changes.

Interest Rate Risk Management

Traditional repricing gap analysis is used to measure interest rate exposure. The Group has a conservative policy on interest rate risk arising from repricing differentials and the duration of this exposure is limited to three months for material aggregated positions or hedged using derivative instruments. The static interest rate gap report is prepared monthly for review by the Asset and Liability Committee (ALCO) and the model assumes each asset class will reprice in full in the relevant repricing timeband.

Interest rate repricing gap	< 3 months R'000	> 3 months < 6 months R'000	> 6 months < 1 year R'000	> 1 year < 5 years R'000	> 5 years R'000	Non-rate sensitive R'000	Total R'000
2020							
Assets	9 203 014	1 010 879	215 809	312 415	769 101	227 414	11 738 632
Equity and liabilities	(9 574 364)	(152 658)	(289 175)	(234 276)	-	(1 488 159)	(11 738 632)
Interest rate hedging activities	801 769	-	-	(229 198)	(572 571)	-	-
Repricing profile	430 419	858 221	(73 366)	(151 059)	196 530	(1 260 745)	-
Cumulative repricing profile	430 419	1 288 640	1 215 274	1 064 215	1 260 745	-	-
Expressed as a percentage of total assets of the Bank	3.7%	11.0%	10.4%	9.1%	10.7%	0.0%	
2019							
Assets	12 111 201	1 982 526	116 950	220 396	552 476	358 011	15 341 560
Equity and liabilities	(12 774 181)	(277 731)	(298 966)	(352 757)	-	(1 637 925)	(15 341 560)
Interest rate hedging activities	788 286	(52 797)	(116 950)	(220 396)	(398 143)	-	-
Repricing profile	125 306	1 651 998	(298 966)	(352 757)	154 333	(1 279 914)	-
Cumulative repricing profile	125 306	1 777 304	1 478 338	1 125 581	1 279 914	-	-
Expressed as a percentage of total assets of the Bank	0.8%	11.6%	9.6%	7.3%	8.3%		

Interest income sensitivity	< 3 months	> 3 months < 6 months	> 6 months < 1 year	Cumulative impact on net interest income
2020				
2% interest rate increase	3 231	1 768	3 535	8 534
2% interest rate decrease	(3 231)	(1 768)	(3 535)	(8 534)
2019				
2% interest rate increase	3 270	3 033	6 066	12 369
2% interest rate decrease	(3 270)	(3 033)	(6 066)	(12 369)

Interest rate sensitivity is based on the static repricing profile of assets and liabilities at the end of the reporting date and determined by applying market-related rates of interest and a parallel interest rate shock.

Hedging

Hedging is a technique used to reduce risk by simultaneously entering into a transaction to be hedged and a transaction with equivalent characteristics in terms of size, duration and interest rate but with an opposite financial effect.

All individual fixed rate transactions are required to be hedged, either within the book or synthetically with derivative instruments, whenever a 1% parallel shift in the yield curve could result in a loss exceeding the amounts specified in the policy matrix.

34.4 Credit risk

Credit risk refers to the risk of financial loss resulting from failure of a counterparty to an asset, for any reason, to fully honour its financial and contractual obligations. Potential areas of credit risk consist of cash and cash equivalents, bank advances, trade receivables and other receivables. The Group limits its exposure in relation to cash balances by only dealing with well-established financial institutions of high quality credit standing. In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Credit risk management

Trade receivables and other receivables (excluding Bank)

The Group aims to minimise loss caused by default of our customers through specific Group-wide policies and procedures. Compliance with these policies and procedures is the responsibility of the divisional and other financial managers. All known risks are required to be fully disclosed and accounted for and are provided against as doubtful debts. Certain divisions have obtained Credit Guarantee Insurance Cover to manage the risk of default by debtors.

The Group considers the trade debtor in default when payment is not made when they are contractually due. Trade debtors are only written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include objective evidence that the collection of the amount is doubtful, failure of the debtor to engage in a repayment plan and a failure to make contractual payments for a period greater than 120 days old (90 days past due).

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.4 Credit risk continued

Credit risk management continued

Trade receivables and other receivables (excluding Bank) continued

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The Expected Credit Losses (ECL) on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for following factors:

General macro-economic conditions such as:

- South African GDP;
- Global commodity indices;
- GDP performance of the countries we operate in; and/or
- COVID-19 impact.

Entity specific micro-economic conditions in the geographies that we operate in such as:

- Industry performance;
- Any other publicly available information regarding our customers;
- Credit quality of our customers; and/or
- Collateral or security held.

An assessment of both the current as well as the forecast direction of conditions at the reporting date, including time-value of money where appropriate.

On that basis, the loss allowance as at 31 December 2020 was determined as follows for trade receivables and other receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total	Specific provision	Total including specific
31 December 2020								
Expected loss rate (%)	0.2	0.1	5.7	4.3	9.6			
Gross carrying amount (R'000)	651 336	122 539	9 253	13 902	97 829	894 859	542 439	1 437 298
Loss allowance excluding specific provisions (R'000)	990	172	531	600	9 355	11 648	-	11 648
Specific allowance (R'000)	-	-	-	-	-	-	533 118	533 118
Total provision (R'000)	990	172	531	600	9 355	11 648	533 118	544 766
31 December 2019								
Expected loss rate (%)	0.1	0.0	0.0	9.2	9.0			
Gross carrying amount (R'000)	595 247	154 968	27 113	16 312	80 389	874 029	525 700	1 399 729
Loss allowance excluding specific provisions (R'000)	503	16	1	1 503	7 205	9 228	-	9 228
Specific allowance (R'000)	-	-	-	-	-	-	515 217	515 217
Total provision (R'000)	503	16	1	1 503	7 205	9 228	515 217	524 445

Expected loss rate is calculated as follows:

	Current %	More than 30 days past due %	More than 60 days past due %	More than 90 days past due %	More than 120 days past due %
31 December 2020					
Historical loss rate	0.1	0.1	5.0	4.0	4.1
Adjusted for:					
Macro-economic factors	0.1	0.0	0.1	0.2	0.9
Micro/entity specific factors	0.0	0.0	0.6	0.1	4.6
Expected loss rate (excluding specific provisions)	0.2	0.1	5.7	4.3	9.6
31 December 2019					
Historical loss rate	0.0	0.0	0.0	9.1	8.7
Adjusted for:					
Macro-economic factors	0.1	0.0	0.0	0.1	0.3
Micro/entity specific factors	0.0	0.0	0.0	0.0	0.0
Expected loss rate (excluding specific provisions)	0.1	0.0	0.0	9.2	9.0

The expected loss rate is based on the lifetime expected credit losses as the Group applies the simplified approach in determining ECL. Where there is objective evidence that trade and other receivables are impaired, the credit loss are assessed specific to the respective balance and the expected loss rate is not applied.

The Group has not changed the estimation techniques or significant assumptions during the reporting period.

Expected loss sensitivity

A 10% increase in the expected loss rate due to macro-economic factors will result in additional exposure per category as follows:

	Current R'000	More than 30 days past due R'000	More than 60 days past due R'000	More than 90 days past due R'000	More than 120 days past due R'000	Total R'000
31 December 2020						
Carrying amount of trade and other receivables (excluding those specifically impaired)	651 336	122 539	9 253	13 902	97 829	894 859
Additional loss allowance	42	4	1	3	85	135
31 December 2019						
Carrying amount of trade and other receivables (excluding those specifically impaired)	595 247	154 968	27 113	16 312	80 389	874 029
Additional loss allowance	31	7	-	1	21	60

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.4 Credit risk continued

Credit risk management continued

Expected loss sensitivity continued

The ECL allowances for trade receivables as at 31 December are reconciled as follows:

	2020 R'000	2019 R'000
Opening loss allowance at 1 January	524 445	505 203
Increase in allowance	12 254	44 451
Allowance utilised	(3 634)	(25 209)
Translation of foreign entities	11 701	-
Closing loss allowance at 31 December	544 766	524 445

ECL on receivables from joint ventures

Receivables from joint ventures are repayable on demand. The inputs used by management in assessing the ECL include default and credit history, historical data and forecast cashflows. The assessment performed on these inputs supported a Rnil ECL as we expect to recover all loans in full. At year-end, the respective joint ventures had cash available of R27.4 million (at Grindrod effective share).

ECL for Bank and Private Equity and Property

Granting credit

The Group assesses the credit worthiness of potential and existing customers by obtaining trade references, credit references and evaluating the business acumen of the client. Once this review has been performed, the applied credit limit is reviewed and approved.

Credit risk management

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security. The Credit Committee is responsible for ensuring that credit approval processes are stringent and for monitoring large exposures, associated exposures, sectoral exposure and any irregular or problem loans. Credit risk is monitored at an individual and at an aggregated exposure level. New deal approval is subject to specified limits of authority which are aggregated at a client group level i.e. Credit (R10 million), Credit Exco (R30 million), Credit Risk Committee (R50 million) and the Board (above R50 million).

Credit risk mitigation

Bank does not have material netting arrangements and it does not currently use credit derivatives to mitigate credit risk.

Bank values property assets on a cyclical basis using a desk-top approach and physical valuations are performed where appropriate or necessary. The value of listed assets is tracked on an on-going basis and unlisted investments and other security assets are valued periodically where significant reliance is placed on the security.

Bank actively manages and monitors risk concentrations resulting from credit mitigation activities and these tend to arise where guarantees have been taken in addition to other classes of security. Bank tends to deal with small to medium-size corporates and guarantees and suretyships tend to come from similar types of entities.

Exposure to credit risk

The ECL at Grindrod takes into account the property sector outlook as the majority of the loans and advances are property backed. Due to the lack of growth in South Africa, in which the majority of loans and advances are exposed, a conservative view on the growth in the property industry in assessing the ECL was taken into account. In addition, the impact of COVID-19 resulted in an increase in credit risk and decline in the future economic outlook, which attributed to the ECL increasing in excess of 100%.

	Stage 1 12-month ECL R'000	Stage 2 Lifetime ECL R'000	Stage 3 Lifetime ECL R'000	Total R'000
2020				
Gross carrying amount	4 026 488	974 006	1 118 797	6 119 291
Less: ECL allowance	(20 670)	(14 026)	(229 181)	(263 877)
Net carrying amount	4 005 818	959 980	889 616	5 855 414
2019				
Gross carrying amount	3 415 669	427 610	1 153 064	4 996 343
Less: ECL allowance	(15 177)	(6 952)	(67 796)	(89 925)
Net carrying amount	3 400 492	420 658	1 085 268	4 906 418

The measurement of credit risk of the portfolio of advances entails estimations as to the likelihood of defaults occurring and of the associated loss ratios. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) on an individual basis, in line with the approach used for the purposes of measuring Expected Credit Loss (ECL) under IFRS 9 Financial Instruments.

PDs are allocated to loans according to:

- product type
- internal credit rating based on approved scoring templates

The determination of the PDs to be allocated according to the above is based on the following:

- default history
- professional judgement and knowledge of Grindrod Bank's loan book and client base
- views on future economic conditions and impact on our client base

The PD ranges for the current and prior periods applied to each product type are:

Product type	2020	2019
	PD range %	
Mortgage bonds	0.14 – 1.73	0.12 – 1.44
Invoice discounting, term loans and overdrafts	0.34 – 3.43	0.31 – 3.12
COVID-19 guarantee scheme loans	0.44 – 4.46	-
Preference share loans	0.32 – 3.96	0.29 – 3.60
Trade finance	0.26 – 3.30	0.24 – 3.00

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.4 Credit risk continued

Credit risk management continued

ECL for Bank and Private Equity and Property continued

Exposure to credit risk continued

The table below reflects the impairment impact of a change in the PD% on exposures:

	2020		2019	
	+20% PD R'000	-20% PD R'000	+20% PD R'000	-20% PD R'000
Stress scenario analysis				
Stage 1	4134	(4 134)	5 824	(5 824)
Stage 2	503	(505)	1 375	(1 380)
Stage 3*	-	-	-	-
	4 637	(4 639)	7 199	(7 204)

* Subject to specific impairment and not model impairment.

Key drivers of the LGD are:

- credit exposure including off-balance sheet exposure
- value of collateral held in line with the approved credit policy
- future economic indicators and impact on specific industries

LGDs are determined using 3 scenarios (poor, stable and good) on a weighted average basis.

The Group considers the following as guidance for each economic scenario:

Poor	Stable	Good
The projected industry performance based on the forecasted data is expected to decrease relative to the current market.	The projected industry performance based on the forecasted data is expected to be close to current market performance.	The projected industry performance based on the forecasted data is expected to have improved relative to the current market.
Based on forecasted data, there is an expected decline in income and an expected increase in costs within the industry.	Based on forecasted data, income and costs are expected to be minimally impacted by changes.	Based on forecasted data, there is expected to be increasing income and declining costs within the industry.
Cyclical industries are anticipated to perform worse in the best point in a cycle.	Cyclical industries are anticipated to perform as intended.	Cyclical industries are anticipated to perform better in the worst point of a cycle.
Rates are anticipated to have a significant movement that negatively impacts the industry.	Rates are anticipated to be stable over time.	Rates are anticipated to have a significant movement that positively impacts the industry.

Utilising the factors above, the overall probabilities and LGD adjustments are assigned to the applicable industries. Both the impact on exposure and collateral are considered.

The table below reflects the impairment impact of a change in the LGD% on exposures at:

	2020		2019	
	+20% LGD R'000	-20% LGD R'000	+20% LGD R'000	-20% LGD R'000
Stress scenario analysis				
Stage 1	4 134	(4 134)	5 824	(5 824)
Stage 2	510	(510)	1 390	(1 390)
Stage 3*	-	-	-	-
	4 644	(4 644)	7 214	(7 214)

* Subject to specific impairment and not model impairment.

Significant increase in credit risk (SICR)

The following additional qualitative factors amongst others are considered in determining SICR:

- facility being in arrears
- facility being in default
- classification and appearance on watch list
- significant changes in value of collateral
- acts of insolvency (liquidation/business rescue proceedings)
- changes in business and economic conditions
- 30 days rebuttable presumption unless it can be appropriately justified that no significant increase in PD has occurred

The following table explains the factors that have resulted in the changes in the ECL allowance between the beginning and the end of the annual period due to these factors:

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Loans and advances				
ECL allowance at 1 January 2019	15 177	6 952	59 976	82 105
Movements with profit or loss impact				
Originated "new" impairments raised	5 518	7 049	196 188	208 755
Impaired accounts written-off	-	-	(26 983)	(26 983)
Other changes	-	-	-	-
Transfer from stage 1	(25)	25	-	-
ECL allowance as at 31 December 2020	20 670	14 026	229 181	263 877

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.4 Credit risk continued

Credit risk management continued

ECL for Bank and Private Equity and Property continued

Significant increase in credit risk (SICR) continued

Scenario analysis on staging

The table below reflects the impact on ECLs by stress testing the loans and advances portfolio, specifically loans moving from 12-month ECLs to lifetime ECLs.

	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	Total R'000
Base staging	19 342	14 026	229 181	262 549
5% transfer from Stage 1 to Stage 2	12 950	40 900	229 181	283 031
10% transfer from Stage 1 to Stage 2	10 677	55 502	229 181	295 360

Analysis of credit-impaired advances

The Company closely monitors collateral held for advances considered to be credit-impaired. Advances that are credit-impaired and the fair value of the related collateral held to mitigate potential losses are shown below.

Monitoring exposure

The Group monitors exposures on an ongoing basis utilising the various reporting tools and flagging potential risks. The following reports are used to monitor credit risk: overdue report, age analysis and late payment history.

Collateral

Loans and advances are made at market related rates of interest and are secured with various types of collateral such as cash, mortgage bonds, cession of leases, shares, discounted invoices, guarantees and suretyships. The book is considered to be well-secured and impairments have been raised where impairment indicators exist.

Group maximum credit exposure

Maximum exposure to credit risk at the year-end is stated before taking into account any collateral or other credit enhancement and after taking into account impairments and netting where applicable. For financial assets recognised on the statement of financial position, the maximum exposure to credit risk equals the carrying amount as per the corresponding note. For financial commitments and guarantees, the maximum exposure to credit risk is the maximum amount the Group would have to pay to perform in terms of the commitment.

Consolidated

	2020 R'000	2019 R'000*
Carrying amount of trade receivables impaired during the year	9 902	19 242
Maximum credit risk exposure to the Group is:		
Other investments	1 921 142	2 169 866
Loans and advances	8 933 218	8 430 858
Trade and other receivables before allowance for doubtful debts	1 571 342	1 561 470
Liquid assets and short-term negotiable securities	2 470 212	2 478 941
Cash and cash equivalents	1 846 811	4 729 850
	16 742 725	19 370 985

* Re-presented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current assets held for sale and discontinued operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

34.5 Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained. The directors may from time to time at their discretion raise or borrow monies for the purpose of the Group as they deem fit. There are no borrowing limits in the Memorandum of Incorporation of the Company or its subsidiaries.

Daily cash management systems are in place with the three local banks in order to optimise the Group's short-term net cash position.

To ensure access to additional funding and hedging facilities, Grindrod maintains relationships with a number of existing and potential funding banks and procures additional facilities where required. Negotiations of facilities are considered carefully to limit the potential restrictions imposed as a result of financial covenants and margining requirements. Contingency funding capacity in the form of committed but undrawn on-demand facilities is maintained.

The Board regularly reviews and monitors the liquidity position and covenants of the Group. There has been no breach of the Group covenants at year-end and at the date of approval of Annual Financial Statements.

In the banking environment, liquidity risk may be defined as the risk of a bank not being able to repay its maturing deposits or meet its obligations under a loan agreement. Liquidity risk in a bank includes the risk of incurring excessively high interest costs or being forced to sell assets at a loss in order to meet its obligations.

Grindrod Bank has a prudent liquidity management policy and the Asset and Liability Committee (ALCO) is responsible for monitoring the stability of funding, surplus cash or near cash assets, anticipated cash outflows, exposure to large depositors and exposure to connected parties. Grindrod Bank is exposed to a maturity mismatch due to the duration of the lending book when compared against the duration of the funding book. To date, Grindrod Bank has been well served by its prudent liquidity management policy, the stability of its deposit base and the high quality of the advances book. Grindrod Bank intends to continue to adopt a conservative liquidity policy in the future.

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.5 Liquidity risk continued

Group liquidity analysis (excluding Bank, Private Equity and underlying investments)

The undiscounted contractual maturities of the Group's (excluding Bank, Private Equity and underlying investments) financial liabilities are as follows:

	< 3 months R'000	> 3 months < 6 months R'000	> 6 months < 1 year R'000	> 1 year < 5 years R'000	> 5 years R'000	Total R'000
2020						
Liabilities						
Provisions	-	-	-	14 143	-	14 143
Trade and other payables	1 176 598	-	-	-	-	1 176 598
Post-retirement medical aid	-	-	-	21 039	-	21 039
Interest-bearing debt	37 071	27 163	61 086	339 500	40 299	505 119
Lease liabilities	85 490	65 903	161 070	625 687	242 766	1 180 916
Short-term borrowings and bank overdraft	257 813	-	1 094 951	-	-	1 352 764
	1 556 972	93 066	1 317 107	1 000 369	283 065	4 250 579
2019						
Liabilities						
Provisions	-	-	-	6 715	-	6 715
Trade and other payables	1 196 494	-	-	-	-	1 196 494
Post-retirement medical aid	-	-	-	22 724	-	22 724
Interest-bearing debt	37 392	21 935	118 223	202 724	65 395	445 669
Lease liabilities	82 818	63 962	199 564	725 414	368 339	1 440 097
Short-term borrowings and bank overdraft	64 751	-	1 159 222	-	-	1 223 973
	1 381 455	85 897	1 477 009	957 577	433 734	4 335 672

Group liquidity analysis (Bank, Private Equity and underlying investments)

	< 3 months R'000	> 3 months < 6 months R'000	> 6 months < 1 year R'000	> 1 year < 5 years R'000	> 5 years R'000	Non-con- tractual R'000	Total R'000
2020							
Assets (discounted maturity)							
Cash and short-term funds	923 682	-	-	-	-	(146)	923 536
Liquid assets and negotiable securities	1 063 120	1 010 878	195 787	15 340	185 233	(962)	2 469 396
Loans and advances	2 530 896	143 267	1 759 522	2 915 816	1 847 593	(263 876)	8 933 218
Investment securities	-	-	-	-	-	9 198	9 198
Other assets	9 497	-	-	65 835	-	-	75 332
	4 527 195	1 154 145	1 955 309	2 996 991	2 032 826	(255 786)	12 410 680
Liabilities							
Provisions	-	-	-	-	-	-	-
Trade and other payables	191 881	-	-	-	-	-	191 881
Interest bearing debt	11 302	81 189	1 315 394	399 299	-	-	1 807 184
Derivative financial liabilities	-	-	-	28 564	44 481	-	73 045
Deposits	8 023 661	743 612	477 503	290 289	-	-	9 535 065
	8 226 844	824 801	1 792 897	718 152	44 481	-	11 607 175
2019							
Assets (discounted maturity)							
Cash and short-term funds	3 572 496	-	-	-	-	-	3 572 496
Liquid assets and negotiable securities	549 212	1 929 729	-	-	-	-	2 478 941
Loans and advances	1 685 114	973 867	1 507 928	2 828 673	1 435 276	-	8 430 858
Preference shares – linked to trust participatory contributions	359 544	-	73 000	694 900	-	-	1 127 444
Investment securities	-	-	-	-	-	9 177	9 177
Other assets	94 071	-	-	-	-	-	94 071
	6 260 437	2 903 596	1 580 928	3 523 573	1 435 276	9 177	15 712 987
Liabilities							
Provisions	-	-	-	3 367	-	-	3 367
Trade and other payables	-	-	-	-	-	233 718	233 718
Interest bearing debt	100 745	17 697	497 478	1 165 812	58 829	-	1 840 561
Derivative financial liabilities	-	377	2 407	4 899	15 739	-	23 422
Participatory trust contributions	573 966	839 336	233 430	77 544	-	-	1 724 276
Deposits	9 753 182	605 518	526 371	382 472	-	-	11 267 543
	10 427 893	1 462 928	1 259 686	1 634 094	74 568	233 718	15 092 887

In the current year, the holding company has guaranteed a facility to Private Equity of R565.0 million (2019: R565.0 million) as additional liquidity.

Notes to the financial statements continued

34. Financial instruments risk management objectives and policies continued

34.6 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 the return to stakeholders through the optimisation of the debt to equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 15 and 16, respectively, cash and cash equivalents and equity attributable to equity holders of Grindrod, comprising share capital, reserves and accumulated profit as disclosed in the statement of changes in equity.

Bank will raise additional capital as and when required to support asset growth and to ensure that a prudent risk asset ratio is maintained.

Gearing ratio

The Group reviews the capital structure on a quarterly basis. As part of the review, the Group considers the cost of capital and the risks associated with each class of capital. Group Treasury is currently undergoing an exercise to determine the optimal gearing for core businesses excluding Bank to maximise shareholder returns. Part of this exercise may result in restructuring of debt to better align to the target gearing.

The Group defines net debt as being comprised of borrowings, less cash and cash equivalents and assets classified as held for sale. The gearing ratio at year-end was:

	Consolidated	
	2020 R'000	2019 R'000*
Debt	3 145 618	4 528 278
Deposits from Bank customers	9 433 681	11 180 365
Cash and cash equivalents	(494 047)	(4 729 850)
Loans and advances	(8 933 218)	(8 430 859)
Liquid assets and short-term negotiable securities	(2 469 250)	(2 478 941)
Net debt	682 784	68 993
Equity (including minority interest)	7 959 009	8 535 253
Net debt to equity ratio	8.6%	0.8%

* Re-presented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations as the segment could not be classified as discontinued operations in terms of IFRS 5 Non-current assets held for sale and discontinued operations and restated for the impact of equity accounting prior year earnings of Marine Fuels. Refer to note 2.

34.7 Commodity and concentration risk

Grindrod's Port and Terminals and Logistics divisions are exposed to the risks of customer concentration and continued cyclical commodity demand and prices, which results in volatility in asset-utilisation and resultant earnings.

The sustainability of the Bank can be adversely impacted by single large exposures on its deposit and lending books.

Commodity price exposure is managed by senior management. Main risk exposures are thermal coal, iron ore and copper.

Grindrod manages the risk through well-defined risk tolerance levels and diversification strategies namely customer, commodity and geographic diversification.

For the Bank, the risk management strategy is a diversified deposit book and well-managed concentration exposures.

Grindrod has material exposure to property mainly as security to the lending book and through direct investments. Any variation to the valuations of the properties will have an impact on the security cover or loan to value metrics.

Specifically relating to Bank, a significant portion of the loans and advances at the Bank are backed by properties as security. The valuations of these properties are largely based on rental income flows and were assessed by management to be reasonable. However, given the challenging economic conditions including the impact of COVID-19, the downside risk on property market valuations is considered high in the short- to medium-term. It should be noted that these property valuations are highly sensitive on the downside.

35. Leases

The Group leases various shipping vessels, long-term port concession, offices, warehouses, equipment and vehicles.

Accordingly, IFRS 16 Leases resulted in the recognition of right-of-use assets and corresponding liabilities on the basis of the discounted remaining future minimum lease payments relating to existing and new time chartered-in vessel commitments; rental agreements relating to office and residential properties that were previously reported as operating leases and long-term port and terminal concession, mainly in Mozambique, adjusted for prepayments and accrued lease payments.

Lease expenses, except for, leases less than 12 months, will no longer be recorded in operating profits but have been replaced by depreciation and interest expenses.

The weighted average incremental borrowing rates applied are based on the US dollar London Inter-bank Offered Rate (LIBOR), for the ship charters and leases in the foreign operations, or prime rates of interest, for South African businesses, adjusted for risk factors. The right-of-use assets are then depreciated on a straight-line basis over the term of each lease or concession.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is re-assessed and adjusted against the right-of-use asset.

Grindrod recognises, on a discounted basis, the rights and obligations created by the commitment to lease assets on the statement of financial position, unless the term of the lease is less than 12 months or of low value, i.e. R75 000 or less.

Grindrod does not have any sale and leaseback transactions and any residual value guarantees.

Notes to the financial statements continued

35. Leases continued

The following amounts included in the statement of financial position relate to leases:

	Consolidated	
	2020 R'000	2019 R'000
Right-of-use asset		
Vehicles and equipment	131 120	111 784
Leasehold land and buildings	224 042	357 451
Concessions	136 236	142 461
Ships	353 246	491 702
	844 644	1 103 398
Lease liabilities		
Current	264 792	280 869
Non-current	703 071	924 878
	967 863	1 205 747

The following amounts were recognised in the income statement:

	Consolidated	
	2020 R'000	2019 R'000
Depreciation by category		
Vehicles and equipment	40 927	30 838
Leasehold land and buildings	107 279	104 420
Concessions	12 292	11 170
Ships	166 132	148 114
	326 630	294 542
Operating lease payments relating to:		
Short-term leases	69 755	17 464
Low value assets	3 485	723
Variable lease payments not included in the lease	51	33

Limited assistance or payment holidays were received for COVID-19 pandemic and the payment holidays received were recouped in the current year.

The following amounts were recognised in the statement of cash flows:

	Consolidated	
	2020 R'000	2019 R'000
Operating activities		
Interest paid on lease liabilities	(81 047)	(69 052)
Financing activities		
Principal portion of lease liabilities	(333 420)	(257 796)

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The table below details the lease terms and conditions for material leases:

Lease category	Asset value	Lease term (years)	Terms of the leases	Extension option
Ship charters	353 246	1 to 4	Based on fixed ship charter rates	No
Property	104 792	7 to 10	Rental as per lease agreement with fixed escalation	No
Concessions	132 784	18 to 25	Fixed rate with increases based on US CPI. Variable payment based on volumes	No
	590 822			

Notes to the financial statements continued

36. Directors' emoluments

Emoluments paid to directors and prescribed officers

The tables below provide an analysis of the emoluments, split between local and offshore remuneration package approvals, paid to executive and non-executive directors and prescribed officers of the Company in relation to the 2020 and 2019 financial years.

Current directors – local

	Directors' fees R'000	Committee fees R'000	Basic remuneration R'000	Retirement medical and other benefits R'000	Total package R'000	Bonus ¹ R'000	2020 Total R'000	% increase from 2019 excluding bonus ⁹ %
Executive directors								
XF. Mbambo	-	-	4 298	1 280	5 578	3 601	9 179	18.4 ¹⁰
FB. Ally ²	-	-	1 111	397	1 508	908	2 416	
DA. Polkinghorne	-	-	4 692	1 160	5 852	-	5 852	4.8
AG. Waller	-	-	6 281	1 137	7 418	3 600	11 018	6.4
	-	-	16 382	3 974	20 356	8 109	28 465	
Non-executive directors								
MR. Faku ³	401	-	-	-	401	-	401	
G. Gelink	439	308	-	-	747	-	747	
WJ. Grindrod ⁴	381	224	150	-	755	-	755	
MJ. Hankinson	1 197	579	-	-	1 776	-	1 776	
B. Magara ⁵	350	92	-	-	442	-	442	
R. Ndlovu ⁶	-	26	-	-	26	-	26	
NL. Sowazi	877	303	-	-	1 180	-	1 180	
PJ. Uys ⁷	438	583	-	-	1 021	-	1 021	
W. van Wyk ^{5,8}	-	156	-	-	156	-	156	
ZP. Zatu ⁵	350	205	-	-	555	-	555	
	4 433	2 476	150	-	7 059	-	7 059	
Total emoluments local	4 433	2 476	16 532	3 974	27 415	8 109	35 524	

¹ Short-term incentive performance bonuses in respect of services rendered in 2020 accrued as at year-end as detailed on pages 172 to 173 of the integrated annual report.

² Appointed as executive director and Chief Financial Officer on 1 September 2020.

³ Retired as independent non-executive director on 2 December 2020.

⁴ Appointed as member of the Social and Ethics committee on 1 January 2020.

⁵ Appointed as independent non-executive director on 30 January 2020.

⁶ Resigned as independent non-executive director on 1 January 2020.

⁷ Fees ceded to Remgro.

⁸ Alternate to PJ Uys. Fees in respect of member of Audit committee.

⁹ Increases are based on performance and responsibilities and include role complexity, level of experience and contribution to Group performance. Remuneration is benchmarked by independent consultants.

¹⁰ A 5.5% increase was awarded in 2020. The increase of 18.4% is a consequence of an independent benchmarking review conducted during the current year which highlighted the existing package was below the peer group.

Current directors – local

	Directors' fees R'000	Committee fees R'000	Basic remuneration R'000	Retirement medical and other benefits R'000	Total package R'000	Bonus ¹ R'000	2019 Total R'000	% increase from 2018 excluding bonus ⁸ %
Executive directors								
XF. Mbambo	-	-	3 851	862	4 713	3 467	8 180	55.7 ⁹
DA. Polkinghorne	-	-	4 458	1 127	5 585	-	5 585	6.4
AG. Waller	-	-	5 913	1 057	6 970	3 782	10 752	24.2 ¹⁰
	-	-	14 222	3 046	17 268	7 249	24 517	
Non-executive directors								
MR. Faku	415	-	-	-	415	-	415	
G. Gelink	415	292	-	-	707	-	707	
WJ. Grindrod ²	155	40	-	-	195	-	195	
MJ. Hankinson	1 191	571	-	-	1 762	-	1 762	
Z. Malinga	659	549	-	-	1 208	-	1 208	
R. Ndlovu ^{3,4,5,6}	244	834	-	-	1 078	-	1 078	
NL. Sowazi	829	286	-	-	1 115	-	1 115	
PJ. Uys ⁶	453	567	-	-	1 020	-	1 020	
SDM. Zungu ⁷	272	-	-	-	272	-	272	
	4 633	3 139	-	-	7 772	-	7 772	
Total emoluments local	4 633	3 139	14 222	3 046	25 040	7 249	32 289	

¹ Short-term incentive performance bonuses in respect of services rendered in 2019 accrued as at year-end.

² Appointed as non-executive director on 22 August 2019.

³ Resigned as independent non-executive director on 1 January 2020.

⁴ Includes fees paid by Grindrod Bank.

⁵ Alternate to PJ Uys. Fees in respect of member of Audit committee and chairman of Social and Ethics committee.

⁶ Fees ceded to Remgro.

⁷ Resigned as an independent non-executive director on 23 August 2019.

⁸ Increases are based on performance and responsibilities and include role complexity, level of experience and contribution to Group performance. Remuneration is benchmarked by independent consultants.

⁹ A 6% increase was awarded in 2019. The increase of 55.7% is not a true measure as prior year remuneration does not include package for the full year following appointment as financial director on 1 September 2018.

¹⁰ A 6% increase was awarded in 2019. The increase of 24.2% is not a true measure as prior year remuneration does not include package as CEO for the full year following appointment to this position on 1 September 2018.

Notes to the financial statements continued

36. Directors emoluments continued

Director's interest in the company

At 31 December 2020, the directors held interest in the Company as follows:

	2020		2019	
	Beneficial direct	Non-beneficial indirect	Beneficial direct	Non-beneficial indirect
Ordinary				
WJ. Grindrod ¹	-	21 610	-	21 610
MJ. Hankinson	27 000	8 000	27 000	8 000
XF. Mbambo	150 856	-	-	-
DA. Polkinghorne	357 026	-	259 644	-
AG. Waller	902 461	-	725 417	-
	1 437 343	29 610	1 012 061	29 610

¹ Appointed as non-executive director on 23 August 2019.

The beneficial direct shareholdings increased by 153 752 after year-end, further to vesting in terms of the forfeitable share plan.

Grindrod Limited share-price-linked option scheme

Share option gains and cash-settled share-price-linked option payments for 2020 were as follows:

	Share-price-linked option payment	
	2020 R'000	2019 R'000
Executive directors/prescribed officers		
XF. Mbambo	-	216
DA. Polkinghorne	-	503
AG. Waller	-	1 173
Total	-	1 892

A summary of options granted to executives and senior management, still to vest as at 31 December 2020, is as follows:

	2016	2017	2017	2018	2019	2020	Total
Price (R) ¹	5.09	7.65	6.02	7.40	8.13	3.67	
Number of options granted ²	9 281 852	9 881 331	1 900 984	5 197 287	6 397 000	10 655 100	43 313 554
Cancellations	(961 000)	(578 000)	-	-	-	-	(1 539 000)
Vesting on retirement/transfer	(1 612 000)	(1 517 000)	(150 000)	-	-	-	(3 279 000)
Vested	(2 974 272)	(1 470 543)	(380 157)	-	-	-	(4 824 972)
Vested as a result of Shipping spin-off ³	(1 412 000)	(1 559 000)	(520 000)	-	-	-	(3 491 000)
Sub-total	2 322 580	4 756 788	850 827	5 197 287	6 397 000	10 655 100	30 179 582
Forfeiture	(953 409)	(1 976 212)	(162 925)	(1 354 085)	(195 000)	-	(4 641 631)
Net total⁴	1 369 171	2 780 576	687 902	3 843 202	6 202 000	10 655 100	25 537 951

¹ The price reflects the market price on the dates of the awards, mathematically adjusted on the successful conclusion of the Shipping division spin-off.

² Restructured during 2018 as a result of the Shipping division spin-off.

³ Only applicable to employees in the Shipping division.

⁴ At 31 December 2019, the fair value of these options was R4.4 million.

The details of awards granted to executives as at 31 December 2020 are as follows:

Director	Options at 1 January 2020	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2020 ¹	Option price R	Vesting dates
XF. Mbambo	73 616	-	(73 616)	4.06*	-	10.48	February 20
	65 170	-	(65 170)	4.06*	-	5.09	February 20
	65 170	-	-	-	65 170	5.09	February 21
	67 583	-	(67 583)	4.05*	-	7.65	March 20
	67 583	-	-	-	67 583	7.65	March 21
	67 585	-	-	-	67 585	7.65	March 22
	95 944	-	-	-	95 944	7.40	February 21
	95 944	-	-	-	95 944	7.40	February 22
	95 944	-	-	-	95 944	7.40	February 23
	331 333	-	-	-	331 333	8.13	March 22
	331 333	-	-	-	331 333	8.13	March 23
	331 334	-	-	-	331 334	8.13	March 24
	-	516 900	-	-	516 900	3.67	August 23
	-	516 900	-	-	516 900	3.67	August 24
-	516 900	-	-	516 900	3.67	August 25	
	1 688 539	1 550 700	(206 369)		3 032 870		
DA. Polkinghorne	67 704	-	(67 704)	4.06*	-	10.48	February 20
	152 063	-	(152 063)	4.06*	-	5.09	February 20
	152 063	-	-	-	152 063	5.09	February 21
	143 614	-	(143 614)	4.05*	-	7.65	March 20
	143 614	-	-	-	143 614	7.65	March 21
	143 616	-	-	-	143 616	7.65	March 22
	117 065	-	-	-	117 065	7.40	February 21
	117 065	-	-	-	117 065	7.40	February 22
	117 063	-	-	-	117 063	7.40	February 23
	128 333	-	-	-	128 333	8.13	March 22
	128 333	-	-	-	128 333	8.13	March 23
128 334	-	-	-	128 334	8.13	March 24	
-	135 600	-	-	135 600	3.67	August 23	
-	135 600	-	-	135 600	3.67	August 24	
-	135 600	-	-	135 600	3.67	August 25	
	1 538 867	406 800	(363 381)		1 582 286		

¹ At 31 December 2020, the fair value of these options was R5.4 million.

* As option price was greater than vesting price, no payment was made.

Notes to the financial statements continued

36. Directors emoluments continued

Director's interest in the company continued

Director	Options at 1 January 2020	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2020 ¹	Option price R	Vesting dates
AG. Waller	143 614	-	(143 614)	4.06*	-	10.48	February 20
	354 210	-	(354 210)	4.06*	-	5.09	February 20
	354 208	-	-	-	354 208	5.09	February 21
	334 900	-	(334 900)	4.05*	-	7.65	March 20
	334 900	-	-	-	334 900	7.65	March 21
	334 900	-	-	-	334 900	7.65	March 22
	223 871	-	-	-	223 871	7.40	February 21
	223 871	-	-	-	223 871	7.40	February 22
	223 869	-	-	-	223 869	7.40	February 23
	868 333	-	-	-	868 333	8.13	March 22
	868 333	-	-	-	868 333	8.13	March 23
	868 334	-	-	-	868 334	8.13	March 24
	-	869 100	-	-	869 100	3.67	August 23
	-	869 100	-	-	869 100	3.67	August 24
	-	869 100	-	-	869 100	3.67	August 25
		5 133 343	2 607 300	(832 724)		6 907 919	
Total	8 360 749	4 564 800	(1 402 474)		11 523 075		

¹ At 31 December 2020, the fair value of these options was R5.4 million.

* As option price was greater than vesting price, no payment was made.

The cost of scheme settlements is hedged against 22 909 232 treasury shares (2019: 14 046 343), not allocated to the forfeitable share plan. During 2020, 10 070 348 shares (2019: 460 000 shares) were bought back at an average price of R4.14 (2019: R5.95).

Grindrod Limited forfeitable share plan

The following table summarizes the movements in the forfeitable share plan during the year:

Award date	Date option granted	Number of options granted	Price ^{1,2} R	Number of forfeitable shares vested	Number of forfeitable shares forfeited	Total forfeitable shares ³
23 February 2015	2015	866 050	17.97	(592 778)	(273 272)	-
22 February 2016	2016	1 499 513	9.61	(737 653)	(526 953)	234 907
28 February 2017	2017	140 514	13.87	(30 172)	(50 000)	60 342
26 June 2017	2017	4 462 282	13.87	(1 807 547)	(1 025 492)	1 629 243
1 November 2017	2017	778 418	15.48	(440 500)	(144 822)	193 096
2 March 2020	2020	859 000	4.05	-	-	859 000
2 March 2020	2020	120 000	3.19	-	-	120 000
31 August 2020	2020	500 000	3.68	-	-	500 000
		9 225 777		(3 608 650)	(2 020 539)	3 596 588

¹ The price reflects the market price on the dates of the awards.

² The vesting price for the 2015, 2016, February 2017 and June 2017 awards that vested during 2020 was R4.02, R4.02, R4.25 and R3.19 respectively.

³ At 31 December 2020, the fair value of these options based on a closing share price of R5.05 was R18.2 million.

The table below shows the executive participants in the scheme. No forfeitable shares were granted to the executives during 2020.

Award date	Opening balance 1 January 2020	Number of forfeitable shares granted	Number of forfeitable shares vested	Total forfeitable shares
XF. Mbambo	452 568	239 000	(150 856)	540 712
DA. Polkinghorne	134 432	-	(97 381)	37 051
AG. Waller	263 574	500 000	(177 044)	586 530
	850 574	739 000	(425 281)	1 164 293

¹ At 31 December 2020, the fair value of these options was R5.9 million.

Grindrod Bank share-price-linked option scheme

A summary of options granted to executives and senior management of Grindrod Bank, still to vest as at 31 December 2020, is as follows:

Date option granted	Options granted	Price ¹ R	Lapse	Vested/ settled	Net total
2015	1 345 366	11.04	(146 334)	(1 199 032)	-
2016	1 007 342	13.21	(144 887)	(724 251)	138 204
2017	1 220 997	14.33	(351 623)	(536 269)	333 105
2018	1 326 476	15.20	(342 498)	(320 129)	663 849
2019	1 841 078	16.54	(465 253)	(433 204)	942 621
2020	2 262 000	15.01	(201 000)	-	2 061 000
	9 003 259		(1 651 595)	(3 212 885)	4 138 779

¹ The price and units were mathematically adjusted on the separation of Bank and Private Equity businesses.

Payments totaling R1 144 426 were made on Grindrod Bank options vesting and settled in 2020. This included payments made to David Polkinghorne of R357 035.

Notes to the financial statements continued

36. Directors emoluments continued

Grindrod Bank share-price-linked option scheme continued

The details of awards granted to an executive as at 31 December 2020 are as follows:

Director	Options at 1 January 2020	Options granted during the year	Options vested during the year	Vesting price R	Options at 31 December 2020 ¹	Option price ¹ R	Vesting dates
DA. Polkinghorne	55 518	-	(55 518)	15.01	-	7.55	February 20
	54 337	-	(54 337)	15.01	-	13.21	February 20
	54 337	-	-	-	54 337	13.21	February 21
	57 093	-	(57 093)	15.01	-	14.33	February 20
	57 093	-	-	-	57 093	14.33	February 21
	57 093	-	-	-	57 093	14.33	February 22
	69 299	-	-	-	69 299	15.20	February 21
	69 299	-	-	-	69 299	15.20	February 22
	69 299	-	-	-	69 299	15.20	February 23
	72 842	-	-	-	72 842	16.54	February 22
	72 842	-	-	-	72 842	16.54	February 23
	72 842	-	-	-	72 842	16.54	February 24
	-	124 666	-	-	124 666	15.01	February 23
	-	124 667	-	-	124 667	15.01	February 24
	-	124 667	-	-	124 667	15.01	February 25
	761 894	374 000	(166 948)		968 946		

¹ The price and units were mathematically adjusted on the separation of Bank and private equity businesses.

37. Going concern

The directors consider that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is therefore appropriate to adopt the going concern basis of accounting in preparing the Group and Company's Annual Financial Statements. Based on the financial performance of the Group, its cashflow projection to the end of March 2022, secured funding lines, and positive solvency and liquidity tests, the Group will remain operational for the foreseeable future.

2020 has demonstrated that Grindrod's core businesses have the agility and resilience to navigate through Level 5 lockdown restrictions. With the staggered vaccine rollout and the remote possibility of resorting to Level 5 lockdown restrictions again in an imminent third wave scenario, Grindrod anticipates that any consequential COVID-19 impact will be mitigated by the Group.

In considering the Group's going concern, it should be noted that Grindrod Bank is measured and reports on a liquidity basis in line with Regulation.

38. Subsequent events

There are no adjusting post-balance sheet events to report. The sale of Senwes Limited was finalised on 30 March 2021 as all conditions precedent have been fulfilled and this is a non-adjusting post balance sheet event.

39. Analysis of the Group's interest in unconsolidated structured entities

Note 1 discloses the implications of a default on the control assessment of the Group's unconsolidated structured entities. The following table summarises the carrying values and transactions recognised in the statement of financial position and statement of comprehensive income of the Group's unconsolidated structured entities:

	2020 R'000	2019 R'000
Statement of financial position		
Loans and advances – fair value	493 342	501 675
Loans and advances – amortised cost	164 198	127 604
Other investments (loans to related parties) – amortised cost	128 686	127 384
Other investments (associates) – fair value	120 196	113 358
Statement of comprehensive income		
Interest income	26 661	26 048
Fair value gains	81 623	68 134
Impairment charges on loans and advances	(5 154)	(2 281)

The primary risk to which the Group is exposed is default risk. There were no significant changes in the underlying default risk.

The Group has security in the form of the underlying equity instrument held by the borrower as well as limited guarantees from the shareholders in certain instances which covers exposures on the statement of financial position.

The preference share issuer (typically an SPV created specifically for the transaction) issues preference shares which are used to fund an equity stake in an underlying operating company. The ability of the issuer to service its obligation to the Group (as subscriber) under the preference share transaction, being the payment of dividends and capital over the term of the preference share, is (in most instances) dependent on the performance of the underlying company as there is a flow through of dividends from the underlying company to the preference share issuer. This is then used to service the issuer's obligation to the Group under the preference share transaction in respect of the repayment on capital (achieved via the redemption of the preference shares) and return on capital deployed, generated through the periodic payment of dividends. The Group's assessment of risk in preference share transactions is not dissimilar to that of normal debt funding transactions. In addition, owing to the equity nature of the instrument the Group gives regard to the underlying company risk before it subscribes for the preference shares of the issuer. The Group views the transaction as a pure lending arrangement which results in exposure to equity risk. In order to protect against default risk, types of conditions in funding documents (whether they are debt funding or equity funding), are therefore directed at monitoring and curtailing certain acts of the issuer to ensure that its operations and performance are able to sustain the repayment of the funding. As the transactions that are entered into solely, or mainly, for the raising of funding, the issuer grants security for its obligations to distribute dividends or redeem the preference shares, either in the form of a cession of the underlying equity acquired or limited guarantees. Additional security covenants serve to further mitigate default risk inherent in these transactions.

COMPANY STATEMENT OF
FINANCIAL POSITION
as at 31 December 2020

	Notes	2020 R'000	2019 R'000
Assets			
Non-current assets			
Investments in subsidiaries	5	7 509 321	8 089 196
Other investments	6	89 652	5 319
Deferred taxation	7	–	–
Total non-current assets		7 598 973	8 094 515
Current assets			
Trade and other receivables	8	20	20 568
Amounts due by Group companies	13	456 351	872 553
Cash and cash equivalents		5 285	6 447
Total current assets		461 656	899 568
Total assets		8 060 629	8 994 083
Equity and liabilities			
Capital and reserves			
Share capital and premium	9	4 482 668	4 823 012
Non-distributable reserves		20 794	20 681
Accumulated profit		2 848 078	2 736 324
Total equity		7 351 540	7 580 017
Current liabilities			
Trade and other payables	10	31 114	519 834
Amounts due to Group companies	13	676 997	893 090
Taxation		978	1 142
Total current liabilities		709 089	1 414 066
Total equity and liabilities		8 060 629	8 994 083

COMPANY
INCOME STATEMENT
for the year ended 31 December 2020

	Notes	2020 R'000	2019 R'000
Dividend revenue	13	958 799	343 424
Other income		14 885	6 343
Employment costs		(12 158)	(12 008)
Reversal/(provision) for impairment on intercompany loans and guarantees	2	479 804	(919 437)
Impairment of investments	3	(1 167 631)	(213 676)
Auditors' remuneration		(9 278)	(3 181)
Professional fees		(2 357)	(2 294)
Other administrative costs		(5 908)	(2 130)
Operating profit/(loss)		256 156	(802 959)
Interest received		17 312	79 883
Interest paid		–	(36)
Profit/(loss) before taxation		273 468	(723 112)
Taxation	4	(2 288)	(5 281)
Profit/(loss) for the year attributable to shareholders		271 180	(728 393)
Total comprehensive income/(loss) for the year		271 180	(728 393)

COMPANY STATEMENT OF CASH FLOW

for the year ended 31 December 2020

	Notes	2020 R'000	2019 R'000
Operating activities			
Cash utilised by operations	12.1	(18 960)	(12 137)
Interest received		176	-
Interest paid		-	(36)
Dividends received		376 043	343 424
Dividends paid		(169 306)	(215 401)
Taxation paid	12.2	(2 452)	(2 481)
Net cash inflows from operating activities		185 501	113 369
Investing activities			
[Acquisition]/disposal of other investments		(2 907)	1 378
Acquisition of additional interest in subsidiaries		(3 000)	(524 288)
Repayments from subsidiaries		44 272	411 958
Advances to subsidiaries		(221 212)	-
Net cash outflows from investing activities		(182 847)	(110 952)
Financing activities			
Repurchase of ordinary share capital		(3 816)	-
Net cash outflows from financing activities		(3 816)	-
Net (decrease)/increase in cash and cash equivalents		(1 162)	2 417
Cash and cash equivalents at beginning of the year		6 447	4 030
Cash and cash equivalents at end of the year		5 285	6 447

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	2020 R'000	2019 R'000
Ordinary and preference share capital and share premium	4 482 668	4 823 012
Balance at beginning of the year	4 823 012	4 823 012
Share buy-back*	(213 659)	-
Adjustment arising on unwind of BEE consortium	(126 685)	-
Equity compensation reserve	20 794	20 681
Balance at beginning of the year	20 681	20 471
Share-based payments	113	210
Movement in accumulated profit	2 848 078	2 736 324
Balance at beginning of the year	2 736 324	3 680 118
Profit/(loss) for the year attributable to shareholders	271 180	(728 393)
Ordinary dividends paid	(108 182)	(149 357)
Preference dividends paid**	(51 244)	(66 044)
Total interest of shareholders of the company	7 351 540	7 580 017
Total equity attributable to all shareholders of the company	7 351 540	7 580 017

* The unwind of the BEE consortium resulted in the buy back and cancellation of shares (note 9) and the net impact in non-distributable reserves for the unrecovered intercompany balance with Newshelf 1279 (RF) Proprietary Limited and the related loan to Adopt-a-School.

** Preference dividends paid relate to cumulative, non-redeemable, non-participating and non-convertible preference shares declared and are based on 88% of the prime interest rate.

NOTES TO THE GRINDROD LIMITED
COMPANY FINANCIAL STATEMENTS
for the year ended 31 December 2020

1. Accounting policies

Refer to Group accounting policies.

2. Reversal/(provision) for impairment on intercompany loans and guarantees

	2020 R'000	2019 R'000
Reversal of provision/(provision raised) for impairments on intercompany loans	479 804	(919 437)

Grindrod had provided a guarantee to Grindrod Mauritius against the loan of R476 million that Grindrod Mauritius provided to CMOG Fuel DMCC (Dubai) (CMOG), a joint venture of the Group, which resulted in a provision being raised due to the recovery of this loan by Grindrod Mauritius to CMOG was considered doubtful. In the current year this provision was released as the guarantee was cancelled.

Additionally, in the prior year, recovery of funding of R443 million to the B-BBEE consortium, Newshelf 1279 (RF) Proprietary Limited, was assessed to be doubtful and was impaired.

3. Impairment of investments

	2020 R'000	2019 R'000
Impairment of investments	(1 167 631)	(213 676)

This relates to the impairment of the investments in Grindrod Trading Holdings Proprietary Limited R445 137 000 (2019: R213 676 000) and in GFS Holdings Proprietary Limited of R720 494 000 (2019: Rnil) to the recoverable amount in terms of IFRS 9 Financial Instruments.

4. Taxation

	2020 R'000	2019 R'000
Current taxation	2 288	1 892
Deferred taxation		
On income for the year	-	(1)
Prior year	-	3 390
Total taxation per income statement	2 288	5 281

The reconciliation of the effective tax rate with the company tax rate is as follows:

	2020 %	2019 %
Rate of South African company taxation*	28.0	(28.0)
Exempt dividends	(98.2)	(16.5)
Release of provision and other exempt income	(51.8)	-
Expenses not allowed ¹	122.8	44.3
Prior year	-	(0.5)
Effective rate of taxation	0.8	(0.7)

* Rate of South African company taxation is negative in the prior year due to the loss before taxation.

¹ Consist of impairments of investments and provision for guarantee.

5. Investment in subsidiaries

	2020 R'000	2019 R'000
Investments in subsidiaries	7 492 372	8 072 247
Share-based payments	16 949	16 949
	7 509 321	8 089 196

Details of the investments in subsidiaries are shown on the schedule of interest in subsidiaries on page 141.

6. Other investments

	2020 R'000	2019 R'000
Listed investments measured at FVTPL	83 700	274
Unlisted investments measured at amortised cost	5 952	5 045
	89 652	5 319

Listed investments consist of Grindrod Shipping shares marked to market to an observable listed share price on the New York Stock Exchange as at 31 December 2020. On the unwind of the B-BBEE consortium during the year, R77 769 870 of Grindrod Shipping shares were acquired.

Unlisted investments mainly consist of insurance cell captives.

7. Deferred taxation

	2020 R'000	2019 R'000
Deferred taxation analysed by major category:		
Other timing differences	-	-
	-	-
Reconciliation of deferred taxation:		
Opening balance	-	3 389
Income statement effect	-	(3 389)
Closing balance	-	-
Comprising:		
Deferred taxation liabilities	-	-
	-	-

8. Trade and other receivables

	2020 R'000	2019 R'000
Trade debtors	1 872	-
Less: Expected credit loss	(1 872)	-
Net trade debtors	-	-
Other receivable and non-interest bearing loan to Adopt-a-School	20	20 568
	20	20 568

Notes to the Grindrod Limited Company financial statements continued

9. Share capital and premium

	2020 R'000	2019 R'000
Authorised		
2 750 000 000 ordinary shares of 0.002 cents each	55	55
20 000 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	6	6
	61	61
Issued		
698 031 586 (2019: 762 553 314) ordinary shares of 0.002 cents each	14	15
7 400 000 cumulative, non-redeemable, non-participating and non-convertible preference shares of 0.031 cents each	2	2
	16	17

There has been no change in the number of authorised shares from the prior year.

	2020 R'000	2019 R'000
Total issued share capital and premium	4 482 668	4 823 012

In the current year, 64 521 728 shares were bought back and cancelled following the B-BBEE repurchase as part of the unwind of the B-BBEE consortium.

10. Trade and other payables

	2020 R'000	2019 R'000
Accrued expenses	6 528	9 275
Preference dividends payable	24 065	33 945
Other payables and provisions	521	476 614
	31 114	519 834

Included in the other payables in 2019 is a provision for a guarantee in favour of Grindrod Mauritius against the loan of R476 million that Grindrod Mauritius provided to CMOG as the recovery of this loan by Grindrod Mauritius from CMOG was considered doubtful. This was released in the current year as the guarantee was cancelled.

11. Contingent liabilities

	2020 R'000	2019 R'000
In respect of guarantees of loans and facilities of subsidiaries and joint ventures	3 334 900	3 192 124
Of which has been utilised	2 011 900	2 180 413

12. Cash flow

	2020 R'000	2019 R'000
12.1 Reconciliation of operating profit/(loss) to cash generated from operations		
Operating profit/(loss)	256 156	(802 959)
Adjustments for:		
Dividends received	(958 799)	(343 424)
(Reversal)/provision for impairment on intercompany loans	(479 804)	919 437
Impairment of investments	1 167 631	213 676
Fair value of Grindrod Shipping shares	(5 656)	-
Operating loss before working capital changes	(20 472)	(13 270)
Working capital changes		
Decrease in trade and other receivables	274	-
Decrease in trade and other payables	1 238	1 133
Cash utilised by operations	(18 960)	(12 137)
12.2 Taxation paid		
Balance at the beginning of the year	(1 142)	(1 731)
Current year	(2 288)	(1 892)
Balance at the end of the year	978	1 142
Taxation paid	(2 452)	(2 481)

Notes to the Grindrod Limited Company financial statements continued

13. Related parties

During each year, the Group, in the ordinary course of business, enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions. These transactions occurred under terms that are no more or less favourable than those arranged with third parties.

	Interest received - subsidiary R'000	Dividends received R'000	Net guarantee fees received R'000
2020			
Subsidiaries			
GFS Holdings Proprietary Limited	-	10 846	-
Grindrod Financial Holdings Limited	-	20 679	5 650
Grindrod Freight Services Proprietary Limited	-	891 857	-
Grindrod (South Africa) Proprietary Limited	-	-	599
Grindrod Trading Holdings Proprietary Limited	-	8 417	-
Sturrock Grindrod Maritime Holdings Proprietary Limited	-	-	1 202
Whirlprops 16 Proprietary Limited	-	27 000	-
Petrologistics Botswana Proprietary Limited	-	-	390
Walvis Bay Bulk Terminals	-	-	62
	-	958 799	7 903
2019			
Subsidiaries			
Calulo Logistics Holdings Proprietary Limited	-	6 986	-
GFS Holdings Proprietary Limited	-	25 458	4 132
Grindrod Financial Holdings Limited	-	41 537	728
Grindrod Freight Services Proprietary Limited	-	112 565	-
Grindrod (South Africa) Proprietary Limited	-	-	211
Grindrod Property Leasing Proprietary Limited	-	-	5
Grindrod Trading Holdings Proprietary Limited	-	156 878	-
Newshelf 1279 (RF) Proprietary Limited	79 338	-	-
Sturrock Grindrod Maritime Holdings Proprietary Limited	-	-	936
	79 338	343 424	6 012

	Amounts due by Group Companies 2020 R'000	Amounts due to Group Companies 2020 R'000	Amounts due by Group Companies 2019 R'000	Amounts due to Group Companies 2019 R'000
Canosa Holdings Limited	468	-	311	-
Calulo Logistics Holdings Proprietary Limited	-	-	-	-
Newshelf 1279 (RF) Proprietary Limited	-	-	248 598	-
GFS Holdings Proprietary Limited	-	-	2 557	-
Grindrod Freight Services Proprietary Limited	1 633	-	-	-
Grindrod Holdings (South Africa) Proprietary Limited	444 874	-	614 730	-
Grindrod (South Africa) Proprietary Limited	3 356	(676 997)	793	(893 090)
Grindrod Property Holdings Limited	5 381	-	4 821	-
Grindrod Trading Holdings Proprietary Limited	-	-	394	-
Sturrock Grindrod Maritime Holdings Proprietary Limited	347	-	252	-
Petrologistics Botswana Proprietary Limited	292	-	98	-
	456 351	(676 997)	872 554	(893 090)

Subsidiaries

Details of investments in subsidiaries are set out in note 5 and in the schedule of interest in subsidiaries on page 141.

Directors

Details of directors' interests in the company and directors' emoluments are set out in note 36 of the consolidated Annual Financial Statements.

Further details on balances due by/(to) directors are disclosed in the related party note shown on pages 95 to 97 of the consolidated Annual Financial Statements.

In the current year as part of the unwind of the Group's B-BBEE consortium, the gross amount owing by Newshelf 1279 (RF) Proprietary Limited was R683 million (2019: R692 million) against which an impairment of R443 million (2019: R443 million) was recorded, was written off net of Grindrod Limited and Grindrod Shipping shares that were received.

In the current year an amount owed by Grindrod (South Africa) Proprietary Limited of R945 million was waived and the intercompany loan and the corresponding impairment charge of R945 million (2019: R945 million) was released and the net amount of Rnil was capitalised to the investment in Grindrod Freight Services Proprietary Limited.

Expected credit loss (ECL) on amounts due by Group companies

Amounts due by Group companies have been assessed for impairment and management has determined that we expect to recover all loans in full. Therefore no ECL has been recognised with respect to amounts due by Group companies as these loans are non-interest bearing and are repayable on demand. Inputs used in assessing the ECL include default and credit history, historical data and forecast cashflows.

Notes to the Grindrod Limited Company financial statements continued

14. Financial instruments

	Carrying value	Fair value			Amortised cost
		Level 1	Level 2	Level 3	
2020					
Financial instruments					
Cash and cash equivalents	5 285	-	-	-	5 285
Other investments	89 652	83 700	-	-	5 952
Trade and other receivables	1 891	-	-	-	1 891
Amounts due by Group companies	456 351	-	-	-	456 351
Trade and other payables	(31 114)	-	-	-	(31 114)
Amounts due to Group companies	(676 997)	-	-	-	(676 997)
Total	(154 932)	83 700	-	-	(238 631)
2019					
Financial instruments					
Cash and cash equivalents	6 447	-	-	-	6 447
Other investments	5 319	274	-	-	5 045
Trade and other receivables	20 568	-	-	-	20 568
Amounts due by Group companies	872 553	-	-	-	872 553
Trade and other payables	(519 834)	-	(476 614)	-	(43 220)
Amounts due to Group companies	(893 090)	-	-	-	(893 090)
Total	(508 037)	274	(476 614)	-	(31 697)

Refer to note 34.1 in the consolidated Annual Financial Statements for further detail.

INTERESTS IN SUBSIDIARIES

for the year ended 31 December 2020

At 31 December 2020, the Grindrod Limited company had the following subsidiaries carrying on business which principally affected the profits and assets.

They have the same year-end date as the company and have been included in the Annual Financial Statements.

		Share capital		Effective holding		Investments Shares at original cost		Share-based payments to employees	
		2020 R'000	2019 R'000	2020 %	2019 %	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Incorporated in South Africa									
Grindrod Freight Investments Proprietary Limited	F	1 495	1 495	100	100	203 500	203 500	610	610
Grincor Shipping Holdings Limited	D	-	-	100	100	-	-	-	-
Grindrod Financial Holdings Limited	B	1 923	1 923	96	96	422 900	422 900	-	-
GFS Holdings Proprietary Limited	P	-	-	100	96	1 774 909	1 189 152	-	-
Grindrod Trading Holdings Proprietary Limited	T	-	-	100	100	1 194 668	1 194 668	-	-
Grindrod Freight Services Proprietary Limited	F	1	1	100	100	5 602 372	5 602 372	10 753	10 753
Whirlprops 16 Proprietary Limited	F	-	-	100	100	10 000	10 000	-	-
Incorporated in British Virgin Islands									
Canosa Holdings Limited	G	-	-	100	100	23 290	23 290	-	-
Incorporated in Isle of Man									
Grindrod Property Holdings Limited	G	-	-	100	100	34 344	34 344	-	-
Impairments		-	-	-	-	(1 773 611)	(607 979)	-	-
Interest in subsidiaries		3 419	3 419			7 492 372	8 072 247	11 363	11 363

Nature of Business
B – Bank
D – Dormant
F – Freight and Property Services
G – Group Services
P – Private Equity and Property
T – Trading

SHARE ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	5 805	73.53	7 139 043	1.02
5 001 to 10 000 shares	798	10.11	6 021 529	0.86
10 001 to 50 000 shares	897	11.36	19 449 556	2.79
50 001 to 100 000 shares	161	2.04	11 722 052	1.68
100 001 shares and over	234	2.96	653 699 406	93.65
	7 895	100.00	698 031 586	100.00
Non-public shareholders				
Directors of the company	6	0.08	1 466 953	0.21
Treasury stock	1	0.01	26 505 820	3.80
Strategic holdings	2	0.03	250 092 869	35.83
Public shareholders	7 886	99.88	419 965 944	60.16
	7 895	100.00	698 031 586	100.00
Investor profile				
Banks and brokers	62	0.79	61 759 933	8.85
Close corporations	85	1.08	1 174 679	0.17
Endowment funds	19	0.24	1 830 903	0.26
Individuals	6 718	85.08	51 736 199	7.41
Insurance companies	32	0.41	17 806 217	2.55
Investment companies	1	0.01	391	-
Medical schemes	10	0.13	450 460	0.06
Mutual funds	89	1.13	159 718 949	22.88
Other corporations	33	0.42	240 433	0.03
Own holdings	1	0.01	26 505 820	3.80
Private companies	206	2.61	86 045 637	12.33
Public companies	2	0.03	752	-
Retirement funds	83	1.05	104 363 167	14.95
Strategic investor	1	0.01	173 183 235	24.82
Trusts	553	7.00	13 214 811	1.89
	7 895	100.00	698 031 586	100.00

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Geographical breakdown				
South Africa	7 714	97.70	629 585 825	90.20
United States of America and Canada	17	0.22	26 277 843	3.76
United Kingdom	30	0.38	24 142 962	3.46
Rest of Europe	22	0.28	13 900 614	1.99
Rest of the World	112	1.42	4 124 342	0.59
	7 895	100.00	698 031 586	100.00
Beneficial shareholders holding 5% or more				
Remgro			173 183 235	24.81
Grindrod Investments Proprietary Limited (Grindrod family)			76 909 634	11.02
Government Employees Pension Fund			68 583 732	9.83
PSG Konsult			64 988 488	9.31
			383 665 089	54.97
Top 10 Fund Managers				
PSG Asset Management			64 988 488	9.31
Public Investment Corporation			59 468 287	8.52
Ninety One			49 367 400	7.07
Steyn Capital Management			39 271 174	5.63
Marathon Asset Management			31 273 631	4.48
Sanlam Investment Management			28 751 203	4.12
Dimensional Fund Advisors			14 276 758	2.05
Oasis			8 200 187	1.17
ClucasGray Investment Management			6 326 875	0.91
Eastspring Investments			5 839 654	0.84
			307 763 657	44.10

SHARE ANALYSIS OF CUMULATIVE, NON-REDEEMABLE, NON-PARTICIPATING, NON-CONVERTIBLE PREFERENCE SHARES

	Number of shareholdings	Percentage of shareholdings	Number of shares	Percentage of shares
Shareholder spread				
1 to 5 000 shares	1 480	83.85	1 814 029	24.51
5 001 to 10 000 shares	140	7.93	1 035 069	13.99
10 001 to 50 000 shares	124	7.03	2 296 631	31.04
50 001 to 100 000 shares	15	0.85	1 125 718	15.21
100 001 shares and over	6	0.34	1 128 553	15.25
	1 765	100.00	7 400 000	100.00
Non-public shareholders	1	0.06	1 609	0.02
Public shareholders	1 764	99.94	7 398 391	99.98
	1 765	100.00	7 400 000	100.00
Investor profile				
Banks and brokers	8	0.45	284 022	3.84
Close corporations	17	0.96	184 362	2.49
Endowment funds	16	0.91	119 544	1.62
Individuals	1 361	77.11	3 600 328	48.65
Insurance companies	3	0.17	144 919	1.96
Investment company	1	0.06	1 633	0.02
Mutual funds	31	1.76	996 166	13.46
Other corporations	9	0.51	44 404	0.60
Private companies	83	4.70	719 482	9.72
Public companies	1	0.06	178 390	2.41
Retirement funds	8	0.45	171 748	2.32
Trusts	227	12.86	955 002	12.91
	1 765	100.00	7 400 000	100.00
Geographical breakdown				
South Africa	1 745	98.87	7 144 202	96.54
United States of America and Canada	1	0.06	1 400	0.02
United Kingdom	4	0.23	237 141	3.20
Rest of Europe	4	0.23	942	0.01
Rest of the World	11	0.62	16 315	0.22
	1 765	100.00	7 400 000	100.00

KEY OPERATING SEGMENTS

at 31 December 2020

	Effective holding	
	2020 %	2019 %
Port and terminals		
Port		
Maputo Port Development Company (MPDC)	24.7	24.7
Terminals		
Dry-bulk terminals		
Terminal de Carvão da Matola (TCM)	65	65
Grindrod Mozambique Limitada (GML)	100	100
Grindrod Terminals Richards Bay	100	100
RBTG	59.7	59.7
Walvis Bay Bulk Terminal (WBTT)	75	75
Liquid-bulk terminals		
Oil Tanking Grindrod Calulo (OTGC)	30.5	30.5
Car terminal		
Grindrod Maputo Car Terminal (MCTL)	100	70
Stevedores		
Bay Stevedores (Richards Bay)	100	100
Grindrod Namibia Stevedoring (Walvis Bay)	49	49
Logistics		
Seafreight logistics		
Ocean Africa Container Lines (OACL)	100	100
Intermodal		
Grindrod Intermodal	100	100
Grindrod Logistics Mozambique Limitada (GLM)	100	100
Nacala Intermodal Terminal Investments	75	75
Cross-border and project logistics		
Grindrod Logistics Africa (GLA)	100	100
Clearing and forwarding		
Röhlig-Grindrod	42.5	42.5
Ships agency, maritime technical services and logistics		
Sturrock Grindrod Maritime (SGM)	100	100
Novagroup	100	100
Rail leasing and operations		
NLPI Group	74.47	74.47
RailCo Africa Limited	42.3	-
GPR Leasing South Africa	55	55
GPR Leasing Africa*	-	55
Grindrod Rail Consulting Services	42.3	100
Grindrod Rail Operations	100	100
RRL Grindrod Sierra Leone 1	100	100
RRL Grindrod Sierra Leone 2	100	100
Auto and fuel road transportation		
Grindrod Automotive	100	100
Grindrod Fuelogic	100	100
Petrologistics (Botswana)	100	100
Bank		
Banking services		
Grindrod Bank	97	97
Group		
Private Equity and Property		
GFS Holdings	100	99

* This was merged into RailCo Africa Limited in the current year.

LOAN
FUNDS
at 31 December 2020

Consolidated				
	Date of redemption	Current rate of interest per annum (%)	2020 Carrying Value R'000	2019 Carrying Value R'000
Secured				
Foreign currency funding				
<i>Financial liabilities measured at amortised cost</i>				
Asset finance secured by vehicles, machinery and equipment	10/2022 – 03/2023	5.8 – 7.5	80 982	67 053
Local currency funding				
<i>Financial liabilities measured at amortised cost</i>				
Asset finance secured by vehicles, machinery and equipment	01/2021 – 10/2025	5.0 – 8.5	134 071	186 729
Loans secured by mortgage bond over property	08/2025 – 04/2029	5.7 – 6.5	230 337	187 201
Loans secured by guarantee	28/02/2020	9.8	–	4 722
Aggregate secured long-term borrowings			445 390	445 705
Amount repayable within one year			(103 901)	(177 476)
Long-term borrowings			341 489	268 229
Closing ZAR/USD exchange rate at 31 December			14.62	14.00
Security				
Net book values of assets encumbered to secure long-term loans are as follows:				
			678 463	464 576
Property			476 153	180 663
Terminals, machinery, vehicles and equipment			202 310	283 913

BANK AND PRIVATE EQUITY
FUNDING INSTRUMENTS
at 31 December 2020

Consolidated				
	Date of redemption	Current rate of interest per annum (%)	2020 Carrying Value R'000	2019 Carrying Value R'000
Secured				
Local funding				
<i>Financial liabilities measured at amortised cost</i>				
Loans secured by mortgage bond over property	09/2021 – 05/2023	6.0 – 9.5	561 049	568 838
Redeemable preference shares secured by guarantee	03-2022	4.6	75 000	200 000
Aggregate secured Bank and Private Equity funding instruments			636 049	768 838
Unsecured				
Local funding				
<i>Financial liabilities measured at amortised cost</i>				
Redeemable preference shares	04/2021 – 12/2021	3.8 – 7.0	525 000	–
Listed corporate bonds	06/2021 – 11/2022	5.9 – 6.6	516 205	761 148
Loans	12/2021	6.2	55 112	122 861
Aggregate unsecured Bank and Private Equity funding instruments			1 096 317	884 009
Amount repayable within one year			(1 345 601)	(535 009)
Aggregate long-term Bank and Private Equity funding instruments			386 765	1 117 838

Rates linked to published South African market rates.

VALUE ADDED
STATEMENT
for the year ended 31 December 2020

	Consolidated			
	2020 R'000	2020 %	2019 R'000*	2019 %
Revenue	3 751 156		3 834 459	
Net cost of services	(1 766 409)		(1 761 279)	
Value added by operations	1 984 747		2 073 180	
Non-trading items	(194 479)		(335 353)	
Total value added	1 790 268		1 737 827	
Applied as follows:				
Employees' remuneration and service benefits	1 146 837	64.2	1 232 842	71.0
Taxation on income	58 299	3.3	119 072	6.9
Providers of share capital	147 760	8.3	200 892	11.6
Providers of loan capital	326 292	18.2	299 201	17.2
Re-invested in the business				
Depreciation and amortisation	526 299	29.3	501 468	28.9
Retained income	(415 219)	(23.2)	(615 648)	(35.4)
Total	1 790 268	100.0	1 737 827	100.0

* Re-presented for the impact of reclassifying Marine Fuels and Agricultural Logistics back into continuing operations and restated for the impact of equity accounting prior year earnings of Marine Fuel.

This statement represents the wealth created by adding value to the group's cost of services and shows how this wealth has been distributed.

PORT
TERMINALS
LOGISTICS
BANK



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