

Orbital Parallax Financial Statements Technical Review Report

Example Company (Pty) Ltd

Full IFRS (IASB) · Period ending 28 February 2025

Consolidated Annual Financial Statements

Report generated: 16 June 2026 at 00:53 UTC

OVERALL RISK RATING: HIGH

Parallax Risk Analysis

Three material concerns were identified: the absence of a going concern assessment despite net current liabilities and a credit facility maturing within 12 months; underdisclosed related party transactions totalling R 34.7 million across three counterparties; and a gap in the revenue recognition policy for the entity's loyalty programme. The going concern omission is the most significant finding and warrants immediate attention from the reviewing partner before sign-off.

Review Scorecard

| Total Checks | Passed | Failed | Flagged | Language |
|--------------|--------|--------|---------|----------|
| 34 | 27 | 2 | 5 | 5 |

Section 1 — General Technical Review

Qualitative analysis by Orbital Parallax engine

[AI / FAIL] Going concern omission

The financial statements do not include a going concern assessment despite a current ratio of 0.91x, net current liabilities of R 12.4 million, and a R 47 million overdraft facility maturing within 12 months. IAS 1.25 requires management to make an explicit assessment of the entity's ability to continue as a going concern.

Basis: The combination of a deteriorating current ratio (2.14x to 0.91x), net current liabilities of R 12.4 million, and a credit facility maturing within 12 months creates conditions that ordinarily require an explicit going concern assessment. No such assessment appears in the notes or the directors' report.

[AI / FLAG] Related party aggregation

Related party transactions with the controlling family trust and two director-controlled entities totalling R 34.7 million are disclosed in aggregate only. IAS 24.19 requires disclosure of the nature of each relationship and individually material transactions.

Basis: Note 23 groups all related party transactions without identifying which amounts relate to which counterparty. The R 34.7 million aggregate spans management fees, rental of premises, and loan advances -- amounts individually material enough to require separate disclosure under IAS 24.19.

[AI / FLAG] IFRS 15 loyalty programme gap

The revenue recognition policy note does not address the timing of satisfaction of performance obligations for the entity's loyalty programme, representing a gap relative to IFRS 15.119(a) and (b).

Basis: The entity operates a loyalty points programme referenced in the directors' report but absent from the accounting policies note. No policy has been stated for whether points represent a material right under IFRS 15 and how they are allocated within the transaction price.

Section 2 — Checklist Findings

Deterministic IFRS rule checks

IAS 1 Presentation of Financial Statements

[FAIL] IAS1-16

The notes to the financial statements do not include an explicit and unreserved statement of compliance with IFRS as required by IAS 1.16. This statement is mandatory and must appear in the notes regardless of other compliance references in the annual report.

[FLAG] IAS1-138

The notes to the financial statements do not include the entity's domicile, legal form, or country of incorporation as required by IAS 1.138(a). IAS 1.138 applies if this information is not disclosed elsewhere in information published with the financial statements. Reviewer to confirm whether the annual report satisfies this requirement outside the notes (e.g. in the directors' report or company information section).

IFRS 16 Leases**[FLAG] IFRS16-47**

Right-of-use assets are included within property, plant and equipment on the face of the statement of financial position without separate identification. IFRS 16.47(a) requires right-of-use assets to be presented separately from other assets, either as a separate line item on the face or via disclosure of carrying amounts in the notes. Note 14 does not provide a sub-analysis of ROU asset carrying amounts, so neither presentation option is currently satisfied.

IAS 36 Impairment of Assets**[FLAG] IAS36-130**

The impairment review of the manufacturing CGU (Note 12) does not disclose whether the recoverable amount was determined as fair value less costs of disposal or value in use, as required by IAS 36.130(e). A discount rate of 14.2% is stated but the recoverable amount basis is not identified.

IAS 12 Income Taxes**[FLAG] IAS12-81**

Deferred tax disclosure in Note 18 does not provide a numerical reconciliation between the applicable tax rate and the effective tax rate as required by IAS 12.81(c). A narrative explanation references permanent differences but does not present the reconciliation in the format required by the standard.

Section 3 — Anomaly Findings

Cross-statement tie checks and ratio anomalies

[PASS] XSTMT-1

Checked if: Retained earnings tie -- SFP closing balance agrees to SOCE closing balance

No anomaly detected.

[FAIL] XSTMT-2

Cash tie -- SFP cash balance agrees to SCF closing cash balance

The closing cash and cash equivalents balance per the statement of financial position (R 47,832,000) does not agree with the closing balance per the statement of cash flows (R 46,915,000). Difference: R 917,000. Review bank reconciliation items and restricted cash classification.

[FLAG] RATIO-3

Current ratio below 1.0x -- potential liquidity risk

Current ratio has declined from 2.14x (prior year) to 0.91x (current year). A ratio below 1.0x indicates potential liquidity pressure. Management should confirm whether this reflects planned working capital optimisation or an emerging going concern indicator.

Section 4 — Language Findings

Grammar, spelling, and terminology checks

[FLAG] LANG-001

"The entity recognise revenue when the performance obligation has been satisfied."

In Note 3 (Revenue recognition policy): 'The entity recognise revenue when...' should read 'The entity recognises revenue when...'

[FLAG] LANG-002

"Accounts receivable are carried at amortised cost less an allowance for expected credit losses."

The term 'accounts receivable' is used in Note 7 but 'trade receivables' is used throughout the statement of financial position. IFRS requires consistent labelling across the financial statements.

LANG-004

Undefined acronym on first use

[FLAG] 3 undefined acronyms detected

- 'ECL' used without definition in Note 9 (credit risk disclosures).
- 'ROU' used without definition in Note 14 (lease disclosures). Acronym should be defined on first use.
- 'CGU' used without definition in Note 12 (impairment review).

Sign-off

Reviewer certification

I confirm that I have reviewed the findings in this report and that my professional judgement has been applied to all flagged items.

Reviewed by (print name):

Firm:

Example Chartered Accountants Inc.

Signature:

Date:
