ANNUAL FINANCIAL STATEMENTS 2022

Contents

Directors' responsibility

for the financial reporting year ended 30 June 2022

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 year 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. A material breakdown in the internal financial control of Jasco Security and Fire Solutions (Pty) Ltd has been reported. The remedial actions taken by management have been evaluated and the directors are satisfied that the measures will ensure the accuracy of the financial reporting of Jasco Security and Fire Solutions (Pty) Ltd.

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, 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 79, 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

4 October 2022

CEO and FD responsibility statement

for the financial reporting year ended 30 June 2022

Each of 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 79, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

b. to the best of our knowledge and belief, 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;

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 as executive directors with primary responsibility for implementation and execution of controls. Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

e. We are not aware of any fraud involving directors.

WA Prinsloo
Chief executive officer

LA Prigge
Chief financial officer

4 October 2022

Independent auditor's report

To the shareholders of Jasco Electronics Holdings Limited

Report on the audit of the consolidated and separate annual statements

Opinion

We have audited the consolidated and separate annual financial statements of Jasco Electronics Holdings Limited and its subsidiaries (the group and company) set out on pages 14 to 79, which comprise the consolidated and separate statement of financial position as at 30 June 2022, 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 annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate annual financial position of Jasco Electronics Holdings Limited and its subsidiaries as at 30 June 2022, and its consolidated and separate annual 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 Annual Financial Statements* section of our report. We are independent of the group 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 annual 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 annual financial statements, which indicate that the group reported a retained loss of R268 million (2021: R252 million) and that the company reported a retained loss of R233 million (2021: R235 million) for the year ended 30 June 2022. The group and company's current assets exceeded its current liabilities by R69 million (2021 net current liability position of R78 million) and R98 million (2021 net current liability position of R39 million) respectively.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the group's and company's ability to continue as a going concern. Refer to note 34 of the annual financial statements.

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 annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements, 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
Goodwill assessment (R41 million per note 12) Accounting policy 2.3.1 of the consolidated annual 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. 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 11% (2021: 10%) of the total assets of the group. During the financial year 0% (2021: 0.7%) of the goodwill balance was impaired. There are several key areas of estimation and judgement made in determining inputs into these models which include among others: • Future revenue; • Operating margins; • Interest rates; and • Discount rates applied to projected future cash flows. The significance of the estimates and judgement involved could result in a material misstatement, and therefore warrants specific audit focus.	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: • Inspected the list of cash generating units ("CGUs") to determine whether the business units have been allocated to the appropriate CGU; • Evaluated 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; • Recalculated the valuation obtained from the directors to assess the mathematical accuracy thereof; • Tested 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; • Evaluated and challenged the inputs used by management in determining the discount rate with the assistance of our auditor's expert; • Assessed the capability, competence and independence of the expert used; • Re-performed the sensitivity analysis to verify whether the carrying amount does not exceed the recoverable amount in the impairment calculations; and • Assessed the adequacy of the disclosures with regard to the goodwill held in the consolidated annual financial statements in terms of the disclosure requirements of IAS 36: Impairment of assets and IAS 38: Intangible assets.

Key audit matter	How our audit addressed the key audit matter
Recoverability of deferred income tax assets on assessed losses (R7.7million per note 8) Due to significant tax losses in prior years the group has recognised a deferred tax asset of R15.8 million as at 30 June 2022 of which R7.7 million relates to taxation losses. 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.	We obtained management's assessment of the recoverability of the deferred tax asset balances at 30 June 2022 and performed the following procedures: • Evaluated the reasonableness of the assessments performed by management with regard to taxable income being probable in the foreseeable future; • Analysed the group's net profit or loss generated and deferred tax balance recognised year-on-year; • Obtained management's forecast budgets and compared them to actual results post year-end; • Summarised the assessed losses carried forward per entity and confirmed the value being recognised as a deferred tax asset; • Defined the foreseeable future period that was used to assess that it is probable to generate future taxable income; • Determined the expected taxable income to be generated by the group in the foreseeable future; • Assessed the expected growth rate and enquired with management and assessed for reasonableness; and • Evaluated the adequacy of the group's disclosures on deferred tax assets and uncertain tax positions in terms of IAS 12: Income Taxes and assumptions used.

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 2022" and in the document titled "Jasco Integrated Annual Report 2022", which includes the Directors' Report, The Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate annual financial statements and our auditor's reports thereon.

Our opinion on the consolidated and separate annual 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 annual 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 annual 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate annual 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 Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual 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 annual 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 annual 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 three years.

Mazars
Partner: **Miles Fisher**
Registered Auditor

4 October 2022
Johannesburg

Company secretary's certification

for the year ended 30 June 2022

I, the group company secretary as at 30 June 2022, 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

4 October 2022

Audit and risk committee report

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 2022 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.

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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 31.

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, seven meetings were held:

Member	7/9/2021	28/10/2021	15/11/2021	31/12/2021	8/2/2022	20/6/2022	29/6/2022
Mr DH du Plessis	Present	Present	Present	Present	Present	Present	Present
Ms TP Zondi	Present	Present	Present	Present	Present	Present	Present
Ms PF Radebe	Present	Present	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 2022. Mazars, with Mr Miles Fisher as designated audit partner, has been the auditors of the group for the last three years.

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 2023 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.

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 income tax 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 to evaluate the effectiveness of the internal financial control and risk management. A material breakdown in the internal financial control of Jasco Security and Fire Solutions (Pty) Ltd has been reported. The remedial actions taken by management have been evaluated and the committee is satisfied that the measures will ensure the accuracy of the financial reporting of Jasco Security and Fire Solutions (Pty) Ltd. Our conclusion is that the group's system of internal controls and risk management is effective and that the internal financial controls and the remedial actions form a sound basis for the preparation of reliable financial statements.

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's restructured organisational structure assisted to some extent to limit the increase of overhead costs to well below inflation. The rights issue and the consequent debt reduction assisted to improve the debt:equity ratio of the group, despite the impact of the loss incurred during the year. The renegotiated borrowing facilities assisted to improve the gearing ratio. Based on the support received from CIH Projects, the restructure of Security and Fire, the planned recovery in Manufacturing and the planned revenue for the group, management believes there is sufficient financing available to continue the business of the group and, accordingly, 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

4 October 2022

Report of the directors

for the year ended 30 June 2022

The directors have pleasure in submitting their report on the activities of the group and the company for the year ended 30 June 2022.

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 and Fire, and Manufacturing. 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.

The results were particularly impacted by the social unrest that occurred in KwaZulu-Natal and Gauteng in July 2021, the national Numsa strike in October 2021 as well as the plant level strike by Numsa at our factory in Pinetown from 8 March 2022 until 7 June 2022. Due to the second strike, no production was taking place at the factory in Pinetown and accordingly the operations have not been significantly impacted by the floods in KwaZulu-Natal or the rising international polymer prices (resulting from the war in Ukraine) yet, but the group is expecting cost pressures to return as the plant goes back to full productivity in the Manufacturing business unit.

The revenue in Security and Fire declined due to the division's management's continuing inability to execute large fire suppression projects in line with planned timeframes. The gross margin was negative due to the extended delays following poor project management, additional labour costs and higher material costs resulting in an increased operating loss. Consequently the senior management was changed with immediate effect in July 2022 and a restructure of the business commenced on 1 August 2022.

The impact of the Covid-19 pandemic has largely dissipated, with the exception of continued delays experienced in the international supply chain, particularly relating to the shipment of inventory sourced from China.

Refer to the report from the CFO and the operational review in the Integrated Annual Report.

Corporate actions

Disposal of Jasco Property Solutions (Pty) Ltd (JPS)

With effect from 1 June 2022, Jasco sold its investment in JPS to Reach Group (Pty) Ltd for a total transaction consideration of R460 508, resulting in a profit of R1 587 839 due to the negative net asset value of the subsidiary. The initial investment was fully impaired. The transaction consideration consists of the following two contingent payments:

- R272 582 on the successful renewal of five identified lease agreements.
- R272 583 if JPS achieves a targeted annual gross profit, for the 12-month period commencing on 1 June 2023 and ending on 31 May 2024, of R1 500 000 or more, and will be paid within 60 days of 31 May 2024.

Share capital

The authorised share capital is 750 000 000 ordinary shares and 29 884 633 redeemable preference shares. The issued ordinary share capital increased from 229 319 191 to 367 444 716 ordinary shares following the rights issue that concluded on 7 February 2022 raising R47 248 245 new equity, net of transaction costs. In terms of the rights offer, all existing shareholders were entitled to acquire shares at 35c per share, in the ratio of 68.52582 new shares for every 100 shares held before the rights offer. The rights offer was partially underwritten by Community Holdings No 1 (Pty) Ltd and Golden Pond Trading 175 (Pty) Ltd.

For information on the Jasco ordinary shareholders' spread, refer to page 80.

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 53 478 714 (2021: 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 17 023 501 (2021: 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 20 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 last remaining beneficiary.

Subsidiary companies

Details are given on page 33.

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 2022, the total borrowings less cash resources was R110 910 000 (2021: R210 224 000). At 30 June 2022, the group had approved general banking facilities of R2 million (2021: R132 000 000) of which R1 522 000 was undrawn. Refer to note 27 for further information.

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 (Refer to note 33 for more information):

- Jasco entered into a new lease with CIH Projects Nr 55 (Pty) Ltd
- Restructure of the Security and Fire business.

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 34 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

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, Ms PF Radebe and Ms TP Zondi retire at the forthcoming annual general meeting (AGM) and are eligible for re-election.

With effect from 1 July 2022, Dr ND Munisi was appointed to the board of directors, and serves on the Investment Committee.

Refer to note 31 for details on directors' service contracts.

Directors' interests in share capital

At the close of business on 30 June 2022, the interests of the directors in the issued share capital of the company amounted to:

	2022	2021
Direct – beneficial		
MSC Bawa	**50 509**	50 509
AMF da Silva	**1 070 500**	1 070 500
WA Prinsloo	**25 000**	25 000
Indirect – beneficial		
MSC Bawa	**6 758 171**	4 010 170
MJ Madungandaba	**103 111 356**	42 998 052
ATM Mokgokong	**52 253 138**	31 566 332
WA Prinsloo	**2 649 296**	2 649 296
	165 917 970	82 369 859

Dr ND Munisi, who was appointed on 1 July 2022, has an indirect beneficial interest of 1 845 912 in the share capital of the company through Golden Pond Trading 175 (Pty) Ltd.

The Jasco Employee Share Incentive Trust ("the Trust") did not purchase any Jasco shares in the open market during the current or previous year under review. Refer to note 20 on page 56.

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 2022

		Group		Company	
			Restated*		
		2022	2021	**2022**	2021
	Note	**R'000**	R'000	**R'000**	R'000
Continuing operations					
Revenue	5	**662 340**	654 921	**32 353**	32 117
Cost of sales	6	**(488 534)**	(451 750)	**–**	–
Gross profit		**173 806**	203 171	**32 353**	32 117
Other income	7	**28 236**	8 729	**29**	33 538
Selling and distribution costs	7	**(1 107)**	(1 692)	**–**	–
Administrative expenses	7	**(145 500)**	(141 611)	**(8 331)**	(8 705)
Other expenses	7	**(50 977)**	(62 985)	**(10 959)**	(408)
Expected credit loss	32.6	**(1 283)**	(312)	**(811)**	–
Operating profit		**3 175**	5 300	**12 281**	56 542
Finance income	7	**963**	1 189	**65**	35
Finance costs	7	**(17 498)**	(25 149)	**(10 834)**	(15 104)
(Loss)/profit before taxation	7	**(13 360)**	(18 660)	**1 512**	41 473
Taxation	8	**(3 908)**	(4 671)	**7**	–
(Loss)/profit from continuing operations		**(17 268)**	(23 331)	**1 519**	41 473
Profit from discontinued operations	4	**1 338**	32 423	**–**	–
(Loss)/profit for the year		**(15 930)**	9 092	**1 519**	41 473
Other comprehensive income		**–**	–	**–**	–
Total comprehensive (loss)/income for the year		**(15 930)**	9 092	**1 519**	41 473
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:					
– non-controlling interests	3	**380**	2 623	**–**	–
– ordinary shareholders of the parent		**(16 310)**	6 469	**1 519**	41 473
		(15 930)	9 092	**1 519**	41 473
(Loss)/profit and total comprehensive (loss)/income for the year attributable to:					
Equity holders of the company		**(16 310)**	6 469	**1 519**	41 473
– (Loss)/profit for the year from continuing operations		**(17 648)**	(23 367)	**1 519**	41 473
– Profit for the year from discontinued operations		**1 338**	29 836	**–**	–
Non-controlling interest:	3	**380**	2 623	**–**	–
– Profit for the year from continuing operations		**380**	36	**–**	–
– Profit for the year from discontinued operations		**–**	2 587	**–**	–
Earnings and diluted earnings per ordinary share (cents):					
– From continuing operations		**(6,4)**	(10,4)		
– From discontinued operations	4	**0,5**	13,3		
	9	**(5,9)**	2,9		

* *Restated for discontinued operations*

Statements of financial position

at 30 June 2022

		Group		Company	
	Note	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Assets					
Non-current assets		**123 963**	179 578	**95 105**	85 356
Plant and equipment	10	**30 179**	38 567	**–**	–
Right-of-use assets	11	**19 625**	52 199	**–**	–
Intangible assets	12	**57 023**	67 910	**–**	–
Investment in subsidiaries	13	**–**	–	**92 282**	82 268
Deferred income tax	8	**15 771**	18 256	**–**	–
Non-current assets recognised for costs incurred to fulfil contracts	5	**–**	9	**–**	–
Other non-current assets	14	**1 365**	2 637	**2 823**	3 088
Current assets		**239 131**	248 296	**121 582**	125 603
Inventories	15	**74 152**	87 482	**–**	–
Contract assets	5	**1 039**	1 574	**–**	–
Trade and other receivables	16	**121 192**	118 797	**612**	137
Amounts owing by group companies	13	**–**	–	**120 780**	125 173
Taxation refundable		**11 049**	12 790	**–**	–
Short-term portion of other non-current assets	14	**1 838**	6 689	**–**	–
Cash and cash equivalents	17	**29 861**	20 964	**190**	293
Total assets		**363 094**	427 874	**216 687**	210 959
Equity and liabilities					
Shareholders' equity		**72 925**	41 607	**95 063**	46 296
Share capital	18.2	**328 531**	281 283	**328 531**	281 283
Treasury shares	19	**(3 083)**	(3 083)	**–**	–
Non-distributable reserves	20	**4 397**	4 397	**–**	–
Retained loss		**(268 486)**	(252 176)	**(233 468)**	(234 987)
Equity attributable to equity holders of the parent		**61 359**	30 421	**95 063**	46 296
Non-controlling interests	3	**11 566**	11 186	**–**	–
Non-current liabilities		**119 824**	59 903	**98 869**	7
Interest-bearing liabilities	21	**98 900**	205	**98 869**	–
Lease liabilities	11	**17 503**	58 501	**–**	–
Contract liabilities	5	**2 115**	14	**–**	–
Deferred income tax	8	**1 306**	1 183	**–**	7
Current liabilities		**170 345**	326 364	**22 755**	164 656
Trade and other payables	22	**100 631**	98 211	**3 657**	3 499
Provisions	23	**3 585**	1 372	**–**	–
Amounts owing to group companies	13	**–**	–	**9 498**	9 922
Taxation		**590**	4 256	**–**	–
Contract liabilities	5	**41 171**	50 043	**–**	–
Short-term borrowings	24	**17 161**	153 419	**9 600**	151 235
Lease liabilities	11	**7 207**	19 063	**–**	–
Total equity and liabilities		**363 094**	427 874	**216 687**	210 959

Statements of changes in equity

for the financial year ended 30 June 2022

	Note	Share capital R'000	Treasury shares R'000	Non-distri-butable reserves R'000	Retained loss R'000	Total parent share holders' equity R'000	Non-con-trolling interest R'000	Total equity R'000
		Note 18	Note 19	Note 20			Note 3	
Group								
Balance as at 30 June 2020		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 (including transactions with non-controlling interests)	20	–	–	(451)	(1 490)	(1 941)	1 941	–
Total comprehensive income		–	–	–	6 469	6 469	2 623	9 092
Balance as at 30 June 2021		281 283	(3 083)	4 397	(252 176)	30 421	11 186	41 607
Rights issue		**47 248**	**–**	**–**	**–**	**47 248**	**–**	**47 248**
Total comprehensive (loss)/income		**–**	**–**	**–**	**(16 310)**	**(16 310)**	**380**	**(15 930)**
Balance as at 30 June 2022		**328 531**	**(3 083)**	**4 397**	**(268 486)**	**61 359**	**11 566**	**72 925**
Company								
Balance as at 30 June 2020		281 283	–	14	(276 474)	4 823	–	4 823
Recycling of non-distributable reserves	20	–	–	(14)	14	–	–	–
Total comprehensive income		–	–	–	41 473	41 473	–	41 473
Balance as at 30 June 2021		281 283	–	–	(234 987)	46 296	–	46 296
Rights issue		**47 248**	**–**	**–**	**–**	**47 248**	**–**	**47 248**
Total comprehensive income		**–**	**–**	**–**	**1 519**	**1 519**	**–**	**1 519**
Balance as at 30 June 2022		**328 531**	**–**	**–**	**(233 468)**	**95 063**	**–**	**95 063**

Statements of cash flows

for the financial year ended 30 June 2022

	Note	Group		Company	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Cash flows from operating activities		**16 502**	(13 273)	**(13 421)**	(21 171)
Cash receipts from customers		**692 154**	668 893	**2 875**	4 724
Cash paid to suppliers and employees		**(655 469)**	(650 034)	**(5 330)**	(15 150)
Cash generated from operations	25.1	**36 685**	18 859	**(2 455)**	(10 426)
Interest received		**836**	1 337	**65**	35
Interest paid		**(17 824)**	(25 900)	**(11 031)**	(14 313)
Taxation (paid)/refunded	25.2	**(3 195)**	(7 569)	**–**	300
Dividend received		**–**	–	**–**	3 233
Cash flows from investing activities		**5 420**	73 268	**8 639**	35 425
Purchase of plant and equipment	25.3	**(1 303)**	(4 603)	**–**	–
Proceeds on disposal of plant and equipment		**237**	1 135	**–**	–
Additions to right-of-use assets	11	**–**	5	**–**	–
Additions to intangibles	12	**(16)**	(19)	**–**	–
Disposal of subsidiary, net of cash disposed of	25.4	**(86)**	70 467	**–**	72 857
Acquisition of business operation	12	**–**	(250)	**–**	–
Dividend received from associate		**–**	3 233	**–**	–
Repayments/(advances) in loan amounts owing by group company		**–**	–	**8 639**	(37 432)
Receipts from other non-current assets	14	**6 588**	3 300	**–**	–
Cash flows from financing activities		**(12 911)**	(57 628)	**4 679**	(14 058)
Non-current loans repaid	21	**(3 318)**	(43 255)	**(2 569)**	(40 481)
Cash proceeds from rights issue		**7 248**	–	**7 248**	–
Leases – principal payments	11	**(16 841)**	(14 373)	**–**	–
Increase in loan amounts owing to group companies		**–**	–	**–**	26 423
Net increase/(decrease) in cash and cash equivalents		**9 011**	2 367	**(103)**	196
Cash and cash equivalents at beginning of year		**20 372**	17 794	**293**	97
Revaluation of foreign cash balances		**–**	211	**–**	–
Net cash and cash equivalents at end of year		**29 383**	20 372	**190**	293
Cash and cash equivalents	17	**29 861**	20 964	**190**	293
Bank overdrafts	24	**(478)**	(592)	**–**	–
Net cash and cash equivalents at end of year		**29 383**	20 372	**190**	293

Notes to the annual financial statements

for the year ended 30 June 2022

1. Corporate information

The consolidated and separate annual financial statements of Jasco Electronics Holdings Limited for the year ended 30 June 2022 were authorised for issue on 4 October 2022 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 14 to 79 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 transactions 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.

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 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 are carried at cost, being the consideration transferred, less any impairment in value.

2.3.3 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.

2.4 Stated capital

Ordinary shares are recognised at the consideration received net of transaction costs 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 inter-segmental revenue recorded at the transaction price.

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 78.

2.6 Revenue recognition

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 Dividend income

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

2.6.3 Finance income

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

2.6.4 Revenue from contracts with customers

Contracts with customers 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 stand-alone 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 the 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.

Disaggregation of revenue from contracts 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. The payment terms are based on the underlying contract with the customer, however, they are usually within 30 to 90 days from invoice date. 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. 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 stand-alone selling prices.

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 at a point in time based on performance obligations agreed with the customer. 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, except where the contract specifies services to be rendered over a period of time.

The transaction price is determined in accordance with the amount specified in the contract.

Maintenance and support services

The group recognises revenue over time based on time lapsed as a percentage of the total time contracted with the customer as services are rendered on average equally over the time of the contract. 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 transaction price is determined in accordance with the service level agreement.

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 equally over the duration of the contract.

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.

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.

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:

1. A licence to the current version of the software product, which is recognised on a principal basis at a point in time.
2. An entitlement for future updates, which is recognised on a principal basis over time on a straight-line 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 specific contract with the customer. 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 stand-alone 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. The revenue is recognised based on agreed upon fees as per contract.

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.

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.

2.7 Cost of sales

Cost of sales comprises the cost of goods and services sold, net of supplier rebates and discounts, including any allocation of the direct overhead expenses such as factory rental costs and freight and logistic costs.

2.8 Borrowing costs

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

2.9 Foreign currency translation

Transactions in foreign currencies are recorded at the rate 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.

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.

2.11.2 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 share-based compensation plan.

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.

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.

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. The average depreciation rate applied to the various categories of plant and equipment is as follows:

Plant and machinery	10% to 20%
Motor vehicles	20% to 25%
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. 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 the 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 derecognition 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 on an annual basis. Upon completion, the intangible asset is transferred to the relevant intangible category and amortised as appropriate for that asset.

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 estimated 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 its 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.

2.17 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.

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.

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 were 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 basis 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.

2.18 Financial instruments

Financial instruments comprise investments in equity, loans receivable, certain trade and other receivables, 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 carried at amortised cost at its fair value plus directly attributable transaction costs. Financial liabilities that are held at FVPL are initially recognised at fair value with the transaction costs being expensed as incurred.

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: Other non-current assets (note 14) amounts due by group companies (note 13) and cash and other cash equivalents (note 17).

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 lease liabilities are subsequently measured at amortised cost, using the effective interest method.

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 32.2.

2.18.4 Impairment

The group calculates the allowance for credit losses based on ECLs for the financial assets measured at amortised cost. 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. The group and company has rebutted the assumption in IFRS 9 that amounts that are 30 days past due indicate a significant increase in credit risk based on historical credit loss experience.

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.

The 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. Refer to note 32.6.

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	This category of customers is generally represented by small- and medium-sized enterprises. 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%.
Large customers	This category of customers is generally represented by large-sized enterprises. 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%.

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. The ECL is calculated using historical data (12 months and 36 months respectively) as well as forward-looking data in the form of 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.

In the event that all methods have been exhausted in recovery of the debt, the debt would be considered non-performing, uncollectable and written off.

The company has rebutted the assumption in IFRS 9 that amounts that are in 90 days past due are in default based on historic credit loss experience.

2.19 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:

2.19.1 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.

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

2.19.3 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.

2.19.4 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.

2.19.5 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.

2.19.6 Determination of useful life and residual value of plant and equipment and intangible assets

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 and intangible assets 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.

2.19.7 Going concern

The group generated losses from continuing operations for the 2022 and 2021 year-ends.

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 note 32.5 which sets out the liquidity risks of the group and company.

2.20 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	Amendment: Reference to the Conceptual Framework: • update to refer to the 2018 Conceptual Framework; • adds a requirement that transactions and other events within the scope of IAS 37 or IFRIC 21 must be accounted for per IAS 37 and IFRIC 21 to identify the liabilities assumed in a business combination; and • adds an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.	1 January 2022
IFRS 9	Financial Instruments	Amendment: Fees in the "10 per cent" test for derecognition of financial liabilities: • Clarifies the fees to be applied in the application of the "10 per cent" test when assessing whether to derecognise a financial liability Only include fees paid or received between the borrower and the lender, including those paid or received on the other's behalf.	1 January 2022
IAS 1	Presentation of Financial Statements	Amendment: Classification of Liabilities as Current or Non-current: • Classification to be based on whether the right to defer settlement by at least 12 months exists at the end of the reporting period. • Classification is unaffected by expectation of settlement. • Settlement refers to transfer of cash equity instruments, other assets or services. • Clarifies that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.	1 January 2023
		Amendment: Disclosure of Accounting Policies: • Accounting policies to be disclosed where the information is material, by nature or amount. • Explains when accounting policy information is considered material. • Clarifies that when an entity chooses to disclose an immaterial accounting policy, it must not obscure or affect other material or required disclosures.	1 January 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	Amendment: Definition of Accounting Estimates • Distinguishes clearly between a change in accounting policy and a change in accounting estimate. • Revises the definition of an accounting estimate. • Provides reworded and specific examples of accounting estimates. • Clarifies that measurement techniques and inputs used in developing accounting estimates are not accounting policies.	1 January 2023

Number	Name	Details of amendment	Effective date**
IAS 12	Income Taxes	Amendment: Deferred Tax related to Assets and Liabilities arising from a Single Transaction • Narrows the scope of the exemption for recognition of taxable/ deductible temporary differences that arise on certain transactions. The transaction should not give rise to equal taxable and deductible temporary differences. • Clarifies that deferred tax must be recognised on initial recognition of IFRS 16 leases and similar types of transactions that give rise to the recognition of an asset and a liability, such as decommissioning, restoration and similar liabilities with corresponding amounts recognised as part of the related asset.	1 January 2023
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	Amendment: Onerous Contracts — Cost of Fulfilling a Contract • Specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	1 January 2023

*** 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.

2.21 Standards and interpretations issued that became effective during the year

The followings Standards and Interpretations or amendments thereto have been issued and became effective during the year under review:

Number	Name	Details of amendment	Impact
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. • 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. • 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. • 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: – designating an alternative benchmark rate as the hedged risk; or – changing the description of the hedged item, including the designated portion, or of the hedging instrument.	This had no material impact on the group.

	Number of issued shares	Effective ownership 2022 %	2021 %
3. Subsidiary companies included in these results			
Trading companies			
Direct			
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^^	1 000	**–**	–
RAMM Systems (Pty) Ltd	1 000	**51**	51
Jasco Security and Fire Solutions (Pty) Ltd	297	**100**	100
NewTelco South Africa (Pty) Ltd	100	**100**	100
Datavoice (Pty) Ltd	100	**100**	100
Indirect			
Jasco Power Solutions (Pty) Ltd*	1 000	**100**	100
Jasco Property Solutions (Pty) Ltd#$	100	**–**	100
Jasco ICT Datafusion (Pty) Ltd@^^	183 674	**–**	–
Dormant			
Jasco Converged Solutions (Pty) Ltd^	1 001	**–**	100
Jasco Energy and Industry Solutions (Pty) Ltd	6 406 859	**100**	100
Jasco Infrastructure Company (Pty) Ltd	100	**100**	100
Telesto Communications (Pty) Ltd	1 000	**100**	100
Jasco Cables Investments (Pty) Ltd$	543 780	**–**	–
Jasco IOT Solutions (Pty) Ltd%	1 000	**–**	–
Maringo Communications (Pty) Ltd$%	228	**–**	–
Webb Industries (Pty) Ltd%	1 000	**–**	–
Webb Masts and Towers (Pty) Ltd%	400	**–**	–

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

* *Shares owned by Jasco Trading (Pty) Ltd*
\# *Disposed of in 2022 (refer note 4)*
$ *Shares were owned by Jasco Carrier Solutions (Pty) Ltd*
@ *Shares owned by Reflex Solutions (Pty) Ltd*
^^ *Disposed of in 2021 (refer to note 4)*
% *Deregistered in 2021*
^ *Deregistered in 2022*

Non-controlling interest (NCI)

	Principal place of business	Effective non-controlling interest 2022 %	2021 %
Company name			
RAMM Systems (Pty) Ltd	South Africa	**49**	49

3. Subsidiary companies included in these results continued

Non-controlling interest (NCI) continued

	Opening NCI	Transactions with non-controlling shareholders	NCI: Current year profit	Closing NCI
2022				
RAMM Systems (Pty) Ltd	**11 186**	**–**	**380**	**11 566**
	11 186	**–**	**380**	**11 566**
2021				
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	–	–
	33 733	(25 170)	2 623	11 186

	RAMM Systems		Reflex	Datafusion
	2022 R'000	2021 R'000	2021 R'000	2021 R'000
Summarised statement of profit or loss				
Revenue	**41 097**	35 731	79 728	–
Cost of sales	**(16 494)**	(15 302)	(53 265)	–
Operating expenses (incl. other income)	**(24 051)**	(19 346)	(18 737)	–
Net finance costs (incl. finance income)	**189**	137	159	–
Profit/(loss) before tax	**741**	1 220	7 885	–
Income tax expense	**34**	(1 145)	(2 154)	–
Total comprehensive income/(loss)	**775**	75	5 731	–
Attributable to non-controlling interests	**380**	36	2 587	–
Summarised statement of financial position				
Current assets	**9 248**	8 350	–	–
Non-current assets	**854**	1 029	–	–
Total assets	**10 102**	9 379	–	–
Equity	**8 620**	7 845	–	–
Current liabilities	**1 375**	1 283	–	–
Non-current liabilities	**107**	251	–	–
Total equity and liabilities	**10 102**	9 379	–	–
Summarised statement of cash flows				
Operating	**476**	(221)	14 282	–
Investing	**(199)**	405	(8 486)	(54)
Financing	**(169)**	(113)	(3 203)	–
Net movement in cash and cash equivalents	**108**	71	2 593	(54)

4. Discontinued operations

Disposals in 2022

With effect from 1 June 2022, Jasco sold its investment in Jasco Property Solutions (Pty) Ltd to Reach Group (Pty) Ltd for a total transaction consideration of R460 508, resulting in a profit of R1 587 839. The initial investment was carried at cost. The financial performance and cash flow information presented are for the period ended 31 May 2022 (2022 column) and the year ended 30 June 2021.

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 rights issue offered by Reflex Solutions. The loss in control gave rise to a profit of R2,2 million to Jasco during the period. 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 on a consolidated basis and until 21 April 2021 on an equity accounted basis.

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 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.

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

Statements of comprehensive income

	Group	
	2022 R'000	Restated* 2021 R'000
Revenue	**3 267**	87 806
Cost of sales	**(2 153)**	(55 984)
Gross profit	**1 114**	31 822
Other income	**1 588**	11 478
Selling and distribution costs	**–**	(8)
Administrative expenses	**(1 230)**	(19 340)
Other expenses	**(4)**	(5 389)
Expected credit loss	**68**	(296)
Operating profit	**1 536**	18 267
Finance income	**–**	259
Finance costs	**(138)**	(1 544)
Equity accounted share of profit from associate	**–**	19 184
Profit before taxation	**1 398**	36 166
Taxation	**(60)**	(3 743)
Profit for the period	**1 338**	32 423
Other comprehensive income	**–**	–
Total comprehensive income for the year	**1 338**	32 423
Profit and total comprehensive income for the year attributable to:		
– non-controlling interests	**–**	2 587
– ordinary shareholders of the parent	**1 338**	29 837
	1 338	32 424
Earnings and diluted earnings per ordinary share (cents)	**0.5**	13.3
Headline earnings and diluted headline earnings per ordinary share (cents)	**(0.1)**	9.8

4. Discontinued operations continued

Statements of comprehensive income continued

	Group	
	2022 R'000	Restated* 2021 R'000
The profit from the discontinued operations consists of the following:		
Loss after tax – Property Solutions	**(250)**	(72)
Profit on disposal after tax – Property Solutions	**1 588**	–
Profit after tax – Reflex	**–**	4 869
Profit on disposal after tax – Reflex	**–**	2 278
Equity-accounted income – Reflex	**–**	19 184
Profit after tax – PTM	**–**	495
Profit on disposal after tax – PTM	**–**	5 669
Total	**1 338**	32 423
Disaggregation of revenue from contracts with customers		
Revenue is disaggregated by major revenue streams as documented below:		
Sale of goods and related services	**3 267**	51 475
At a point in time	**–**	47 874
Over a period of time	**3 267**	3 601
Maintenance and support services	**–**	3 176
At a point in time	**–**	124
Over a period of time	**–**	3 052
Agency revenue	**–**	5 635
Over a period of time	**–**	5 635
Connectivity and hosting services	**–**	27 520
At a point in time	**–**	16 309
Over a period of time	**–**	11 211
Total revenue from contracts with customers	**3 267**	87 806

** Restated to include Jasco Property Solutions*

4. **Discontinued operations** continued

	Group	
	2022 R'000	2021* R'000
Statement of financial position at the date of disposal		
Non-current assets	**1 055**	110 781
Plant and equipment	**–**	27 757
Right-of-use assets	**1 055**	39 273
Intangible assets	**–**	39 934
Amounts owing by group companies	**–**	1 536
Deferred income tax	**–**	2 281
Current assets	**1 387**	69 731
Inventories	**–**	4 729
Trade and other receivables	**1 301**	58 370
Amounts owing by group companies	**–**	1 299
Cash and cash equivalents	**86**	5 333
Non-current liabilities	**(1 659)**	(58 082)
Interest-bearing liabilities	**–**	(10 221)
Lease liabilities	**(1 204)**	(47 861)
Deferred income tax	**(100)**	–
Amounts owing to group companies	**(355)**	–
Current liabilities	**(1 910)**	(43 063)
Trade and other payables	**(1 572)**	(40 797)
Provisions	**–**	(44)
Amounts owing to group companies	**(338)**	–
Taxation	**–**	(2 222)
Net cash flows from discontinued operations		
Net cash inflow from operating activities	**830**	2 932
Net cash (outflow)/inflow from investing activities	**(86)**	12 309
Net cash outflow from financing activities	**(908)**	(13 225)
Net (decrease)/increase in cash generated by the discontinued operation	**(164)**	2 016

** Restated to correct rounding differences*

	Group		Company	
	2022 R'000	Restated^ 2021 R'000	**2022 R'000**	2021 R'000
5. Revenue				
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	**636 756**	629 305	**5 516**	8 384
Rental income from Hi-sites*	**25 584**	25 616	**–**	–
Dividend income*	**–**	–	**20 724**	23 249
Finance income – amounts owing by subsidiaries*	**–**	–	**6 113**	484
Total revenue	**662 340**	654 921	**32 353**	32 117

** Not in the scope of IFRS 15 – Revenue from contracts with customers.*

5.1 Disaggregation of revenue from contracts with customers

	Group 2022 R'000	Group Restated^ 2021 R'000	Company 2022 R'000	Company 2021 R'000
Revenue is disaggregated by major revenue streams as documented below:				
Sale of goods and related services	**453 997**	422 219	**–**	–
At a point in time	**453 997**	422 219	**–**	–
Over a period of time	**–**	–	**–**	–
Project related revenue	**31 711**	38 847	**–**	–
At a point in time	**31 711**	35 460	**–**	–
Over a period of time	**–**	3 387	**–**	–
Maintenance and support services*	**114 608**	123 839	**–**	–
At a point in time	**40 839**	39 485	**–**	–
Over a period of time	**73 769**	84 354	**–**	–
Connectivity and hosting services	**17 069**	18 380	**–**	–
At a point in time	**5 122**	1 967	**–**	–
Over a period of time	**11 947**	16 413	**–**	–
Software related licences*	**19 371**	26 020	**–**	–
At a point in time	**8 137**	14 892	**–**	–
Over a period of time	**11 234**	11 128	**–**	–
Administration fees	**–**	–	**5 516**	8 384
Over a period of time	**–**	–	**5 516**	8 384
Total revenue from contracts with customers	**636 756**	629 305	**5 516**	8 384

^ Restated for discontinued operations
** The comparatives were restated for the correct classification*

	Group	
	2022 R'000	2021 R'000

5. **Revenue** continued

5.2 Assets and liabilities related to contracts with customers

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:

5.2.1 Contract assets

Contract assets relate to performance obligations fulfilled but the customer has not yet been billed.

	2022 R'000	2021 R'000
Reconciliation of contract assets		
Opening balance at the beginning of year	**1 574**	11 927
Transferred to trade and other receivables on invoicing the customer	**(1 574)**	(11 927)
Raised in the current year	**1 039**	1 574
Expected credit loss	**–**	–
Closing balance at end of year – current	**1 039**	1 574

Contract assets have been considered for loss allowance and the credit risk is deemed immaterial hence no provision has been raised. Refer to note 32.6.

5.2.2 Assets recognised from costs to fulfil a contract

The costs relate directly to the service level agreements 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 amortised over the period of the service level agreement.

	2022 R'000	2021 R'000
Opening balance	**18 372**	12 560
Reclassified to prepayments	**–**	(171)
Costs incurred to fulfil contracts during the year	**30 346**	23 415
Impairment of costs incurred to fulfil contracts during the year	**(1 539)**	–
Amortisation of costs incurred to fulfil contracts during the year	**(31 102)**	(17 432)
	16 077	18 372
Current portion of assets recognised for costs incurred to fulfil a contract (included in Trade and other receivables – refer note 16)	**16 077**	18 363
Non-current portion of assets recognised for costs incurred to fulfil a contract	**–**	9

5.2.3 Contract liabilities

Contract liabilities relate to revenue received in advance in respect of service level agreements where the performance obligations are partially or fully unsatisfied at year-end and will be recognised as follows:

	2022 R'000	2021 R'000
– Within one year	**41 171**	50 043
– Within two years	**2 115**	14
Total contract liabilities	**43 286**	50 057
Reconciliation of contract liabilities:		
Opening balance at beginning of year	**50 057**	44 842
Recognised as revenue in current year	**(50 043)**	(42 509)
Received in the current year	**43 272**	47 724
Closing balance at end of year	**43 286**	50 057

Contract liabilities decreased due to fewer prepayments made by customers and a decrease in overall contract activity.

5. **Revenue** continued

5.3 Revenue by segments

Refer to segment report on page 78 for the basis of determining the different segment within the group.

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

	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 licences R'000	Administration fees R'000	Rental revenue – Hi-sites* R'000	Total R'000
2022								
Communication Solutions	**251 161**	**7 522**	**40 787**	**–**	**19 371**	**–**	**–**	**318 841**
Intelligent Solutions	**60 658**	**–**	**72 315**	**16 982**		**–**	**25 584**	**175 539**
Security and Fire	**2 314**	**24 189**	**1 506**	**87**	**–**	**–**	**–**	**28 096**
Manufacturing	**145 790**	**–**	**–**	**–**	**–**	**–**	**–**	**145 790**
Sub-total operating division	**459 923**	**31 711**	**114 608**	**17 069**	**19 371**	**–**	**25 584**	**668 266**
Other non-operating divisions	**–**	**–**	**–**	**–**	**–**	**5 516**	**–**	**5 516**
Adjustments – intercompany eliminations	**(5 926)**	**–**	**–**	**–**	**–**	**(5 516)**	**–**	**(11 442)**
Total	**453 997**	**31 711**	**114 608**	**17 069**	**19 371**	**–**	**25 584**	**662 340**
2021^								
Communication Solutions	157 298	3 386	34 948	–	26 020	–	–	221 652
Intelligent Solutions	66 153	–	84 787	18 280		–	25 616	194 836
Security and Fire	4 369	35 461	4 104	100	–	–	–	44 034
Manufacturing	200 307	–	–	–	–	–	–	200 307
Sub-total operating division	428 127	38 847	123 839	18 380	26 020	–	25 616	660 829
Other non-operating divisions	–	–	–	–	–	8 384	–	8 384
Adjustments – intercompany eliminations	(5 908)	–	–	–	–	(8 384)	–	(14 292)
Total	422 219	38 847	123 839	18 380	26 020	–	25 616	654 921

** Not from IFRS 15 Revenue with contract with customers*

^ Restated to exclude discontinued operations – refer to note 4

5. **Revenue** continued

5.3 Revenue by segments continued

	Group	
	2022 R'000	2021* R'000
Revenue is mainly generated from the operations in Gauteng, with the following exceptions:		
Intelligent Solutions		
– Western Cape	9 048	13 777
– KwaZulu-Natal	9 173	13 080
Communciation Solutions		
– Western Cape	41 097	35 731
Security and fire		
– Western Cape	19 402	27 578
Manufacturing		
– KwaZulu-Natal	145 790	200 307

6. Cost of sales

Cost of inventory expensed	368 651	321 240
Other direct purchase cost	14 477	20 382
Cost of conversion	37 380	26 126
Labour cost	68 026	84 002
Total cost of sales	488 534	451 750

** Restated to exclude discontinued operations*

	Group		Company	
	2022 R'000	2021* R'000	**2022 R'000**	2021 R'000
7. (Loss)/profit before taxation from continuing operations				
The operating (loss)/profit is stated after allowing for the following:				
Income				
Decrease in impairment of loan to the Jasco Employee Share Incentive Trust (refer note 14)	**–**	–	**–**	574
Foreign exchange gains arising from financial instruments	**4 816**	5 692	**–**	–
– realised	**4 009**	4 403	**–**	–
– unrealised	**807**	1 289	**–**	–
Gain on lease modification	**16 336**	–	**–**	–
Rental income	**1 071**	840	**–**	–
Finance income	**963**	1 189	**65**	35
– Finance income from financial assets at amortised cost	**962**	1 180	**65**	35
– bank interest	**339**	221	**65**	35
– other loans	**623**	959	**–**	–
– Finance income from finance lease agreements	**1**	9	**–**	–
Profit on disposal of plant and equipment	**217**	884	**–**	–
Expenditure				
Administration, managerial and secretarial fees paid to subsidiaries	**–**	–	**2 688**	3 057
Administration, managerial and secretarial fees paid to other parties	**4 184**	3 107	**–**	–
Auditors' remuneration	**5 749**	5 379	**1 489**	916
– audit fees	**5 749**	4 879	**1 489**	916
– consulting and taxation services	**–**	500	**–**	–
Consulting fees	**8 295**	11 020	**743**	654
Amortisation of intangible assets (refer note 12)	**10 903**	9 574	**–**	–
Depreciation of plant and equipment (refer note 10)	**9 369**	10 426	**–**	–
Depreciation of right-of-use assets (refer note 11)	**12 244**	15 272	**–**	–
Finance costs of other financial liabilities	**17 498**	25 149	**10 834**	15 104
• Finance costs	**12 372**	16 569	**10 834**	15 104
– bank loans and overdrafts	**95**	77	**18**	19
– corporate bond and term loan	**11 941**	15 263	**10 816**	15 076
– other	**336**	1 229	**–**	9
• Finance charges	**5 126**	8 580	**–**	–
– lease liabilities	**5 071**	8 448	**–**	–
– instalment sale agreements	**55**	132	**–**	–
Foreign exchange losses arising from financial instruments	**3 357**	6 078	**–**	184
– realised	**2 772**	6 361	**–**	184
– unrealised	**585**	(283)	**–**	–

** Restated for discontinued operations*

	Group		Company	
	2022 R'000	2021^ R'000	**2022 R'000**	2021 R'000
7. (Loss)/profit before taxation from continuing operations continued				
Impairment of goodwill (refer note 12)	**–**	500	**–**	–
Impairment of loan to subsidiaries (refer note 13)	**–**	–	**–**	38
Impairment of investment in subsidiary (note 13)	**–**	–	**10 711**	–
Impairment of loan to the Jasco Employee Share Incentive Trust (refer note 14)	**–**	–	**811**	–
Insurance expense	**2 578**	2 729	**–**	–
Lease charges on low-value assets and short-term leases	**2 310**	2 162	**–**	–
– rental premises	**1 624**	1 404	**–**	–
– equipment	**49**	138	**–**	–
– motor vehicles	**637**	620	**–**	–
Loss on disposal of plant and equipment	**302**	44	**–**	–
Staff costs*	**183 197**	196 624	**2 468**	2 388
• Short-term benefits	**170 019**	184 498	**2 468**	2 388
– non-executive directors	**2 468**	2 388	**2 468**	2 388
– executive directors	**5 144**	4 209	**–**	–
– executive management	**14 552**	17 596	**–**	–
– other staff (including other benefits)	**147 855**	160 305	**–**	–
• Post-employment benefits – total amounts contributed to defined contribution funds	**13 178**	12 126	**–**	–
– executive directors	**202**	59	**–**	–
– executive management	**1 665**	2 005	**–**	–
– other staff	**11 311**	10 062	**–**	–

** R68 026 122 (2021: R84 002 340) is included as part of cost of sales per note 6*

	Group		Company	
8. Taxation				
South African normal taxation				
Current	**415**	4 467	**–**	–
– current year charge	**235**	3 108	**–**	–
– prior year under-provision	**180**	1 359	**–**	–
Deferred	**2 648**	122	**(7)**	–
– temporary differences	**(245)**	(66)	**(7)**	–
– reduction in tax losses recognised	**1 962**	165	**–**	–
– change in deferred tax rate from 28% to 27%	**536**	–	**–**	–
– prior year under-provision	**395**	23	**–**	–
Foreign taxes	**845**	82	**–**	–
Total taxation	**3 908**	4 671	**(7)**	–

^ Restated for discontinued operations

8. Taxation continued

The reconciliation of the effective rate of the tax charge to the company tax rate for the total operations is as follows:

	Group 2022 %	Group 2021 %	Company 2022 %	Company 2021 %
Standard taxation rate	**28.0**	28.0	**28.0**	28.0
Non-deductible expenses	**(4.4)**	10.9	**228.7**	2.6
Interest on Corporate Bond	**(1.9)**	5.2	**15.3**	2.2
Consulting fees	**(0.4)**	1.1	**–**	0.1
Donations, penalties and fines	**(0.2)**	2.4	**–**	0.3
Impairment of investment in subsidiary	**–**	–	**198.4**	–
Impairment of loan receivable from Trust	**–**	–	**15.0**	–
Impairment of goodwill	**–**	0.8	**–**	–
Loss on disposal of subsidiary	**–**	0.1	**–**	–
Depreciation and amortisation	**(1.7)**	0.7	**–**	–
Other	**(0.2)**	0.6	**–**	–
Non-taxable income and dividend received	**4.0**	(46.8)	**(384.4)**	(38.3)
Dividend received	**–**	–	**(383.9)**	(15.7)
Profit on sale of PTM	**–**	(11.7)	**–**	–
Profit on sale of subsidiary	**3.7**	(3.6)	**–**	(22.3)
Equity accounted income	**–**	(30.7)	**–**	–
Reversal of Impairment of loan receivable from Trust	**–**	–		(0.3)
Accounting interest received	**0.2**	–	**–**	–
Other	**0.1**	(0.8)	**(0.5)**	–
Unrecognised tax losses	**(43.8)**	38.5	**127.3**	7.7
Change in estimate from prior year	**(3.2)**	8.4	**–**	–
Prescribed foreign tax credits	**(8.7)**	–	**–**	–
Differences in capital gains rates	**(1.1)**	9.4	**–**	–
Change in deferred tax rate from 28% to 27%	**(4.4)**	–	**–**	–
Differences in corporate tax rates	**0.4**	(0.3)	**–**	–
Effective taxation rate	**(33.2)**	48.1	**(0.4)**	–

The interest on the corporate bond is capital in nature in terms of the South African Income Tax Act.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
8. Taxation continued				
Deferred income tax asset/(liability)				
Beginning of year	**17 073**	19 660	**(7)**	(7)
Disposal of subsidiary	**100**	(2 412)	**–**	–
Income statement movement	**(2 708)**	(175)	**7**	–
End of year	**14 465**	17 073	**–**	(7)
Deferred tax asset	**15 771**	18 256	**–**	–
– less than 12 months	**12 447**	15 482	**–**	–
– greater than 12 months	**3 324**	2 774	**–**	–
Deferred tax liability	**(1 306)**	(1 183)	**–**	(7)
– less than 12 months	**(1 306)**	(1 183)	**–**	(7)
– greater than 12 months	**–**	–	**–**	–
Net deferred tax asset	**14 465**	17 073	**–**	(7)
Made up as follows				
– amortisation of intangibles	**(3 907)**	(5 916)	**–**	–
– income received in advance	**10 705**	13 007	**–**	–
– section 24C allowance	**(1 685)**	(6 336)	**–**	–
– accelerated depreciation	**(2 206)**	(1 117)	**–**	–
– capitalised costs	**84**	261	**–**	–
– contingent consideration	**(403)**	(293)	**–**	–
– deferred gains and losses on foreign currency contracts	**(16)**	(94)	**–**	–
– deferred lease payments and income	**–**	(208)	**–**	–
– impairment of receivables	**340**	452	**–**	–
– lease agreements	**1 389**	7 178	**–**	–
– prepayments	**(782)**	(2 131)	**–**	(7)
– provisions	**3 249**	3 183	**–**	–
– retentions	**–**	(572)	**–**	–
– taxation losses	**7 697**	9 659	**–**	–
	14 465	17 073	**–**	(7)
Estimated taxation losses available for set off against future taxable profits	**218 799**	216 639	**47 387**	40 517
Taxation losses which could be recognised as an asset	**50 449**	60 659	**12 795**	11 345
Less deferred tax asset not recognised	**(51 379)**	(51 000)	**(12 795)**	(11 345)
Asset recognised – tax losses	**7 697**	9 659	**–**	–
Estimated capital taxation losses available for set off against future taxable capital profits	**116 532**	116 231	**100 899**	100 899

9. Earnings per ordinary share

The earnings loss per share of 5,9 cents (2021: profit of 2,9 cents) is based on an earnings loss of R16 310 121 (2021: profit of R6 469 470) and 278 561 061 (2021: 224 446 129) shares, being the weighted average number of shares in issue during the year, less the treasury shares. Refer to note 19.

Headline earnings per ordinary share

The headline earnings loss per share of 6,4 cents (2021: 0,6 cents loss) is based on headline earnings loss of R17 837 801 (2021: R1 348 779) and 278 561 061 (2021: 224 446 129) shares, being the weighted average number of shares in issue during the year, less the treasury shares.

Reconciliation of headline earnings:

	Group			
	(Loss)/profit before tax and non-controlling interest R'000	Tax R'000	Non-controlling interest R'000	Earnings R'000
2022				
Loss attributable to ordinary shareholders	**(11 961)**	**(3 969)**	**(380)**	**(16 310)**
Net loss on disposal of plant and equipment	**85**	**(24)**	**(1)**	**60**
Profit on disposal of subsidiary	**(1 588)**	**–**	**–**	**(1 588)**
Headline earnings loss				**(17 838)**
2021				
Profit attributable to ordinary shareholders	17 506	(8 414)	(2 623)	6 469
Net profit 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
Headline earnings loss				(1 349)

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 loss per share of 5,9 cents (2021: 2,9 cents profit) and headline earnings loss per share of 6,4 cents (2021: 0,6 cents loss). As no share options were issued by the Jasco Employee Share Incentive Trust, the weighted average number of shares was not diluted.

10. Plant and equipment

	Group						
	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	Total plant and equipment R'000
2022							
Net book value – beginning of year	**2 506**	**20 855**	**2 673**	**10 177**	**253**	**2 103**	**38 567**
– 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)**
Current year movements	**(612)**	**(3 788)**	**(519)**	**(2 557)**	**(127)**	**(785)**	**(8 388)**
– additions	**–**	**333**	**8**	**686**	**–**	**276**	**1 303**
– net book value of disposals	**–**	**(2)**	**(297)**	**(18)**	**–**	**(5)**	**(322)**
– depreciation	**(612)**	**(4 119)**	**(230)**	**(3 225)**	**(127)**	**(1 056)**	**(9 369)**
End of year	**1 894**	**17 067**	**2 154**	**7 620**	**126**	**1 318**	**30 179**
Made up as follows							
– cost	**9 754**	**66 441**	**12 797**	**40 690**	**1 552**	**8 546**	**139 780**
– accumulated depreciation	**(7 860)**	**(49 374)**	**(10 643)**	**(33 070)**	**(1 426)**	**(7 228)**	**(109 601)**
Net book value	**1 894**	**17 067**	**2 154**	**7 620**	**126**	**1 318**	**30 179**
2021							
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)
End of year	2 506	20 855	2 673	10 177	253	2 103	38 567
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)
Net book value	2 506	20 855	2 673	10 177	253	2 103	38 567

Security pledged

Certain motor vehicles and equipment are secured as per note 21 for the related financing.

A general notarial bond of R100 million has been registered over the moveable assets as security for the Bank of China term loan, refer to note 21.

11. Right-of-use assets and lease liabilities

11.1 Right-of-use assets

	Group			
	Buildings and property R'000	Motor vehicles R'000	Furniture fixtures and office equipment R'000	Total plant and equipment R'000
2022				
Net book value – beginning of year	**51 104**	**1 023**	**72**	**52 199**
– cost	**79 532**	**1 518**	**2 650**	**83 700**
– accumulated depreciation	**(28 428)**	**(495)**	**(2 578)**	**(31 501)**
Current year movements	**(32 181)**	**(321)**	**(72)**	**(32 574)**
– additions	**23**	**–**	**–**	**23**
– net disposal of subsidiaries	**(1 055)**	**–**	**–**	**(1 055)**
– lease modification	**(18 496)**	**–**	**–**	**(18 496)**
– depreciation	**(12 653)**	**(321)**	**(72)**	**(13 046)**
End of year	**18 923**	**702**	**–**	**19 625**
Made up as follows				
– cost	**43 972**	**1 518**	**2 103**	**47 593**
– accumulated depreciation	**(25 049)**	**(816)**	**(2 103)**	**(27 968)**
Net book value	**18 923**	**702**	**–**	**19 625**
2021				
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)
End of year	51 104	1 023	72	52 199
Made up as follows				
– cost	79 532	1 518	2 650	83 700
– accumulated depreciation	(28 428)	(495)	(2 578)	(31 501)
Net book value	51 104	1 023	72	52 199

With effect from 1 January 2022, the property leased by Jasco Trading (Pty) Ltd was sold by the landlord, Integer Properties (Pty) Ltd to CIH Projects No 55 (Pty) Ltd.

As part of the sale agreement, the occupational rent was decreased to R350 000 for a 6-month period and a credit of R2,5 million was given to Jasco relating to the October and November 2021 rent.

A new lease agreement was signed between Jasco Trading and CIH Projects No 55, commencing on the date of transfer, which registered on 7 July 2022.

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

The lease agreement is subject to shareholder approval due to CIH Projects No 55 (Pty) Ltd being a related party, however, irrevocable undertakings in support of the transaction have been obtained from the majority of the shareholders who are eligible to vote for the transaction.

Accordingly, the existing lease and related right-of-use asset was modified to reflect the changes in the cash flows.

	Group	
	2022 R'000	2021 R'000
11.2 Lease liabilities		
Principal amounts owing in respect of lease agreement		
Total	**24 710**	77 564
– gross minimum lease payments	**28 967**	94 468
– finance charges	**(4 257)**	(16 904)
– current lease liabilities	**(7 207)**	(19 063)
Non-current lease liabilities	**17 503**	58 501
Reconciliation of liabilities arising from financing activities		
Balance at 1 July	**77 564**	137 151
New leases obtained	**23**	2 649
Repayments	**(22 050)**	(24 144)
– principal repayments	**(16 841)**	(14 373)
– interest repayments	**(5 209)**	(9 771)
Finance charges	**5 209**	9 764
Disposal of subsidiary	**(1 204)**	(47 861)
Change in lease on lease modification	**(34 832)**	–
Capitalised initial costs	**–**	5
Total	**24 710**	77 564
The maturity analysis of the carrying amount of the lease liabilities is as follows:		
– one year	**9 349**	26 018
– after one year, within five years	**19 618**	68 450
– after five years	**–**	–
Total	**28 967**	94 468
An average rate of 10.13% (2021: 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.		
11.3 Amounts recognised in the statement of comprehensive income		
Gain on lease modification	**16 336**	–
Depreciation charge relating to right-of-use assets	**(13 046)**	(17 292)
Finance cost	**(5 071)**	(9 764)
Expense relating to short-term leases and leases of low-value assets (refer to note 7)	**(2 310)**	(2 162)

12. Intangible assets

	Group					
	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
2022						
Net book value – beginning of year	**41 355**	**1 607**	**7 551**	**8 878**	**8 519**	**67 910**
– 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)**
Current year movements	**–**	**(1 307)**	**(5 594)**	**(1 663)**	**(2 323)**	**(10 887)**
– additions	**–**	**–**	**–**	**16**	**–**	**16**
– amortisation	**–**	**(1 307)**	**(5 594)**	**(1 679)**	**(2 323)**	**(10 903)**
End of year	**41 355**	**300**	**1 957**	**7 215**	**6 196**	**57 023**
Made up as follows						
– cost	**56 163**	**8 551**	**35 372**	**19 704**	**23 164**	**142 954**
– accumulated amortisation and impairment	**(14 808)**	**(8 251)**	**(33 415)**	**(12 489)**	**(16 968)**	**(85 931)**
Net book value	**41 355**	**300**	**1 957**	**7 215**	**6 196**	**57 023**
2021						
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)
End of year	41 355	1 607	7 551	8 878	8 519	67 910
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)
Net book value	41 355	1 607	7 551	8 878	8 519	67 910

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 in the previous year.

12. **Intangible assets** continued

Goodwill

As at the reporting date, the goodwill was tested for impairment using a value-in-use approach.

Key assumptions

The cash flow projections, are discounted to the present value, using pre-tax discount rates appropriate to the cash-generating unit the asset belongs to. Revenue, gross margins and profit before tax for the first year is based on budgets approved by the board of directors. Thereafter, the revenue growth assumption is based on an inflationary increase. Gross margins and profit before tax are increased over the forecast period for anticipated efficiency improvements on future cash flow projections. A long-term growth rate of 1.0% (2021: 0.8%) was assumed into perpetuity.

The future cash flows were not impacted by the losses suffered during the looting that occurred in July 2021, nor the floods experienced by KwaZulu-Natal. The future cash flows for Manufacturing have been impacted by the loss in business following the three-month strike by Numsa, which commenced in March 2022.

The discount rate calculation is based on the specific circumstances of the group and the specific CGU and is derived from the group's weighted average cost of capital. Growth rate estimates are conservatively applied to each unit having considered both industry expected growth rates as well as internal targets and have decreased due to the lower risk assigned to the Covid-19 pandemic. The group are not expecting to exceed the long-term average growth rates of the industry.

The goodwill values and specific key assumptions relating to each cash-generating unit is as follows:

	Carrying value R'000	Pre-tax discount rate %	Gross profit margin %	Valuation R'000
2022				
Carrier Solutions	**32 370**	**16.33**	**69**	**117 965**
RAMM Technologies	**8 374**	**15.80**	**61**	**31 837**
Manufacturing	**611**	**14.80**	**17**	**33 758**
	41 355			**183 560**
2021				
Carrier Solutions	32 370	17.94	44	93 685
RAMM Technologies	8 374	19.95	58	10 081
Manufacturing	611	17.94	14	68 804
	41 355			172 570

Sensitivity analysis

The value-in-use calculation is most sensitive to the gross profit margin, discount rates and growth rates used to extrapolate cash flows beyond the financial forecast period.

Management has performed a sensitivity analysis for the goodwill balances. The goodwill sensitivity tests performed for a 1% change respectively in the growth rate, discount rate and gross margin percentage 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.

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 when applying a 1% change in the key assumptions.

Key assumption	GP margin		Growth rate		Discount rate	
(Amounts in R'000)	1%	(1%)	1%	(1%)	1%	(1%)
Carrier Solutions	3 131	(3 131)	10 643	(8 763)	(8 763)	10 643
RAMM Technologies	3 413	(3 344)	3 343	(2 781)	(2 781)	3 343
Manufacturing	15 449	(15 449)	5 439	(4 329)	(4 329)	5 439

Impairment

No impairment was recognised in 2022. In the 2021 financial year, a goodwill impairment of R500 000 was recognised, which is included as part of other expenses in the statement of comprehensive income.

	Company	
	2022 R'000	2021 R'000
13. Investment in subsidiaries		
Unlisted shares at cost less amounts written-off		
– Datavoice (Pty) Ltd*	**–**	–
– Jasco Cables Investment (Pty) Ltd$	**–**	–
– Jasco Carrier Solutions (Pty) Ltd	**52 914**	38 891
– Jasco Energy and Industry Solutions (Pty) Ltd	**5 823**	5 823
– Jasco Enterprise (Pty) Ltd	**13 347**	6 645
– Jasco Infrastructure Company (Pty) Ltd*	**–**	–
– Jasco IOT Solutions (Pty) Ltd$	**–**	–
– Jasco Networks (Pty) Ltd	**136**	136
– Jasco Security and Fire Solutions (Pty) Ltd	**–**	10 711
– 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
– Webb Masts and Towers (Pty) Ltd$	**–**	–
	92 282	82 268
Amounts owing by group companies on current account – net of impairment		
– Datavoice (Pty) Ltd	**–**	1 044
– Jasco Carrier Solutions (Pty) Ltd	**3 083**	–
– Jasco Networks (Pty) Ltd	**–**	4 830
– Jasco Security and Fire Solutions (Pty) Ltd	**–**	–
– gross receivable	**20 000**	–
– allowance for impairment	**(20 000)**	–
– Jasco Systems (Pty) Ltd	**118**	960
– Jasco Trading (Pty) Ltd	**117 579**	117 454
– gross receivable	**237 353**	257 228
– allowance for impairment	**(119 774)**	(139 774)
– NewTelco South Africa (Pty) Ltd	**–**	885
	120 780	125 173
Amounts owing to group companies on current account		
– Jasco Energy and Industry Solutions (Pty) Ltd	**(6 407)**	(6 407)
– Jasco Trading (Pty) Ltd	**(3 091)**	(3 515)
	(9 498)	(9 922)

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

$ Deregistered during 2021

 # Disposed of in 2021 (refer to note 4)

The investment in Jasco Security and Fire Solutions was impaired during the year and the loan of R20 million given during the year was impaired due to the continued losses made in the subsidiary.

The amounts owing between group companies attract interest at a rate which is agreed upon between both parties on an annual basis and have no fixed repayment terms.

Refer to note 32.6 for the credit risk assessment relating to the amounts due by group companies.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
14. Other non-current assets				
14.1 Loan to the Jasco Employee Share Incentive Trust	**–**	–	**2 823**	3 088
Loan	**–**	–	**11 686**	11 140
Allowance for impairment	**–**	–	**(8 863)**	(8 052)
The loan attracts interest at a variable rate as per the SARS Interest Rates – Table 3, which was 5.75% (2021: 4.5%) at the reporting date.				
14.2 Loan to customer	**–**	1 331	**–**	–
Total	**1 338**	4 996	**–**	–
– loan	**1 357**	5 391	**–**	–
– unearned finance income	**(19)**	(395)	**–**	–
Current portion transferred to current assets	**(1 338)**	(3 665)	**–**	–
This balance relates to a loan provided to an Enterprise customer, in the form of extended credit terms, and attracts interest at a rate of prime plus 5.5%.				
14.3 Other loans	**1 365**	1 306	**–**	–
Total	**1 865**	4 306	**–**	–
– loan	**1 865**	4 500	**–**	–
– unearned finance income	**–**	(194)	**–**	–
– allowance for impairment	**–**	–	**–**	–
Current portion transferred to current assets	**(500)**	(3 000)	**–**	–
The balance relates to the contingent consideration for the disposal of Jasco Property Solutions and PTM (refer to note 4).				
14.4 Lease receivables	**–**	–	**–**	–
Total	**–**	24	**–**	–
– future minimum rentals under the lease receivables	**–**	25	**–**	–
– unearned finance income	**–**	(1)	**–**	–
Current portion transferred to current assets	**–**	(24)	**–**	–
Non-current	**1 365**	2 637	**2 823**	3 088

Refer to note 32.6 for the credit risk assessment.

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
15. Inventories				
Raw materials	**21 924**	26 495	**–**	–
Work in progress	**1 632**	8 599	**–**	–
Finished goods and merchandise	**50 596**	52 388	**–**	–
– at cost	**55 627**	59 518	**–**	–
– provision for obsolete stock	**(5 031)**	(7 130)	**–**	–
	74 152	87 482	**–**	–
Inventory expensed, included in cost of sales	**368 651**	374 262	**–**	–
– inventory expensed during the year	**367 218**	370 854	**–**	–
– inventory written off during the year	**1 433**	3 408	**–**	–
A general notarial bond of R100 million has been registered over the moveable assets, which include inventory, as security for the Bank of China term loan, refer to note 21.				
16. Trade and other receivables				
Financial instruments				
Trade receivables	**95 474**	85 528	**–**	–
– trade receivables	**97 568**	88 220	**–**	–
– impairment allowance	**(2 094)**	(2 692)	**–**	–
Deposits	**2 650**	1 099	**–**	–
Other receivables	**416**	1 818	**–**	–
Non-financial instruments				
Costs incurred to fulfil contracts (refer to note 5)	**16 077**	18 363	**–**	–
Prepayments	**4 134**	5 083	**180**	137
Retentions	**–**	2 041	**–**	–
VAT receivable	**1 193**	2 163	**432**	–
Other receivables#	**1 187**	2 323	**–**	–
Financial assets at fair value through profit or loss				
Foreign currency contracts	**61**	379	**–**	–
	121 192	118 797	**612**	137

Balance relates mainly to rent clearing receipts, recoverable costs and deferred maintenance expenses

Refer to note 32.6 for the credit risk assessment.

The trade receivables of the major subsidiaries were ceded as security for the Bank of China term loan. Refer to note 21.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

17. Cash and cash equivalents

	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Current accounts	**26 873**	17 575	**190**	293
Call accounts	**2 872**	3 326	**–**	–
Cash on hand	**116**	63	**–**	–
	29 861	20 964	**190**	293

Cash at banks earn interest at floating rates based on daily bank deposit rates.

The carrying amount of the cash and cash equivalents approximates the fair value due to the short-term nature thereof.

18. Share capital

18.1 Authorised

750 000 000 ordinary shares with no par value

29 884 633 redeemable preference shares with no par value

18.2 Issued

367 444 716 (2021: 229 319 191) ordinary shares	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Beginning of year	**281 283**	281 283	**281 283**	281 283
New shares issued	**47 248**	–	**47 248**	–
End of year	**328 531**	281 283	**328 531**	281 283

The issued ordinary share capital increased from 229 319 191 to 367 444 716 ordinary shares following the rights issue that concluded on 7 February 2022 raising R47 248 245 new equity, net of transaction costs. In terms of the rights offer, all existing shareholders were entitled to acquire shares at 35c per share, in the ratio of 68.52582 new shares for every 100 shares held before the rights offer. The rights offer was partially underwritten by Community Holdings No 1 (Pty) Ltd and Golden Pond Trading 175 (Pty) Ltd.

19. Treasury shares

	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
The Jasco Employee Share Incentive Trust owns 4 873 062 (2021: 4 873 062) unallocated ordinary shares	**3 083**	3 083	**–**	–
Treasury shares at cost	**3 083**	3 083	**–**	–

Refer to note 2.3.3 for a description relating to treasury shares.

Refer to the Report of the directors on page 12.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
20. Non-distributable reserves				
Equity settled share-based payment reserve (note 20.1)#				
– beginning of year	**4 397**	4 848	**–**	14
– recycled to retained earnings	**–**	(451)	**–**	(14)
	4 397	4 397	**–**	–

Refer to note 2.11.3 for a description relating to share-based compensation.

20.1 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 53 478 714 (2021: 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 17 023 501 (2021: 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.

	2022	2021
Number of ordinary shares reserved	**53 478 714**	32 759 885
Less: total number of shares allocated	**2 649 296**	2 649 296
– beginning of year	**2 649 296**	2 649 296
– net forfeiture by employees during the year	**–**	–
Less: total number of unforfeited options granted	**–**	–
– beginning of year	**–**	1 260 596
– net forfeiture/cancellation of options during the year	**–**	(1 260 596)
Number of available shares	**50 829 418**	30 110 589

Summary of shares issued

	Number	Price per share (c)	Shares issued by trust not yet withdrawn	
			2022	2021
Date issued				
13 June 2016	2 163 699	81	**834 881**	834 881
2 June 2015	9 146 118	55	**1 626 915**	1 626 915
5 February 2014	1 470 000	72	**187 500**	187 500
	12 779 817		**2 649 296**	2 649 296

Expense

Equity-settled share-based payment transactions are valued at grant date, with the expense being recognised over the vesting period. All shares had vested in 2020 and, accordingly, no further expenses have been recognised.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
21. Interest-bearing liabilities				
Corporate bond	**–**	20 197	**–**	20 197
Term loan: Bank of China	**108 469**	131 038	**108 469**	131 038
Principal amounts owing in respect of instalment sale agreements	**240**	989	**–**	–
– gross minimum instalments	**291**	1 120	**–**	–
– finance charges	**(51)**	(131)	**–**	–
Total	**108 709**	152 224	**108 469**	151 235
Current portion transferred to short-term borrowings (refer note 24)	**(9 809)**	(152 019)	**(9 600)**	(151 235)
– instalment sale agreements	**(209)**	(784)	**–**	–
– corporate bond	**–**	(20 197)	**–**	(20 197)
– term loan	**(9 600)**	(131 038)	**(9 600)**	(131 038)
Non-current	**98 900**	205	**98 869**	–

Particulars

The corporate bond was settled by 31 January 2022.

The facility of R150 million from the Bank of China was raised on 13 May 2017 as a working capital loan and decreased to R130 million on 27 February 2021. The working capital loan bore interest at the 3-month JIBAR plus 330 basis points, which was payable on a quarterly basis. The bank has condoned the breach of the loan covenants at 30 June 2021 subsequent to year end. The capital was repayable in one instalment by 27 December 2021.

With effect from 28 December 2021, the working capital loan was restructured into a new 36-month term loan, bearing interest at the 1-month JIBAR plus 480 basis points, which is payable monthly. A guarantee R20 million was issued by Golden Pond Trading 175 (Pty) Ltd that expired on the conclusion of the rights offer. The capital repayment terms are as follows:

- R20 million from the proceeds of the rights issue.
- Monthly payments of R300 000 from January 2022, increasing to R800 000 in July 2022.
- Final payment of R84 700 000 by 28 December 2024.

Under the Bank of China loan, the company (including the major subsidiaries) is required to comply with the following financial covenants conditions, which were met at year-end:

- Debt to equity ratio to not exceed a level of 150%. Actual: 99% (2021: 319%)
- Current and quick ratios not to reduce below 1.2:1 and 0.80:1 respectively. Actual: 1.6 and 1.1 (2021: 1.6 and 1.0)
- Interest cover to be maintained at a minimum of 1.5 times. Actual: 3.1 (2021: 0.9)

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.

The instalment sale agreements bear interest at the prime overdraft interest rate, and are repayable in equal instalments over periods between one and three years. These liabilities are secured over motor vehicles and equipment with a net book value of R178 650 (2021: R2 082 226).

21. Interest-bearing liabilities continued

Particulars continued

Reconciliation of liabilities arising from financing activities

	Corporate bond	Bank of China	Other loans	Instalment sale agreement	Total
Group					
2022					
Balance at 30 June 2021	**20 197**	**131 038**	**–**	**989**	**152 224**
Repayments	**(1 021)**	**(11 792)**	**–**	**(804)**	**(13 617)**
– capital repayments	**–**	**(1 800)**	**–**	**(749)**	**(2 549)**
– interest repayments	**(1 021)**	**(9 992)**	**–**	**(55)**	**(11 068)**
Finance charges	**824**	**9 992**	**–**	**55**	**10 871**
Capitalised to share capital as part of the rights issue	**(20 000)**	**(20 000)**	**–**	**–**	**(40 000)**
Capitalised initial costs	**–**	**(769)**	**–**	**–**	**(769)**
Balance at 30 June 2022	**–**	**108 469**	**–**	**240**	**108 709**
Current liabilities	**–**	**9 600**	**–**	**209**	**9 809**
Non-current liabilities	**–**	**98 869**	**–**	**31**	**98 900**
2021					
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

21. Interest-bearing liabilities continued

Reconciliation of liabilities arising from financing activities continued

	Corporate bond	Bank of China	Other loans	Total
Company				
2022				
Balance at 30 June 2021	**20 197**	**131 038**	**–**	**151 235**
Repayments	**(1 021)**	**(11 792)**	**–**	**(12 813)**
– capital repayments	**–**	**(1 800)**	**–**	**(1 800)**
– interest repayments	**(1 021)**	**(9 992)**	**–**	**(11 013)**
Finance charges	**824**	**9 992**	**–**	**10 816**
Capitalised to share capital as part of rights issue	**(20 000)**	**(20 000)**	**–**	**(40 000)**
Capitalised initial costs	**–**	**(769)**	**–**	**(769)**
Balance at 30 June 2022	**–**	**108 469**	**–**	**108 469**
Current liabilities	**–**	**9 600**	**–**	**9 600**
Non-current liabilities	**–**	**98 869**	**–**	**98 869**
2021				
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	–	–	–	–

The other loan related to a bridge funding that was received from Myriad Capital relating to the disposal of the investment in Reflex Solutions. The loan bore interest at 11%.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
22. Trade and other payables				
Financial instruments				
Trade payables	**69 172**	67 072	**1 879**	980
Non-financial instruments				
Accrued expenses	**9 775**	5 829	**1 778**	1 969
Payroll-related accruals	**12 510**	15 389	**–**	–
VAT payable	**3 101**	4 112	**–**	550
Other payables	**6 073**	5 767	**–**	–
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	**–**	42	**–**	–
	100 631	98 211	**3 657**	3 499

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.

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
23. Provisions				
Bonus				
Beginning of year	**652**	2 490	**–**	–
Arising during year	**3 024**	950	**–**	–
Utilised during year	**(512)**	(2 577)	**–**	–
Unused amount reversed	**–**	(211)	**–**	–
End of year	**3 164**	652	**–**	–
Warranties				
Beginning of year	**150**	150	**–**	–
Unused amount reversed	**–**	–	**–**	–
End of year	**150**	150	**–**	–
Other				
Beginning of year	**570**	3 251	**–**	2 558
Arising during year	**554**	623	**–**	–
Utilised during year	**(752)**	(3 057)	**–**	(2 558)
Unused amount reversed	**(101)**	(247)	**–**	–
End of year	**271**	570	**–**	–
Total provisions				
Beginning of year	**1 372**	5 891	**–**	2 558
Arising during year	**3 578**	1 573	**–**	–
Utilised during year	**(1 264)**	(5 634)	**–**	(2 558)
Unused amount reversed	**(101)**	(458)	**–**	–
End of year	**3 585**	1 372	**–**	–

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's recommendation having considered the financial performance of the respective business unit 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.

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

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

24. Short-term borrowings

Short-term borrowings comprise:				
– current portion of non-current interest-bearing liabilities (refer note 21)	**9 809**	152 019	**9 600**	151 235
– insurance payment plan	**808**	808	**–**	–
– project funding	**6 066**	–	**–**	–
– bank overdrafts	**478**	592	**–**	–
	17 161	153 419	**9 600**	151 235

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

The project funding consists of short-term loans obtained for the financing of some of the projects in the Security and Fire business unit. The loans bear interest between 13% and 15% and are repayable by 31 December 2022.

25. Notes to the statements of cash flows

25.1 Reconciliation of (loss)/profit before taxation to cash generated from operations

(Loss)/profit before income tax	**(11 962)**	17 506	**1 512**	41 473
– continuing operations	**(13 360)**	(18 660)	**1 512**	41 473
– discontinued operations	**1 398**	36 166	**–**	–
Adjustments for:				
– amortisation of intangibles	**10 903**	9 574	**–**	–
– depreciation of plant and equipment	**9 369**	10 426	**–**	–
– depreciation of right-of-use assets	**12 244**	15 272	**–**	–
– gain on lease modification	**(16 336)**	–	**–**	–
– impairment of investment in subsidiary	**–**	–	**10 711**	–
– impairment of goodwill	**–**	500	**–**	–
– impairment of cost incurred to fulfil contract	**1 539**	–	**–**	–
– impairment/(reversal of impairment) of the loan to the Jasco Share Incentive Trust	**–**	–	**811**	(574)
– impairment non-current loan	**–**	48	**–**	–
– impairment of intercompany loans	**–**	–	**–**	38
– liability waived on lease renegotiation	**(2 523)**	–	**–**	–
– provisions raised/(reversed)	**483**	(4 320)	**–**	(2 558)
– unrealised foreign exchange gains	**(807)**	(1 289)	**–**	–
– unrealised foreign exchange losses	**586**	(283)	**–**	–
– net loss/(profit) on sale of plant and equipment	**85**	(840)	**–**	–
– net profit on disposal of subsidiary	**–**	–	**–**	(32 963)
– net interest and dividend paid/(received)	**16 535**	23 960	**(16 068)**	(8 664)
– discontinued operations	**(648)**	(24 322)	**–**	–
– amortisation of intangibles	**–**	372	**–**	–
– depreciation of plant and equipment	**–**	2 185	**–**	–
– depreciation of right-of-use assets	**802**	2 020	**–**	–
– movement in provisions	**–**	(1 415)	**–**	–
– net profit on disposal of business operations	**(1 588)**	(9 584)	**–**	–
– net finance cost	**138**	1 284	**–**	–
– equity accounted income from associate	**–**	(19 184)	**–**	–

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
25. Notes to the statements of cash flows continued				
25.1 Reconciliation of (loss)/profit before taxation to cash generated from operations continued				
Cash flows from operations before working capital changes	**19 468**	46 232	**(3 034)**	(3 248)
Working capital changes	**17 217**	(27 373)	**579**	(7 178)
– decrease in inventories	**13 329**	8 903	**–**	–
– (increase)/decrease in trade and other receivables, including contract and other assets	**(3 915)**	(7 211)	**(474)**	77
– increase in amounts owing by subsidiaries	**–**	–	**(2 195)**	(4 312)
– increase/(decrease) in trade and other payables, including contract liabilities	**7 803**	(29 065)	**157**	(2 910)
– increase/(decrease) in amounts owing to subsidiaries	**–**	–	**3 091**	(33)
Cash generated from/(utilised in) operations	**36 685**	18 859	**(2 455)**	(10 426)
25.2 Taxation paid				
Net taxation refundable at beginning of year	**8 534**	6 968	**–**	300
Net disposal of subsidiaries/business operations	**–**	2 222	**–**	–
Amounts charged per statement of comprehensive income, excluding deferred taxation	**(1 260)**	(8 238)	**–**	–
Interest accrued on (under)/overpayment	**(10)**	13	**–**	–
Net taxation refundable at end of year	**(10 459)**	(8 534)	**–**	–
Cash amounts (paid)/refunded	**(3 195)**	(7 569)	**–**	300
25.3 Purchase of plant and equipment				
– Replacement of plant equipment	**–**	(233)	**–**	–
Plant and machinery	**–**	(118)	**–**	–
Furniture and office equipment	**–**	(115)	**–**	–
– Additions to plant and equipment	**(1 303)**	(4 370)	**–**	–
Plant and machinery	**(333)**	(328)	**–**	–
Hi-sites	**(8)**	(8)	**–**	–
Furniture and office equipment	**(686)**	(575)	**–**	–
Motor vehicles	**–**	(79)	**–**	–
Computer and manufacturing equipment	**(276)**	(3 235)	**–**	–
Leasehold improvements	**–**	(145)	**–**	–
Total purchase of plant and equipment	**(1 303)**	(4 603)	**–**	–

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

25. Notes to the statements of cash flows
continued

25.4 Disposal of subsidiaries/business operations

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Decreased investment in subsidiary, at cost	**–**	–	**–**	37 726
Non-controlling interest	**–**	(27 111)	**–**	–
Plant and equipment	**–**	27 757	**–**	–
Right-of-use assets	**1 055**	39 273	**–**	–
Intangible assets	**–**	39 934	**–**	–
Inventories		4 729	**–**	–
Accounts receivable	**1 301**	59 905	**–**	–
Amounts owing by subsidiaries on current account		1 299	**–**	–
Accounts payable	**(1 910)**	(38 732)	**–**	2 167
Current taxation		(2 222)	**–**	–
Deferred taxation	**(100)**	2 412	**–**	–
Amount owing to group companies on loan accounts	**(355)**		**–**	–
Interest bearing liabilities	**–**	(10 159)	**–**	–
Finance leases	**(1 204)**	(47 861)	**–**	–
Net cash and cash equivalents	**86**	5 333	**–**	–
Profit on disposal	**1 588**	9 584	**–**	32 964
Total purchase price	**461**	64 141	**–**	72 857
Exclude: net cash and cash equivalents disposed of	**(86)**	(5 333)	**–**	–
Exclude: deferred payment (refer to note 14)	**(461)**	(4 292)	**–**	–
Plus: advance received from Myriad Capital (refer note 21)	**–**	15 951	**–**	–
Cash flow on acquisition, net of cash acquired/disposed of	**(86)**	70 467	**–**	72 857

In 2022, the group sold its shareholdings in Jasco Property Solutions (Pty) Ltd (refer to note 4).

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

25. Notes to the statements of cash flows continued

25.4 Disposal of subsidiaries/business operations continued

Breakdown of the 2021 disposal of subsidiaries/business operations

	Reflex Solutions R'000	Datafusion R'000	PTM Division R'000	Total R'000
Non-controlling interest	(25 982)	(1 129)	–	(27 111)
Plant and equipment	27 754	–	3	27 757
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	(38 429)	(229)	(74)	(38 732)
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
Excludes: net cash and cash equivalents	(5 279)	(54)	–	(5 333)
Deferred payments	–	–	(4 292)	(4 292)
Exclude: advance received from Myriad Capital (refer note 21)	15 951	–	–	15 951
Cash flow on disposal, net of cash	67 524	–	2 943	70 467

26. Lease agreements

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Short-term leases and low-value assets				
Future minimum rentals for premises and office equipment under non-cancellable leases payable within:				
– one year	**4 801**	4 280	**–**	–
– after one year, within five years	**6 714**	6 814	**–**	–
– after five years	**–**	–	**–**	–
Total	**11 515**	11 094	**–**	–
Operating lease income				
Future minimum rentals under non-cancellable leases receivable within:				
– one year	**24 477**	25 515	**–**	–
– after one year, within five years	**13 856**	17 172	**–**	–
– after five years	**–**	–	**–**	–
Total	**38 333**	42 687	**–**	–

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	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000

27. Banking facilities

General banking facilities				
– Bank of China	**–**	130 000	**–**	130 000
The following general banking facilities are held by ring-fenced subsidiaries				
– Absa Bank (Jasco Security and Fire Solutions)	**1 000**	1 000	**–**	–
– Nedbank (RAMM Systems)	**1 000**	1 000	**–**	–

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, and was fully drawn down at 30 June 2021. In December 2021, this facility was restructured into a new reducing term loan facility. (Refer to note 21).

28. Borrowings

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

29. 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. As 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.

30. Related parties

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

Transactions with related parties occur in the normal course of business. Outstanding balances at year end are unsecured, bear interest at 5.75% (2021: 7.25%) and settlement occurs in cash.

Details of inter-group revenue are disclosed in the segmental report on page 78.

Amounts owing between subsidiaries are set out in note 13.

Directors' emoluments are disclosed in note 31.

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

	Company	
	2022 R'000	2021 R'000
Administration fees received from subsidiaries (refer to note 5)		
Datavoice (Pty) Ltd	**–**	908
Jasco Carrier Solutions (Pty) Ltd	**3 083**	–
Jasco Networks (Pty) Ltd	**–**	4 200
Jasco Systems (Pty) Ltd	**118**	835
Jasco Trading (Pty) Ltd	**1 728**	1 671
NewTelco South Africa (Pty) Ltd	**587**	770
	5 516	8 384
Administration fees paid to subsidiaries (refer to note 7)		
Jasco Trading (Pty) Ltd	**2 688**	3 057
Finance income from amounts owing by subsidiaries received (refer to note 5)		
Jasco Trading (Pty) Ltd	**5 566**	–
Jasco Share Incentive Trust	**547**	484

	Group	
	2022 R'000	2021 R'000
Loans from other related parties		
– Project funding loan from Muzibix (Pty) Ltd (refer note 24)	**3 000**	–

The project funding loan was obtained from a company related to MSC Bawa, a non-executive director.

A dividend *in specie* of R6 701 931 was received from NewTelco South Africa (Pty) Ltd and R14 022 332 from Jasco Networks (Pty) Ltd following the merger of these entities with Jasco Enterprise (Pty) Ltd and Jasco Carrier Solutions (Pty) Ltd respectively.

During 2021, a dividend of R3 233 000 was received from Reflex Solutions and dividend *in specie* was received from Jasco Energy and Industry Solutions (Pty) Ltd (value of R20 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 31 for the required disclosures.

31. Directors' and prescribed officers' emoluments

	Short-term benefits						
	Fees for services as a director R	Basic salary R	Sums paid by way of expense allowance R	Contri-butions under any other benefit scheme[$] R	Total short term benefits R	Contri-butions to defined contribution funds R	Total R
2022							
Non-executive							
(paid by Jasco Electronics Holdings Limited)							
ATM Mokgokong	**511 086**				**511 086**	**–**	**511 086**
MJ Madungandaba	**496 230**				**496 230**	**–**	**496 230**
DH du Plessis	**392 434**				**392 434**	**–**	**392 434**
MSC Bawa	**385 148**				**385 148**	**–**	**385 148**
TP Zondi	**298 150**				**298 150**	**–**	**298 150**
PF Radebe	**385 147**				**385 147**	**–**	**385 147**
(paid by Jasco Trading (Pty) Ltd)							
AMF Da Silva*[@]				**840 000**	**840 000**	**–**	**840 000**
	2 468 195	**–**	**–**	**840 000**	**3 308 195**	**–**	**3 308 195**
Executive							
(paid by Jasco Trading (Pty) Ltd)							
LA Prigge	**–**	**1 629 035**	**3 600**	**19 092**	**1 651 727**	**202 165**	**1 853 892**
WA Prinsloo[#]	**–**	**3 148 530**	**42 600**	**301 086**	**3 492 216**	**–**	**3 492 216**
	–	**4 777 565**	**46 200**	**320 178**	**5 143 943**	**202 165**	**5 346 108**
Total directors	**2 468 195**	**4 777 565**	**46 200**	**1 160 178**	**8 452 138**	**202 165**	**8 654 303**
2021							
Non-executive							
(paid by Jasco Electronics Holdings Limited)							
ATM Mokgokong	490 945	–	–	–	490 945	–	490 945
MJ Madungandaba	476 674	–	–	–	476 674	–	476 674
MSC Bawa	369 970	–	–	–	369 970	–	369 970
DH du Plessis	376 968	–	–	–	376 968	–	376 968
TP Zondi	293 723	–	–	–	293 723	–	293 723
PF Radebe	379 455	–	–	–	379 455	–	379 455
(paid by Jasco Trading (Pty) Ltd)							
AMF Da Silva*[@]	–	–	–	280 000	280 000	–	280 000
	2 387 734	–	–	280 000	2 667 734	–	2 667 734
Executive							
(paid by Jasco Trading (Pty) Ltd)							
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
Total directors	2 387 734	3 903 803	11 850	293 687	6 597 075	58 880	6 655 955

* *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.*

[#] *WA Prinsloo is on fixed term contract that expires on 31 March 2026.*

[@] *Remuneration received in terms of consultancy agreement.*

[$] *Included in other benefits are contributions to funeral fund, UIF and SDL, leave pay-out, travel allowance and consultancy fees.*

32. 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. The purpose is to manage the currency risk arising from the group's operations and its sources of finance.

		Group		Company	
	Note	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
Amortised cost					
Non-current financial assets					
Other non-current assets	14	**1 365**	2 637	**2 823**	–
Other non-current contract assets	5	**–**	9	**–**	–
Current financial assets					
Amounts due to group companies	13	**–**	–	**120 780**	125 173
Trade and other receivables – financial instruments	16	**98 540**	88 445	**–**	–
Cash and cash equivalents	17	**29 861**	20 964	**190**	293
Short-term portion of other non-current assets	14	**1 838**	6 665	**–**	–
Contract assets	5	**1 039**	1 574	**–**	–
Non-current financial liabilities					
Interest-bearing liabilities	21	**98 900**	205	**98 869**	–
Current financial liabilities					
Amounts due to group companies	13	**–**	–	**9 498**	9 922
Trade and other payables – financial instruments	22	**69 172**	67 072	**1 879**	980
Short-term borrowings	24	**17 161**	153 419	**9 600**	151 235
Fair value through profit or loss					
Current financial assets					
Foreign currency contracts	16	**61**	379	**–**	–
Current financial liabilities					
Foreign currency contracts	22	**–**	42	**–**	–

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 upon policies for managing each of these risks, which are summarised below.

32.1 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
- 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 target debt-to-equity ratio (excluding lease liabilities) of 1:1. The group currently has a debt-to-equity ratio of 118.2% (2021: 318.8%). This is in line with plans of moving towards the target debt-to-equity ratio.

Jasco Electronics Holdings Limited's share capital consists of 367 million (2021: 229 million ordinary shares) (note 18). 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 19).

32. **Financial instruments** continued

32.1 Capital management continued

The group's net debt is calculated as follows:

	2022 R'000	2021 R'000
Non-current interest-bearing liabilities	**98 900**	205
Short-term borrowings	**17 161**	153 419
Cash and cash equivalents	**(29 861)**	(20 964)
Net debt as at end of year	**86 200**	132 660

The group has specific financial covenants in place with various financial institutions. Refer to note 21.

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

32.2 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.

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 2022 and 2021, the group's only financial instruments carried at fair value were foreign currency contracts. These were classified as level 2.

	2022 R'000	2021 R'000
Foreign currency contracts asset	**61**	379
Foreign currency contracts liability	**–**	42

32.3 Foreign currency risk

The group incurs currency risk as a result of transactions which are denominated in a currency other than the group's 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.

32. **Financial instruments** continued

32.3 Foreign currency risk continued

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

	Foreign amount		Rand amount	
	2022 '000	2021 '000	**2022 R'000**	2021 R'000
Group				
Trade and other receivables			**9 983**	8 385
Foreign currency:				
– US dollar	**442**	567	**7 193**	8 095
– Euro	**164**	17	**2 790**	290
Trade and other payables			**13 087**	21 194
Foreign currency:				
– Pound sterling	**–**	38	**–**	740
– US dollar	**537**	871	**8 740**	12 439
– Euro	**254**	473	**4 316**	8 015
– Australian dollar	**3**	–	**31**	–

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:

		Group	
	Increase/ (decrease) in basis points	**2022 R'000**	2021 R'000
– Pound sterling	10c	**–**	(1)
	-10c	**–**	1
– US dollar	10c	**(35)**	(11)
	-10c	**35**	11
– Euro	10c	**(15)**	(31)
	-10c	**15**	31
– AUD	10c	**(1)**	–
	-10c	**1**	–

To account for the impact of Covid-19, the analysis considered a change of 1 cent in the currency in 2021, but this was changed to 10 cents in 2022.

32. Financial instruments continued

32.4 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.

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 1 year R'000	1 to 2 years R'000	2 to 3 years R'000	After 3 years R'000
Group					
2022					
Interest-bearing liabilities	**(115 583)**	**(16 683)**	**(9 631)**	**(89 269)**	**–**
Lease liabilities	**(24 710)**	**(7 190)**	**(7 492)**	**(8 509)**	**(1 519)**
Other loans	**1 338**	**1 338**	**–**	**–**	**–**
Net cash and cash equivalents	**29 383**	**29 383**	**–**	**–**	**–**
	(109 572)	**6 848**	**(17 123)**	**(97 778)**	**(1 519)**
2021					
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)
Company					
2022					
Amounts owing by subsidiaries	**120 780**	**120 780**	**–**	**–**	**–**
Loan to Jasco Employee Share Incentive Trust	**2 823**	**2 823**	**–**	**–**	**–**
Cash and cash equivalents	**190**	**190**	**–**	**–**	**–**
Term loan	**(108 469)**	**(9 600)**	**(9 600)**	**(89 269)**	**–**
	15 324	**114 193**	**(9 600)**	**(89 269)**	**–**
2021					
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)	–	–	–

32. **Financial instruments** continued

32.4 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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Profit before tax	1%	**(1 096)**	(10 045)	**58**	(731)
	–1%	**1 096**	10 045	**(58)**	731

To account for the impact of Covid-19, the analysis considered a change of 5% in the interest rate in 2021, this was changed to 1% in 2022.

32.5 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 its cash flows.

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.

The table below summarises the maturity profile of the group's financial instruments at year-end:

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	12 to 24 months R'000	Thereafter R'000
Group								
2022								
Trade and other receivables	**98 540**	**–**	**98 540**	**46 401**	**52 139**	**–**	**–**	**–**
Loans receivable	**1 338**	**(19)**	**1 357**	**–**	**1 018**	**339**	**–**	**–**
Net cash and cash equivalents	**29 383**	**–**	**29 383**	**26 511**	**2 872**	**–**	**–**	**–**
Interest-bearing loans and borrowings	**(115 583)**	**23 983**	**(139 566)**	**–**	**(7 591)**	**(18 903)**	**(18 741)**	**(94 331)**
Lease liabilities	**(24 710)**	**4 257**	**(28 967)**	**–**	**(2 967)**	**(6 382)**	**(8 938)**	**(10 680)**
Trade and other payables	**(69 172)**	**–**	**(69 172)**	**–**	**(69 172)**		**–**	**–**
Derivative financial instruments	**61**	**–**	**61**	**–**	**61**	**–**	**–**	**–**
	(80 143)	**28 221**	**(108 364)**	**72 912**	**(23 640)**	**(24 946)**	**(27 679)**	**(105 011)**

32. Financial instruments continued

32.5 Liquidity management continued

	Net balance R'000	Future interest R'000	Total cash flow R'000	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	12 to 24 months R'000	Thereafter R'000
Group								
2021								
Lease receivable	24	(2)	26	–	18	8	–	
Trade and other receivables	88 445	–	88 445	26 694	61 751	–	–	–
Loans receivable	4 996	(395)	5 391	1 011	3 032	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)	(154)	(6)
Lease liabilities	(77 564)	16 904	(94 468)	–	(6 856)	(19 133)	(21 795)	(46 684)
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	–	–	–
	(182 686)	20 300	(202 986)	(110 224)	(5 727)	(18 396)	(21 949)	(46 690)
Company								
2022								
Loan to Jasco Employee Share Incentive Trust	**11 686**	**(672)**	**12 358**	**–**	**–**	**12 358**	**–**	**–**
Amounts owing by subsidiaries	**120 780**	**–**	**120 780**	**–**	**–**	**120 780**	**–**	**–**
Net cash and cash equivalents	**190**	**–**	**190**	**190**	**–**	**–**	**–**	**–**
Interest-bearing loans and borrowings	**(108 469)**	**23 644**	**(132 113)**	**–**	**(4 476)**	**(14 597)**	**(18 709)**	**(94 331)**
Trade and other payables	**(1 879)**	**–**	**(1 879)**	**–**	**(1 879)**	**–**	**–**	**–**
	22 308	**22 972**	**(664)**	**190**	**(6 355)**	**118 541**	**(18 709)**	**(94 331)**
2021								
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	(131 038)	3 616	(134 654)	(134 654)	–	–	–	–
Trade and other payables	(980)	–	(980)	–	(980)	–	–	–
	(15 609)	3 239	(18 848)	(154 682)	(980)	136 814	–	–

32. **Financial instruments** continued

32.6 Credit risk management

Amounts due by group companies

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 currents 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 participate in a "fire sale" in order to repay the loans (assuming worst case that the borrower is sold for a value equal to it's net asset value), then the borrower would result in enough cash being generated in order to pay its intercompany loans.

Based on the above assessment, an impairment provision of R119,8 million (R2021: R139,8 million)* was recognised relating to the amount receivable from Jasco Trading (Pty) Ltd and R20,0 million (2021: Rnil) was recognised relating to the amount receivable from Jasco Security and Fire Solutions (Pty) Ltd.

**2021 restated to reflect the correct amount (refer to note 13)*

Other non-current assets

	Group		Company	
	Other loans (note 14.3)		Loan to the Jasco Employee Share Incentive Trust (note 14.1)	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
Reconciliation of loss allowance				
Loss allowance at the beginning of the year	**–**	(1 092)	**(8 052)**	(8 626)
– Utilised during the year	**–**	1 092	**–**	–
– Raised during the year	**–**	–	**(811)**	574
Loss allowance at the end of the year	**–**	–	**(8 863)**	(8 052)

Loan to the Jasco Employee Share Incentive Trust

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 increase of R811 737 in the impairment allowance (2021: decrease of R574 404). This relates to a decrease (2021: 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

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.

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 general approach to determine the ECL allowance on loan receivables. 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.

32. **Financial instruments** continued

32.6 Credit risk management continued

Other non-current assets continued

Lease receivables

The group applies the simplified approach, which uses a lifetime expected loss allowance, to measure expected credit losses for all lease receivables.

Lease payments were due 30 days after invoicing. The group has Rnil (2021: R24 555) exposure to credit risk at the reporting date. Any impairment loss would be immaterial.

Trade receivables and contract assets

	Group		Company	
	2022 R'000	2021* R'000	**2022 R'000**	2021 R'000
The movements in the allowance for impairment of the trade and other receivables were as follows:				
At the beginning of the year	**2 692**	6 300	**–**	–
– Charge for the year@	**1 655**	982	**–**	–
– Amounts written off	**(1 584)**	(1 709)	**–**	–
– Disposal of subsidiary	**(228)**	(2 507)	**–**	–
– Unused amounts reversed@	**(440)**	(374)	**–**	–
At the end of the year	**2 094**	2 692	**–**	–

@ *The impairment loss and reversal of impairment are disclosed on the statement of comprehensive income.*
* *Restated to correct the classification.*

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 the management of the respective subsidiaries.

There is no credit risk in relation to cash sales as settlement is made upon the conclusion of the 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.

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

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 the outlook of the customer and the general economic conditions of the industry as at the reporting date.

ECLs are calculated by applying the 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 a 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 days – 90 days and the provision matrix takes this fact into account.

32. **Financial instruments** continued

32.6 Credit risk management continued

Trade receivables and contract assets continued

The loss allowance provision is determined as follows:

R'000	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
2022						
Trade receivables						
Expected loss rate	**0.0%**	**0.2%**	**0.6%**	**2.7%**	**20.9%**	
Gross carrying amount	**53 261**	**26 122**	**7 718**	**1 029**	**9 438**	**97 568**
Loss allowance	**–**	**(46)**	**(46)**	**(28)**	**(1 974)**	**(2 094)**
Net carrying amount	**53 261**	**26 076**	**7 672**	**1 001**	**7 464**	**95 471**
2021						
Trade receivables						
Expected loss rate	0.0%	0.3%	1.7%	19.0%	48.0%	
Gross carrying amount	59 876	17 293	5 036	1 142	4 873	88 220
Loss allowance	–	(48)	(87)	(217)	(2 340)	(2 692)
Net carrying amount	59 876	17 245	4 949	925	2 533	85 528

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

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 and contract assets.

Other receivables

The group applies the simplified approach on a similar basis as trade receivable to measure expected credit losses for other receivables. 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 the IFRS 9 assessments were conducted by the group, the expected credit loss on other receivables was not determined to be material.

Cash and cash equivalents

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 the amounts being due on demand.

32. Financial instruments continued

32.6 Credit risk management continued

Cash at bank and short-term bank deposits

Credit rating based on the latest Moody's domestic long-term issuer default ratings

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
zaAA	**28 928**	14 904	**120**	4
zaA3	**657**	6	**–**	–
zaB3	**–**	5 809	**–**	198
Other – unrated	**276**	245	**70**	91
	29 861	20 964	**190**	293
Expected credit loss recognised in statement of comprehensive income				
Amounts due by group companies	**–**	–	**–**	–
Loan to Jasco Share Incentive Trust	**–**	–	**(811)**	574
Trade receivables	**(1 215)**	(608)	**–**	–
	(1 215)	(608)	**(811)**	574
Continuing operations	**(1 283)**	(312)	**(811)**	574
Discontinued operations	**68**	(296)	**–**	–
	(1 215)	(608)	**(811)**	574

The reversal of the impairment on the loan to the Trust was included in other income in 2021.

33. Events after the reporting period

Jasco is continuing its negotiations with various commercial banks to replace the Bank of China. However, this can only be concluded after the audited financial results for June 2022 are available.

33.1 New lease

Jasco entered into a new 10-year lease with CIH Projects Nr 55 (Pty) Ltd that commenced on 7 July 2022. The monthly rent is R950 000 and escalates at the annual average CPI on the anniversary date of the lease. To assist the group improve its operating cash flows, CIH Projects has agreed to provide the group with relief of the rental payments for a period of 12 months.

33.2 Restructure of the Security and Fire business

Due to the losses suffered by this business unit, a restructure of this business commenced on 1 August, and a decision has been taken to exit the fire business. This will be done in a systematic manner and is in line with the group's core strategy of providing technology solutions to its market.

34. Going concern

We draw attention to the fact that on 30 June 2022, the group and company had accumulated losses of R268 486 209 (2021: R252 175 488) and R233 468 010 (2021: R234 986 236) respectively, with the group making a loss of R16 310 721 (2021: R6 469 470 profit) and the company a profit of R1 519 000 (2021: R41 473 000).

In 2021, the group and company's current liabilities exceed its current assets by R78 068 000 and R39 053 000 respectively as the group breached its debt covenants causing the loans to be recorded as current liabilities instead of non-current.

The losses suffered by the Security and Fire business have placed a strain on the cash flows of the entire group.

These events and conditions indicate that a material uncertainty exists that may cast doubt on the groups ability to continue as a going concern.

Based on the support received from CIH Projects (refer to note 33.1) the restructure of Security and Fire (note 33.2), the recovery in Manufacturing and the planned revenue for the group, 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 2022

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, Communication Solutions, Security and Fire and Manufacturing. Intelligent Solutions and Communication Solutions form part of ICT segment however the CODM looks at them separately.

	Income and expenses			
	Revenue			
	Revenue R'000	Inter-segment R'000	Segmental revenue R'000	Net forex profit/(loss) and other income* R'000
2022				
Communication Solutions	**318 840**	**(228)**	**318 612**	**4 022**
Intelligent Solutions	**175 539**	**(261)**	**175 278**	**10 050**
Security and Fire	**28 096**	**–**	**28 096**	**2**
Manufacturing	**145 790**	**–**	**145 790**	**(615)**
Sub-total continuing operating division	**668 265**	**(489)**	**667 776**	**13 459**
Discontinued operations	**3 267**	**–**	**3 267**	**–**
Other non-operating divisions	**32 352**	**–**	**32 352**	**44 118**
Adjustments@	**(38 279)**	**489**	**(37 790)**	**(36 539)**
Total	**665 605**	**–**	**665 605**	**21 038**
2021				
Communication Solutions	221 652	(3 541)	218 111	2 932
Intelligent Solutions	194 836	(49)	194 787	3 670
Security and Fire	44 034	–	44 034	276
Manufacturing	200 307	–	200 307	605
Sub-total continuing operating division	660 829	(3 590)	657 239	7 483
Discontinued operations	88 964	(501)	88 463	9 172
Other non-operating divisions	32 117	–	32 117	33 451
Adjustments@	(39 184)	4 091	(35 093)	(23 810)
Total	742 726	–	742 726	26 296

Segmental revenue reflects both sales to external parties and inter-group 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 inter-group 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 inter-group transactions.*

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.

Income and expenses					Financial position		
Administrative and other expenses# R'000	**Depreciation and amortisation R'000**	**Operating profit/ (loss)† R'000**	**Finance income R'000**	**Finance costs R'000**	**Assets R'000**	**Liabilities R'000**	**Capital expenditure R'000**
(80 405)	**(10 249)**	**35 391**	**236**	**(830)**	**107 139**	**32 476**	**652**
(50 053)	**(1 471)**	**15 825**	**490**	**(121)**	**59 018**	**47 682**	**270**
(14 343)	**(184)**	**(26 281)**	**–**	**(636)**	**10 602**	**14 633**	**13**
(22 885)	**(10 339)**	**(10 245)**	**6**	**(2 677)**	**78 570**	**40 279**	**303**
(167 686)	**(22 243)**	**14 690**	**732**	**(4 264)**	**255 329**	**135 070**	**1 238**
(1 167)	**(802)**	**(52)**	**–**	**(138)**	**–**	**–**	**–**
(44 651)	**(7 118)**	**(6 779)**	**982**	**(13 985)**	**101 496**	**123 343**	**80**
(13 788)	**(3 155)**	**(3 150)**	**(751)**	**751**	**6 268**	**31 758**	**–**
(227 292)	**(33 318)**	**4 709**	**963**	**(17 636)**	**363 093**	**290 169**	**1 318**
(71 410)	(8 414)	8 427	209	(910)	106 013	35 205	416
(49 875)	(2 231)	24 361	808	(401)	60 894	51 913	125
(20 139)	(196)	(7 688)	–	(257)	19 082	11 147	8
(30 488)	(10 954)	7 984	8	(3 179)	101 116	48 003	628
(171 912)	(21 795)	33 084	1 025	(4 747)	287 105	146 268	1 177
(23 329)	(3 010)	15 886	401	(445)	9 523	4 003	3 350
(43 640)	(10 224)	(23 469)	163	(21 029)	117 296	209 591	130
33 204	(4 821)	(1 933)	–	–	13 950	26 405	(35)
(205 677)	(39 850)	23 568	1 589	(26 221)	427 874	386 267	4 622

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.

Manufacturing

The Manufacturing 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 40.

With the exception of one customer in Manufacturing, which contributed R99,5 million (2021: R131,4 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 2022

	2022	2021	2020	2019	2018	2017
Jasco share price						
Lowest share price (cents)	**25**	11	8	22	40	70
Highest share price (cents)	**44**	54	49	75	90	120
Closing share price (cents)	**30**	38	18	23	65	82
Analysis of Jasco share transactions						
Total number of transactions recorded on JSE	**1 578**	1363	520	382	1 311	1 472
Total number of shares traded ('000)	**31 208**	30 968	10 203	4 006	9 842	16 935
Total number of shares traded as a percentage of weighted average issued shares (%)	**11.2**	13.8	4.5	2.0	4.3	7.5
Total value of shares traded (R'000)	**10 583**	7 902	2 303	1 549	5 929	16 152

Analysis of Jasco shareholding at 30 June 2022

	Number of shareholders	**% of total**	**Number of shares**	**% of total**
Size of shareholding				
1–1 000	**3 668**	**73.21**	**781 157**	**0.21**
1 001–5 000	**725**	**14.47**	**1 782 503**	**0.49**
5 001–10 000	**195**	**3.89**	**1 480 871**	**0.40**
10 001–100 000	**321**	**6.41**	**10 694 202**	**2.91**
100 001 and over	**101**	**2.02**	**352 705 983**	**95.99**
	5 010	**100.00**	**367 444 716**	**100.00**
Analysis of shareholders				
Class				
– individuals	**4 780**	**95.41**	**51 637 155**	**14.05**
– financial institutions and corporate bodies	**230**	**4.59**	**315 807 561**	**85.95**
	5 010	**100.00**	**367 444 716**	**100.00**
Major shareholders (5% or more of shares in issue)				
– Community Investment Holdings (Pty) Ltd (CIH)*			**203 348 677**	**55.34**
– Goldsol II (Pty) Ltd			**49 995 754**	**13.61**
– TMM Holdings (Pty) Ltd			**23 450 620**	**6.38**
Analysis of Jasco shareholder's spread at 30 June 2022				
Non-public				
– BEE partners	**8**	**0.16**	**266 911 282**	**72.64**
– Jasco directors†	**2**	**0.04**	**1 095 500**	**0.30**
– Jasco Employee Share Incentive Trust	**1**	**0.02**	**7 522 358**	**2.05**
	11	**0.22**	**275 529 140**	**74.99**
Public	**4 999**	**99.78**	**91 915 576**	**25.01**
	5 010	**100.00**	**367 444 716**	**100.00**

† *Refer to the Report of the directors on page 13 for detailed information of the directors' interest in share capital.*

* *CIH's shares are held by Community Holdings No 1 (Pty) Ltd, 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
www.jasco.co.za

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

Postal Address:
PO Box 860
Wendywood
South Africa
2144