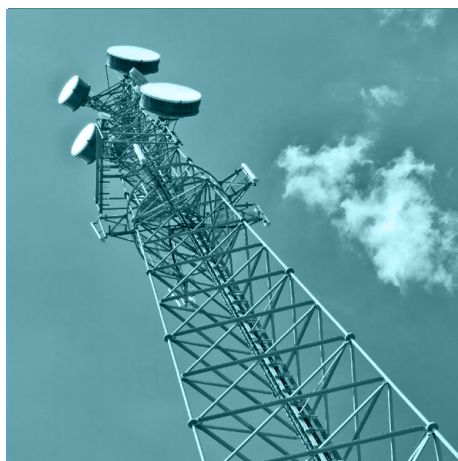




# ANNUAL FINANCIAL STATEMENTS 2021





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# Directors' responsibility

FOR THE FINANCIAL REPORTING YEAR ENDED 30 JUNE 2021

## TO THE SHAREHOLDERS OF JASCO ELECTRONICS HOLDINGS LIMITED (JEHL OR JASCO)

The directors are required in terms of the Companies Act of South Africa, No. 71 of 2008 as amended (Companies Act), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Companies Act, and the JSE Listings Requirements. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year. The directors take full responsibility for the preparation of the consolidated and separate annual financial statements.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise this risk by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the group's cash flow forecast for the ensuing 12 months, adjusted for the impact of the COVID-19 pandemic, from the approval of these annual financial statements and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors were given unrestricted access to the financial records and related data, including minutes of meetings of the shareholders and board of directors. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The external auditors are responsible for auditing and reporting on the consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 3 to 7 in the annual financial statements.

The consolidated and separate annual financial statements set out on pages 12 to 97, which have been prepared under the supervision of LA Prigge CA(SA), on the going-concern basis, were approved by the board and were signed on its behalf by:



**Dr ATM Mokgokong**  
*Non-executive chairman*



**WA Prinsloo**  
*Chief executive officer*



**LA Prigge**  
*Chief financial officer*

Midrand  
31 December 2021

# CEO and FD responsibility statement

FOR THE FINANCIAL REPORTING YEAR ENDED 30 JUNE 2021

The directors, whose names are stated below, after due, careful and proper consideration, hereby confirm that:

- a.) the annual financial statements set out on pages 12 to 97, 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. When 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 the directors, and have the necessary remedial action.



**WA Prinsloo**

*Chief executive officer*



**LA Prigge**

*Chief financial officer*

31 December 2021

# Independent auditor's report

TO THE SHAREHOLDERS OF JASCO ELECTRONICS HOLDINGS LIMITED

## Report on the Audit of the Consolidated and Separate Financial Statements

### Opinion

We have audited the consolidated and separate financial statements of Jasco Electronics Holdings Limited and its subsidiaries (the group and company) set out on pages 15 to 97, which comprise the consolidated and separate statement of financial position as at 30 June 2021, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement 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 Jasco Electronics Holdings Limited and its subsidiaries as at 30 June 2021, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related to going concern

We draw attention to the consolidated and separate financial statements, which indicate that the group reported a retained loss of R252 million (2020: R257 million) and that the company reported a retained loss of R235 million (2020: R276 million) for the year ended 30 June 2021 and also, as of that date, that the group and company's current liabilities exceeded its current assets by R78 million (2020: R146 million) and R39 million (2020: R109 million) respectively.

Subsequent to the year end the company concluded an agreement subject to Pre and Post conditions, to restructure the existing working capital facility into a Term Loan Facility of R130 million with the Bank of China.

These events or conditions, along with other matters as set forth in note 35, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><b>Goodwill assessment (note 12)</b></p> <p>Accounting policy 2.4.1 of the consolidated financial statements states that goodwill is measured at cost less any accumulated impairment loss. The directors conduct annual impairment tests to assess the recoverability of the carrying value of goodwill and determine the useful life of intangible assets. This is performed using discounted cash flow models.</p> <p>Goodwill has been recognised in the consolidated statement of financial position as a result of multiple business combinations entered into by the group. Goodwill comprises of 10% (2020: 11%) of the total assets of the group. During the financial year 0.7% (2020: 12.5%) of the goodwill balance was impaired.</p> <p>There are a number of key areas of estimation and judgement made in determining inputs into these models which include among others:</p> <ul style="list-style-type: none"><li>• Future revenue;</li><li>• Operating margins;</li><li>• Interest rates; and</li><li>• Discount rates applied to projected future cash flows.</li></ul> <p>The significance of the estimates and judgement involved could result in a material misstatement, and therefore warrants specific audit focus.</p>	<p>We performed substantive tests of detail on the lowest level of cash generating units to which the goodwill has been allocated. We performed the following substantive procedures:</p> <ul style="list-style-type: none"><li>• Inspecting the list of cash generating units ("CGUs") to determine whether the business units have been allocated to the appropriate CGU;</li><li>• Evaluating whether the model used by the directors to calculate the value-in-use of the individual CGUs comply with the requirements of IAS 36 Impairment of Assets;</li><li>• Recalculating the valuation obtained from the directors to assess the mathematical accuracy thereof;</li><li>• Testing the key assumptions used in determining the valuation of the recoverable amount by comparing the cash flows to approved budgets and assessing the reasonability of the discount rates used;</li><li>• Evaluating and challenging the inputs used by management in determining the discount rate with the assistance of our auditor's expert;</li><li>• Assessing the capability, competence and independence of the expert used;</li><li>• Re-performing the sensitivity analysis to verify whether the carrying amount does not exceed the recoverable amount in the impairment calculations; and</li><li>• Assessing the adequacy of the disclosures with regard to the goodwill held in the consolidated financial statements.</li></ul> <p>Having performed our audit procedures and evaluated the outcomes, we concluded that our audit procedures appropriately address the key audit matter.</p>

## Key audit matter

### Recoverability of deferred income tax assets on assessed losses (note 8)

Due to significant tax losses in prior years the group has recognised a deferred tax asset of R18,2 million as at 30 June 2021 of which R9,7 million relates to taxation losses (Refer to note 8 to the financial statements).

Management has performed an assessment to determine the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised.

In assessing the future taxable income, management has made estimates based on assumptions in relation to the future taxable income of the entity, thereby concluding on the recoverability of these deferred tax assets.

These judgements and assumptions include the forecasted future taxable income of the entities.

Due to the significant estimation uncertainty related to the future taxable income, the assessments of the recoverability of deferred tax assets are considered to be a matter of most significance to the current year audit.

## How our audit addressed the key audit matter

We obtained management's assessment of the recoverability of the deferred tax asset balances at **30 June 2021** and performed the following procedures:

- Evaluating the reasonableness of the assessments performed by management with regard to taxable income being probable in the foreseeable future;
- Defining the foreseeable future period that was used to assess that it is probable to generate future taxable income;
- Analysing the tax positions and evaluated the assumptions applied and the methodologies used to determine whether it is probable that the group will generate taxable income in the foreseeable future;
- Evaluating management's taxation planning strategies to assess the utilisation of assessed losses on which deferred tax assets have been recognised;
- Assessing the expected growth rate and enquiring with management and assessing for reasonableness; and
- Evaluating the adequacy of the group's disclosures on deferred tax assets and uncertain tax positions and assumptions used.

Having performed our audit procedures and evaluated the outcomes, we concluded that our audit procedures appropriately address the key audit matter.

## Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Jasco Annual Financial Statements 2021" and in the document titled "Jasco Integrated Annual Report 2021", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the 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 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 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 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group'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 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 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 and separate 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.



## 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 Mazars has been the auditor of Jasco Electronics Holdings Limited for two years.

### **Mazars**

Partner: **Miles Fisher**

*Registered Auditor*

31 December 2021

Johannesburg

# Company secretary's certification

FOR THE YEAR ENDED 30 JUNE 2021

I, the group company secretary as at 30 June 2021, certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company, in terms of the Companies Act, No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.



J Naidoo

*MCP Managerial Services (Proprietary) Limited*

*Group company secretary*

Midrand

31 December 2021

# Audit and risk committee report

FOR THE YEAR ENDED 30 JUNE 2021

Jasco's independent audit and risk committee ("the committee") is pleased to submit its report to the shareholders for the financial year ended 30 June 2021 in accordance with section 94(7)(f) of the South African Companies Act of 2008 as amended.

## Introduction

The committee's duties and objectives are governed by a formal charter which is in line with the Companies Act and King IV™ requirements. The appointment of all members of the committee is subject to the shareholders' approval at each annual general meeting. The profiles of the members, including their qualifications, can be viewed in the Integrated Annual Report.

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## Composition and meetings

The committee consists of three independent non-executive directors who usually meet at least four times per year as per the committee's mandate and charter. Biographical details of the committee members are provided in the Integrated Annual Report and the fees paid to the committee members are outlined in note 32.

The group's chief executive officer, chief financial officer, outsourced internal auditors and independent external auditors attend meetings by invitation.

During the year under review, five meetings were held:

Member	22/09/2020	19/11/2020	04/12/2020	26/01/2021	01/06/2021
Mr DH du Plessis	Present	Present	Present	Present	Present
Ms TP Zondi	Present	Present	Present	Present	Present
Ms PF Radebe	Present	Present	Present	Present	Present

## Statutory duties

The committee is satisfied that it has performed the statutory requirements for an audit committee as set out in the Companies Act as well as the functions set out in the charter and that it has therefore complied with its legal, regulatory and other responsibilities. There were no Reportable Irregularities brought to the attention of the committee.

## External auditor

Mazars, with Mr Miles Fisher as designated audit partner, acted as external auditors of the group for the year ended 30 June 2021.

The committee nominated and recommended the re-appointment of the external auditor, Mazars, to the shareholders in compliance with the Companies Act and the appointment of Mr Miles Fisher as designated auditor for the 2022 financial year.

The committee satisfied itself that the audit firm is accredited, and the committee further satisfied itself that Mazars was independent of the group, which included consideration of compliance with criteria relating to independence proposed by the Independent Regulatory Board for Auditors.

The committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees.

The committee requested the following information from Mazars in their assessment of the suitability of their appointment as audit firm and designated individual partner:

- The latest inspection reports, decisions letters and remedial actions to address IRBA's findings on the audit firm, the individual auditor and all other engagement file reviews together with explanations where necessary. This includes any re-inspections.
- A summary as approved by the audit firm's head of risk, of internal monitoring review procedures performed, conclusions drawn, together with a description of significant deficiencies and steps taken to resolve or amend them.
- The outcome and a summary of any legal or disciplinary proceedings concluded or settled with a fine within the past seven years.

The committee ensured that the auditors did not provide any prohibited services, nor any services that include a threat of self-review. Non-audit services are pre-approved by the chairman of the committee and are not material in relation to the external audit fee.

## Audited and risk committee report continued

FOR THE YEAR ENDED 30 JUNE 2021

The committee has the following responsibilities in relation to the external audit: Recommends the appointment of external auditor and oversees the external audit process and in this regard the committee must:

- nominate the external auditor for appointment by the shareholders;
- approve the annual audit fee and terms of engagement of the external auditor;
- monitor and report on the independence of the external auditor in the annual financial statements;
- define a policy for non-audit services and pre-approve non-audit services to be provided by the external auditor;
- ensure that there is a process for the committee to be informed of any reportable irregularities as defined in the Auditing Profession Act, 2005, identified and reported by the external auditor; and
- review the quality and effectiveness of the external audit process and performance against their audit plan.

### Key audit matters

The committee has applied its mind to the key audit areas and key audit matters identified by the external auditors and is comfortable that they have been adequately addressed and disclosed. These items, which required significant judgement, were:

- key judgements and estimates used in assessing the impairment of goodwill; and
- key judgements and estimates used in assessing the recoverability of deferred taxation assets related to the recognition of assessed losses.

### Internal audit

The committee has satisfied itself that the internal audit function, outsourced to Crossroads Distribution (Pty) Limited, was appropriately independent. The internal audit charter and the internal audit plan were approved by the committee. Internal audit has access to the committee, primarily through its chairman.

The committee has the following responsibilities for internal audit:

- the appointment, performance assessment and/or dismissal of the internal auditor;
- to approve the internal audit charter and the internal audit plan; and
- to ensure that the internal audit function is subject to an independent quality review as required by the Internal Audit Standards.

The committee has reviewed the performance, qualifications and expertise of the chief audit executive, Mrs Itumeleng Lukhele, and is satisfied with the appropriateness of her expertise.

### Internal financial control

We have considered the reports of management, internal audit and external audit in arriving at our conclusion that the group's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements. No material breakdown in controls was identified during the year.

### Risk management

The committee is responsible for reviewing the effectiveness of systems for internal control, financial reporting and financial risk management and considering the major findings of any internal investigations into control weaknesses, fraud or misconduct and management's response thereto. The committee reviewed the risk and opportunities registers and categorised the level of each risk, probability and the monetary value and made appropriate recommendations to the board regarding the corrective actions needed.

### Expertise of the financial director and finance function

The committee has reviewed the current performance and future requirements for the financial management of the group and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function. In compliance with the JSE Listings Requirements, the committee satisfied itself of the appropriateness of the expertise and experience of the financial management team as a whole.

The committee has reviewed the performance, qualifications and expertise of the chief financial officer, Ms LA Prigge and is satisfied with the appropriateness thereof.

## Going concern

The committee reviewed the documents prepared by management in which they assessed the going concern status of the group at year-end and the foreseeable future. The group has restructured its operations to reduce its cost base and has reduced its liabilities through the sale of certain businesses. In addition, subsequent to year-end, the group has approved a rights offer to further reduce debt and has renegotiated its banking facilities in order to improve its gearing ratio. Management has concluded that the group is a going concern.

The committee concurred with management's assessment and recommended acceptance of this conclusion to the board.

## Financial reporting procedures

The committee ensured that appropriate financial reporting procedures exist and are working, which include consideration of all entities included in the consolidated financial statements, to ensure that it has access to all the financial information of the issuer to allow the issuer to effectively prepare and report on the financial statements of the issuer.

## Recommendation of the annual financial statements for approval by the board

The committee has considered the latest JSE's Proactive Monitoring Report and considered the content of previous reports issued and taken appropriate action where necessary.

The committee recommended the consolidated annual financial statements and the company annual financial statements for approval by the board.

On behalf of the committee



DH du Plessis  
Chairman

31 December 2021

# Report of the directors

FOR THE YEAR ENDED 30 JUNE 2021

The directors have pleasure in submitting their report on the activities of the group and the company for the year ended 30 June 2021.

## Nature of the business

The trading activities of the group companies are divided into four main business units, namely ICT-Communication Solutions, ICT-Intelligent Solutions, Security & Fire Safety, and Electrical Manufacturers. Refer to the Integrated Annual Report for more information on what the nature of each business unit is.

## Financial results

The results of the operations for the year are set out in the consolidated and separate annual financial statements. Refer to the report from the CFO and the operational review in the Integrated Annual Report.

## Impact of COVID-19 pandemic and government lockdown

The group has responded to the pandemic and related lockdown under the State of Disaster declared by the State President in March 2020 by adhering to the new government regulations and implementing the necessary safety protocols in all office and plant environments. The economic impact of the pandemic is ongoing, with several customers cutting costs. This led to a slowdown in projects in a number of businesses. In addition, in certain businesses the inability to travel and conduct physical meetings impacted customer engagement, while in others teams could not access customer sites due to lockdown restrictions. Refer to the 2021 Integrated Annual Report for additional information at an operational level.

## Corporate actions

### Disposal of Reflex

Jasco acquired its 51% interest in Reflex with effect from 1 May 2017. Due to growing demand for data services from its existing customers, Reflex required additional capital funding for its ongoing investment in its data centre and network infrastructure. To fund this requirement, the business implemented a rights issue of R10 million in September 2020. The subscription date for the rights issue was 20 September 2020.

Jasco did not follow its rights, but entered into a Put Option Agreement to protect its rights in the investment.

The share subscription diluted Jasco's majority interest of 51% in Reflex to 47.7%, resulting in Jasco relinquishing control over the investment. This event gave rise to a profit on disposal of R27,8 million and R2,2 million in the company and the group respectively.

Following the loss in control, Jasco still retained significant influence over Reflex, and the investment in Reflex was accordingly reclassified as an investment in an associate and equity accounted.

The profit on the loss of control reported for December 2020 was R33,1 million and R14,7 million for the company and the group respectively and is different due to the increase in costs incurred of R0,2 million, as well as a change in the equity-accounted income to R19,2 million compared to the original estimate of R8,4 million, following better than anticipated operating results from the associate.

### Exercise of the Put Option

Jasco, Myriad Capital Communications Proprietary Limited (Myriad), and Reflex entered into a Put Option Agreement, in terms of which Myriad granted Jasco an option, exercisable at Jasco's sole discretion, to require Myriad to purchase from Jasco, its entire Reflex shareholding, for a transaction consideration of R72 857 143, plus a dividend of R3 233 000.

Jasco exercised its option in terms of the Put Option Agreement on the 5th of October 2020. This transaction was approved at a shareholders meeting on 21 April 2021, and the proceeds transferred to Jasco by 7 May 2021.

### Disposal of PTM

PTM was a start-up business in 2013 when Mark Swemmer, together with his consultancy company Wi-Cloud Proprietary Limited (Wi-Cloud), started consulting to Jasco for its experience and access to property owners and managers nationally.

This business was combined with Jasco to offer a turnkey solution to landlords, covering property management, design, planning, installation and managing of ICT infrastructure and converged solutions.

However, unfortunately the planned upselling of other Jasco products and services did not materialise as expected.

The PTM business has increasingly become a non-core business unit, with pricing pressure from the major property companies in the current environment where their traditional gross lettable area (GLA) rental income has been challenged.

With effect from 1 May 2021, Jasco therefore sold its interest in the PTM business for R7,5 million to the Reach Group. The consideration payable will be received as follows:

- R3 million by 7 June 2021. This was received.
- R3 million within seven days of the closing date of the transaction. This was received in July 2021.
- Three tranches of R500 000 each if the purchaser's revenue from 2022 to 2024 exceeds R7 million per annum.

The disposal of the business unit resulted in a profit of R5,7 million after tax for this period.

## New acquisition

Jasco Power Solutions acquired the business of XPertmeter for R500 000 with effect from 1 February 2021 to bolster the management team of Power Solutions and increase its product offering. The purchase price was allocated to goodwill. Due to the forecasted losses by the business unit for the 2022 financial year, it was decided to take a conservative approach and impair the goodwill at the June 2021 financial year-end.

## Share capital

The authorised share capital is 750 000 000 ordinary shares and 29 884 633 redeemable preference shares. For information on the Jasco ordinary shareholders' spread, refer to page 98.

## Share incentive scheme

The Jasco Employee Share Incentive Trust was formed in 1993 to enable executives of the group to acquire shares in Jasco to provide them with incentives to advance the group's interests. The maximum number of shares and/or options that may be issued may not exceed 32 759 885 shares, being 15% of the issued share capital at the inception of the Trust including all subsequent capitalisation issues. The maximum number allowed for any one person is 8 735 969 of the issued share capital of the company.

In terms of the scheme rules, 50% of shares issued and options granted may be exercised after two years, 75% after three years and 100% after four years. Further details relating to the Jasco Employee Share Incentive Trust are set out in note 21 to the financial statements. All shares and options have vested in 2020, and the board of directors has taken the decision to wind down the share trust once all shares have been withdrawn by the beneficiary.

## Directors

Details of the present directorate of the company are set out in the Integrated Annual Report. In terms of the Memorandum of Incorporation of the company, Mr MJ Madungandaba and Mr MSC Bawa retire at the forthcoming annual general meeting (AGM) and are eligible for re-election.

Refer to note 32 on page 85 for details on directors' service contracts.

## Subsidiary companies

Details are given on page 38.

## Borrowings

In terms of the Memorandum of Incorporation, the directors of the company are permitted to borrow or raise such funds as they deem necessary for the operation of the group. At the close of business on 30 June 2021, the total borrowings less cash resources was R210 224 000 (2020: R325 063 000). At 30 June 2021, the group had approved general banking facilities of R130 000 000 (2020: R150 000 000) of which Rnil was undrawn. The working capital loan and the corporate bond are classified as current liabilities at 30 June 2021. The working capital loan was restructured into a 36-month term loan subsequent to year-end – refer to note 22 on page 71.

## Subsequent events

The directors are aware of the following material changes of circumstances or fact that occurred between the accounting date and the date of this report:

- The loan covenants for the six-month period ended 30 June 2021 was breached and was condoned by the corporate bondholder subsequent to year-end. As the breach occurred at 30 June 2021, the loan was classified to current liabilities in the group statement of financial position at 30 June 2021, similar to the prior financial year. The corporate bond is due for settlement on 31 January 2022.



## Report of the directors continued

FOR THE YEAR ENDED 30 JUNE 2021

- The loan covenants for the 12-month period ended 30 June 2021 were breached and were condoned by the Bank of China.
- The Bank of China working capital loan was restructured subsequent to year-end into a term loan of 36 months with an expiry date of 28 December 2024. Refer to note 22 on page 71.
- The board has approved a rights offer to the value of R55 million, of which R45 million is underwritten by a major shareholder.
- The continuing impact of COVID-19 pandemic on the group, as this is an ongoing and adjusting event. Refer to note 34.3.

## Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The board has considered all operational and financial related activity and forecasts for the ensuing 12 months, adjusted for the impact of the COVID-19 pandemic, for the approval of these annual financial statements. Refer to note 35 for more information.

## Special resolutions

The following special resolutions were passed at the previous annual general meeting:

- Non-executive directors' remuneration.
- Financial assistance to a related or inter-related company or companies.
- General authority to acquire or repurchase shares.

## Dividend

Due to the accumulated loss position no dividend is declared.

## Directors' interests in share capital

At the close of business on 30 June 2021, the interests of the directors in the issued share capital of the company amounted to:

	2021	2020
<b>Direct – beneficial</b>		
MSC Bawa	50 509	50 509
AMF da Silva	1 070 500	1 070 500
VVA Prinsloo	25 000	25 000
<b>Indirect – beneficial</b>		
MJ Madungandaba	42 998 052	42 998 052
ATM Mokgokong	31 566 332	31 566 332
MSC Bawa	4 010 170	4 010 170
	<b>79 720 563</b>	<b>79 720 563</b>

During the financial year, the Jasco Employee Share Incentive Trust ("the Trust") did not purchase any Jasco shares in the open market for (2020: nil shares for Rnil). Refer to note 21 on page 68.

The company has not been informed of any material changes in these holdings up to the date of this report.

There were no share options issued during the year.

# Statements of comprehensive income

for the year ended 30 June 2021

	Note	Group		Company	
		2021 R'000	Restated* 2020 R'000	2021 R'000	2020 R'000
<b>Continuing operations</b>					
Revenue	5	658 521	663 095	32 117	59 122
Cost of sales	6	(453 972)	(484 126)	–	–
<b>Gross profit</b>		<b>204 549</b>	<b>178 969</b>	<b>32 117</b>	<b>59 122</b>
Other income	7	8 730	12 594	33 538	1 909
Selling and distribution costs	7	(1 692)	(2 148)	–	–
Administrative expenses	7	(142 506)	(179 123)	(8 705)	(11 234)
Other expenses	7	(62 988)	(91 566)	(408)	(24 294)
Expected credit loss on trade receivables	17	(608)	(1 636)	–	–
<b>Operating profit/(loss)</b>	<b>7</b>	<b>5 485</b>	<b>(82 910)</b>	<b>56 542</b>	<b>25 503</b>
Finance income	7	1 190	2 368	35	439
Finance costs	7	(25 367)	(30 276)	(15 104)	(21 186)
Equity accounted share of profit from associate	14	–	33	–	–
<b>(Loss)/profit before taxation</b>	<b>7</b>	<b>(18 692)</b>	<b>(110 785)</b>	<b>41 473</b>	<b>4 756</b>
Taxation	8	(4 711)	(5 318)	–	9
(Loss)/profit from continuing operations		(23 403)	(116 103)	41 473	4 765
Profit from discontinued operations	4	32 495	13 468	–	–
<b>Profit/(loss) for the year</b>		<b>9 092</b>	<b>(102 635)</b>	<b>41 473</b>	<b>4 765</b>
<b>Other comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>9 092</b>	<b>(102 635)</b>	<b>41 473</b>	<b>4 765</b>
Profit/(loss) and total comprehensive income/(loss) for the year attributable to:					
– non-controlling interests	3	2 623	8 228	–	–
– ordinary shareholders of the parent		6 469	(110 863)	41 473	4 765
		9 092	(102 635)	41 473	4 765
Profit/(loss) and total comprehensive income/(loss) for the year attributable to:					
• Equity holders of the company		6 469	(110 863)	41 473	4 765
– (Loss)/profit for the year from continuing operations		(23 439)	(116 269)	41 473	4 765
– Profit for the year from discontinued operations	4	29 908	5 406	–	–
• Non-controlling interest:		2 623	8 228	–	–
– Profit for the year from continuing operations		36	166	–	–
– Profit for the year from discontinued operations	4	2 587	8 062	–	–
Earnings per ordinary share (cents):					
– From continuing operations		(10,4)	(51,8)		
– From discontinued operations		13,3	2,4		
	9	2,9	(49,4)		
Diluted earnings per ordinary share (cents)					
– From continuing operations		(10,4)	(51,8)		
– From discontinued operations		13,3	2,4		
	9.1	2,9	(49,4)		

\* Restated for the discontinued operations

# Statements of financial position

at 30 June 2021

	Note	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Assets</b>					
<b>Non-current assets</b>		179 578	327 277	85 356	114 746
Plant and equipment	10	38 567	74 675	–	–
Right-of-use assets	11	52 199	106 124	–	–
Intangible assets	12	67 910	117 772	–	–
Investment in subsidiaries	13	–	–	82 268	112 716
Investment in joint venture/associate	14	–	–	–	–
Deferred income tax	8	18 256	21 981	–	–
Other non-current assets recognised for costs incurred to fulfil contracts	5	9	1 664	–	–
Other non-current assets	15	2 637	5 061	3 088	2 030
<b>Current assets</b>		248 296	309 208	125 603	91 357
Inventories	16	87 482	101 113	–	–
Contract assets	5	1 574	11 927	–	–
Trade and other receivables	17	118 797	159 646	137	213
Amounts owing by group companies	13	–	–	125 173	90 747
Taxation refundable		12 790	11 938	–	300
Short-term portion of other non-current assets	15	6 689	3 258	–	–
Cash and cash equivalents	18	20 964	21 326	293	97
<b>Total assets</b>		427 874	636 485	210 959	206 103
<b>Equity and liabilities</b>					
<b>Shareholders' equity</b>		41 607	59 626	46 296	4 823
Share capital	19.2	281 283	281 283	281 283	281 283
Treasury shares	20	(3 083)	(3 083)	–	–
Non-distributable reserves	21	4 397	4 848	–	14
Retained loss		(252 176)	(257 155)	(234 987)	(276 474)
<i>Equity attributable to equity holders of the parent</i>		30 421	25 893	46 296	4 823
Non-controlling interests		11 186	33 733	–	–
<b>Non-current liabilities</b>		59 903	121 743	7	7
Interest-bearing liabilities	22	205	6 218	–	–
Lease liabilities	11	58 501	110 871	–	–
Contract liabilities	5	14	2 333	–	–
Deferred income tax	8	1 183	2 321	7	7
<b>Current liabilities</b>		326 364	455 116	164 656	201 273
Trade and other payables	23	98 211	172 446	3 499	4 242
Provisions	24	1 372	5 891	–	2 558
Amounts owing to group companies	13	–	–	9 922	3 548
Taxation		4 256	4 970	–	–
Contract liabilities	5	50 043	42 509	–	–
Short-term borrowings	25	153 419	203 020	151 235	190 925
Lease liabilities	11	19 063	26 280	–	–
<b>Total equity and liabilities</b>		427 874	636 485	210 959	206 103

# Statements of changes in equity

for the financial year ended 30 June 2021

	Note	Share capital R'000	Treasury shares R'000	Non-distributable reserves R'000	Retained earnings/ (loss) R'000	Total parent share holders' equity R'000	Non-controlling interest R'000	Total equity R'000
<b>Group</b>								
<b>Balance as at 30 June 2019</b>		281 283	(3 203)	7 109	(148 495)	136 694	28 730	165 424
Treasury shares – Share Incentive Trust	20	–	120	–	–	120	–	120
Equity-settled share-based payment	21	–	–	187	–	187	–	187
Disposal of companies	3	–	–	–	–	–	38	38
Recycling of non-distributable reserves (transaction with NCI)	21	–	–	(2 448)	2 448	–	–	–
Dividend paid to non-controlling shareholder	3	–	–	–	–	–	(3 263)	(3 263)
Transactions with non-controlling shareholders	3	–	–	–	(245)	(245)	–	(245)
Total comprehensive (loss)/income		–	–	–	(110 863)	(110 863)	8 228	(102 635)
(Loss)/profit for the year		–	–	–	(110 863)	(110 863)	8 228	(102 635)
Other comprehensive loss		–	–	–	–	–	–	–
<b>Balance as at 30 June 2020</b>		281 283	(3 083)	4 848	(257 155)	25 893	33 733	59 626
Disposal of companies	3	–	–	–	–	–	(27 111)	(27 111)
Recycling of non-distributable reserves (incl. transactions with NCI)	21	–	–	(451)	(1 490)	(1 941)	1 941	–
Total comprehensive income		–	–	–	6 469	6 469	2 623	9 092
Profit for the year		–	–	–	6 469	6 469	2 623	9 092
Other comprehensive income		–	–	–	–	–	–	–
<b>Balance as at 30 June 2021</b>		281 283	(3 083)	4 397	(252 176)	30 421	11 186	41 607
<b>Company</b>								
<b>Balance as at 30 June 2019</b>		281 283	–	14	(281 239)	58	–	58
Total comprehensive income		–	–	–	4 765	4 765	–	4 765
Profit for the year		–	–	–	4 765	4 765	–	4 765
Other comprehensive loss		–	–	–	–	–	–	–
<b>Balance as at 30 June 2020</b>		281 283	–	14	(276 474)	4 823	–	4 823
Recycling of non-distributable reserves		–	–	(14)	14	–	–	–
Total comprehensive income		–	–	–	41 473	41 473	–	41 473
Profit for the year		–	–	–	41 473	41 473	–	41 473
Other comprehensive loss		–	–	–	–	–	–	–
<b>Balance as at 30 June 2021</b>		281 283	–	–	(234 987)	46 296	–	46 296

Note 19

Note 20

Note 21

Note 3

# Statements of cash flows

for the financial year ended 30 June 2021

	Note	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Cash flows from operating activities</b>		(13 273)	(7 424)	(21 171)	(9 984)
Cash receipts from customers		668 893	992 815	4 724	26 708
Cash paid to suppliers and employees		(650 034)	(954 880)	(15 150)	(20 616)
Cash generated from/(utilised in) operations	26.1	18 859	37 935	(10 426)	6 092
Interest received		1 337	3 523	35	397
Interest paid <sup>#</sup>		(25 900)	(34 726)	(14 313)	(19 870)
Taxation (paid)/refunded	26.2	(7 569)	(10 893)	300	–
Dividend received		–	–	3 233	3 397
Dividend paid to non-controlling shareholder	3	–	(3 263)	–	–
<b>Cash flows from investing activities</b>		73 268	(15 402)	35 425	9 900
Purchase of plant and equipment	26.3	(4 603)	(7 330)	–	–
Proceeds on disposal of plant and equipment		1 135	520	–	–
Additions to right-of-use assets	11	5	(2)	–	–
Additions to intangibles	12	(19)	(8 686)	–	–
Disposal of subsidiary, net of cash disposed of	26.4	70 467	(74)	72 857	–
Acquisition of business operation	12	(250)	–	–	–
Increase in loan to associate	26.5	–	(2 554)	–	–
Dividend received from associate	14	3 233	–	–	–
(Increase)/decrease in loan amounts owing by group companies		–	–	(37 432)	9 900
Receipts from loan to customer	15	3 300	2 724	–	–
<b>Cash flows from financing activities</b>		(57 628)	(24 517)	(14 058)	–
Non-current loans repaid	22	(43 255)	(10 319)	(40 481)	–
Leases – principal payments	11	(14 373)	(14 198)	–	–
Increase in loan amounts owing to group companies		–	–	26 423	–
<b>Net increase/(decrease) in cash and cash equivalents</b>		2 367	(47 343)	196	(84)
Cash and cash equivalents at beginning of year		17 794	64 769	97	181
Revaluation of foreign cash balances		211	368	–	–
<b>Net cash and cash equivalents at end of year</b>		20 372	17 794	293	97
Cash and cash equivalents	18	20 964	21 326	293	97
Bank overdrafts	25	(592)	(3 532)	–	–
<b>Net cash and cash equivalents at end of year</b>		20 372	17 794	293	97

<sup>#</sup> Relates to interest paid on the Corporate bond, leases, other borrowings and the banks.

# Notes to the annual financial statements

for the year ended 30 June 2021

## 1. Corporate information

The consolidated and separate annual financial statements of Jasco Electronics Holdings Limited for the year ended 30 June 2021 were authorised for issue on 31 December 2021 in accordance with a resolution of the directors. Jasco Electronics Holdings Limited is a company incorporated in the Republic of South Africa. The company's shares are publicly traded.

## 2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below:

### 2.1 Basis of preparation

The consolidated and separate annual financial statements set out on pages 15 to 97 have been prepared on a historical cost basis, unless otherwise stated. The consolidated and separate annual financial statements are presented in Rand and are rounded to the nearest thousand, except where otherwise indicated.

The accounting policies set out below have been applied consistently to the periods presented in these consolidated and separate financial statements.

### 2.2 Statement of compliance

The consolidated and separate annual financial statements of Jasco Electronics Holdings Limited and all its subsidiaries (the group) have been prepared in accordance with International Financial Reporting Standards (IFRS), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange (JSE) Listings Requirements and the requirements of the South African Companies Act of 2008.

The accounting policies set out below have been applied consistently to the periods presented in these consolidated and separate financial statements.

### 2.3 Basis of consolidation

The consolidated annual financial statements include those of the company and its subsidiaries (refer to note 3).

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances and transactions, including income, expenses and dividends, are eliminated in full. A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the group loses control over a subsidiary, it derecognises the assets, including goodwill, and liabilities of the subsidiary and the carrying amount of any non-controlling interest while recognising the fair value of the consideration received and the fair value of any investment retained. Any surplus or deficit is recognised in profit and loss and the holding company's share of components previously recognised in other comprehensive income is reclassified to profit or loss.

The group treats transactions with non-controlling interests that do not result in a loss of control as transaction with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings.

#### 2.3.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed.

## 2. Accounting policies continued

### 2.3 Basis of consolidation continued

#### 2.3.1 Business combinations and goodwill continued

Any contingent consideration to be transferred will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost, being the excess of the consideration transferred over the group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination.

Where goodwill forms part of a cash-generating unit, and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### 2.3.2 Investments in subsidiaries, joint ventures and associates in the separate annual financial statements

Investments in subsidiaries are recognised from the date of acquisition and continue to be recognised until the date that such control ceases.

Investments in subsidiaries, joint ventures and associates are carried at cost, being the consideration transferred, less any impairment in value. Acquisition costs are expensed.

#### 2.3.3 Investment in joint venture

The group's investment in a joint venture is accounted for using the equity method of accounting. This is an entity in which the group has joint control. The investment is carried in the statement of financial position at cost plus post-acquisition changes in the group's share of net assets of the joint venture, less any impairment in value.

The statement of comprehensive income reflects the group's share of the results of operations of the joint venture. This is the profit attributable to the group and therefore is profit after tax. Unrealised gains and losses resulting from transactions between the group and the joint venture are eliminated to the extent of the interest in the joint venture.

Upon loss of joint control, and provided the former joint venture does not become a subsidiary, the group measures and recognises its remaining investment at its fair value. Any difference between the carrying amount of the former joint venture or associate and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss.

#### 2.3.4 Treasury shares

Shares in Jasco Electronics Holdings Limited held by the Jasco Employee Share Incentive Trust that are not allocated to employees, are classified in shareholders' funds as treasury shares. These shares are treated as a deduction from the issued and weighted number of shares and the cost price of the shares is deducted from the shareholders' equity in the statement of financial position.

Dividends received on treasury shares are eliminated on consolidation.



## 2. Accounting policies continued

### 2.4 Stated capital

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

Ordinary shares are recognised at no par value and classified as 'stated capital' in equity. Dividends are recognised as a liability in the company in which they are declared.

### 2.5 Segmental information

For management (the group's executive committee) purposes, the group is organised into business units based on their products and services and has four reportable operating segments. The group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured on an aggregate basis and reconciled back to the profit or loss in the consolidated statement of comprehensive income.

Segmental revenue includes sales to third parties, as well as arm's length inter-segmental revenue recorded at fair value.

Segmental operating profits exclude interest paid or received, except for interest income on lease receivables, and are stated before inter-segmental charges for interest and administration services between group companies. Refer to the segment report on page 95.

### 2.6 Revenue recognition – group

#### 2.6.1 Operating lease income

Rental income is derived from operating leases and is recognised on a straight-line basis over the period of each lease.

The group manages a network of Hi-sites that they developed. The group renders a comprehensive range of radio site management and technical services for the widest possible range of clients in the radio communications industry.

#### 2.6.2 Revenue from contracts with customers

It is the group's policy to recognise revenue from a contract with customers when:

- it has been approved by both parties, rights have been clearly identified i.e. the customer has legal title to goods or service and the group has right to payment;
- payment terms have been defined;
- the contract has commercial substance; and
- collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made, if any.

Contracts are assessed individually to determine whether the products and services are distinct i.e. the product or service is separately identifiable from the other items in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the standalone selling prices of the goods and services.

When a contract results in a payment being received from customers in advance of fulfilling the performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract asset is recognised.

The group recognises an asset in relation to costs incurred in fulfilment of service level agreements (SLAs). The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

## 2. Accounting policies continued

### 2.6 Revenue recognition – group continued

#### 2.6.2 Revenue from contracts with customers continued

Revenue is recognised at the amount of the transaction price that is allocated to that performance obligation excluding amounts collected on behalf of third parties. Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Control of an asset or service refers to the ability to direct the use of and obtain substantially all of the remaining benefits (potential cash inflows or savings in cash outflows) associated with the asset.

##### 2.6.2.1 Disaggregation of revenue from contract with customers

The group's activities mainly comprise the sale of IT goods and related services, maintenance and support services, connectivity, cloud and hosting services as well as project-related services. Further details regarding the disaggregation of revenue from contracts with customers are provided below.

#### Sales of goods and related services

The group sells a range of goods to its customers and recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the goods, at a point in time. General payment terms are 30 to 90 days from invoice date. The transaction price is determined as the selling prices of the goods.

In addition, the group sells goods to customers with related services included. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two separate performance obligations.

Where the group sells goods and related services to customers and these goods and services are not distinct, i.e. not separately identifiable, the contracts are treated as a single performance obligation. However, where the goods and services are distinct, i.e. separately identifiable, and the customer can benefit from the goods and services either on its own or together with other resources that are readily available, then the goods and services are treated as two separate performance obligations. The transaction price is then split based on the stand alone selling prices of the goods and related services.

The related services sold, when considered to be distinct, are recognised over time when the services are rendered to the customer, excluding specific services below.

The group provides software asset management services to its customers which include provision of software licences, in-house hosting and managed services in the form of insight reports. Such services are provided to the customers as a bundle, where the group operates as a principal responsible for delivery of such services with revenue recognised based on the satisfaction of performance obligations, which occurs when control of goods or service transfers to a customer over the term of the contract with the customer on a straight-line basis per performance obligation as is seen as a stand-ready obligation. Depending on the nature of the contract, the group applies its judgement to conclude whether the goods and services should be treated as a single performance obligation or as two separate performance obligations. The transaction price is then split based on standalone selling prices.

## 2. Accounting policies continued

### 2.6 Revenue recognition – group continued

#### 2.6.2.1 Disaggregation of revenue from contract with customers continued

##### **Project-related revenue**

The group delivers various projects to its customers, including designs, builds and installations of various customer driven solutions.

The group provides a service of integrating goods or services into a bundle of goods or services that represent the combined output for which a customer has contracted, the goods or services either modify or are modified by other goods or services, or are considered to be highly interdependent or interrelated. In these contracts the goods and services are therefore not separately identifiable and not seen as separate performance obligations.

The group recognises revenue over time based on the input method, i.e. costs incurred in fulfilling the performance obligation as a percentage of total estimated costs of the project. The payment terms are based on the underlying contract with the customer, however, they are usually within 30 to 90 days from invoice date. The group recognises contract assets and contract liabilities on these contracts depending on the billing milestones identified in these contracts.

Revenue from providing other project related services on an *ad hoc* basis is recognised in the accounting period in which the services are rendered. As these services are performed once-off at a point in time, the related revenue is recognised at the point in time. The standard payment terms are usually within 30 to 90 days from invoice date.

The transaction price is determined in accordance with the SLA.

##### **Maintenance and support services**

The group recognises revenue over time based on the input method, i.e. costs incurred as a percentage of total estimated costs. The payment terms are based on the underlying contract with the customer, however, they are usually within 30 to 90 days from invoice date. The group recognises contract assets and contract liabilities on these contracts depending on the billing milestones identified in these contracts. Refer to note 5.

Revenue from providing other maintenance and support services on an *ad hoc* basis is recognised in the accounting period in which the services are rendered. As these services are performed once-off at a point in time, the related revenue is recognised at the point in time. The standard payment terms are usually within 30 to 90 days from invoice date. The transaction price is determined in accordance with the SLA.

##### **Connectivity and hosting services**

The group provides a range of connectivity and hosting services to its customers which include connecting customers to their networks and hosting customers on the group's data centre. The group recognises revenue over time as per the contract with customer. The group recognises revenue over time based on the input method, i.e. costs incurred as a percentage of total estimated costs.

Revenue recognised over time is based on the contracts with customers that cover a specific period over which these services need to be rendered. The revenue recognised over time is measured in accordance with the duration of the contract based on the satisfaction of performance obligations, which occurs when connectivity and hosting services are rendered to a customer.

Revenue from providing other connectivity and hosting services on an *ad hoc* basis is recognised in the accounting period in which the services are rendered. As these services are performed once-off at a point in time, the related revenue is recognised at the point in time. The standard payment terms are usually within 30 to 90 days from invoice date.

## 2. Accounting policies continued

### 2.6 Revenue recognition – group continued

#### 2.6.2.1 Disaggregation of revenue from contract with customers continued

##### Software related licences revenue

The group sells a range of software licences to its customers, whereby the group acts as a principal in these contracts. The group recognises the revenue when control is transferred to the customer, being when the customer accepts delivery of the licence. The sale and installation of the software are seen as one performance obligation and therefore the group recognises the related revenue at a point in time. General payment terms are 30 to 90 days from invoice date.

The group also provides a range of software services to its customers which provide customers with right of access to software per SLAs that enhances office productivity. The group generally recognises revenue relating to right of access sales over time on a straight-line basis in accordance with the SLAs.

Where the group sells software licences with the right to updates and such updates are not considered critical to the functionality of the software, the group considers that such licences include two performance obligations:

- A licence to the current version of the software product, which is recognised on a principal basis at a point in time.
- An entitlement for future updates, which is recognised on a principal basis over time on a straightline basis as this is seen as a stand ready obligation and this is the group's best estimate as to how these revenues are earned.

The transaction price is determined in accordance with the SLA. Contracts that include both the licence and the entitlement for future updates, the transaction price is allocated to each performance obligation. As the group sells the licence to customers, the transaction price of the licence is determined as if it was a standalone transaction and the remaining balance of the contract price is then allocated to the future updates of the software.

##### Agency revenue

The group also acts as a middle-man between a landlord and a tenant and provides services to improve revenue income for the landlords by performing efficiency assessment activities on behalf of the landlords. The group recognises such third party professional services on an agent basis over time when the services are rendered and the general payment terms are 30 to 90 days from invoice date. The revenue is recognised based on agreed upon fees as per SLA.

When a contract results in payment received from customers in advance of fulfilling performance obligation, a contract liability is recognised, similarly, when the performance obligation has been fulfilled and the customers have not been invoiced, a contract assets is recognised.

### 2.7 Revenue recognition – company

#### Dividend income

Dividend income is recognised when the right to receive payment is established and is included as part of revenue in the statement of comprehensive income.

#### Finance income

Interest income is recognised using the effective interest rate method and is included as part of revenue in the statement of comprehensive income.

## 2. Accounting policies continued

### 2.7 Revenue recognition – company continued

#### Administration fees

The company provides administration and management services to group companies as part of managing the group effectively.

The administration and management services fee income is recognised in the accounting period in which the services are rendered to the companies in the group based on satisfaction of performance obligations, which occurs when services are rendered to the group company, i.e. over time on a straight-line basis as it is seen as stand-ready.

### 2.8 Cost of sales

Cost of sales comprises the cost of goods sold including any allocation of the direct overhead expenses, net of supplier rebates and discounts including:

- Factory rental costs
- Freight and logistic costs

### 2.9 Foreign currency translation

#### Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Foreign currency gains and losses are charged to the statement of comprehensive income.

### 2.10 Taxation

#### 2.10.1 Tax expenses

Current and deferred taxes are recognised as income or expenses and are included in the statement of comprehensive income. The current tax expense/income is based on taxable profit. Taxable profit differs from profit reported in the statement of comprehensive income when there are items of income or expense that are taxable or deductible in other years and it also excludes items that are never taxable or deductible under existing tax legislation. Current tax expenses/income are measured at the amount expected to be paid to/recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

#### 2.10.2 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a tax payable in the statement of financial position. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as a tax receivable in the statement of financial position.

#### 2.10.3 Deferred tax assets and liabilities

Deferred taxation is provided, using the liability method, on temporary differences at the reporting date between the carrying amounts for financial reporting purposes and their tax bases.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit/loss nor taxable profit/loss; and/or
- in respect of taxable temporary differences relating to investments in subsidiaries, associates or joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2. Accounting policies continued

### 2.10 Taxation continued

#### 2.10.3 Deferred tax assets and liabilities continued

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, except:

- when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit/loss nor taxable profit/loss; or
- in respect of taxable deductible differences relating to investments in subsidiaries, associates or joint ventures, where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the group to make significant estimates related to expectations of future taxable income.

The carrying amount of deferred tax assets in the statement of financial position are reviewed annually 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. Unrecognised deferred income tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates, and laws, that have been enacted or substantively enacted at the reporting date. The measurement of the deferred tax assets and liabilities reflect the tax consequences that would follow from the manner in which the group expects to recover or settle the carrying amounts of its assets and liabilities at the reporting date. The effect on deferred taxation of any changes in taxation rates is charged to the statement of comprehensive income, except to the extent that it relates to items previously charged or credited to other comprehensive income directly to equity.

Deferred tax assets and liabilities are offset for presentation in the statement of financial position where the group has a legally enforceable right to do so and the income taxes relate to the same tax authority.

#### 2.10.4 Value-added taxation

Revenues, expenses and assets are recognised net of the amount of value-added taxation, except:

- where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is recognised as part of the cost of acquisition of the asset or as a part of the expense item as applicable; and
- where receivables and payable are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of the other receivables and payables in the statement of financial position.

## 2.11 Employee benefits

### 2.11.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries and annual leave represent the amount that the group has a present obligation to pay as a result of employees' services provided up to the reporting date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

## 2. Accounting policies continued

### 2.11 Employee benefits continued

#### 2.11.2 Retirement benefits

The group contributes to defined contribution funds.

A defined contribution plan is a pension scheme under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The contributions are recognised as employee benefit expenses as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future contribution payments is available.

Contributions to defined contribution funds are charged against income when the related services are rendered.

#### 2.11.3 Share-based compensation

The group operates an equity-settled and a cash-settled share-based compensation plan.

##### Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they were granted. The fair value of the employee services received in exchange for the shares or options granted is recognised as an expense and a corresponding entry to equity over the period in which the vesting conditions are fulfilled. The cumulative expense recognised for the transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of comprehensive income represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

##### Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to and including the settlement date, with changes in fair value recognised in the employee benefits expense. Refer to note 21.

### 2.12 Provisions, contingent liabilities and commitments

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Transactions arising from past events are classified as contingent liabilities where the group has a possible obligation whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group, or the group has a present obligation but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured with sufficient reliability.

Items are classified as commitments where the group commits itself to future transactions or if the items will result in the acquisition of assets.

### 2.13 Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment in value. Initial and subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

All plant and equipment is depreciated from the date it is available for use, on a straight-line basis, to write down their cost to their residual value over their estimated useful life. Depreciation ceases at the earlier of either the date the asset is classified as held for sale or the date the asset is derecognised.

Residual values, useful lives and the depreciation method of assets are reviewed, and adjusted prospectively if appropriate, on an annual basis.



## 2. Accounting policies continued

### 2.13 Plant and equipment continued

#### Average rates used

Plant and machinery	10% to 20%
Motor vehicles	25%
Leased furniture and office equipment	10% to 33,3%
Hi-sites	5% to 20%
Leasehold improvements	over the period of the lease
Furniture and office equipment	10% to 33,3%
Computer and manufacturing equipment	10% to 20%

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

Any impairment is recognised directly in profit and loss.

### 2.14 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally-generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in profit or loss in the expense category consistent with the function of the intangible assets.

The amortisation rate applied to the various categories of intangible assets is as follows:

Voice transaction management application	33,3%
Customer-related intangibles	10%
Trade names	6,7 – 10%
Computer software	14,3%

Gains or losses arising from the recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### Research and development costs

Expenditure incurred in relation to research activities are expensed as incurred.

Expenditure incurred in relation to development activities, whereby research findings are applied to the plan or design for production of a new product or substantial improvement of an existing product, are capitalised only if the development costs can be measured reliably, future economic benefits are probable, the group has sufficient resources to complete the asset and the product is technically and commercially feasible.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that were incurred directly in the development of the product. The group develops various voice transaction management applications (note 12).

During the period of development, the asset is tested for impairment annually upon completion the intangible is transferred to the relevant intangible category and amortised as appropriate for that asset.

## 2. Accounting policies continued

### 2.15 Impairment of non-financial assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units fair value less costs to sell and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The group bases its value-in-use calculation on detailed budgets and forecast calculations which are prepared separately for each of the group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased.

If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. The following criteria are also applied in assessing impairment of specific assets:

#### Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised.

Impairment losses relating to goodwill cannot be reversed in future periods.

### 2.16 Inventories

Inventories, being components, finished goods and merchandise, are valued at the lower of cost, determined on the weighted average basis, and net realisable value. The cost of finished goods includes a proportion of overhead expenses as well as direct costs.

Allowance is made for slow-moving and obsolete inventories.

The net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

## 2. Accounting policies continued

### 2.17 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### 2.17.1 Group as a lessee

The group's leases include buildings, rooftops, motor vehicles and office equipment. The terms on the lease agreements are generally fixed, with a renewal period as an option.

##### Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised and initial direct costs incurred. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

##### Lease liabilities

Lease liabilities are measured as the present value of the lease payments that are not paid at that date discounted at the group's incremental borrowing rate or the rate.

The group's lease liability is subsequently increased to reflect the interest on the lease liability, reduced to reflect the lease payments made and re-measured to reflect any lease modifications. Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset.

For leases that include both lease and non-lease components, the group accounts for non-lease components as operating expenses and are recognised in profit or loss as they are incurred.

Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date. Changes to the lease payments are taken into account at the point in time when the lease payments actually change and the change is accounted for as remeasurement of the lease liability.

##### Short-term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for some of low-value assets and for short-term leases. The group considers leased assets with a new purchase value of below R100 000 to be low-value assets and these relate mainly to leased office equipment. The group considers short-term leases as those leases that have a lease term of 12 months or less from commencement date and do not contain a purchase option.

The group recognises the lease payments associated with these leases as an expense on a straight-line basis.

#### 2.17.2 Group as a lessor

Lease agreements where the group is a lessor are classified as either operating or finance leases.

Leases in which the group does not transfer substantially all the risks and benefits incidental to ownership of an underlying asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Assets held under a finance lease are recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the net investment in the finance lease.

If the lease agreement is classified as an operating lease, the lessor continues to present the underlying assets.

## 2. Accounting policies continued

### 2.18 Financial instruments

Financial instruments comprise investments in equity, loans receivable, trade and other receivables (excluding prepayments), investments, cash and cash equivalents, restricted cash, non-current loans, current loans, as well as financial liabilities, consisting of borrowings, derivative financial liabilities and trade and other payables.

#### 2.18.1 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired and the group has transferred substantially all the risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### 2.18.2 Measurement

At initial recognition, the group measures a financial liability at its fair value plus directly attributable transaction costs.

At initial recognition, the group measures a financial asset (excluding trade receivables) at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

##### (a) At fair value through profit or loss

###### *Foreign currency contracts*

The group's only financial instruments carried at fair value through profit or loss were foreign currency contracts.

##### (b) At amortised cost

###### *Trade receivables, lease receivables and contract assets*

Trade receivables, lease receivables and contract assets, measured in accordance with IFRS 9, are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. The group and company applies the simplified approach to measuring expected credit losses for trade receivables, lease receivables and contract assets unless there is a significant financing component. There were no significant trade receivables, lease receivables and contract assets with financing components during the reporting period.

###### *Other financial assets at amortised cost*

The group classifies its financial assets as at amortised cost only if both of the following criteria are met: the asset is held within a business model whose objective is to collect the contractual cash flows; and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other financial assets at amortised cost include the following: Trade and other receivables (note 17), Other non-current assets (note 15), loans to associates and joint ventures (note 14) and cash and other cash equivalents (note 18).

For cash and other cash equivalents, interest is based on prevailing market rates of the respective bank accounts in which the cash and other cash equivalents are domiciled.

Other receivables are subsequently measured at amortised cost less expected credit losses under the general model.

##### (c) Financial liabilities

Loans from group companies, trade and other payables, other financial liabilities and finance lease liabilities are subsequently measured at amortised cost, using the effective interest method.

## 2. Accounting policies continued

### 2.18 Financial instruments continued

#### 2.18.3 Valuation techniques used to determine fair values

The fair value of financial assets carried at FVPL is determined using techniques as set out in note 33.2.

#### 2.18.4 Impairment

The group calculates the allowance for credit losses based on ECLs for financial assets measured at amortised cost: trade receivables, lease receivables and contract assets. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive). ECLs are discounted at the original EIR of the financial asset.

The group applies the simplified approach to determine the ECL for trade receivables, lease receivables and contract assets.

For all other financial assets at amortised cost, the group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- (a) a review of overdue amounts; and
- (b) comparing the risk of default at the reporting date and at the date of initial recognition; and
- (c) an assessment of relevant historical and forward-looking quantitative and qualitative information.

If the credit risk on the financial asset has not increased significantly since initial recognition, the group measures the loss allowance for that financial asset at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

#### Simplified approach

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Expected credit loss is calculated as the probability of default multiplied by the loss given default (amount that will be lost in a default event), multiplied by exposure of default.

To measure the ECLs, trade receivables, lease receivables and contract assets are grouped based on shared credit risk characteristics (refer to table below) and the days past due to identify non-performing receivables.

Category	Description
Small to medium customers	<p>This category of customers is generally represented by small- and medium-sized enterprises.</p> <p>These entities are most exposed to the local markets. The credit risk assigned to these entities are medium. Probabilities of default per entity/for entities in this category are based on historical payments and other information available on the financial condition of the entity/entities. Expected credit loss rates for entities within this category generally range between 0% and 4%.</p>
Large customers	<p>This category of customers is generally represented by large-sized enterprises.</p> <p>These entities are mostly exposed to the local and international markets. The credit risk assigned to these entities are low to medium. Probabilities of default per entity/for entities in this category are based on historical payments and other information available on the financial conditions of the entity/entities, this has been assessed to be low. Expected credit loss rates for entities within this category generally range between 0% and 5%. Refer to note 17.</p>

## 2. Accounting policies continued

### 2.18 Financial instruments continued

#### 2.18.4 Impairment continued

The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if the financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

In addition, forward-looking macroeconomic conditions and factors are considered when determining the ECLs for trade receivables, lease receivables and contract assets, namely trading conditions, as well as economic growth and inflationary outlook in the short term.

Impairment losses on financial assets are presented on the face of the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

#### Intercompany loans

The group applies a general approach to determine the ECL for intercompany loans. ECL is calculated using historical data (12 months and 36 months respectively) as well as forward-looking data in form budgets for following year. The calculation of the ECL is based on each individual company within the group's historical default rates observed over the expected life of the loans, adjusted for factors that are specific to the company, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate. This is done to allow for risk differentiation going forward and allows for risk management strategies impact being implemented.

### 2.19 Borrowing costs

There were no qualifying assets therefore all borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.20 Significant accounting judgement and estimates

The preparation of the group's consolidated and separate financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the group's accounting policies, management has made the following judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

#### 2.20.1 Impairment of non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current market, technological and economic conditions as well as other circumstances that could indicate that impairment exists. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

Where impairment indicators exist, the determination of the recoverable amount requires management to make assumptions to determine the fair value less costs to sell or value-in-use. Key assumptions on which management has based its determination of value-in-use include discount rates, projected cash flows and growth rates. The judgements, assumptions and methodologies used can have a material impact on the fair value and ultimately the amount of any impairment.

## 2. Accounting policies continued

### 2.20 Significant accounting judgement and estimates continued

#### 2.20.2 Leases

##### Determination of lease term contracts with renewal and termination options (group as a lessee)

The group determines the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease if it is reasonably certain to be exercised.

The group has several lease contracts that include extension and termination options. The group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. After the commencement date, the group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or terminate.

##### Determination of the incremental borrowing rate

Where the group cannot readily determine the interest rate implicit in the leases it enters into, it uses its incremental borrowing rate to measure its lease liabilities.

The incremental borrowing rate is the rate of interest that the group would have to pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

#### 2.20.3 Acquisition of subsidiary companies

Subsidiaries are entities that are defined as being under the control of the group. In certain cases, the assessment of control requires management to apply significant judgement. The ability of management to direct or has rights to the variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary company reflects control over the subsidiary.

At acquisition fair values are determined using a discounted cash flows technique which takes into account various judgements and estimates relating to discount rates, projected cash flows and growth rates.

#### 2.20.4 Deferred taxation

Management's judgement is exercised in determining the probability of future taxable profits, which will determine whether deferred tax assets should be recognised or derecognised. The utilisation of deferred tax assets will depend on whether it is possible to generate sufficient taxable income, taking into account any legal restrictions on the length and nature of the taxation asset. Key assumptions on which management has based its determination of future taxable income include projected profits and future growth rates. When deciding whether to recognise unutilised tax credits, management determines the extent to which future taxable income are likely to be available for set-off. In the event that the assessment of future profits, future tax payments and future utilisation changes, the change in the recognised deferred taxation is recognised in profit or loss.

#### 2.20.5 Fair value measurement of intangible assets

When the fair values of intangible assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as discount rates, projected cash flows and growth rates. Changes in assumptions about these factors could affect the reported fair value of intangible assets.

#### 2.20.6 Sales of goods and related services

The group enters into contracts with customers which include goods that are delivered to the customer and an ongoing service relating to the goods for a specific period as set out in the contracts. The group has applied its judgement and views these arrangements, in some instances, as a single performance obligation that needs to be met as the goods and services are not separately identifiable and the customer cannot benefit from either the goods or the services separately. The revenue on these contracts is recognised over time using the input method, i.e., costs incurred as a percentage of total expected costs.

## 2. Accounting policies continued

### 2.20 Significant accounting judgement and estimates continued

#### 2.20.7 Determination of useful life and residual value of plant and equipment

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually.

The estimation of the useful lives of plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management.

#### 2.20.8 Going concern

The group and company statement of financial position has a negative net current asset value position at 30 June 2021. The group and company generated losses for the 2021 and 2020 year-ends and the company for the 2020 year-end and breached its debt covenants.

Management applied its judgement, taking into account the current financial position, future forecasted profits and future cash flows including its future obligations in terms of its borrowings in concluding that the group and company are a going concern. Changes in the assumptions regarding future cash flows and profits could affect the going concern of the group. Refer to notes 22 and 33.5 which sets out the liquidity risks of the group and company.

Refer to note 34.3 for impact of COVID-19 on significant accounting judgement and estimates.

### 2.21 Standards and interpretations issued and not yet effective

The followings standards and interpretations or amendments thereto have been issued and are not yet effective at the time of this report. Only those that may be expected to affect these financial statements have been detailed below:

Number	Name	Details of amendment	Effective date
IFRS 3	Business Combinations	Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. "	1 January 2022
IFRS 9	Financial Instruments	Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. <ul style="list-style-type: none"> <li>• The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.</li> <li>• The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform.</li> <li>• The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to reflect: <ul style="list-style-type: none"> <li>• designating an alternative benchmark rate as the hedged risk; or</li> <li>• changing the description of the hedged item, including the designated portion, or of the hedging instrument.</li> </ul> </li> </ul>	1 January 2021



## 2. Accounting policies continued

### 2.21 Standards and interpretations issued and not yet effective continued

Number	Name	Details of amendment	Effective date**
		Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	1 January 2022
IFRS 16	Leases	Interest Rate Benchmark Reform Phase 2: The amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 amend requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. <ul style="list-style-type: none"> <li>The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.</li> </ul>	1 January 2021
IAS 1	Presentation of Financial Statements	Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.	1 January 2023
		Disclosure of Accounting Policies: The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of change in accounting prospectively remain unchanged.	1 January 2023
IAS 12	Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by clarifying when the exemption from recognising deferred tax would apply to the initial recognition of such items.	1 January 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.	1 January 2022

\*\* Annual periods beginning on or after, unless otherwise indicated

The group is investigating the impact of these pronouncements and intends to apply them as they become effective, if applicable. For the most part, unless indicated above, the effect of these Standards and Interpretations are not expected to be significant.

### 3. Subsidiary companies included in these results

	Number of issued shares	Effective ownership 2021 %	Effective ownership 2020 %
<b>Trading companies</b>			
<i>Direct</i>			
Jasco Trading (Pty) Ltd	4 180	100	100
Jasco Carrier Solutions (Pty) Ltd	4 000	100	100
Jasco Networks (Pty) Ltd	13 400	100	100
Jasco Enterprise (Pty) Ltd	100	100	100
Jasco Systems (Pty) Ltd	100	100	100
Reflex Solutions (Pty) Ltd <sup>^^</sup>	1 000	–	51
RAMM Systems (Pty) Ltd	1 000	51	51
Jasco Security and Fire Solutions (Pty) Ltd <sup>§</sup>	297	100	100
NewTelco South Africa (Pty) Ltd <sup>§</sup>	100	100	100
Datavoice (Pty) Ltd <sup>§</sup>	100	100	100
<i>Indirect</i>			
Jasco Power Solutions (Pty) Ltd (formerly: Ferro Resonant Technologies (Pty) Ltd) <sup>*</sup>	1 000	100	100
Jasco Property Solutions (Pty) Ltd <sup>#</sup>	100	100	100
Jasco ICT Datafusion (Pty) Ltd <sup>@^^</sup>	183 674	–	51
<b>Dormant</b>			
Jasco Cables Investments (Pty) Ltd <sup>%</sup>	543 780	–	100
Jasco Converged Solutions (Pty) Ltd	1 001	100	100
Jasco Energy and Industry Solutions (Pty) Ltd	6 406 859	100	100
Jasco Infrastructure Company (Pty) Ltd	100	100	100
Jasco IOT Solutions (Pty) Ltd <sup>%</sup>	1 000	–	51
Maringo Communications (Pty) Ltd <sup>#%</sup>	228	–	100
Telesto Communications (Pty) Ltd	1 000	100	100
Webb Industries (Pty) Ltd <sup>%</sup>	1 000	–	100
Webb Masts and Towers (Pty) Ltd <sup>%</sup>	400	–	100

All the subsidiary companies are registered in South Africa and their principal place of business is in South Africa.

<sup>\*</sup> Shares owned by Jasco Trading (Pty) Ltd

<sup>#</sup> Shares owned by Jasco Carrier Solutions (Pty) Ltd

<sup>§</sup> Shares owned by Jasco Energy and Industry Solutions (Pty) Ltd in 2020.

<sup>@</sup> Shares owned by Reflex Solutions (Pty) Ltd

<sup>^^</sup> Loss of control from 22 September 2020 (refer to note 4)

<sup>%</sup> Deregistered in 2021

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 3. Subsidiary companies included in these results continued

#### Non-controlling interest

	Principal place of business	Effective ownership	
		2021 %	2020 %
<b>Company name</b>			
Reflex Solutions (Pty) Ltd <sup>#</sup>	South Africa	–	49
Jasco ICT Datafusion (Pty) Ltd <sup>#</sup>	South Africa	–	49
RAMM Systems (Pty) Ltd	South Africa	49	49
Jasco IOT Solutions (Pty) Ltd <sup>§</sup>	South Africa	–	49

<sup>#</sup> Disposed of in current year

<sup>§</sup> Deregistered in current year

	Opening NCI	Dividends	Transactions with non-controlling shareholders	NCI: Current Profit	Closing NCI
<b>2021</b>					
Reflex Solutions (Pty) Ltd	21 817	–	(24 404)	2 587	–
RAMM Systems (Pty) Ltd	11 150	–	–	36	11 186
Jasco ICT Datafusion (Pty) Ltd	2 707	–	(2 707)	–	–
Other non-significant NCI	(1 941)	–	1 941	–	–
	<b>33 733</b>	<b>–</b>	<b>(25 170)</b>	<b>2 623</b>	<b>11 186</b>
<b>2020</b>					
Reflex Solutions (Pty) Ltd	17 286	(3 263)	–	7 794	21 817
RAMM Systems (Pty) Ltd	11 007	–	–	143	11 150
Jasco ICT Datafusion (Pty) Ltd	2 439	–	–	268	2 707
Other non-significant NCI	(2 002)	–	38	23	(1 941)
	<b>28 730</b>	<b>(3 263)</b>	<b>38</b>	<b>8 228</b>	<b>33 733</b>

### 3. Subsidiary companies included in these results continued

	Reflex		Datafusion		RAMM Systems	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Summarised statement of profit or loss</b>						
Revenue	79 728	276 238	-	1 068	35 731	35 300
Cost of sales	(53 265)	(170 333)	-	(337)	(15 302)	(17 707)
Operating expenses (incl. other income)	(18 737)	(84 517)	-	21	(19 346)	(17 294)
Net finance costs (incl. finance income)	159	132	-	8	137	106
Profit before tax	7 885	21 520	-	760	1 220	405
Income tax expense	(2 154)	(5 613)	-	(213)	(1 145)	(113)
<b>Total comprehensive income</b>	<b>5 731</b>	<b>15 907</b>	<b>-</b>	<b>547</b>	<b>75</b>	<b>292</b>
Attributable to non-controlling interests	2 808	7 794	-	268	36	143
<b>Summarised statement of financial position</b>						
Current assets	-	77 092	-	1 420	8 350	8 692
Non-current assets	-	30 756	-	1 536	1 028	760
<b>Total assets</b>	<b>-</b>	<b>107 848</b>	<b>-</b>	<b>2 956</b>	<b>9 378</b>	<b>9 452</b>
Equity	-	41 546	-	2 719	7 845	7 770
Current liabilities	-	59 567	-	237	1 283	1 640
Non-current liabilities	-	6 735	-	-	251	42
<b>Total equity and liabilities</b>	<b>-</b>	<b>107 848</b>	<b>-</b>	<b>2 956</b>	<b>9 379</b>	<b>9 452</b>
<b>Summarised statement of cash flows</b>						
Net cash flows from operating activities	14 282	1 362	-	(94)	(221)	(6 020)
Net cash flows from investing activities	(8 486)	(4 882)	(54)	20	405	(98)
Net cash flows from financing activities	(3 203)	(7 398)	-	-	(113)	(86)
<b>Net movement in cash and cash equivalents</b>	<b>2 593</b>	<b>(10 918)</b>	<b>(54)</b>	<b>(74)</b>	<b>71</b>	<b>(6 204)</b>

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 4. Discontinued operations

#### Disposals in 2021

The group interest in Reflex Solutions was reduced from 51% to 47,7% as of 22 September 2020 through the group not participating in the right issue offered by Reflex Solutions. The loss in control gave rise to a profit of R2,2 million to Jasco during the period, with the investment being equity-accounted from 22 September 2020. With effect from 21 April 2021, Jasco sold its 47,7% shareholding in Reflex Solutions for an amount of R72,9 million. The initial investment was carried at cost. The financial performance and cash flow information presented are for the period ended 22 September 2020 (2021 column) and the year ended 30 June 2020.

With effect from 1 May 2021, Jasco sold its Property Technology Management division in Jasco Networks Proprietary Limited to Reach Group Proprietary Limited for a total transaction consideration of R7,5 million, resulting in a profit before tax of R7,3 million. The initial investment was carried at cost. The financial performance and cash flow information presented are for the period ended 30 April 2021 (2021 column) and the year ended 30 June 2020.

Financial information relating to the discontinued operations for the period to the date of loss of control is set out below.

#### Statements of comprehensive income

	<b>Group</b>	
	<b>2021</b>	2020
	<b>R'000</b>	R'000
Revenue	84 205	276 118
Cost of sales	(53 763)	(168 407)
<b>Gross profit</b>	<b>30 442</b>	<b>107 711</b>
Other income	11 478	5 405
Selling and distribution costs	(8)	(104)
Administrative expenses	(18 445)	(61 491)
Other expenses	(5 386)	(26 458)
Net impairment loss on trade receivables	–	(2 485)
<b>Operating profit</b>	<b>18 081</b>	<b>22 578</b>
Finance income	259	1 358
Finance costs	(1 326)	(5 803)
Equity accounted share of profit from associate	19 184	–
<b>Profit before taxation</b>	<b>36 198</b>	<b>18 133</b>
Taxation	(3 703)	(4 665)
<b>Profit for the period</b>	<b>32 495</b>	<b>13 468</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the year</b>	<b>32 495</b>	<b>13 468</b>
Profit and total comprehensive income for the year attributable to:		
– non-controlling interests	2 587	8 062
– ordinary shareholders of the parent	29 908	5 406
	<b>32 495</b>	<b>13 468</b>
Earnings per ordinary share (cents) – basic	13,3	2,4
– diluted	13,3	2,4
Headline earnings per ordinary share (cents) – basic	9,8	2,4
– diluted	9,8	2,4

## 4. Discontinued operations continued

	Group	
	2021 R'000	2020 R'000
<b>The profit from the discontinued operations consist of the following:</b>		
Profit after tax – Reflex	4 869	13 250
Profit on disposal after tax – Reflex	2 278	–
Equity accounted income – Reflex	19 184	–
Profit after tax – PTM	495	218
Profit on disposal after tax – PTM	5 669	–
<b>Total</b>	<b>32 495</b>	<b>13 468</b>
<b>Revenue</b>		
The group derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams:		
Revenue from contracts with customers	84 205	276 118
<b>Total revenue</b>	<b>84 205</b>	<b>276 118</b>
<b>Disaggregation of revenue from contracts with customers</b>		
Revenue is disaggregated by major revenue streams as documented below:		
Sale of goods and related services	47 874	122 752
At a point in time	47 874	122 752
Over a period of time	–	–
Project related revenue	–	12 642
At a point in time	–	17
Over a period of time	–	12 625
Maintenance and support services	3 176	17 540
At a point in time	124	–
Over a period of time	3 052	17 540
Agency revenue	5 635	5 178
Over a period of time	5 635	5 178
Connectivity and hosting services	27 520	118 006
At a point in time	16 309	3 175
Over a period of time	11 211	114 831
<b>Total revenue from contracts with customers</b>	<b>84 205</b>	<b>276 118</b>

#### 4. Discontinued operations continued

	<b>2021</b> <b>R'000</b>	
<b>Statement of financial position at date of disposal</b>		
<b>Non-current assets</b>	110 773	
Plant and equipment	27 749	
Right-of-use assets	39 273	
Intangible assets	39 934	
Amounts owing by group companies	1 536	
Deferred income tax	2 281	
<b>Current assets</b>	69 731	
Inventories	4 729	
Trade and other receivables	58 370	
Amounts owing by group companies	1 299	
Cash and cash equivalents	5 333	
<b>Non-current liabilities</b>	(58 082)	
Interest-bearing liabilities	(10 221)	
Lease liabilities	(47 861)	
<b>Current liabilities</b>	(43 063)	
Trade and other payables	(40 797)	
Provisions	(44)	
Taxation	(2 222)	
<b>Net cash flows from discontinued operations</b>		
	<b>2021</b> <b>R'000</b>	2020 R'000
Net cash inflow/(outflow) from operating activities	2 274	(8 843)
Net cash inflow/(outflow) from investing activities	12 309	(9 825)
Net cash (outflow)/inflow from financing activities	(12 622)	7 851
<b>Net increase/(decrease) in cash generated by the discontinued operation</b>	<b>1 961</b>	<b>(10 817)</b>

	Group		Company	
	2021 R'000	Restated 2020 R'000	2021 R'000	2020 R'000
<b>5. Revenue</b>				
The group derives revenue from the transfer of goods and services over time and at a point in time in the following major revenue streams:				
Revenue from contracts with customers	632 905	636 072	–	–
Rental income from Hi Sites*	25 616	27 023	–	–
Dividend income*	–	–	23 249	53 397
Finance income – amounts owing by subsidiaries*	–	–	484	647
Administration fees (from contract with customers)	–	–	8 384	5 078
<b>Total revenue</b>	<b>658 521</b>	<b>663 095</b>	<b>32 117</b>	<b>59 122</b>
<i>* Not in the scope of IFRS 15 – Revenue from contracts with customers.</i>				
<b>5.1 Disaggregation of revenue from contracts with customers</b>				
Revenue is disaggregated by major revenue streams as documented below:				
Sale of goods and related services	425 819	386 154	–	–
At a point in time	422 218	383 727	–	–
Over a period of time	3 601	2 427	–	–
Project related revenue	38 847	56 094	–	–
At a point in time	35 460	55 341	–	–
Over a period of time	3 387	753	–	–
Maintenance and support services	125 485	142 554	–	–
At a point in time	39 485	38 572	–	–
Over a period of time	86 000	103 982	–	–
Connectivity and hosting services	18 380	20 932	–	–
At a point in time	1 967	3 083	–	–
Over a period of time	16 413	17 849	–	–
Software related licenses	24 374	30 338	–	–
At a point in time	14 892	9 314	–	–
Over a period of time	9 482	21 024	–	–
Administration fees	–	–	8 384	5 078
Over a period of time	–	–	8 384	5 078
<b>Total revenue from contracts with customers</b>	<b>632 905</b>	<b>636 072</b>	<b>8 384</b>	<b>5 078</b>



## Notes to the annual financial statements continued

for the year ended 30 June 2021

		Group	
		2021 R'000	2020 R'000
<b>5. Revenue continued</b>			
<b>5.2 Assets and liabilities related to contracts with customers</b>			
	The company did not recognise any assets and liabilities related to contracts with customers.		
	The group recognised the following assets and liabilities related to contracts with customers:		
<b>5.2.1 Contract assets</b>			
	Contract assets relate to performance obligations fulfilled but the customer has not yet been billed.		
	Current contract assets	1 574	11 927
	<b>Total contract assets</b>	<b>1 574</b>	<b>11 927</b>
	<b>Reconciliation of contract assets</b>		
	Opening balance at the beginning of year	11 927	6 685
	Transferred to trade and other receivables on invoicing the customer	(11 927)	(4 805)
	Raised in the current year	1 574	10 047
	Expected credit loss	–	–
	<b>Closing balance at end of year</b>	<b>1 574</b>	<b>11 927</b>
	<i>Contract assets have been considered for loss allowance and are deemed immaterial hence no provision has been raised. Refer to note 17.</i>		
<b>5.2.2 Contract liabilities</b>			
	Contract liabilities relate to revenue received in advance in respect of service level agreements where the performance obligations are partially or fully unsatisfied and will be recognised as follows.		
	– Within one year	50 043	42 509
	– Within two years	14	2 333
	<b>Total contract liabilities</b>	<b>50 057</b>	<b>44 842</b>
	<b>Reconciliation of contract liabilities:</b>		
	Opening balance at beginning of year	44 842	45 551
	Recognised as revenue in current year	(42 509)	(33 200)
	Raised in the current year	47 724	32 491
	<b>Closing balance at end of year</b>	<b>50 057</b>	<b>44 842</b>
	Contract liabilities increased due to more prepayments made by customers and an increase in overall contract activity.		

		Group	
		2021 R'000	2020 R'000
5.	Revenue continued		
5.2	Assets and liabilities related to contracts with customers continued		
5.2.3	Assets recognised from costs to fulfil a contract		
	The costs relate directly to the service level agreements (SLA) entered into that will be used in satisfying the contract and are expected to be recovered. They were therefore recognised as an asset from costs to fulfil a contract, and are amortised over the period of the SLA.		
	Opening balance	12 560	32 487
	Reclassified to prepayments	(171)	(7 498)
	Costs incurred to fulfil contracts during the year	23 415	28 896
	Amortisation of costs incurred to fulfil contracts during the year	(17 432)	(41 325)
		18 372	12 560
	Current portion of assets recognised for costs incurred to fulfil a contract (included in trade and other receivables – refer to note 17)	(18 363)	(10 896)
	Non-current portion of assets recognised for costs incurred to fulfil a contract	9	1 664

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 5. Revenue continued

#### 5.3 Revenue by segments

Refer to the segment report on page 95 for the basis of determining the different segments within the group.

Revenue by reportable segment is disaggregated by major revenue streams as below:

2021

	Sale of goods and related services R'000	Project related revenue R'000	Maintenance and support services R'000	Connectivity and hosting services R'000	Software related licenses R'000	Agency revenue R'000	Administration fees R'000	Rental revenue – Hi-Sites* R'000	Total R'000
Communication Solutions	157 298	3 386	34 948	–	26 020	–	–	–	221 652
Intelligent Solutions	69 754	–	84 787	18 280	–	–	–	25 616	198 437
Security and Fire Safety	4 369	35 462	4 104	99	–	–	–	–	44 034
Electrical Manufacturers	200 307	–	–	–	–	–	–	–	200 307
<b>Sub-total operating division</b>	<b>431 728</b>	<b>38 848</b>	<b>123 839</b>	<b>18 379</b>	<b>26 020</b>	<b>–</b>	<b>–</b>	<b>25 616</b>	<b>664 430</b>
Discontinued operation – Reflex Solutions and PTM Division	49 032	–	3 176	27 520	–	5 635	–	–	85 363
Other non-operating divisions	–	–	–	–	–	–	8 384	–	8 384
Adjustments – intercompany eliminations	(7 067)	–	–	–	–	–	(8 384)	–	(15 451)
<b>Total</b>	<b>473 693</b>	<b>38 848</b>	<b>127 015</b>	<b>45 899</b>	<b>26 020</b>	<b>5 635</b>	<b>–</b>	<b>25 616</b>	<b>742 726</b>

\* Not from IFRS 15 Revenue with contract with customers

2020 (Restated)

	Sale of goods and related services R'000	Project related revenue R'000	Maintenance and support services R'000	Connectivity and hosting services R'000	Software related licenses R'000	Agency revenue R'000	Administration fees R'000	Rental revenue – Hi-Sites* R'000	Total R'000
Communication Solutions	139 683	13 453	33 046	–	–	–	–	27 023	213 205
Intelligent Solutions	64 506	–	107 664	20 542	17 695	–	–	–	210 408
Security and Fire Safety	5 025	55 283	1 844	391	–	–	–	–	62 543
Electrical Manufacturers	181 677	–	–	–	–	–	–	–	181 677
<b>Sub-total operating division</b>	<b>390 891</b>	<b>68 736</b>	<b>142 554</b>	<b>20 933</b>	<b>17 695</b>	<b>–</b>	<b>–</b>	<b>27 023</b>	<b>667 832</b>
Discontinued operation – Reflex Solutions and PTM Division	135 065	–	17 540	118 005	12 643	5 178	–	–	288 431
Other non-operating divisions	–	–	–	–	–	–	5 078	–	5 078
Adjustments – intercompany eliminations	(17 050)	–	–	–	–	–	(5 078)	–	(22 128)
<b>Total</b>	<b>508 906</b>	<b>68 736</b>	<b>160 094</b>	<b>138 938</b>	<b>30 338</b>	<b>5 178</b>	<b>–</b>	<b>27 023</b>	<b>939 213</b>

## 5. Revenue continued

### 5.3 Revenue by segments continued

Revenue is mainly generated from the operations in Gauteng, with the following exceptions:

	Group	
	2021 R'000	2020 R'000
Communciation Solutions		
– Western Cape	35 731	35 300
Intelligent Solutions		
– Western Cape	13 777	39 265
– KwaZulu-Natal	13 080	11 523
Security & Fire Safety		
– Western Cape	27 578	30 048
Electrical Manufacturers		
– KwaZulu-Natal	200 307	181 677

	Group		Company	
	2021 R'000	2020 Restated R'000	2021 R'000	2020 R'000
<b>6. Cost of sales</b>				
Cost of inventory expensed	321 241	311 942	–	–
Other direct purchase cost	21 778	31 239	–	–
Cost of conversion	26 951	28 891	–	–
Labour cost	84 002	112 054	–	–
<b>Total cost of sales</b>	<b>453 973</b>	<b>484 126</b>	<b>–</b>	<b>–</b>

## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 Restated R'000	2021 R'000	2020 R'000
<b>7. (Loss)/profit before taxation from continuing operations</b>				
The operating (loss)/profit is stated after allowing for the following:				
<b>Income</b>				
Decrease in impairment of loan to the Jasco Employee Share Incentive Trust (refer to note 15)	–	–	574	–
Foreign exchange gains arising from financial instruments	5 692	7 600	–	–
– realised	4 403	7 416	–	–
– unrealised	1 289	184	–	–
Gains on loan restructure (note 22)	–	1 771	–	1 771
Profit on disposal of subsidiary (refer to note 4)	2 278	–	32 964	–
Profit on disposal of business unit (refer to note 4)	7 306	–	–	–
Rental income	840	1 344	–	–
Training costs recovery	–	1 897	–	–
Finance income	1 190	2 368	35	439
• Finance income from financial assets at amortised cost	1 181	2 351	35	439
– bank interest	220	747	35	397
– other loans	961	1 604	–	42
• Finance income from finance lease agreements	9	17	–	–
<b>Expenditure</b>				
Administration, managerial and secretarial fees paid to subsidiaries	–	–	3 057	4 241
Administration, managerial and secretarial fees paid to other parties	3 107	–	–	–
Amortisation of intangible assets (refer to note 12)	9 574	18 375	–	–
Auditors' remuneration	5 379	660	916	–
– audit fees	4 879	660	916	–
– consulting and taxation services	500	–	–	–
Cost relating to the planned disposal of Electrical Manufacturers	–	3 397	–	–
Cost relating to closure of East Africa	–	2 558	–	2 558
Consulting fees	11 020	20 807	654	3 103
Depreciation of plant and equipment (refer to note 10)	10 441	12 776	–	–
Depreciation of right-of-use assets (refer to note 11)	12 044	17 805	–	–

	Group		Company	
	2021 R'000	2020 Restated R'000	2021 R'000	2020 R'000
<b>7. (Loss)/profit before taxation from continuing operations continued</b>				
<b>Expenditure continued</b>				
Finance costs of other financial liabilities	25 367	30 276	15 104	21 186
• Finance costs	16 570	21 504	15 104	21 186
– bank loans and overdrafts	78	234	19	172
– corporate bond and term loan	15 263	20 650	15 076	20 650
– other loans			–	–
– other*	1 229	620	9	364
• Finance charges	8 797	8 772	–	–
– lease liabilities	8 665	8 396	–	–
– instalment sale agreements	132	376	–	–
Foreign exchange losses arising from financial instruments	6 078	5 418	184	–
– realised	6 361	4 533	184	–
– unrealised	(283)	885	–	–
Impairment of goodwill (refer to note 12)	500	10 251	–	–
Impairment of intangible asset (refer to note 12)	–	4 887	–	–
Impairment of loan subsidiaries (refer to note 13 and 15)	48	478	38	8 000
Impairment of loan to associate/joint-venture (refer to note 14)	–	3 889	–	–
Impairment of investment in subsidiaries (note 13)	–	–	–	10 000
Impairment of loan to the Jasco Employee Share Incentive Trust (refer to note 15)	–	–	–	551
Insurance expense	2 729	2 425	–	–
Lease charges on low-value assets and short-term leases (refer note 11)	2 162	3 427	–	–
– rental premises	1 404	2 572	–	–
– equipment	138	136	–	–
– motor vehicles	620	719	–	–
Loss on disposal of plant and equipment	44	–	–	–
Loss on disposal of Jasco Distributors	–	69	1	2 623

\* Paid to creditors and the South African Revenue Service

## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 Restated R'000	2021 R'000	2020 R'000
<b>7. Profit/(loss) before taxation from continuing operations continued</b>				
Staff costs	196 624	261 799	2 388	2 388
• Short-term benefits	184 498	241 618	2 388	2 388
– non-executive directors	2 388	2 388	2 388	2 388
– executive directors	4 209	9 357	–	–
– executive management	17 596	20 596	–	–
– other staff (including other benefits)*	160 305	209 277	–	–
• Equity-settled share-based payment (refer to note 21.1)	–	187	–	–
– executive directors	–	165	–	–
– executive management	–	22	–	–
• Post-employment benefits – total amounts contributed to defined contribution funds	12 126	17 823	–	–
– executive directors (refer to note 32)	59	652	–	–
– executive management	2 005	2 486	–	–
– other staff	10 062	14 685	–	–
• Termination benefits	–	2 171	–	–
– executive directors (refer to note 32)	–	2 171	–	–
* R84 002 340 (2020: R112 834 370) included as part of cost of sales per note 6.				
<b>8. Taxation</b>				
South African normal taxation				
Current	4 467	1 564	–	–
– current year charge	3 108	1 564	–	–
– prior year under provision	1 359	–	–	–
Deferred	162	3 657	–	(9)
– temporary differences	(26)	(8 880)	–	(9)
– reduction of tax losses recognised	165	1 928	–	–
– prior year under provision	23	10 609	–	–
Foreign taxes	82	98	–	–
<b>Total taxation</b>	<b>4 711</b>	<b>5 318</b>	<b>–</b>	<b>(9)</b>

	Group		Company	
	2021 R'000	2020 Restated R'000	2021 R'000	2020 R'000
<b>8. Taxation continued</b>				
The reconciliation of the effective rate of the tax charge to the company tax rate is as follows:	%	%	%	%
Standard taxation rate	28,0	28,0	28,0	28,0
Change in estimate from prior year	8,4	(11,4)	–	–
Non-deductible expenses	10,9	(9,8)	2,6	178,5
Interest on Corporate Bond	5,2	(1,2)	2,2	24,0
IFRS 2 charges	–	(0,1)	–	–
Acquisition costs of subsidiaries	–	(1,0)	–	–
Consulting and legal fees	1,1	(1,5)	0,1	11,4
Donations, fines, penalty and interest	2,4	(0,3)	0,3	3,3
Impairment of loan receivable from Trading	–	–	–	47,1
Impairment in Investment in RAMM	–	–	–	58,9
Impairment of loan receivable from Trust	–	–	–	3,3
Impairment of goodwill	0,8	(3,1)	–	–
Impairment of loan receivable for East Africa & Middle East	–	(1,2)	–	–
Loss on disposal of subsidiary	0,1	–	–	15,4
Jasco East Africa closure cost	–	(0,8)	–	15,1
Depreciation and amortisation	0,7	0,0	–	–
Other	0,6	(0,6)	–	–
Non-taxable income and dividend received	(46,8)	1,6	(38,3)	(325,7)
Dividend received	–	–	(15,7)	(314,4)
Gains on loan restructure – IFRS application	–	0,5	–	(10,4)
Profit on sale of PTM	(11,7)	–	–	–
Profit on sale of subsidiary	(3,6)	–	(22,3)	(0,9)
Equity accounted income	(30,7)	–	–	–
Employment tax incentives claimed	–	0,5	–	–
Reversal of impairment of loan receivable from Trust	–	–	(0,3)	–
Other	(0,8)	0,6	–	–
Unrecognised tax losses	38,5	(14,8)	7,7	119,0
Differences in capital gains rates	9,4	(4,4)	–	–
Differences in corporate tax rates	(0,3)	–	–	–
<b>Effective taxation rate</b>	<b>48,1</b>	<b>(10,8)</b>	<b>–</b>	<b>(0,2)</b>
The interest on the corporate bond and acquisition costs are capital in nature in terms of the South African Income Tax Act.				
IFRS 2 charges, donations and other non-deductible are disallowed expenses in terms of South African Income Tax Act.				



## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>8. Taxation continued</b>				
<b>Deferred income tax asset/(liability)</b>				
Beginning of year	19 660	15 332	(7)	(16)
IFRS 16 retained earnings adjustment	–	4 321	–	–
Disposal of subsidiary	(2 412)	(4)	–	–
Income statement movement	(175)	11	–	9
<b>End of year</b>	<b>17 073</b>	<b>19 660</b>	<b>(7)</b>	<b>(7)</b>
Deferred tax asset	18 256	21 981	–	–
Deferred tax liability	(1 183)	(2 321)	(7)	(7)
<b>Net deferred tax asset</b>	<b>17 073</b>	<b>19 660</b>	<b>(7)</b>	<b>(7)</b>
Made up as follows				
– amortisation of intangibles	(5 916)	(9 318)	–	–
– income received in advance	13 007	12 416	–	–
– section 24C allowance	(6 336)	(3 987)	–	–
– accelerated depreciation	(1 117)	(75)	–	–
– capitalised costs	261	443	–	–
– contingent consideration	(293)	–	–	–
– deferred gains/losses on foreign currency contracts	(94)	7	–	–
– deferred lease income	(208)	(130)	–	–
– impairment of receivables	452	462	–	–
– lease agreements	7 178	6 452	–	–
– prepayments	(2 131)	(4 456)	(7)	(7)
– provisions	3 183	7 897	–	–
– retentions	(572)	(300)	–	–
– taxation losses	9 659	10 249	–	–
	17 073	19 660	(7)	(7)
Estimated taxation losses available for set off against future taxable profits	216 639	158 243	40 517	–
Taxation losses which could be recognised as an asset	60 659	44 308	11 345	–
Less deferred asset not recognised	(51 000)	(34 059)	(11 345)	–
Asset recognised – tax losses	9 659	10 249	–	–
<b>Deferred tax assets</b>				
– less than 12 months	15 482	15 789	–	–
– greater than 12 months	2 774	6 192	–	–
	18 256	21 981	–	–
<b>Deferred tax liabilities</b>				
– less than 12 months	(1 183)	(2 321)	(7)	(7)
– greater than 12 months	–	–	–	–
	(1 183)	(2 321)	(7)	(7)

## 9. Earnings per ordinary share

The earnings profit per share of cents 2.9 cents (2020: loss of 49.4 cents) is based on an earnings profit of R6 469 470 (2020: loss of R1 10 862 976) and 224 446 129 (2020: 224 446 129) shares, being the weighted average number of shares in issue during the year, less the treasury shares. Refer to note 20.

### Headline earnings per ordinary share

The headline earnings loss per share of 0.60 cents (2020: 43.0 cents) is based on headline earnings loss of R1 348 779 (2020: R96 457 653) and 224 446 129 (2020: 224 446 129) shares, being the weighted average number of shares in issue during the year, less the treasury shares.

The prior year headline earnings per share (HEPS) of 43.0 cents loss per share has been restated from the previously published 44.5 cents loss per share, to include the adjustment for the impairment of intangible assets that was erroneously excluded from the HEPS calculation in the prior year.

### Reconciliation of headline earnings:

	Group			
	Profit before tax and non- controlling interest R'000	Tax R'000	Non- controlling interest R'000	Headline earnings R'000
<b>2021</b>				
Loss attributable to ordinary shareholders	17 506	(8 414)	(2 623)	6 469
Loss on disposal of plant and equipment	(840)	235	234	(371)
Profit on disposal of subsidiary	(2 278)	–	–	(2 278)
Profit on disposal of business operation	(7 306)	1 637	–	(5 669)
Impairment of goodwill	500	–	–	500
<b>Headline earnings loss</b>				<b>(1 349)</b>
<b>2020</b>				
Loss attributable to ordinary shareholders	(92 652)	(9 983)	(8 228)	(110 863)
Loss on disposal of plant and equipment	773	(216)	2	559
Loss/(profit) on disposal of subsidiary	77	–	–	77
Impairment of intangible asset	4 887	(1 369)	–	3 518
Impairment of goodwill	10 251	–	–	10 251
<b>Headline earnings loss</b>				<b>(96 458)</b>

### 9.1 Diluted earnings and diluted headline earnings per ordinary share

The same earnings and headline earnings as per note 9 were used to calculate the diluted earnings profit per share of 2.9 cents (2020: loss 49.4 cents) and headline earnings loss per share 0.60 cents (2020: 43.0 cents). As no share options were issued by the Share Incentive Trust, the following weighted average number of shares was not diluted:

	2021	2020
Weighted average number of shares	224 446 129	224 446 129
	224 446 129	224 446 129

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 10. Plant and equipment

	Lease- hold improve- ments R'000	Plant and machinery R'000	Hi sites R'000	Furniture fixtures and office equipment R'000	Motor vehicles R'000	Computer and manu- facturing equip- ment R'000	Total plant and equipment R'000
<b>Group</b>							
<b>2021</b>							
Net book value – beginning of year	3 040	25 224	2 949	19 802	700	22 960	74 675
– cost	7 918	66 059	13 850	48 222	5 545	65 477	207 071
– accumulated depreciation	(4 878)	(40 835)	(10 901)	(28 420)	(4 845)	(42 517)	(132 396)
Current year movements	(534)	(4 369)	(276)	(9 625)	(447)	(20 857)	(36 108)
– additions	145	446	8	690	79	3 235	4 603
– net book value of disposals	(14)	(184)	–	(83)	–	(62)	(343)
– net disposal of subsidiaries/ business operations	–	–	–	(6 380)	(257)	(21 120)	(27 757)
– depreciation	(665)	(4 631)	(284)	(3 852)	(269)	(2 910)	(12 611)
<b>End of year</b>	<b>2 506</b>	<b>20 855</b>	<b>2 673</b>	<b>10 177</b>	<b>253</b>	<b>2 103</b>	<b>38 567</b>
Made up as follows							
– cost	9 916	66 003	13 642	39 236	1 552	13 440	143 789
– accumulated depreciation	(7 410)	(45 148)	(10 969)	(29 059)	(1 299)	(11 337)	(105 222)
<b>Net book value</b>	<b>2 506</b>	<b>20 855</b>	<b>2 673</b>	<b>10 177</b>	<b>253</b>	<b>2 103</b>	<b>38 567</b>

## 10. Plant and equipment continued

	Leasehold improvements R'000	Plant and machinery R'000	Hi sites R'000	Furniture fixtures and office equipment R'000	Motor vehicles R'000	Computer and manufacturing equipment R'000	Leased furniture and equipment R'000	Total plant and equipment R'000
<b>2020</b>								
Net book value – beginning of year	3 890	30 505	3 333	21 165	780	8 613	14 442	82 728
– cost	8 253	67 590	13 876	46 228	5 285	38 007	19 698	198 937
– accumulated depreciation	(4 363)	(37 085)	(10 543)	(25 063)	(4 505)	(29 394)	(4 591)	(115 544)
– reclassification to right-of-use assets	–	–	–	–	–	–	(665)	(665)
Current year movements	(850)	(5 281)	(384)	(1 363)	(80)	14 347	(14 442)	(8 053)
– additions	400	1 037	24	3 602	129	11 065	–	16 257
– net book value of disposals	–	(910)	(51)	(236)	(20)	(361)	286	(1 292)
– reclassification of plant and equipment	–	–	–	–	407	14 321	(14 728)	–
– net disposal of subsidiaries	–	–	–	–	–	(94)	–	(94)
– depreciation	(1 250)	(5 408)	(357)	(4 729)	(596)	(10 584)	–	(22 924)
<b>End of year</b>	<b>3 040</b>	<b>25 224</b>	<b>2 949</b>	<b>19 802</b>	<b>700</b>	<b>22 960</b>	<b>–</b>	<b>74 675</b>
<b>Made up as follows</b>								
– cost	7 918	66 059	13 850	48 222	5 545	65 477	–	207 071
– accumulated depreciation	(4 878)	(40 835)	(10 901)	(28 420)	(4 845)	(42 517)	–	(132 396)
<b>Net book value</b>	<b>3 040</b>	<b>25 224</b>	<b>2 949</b>	<b>19 802</b>	<b>700</b>	<b>22 960</b>	<b>–</b>	<b>74 675</b>

### Pledged as security

Certain motor vehicles and equipment are secured as per note 22.

## 11. Right-of-use assets and lease liabilities

### 11.1 Right-of-use assets

	Buildings and property R'000	Motor vehicles R'000	Furniture fixtures and office equipment R'000	Total plant and equipment R'000
<b>Group</b>				
<b>2021</b>				
Net book value – beginning of year	104 989	876	259	106 124
– cost	123 352	1 108	2 316	126 776
– accumulated depreciation	(18 363)	(232)	(2 057)	(20 652)
Current year movements	(53 885)	147	(187)	(53 925)
– additions	1 896	410	334	2 640
– net disposal of subsidiaries	(39 273)	–	–	(39 273)
– depreciation	(16 508)	(263)	(521)	(17 292)
<b>End of year</b>	<b>51 104</b>	<b>1 023</b>	<b>72</b>	<b>52 199</b>
Made up as follows				
– cost	79 532	1 518	2 650	83 700
– accumulated depreciation	(28 428)	(495)	(2 578)	(31 501)
<b>Net book value</b>	<b>51 104</b>	<b>1 023</b>	<b>72</b>	<b>52 199</b>
<b>2020</b>				
Net book value – beginning of year	79 801	190	665	80 656
Current year movements	25 188	686	(406)	25 468
– additions	43 550	918	–	44 468
– depreciation	(18 362)	(232)	(406)	(19 000)
<b>End of year</b>	<b>104 989</b>	<b>876</b>	<b>259</b>	<b>106 124</b>
Made up as follows				
– cost	123 352	1 108	2 316	126 776
– accumulated depreciation	(18 363)	(232)	(2 057)	(20 652)
<b>Net book value</b>	<b>104 989</b>	<b>876</b>	<b>259</b>	<b>106 124</b>

	Group	
	2021 R'000	2020 R'000
<b>11. Right-of-use assets and Lease Liabilities continued</b>		
<b>11.2 Lease Liabilities</b>		
Principal amounts owing in respect of lease agreement		
<b>Total</b>	77 564	137 151
– gross minimum lease payments	94 468	186 536
– finance charges	(16 904)	(49 385)
– transferred to current lease liabilities	(19 063)	(26 280)
<b>Non-current lease liabilities</b>	58 501	110 871
<b>Reconciliation of liabilities arising from financing activities</b>		
Balance at 1 July	137 151	–
Reclassification from interest-bearing liabilities	–	792
New leases obtained	2 649	44 468
IFRS 16 transitional adjustment of Operating Leases	–	106 091
Repayments	(24 144)	(26 880)
Principal repayments	(14 373)	(14 198)
Interest repayments	(9 771)	(12 682)
Finance charges	9 764	12 682
Disposal of subsidiary	(47 861)	–
Capitalised initial costs	5	(2)
<b>Closing balance</b>	77 564	137 151
The maturity analysis of the carrying amount of the lease liabilities is as follows:		
– one year	26 018	30 008
– after one year, within five years	68 450	137 237
– after five years	–	19 291
<b>Total</b>	94 468	186 536
An average rate of 10.0% (2020: 10.13%) was applied across the group on all leases. The disclosed leases have lease terms that end between period October 2020 and September 2025.		
<b>11.3 Amounts recognised in the statement of comprehensive income</b>		
<b>Depreciation charge of right-of-use assets</b>		
– Buildings and property	16 508	18 362
– Motor vehicles	263	232
– Furniture, fixtures and office equipment	521	406
Finance cost	9 764	12 682
Expense relating to short-term leases and leases of low-value assets (refer to note 27)	967	5 500

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 12. Intangible assets

	Goodwill R'000	Trade names R'000	Voice transaction management applications R'000	Computer software R'000	Customer related intangible assets R'000	Total intangible assets R'000
<b>Group</b>						
<b>2021</b>						
Net book value – beginning of year	71 830	4 213	11 157	10 593	19 979	117 772
– cost	151 972	22 840	35 372	19 669	36 178	266 031
– accumulated amortisation and impairment	(80 142)	(18 627)	(24 215)	(9 076)	(16 199)	(148 259)
Current year movements	(30 475)	(2 606)	(3 606)	(1 715)	(11 460)	(49 862)
– additions	500	–	–	19	–	519
– amortisation	–	(1 400)	(3 606)	(1 734)	(3 207)	(9 947)
– disposal of subsidiary	(30 475)	(1 206)	–	–	(8 253)	(39 934)
– impairment	(500)	–	–	–	–	(500)
<b>End of year</b>	<b>41 355</b>	<b>1 607</b>	<b>7 551</b>	<b>8 878</b>	<b>8 519</b>	<b>67 910</b>
Made up as follows						
– cost	56 174	21 014	35 372	19 688	23 164	155 412
– accumulated amortisation and impairment	(14 819)	(19 407)	(27 821)	(10 810)	(14 645)	(87 502)
<b>Net book value</b>	<b>41 355</b>	<b>1 607</b>	<b>7 551</b>	<b>8 878</b>	<b>8 519</b>	<b>67 910</b>
<b>2020</b>						
Net book value – beginning of year	82 081	5 880	19 820	12 007	24 445	144 233
– cost	151 972	10 377	36 950	18 417	43 079	260 795
– accumulated amortisation and impairment	(69 891)	(4 497)	(17 130)	(6 410)	(18 634)	(116 562)
Current year movements	(10 251)	(1 667)	(8 663)	(1 414)	(4 466)	(26 461)
– additions	–	–	7 433	1 253	–	8 686
– amortisation	–	(1 667)	(11 209)	(2 667)	(4 466)	(20 009)
– impairment	(10 251)	–	(4 887)	–	–	(15 138)
<b>End of year</b>	<b>71 830</b>	<b>4 213</b>	<b>11 157</b>	<b>10 593</b>	<b>19 979</b>	<b>117 772</b>
Made up as follows						
– cost	151 972	22 840	35 372	19 669	36 178	266 031
– accumulated amortisation and impairment	(80 142)	(18 627)	(24 215)	(9 076)	(16 199)	(148 259)
<b>Net book value</b>	<b>71 830</b>	<b>4 213</b>	<b>11 157</b>	<b>10 593</b>	<b>19 979</b>	<b>117 772</b>

The voice transaction management applications consist of costs capitalised during the development of various voice transaction management applications. These intangibles have finite useful lives and are amortised over a period of three years.

The customer-related and trade name intangible assets relate to the customer contracts and relationships acquired in the Spescom, Security and Fire, Telesto and RAMM acquisitions. These intangibles are amortised over a period of five to ten years.

Jasco acquired the business of Xpertmeter with effect from 1 February 2021 for R500 000. Based on the fair value of the assets acquired at acquisition, goodwill was recognised for the full purchase consideration. Based on the negative forecast cash flows for the next two financial years, the group decided to impair the goodwill.

The goodwill impairment in the prior year relates to RAMM Systems goodwill.

## 12. Intangible assets continued

The goodwill relating to each reporting segment is as follows:

	Carrying value	
	2021 R'000	2020 R'000
Communication Solutions – Carriers	32 370	32 370
Reflex	–	30 475
Communication Solutions – RAMM	8 374	8 374
Electrical Manufacturers	611	611
	<b>41 355</b>	<b>71 830</b>

As at the reporting date, the goodwill was tested for impairment. The cash flow projections, prepared from financial budgets approved by the board of directors, covering a five-year period, are discounted to the present value, using pre-tax discount rates appropriate to the cash-generating unit the asset belongs to of 17.94% (2020: 16.68%) for all other CGUs excluding RAMM which has a pre-tax discount rate of 19.95% (2020: 21.67%). Revenue for first year is based on approved budgets and thereafter the revenue growth assumptions was based on an inflationary increase. A long-term growth rate of 0,8% was assumed into perpetuity. Both revenue growth rates and long-term growth rates are based on management's approach to achieve conservative targets. The gross profit (GP) margins used in the value in use calculations are as follows: Carriers 44% (2020: 58%), RAMM 58% (2020: 50%) and Electrical Manufacturers 14% (2020: 14%). The potential impact of COVID-19 on future cash flow projections were considered in the assessment, given the evidence that was available at the time of finalising the consolidated annual financial statements.

Carriers growth rate decreased from 58% in 2020 to 44% in 2021 assessment due to the fact that Carriers will be restructured and will include divisions from other companies within the group.

### Key assumptions

The calculation of value-in-use is most sensitive to gross profit margin, discount rates and growth rates used to extrapolate cash flows beyond the financial forecast period. Gross margins and profit before tax are based on the forecasted margin after the new acquisition for the year. These are increased over the budget period for anticipated efficiency improvement and the potential impact of COVID-19 on future cash flow projections, therefore is based on financial forecasts. The discount rate calculation is based on specific circumstances of the group and specific CGU and is derived from its weighted average cost of capital. Growth rate estimates are conservatively applied to each unit having considered industry expected growth rates and internal targets. The group and company are not expecting to exceed the long-term average growth rates of the industry.

### Sensitivity analysis

Management has performed a sensitivity analysis for the material goodwill balances, being the goodwill relating to the investments in the Carriers cash-generating unit (CGU), the RAMM CGU and the Electrical Manufacturers CGU. The goodwill sensitivity tests performed for a 1% change in the growth rate, discount rate and operating margin percentage do have an impact on the net present value of the future cash flows. However, these do not result in a change in the carrying value of the goodwill balance.

With regard to the assessment of the value-in-use of the investment, management believes that the most notable possible change in any of the above key assumptions would result from a change to the discount rate. The second most sensitive assumption is the long-term growth rate and the third assumption is a change to the free cash flow projections.

A reasonable possible change in any of the key assumptions would not result in any additional impairment. Set out below is the change in the discounted cash flows of applying a 1% change in the key assumptions.

Key assumption (Amounts in R'000)	GP margin (1%)		Growth rate (1%)		Discount rate (1%)	
	1%	1%	1%	1%	1%	1%
Carriers goodwill	(4 627)	4 627	(10 839)	12 381	11 482	(9 950)
RAMM goodwill	(1 713)	1 713	(3 595)	3 958	1 547	(1 406)
Electrical Manufacturers' goodwill	(14 146)	14 146	(10 533)	12 056	9 898	(8 588)

### Impairment

In the 2021 financial year, a goodwill impairment of R0,5 million was recognised. The impairment charge is included as part of other expenses in the statement of comprehensive income.



## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Company	
	2021 R'000	2020 R'000
<b>13. Investment in subsidiaries</b>		
<b>Unlisted shares at cost less amounts written off</b>		
– Datavoice (Pty) Ltd*	–	–
– Jasco Cables Investment (Pty) Ltd <sup>§</sup>	–	–
– Jasco Carrier Solutions (Pty) Ltd	38 891	38 891
– Jasco Energy and Industry Solutions (Pty) Ltd	5 823	5 823
– Jasco Enterprise (Pty) Ltd	6 645	6 645
– Jasco Infrastructure Company (Pty) Ltd*	–	–
– Jasco IOT Solutions (Pty) Ltd <sup>§</sup>	–	1
– Jasco Networks (Pty) Ltd	136	136
– Jasco Property Solutions (Pty) Ltd*	–	–
– Jasco Security and Fire Solutions (Pty) Ltd	10 711	3 432
– Jasco Systems (Pty) Ltd*	–	–
– Jasco Trading (Pty) Ltd	877	877
– NewTelco South Africa (Pty) Ltd	200	200
– RAMM Systems (Pty) Ltd	18 985	18 985
– Reflex Solutions (Pty) Ltd <sup>#</sup>	–	37 726
– Webb Masts and Towers (Pty) Ltd <sup>§*</sup>	–	–
	<b>82 268</b>	<b>112 716</b>
<b>Amounts owing by group companies on current account – net of impairment</b>		
– Datavoice (Pty) Ltd	1 044	–
– Jasco Cables Investments (Pty) Ltd	–	14
– Jasco Carrier Solutions (Pty) Ltd	–	251
– Jasco IOT Solutions (Pty) Ltd	–	23
– Jasco Networks (Pty) Ltd	4 830	27 494
– Jasco Systems (Pty) Ltd	960	25 914
– Jasco Trading (Pty) Ltd	117 454	37 051
– NewTelco South Africa (Pty) Ltd	885	–
	<b>125 173</b>	<b>90 747</b>
<b>Amounts owing to group companies on current account</b>		
– Jasco Energy and Industry Solutions (Pty) Ltd	(6 407)	–
– Jasco Trading (Pty) Ltd	(3 515)	(3 548)
	<b>(9 922)</b>	<b>(3 548)</b>

\* The carrying value of these investments are less than R1 000 each.

§ Deregistered during 2021

# Disposed of in 2021 (refer to note 4)

The loans to subsidiaries attract interest at a rate which is agreed upon between both parties on an annual basis and have no fixed repayment terms.

### Credit risk

Management assesses the liquidity and solvency of the borrowers before granting loans.

In assessing the expected credit loss on related party receivable balances, the following was considered:

- Whether the borrower has sufficient available highly liquid current assets to repay the outstanding intercompany loan if the loan was demanded at reporting date. If the company has sufficient highly liquid current assets then the probability of default is considered to approximate 0%.
- If it was determined that the borrower does not have sufficient highly liquid current assets to repay the loan if demanded at the reporting date, the borrower is assumed to part take in a “fire sale” in order to repay the loans (assuming worst case that the borrower is sold for a value equal to its net asset value), then the borrower would result in enough cash being generated in order to pay intercompany loans.

Based on the above assessment, an impairment provision was recognised relating to the amount receivable from Jasco Trading (Pty) Ltd of R1 19,8 million (2020: R51,5 million).

## 14. Investment in joint venture/associates

The group acquired a 40% interest in Jasco Middle East DMCC with effect from 1 January 2017. Jasco Middle East is an entity incorporated in Middle East (Dubai) and operates in the Information and communication technologies (ICT) sector. Jasco had joint control and as such the investment is treated as a joint venture. Jasco Middle East was closed in the 2020 financial year.

The group reduced its interest in Jasco East Africa from 99% to 40% for R1 000 as of 1 October 2017. Jasco East Africa is an entity incorporated in East Africa (Kenya) and operates in the ICT sector. With effect from 30 April 2020, management took a decision to sell its shares in Jasco East Africa for KES 400 (four hundred Kenya Shillings) and a provision of R2,6 million was raised for the cost of closing down the associate. During 2020 financial year, Jasco's share in the net profit of Jasco East Africa amounted to R33 000.

The group interest in Reflex Solutions was reduced from 51% to 47.7% as of 22 September 2020 through the group not participating in the right issue offered by Reflex Solutions. The loss in control gave rise to a profit of R2,2 million to Jasco during the period, with the investment being equity-accounted from 22 September 2020. Reflex Solutions declared and paid a dividend of R3 233 000 to Jasco in October 2020. With effect from 21 April 2021, Jasco sold its 47.7% shareholding in Reflex Solutions for an amount of R72,9 million.

Jasco's equity-accounted share in the net profit of Reflex Solutions amounted to R19,2 million.

	Company	
	2021 R'000	2020 R'000
Investment in Jasco Middle East DMCC	–	72
Loan to Jasco Middle East DMCC	–	6 329
Impairment provision*	–	(6 401)

\* These loans were written off as management do not believe that they are recoverable, based on the fact that Jasco Middle East was closed in 2020 and shares in Jasco East Africa were sold in April 2020.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>15. Other non-current assets</b>				
<b>15.1 Loan to the Jasco Employee Share Incentive Trust</b>				
	–	–	3 088	2 030
Loan	–	–	11 140	10 656
Allowance for impairment	–	–	(8 052)	(8 626)
<b>15.2 Loan to customer</b>	1 331	5 036	–	–
Total	4 996	8 233	–	–
– loan	5 391	9 461	–	–
– unearned finance income	(395)	(1 228)	–	–
Current portion transferred to current assets	(3 665)	(3 197)	–	–
<b>15.3 Other loans</b>	1 306	–	–	–
Total	4 306	–	–	–
– loan	4 500	1 092	–	–
– unearned finance income	(194)	–	–	–
– allowance for impairment	–	(1 092)	–	–
Current portion transferred to current assets	(3 000)	–	–	–

## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>15. Other non-current assets continued</b>				
<b>15.4 Lease receivable</b>	–	25	–	–
Total	24	86	–	–
– future minimum rentals under the lease receivables	25	95	–	–
– unearned finance income	(1)	(9)	–	–
Current portion transferred to current assets	(24)	(61)	–	–
<b>Non-current</b>	<b>2 637</b>	<b>5 061</b>	<b>3 088</b>	<b>2 030</b>
<b>Reconciliation of assets arising from investing activities</b>				
Opening balance	8 319	11 207	2 030	1 886
Loan provided – non-cash	4 292	–	–	48
Loan provided – cash	–	73	–	–
Disposal of subsidiary	–	404	–	–
Loss allowance	–	(568)	574	(551)
Repayments	(4 151)	(4 225)	–	–
– Capital repayments	(3 300)	(2 797)	–	–
– Finance income	(851)	(1 428)	–	–
Finance income	866	1 428	484	647
Closing balance	9 326	8 319	3 088	2 030
– Current	6 689	3 258	–	–
– Non-current	2 637	5 061	3 088	2 030
Total assets arising from investing activities	9 326	8 319	3 088	2 030

### Credit risk

The loans are all included in stage 1 in determining the credit risk for the general approach.

	Loan to the Jasco Employee Share Incentive Trust (note 15.1)		Other loans (note 15.3)	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Reconciliation of loss allowance</b>				
Loss allowance at the beginning of the year	(8 626)	(8 075)	(1 092)	(524)
– Utilised during the year	–	–	1 092	–
– Raised during the year	574	(551)	–	(568)
Loss allowance at the end of the year	(8 052)	(8 626)	–	(1 092)

## 15. Other non-current assets continued

### Loan to the Jasco Employee Share Incentive Trust

The loan attracts interest at a rate of 4.5% (2020: 4.75%) which is the rate as per SARS Interest Rates – Table 3.

The company applies the general model approach to measure expected credit losses on the loan receivable from the trust for impairment. The impairment provision is calculated as the difference between the fair value of the Trust's net assets and the loan. There was an decrease of R574 404 in the impairment allowance (2020: R551 386 increase). This relates to an increase in the fair value of the Trust's net assets as a result of the increase in the Jasco share price. The change in the loss allowance recognised in the current year is based on stage 2 ECL provision.

The directors are of the opinion that after the allowance for impairment, the loan is fairly stated.

### Loan to customer

Relates to loan provided to an Enterprise customer, in a form of extended credit terms, and it attracts interest at rate of Prime plus 5,5%.

The group applies the general approach to determine the ECL allowance on loan receivables. All external parties are subjected to stringent credit vetting prior to group providing funding. The group has a legal enforcement rights to recovery the loan for the performance completed to date in terms of agreement.

The group considered the impact of COVID-19 on the customer's ability to pay instalments as and when they are due.

Due to the fact that the customer has not defaulted on its payments during the year, and the fact that the customer operates in the debt collection industry and there has been an increase in clientele for companies in this industry as a result of COVID-19, management is of the opinion that the risk of default on the loan is low and therefore no impairment loss was recognised.

This non-current receivable attracts interest at a variable rate linked to the prime rate and the instalments of capital and interest are receivable monthly in advance. The last instalment is receivable in the 2023 financial year.

### Other loans

The group applies the simplified approach to determine the ECL allowance on loan receivables. These mainly relates to loan receivable from Paven Chetty (former shareholder in Jasco Datafusion), loan receivable from Jasco Distributors and amounts receivable from the sale of Jasco Technical Services and Jasco Distributors in 2020 and in 2021 it relates to the contingent consideration for the disposal of PTM (refer note 4). In 2020 the loans were fully impaired based on the ECL assessment. In 2021, the loan receivable has been assessed for impairment, and management is of the opinion that the risk of default on the loan is low and therefore any impairment loss would be immaterial.

### Lease receivables

The group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all lease receivables. Lease payments are due 30 days after invoicing. The group has R24 555 exposure to credit risk at the reporting date. Any impairment loss would be immaterial.

The maturity analysis of the carrying amount of the lease receivable is as follows:

	2021 R'000	2020 R'000
– one year	24	62
– after one year, within five years	–	24
<b>Total</b>	<b>24</b>	<b>86</b>

## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>16. Inventories</b>				
Raw materials	26 495	28 314	–	–
Work in progress	8 599	12 749	–	–
Finished goods and merchandise	52 388	60 050	–	–
– at cost	59 518	71 936	–	–
– provision for obsolete stock	(7 130)	(11 886)	–	–
	<b>87 482</b>	<b>101 113</b>	–	–
Inventory expensed, included in cost of sales	374 262	478 083	–	–
– inventory expensed during the year	370 854	473 662	–	–
– inventory written off during the year	3 408	4 421	–	–
<b>17. Trade and other receivables</b>				
<b>Financial instruments</b>				
Trade receivables	85 528	135 617	–	–
– trade receivables	88 220	141 917	–	–
– impairment allowance	(2 692)	(6 300)	–	–
Deposits	1 099	1 644	–	–
Other receivables <sup>®</sup>	1 818	4 171	–	73
<b>Non-financial instruments</b>				
Costs incurred to fulfil contracts <sup>§</sup>	18 363	10 896	–	–
Prepayments	5 083	1 445	137	31
Retentions	2 041	1 071	–	–
VAT receivables	2 163	2 172	–	109
Other receivables <sup>#</sup>	2 323	2 573	–	–
<b>Financial assets at fair value through profit or loss</b>				
Foreign currency contracts	379	57	–	–
	<b>118 797</b>	<b>159 646</b>	<b>137</b>	<b>213</b>
Trade receivables are non-interest-bearing and generally between 30- and 90-day terms. Trade receivables have been ceded as security for the group's working capital loan.				
<sup>®</sup> Balance relates mainly to deferred lease income and tooling in progress.				
<sup>#</sup> Balance relates mainly to rent clearing receipts, recoverable costs and deferred expenses.				
<sup>§</sup> Refer to note 5.				

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>17. Trade and other receivables continued</b>				
The movements in the allowance for impairment of the trade and other receivables were as follows:				
At the beginning of the year	6 300	2 939	–	–
Charge for the year <sup>®</sup>	1 315	4 864	–	–
Amounts written off	(2 042)	(1 149)	–	–
Disposal of subsidiary	(2 507)	–	–	–
Unused amounts reversed <sup>®</sup>	(374)	(354)	–	–
At the end of the year	2 692	6 300	–	–

<sup>®</sup> The impairment loss and reversal of impairment are disclosed on the statement of comprehensive income.

#### Credit risk

Trade receivables and contract assets

Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are set for each customer based on the results of internal or external assessment. The compliance with credit limits by customers are regularly monitored by management of respective subsidiaries.

There is no credit risk in relation to cash sale as settlement is made upon conclusion of sale and therefore mitigating credit risk.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed IFRS by using the provision matrix.

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. The group considers an event of default has materialised, and the financial asset is credit impaired, when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the group without taking into account any collateral held by the group or if there are indicators that there is no reasonable expectation of recovery or the failure of a debtor to engage in a repayment plan with the group, and a failure to make payment for a period of greater than 90 days past due. The impact of COVID-19 has been factored into expected credit losses assessment as the group considers the impact of the pandemic on its customers.

The expected credit losses (ECL) has been developed by making use of past default experience of debtors but also incorporates forward-looking information such as outlook of the customer and general economic conditions of the industry as at the reporting date. The loss allowance provision is determined as follows:

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 17. Trade and other receivables continued

	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
<b>2021</b>						
<b>Trade receivable</b>						
Expected loss rate	0,0%	0,3%	1,7%	19,0%	48,0%	
Gross carrying amount – trade receivables	59 876	17 293	5 036	1 142	4 873	88 220
Loss allowance	–	48	87	217	2 340	2 692
<b>Net carrying amount</b>	<b>59 876</b>	<b>17 245</b>	<b>4 949</b>	<b>925</b>	<b>2 533</b>	<b>85 528</b>
<b>Contract assets</b>						
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount – contract assets	1 574	–	–	–	–	1 574
<b>Net carrying amount</b>	<b>1 574</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 574</b>
<b>2020</b>						
<b>Trade receivable</b>						
Expected loss rate	0,1%	0,2%	0,7%	8,3%	73,7%	
Gross carrying amount – trade receivables	82 500	40 094	8 893	2 505	7 925	141 917
Loss allowance	99	88	62	209	5 842	6 300
<b>Net carrying amount</b>	<b>82 401</b>	<b>40 006</b>	<b>8 831</b>	<b>2 296</b>	<b>2 083</b>	<b>135 617</b>
<b>Contract assets</b>						
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount – contract assets	11 745	–	–	–	182	11 927
Loss allowance	–	–	–	–	–	–
<b>Net carrying amount</b>	<b>11 745</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>182</b>	<b>11 927</b>

ECLs are calculated by applying loss ratio to the aged balance of trade receivables and contract assets. The loss ratio is calculated according to the ageing of the trade receivables and contract assets. Management assesses each customer individually and makes judgement of whether amounts owing as per the different ageing group for that specific customer is recoverable. The group trade receivables terms are generally between 30 and 90 days and the above provision matrix takes this fact into account.

There was no loss allowance recognised on contract assets as these are recoverable within 12 months. Management assessed the ability of the customers to pay amount when invoiced and management believes the amount are recoverable. Due to the fact that the amounts are recoverable within 12 months, the discounting of the amounts are considered to be immaterial.

Management regularly reviews the receivables age analysis and follows up on long-outstanding receivables. The group makes use of debt collectors in instances where it has exhausted all avenues to recover amounts owing.

The group applies simplified approach on a similar basis as trade receivable to measure expected credit losses for other receivable. Cost incurred to fulfil a contract are determined with reference to contractual agreement and therefore defaults are considered based on contractual terms which are determined on a contract by contract basis. After IFRS 9 assessments were conducted by the group, the expected credit loss on other receivable was not determined to be material.

Impairment losses on trade receivables and contract assets are presented on the statement of comprehensive income. Subsequent recoveries of amounts previously written off and reversal of impairment of asset are credited against the same amount.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. At year-end, management considered that it had sufficient provisions to cover any significant risk exposure in relation to trade receivables.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>18. Cash and cash equivalents</b>				
Current accounts	17 575	19 373	293	97
Call accounts	3 326	1 893	–	–
Cash on hand	63	60	–	–
	<b>20 964</b>	<b>21 326</b>	<b>293</b>	<b>97</b>
Cash at banks earn interest at floating rates based on daily bank deposit rates.				
<b>Cash at bank and short-term bank deposits</b>				
Credit rating based on the latest Moody's domestic long-term issuer default ratings				
zaA1	–	331	–	–
zaAA	14 904	12 539	4	6
zaA3	6	17	–	–
zaB3	5 809	8 192	198	5
Other	245	247	91	86
	<b>20 964</b>	<b>21 326</b>	<b>293</b>	<b>97</b>

The carrying amount of the cash and cash equivalents approximates the fair value.

#### Credit risk

The Group limits its counterparty exposure arising from bank accounts/call deposits by only dealing with well-established financial institutions of high credit standing. The impact of COVID-19 on the related financial institutions, where the cash is held, was considered and the credit risk was concluded to be low as the funds are held in financial institutions which have been guaranteed by the reserve bank and this reduced the group's credit risk. No expected credit losses have been provided for in the current financial year due to being due on demand.

## 19. Share capital

### 19.1 Authorised

750 000 000 ordinary shares with no par value

29 884 633 redeemable preference shares with no par value

### 19.2 Issued

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
229 319 191 ordinary shares				
Beginning of year	281 283	281 283	281 283	281 283
End of year	281 283	281 283	281 283	281 283



## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>20. Treasury shares</b>				
The Jasco Employee Share Incentive Trust owns 4 873 062 (2020: 4 873 062) unallocated ordinary shares	3 083	3 083	–	–
<b>Treasury shares at cost</b>	<b>3 083</b>	<b>3 083</b>	<b>–</b>	<b>–</b>
Opening balance	3 083	3 203	–	–
Treasury shares vested	–	(120)	–	–
<b>Closing balance</b>	<b>3 083</b>	<b>3 083</b>	<b>–</b>	<b>–</b>
Refer to note 2.3.4 for a description relating to treasury shares.				
<b>21. Non-distributable reserves</b>				
Equity-settled share-based payment reserve (note 21.1) <sup>#</sup>	4 397	4 848	–	14
– beginning of year	4 848	4 661	14	14
– recycled to retained earnings	(451)	–	(14)	–
– arising during year	–	187	–	–
Transaction with non-controlling interest	–	–	–	–
– beginning of year	–	2 448	–	–
– recycled to retained earnings	–	(2 448)	–	–
	<b>4 397</b>	<b>4 848</b>	<b>–</b>	<b>14</b>

<sup>#</sup> Refer to note 2.11.3 for description relating to share-based compensation.

### 21.1 Equity-settled share-based payments

#### Jasco Employee Share Incentive Trust

The Jasco Employee Share Incentive Trust was formed in 1993 to enable executives of the group to acquire shares in Jasco to provide them with incentives to advance the group's interests. The maximum number of shares and/or options that may be issued may not exceed 32 759 885 shares, being 15% of the issued share capital at the inception of the Trust and including all subsequent capitalisation and rights issues. The maximum number of shares and/or options allowed for any one person is 8 735 969 (2020: 8 735 969). In terms of the scheme rules, 50% of the shares/options issued may be traded after two years, 75% after three years and 100% after four years. The shares/options vest at the beginning of the trading period. The options lapse after five years.

## 21. Non-distributable reserves continued

### 21.1 Equity-settled share-based payments continued

	2021	2020
Number of ordinary shares reserved	32 759 885	32 759 885
Less: Total number of shares allocated	2 649 296	2 649 296
– beginning of year	2 649 296	2 649 296
– allocation of shares to employees during the year	–	–
– net forfeiture by employees during the year	–	–
Less: Total number of unforfeited options granted	–	1 260 596
– beginning of year	1 260 596	4 137 517
– allocation of options to employees during the year	–	(653 731)
– net forfeiture/cancellation of options during the year	(1 260 596)	(2 223 190)
<b>Number of shares in respect of which options and shares have not been granted</b>	<b>30 110 589</b>	<b>28 849 993</b>

Summary of shares/options issued

Date issued	Date lapsing	Number	Price per share (c)	Shares issued by trust not yet withdrawn		Number of unvested shares	
				2021	2020	2021	2020
Shares							
13 June 2016	N/A	2 163 699	81	834 881	834 881	–	–
2 June 2015	N/A	9 146 118	55	1 626 915	1 626 915	–	–
5 February 2014	N/A	1 470 000	72	187 500	187 500	–	–
		12 779 817		2 649 296	2 649 296	–	–

Date issued	Date lapsing	Number	Price per share (c)	Options issued by trust not yet exercised		Number of unvested options	
				2021	2020	2021	2020
Options							
28 June 2016	28 June 2021	1 206 071	81	–	470 525	–	–
4 January 2016	4 January 2021	790 071	60	–	790 071	–	–
		1 996 142		–	1 260 596	–	–

## 21. Non-distributable reserves continued

### 21.1 Equity-settled share-based payments continued

	Shares		Options	
	2021	2020	2021	2020
Reconciliation of number of outstanding, unvested shares and options				
Beginning of year	–	208 720	–	731 887
Forfeiture/cancellation of shares during the year	–	–	–	(300 312)
Shares/options vested by rules of scheme	–	(208 720)	–	(431 575)
End of year	–	–	–	–

#### Expense

Equity-settled share-based payment transactions are valued at grant date, with the expense being recognised over the vesting period.

Fair values for the Jasco Employee Share Incentive Trust are calculated at the date of the grant using the Binomial Model. To test the reasonableness of these results, the Black-Scholes-Merton formula has also been applied.

The statement of comprehensive income charge for equity-settled share-based payments is as follows (refer to note 7):

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Equity-settled share-based payment	–	187	–	–

### 21.2 Cash-settled share-based payments

There is one participant in the cash-settled share-based incentive scheme. There is no expense arising in 2021 and 2020 as the performance targets were not met.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>22. Interest-bearing liabilities</b>				
<b>Secured</b>	<b>152 224</b>	<b>204 847</b>	<b>151 235</b>	<b>190 925</b>
Corporate bond	20 197	45 250	20 197	45 250
Term loan: Bank of China	131 038	145 675	131 038	145 675
Principal amounts owing in respect of instalment-sale agreements	989	13 922	–	–
– gross minimum instalments	1 120	15 448	–	–
– finance charges	(131)	(1 526)	–	–
<b>Total</b>	<b>152 224</b>	<b>204 847</b>	<b>151 235</b>	<b>190 925</b>
Current portion (refer to note 25)	(152 019)	(198 629)	(151 235)	(190 925)
– instalment sale agreements	(784)	(7 704)	–	–
– corporate bond	(20 197)	(45 250)	(20 197)	(45 250)
– term loan	(131 038)	(145 675)	(131 038)	(145 675)
<b>Non-current</b>	<b>205</b>	<b>6 218</b>	<b>–</b>	<b>–</b>

#### Particulars

The corporate bond was issued on 30 January 2015, bears interest at the 3 month JIBAR plus 3.25%. Interest is repaid quarterly and the entire capital plus any accrued interest is repayable by 31 July 2021. Subsequent to year-end, the repayment date has been extended to 31 January 2022.

Under the corporate bond, the group is required to comply with the following financial covenant conditions:

- Interest cover ratio being EBIT divided by Net finance, changes at minimum of 2.0 times. 2021: 0.50 (2020: –3.06)
- Debt to EBITDA ratio at a maximum of 3.5 times. 2021: 2.53 (2020: 5.55)
- Debt to equity ratio, being debt divided by equity, at a maximum of 60%. 2021: 315.5% (2020: 307.8%)

The corporate bond holder condoned the breach of the loan covenants at 30 June 2021 subsequent to year-end.

The facility of R150 million from the Bank of China was raised on 13 May 2017 and decreased to R130 million on 27 February 2021. The loan is secured by a cession of the debtors of the major subsidiaries of the group and a general notarial bond of R100 million over the movable assets and bears interest at the 3-month JIBAR plus 330 basis points, which is payable on a quarterly basis. The capital is repayable in one instalment by 27 December 2021. Subsequent to the year-end, the facility has been restructured to a term loan of 36 months to be repaid monthly, by 28 December 2024 for a fee of 0,5% of the facility. In addition, the interest rate has been increased by 1,5% and a guarantee of R20 million has been issued by Golden Pond Trading 175 (Proprietary) Limited that expires on conclusion of the rights offer (refer to note 34.1).

Under the Bank of China loan, the group is required to comply with the following financial covenants conditions:

- Debt to equity ratio to not exceed a level of 150%. 2021: 319% (2020: 344%)
- Current and quick ratios not to reduce below 1.2:1 and 0.80:1 respectively. 2021: 1.6 and 1.0 (2020: 1.3 and 0.9)
- Interest cover to be maintained at a minimum of 1.5 times. Profit before interest and tax divided by net finance costs. 2021: 0.9 (2020: –1.7)
- Debtors in 0 – 90 days to provide 120% cover on the outstanding Bank of China balance at all times. 2021: 62% (2020: 90%)

The bank has condoned the breach of the loan covenants at 30 June 2021 subsequent to year-end. However, due to the restructuring of the facility only after 30 June 2021, the related borrowings was classified as a current liability at 30 June 2021.

The instalment sale agreements bear interest at the prime overdraft interest rate, and are repayable in equal instalments over periods between one to three years. These liabilities are secured over motor vehicles and equipment with a net book value of R2 082 226 (2020: R17 775 933).

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 22. Interest-bearing liabilities continued

Reconciliation of liabilities arising from financing activities

Group

	Corporate bond	Bank of China	Other loans	Instalment sale agreement	Total
<b>2021</b>					
Balance at 30 June 2020	45 250	145 675	–	13 922	204 847
Repayments	(28 233)	(24 831)	(1 229)	(3 133)	(57 426)
– Capital repayments	(25 000)	(15 008)	–	(2 774)	(42 782)
– Interest repayments	(3 233)	(9 823)	(1 229)	(359)	(14 644)
Finance charges	3 228	10 194	1 654	359	15 435
Disposal of subsidiaries	–	–	–	(10 159)	(10 159)
Capitalised initial costs	(48)	–	(425)	–	(473)
Balance at 30 June 2021	20 197	131 038	–	989	152 224
Current Liabilities	20 197	131 038	–	784	152 019
Non-current liabilities	–	–	–	205	205
<b>2020</b>					
Balance at 30 June 2019	45 783	145 650	98	16 106	207 637
New instalment sale agreement	–	–	–	8 927	8 927
Reclassification to lease liabilities	–	–	–	(792)	(792)
Repayments	(4 553)	(14 834)	–	(12 077)	(31 464)
– Capital repayments	–	–	–	(10 319)	(10 319)
– Interest repayments	(4 553)	(14 834)	–	(1 758)	(21 145)
Finance charges	4 069	16 581	–	1 758	22 408
Reclassification to trade and other payable	–	–	(98)	–	(98)
Loan restructure*	(49)	(1 722)	–	–	(1 771)
Balance at 30 June 2020	45 250	145 675	–	13 922	204 847
Current liabilities	45 250	145 675	–	7 704	198 629
Non-current liabilities	–	–	–	6 218	6 218

## 22. Interest-bearing liabilities continued

### Company

	Corporate bond	Bank of China	Myriad capital	Total
<b>2021</b>				
Balance at 30 June 2020	45 250	145 675	–	190 925
Repayments	(28 233)	(24 831)	(1 229)	(54 293)
– Capital repayments	(25 000)	(15 008)	–	(40 008)
– Interest repayments	(3 233)	(9 823)	(1 229)	(14 285)
Finance charges	3 228	10 194	1 654	15 076
Capitalised initial costs	(48)	–	(425)	(473)
Balance at 30 June 2021	20 197	131 038	–	151 235
Current liabilities	20 197	131 038	–	151 235
Non-current liabilities	–	–	–	–
<b>2020</b>				
Balance at 30 June 2019	45 783	145 650	–	191 433
Repayments	(4 553)	(14 834)	–	(19 387)
– Capital repayments	–	–	–	–
– Interest repayments	(4 553)	(14 834)	–	(19 387)
Finance charges	4 069	16 581	–	20 650
Loan restructure*	(49)	(1 722)	–	(1 771)
Balance at 30 June 2020	45 250	145 675	–	190 925
Current liabilities	45 250	145 675	145 675	190 925
Non-current liabilities	–	–	–	–

\* The amount relates to adjustment that was made in relation to the remeasurement of the Corporate bond and Bank of China loan in the previous year as a result of extension in loan repayment date to 31 January 2021 and 27 February 2021 respectively.

The loan from Myriad capital related to an advance received relating to the disposal of the investment in Reflex Solutions. The loan bore interest at 11%.

## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>23. Trade and other payables</b>				
<b>Financial instruments</b>				
Trade payables	67 072	113 821	980	1 958
Deferred consideration				
– Jasco Security & Fire Solutions	–	453	–	453
Other payables <sup>&gt;</sup>	–	3 016	–	–
<b>Non-financial instruments</b>				
Accrued expenses <sup>#</sup>	5 829	17 045	1 969	1 831
Payroll related accruals <sup>#</sup>	15 389	22 138	–	–
VAT payable	4 112	2 617	550	–
Other payables <sup>*</sup>	5 767	13 287	–	–
<b>Financial liabilities at fair value through profit or loss</b>				
Foreign currency contracts	42	69	–	–
	<b>98 211</b>	<b>172 446</b>	<b>3 499</b>	<b>4 242</b>

Trade payables are non-interest-bearing and are normally settled on 30- to 90-day terms.

Amortised cost approximates the fair value due to the short-term nature of the financial instruments.

<sup>></sup> Balance mainly relates to debtors with credit balances that were reclassified

<sup>\*</sup> Included in the prior year other payables amount is an amount of R9 593 129 in relation to the prepayment in Datavoice for the Motorola agreement.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>24. Provisions</b>				
<b>Bonus</b>				
Beginning of year	2 490	600	–	–
Arising during year	950	3 533	–	–
Utilised during year	(2 577)	(1 043)	–	–
Unused amount reversed	(211)	(600)	–	–
End of year	652	2 490	–	–
<b>Warranties</b>				
Beginning of year	150	150	–	–
Unused amount reversed	–	–	–	–
End of year	150	150	–	–
<b>Other</b>				
Beginning of year	3 251	604	2 558	–
Arising during year	623	3 932	–	2 558
Utilised during year	(3 057)	(1 285)	(2 558)	–
Unused amount reversed	(247)	–	–	–
End of year	570	3 251	–	2 558
<b>Total provisions</b>				
Beginning of year	5 891	1 354	2 558	–
Arising during year	1 573	7 465	–	2 558
Utilised during year	(5 634)	(2 328)	(2 558)	–
Unused amount reversed	(458)	(600)	–	–
End of year	1 372	5 891	–	2 558

The bonus provision is recognised when the group is contractually obliged or when there is a past practice that has created a constructive obligation. The bonus expense is determined based on the CEO recommendation having considered the financial performance of respective company and is subject to the approval of the remuneration committee.

The warranty provision is for product warranties given to customers on the sale of certain products. Other provisions include provisions for contractual future service obligations and in 2020 costs relating to the closure of Jasco East Africa.

The utilisation of these provisions are uncertain but expected to occur within a year.

The investigation by the Competition Commission into Jasco Security and Fire Solutions (Pty) Limited, several other fire installation companies, and the Automatic Sprinkle Inspection Bureau (ASIB) is ongoing. The period under investigation dates back to before Jasco's ownership of the company.

The investigation has focused on the Commission's view that installation companies should compete with ASIB in the provision of inspection and accreditation services. Jasco maintains it has not contravened the Competition law and will continue to defend the matter. The former owner (Mr Anthony Balanco) has been cooperating with Jasco's attorneys in defending the matter. The maximum potential penalty is 10% of the revenue in the year that the Commission commenced the investigation. Subsequent to year-end, Jasco Security and Fire Solutions reached a settlement agreement with the commission for R300 000 without an admission of guilt. This has been raised as a provision at year-end.



## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>25. Short-term borrowings</b>				
Short-term borrowings comprise:				
– current portion of non-current interest-bearing liabilities (refer to note 22)	152 019	198 629	151 235	190 925
– insurance payment plan	808	859	–	–
– bank overdrafts	592	3 532	–	–
	<b>153 419</b>	<b>203 020</b>	<b>151 235</b>	<b>190 925</b>
Amortised cost approximates the fair value due to the short-term nature of the financial instruments.				
<b>26. Notes to the statements of cash flows</b>				
<b>26.1 Reconciliation of profit/(loss) before taxation to cash generated from operations</b>				
Profit/(loss) before income tax	17 506	(92 652)	41 473	4 756
Continuing operations	(18 692)	(110 785)	41 473	4 756
Discontinued operations	36 198	18 133	–	–
Adjustments for:				
– amortisation of intangibles	9 574	18 375	–	–
– depreciation of plant and equipment	10 425	12 792	–	–
– depreciation of right-of-use assets	16 097	13 752	–	–
– equity-settled share-based payment	–	187	–	–
– impairment of investment in associate/ joint venture	–	3 889	–	–
– impairment of goodwill	500	10 251	–	–
– impairment of intangible asset	–	4 887	–	–
– impairment of non-current loan	48	478	–	–
– impairment of loan to the Jasco Share Incentive Trust	–	–	(574)	10 551
– impairment of intercompany loans	–	–	38	8 000
– provisions (reversed)/raised	(4 320)	4 376	(2 558)	2 558
– unrealised foreign exchange gains	(1 289)	(184)	–	–
– unrealised foreign exchange losses	(283)	885	–	–
– net (profit)/loss on sale of plant and equipment	(840)	814	–	–
– net loss/(profit) on disposal of subsidiary	–	77	(32 963)	2 485

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>26. Notes to the statements of cash flows continued</b>				
<b>26.1 Reconciliation of profit/(loss) before taxation to cash generated from operations continued</b>				
– cost of deregistration of business operation (East Africa)	–	2 558	–	2 558
– equity accounted profit from associate	–	(33)	–	–
– net interest and dividend paid/(received)	24 178	28 400	(8 664)	(32 650)
– Discontinued operations	(25 364)	21 087	–	–
amortisation of intangibles	372	1 634	–	–
depreciation of plant and equipment	2 185	10 132	–	–
depreciation of right-of-use assets	1 195	5 248	–	–
movement in provisions	(1 415)	161	–	–
net profit on disposal of business operations	(9 584)	–	–	–
net profit on disposal of plant and equipment	–	(41)	–	–
net finance cost	1 067	3 953	–	–
equity accounted income from associate	(19 184)	–	–	–
Cash flows from operations before working capital changes	46 232	29 939	(3 248)	(1 742)
Working capital changes	(27 373)	7 996	(7 178)	7 834
– decrease in inventories	8 903	7 142	–	–
– (increase)/decrease in trade and other receivables, including contract and other assets	(7 211)	36 935	77	9 999
– (increase)/decrease in amounts owing by subsidiaries	–	–	(4 312)	10 845
– decrease in trade and other payables, including contract liabilities	(29 065)	(36 081)	(2 910)	(16 010)
– (increase)/decrease in amounts owing to subsidiaries	–	–	(33)	3 000
Cash generated from/(utilised in) operations	18 859	37 935	(10 426)	6 092

## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>26. Notes to the statements of cash flows continued</b>				
<b>26.2 Taxation paid</b>				
Net taxation refundable/(payable) at beginning of year	6 968	6 069	300	300
Net acquisition/disposal of subsidiaries/business operations	2 222	–	–	–
Amounts charged per statement of comprehensive income, excluding deferred taxation	(8 238)	(9 994)	–	–
Interest accrued on overpayment	13	–	–	–
Net taxation (refundable)/payable at end of year	(8 534)	(6 968)	–	(300)
Cash amounts paid	(7 569)	(10 893)	300	–
<b>26.3 Purchase of plant and equipment</b>				
– Replacement of plant equipment	(233)	(973)	–	–
Plant and machinery	(118)	(15)	–	–
Furniture and office equipment	(115)	(330)	–	–
Motor vehicles	–	(129)	–	–
Computer and manufacturing equipment	–	(431)	–	–
Leasehold improvements	–	(68)	–	–
– Additions to plant and equipment	(4 370)	(6 357)	–	–
Plant and machinery	(328)	(1 022)	–	–
Hi Sites	(8)	(25)	–	–
Furniture and office equipment	(575)	(3 272)	–	–
Motor vehicles	(79)	–	–	–
Computer and manufacturing equipment	(3 235)	(1 707)	–	–
Leasehold improvements	(145)	(331)	–	–
Total purchase of plant and equipment	(4 603)	(7 330)	–	–

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>26. Notes to the statements of cash flows continued</b>				
<b>26.4 Disposal of subsidiaries/ business operations</b>				
Decreased investment in subsidiary, at cost	–	–	37 726	2 634
Equity	(27 109)	(208)	–	–
Plant and equipment	27 758	94	–	–
Right-of-use assets	39 273	–	–	–
Intangible assets	39 934	–	–	–
Inventories	4 729	229	–	–
Accounts receivable	59 905	187	–	–
Amounts owing by subsidiaries on current account	1 299	150	–	(150)
Accounts payable	(38 735)	(47)	2 167	–
Amounts owing to subsidiaries on current account	–	(2)	–	–
Current taxation	(2 222)	–	–	–
Deferred taxation	2 412	4	–	–
Interest-bearing liabilities	(10 159)	–	–	–
Finance leases	(47 861)	–	–	–
Amount owing to group companies on loan accounts	–	(404)	–	–
Net cash and cash equivalents	5 333	74	–	–
Profit/(loss) on disposal	9 584	(77)	32 964	(2 484)
Total purchase price	64 141	–	72 857	–
<i>Exclude:</i> Net cash and cash equivalents disposed of	(5 333)	(74)	–	–
<i>Exclude:</i> Deferred payment	11 659	–	–	–
Cash flow on disposal, net of cash disposed of	70 467	(74)	72 857	–

## 26. Notes to the statements of cash flows continued

### 26.4 Disposal of subsidiaries/business operations continued

#### Break-down of the 2021 disposal of subsidiaries/business operations

In 2021, the group sold its shareholdings in Reflex Solutions (Pty) Ltd, Jasco ICT Datafusion (Pty) Ltd and Jasco Networks (Pty) Ltd PTM division (refer to note 4)

	Reflex Solutions R'000	Datafusion R'000	PTM Division R'000	Total R'000
Equity	(25 980)	(1 129)	–	(27 109)
Plant and equipment	27 755	–	3	27 758
Right-of-use assets	39 273	–	–	39 273
Intangible assets	39 934	–	–	39 934
Inventories	4 729	–	–	4 729
Accounts receivable	59 839	66	–	59 905
Amounts owing by subsidiaries on current account	–	1 299	–	1 299
Accounts payable	(38 432)	(229)	(74)	(38 735)
Current taxation	(2 215)	(7)	–	(2 222)
Deferred taxation	2 412	–	–	2 412
Interest-bearing liabilities	(10 159)	–	–	(10 159)
Lease liabilities	(47 861)	–	–	(47 861)
Net cash and cash equivalents	5 279	54	–	5 333
Profit on disposal	2 278	–	7 306	9 584
Total purchase price	56 852	54	7 235	64 141
<i>Excludes:</i> Net cash and cash equivalents	(5 279)	(54)	–	(5 333)
Deferred payments	15 951	–	(4 292)	11 659
Cash flow on disposal, net of cash	67 524	–	2 943	70 467

## 26. Notes to the statements of cash flows continued

### 26.4 Disposal of subsidiaries/business operations continued

#### Break-down of the 2020 disposal of subsidiaries

In 2020, the group decreased its shareholdings in Jasco Distributors, Jasco Technical Services and increased its shareholding in Jasco Property Solutions. (refer to note 3)

	Jasco Distributors R'000	Jasco Technical Services R'000	Jasco Property Solutions R'000	Total R'000
Equity	(64)	–	(144)	(208)
Plant and equipment	86	8	–	94
Inventories	229	–	–	229
Accounts receivable	187	–	–	187
Amounts owing by subsidiaries on current account	150	–	–	150
Accounts payable	(191)	–	144	(47)
Amounts owing to subsidiaries on current account	(2)	–	–	(2)
Deferred taxation	4	–	–	4
Amounts owing to subsidiaries on loan account	(404)	–	–	(404)
Net cash and cash equivalents	74	–	–	74
Loss on disposal of subsidiary	(69)	(8)	–	(77)
Total purchase price	–	–	–	–
<i>Excludes: Net cash and cash equivalents</i>	(74)	–	–	(74)
Cash flow on disposal, net of cash	(74)	–	–	(74)

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>26.5 Loan to associates</b>				
Loan to Jasco East Africa	–	2 554	–	–
	–	2 554	–	–

## Notes to the annual financial statements continued

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>27. Lease agreements</b>				
<b>27.1 Short-term leases and low-value assets</b>				
Future minimum rentals for premises and office equipment under non-cancellable leases payable within:				
– one year	4 280	3 991	–	–
– after one year, within five years	6 814	11 094	–	–
– after five years	–	–	–	–
<b>Total</b>	<b>11 094</b>	<b>15 085</b>	<b>–</b>	<b>–</b>
<b>27.2 Operating lease income</b>				
Future minimum rentals under non-cancellable leases receivable within:				
– one year	25 515	26 747	–	–
– after one year, within five years	17 172	11 429	–	–
– after five years	–	635	–	–
<b>Total</b>	<b>42 687</b>	<b>38 811</b>	<b>–</b>	<b>–</b>

The operating lease income is derived from rental agreements with customers utilising the group's network of Hi Sites and rooftops under management.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>28. Banking facilities</b>				
General banking facilities	130 000	150 000	130 000	150 000
– Bank of China	130 000	150 000	130 000	150 000
<b>Total general banking facilities</b>	<b>130 000</b>	<b>150 000</b>	<b>130 000</b>	<b>150 000</b>
The following general banking facilities are held by ring-fenced subsidiaries				
– Absa Bank (Jasco Security and Fire)	1 000	2 000	–	–
– Nedbank (RAMM Technologies)	1 000	1 000	–	–

Bank overdrafts of the group, excluding Reflex, Power Solutions, Jasco Security and Fire and RAMM Technologies are cross-guaranteed by the group companies. The net overdrafts of subsidiaries as at 30 June 2021 amounted to Rnil (2020: Rnil).

In May 2017, the group obtained a R150 million working capital medium-term loan from the Bank of China. This decreased to R130 million in February 2021. Of the R130 million, the group has borrowed R130 million therefore the group has an undrawn facility with Bank of China of R nil at 30 June 2021 (2020: R4,3 million) (refer to note 22).

## 29. Borrowings

The group's borrowings are not limited by its memorandum of incorporation and are at the directors' discretion, subject to existing loan covenants.

## 30. Retirement benefits

All employees of the group, other than those required by legislation to be members of an industrial fund, are members of a comprehensive pension and/or provident fund, which provides comparable retirement, death and disability benefits. The funds are registered with, and are governed by, the Pension Funds Act, 1956. Because they are defined contribution funds, whereby the benefits are determined solely by the contributions thereto, together with resultant investment earnings on those contributions, the funds are independent of the finances of the group and there is no responsibility for any future unfunded obligations arising therefrom. Refer to note 7 for the company contributions made.

## 31. Related parties

The subsidiaries of the group are identified in note 3. The ultimate holding company is Jasco Electronics Holdings Limited.

All purchasing and selling transactions with related parties are concluded at arm's length. Outstanding balances at year-end are unsecured, bear interest at 7.25% (2020: 7.25%) and settlement occurs in cash, but is only charged to subsidiaries with a positive net asset value.

Interest on inter-group balances are disclosed in note 7.

Details of inter-group revenue are disclosed in the segmental report on page 95.

Amounts owing between subsidiaries are set out in note 13.

Directors' emoluments are disclosed in note 32.

Administration, managerial and secretarial fees between related parties are disclosed in notes 5 and 7.

	2021 R'000	2020 R'000
<b>Company</b>		
Administration fees received from subsidiaries		
– Datavoice	908	–
– Jasco Networks	4 200	2 494
– Jasco Systems	835	914
– Jasco Trading	1 671	1 670
– NewTelco South Africa	770	–
	<b>8 384</b>	<b>5 078</b>
Administration fees paid to subsidiaries		
– Jasco Trading	3 057	4 241
Finance income from amounts owing by subsidiaries received		
– Jasco Share Incentive Trust	484	647

A dividend of R3 233 000 was received from Reflex Solutions and dividend in species was received from Jasco Energy and Industry Solutions (Pty) Ltd (value of R20 million).

During the 2020 financial year, a dividend of R3 396 600 was received from Reflex Solutions and dividend in species was received from Jasco Systems (Pty) Ltd (value of R25 million) and Jasco Networks (Pty) Ltd (value of R25 million).

No other transactions were entered into between the holding company and its subsidiaries.

Key management personnel comprises directors, prescribed officers and executive management. Refer to notes 7 and 32 for the required disclosures.



### 32. Directors' and prescribed officers' emoluments

	Short-term benefits							Total R
	Fees for services as a director R	Basic salary R	Sums paid by way of expense allowance R	Contributions under any other benefit scheme <sup>§</sup> R	Termination benefits R	Total short-term benefits R	Contributions to defined contribution funds R	
<b>2021</b>								
<b>Non-executive</b>								
(paid by Jasco Electronics Holdings Limited)								
ATM Mokgokong	490 945	-	-	-	-	490 945	-	490 945
MJ Madungandaba	476 674	-	-	-	-	476 674	-	476 674
DH du Plessis	376 968	-	-	-	-	376 968	-	376 968
MSC Bawa	369 970	-	-	-	-	369 970	-	369 970
TH Zondi	293 723	-	-	-	-	293 723	-	293 723
PF Radebe	379 455	-	-	-	-	379 455	-	379 455
AMF Da Silva*®	-	-	-	280 000	-	280 000	-	280 000
	2 387 734	-	-	280 000	-	2 667 734	-	2 667 734
<b>Executive</b>								
(paid by Jasco Trading (Pty) Limited)								
LA Prigge (From 1 Mar)	-	474 453	1 200	5 548	-	481 201	58 880	540 081
AMF Da Silva*®	-	560 000	-	-	-	560 000	-	560 000
WA Prinsloo	-	2 869 350	10 650	8 140	-	2 888 140	-	2 888 140
	-	3 903 803	11 850	13 687	-	3 929 341	58 880	3 988 221
<b>Total directors</b>	2 387 734	3 903 803	11 850	293 687	-	6 597 075	58 880	6 655 955

## 32. Directors' and prescribed officers' emoluments continued

	Short-term benefits							Total short-term benefits R	Contributions to defined contribution funds R	Share-based payments R	Total R
	Fees for services as a director R	Basic salary R	Sums paid by way of expense allowance R	Contributions under any other benefit scheme <sup>§</sup> R	Termination benefits R	Contributions to defined contribution funds R	Share-based payments R				
<b>2020</b>											
<b>Non-executive</b>											
(paid by Jasco Electronics Holdings Limited)											
ATM Mokgokong	490 945	-	-	-	-	-	490 945	-	-	-	490 945
MJ Madungandaba	476 674	-	-	-	-	-	476 674	-	-	-	476 674
DH du Plessis	376 968	-	-	-	-	-	376 968	-	-	-	376 968
MSC Bawa	369 970	-	-	-	-	-	369 970	-	-	-	369 970
TH Zondi	293 723	-	-	-	-	-	293 723	-	-	-	293 723
PF Radebe	379 455	-	-	-	-	-	379 455	-	-	-	379 455
AMF Da Silva <sup>*@</sup>	-	-	-	1 290 000	-	-	1 290 000	-	-	-	1 290 000
	<b>2 387 735</b>	<b>-</b>	<b>-</b>	<b>1 290 000</b>	<b>-</b>	<b>-</b>	<b>3 677 735</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 677 735</b>
<b>Executive</b>											
(paid by Jasco Trading (Pty) Limited)											
MJanse van Vuuren <sup>#</sup>	-	2 685 045	54 450	304 133	1 689 375	-	4 733 003	331 030	27 621	5 091 655	
WA Prinsloo <sup>@</sup>	-	2 729 162	54 450	488 174	-	-	3 271 787	46 295	112 016	3 430 097	
T Pelje <sup>&gt;</sup>	-	1 514 773	56 550	244 549	481 531	-	2 297 402	274 943	25 453	2 597 799	
AMF Da Silva <sup>*@</sup>	-	70 000	-	-	-	-	70 000	-	-	70 000	
	<b>-</b>	<b>6 998 980</b>	<b>165 450</b>	<b>1 036 856</b>	<b>2 170 906</b>	<b>-</b>	<b>10 372 192</b>	<b>652 268</b>	<b>165 090</b>	<b>11 189 550</b>	
<b>Total directors</b>	<b>2 387 735</b>	<b>6 998 980</b>	<b>165 450</b>	<b>2 326 856</b>	<b>2 170 906</b>	<b>-</b>	<b>14 049 927</b>	<b>652 268</b>	<b>165 090</b>	<b>14 867 285</b>	

\* AMF da Silva is an alternative non-executive director to MJ Madungandaba. He was the interim CEO from 1 June 2020 until 28 February 2021.

# Resigned 31 May 2020.

> Resigned 29 February 2020.

@ Remuneration received in terms of consultancy agreement. WA Prinsloo is on fixed-term contract that expires on 31 March 2026.

§ Included in other benefits are contributions to funeral fund, UIF and SDL, leave payout, travel allowance and consultancy fees.

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 33. Financial instruments

The group's principal financial instruments, other than foreign currency contracts, comprise loans, short-term borrowings, bank balances and cash. The main purpose of these financial instruments is to raise finance for the group's operations and capital projects. The group has various other financial instruments, such as trade receivables and trade payables, which arise directly from its operations.

The group also enters into foreign currency contracts and foreign currency option contracts. The purpose is to manage the currency risk arising from the group's operations and its sources of finance.

The main risks arising from the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks, which are summarised below.

	Note	2021		2020	
		Amortised cost R'000	Fair value through profit or loss R'000	Amortised cost R'000	Fair value through profit or loss R'000
<b>Group</b>					
<b>Non-current financial assets</b>					
Other non-current assets	15	2 637	–	5 036	–
Other non-current contract assets	5	9	–	1 664	–
<b>Current financial assets</b>					
Trade and other receivables – financial instruments	17	88 445	–	141 432	–
Foreign currency contracts	17	–	379	–	57
Cash and cash equivalents	18	20 964	–	21 326	–
Short-term portion of other non-current assets	15	6 665	–	3 197	–
Contract assets	5	1 574	–	11 927	–
<b>Non-current financial liabilities</b>					
Interest-bearing liabilities	22	205	–	6 218	–
<b>Current financial liabilities</b>					
Trade and other payables – financial instruments	23	67 072	–	117 290	–
Foreign currency contracts	23	–	42	–	69
Short-term borrowings	25	153 419	–	203 020	–
<b>Company</b>					
<b>Current financial assets</b>					
Trade and other receivables – financial instruments	17	–	–	73	–
Cash and cash equivalents	18	293	–	97	–
<b>Non-current liabilities</b>					
Interest-bearing liabilities	22	–	–	–	–
<b>Current financial liabilities</b>					
Trade and other payables – financial instruments	23	980	–	2 411	–
Short-term borrowings	25	151 235	–	190 925	–

## 33. Financial instruments continued

### 33.1 Capital management

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The group manages its capital structure and makes adjustments to it, in light of changing economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The group optimises the management of its capital through a centralised treasury structure. This structure is managed under the supervision of the group chief financial officer. Key responsibilities of the group treasury includes:

- centralised cash management; and
- group funding requirements.

Funding to subsidiaries is provided through loans. Loans between group companies are considered to be part of the capital structure and bear interest at a rate agreed between the parties on an annual basis.

Though not formally documented, the group has a targeted debt-to-equity (excluding lease liabilities) ratio of 1:1 respectively. The group currently has a debt-to-equity ratio of 3:1 respectively. This is in line with plans of moving towards the target debt-to-equity ratio.

Jasco Electronics Holdings Limited's share capital consists of 229 million ordinary shares (note 19). The group makes use of the Jasco employee share trust to purchase its shares in the market. These shares are disclosed as treasury shares (note 20).

The group's net debt is calculated as follows:

	2021 R'000	2020 R'000
Interest-bearing liabilities	205	6 218
Short-term borrowings	153 419	203 020
Cash and cash equivalent	(20 964)	(21 326)
<b>Net debt as at end of year</b>	<b>132 660</b>	<b>187 912</b>

The group has specific financial covenants in place with various financial institutions. Financial covenants on the corporate bond and the Bank of China loan were breached at 30 June 2021 and the related borrowings were classified as current liabilities.

Subsequent to year-end, management have obtained extensions for the corporate bond and have restructured the Bank of China loan. Refer to note 22.

There were no changes in the group's approach to capital management during the year.

### 33.2 Fair values

The fair values of the recognised financial instruments are not materially different from the carrying amounts reflected in the statement of financial position.

The fair value of financial instruments, excluding foreign currency contracts, has been calculated by discounting the expected future cash flows at prevailing interest rates. The fair value of foreign currency contracts have been determined using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forward pricing models using present value calculations. The model incorporate various inputs including the foreign exchange spot and forward rates, forward rate curves of currency basis spreads between the respective currencies, and forward rate curves of the underlying commodity.

## 33. Financial instruments continued

### 33.2 Fair values continued

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 30 June 2021 and 2020, the group's only financial instruments carried at fair value were foreign currency contracts. These were classified as level 2 as the fair values are independently verified.

	2021 R'000	2020 R'000
Foreign currency contracts asset	379	57
Foreign currency contracts liability	42	69

### 33.3 Foreign currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group entities' functional currency. The currencies, giving rise to currency risk, in which the group primarily deals, are Pound sterling, US dollar, Australian dollar and Euro.

The group entities hedge trade payables and trade receivables, denominated in foreign currencies, by entering into foreign currency contracts. It is the group's policy not to enter into foreign currency contracts until a firm commitment is in place. The forward currency contract must be in the same currency as the hedged item.

It is the group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged items to maximise hedge effectiveness. The group does not apply hedge accounting as per IFRS 9.

At year-end, the group had foreign denominated trade receivables and trade payables amounting to:

	Foreign amount		Rand amount	
	2021 '000	2020 '000	2021 R'000	2020 R'000
<b>Group</b>				
<b>Trade and other receivables</b>			8 385	6 617
Foreign currency:				
– Pound sterling	–	24	–	508
– US dollar	567	352	8 095	6 109
– Euro	17	–	290	–
<b>Trade and other payables</b>			21 194	20 088
Foreign currency:				
– Pound sterling	38	32	740	690
– US dollar	871	610	12 439	10 585
– Euro	473	450	8 015	8 760
– Australian dollar	–	4	–	53

## 33. Financial instruments continued

### 33.3 Foreign currency risk continued

The following table demonstrates the sensitivity of the group's profit before tax to a reasonable possible change in exchange rates based on management's most recent expectations, with all other variables held constant:

	Increase/ (decrease) in basis points	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
– Pound sterling	1c	(1)	(1)	–	–
	–1c	1	1	–	–
– US dollar	1c	(11)	140	–	–
	–1c	11	(140)	–	–
– Euro	1c	(31)	(20)	–	–
	–1c	31	20	–	–
– AUD	1c	–	–	–	–
	–1c	–	–	–	–

To account for the impact of COVID-19, the analysis considered a change of 1 cent in the currency (2020: 1 cent)

#### Foreign companies

The group had investments in foreign companies which are classified as foreign entities. The rates used in translating the statements of financial position and comprehensive income are as follows:

	2021		2020	
	Average rate	Closing rate	Average rate	Closing rate
– Kenyan Shilling	N/A	N/A	0,1481	0,1610
– United Arab Emirates Dirham	N/A	N/A	4,2293	4,7217

### 33.4 Interest rate risk

The group's exposure to market risk for changes in interest rates relates to the group's debt.

The group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a variable rate basis.

Financial covenants on the corporate bond and Bank of China loan were breached at 30 June 2021 and the related borrowings were classified as current liabilities and included in on demand in the tables below. Subsequent to year-end, management have obtained extensions for the corporate bond and have restructured the Bank of China loan. Refer to note 22.

## Notes to the annual financial statements continued

for the year ended 30 June 2021

### 33. Financial instruments continued

#### 33.4 Interest rate risk continued

The following table sets out the carrying amount, by maturity, of the group's financial instruments that are exposed to interest rate risk:

	Total R'000	Within One year R'000	One to Two years R'000	Two to three years R'000	After three years R'000
<b>Group</b>					
<b>2021</b>					
Corporate bond	(20 197)	(20 197)	-	-	-
Interest-bearing liabilities	(132 835)	(132 630)	(147)	(7)	(51)
Lease liabilities	(77 564)	(19 020)	(16 646)	(18 628)	(23 270)
Other loans	9 326	6 689	2 637	-	-
Net cash and cash equivalents	20 372	20 372	-	-	-
	(200 898)	(144 786)	(14 156)	(18 635)	(23 321)
<b>2020</b>					
Corporate bond	(45 250)	(45 250)	-	-	-
Interest-bearing liabilities	(160 456)	(154 238)	(5 176)	(1 034)	(8)
Lease liabilities	(137 151)	(16 850)	(20 411)	(20 643)	(79 247)
Other loans	8 319	3 258	5 061	-	-
Net cash and cash equivalents	17 794	17 794	-	-	-
	(316 744)	(195 286)	(20 526)	(21 677)	(79 255)
<b>Company</b>					
<b>2021</b>					
Amounts owing by subsidiaries	125 173	125 173	-	-	-
Loan to Jasco Employee Share Incentive Trust	11 140	11 140	-	-	-
Cash and cash equivalents	293	293	-	-	-
Term loan	(131 038)	(131 038)	-	-	-
Corporate bond	(20 197)	(20 197)	-	-	-
	(14 629)	(14 629)	-	-	-
<b>2020</b>					
Amounts owing by subsidiaries	90 747	90 747	-	-	-
Loan to Jasco Employee Share Incentive Trust	10 656	10 656	-	-	-
Cash and cash equivalents	97	97	-	-	-
Term loan	(145 675)	(145 675)	-	-	-
Corporate bond	(45 250)	(45 250)	-	-	-
	(89 425)	(89 425)	-	-	-

## 33. Financial instruments continued

### 33.4 Interest rate risk continued

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the group's profit before tax through the impact on variable rate borrowings and no other impact on equity:

	Increase/ (decrease) in basis points	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Profit before tax	5%	(10 045)	(15 837)	(731)	(447)
	-5%	10 045	15 837	731	447

To account for the impact of COVID-19 in 2020, the analysis considered a change of 5% in the interest rate.

### 33.5 Liquidity management

The group is exposed to liquidity risk as a result of incurring liabilities, giving rise to the risk of becoming unable to settle obligations as they become due. The group manages this risk through the management of working capital and cash flows.

Financial covenants on the corporate bond and Bank of China loan were breached at 30 June 2021 and the related borrowings were classified as current liabilities and included in on demand in the tables below. Subsequent to year-end, management have obtained extensions for the corporate bond and have restructured the Bank of China loan. Refer to note 22.

The cash flows from trade receivables and trade payables are reasonably well matched in that payments are made to suppliers on the same terms and conditions given to customers.



### 33. Financial instruments continued

#### 33.5 Liquidity management continued

The table below summarises the maturity profile of the group's financial instruments that the group uses to manage its cash flows at year-end:

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than three months R'000	Three to 12 months R'000	12 to 24 months R'000	Thereafter R'000
<b>Group 2021</b>								
Finance lease receivable	24	(2)	26	-	18	8	-	-
Trade and other receivables	88 445	-	88 445	26 694	61 751	-	-	-
Loans receivable	4 969	(447)	5 416	1 028	3 040	1 348	-	-
Net cash and cash equivalents	20 372	-	20 372	17 046	3 326	-	-	-
Interest-bearing loans and borrowings	(132 027)	(3 669)	(135 696)	(134 654)	(263)	(619)	(134)	(6)
Lease liabilities	(77 564)	16 904	(94 468)	-	(6 856)	(19 133)	(21 795)	(46 682)
Corporate bond	(20 197)	124	(20 321)	(20 321)	-	-	-	-
Trade and other payables	(67 072)	-	(67 072)	-	(67 072)	-	-	-
Derivative financial instruments	337	-	337	-	337	-	-	-
	(182 713)	20 248	(202 961)	(110 207)	(5 719)	(18 396)	(21 949)	(46 690)
<b>Group 2020</b>								
Finance lease receivable	86	(10)	96	-	18	53	25	-
Trade and other receivables	141 431	-	141 431	43 187	87 857	10 387	-	-
Loans receivable	8 319	(1 213)	9 532	1 028	3 086	5 418	-	-
Net cash and cash equivalents	17 794	-	17 794	15 901	1 893	-	-	-
Interest-bearing loans and borrowings	(159 597)	9 915	(169 512)	(154 245)	(2 086)	(5 752)	(7 422)	(7)
Lease liabilities	(137 151)	49 385	(186 536)	-	(12 757)	(24 705)	(100 452)	(48 622)
Corporate bond	(45 250)	2 413	(47 663)	(47 663)	-	-	-	-
Trade and other payables	(117 290)	-	(117 290)	-	(116 837)	(453)	-	-
Derivative financial instruments	(12)	-	(12)	-	(12)	-	-	-
	(291 670)	60 490	(352 160)	(141 792)	(38 838)	(15 052)	(107 849)	(48 629)

### 33. Financial instruments continued

#### 33.5 Liquidity management continued

Company

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than three months R'000	Three to 12 months R'000	There- after R'000
<b>2021</b>							
Loan to Jasco Employee Share Incentive Trust	11 140	(501)	11 641	–	–	11 641	–
Amounts owing by subsidiaries	125 173	–	125 173	–	–	125 173	–
Net cash and cash equivalents	293	–	293	293	–	–	–
Corporate bond	(20 197)	124	(20 321)	(20 321)	–	–	–
Interest-bearing loans and borrowings	(131 891)	2 763	(134 654)	(134 654)	–	–	–
Trade and other payables	(980)	–	(980)	–	(980)	–	–
	(16 462)	2 386	(18 848)	(154 682)	(980)	136 814	–
<b>2020</b>							
Loan to Jasco Employee Share Incentive Trust	10 656	(506)	11 162	–	–	11 162	–
Amounts owing by subsidiaries	142 262	–	142 262	–	–	142 262	–
Net cash and cash equivalents	97	–	97	97	–	–	–
Corporate bond	(45 250)	2 413	(47 663)	(47 663)	–	–	–
Interest-bearing loans and borrowings	(145 675)	8 570	(154 245)	(154 245)	–	–	–
Trade and other payables	(2 411)	–	(2 411)	–	(1 958)	(453)	–
	(40 321)	10 477	(50 798)	(201 811)	(1 958)	152 971	–

## 34. Events after the reporting period

### 34.1 Rights offer

The board has approved a rights offer to the value of R55 million, of which R45 million has been underwritten by a major shareholder.

The proceeds from the rights offer will be used to settle the corporate bond of R20 million and reduce the working capital loan from the Bank of China by R10 million. The balance of the proceeds will be used to fund the group's working capital requirements.

### 34.2 Corporate bond and working capital facility

Subsequent to the year-end, the corporate bondholder has condoned the breach in loan covenants and has extended the repayment date of the bond to 31 January 2022.

Subsequent to year-end, the working capital loan from the Bank of China has been restructured into a term loan of 36 months, to be repaid on a monthly basis from January 2022, for a fee of 0,5% of the facility. The interest rate has been increased by 1,5%. Refer to note 22.

### 34.3 Impact of COVID-19

The group has responded to the pandemic and related lockdown under the State of Disaster declared by the State President in March 2020 by adhering to the new government regulations and implementing the necessary safety protocols in all office and plant environments. The economic impact of the pandemic is ongoing, with several customers cutting costs. This led to a slowdown in projects in a number of businesses. In addition, in certain businesses the inability to travel and conduct physical meetings impacted customer engagement, while in others teams could not access customer sites due to lockdown restrictions. Refer to the 2021 Integrated Annual Report for additional information at an operational level.

### 34.4 Social unrest

Unfortunately, the impact of COVID-19 was exacerbated in South Africa by violent unrest in July in mainly KwaZulu-Natal and Gauteng.

General trade, some client operations and a number of Jasco's own operations in these two provinces were impacted.

To ensure the safety of employees and assets, the Electrical Manufacturers' plant in Pinetown was closed for more than a week. A number of operations in Gauteng closed early for a few days to ensure the safety of employees and head office and operational site employees worked from home.

The servicing of client sites was impacted in Security & Fire due to road closures and the inability to travel in unsafe areas.

## 35. Going concern

We draw attention to the fact that on 30 June 2021, the group and company had accumulated losses of R252 175 488 (2020: R257 155 000) and R234 986 236 (2020: R276 474 000) respectively, with the group making a profit of R6 469 470 (2020: loss of R1 10 863 000) and the company a profit of R41 474 666 (2020: R4 765 000).

The group's and company's current liabilities exceed its current assets by R78 068 000 (2020: R145 908 000) and R39 053 000 (2020: R109 916 000) respectively as the group breached its debt covenants causing the loans to be recorded as current liabilities instead of non-current. These events and conditions indicate that a material uncertainty exists that may cast doubt on the groups ability to continue as a going concern.

Subsequent to year-end, the Bank of China loan was restructured into a term loan of 36 months, to be repaid on a monthly basis from January 2022 until 28 December 2024.

The directors believe there is sufficient financing available to continue the business of the group, accordingly, these financial statements have been prepared on a going-concern basis.

# Segmental report

at 30 June 2021

## Introduction

For management purposes, the group is organised into business units based on their products and services. The group's executive committee, who are the group's chief operating decision-makers (CODM), monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

The trading activities of the group companies are divided into four main business segments, namely Intelligent Solutions (formerly: ICT – Enterprise), Communication Solutions (formerly: ICT – Carriers), Security & Fire Safety and Electrical Manufacturers. Intelligent Solutions and Communication Solutions form part of ICT segment, however, the CODM looks at them separately.

	Income and expenses										Financial position							
	Revenue		Net forex		Adminis- trative		Deprecia- tion		Operating		Finance		Assets		Liabilities		Capital	
	R'000	Inter- segment R'000	Segmental revenue R'000	profit/ (loss) R'000	and other income* R'000	expenses# R'000	and amortisa- tion R'000	profit/ (loss)† R'000	income R'000	costs R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>2021</b>																		
Communication Solutions	221 652	(3 541)	218 111	2 932	(71 410)	(8 414)	8 427	209	(910)	106 013	35 205	416						
Intelligent Solutions	198 437	(49)	198 388	3 670	(51 069)	(3 056)	24 547	808	(619)	63 913	55 283	125						
Security and Fire	44 034	-	44 034	276	(20 139)	(196)	(7 688)	-	(257)	19 082	11 147	8						
Electrical Manufacturers	200 307	-	200 307	605	(30 488)	(10 954)	7 984	8	(3 179)	101 116	48 003	628						
<b>Sub-total continuing operating division</b>	<b>664 430</b>	<b>(3 590)</b>	<b>660 840</b>	<b>7 483</b>	<b>(173 106)</b>	<b>(22 620)</b>	<b>33 270</b>	<b>1 025</b>	<b>(4 965)</b>	<b>290 124</b>	<b>149 638</b>	<b>1 177</b>						
Discontinued operation – Reflex Solutions and PTM Division	85 363	(501)	84 862	9 172	(22 135)	(2 185)	15 700	401	(227)	6 504	633	3 350						
Other non-operating divisions	32 117	-	32 117	33 451	(43 640)	(10 224)	(23 469)	163	(21 029)	117 296	209 591	130						
Adjustments®	(39 184)	4 091	(35 093)	(23 810)	33 204	(4 821)	(1 933)	-	-	13 950	26 405	(35)						
<b>Total</b>	<b>742 726</b>	<b>-</b>	<b>742 726</b>	<b>26 296</b>	<b>(205 677)</b>	<b>(39 850)</b>	<b>23 568</b>	<b>1 589</b>	<b>(26 221)</b>	<b>427 874</b>	<b>386 267</b>	<b>4 622</b>						

# Segmental report continued

at 30 June 2021

	Income and expenses							Financial position			
	Revenue		Net forex	Adminis-	Deprecia-	Operating	Finance	Assets	Liabilities	Capital	
	R'000	Inter-Segmental revenue R'000	profit/(loss) and other income* R'000	trative and other expenses# R'000	tion and amortisation R'000	profit/(loss)† R'000	income R'000	R'000	R'000	expenditure R'000	
<b>2020 (Restated)</b>											
Communication Solutions	207 560	(6 371)	1 061	(80 875)	(12 465)	(24 961)	237	103 398	43 926	7 869	
Intelligent Solutions	221 230	(164)	6 516	(68 676)	(7 284)	158	1 417	75 339	71 606	1 480	
Security and Fire	62 543	-	38	(21 966)	(312)	(3 895)	-	21 796	10 030	68	
Electrical Manufacturers	181 677	-	(433)	(30 811)	(10 452)	5 132	56	111 510	54 944	1 344	
<b>Sub-total operating division</b>	<b>673 010</b>	<b>(6 535)</b>	<b>7 182</b>	<b>(202 328)</b>	<b>(30 513)</b>	<b>(23 566)</b>	<b>1 710</b>	<b>312 043</b>	<b>180 506</b>	<b>10 761</b>	
Discontinued operation – Reflex Solutions and PTM Division	283 253	1 639	4 843	(82 945)	(10 147)	22 495	1 604	100 226	62 646	13 741	
Other non-operating divisions	-	-	40 197	(78 776)	(10 994)	(49 573)	721	163 927	258 825	941	
Adjustments®	(17 050)	4 896	(39 896)	38 947	(10 279)	(9 688)	(309)	60 289	74 882	(501)	
<b>Total</b>	<b>939 213</b>	<b>-</b>	<b>12 326</b>	<b>(325 102)</b>	<b>(61 933)</b>	<b>(60 332)</b>	<b>3 726</b>	<b>636 485</b>	<b>576 859</b>	<b>24 942</b>	

Segmental revenue reflects both sales to external parties and intergroup transactions across segments.

† Segmental revenue and operating profit of the operating divisions includes the interest received and paid relating to the finance lease receivables, but excludes all other interest paid or received and is stated before making adjustment for intergroup administration fees.

\* Made up of other income and foreign exchange losses.

# Made up of operating expenses excluding foreign exchange losses and depreciation and amortisation.

® Relates to elimination of intergroup transactions.

^ Earlier periods amounts were restated from Power segment into Intelligent Solutions as this better reflect the nature of the segment and this align with markets.

Taxation is not split per segment as tax is calculated at an entity level and not per operating segment.

### **Communication Solutions**

The Communication Solutions business unit delivers telecommunications products and services across the value chain, from design and planning of networks to configuration, integration and support. As a system integrator and distributor, our proven solutions focus on access, transmission and operational support systems for telecommunications networks across the African continent.

### **Intelligent Solutions**

The Intelligent Solutions business unit delivers end-to-end solutions, including contact centres, unified communication, IT infrastructure and broadcast solutions to corporates in Southern Africa.

### **Security and Fire**

The Security and Fire Solutions business delivers CCTV and surveillance, alarm and perimeter monitoring, fire detection and fire suppression solutions to corporates throughout Southern Africa.

### **Electrical Manufacturers**

The Electrical Manufacturers business unit is a component manufacturer of plastic products, wire harnesses and metal pressings, with a special focus on the large and small home appliances market in South Africa.

For more information on products and services of each operating segment, please refer to the page 46.

With the exception of one customer in Electrical Manufacturers, which contributed R131,4 million (2020: R103,4 million) and operates in the domestic household appliances industry, no customer contributed more than 10% to the group revenue.

# Ordinary share performance and shareholding

Statistical highlights for the six years ended 30 June 2021

	2021	2020	2019	2018	2017	2016
<b>Jasco share price</b>						
Lowest share price (cents)	11	8	22	40	70	38
Highest share price (cents)	54	49	75	90	120	87
Closing share price (cents)	38	18	23	65	82	84
<b>Analysis of Jasco share transactions</b>						
Total number of transactions recorded on JSE	1 363	520	382	1 311	1 472	1 241
Total number of shares traded ('000)	30 968	10 203	4 006	9 842	16 935	23 220
Total number of shares traded as a percentage of weighted average issued shares	13.8	4.5	2.0	4.3	7.5	10.8
Total value of shares traded (R'000)	7 902	2 303	1 549	5 929	16 152	14 018

## Analysis of Jasco shareholding at 30 June 2021

	Number of shareholders	% of total	Number of shares	% of total
<b>Size of shareholding</b>				
1 – 1 000	3 706	72,19	865 944	0,38
1 001 – 5 000	755	14,71	1 828 849	0,80
5 001 – 10 000	218	4,24	1 703 825	0,74
10 001 – 100 000	357	6,95	11 890 984	5,18
100 001 and over	98	1,91	213 029 589	92,90
	<b>5 134</b>	<b>100,00</b>	<b>229 319 191</b>	<b>100,00</b>

## Analysis of shareholders

Class	Number of shareholders	% of total	Number of shares	% of total
– individuals	4 900	95,44	49 260 019	21,48
– financial institutions and corporate bodies	234	4,56	180 059 172	78,52
	<b>5 134</b>	<b>100,00</b>	<b>229 319 191</b>	<b>100,00</b>

## Major shareholders (5% or more of shares in issue)

– Community Investment Holdings (Pty) Limited (CIH)*	74 564 384	32,52
– Goldsol II (Pty) Limited	49 995 754	21,80
– TMM Holdings (Pty) Limited	24 185 620	10,55

## Analysis of Jasco shareholder's spread at 30 June 2021

<b>Non-public</b>				
– BEE partners	7	0,14	132 630 986	57,84
– Jasco directors <sup>†</sup>	2	0,04	1 095 500	0,48
– Jasco Employee Share Incentive Trust	1	0,02	7 522 358	3,28
	10	0,20	141 248 844	61,60
Public	5 124	99,80	88 070 347	38,40
	<b>5 134</b>	<b>100,00</b>	<b>229 319 191</b>	<b>100,00</b>

<sup>†</sup> Refer to the directors' report on page 14 for detailed information of the directors' interest in share capital.

\* CIH's shares are held by Malesela Holdings No 1 (Pty) Limited, the Inkonkoni Trust CIH Projects No 8 (Pty) Ltd, Parmtro Investments No 76 (Pty) Ltd and Golden Pond Trading 175 (Pty) Ltd.

# Corporate information

## Group company secretary

MCP Managerial Services (Pty) Limited

## Registered address

Jasco Park  
Corner Alexandra Avenue and 2nd Street  
Midrand, Halfway House, 1685  
(PO Box 860, Wendywood, 2144)  
Telephone: +27 11 266 1500

## Auditors

Mazars  
Mazars House, 54 Glenhove Road  
Melrose Estate  
Johannesburg, 2196

## Sponsor

Grindrod Bank Limited  
Fourth Floor Grindrod Towers  
8A Protea Place  
Sandton, 2196

## Transfer secretaries

JSE Investor Services South Africa (Pty) Limited  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein, 2001  
(PO Box 4844, Johannesburg, 2000)

## Commercial bankers

### The Bank of China Limited

Johannesburg Branch  
Alice Lane Towers, 15 Alice Lane  
Sandton, 2146

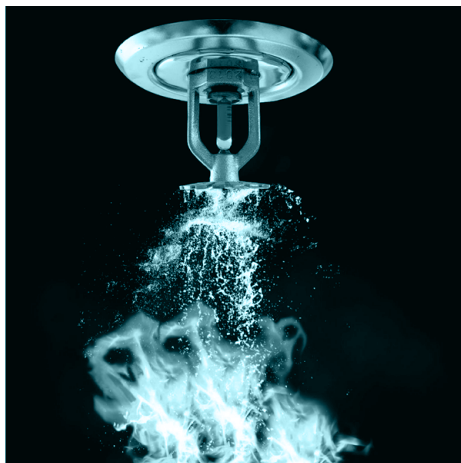
### The Standard Bank of South Africa Limited

Corporate and Investment Banking  
3 Simmonds Street  
Johannesburg, 2001

### First National Bank of Southern Africa Limited

RMB Corporate  
Corner Pritchard and Simmonds Streets  
Johannesburg, 2001





Tel: +27 11 266 1500  
Fax: +27 11 266 1532

Physical Address:  
Cnr Alexandra Avenue  
and 2nd Street  
Halfway House  
1685  
South Africa

Postal Address:  
PO Box 860  
Wendywood  
South Africa  
2144

