Example (Pty) Limited

Year ended 28 February 2026 - Reviewed 21 August 2026

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HIGH SEVERITY	MEDIUM SEVERITY	LOW SEVERITY

This review was performed against the Third Edition of the IFRS for SMEs Accounting Standard, ahead of its mandatory effective date of 1 January 2027, so some findings may relate to requirements not yet mandatory for this entity's current reporting period. The financial statements are generally well-structured and include the required primary statements, accounting policies, and note disclosures, but several disclosure gaps were identified, including missing disclosures on judgements and key sources of estimation uncertainty, incomplete reconciliations for property, plant and equipment and intangible assets, and missing financial instrument category and maturity analyses. A likely presentation error was also identified in the equity and liabilities section of the Statement of Financial Position, where the current and non-current subtotals appear reversed between the two comparative years when checked against the dated figures in the Statement of Changes in Equity. Given the apparent pervasiveness of possible column-reading issues across the Statement of Financial Position, the reviewer should independently confirm the correct year-to-figure mapping against the source document before relying on individual balances.

MISSING DISCLOSURES (7)

MEDIUM

No disclosure of judgements made in applying accounting policies

`Section 8.6`

Section 8.6 requires disclosure of judgements, apart from those involving estimations, that management has made in applying the entity's accounting policies that have the most significant effect on amounts recognised. The financial statements contain no such disclosure despite items like classification of leases and identification of cash-generating units for impairment being present.

MEDIUM

Incomplete key sources of estimation uncertainty disclosure

`Section 8.7`

Section 8.7 requires disclosure of key assumptions about the future and other key sources of estimation uncertainty that have a significant risk of causing material adjustment to carrying amounts within the next financial year, including the nature and carrying amount of the assets/liabilities concerned. Given the entity has provisions (claims, leave, bonuses), a deferred tax asset, and property, plant and equipment subject to impairment, no such disclosure is provided anywhere in the notes.

MEDIUM

PP&E reconciliation omits required components

`Section 17.31(e)`

Paragraph 17.31(e) requires the reconciliation of carrying amount to separately show additions, disposals, acquisitions through business combinations, revaluation increases/decreases, transfers to/from investment property, impairment losses recognised/reversed, depreciation, and other changes. Note 7 combines 'Impairment & Disposals' into a single column instead of showing impairment losses separately from disposals, and does not separately disclose the impairment loss of R100,000 within the reconciliation (it is only visible via the narrative note beneath the table and in Note 5).

MEDIUM

No disclosure of maturity analysis or age analysis of financial instruments

`Section 11.43-11.43B`

Section 11.43 requires an analysis of the age of trade receivables and other financial assets measured at amortised cost, and paragraph 11.43A requires a maturity analysis of financial liabilities by category. The financial statements disclose loans and finance leases with some maturity splits (current/non-current), but no age analysis of trade receivables and no maturity analysis of trade payables or other financial liabilities as required is presented.

LOW

Intangible assets reconciliation omits required components

`Section 18.27(e)`

Similar to the PP&E note, paragraph 18.27(e) requires separate presentation of additions, disposals, acquisitions through business combinations, amortisation, and impairment losses recognised or reversed. Note 8 combines impairment and disposals into one column rather than separating them as required.

LOW

No disclosure of categories of financial assets and financial liabilities

`Section 11.41`

Paragraph 11.41 requires disclosure of the carrying amounts of each category of financial assets and financial liabilities (e.g., measured at amortised cost, fair value through profit or loss) at the reporting date. This categorisation disclosure does not appear anywhere in the notes, although the underlying balances (receivables, payables, loans) are presented.

LOW

No related party disclosure of key management personnel compensation breakdown or nature of relationships

`Section 33.5`

Paragraph 33.5 requires disclosure of the name of the entity's parent and, if different, the ultimate controlling party, irrespective of whether transactions occurred. Note 23 discloses related party balances and key management compensation but does not address whether the entity has a parent or controlling party, nor describe the nature of the related party relationships (e.g., how the related parties in Note 23 are related to the entity).

PRESENTATION ERRORS (1)

LOW

Statement of financial position: current/non-current subtotals for equity and liabilities appear transposed between years

`Section 4.4`

The Statement of Changes in Equity explicitly states, as a dated anchor, 'At 28 February 2026 ... 5,189,459' and 'At 28 February 2025 ... 4,240,805'. In the Statement of Financial Position, the equity total is shown as 4,240,805 in the 2026 column and 5,189,459 in the 2025 column — the reverse of the dated anchor. Recalculating from components (Share capital 1,000 + Reserves 0 + Retained earnings, where retained earnings per the income statement dated anchor is 5,188,459 at 28 Feb 2026 and 4,239,805 at 28 Feb 2025) confirms total equity should be 5,189,459 for 2026 and 4,240,805 for 2025 — meaning the two columns in the Statement of Financial Position for the equity and liabilities section (and correspondingly the non-current and current liabilities subtotals, which are also swapped between the years) are mislabelled. This is a genuine presentation error in the primary statement, not merely a column-reading artifact, because it is corroborated by recalculating the equity total from its own components (share capital + reserves + retained earnings) using the dated anchors in the statement of changes in equity and the retained earnings statement, and the mismatch survives this recalculation.

FOR PROFESSIONAL JUDGMENT (3)

NOTE

Apparent column transposition in Statement of Financial Position asset and liability line items between 2026 and 2025

Beyond the equity total addressed above, several individual asset and liability lines in the Statement of Financial Position (e.g., property, plant & equipment, intangible assets, investments, deferred tax asset/liability, inventories, trade and other receivables, cash and cash equivalents, long term loans, finance leases, short term loans, trade payables) appear inconsistent with corresponding figures elsewhere in the statements (e.g., Note 7's closing PP&E carrying amount of 3,548,797 is dated 'At 28 February 2026' but appears in the position statement's 2025 column, and Note 13's cash reconciliation dated 'at end of year' 327,674 for 2026 also appears in the 2025 column). This pattern is broad enough across many lines that it is more likely to reflect a systematic column-order extraction issue than a genuine drafting error in the source document. However, because the effect is pervasive (not limited to one or two lines) and touches nearly every balance in the primary statement, the reviewer should independently verify the correct year-to-figure mapping against the original source document for the entire Statement of Financial Position before relying on any single-year figures from this review.

NOTE

Statement of Changes in Equity presentation format

The entity presents a full Statement of Changes in Equity in addition to including retained earnings movements within the Statement of Comprehensive Income (titled 'Statement of comprehensive income and retained earnings'). This dual presentation is unusual - normally an entity uses either the single statement of income and retained earnings (per paragraph 6.4, only permitted if changes in equity are limited to profit or loss, dividends, prior period error corrections, and accounting policy changes) or a full statement of changes in equity, but not seemingly both in this combined manner. The reviewer should confirm with the entity whether this dual presentation is intentional and whether all equity movements are appropriately captured once, without risk of double-counting or user confusion, and whether the conditions in paragraph 6.4 are met if the income and retained earnings statement is intended to stand alone.

NOTE

Statement of compliance edition

The financial statements state compliance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' without specifying an edition. This review has been performed against the Third Edition as instructed; however, the statements do not indicate which edition the entity actually applied, and given the reporting period (year ended 28 February 2026) predates the Third Edition's mandatory effective date, the entity may have applied an earlier edition. This is noted for completeness per the instructions but does not affect the findings above, which are assessed against the Third Edition throughout.