

Directors' responsibility

for the financial reporting year ended 30 June 2023

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 and the Companies Act. The accounting policies and methods of computation used in the preparation of this report are consistent with those of the previous year. The directors take full responsibility for the preparation of the consolidated and separate annual financial statements.

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

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

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

The directors have reviewed the group's cash flow forecast for the ensuing 12 months, 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 2 to 4 in the annual financial statements.

The consolidated and separate annual financial statements set out on pages 9 to 56, 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


LA Prigge
Chief financial officer
Midrand

31 January 2024

Independent auditor's report

to the shareholders of Jasco Electronics Holdings Limited

Independent auditor's report (continued)

to the shareholders of Jasco Electronics Holdings limited

Independent auditor's report (continued)

to the shareholders of Jasco Electronics Holdings limited

Company secretary's certification

for the year ended 30 June 2023

I, the group company secretary as at 30 June 2023, certify that the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company, in terms of the Companies Act, No. 71 of 2008, as amended, and that all such returns are true, correct and up to date.

J Naidoo
MCP Managerial Services (Proprietary) Limited
Group company secretary
Midrand

31 January 2024

Audit and risk committee report

for the year ended 30 June 2023

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 2023 in accordance with section 94(7)(f) of the South African Companies Act of 2008 as amended. The committee has complied with its obligations under the JSE Listings Requirements up to 23 May 2023.

Introduction

The Committee's duties and objectives are governed by a formal charter which is in line with the Companies Act and King IV requirements. The appointment of all members of the Committee is subject to the shareholders' approval at each Annual General Meeting. The profiles of the members, including their qualifications are set out below.

Members

Danie du Plessis, Independent non-executive director, Joined the board: 2018

Danie is a qualified CA(SA) and is a highly experienced business development professional, specialising in accounting and financial consultancy services. He has a solid grounding in finance and assurance-related practice after many years in high-level roles. He was a partner at PwC until his retirement in 2014. He is a member of a number of boards and audit committees and serves as chairman of the board of an unlisted public company.

Pumla Radebe Lead independent non-executive director, Joined the board: 2017

Pumla is a certified chartered director and a member of the Institute of Directors. She studied BA Social Work at Fort Hare University, completed a board leadership course at GIBS and holds a diploma in Policy Development and Management from Regenesys.

She is the chairman of Khuselo Investments and Khuselo Telecommunications, and also holds an executive director position at Bungane Development consultants and Emlanjeni Development Programmes. Other directorships include Verstay, Pumlano Properties, Makeshift 1187 and Rushtail 4.

Thandeka Zondi Independent non-executive director, Joined the board: 2017

Thandeka is a qualified CA(SA), entrepreneur and a seasoned executive and non-executive director. Thandeka is the founder and CEO of MoneyWorks Financial Services, a digital supply chain financing fund and platform.

She is also an independent non-executive director on the boards of Old Mutual SuperFund's Defined Contribution Umbrella Retirement Fund, Ince, Old Mutual Insure and Thebe Investment Corporation. She is or has been a member or chairman of the audit and risk committees of a number of these companies. Thandeka is also a previous first vice president of the Advancement of Black Accountants of Southern Africa.

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.

The fees paid to the Committee members are outlined in note 27 of the Annual Financial Statements. 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, three* meetings were held:

Name of member	15/09/2022	9/11/2022	7/02/2023
Mr DH du Plessis CA(SA)	Present	Present	Present
Ms T Zondi CA(SA)	Present	Present	Present
Ms PF Radebe CD(SA)	Present	Present	Present

*the June Committee meeting was postponed and the Committee met on 7 July 2023 .

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.

Audit and risk committee report (continued)

External auditor

Mazars, with Mr Miles Fisher as designated audit partner, acted as external auditors of the group for the year ended 30 June 2023. Mazars, with Mr Miles Fisher as designated audit partner, has been the auditors of the group for the last four years

The audit 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 7 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 2024 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, overruns and non-audit services (where applicable)

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, are generally of an assurance nature, and are not material in relation to the external audit fee.

The committee has the following responsibilities for 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,
- 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 recoverability of deferred income tax assets related to the recognition of assessed losses;
- key judgements and estimates used in assessing the impairment of indefinite useful life intangible assets and goodwill; and
- Key judgements used to assess going concern, solvency and liquidity of the company and the group.

Internal audit

Crossroads Distribution (Pty) Ltd has provided internal audit services to the group for the year ended 30 June 2023.

The committee has satisfied itself that the internal audit function 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 and when the committee determines appropriate.

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

The Committee has recommended the use of internal auditors on an ad-hoc basis during FY 2024

Internal financial control

A material breakdown in the internal financial control of a wholly owned subsidiary of Jasco, MV Fire Solutions (Pty) Ltd was reported in FY 2022. After an independent review and investigation, on 19 October 2022, MV Fire Protection Services (Pty) Ltd was placed under voluntary liquidation. Service contracts with clients have been responsibly managed to conclusion.

The Committee has considered the reports of management, internal audit and external audit in arriving at our conclusion that the Company's system of internal controls and risk management is effective and that the internal financial controls form a sound basis for the preparation of reliable financial statements.

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 register and categorised the level of each risk, probability and the monetary value and made appropriate recommendations to the board regarding the corrective actions needed.

Audit and risk committee report (continued)

Combined assurance

The Committee is of the view that the framework in place for combined assurance is adequate and is in place to achieve the objective of an effective, integrated approach across the disciplines of risk management, compliance and audit.

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 Liska 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 Company and its subsidiaries at year-end and the foreseeable future. Management has concluded that the Group is a going concern, is solvent and liquid.

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

Recommendation of the Annual Financial Statements for approval by the Board

During the financial year and up to 23 May 2023, the Committee has considered the latest JSE's Proactive Monitoring Report and considered the content of previous reports issued and taken appropriate action where necessary.

The Committee recommended the Consolidated Annual Financial Statements and the Company Annual Financial Statements for approval by the Board.

On behalf of the Committee

DH du Plessis

Chairman

31 January 2024

Report of the directors

for the year ended 30 June 2023

The directors have pleasure in submitting their report on the activities of the group and the company for the year ended 30 June 2023.

Nature of the business

The trading activities of the group companies are divided into four main business units, namely Communication Solutions, Intelligent Solutions, Power Solutions and Manufacturing.

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 continued lack of volume in the Manufacturing business unit following the protracted plant level strike by Numsa at our factory in Pinetown from 8 March 2022 until 7 June 2022 in the previous financial year.

Corporate actions

Liquidation of MV Fire Protection Services (Pty) Ltd (MV Fire)

With effect from 19 October 2022, Jasco placed MV Fire into voluntary liquidation due to the continued losses suffered by the subsidiary, with no reasonable expectation of a turnaround. The derecognition of the subsidiary on liquidation resulted in a profit of R5,8 million. Refer to note 4 for more information.

Delisting from the Johannesburg Stock Exchange

Jasco was delisted from the JSE on 23 May 2023, following an offer of 16 cents per share by CIH to the minority shareholders. Following the rights issue in February 2022, 79.03% of Jasco's issued shares were owned by CIH (and its associated entities), Goldsol II (Pty) Ltd, TMM Holdings (Pty) Ltd and its affiliate and Harvibase Investments (Pty) Ltd.

This resulting in a low free float, with a number of smaller shareholders. Consequently, Jasco's shares traded in thin volumes with minimal liquidity and no premium to its peers. In this context, the Jasco board of directors resolved that Jasco could no longer justify the costs and associated administrative burden of a JSE-listing when considered relative to the benefit of an ongoing listing. From a shareholder perspective, the costs associated with Jasco being listed outweigh the benefit of being able to publicly trade in Jasco shares.

The delisting will also enable the management of the company to dedicate more time and resources to the business operations, without having to dedicate considerable time, expenses and resources to the regulatory process associated with being a listed entity.

Acquisition of Technology Integrated Solutions (Pty) Ltd (TIS)

With effect from 30 June 2023, Jasco acquired all the shares as well as a shareholder loan in TIS from its major shareholder, CIH Projects No 10 (Pty) Ltd (CIH) for a consideration of R 31 317 386. The acquisition is funded through an interest-free vendor loan from CIH, which was repayable by 31 July 2023. Refer to note 3 for more information.

Share capital

The authorised share capital is 750 000 000 ordinary shares and 29 884 633 redeemable preference shares. Refer to note 15 for more information.

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.

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. Further details relating to the Jasco Employee Share Incentive Trust are set out in note 17 to the financial statements.

Subsidiary companies

Details are given in note 3.

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 2023, the total borrowings less cash resources was R206 620 000 (2022: R110 910 000). At 30 June 2023, the group had approved general banking facilities of R1 000 000 (2022: R2 000 000), which was undrawn (2022: R478 000). Refer to note 24 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:

With effect from 24 August 2023, Jasco converted the vendor loan for the acquisition of the investment in TIS (R31 317 386) as well as the outstanding lease payments (R15 133 989) and professional services fees incurred by CIH on behalf of Jasco (R753 509) into equity, issuing 1 new ordinary share for each 16c owed. This has increased the issued number of shares by 295 030 525 shares.

With effect from 9 November, Warren Prinsloo resigned as Group CEO and director of the group. Jasco has appointed a new CEO who is expected to start on 1 February 2024.

Report of the directors (continued)

for the year ended 30 June 2023

Dividend

Due to the accumulated loss position no dividend is declared.

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, for the approval of these annual financial statements. Refer to note 30 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.

Directors

Details of the present directorate of the company are available on Jasco's website, www.jasco.co.za. In terms of the Memorandum of Incorporation of the company, Dr ATM Mokgokong and DH du Plessis retire at the forthcoming annual general meeting (AGM) and are eligible for re-election.

Refer to note 27 for details on directors' service contracts.

Directors' interests in share capital

At the close of business on 30 June 2023, the interests of the directors in the issued share capital of the company amounted to:

	2023	2022
Direct - beneficial		
MSC Bawa	50,509	50,509
AMF da Silva	-	1,070,500
WA Prinsloo	25,000	25,000
Indirect - beneficial		
MSC Bawa	6,758,171	6,758,171
ND Munisi	1,845,912	-
MJ Madungandaba	152,179,659	103,111,356
ATM Mokgokong	73,282,410	52,253,138
WA Prinsloo	2,649,296	2,649,296
	236,790,957	165,917,970

Dr ATM Mokgokong and MJ Madungandaba's interest increased by 88 509 158 and 206 521 367 respectively following the recapitalisation on 24 August 2023.

The company has not been informed of any other 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 2023

	Note	Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
		<i>Restated*</i>			
Continuing operations					
Revenue	5	578,872	634,244	6,242	32,353
Cost of sales		(420,296)	(448,661)	-	-
Gross profit		158,576	185,583	6,242	32,353
Other income		8,307	28,234	-	29
Selling and distribution costs		(1,599)	(1,107)	-	-
Administrative expenses		(133,636)	(132,926)	(9,534)	(8,331)
Other expenses		(67,443)	(47,506)	(2,583)	(10,959)
Expected credit loss	28.6	(2,381)	(2,822)	(50,639)	(811)
Operating (loss)/profit		(38,176)	29,456	(56,514)	12,281
Finance income	6	995	963	153	65
Finance costs	6	(24,831)	(17,211)	(12,240)	(10,834)
(Loss)/profit before taxation	6	(62,012)	13,208	(68,601)	1,512
Taxation	7	(2,324)	(3,551)	-	7
(Loss)/profit from continuing operations		(64,336)	9,657	(68,601)	1,519
(Loss)/profit from discontinued operations	4	(2,250)	(25,587)	-	-
(Loss)/profit for the year		(66,586)	(15,930)	(68,601)	1,519
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		(66,586)	(15,930)	(68,601)	1,519
(Loss)/profit and total comprehensive (loss)/ income for the year attributable to:					
- non-controlling interests	3	255	380	-	-
- ordinary shareholders of the parent		(66,841)	(16,310)	(68,601)	1,519
		(66,586)	(15,930)	(68,601)	1,519
(Loss)/profit and total comprehensive (loss)/ income for the year attributable to:					
Equity holders of the company					
- (Loss)/profit for the year from continuing operations		(66,841)	(16,310)	(68,601)	1,519
- (Loss)/profit for the year from discontinued operations		(64,591)	9,277	(68,601)	1,519
		(2,250)	(25,587)	-	-
Non-controlling interest:					
- Profit for the year from continuing operations	3	255	380	-	-
- Profit for the year from discontinued operations		255	380	-	-
		-	-	-	-

*Restated for discontinued operations

Statements of financial position

at 30 June 2023

	Note	Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Assets					
Non-current assets		194,510	123,963	94,423	95,105
Plant and equipment	8	30,709	30,179	-	-
Right-of-use assets	9	97,194	19,625	-	-
Intangible assets	10	49,805	57,023	-	-
Investment in subsidiaries	3	-	-	92,282	92,282
Deferred income tax	7	16,096	15,771	-	-
Other non-current assets	11	706	1,365	2,141	2,823
Current assets		278,579	239,131	77,901	121,582
Inventories	12	72,716	74,152	-	-
Contract assets	5	293	1,039	-	-
Trade and other receivables	13	148,413	121,192	482	612
Amounts owing by group companies	3	-	-	77,184	120,780
Taxation refundable		9,307	11,049	-	-
Short-term portion of other non-current assets	11	773	1,838	-	-
Cash and cash equivalents	14	47,077	29,861	235	190
Total assets		473,089	363,094	172,324	216,687
Equity and liabilities					
Shareholders' equity		6,339	72,925	26,462	95,063
<i>Equity attributable to equity holders of the parent</i>		(5,482)	61,359	26,462	95,063
Share capital	15.2	328,531	328,531	328,531	328,531
Treasury shares	16	(3,083)	(3,083)	-	-
Non-distributable reserves	17	4,397	4,397	-	-
Accumulated loss		(335,327)	(268,486)	(302,069)	(233,468)
Non-controlling interests		11,821	11,566	-	-
Non-current liabilities		103,220	119,824	-	98,869
Interest-bearing liabilities	18	-	98,900	-	98,869
Lease liabilities	9	99,819	17,503	-	-
Contract liabilities	5	3,401	2,115	-	-
Deferred income tax	7	-	1,306	-	-
Current liabilities		363,530	170,345	145,862	22,755
Trade and other payables	19	146,292	100,631	4,672	3,657
Provisions	20	1,207	3,585	-	-
Amounts owing to group companies	3	-	-	10,069	9,498
Taxation		117	590	-	-
Contract liabilities	5	62,036	41,171	-	-
Short-term borrowings	21	134,903	17,161	131,121	9,600
Lease liabilities	9	18,975	7,207	-	-
Total equity and liabilities		473,089	363,094	172,324	216,687

Statements of changes in equity

for the financial year ended 30 June 2023

	Share Capital R'000 Note 15	Treasury shares R'000 Note 16	Non- distributable reserves R'000 Note 17	Retained earnings/ (loss) R'000	Total parent share holders' equity R'000	Non- con- trolling interest R'000 Note 3	Total equity R'000
Group							
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
Total comprehensive (loss)/income - (loss)/profit	-	-	-	(66,841)	(66,841)	255	(66,586)
Balance as at 30 June 2023	328,531	(3,083)	4,397	(335,327)	(5,482)	11,821	6,339
Company							
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
Total comprehensive loss	-	-	-	(68,601)	(68,601)	-	(68,601)
Balance as at 30 June 2023	328,531	-	-	(302,069)	26,462	-	26,462

Statements of cash flows

for the financial year ended 30 June 2023

	Note	Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Cash flows from operating activities		32,805	16,502	(15,893)	(13,421)
Cash receipts from customers		577,897	692,154	5,326	2,875
Cash paid to suppliers and employees		(527,483)	(655,469)	(9,567)	(5,330)
Cash generated from/(utilised in) operations	22.1	50,414	36,685	(4,241)	(2,455)
Interest received		721	836	153	65
Interest paid		(15,612)	(17,824)	(11,805)	(11,031)
Taxation paid	22.2	(2,718)	(3,195)	-	-
Cash flows from investing activities		3,575	5,420	25,038	8,639
Purchase of plant and equipment	22.3	(2,664)	(1,303)	-	-
Proceeds on disposal of plant and equipment		165	237	-	-
Cash flow on addition to right-of-use assets		(732)	-	-	-
Additions to intangibles	10	-	(16)	-	-
Disposal of subsidiary, net of cash disposed of	22.4	(59)	(86)	-	-
Acquisition of subsidiary	22.5	5,075	-	-	-
Decrease in loan amounts owing by group company		-	-	26,003	8,639
Increase in loan amounts owing by group company		-	-	(965)	-
Receipts from other non-current loans		1,790	6,588	-	-
Cash flows from financing activities		(18,707)	(12,911)	(9,100)	4,679
Interest bearing liabilities repaid	18	(9,288)	(3,318)	(9,100)	(2,569)
Cash proceeds from rights issue		-	7,248	-	7,248
Leases - principal payments	9	(9,419)	(16,841)	-	-
Net increase/(decrease) in cash and cash equivalents		17,673	9,011	45	(103)
Cash and cash equivalents at beginning of year		29,383	20,372	190	293
Revaluation of foreign cash balances		21	-	-	-
Net cash and cash equivalents at end of year		47,077	29,383	235	190
Cash and cash equivalents	14	47,077	29,861	235	190
Bank overdrafts	21	-	(478)	-	-
Net cash and cash equivalents at end of year		47,077	29,383	235	190

Notes to the annual financial statements

for the year ended 30 June 2023

1. Corporate information

The consolidated and separate annual financial statements of Jasco Electronics Holdings Limited for the year ended 30 June 2023 were authorised for issue on 31 January 2024 in accordance with a resolution of the directors. Jasco Electronics Holdings Limited is a company incorporated in the Republic of South Africa.

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 11 to 56 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 and the requirements of the South African Companies Act of 2008.

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

2.3 Basis of consolidation

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

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

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

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

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

2.3.1 Business combinations and goodwill

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

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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

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 Revenue recognition

2.5.1 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.

2.5.2 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.

2.5.3 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.

2.5.4 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.

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.

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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

2.5 Revenue recognition (continued)

Project-related revenue

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

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

The group recognises revenue 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 SLA.

Connectivity and hosting services

The group provides a range of connectivity and hosting services to its customers which include connecting customers to their networks and hosting customers on the group's data centre. The group recognises revenue over time as per the contract with customer. The group recognises revenue over time based 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. The standard payment terms are usually within 30 to 90 days from invoice date.

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 standalone transaction and the remaining balance of the contract price is then allocated to the future updates of the software.

2.6 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.

2.7 Borrowing costs

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

2.8 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.

2.9 Taxation

2.9.1 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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

2.9 Taxation (continued)

2.9.2 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.

2.9.3 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, 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 profit or loss, 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.

2.9.4 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.

2.10 Employee benefits

2.10.1 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.

2.10.2 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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

2.11 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.

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

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.

2.13 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%
Computer software	14,3%	Trade names	6,7 – 10%

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 10).

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.

2.14 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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

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 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.

2.16.1 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.

2.16.2 Group as a lessor

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

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

Notes to the annual financial statements continued

for the year ended 30 June 2023

2.16 Leases (continued)

2.16.2 Group as a lessor (continued)

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.

2.17 Financial instruments

Financial instruments comprise investments in equity, loans receivable, trade and other receivables (excluding non-financial assets), 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.

2.17.1 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.

2.17.2 Measurement

At initial recognition, the group measures a financial liability carried at amortised cost at its fair value plus directly attributable transaction

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 ("ECL") 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 11), amounts due by group companies (note 3) and cash and other cash equivalents (note 14).

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. ("EIR")

2.17.3 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 28.2.

2.17.4 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.

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 review of overdue amounts; and
- comparing the risk of default at the reporting date and at the date of initial recognition; and
- 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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

2.17 Financial instruments (continued)

2.17.4 Impairment (continued)

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 28.6.

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 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 future financial periods. The calculation of the ECL is based on each individual company within the group's historical default rates observed over the expected life of the loans, adjusted for factors that are specific to the company, general economic conditions and an assessment of both the current and forecast direction of the market at the reporting date, including time value for money, where appropriate. This is done to allow for risk differentiation going forward and allows for risk management strategies impact being implemented.

2.18 Significant accounting judgements 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:

2.18.1 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.

2.18.2 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.

2.18.3 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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

2.18 Significant accounting judgements and estimates (continued)

2.18.4 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.

2.18.5 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.

2.18.6 Leases

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

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

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

Determination of the incremental borrowing rate

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

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

2.18.8: Going concern

The group and company statement of financial position has a negative net current asset value position at 30 June 2023. The group generated losses for the 2023 and 2022 year-ends and the company for the 2023 year-end and breached its debt covenants in 2023.

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 28.5 which sets out the liquidity risks of the group and company.

2.19 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:

Standard	Details of amendment	Effective date*
IAS 1 Presentation of Financial Statements	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.	01 January 2023
	Amendment: Classification of Liabilities as Current or Non-current: - Classification to be based on whether the right to defer settlement by at least twelve 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.	01 January 2024
	• Amendment: Classification of Long-term Debt Affected by Covenants: - Classify debt as non-current only if the company can avoid settling the debt within 12 months after the reporting date. - Specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. - The amendments require a company to disclose information about these covenants in the notes to the financial statements.	01 January 2024
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.	01 January 2023

Notes to the annual financial statements continued

for the year ended 30 June 2023

2.19 Standards and interpretations issued and not yet effective (continued)

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.	01 January 2023
IFRS 7 Financial Instruments: Disclosures IAS 7 Statement of Cash flows	• Amendment: Supplier finance arrangements requiring disclosure: - about how supplier finance arrangements affect an entity's liabilities and cash flow. - as to whether supplier finance agreements have been accessed providing extended payment terms or early payment terms for suppliers. - of the effects of exposure to liquidity risk including the impact if the supplier finance arrangements are no longer available.	01 January 2024
IFRS 16 Leases	• Narrow scope amendment: Lease Liability in a Sale and Leaseback: - Subsequent measurement for sale and leaseback transactions meeting the IFRS 15 requirements for sale only. - Seller-lessee to measure the lease liability in such a manner so that any gain or loss recognised relates only to rights transferred to buyer-lessor. No gain or loss must be recognised on the right of use retained.	01 January 2024
Practice Statement 2 Making Materiality Judgements	• 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 and provides examples. - Clarifies that when an entity chooses to disclose an immaterial accounting.	1 January 2023 (Non-mandatory guidance, can be applied anytime)
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	• New Standard: requiring entities to disclose information about sustainability-related risks and opportunities that are useful to users relating to providing resources to the entity. - Entities are required to disclose information about sustainability-related risks and opportunities reasonably expected to affect their prospects. - Prescribes how the entity prepares and reports its sustainability-related disclosures, setting out general requirements for content and presentation thereof. - To provide an understanding of the entity's governance processes & controls, strategy to manage, identification processes & controls and performance in relation to the sustainability-related risks and opportunities and targets set.	1 January 2024 (Effective prospectively)
IFRS S2 Climate-related Disclosures	• New Standard: requiring entities to disclose information about the climate-related risks (physical and transition) an entity is exposed to and the opportunities available to that may be useful to investors and capital providers. - Entities are required to disclose information about climate-related risks and opportunities reasonably expected to affect their cash flows, access to finance or cost of capital over the short-, medium- or long-term. - To provide an understanding of the entity's governance processes & controls, strategy, identification processes & controls and performance in relation to the climate-related risks and opportunities and targets set.	1 January 2024 (Effective prospectively)

*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.

2.20 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:

Standard	Details of amendment	Impact
IFRS 3 Business Combinations	Amendment: Reference to the 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.	This had no material impact on the group.
IFRS 9 Financial Instruments	Amendment: Fees in the '10 per cent' test for derecognition of financial liabilities 2 - 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.	
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).	

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Number of issued shares	Effective ownership		Rand value	
		2023 %	2022 %	2023 R'000	2022 R'000
3. Subsidiary companies included in these results					
Trading companies					
<i>Direct</i>					
Datavoice (Pty) Ltd &	100	100	100	-	-
Jasco Carrier Solutions (Pty) Ltd	4,806	100	100	52,914	52,914
Jasco Enterprise (Pty) Ltd	100	100	100	13,347	13,347
Jasco Systems (Pty) Ltd &	100	100	100	-	-
Jasco Trading (Pty) Ltd	4,180	100	100	877	877
MV Fire Protection Services (Pty) Ltd (formerly Jasco Security and Fire Solutions (Pty) Ltd) %&	297	100	100	-	-
NewTelco South Africa (Pty) Ltd	100	100	100	200	200
RAMM Systems (Pty) Ltd	1,000	51	51	18,985	18,985
Technology Integrated Solutions (Pty) Ltd @&	100	100	N/A	-	-
<i>Indirect</i>					
Jasco Power Solutions (Pty) Ltd *	1,000	100	100		
Dormant					
<i>Direct</i>					
Jasco Energy and Industry Solutions (Pty) Ltd	6,406,859	100	100	5,823	5,823
Jasco Infrastructure Company (Pty) Ltd &	100	100	100	-	-
Jasco Networks (Pty) Ltd	13,400	100	100	136	136
<i>Indirect</i>					
Telesto Communications (Pty) Ltd **	1,000	100	100		
				92,282	92,282
Amounts owing by group companies on current account - net of impairment					
- Datavoice (Pty) Ltd				789	-
- Jasco Carrier Solutions (Pty) Ltd				2,351	3,083
- Jasco Systems (Pty) Ltd				186	118
- Technology Integrated Solutions (Pty) Ltd @				19,038	-
- gross receivable				31,317	-
- allowance for impairment				(12,279)	-
- Jasco Trading (Pty) Ltd				54,820	117,579
- gross receivable				211,351	237,353
- allowance for impairment				(156,531)	(119,774)
				77,184	120,780
Amounts owing to group companies on current account					
- Jasco Energy and Industry Solutions (Pty) Ltd				(6,407)	(6,407)
- Jasco Trading (Pty) Ltd				(3,662)	(3,091)
				(10,069)	(9,498)

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 28.6 for the credit risk assessment relating to the amounts due by group companies

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

@ Acquired on 30 June 2023

% Placed in liquidation on 19 October 2022 (refer note 4)

The investment in Jasco Security and Fire Solutions was impaired during 2022 due to the continued losses made in the subsidiary.

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

** Shares owned by Jasco Enterprise (Pty) Ltd

@ Acquisition of Technology Integrated Solutions (Pty) Ltd

With effect from 30 June 2023, Jasco acquired all shares in Technology Integrated Solutions (Pty) Ltd from CIH Projects No 10 (Pty) Ltd, including a shareholder loan of R31 317 385 for a consideration of R31 317 386. Refer to note 22.5 for an analysis of the assets and liabilities acquired.

TIS provides a wide variety of dependable and long-lasting connectivity solutions to the energy and telecommunication industries. The energy product portfolio focuses on power accessories for the low- and medium voltage markets. The telecommunication portfolio focuses on optic fibre accessories.

This acquisition complements Webb Industries and Jasco Power Solutions and represents an opportunity for Jasco to drive revenue growth in these sectors.

The purchase consideration is funded through a Vendor Loan Agreement, bearing interest at the prime overdraft rate and is repayable by 31 July 2023. Subsequent to year-end this vendor loan was converted into equity following a shareholders meeting held on 24 August 2023. (refer to note 29)

Notes to the annual financial statements continued

for the year ended 30 June 2023

3. Subsidiary companies included in these results

Non-Controlling Interest (NCI)

	Principal place of business	Effective non-controlling interest	
		2023	2022
		%	%
Company name			
RAMM Systems (Pty) Ltd	South Africa	49	49

	RAMM Systems	
	2023 R'000	2022 R'000
Movement in non-controlling interest		
Opening NCI	11,566	11,186
Current year profit attributable to non-controlling interest	255	380
Closing NCI	11,821	11,566

Summarised statement of profit or loss

Revenue	39,965	41,097
Cost of sales	(17,433)	(16,494)
Operating expenses (incl. other income)	(22,082)	(24,051)
Net finance costs (incl. finance income)	253	189
Profit/(loss) before tax	703	741
Income tax expense	(183)	34
Total comprehensive income	520	775
Attributable to non-controlling interests	255	380

Summarised statement of financial position

Current assets	10,597	9,248
Non-current assets	1,036	854
Total Assets	11,633	10,102
Equity	9,140	8,620
Current liabilities	2,493	1,375
Non-current liabilities	-	107
Total Equity and Liabilities	11,633	10,102

Summarised statement of cash flows

Operating	2,506	476
Investing	(495)	(199)
Financing	(137)	(169)
Net movement in cash and cash equivalents	1,874	108

Notes to the annual financial statements continued

for the year ended 30 June 2023

4. Discontinued operations

Disposals in 2023

With effect from 19 October 2022, MV Fire Protection Services (Pty) Ltd (MV Fire) was placed in voluntary liquidation due to the continued losses suffered by the subsidiary with no prospects of turning the entity around. The financial performance and cash flow information presented are for the period ended 19 October 2022 (2023 column) and the year ended 30 June 2022.

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 (included in the 2022 column).

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

	Group	
	2023 R'000	2022 R'000
		<i>Restated*</i>
Statements of comprehensive income		
Revenue	3,314	31,364
Cost of sales	(5,557)	(42,026)
Gross profit	(2,243)	(10,662)
Other income	5,981	1,590
Selling and distribution costs	-	-
Administrative expenses	(5,116)	(13,805)
Other expenses	(752)	(1,936)
Net impairment loss on trade receivables	-	68
Operating (loss)/profit	(2,130)	(24,745)
Finance income	-	-
Finance costs	(120)	(425)
(Loss)/profit before taxation	(2,250)	(25,170)
Taxation	-	(417)
(Loss)/profit for the period	(2,250)	(25,587)
Other comprehensive income	-	-
Total comprehensive (loss)/income for the year	(2,250)	(25,587)
Profit and total comprehensive income for the year attributable to:		
– non-controlling interests	-	-
– ordinary shareholders of the parent	(2,250)	(25,587)
	(2,250)	(25,587)
The profit from the discontinued operations consist of the following:		
Loss after tax - Property Solutions	-	(250)
Profit on disposal after tax - Property Solutions	-	1,588
Loss after tax - MV Fire	(8,079)	(27,274)
Profit on derecognition after tax - MV Fire	5,829	-
Total	(2,250)	(25,936)

*Restated to include MV Fire Protection Services (Pty) Ltd

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group	
	2023 R'000	2022 R'000
		<i>Restated*</i>
4. Discontinued operations (continued)		
Disaggregation of revenue from contracts with customers		
Revenue is disaggregated by major revenue streams as documented below:		
Sale of goods and related services	3,314	5,581
At a point in time	3,314	2,314
Over a period of time	-	3,267
Project related revenue	-	24,189
At a point in time	-	24,189
Maintenance and support services	-	1,506
At a point in time	-	1,506
Connectivity and hosting services	-	88
At a point in time	-	88
Total revenue from contracts with customers	3,314	31,364
Statement of financial position at the date of disposal		
Non-current assets	214	1,055
Plant and equipment	214	-
Right-of-use assets	-	1,055
Current assets	4,541	1,387
Inventories	2,262	-
Trade and other receivables	2,188	1,301
Taxation	32	-
Cash and cash equivalents	59	86
Total assets	4,755	2,442
Non-current liabilities	(38,629)	(1,659)
Interest-bearing liabilities	(21)	-
Lease liabilities	-	(1,204)
Deferred income tax	-	(100)
Amounts owing to group companies	(38,608)	(355)
Current liabilities	(10,563)	(1,910)
Trade and other payables	(10,563)	(1,572)
Amounts owing to group companies	-	(338)
Total liabilities	(49,192)	(3,569)
Net equity	(44,437)	(1,127)
Net cash flows from discontinued operations		
Net cash outflow from operating activities	(6,133)	(14,829)
Net cash outflow from investing activities	(13)	(88)
Net cash inflow from financing activities	6,621	14,864
Net increase/(decrease) in cash generated by the discontinued operation	475	(53)

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
		<i>Restated[^]</i>		
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	554,219	608,660	5,321	5,516
Rental income from Hi Sites*	24,653	25,584	-	-
Dividend income *	-	-	-	20,724
Finance income - amounts owing by subsidiaries*	-	-	921	6,113
Total revenue	578,872	634,244	6,242	32,353

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

5.1 Disaggregation of revenue from contracts with customers

Revenue is disaggregated by major revenue streams as documented below:

Sale of goods and related services	393,142	451,684	-	-
At a point in time	393,142	451,684	-	-
Over a period of time	-	-	-	-
Project related revenue	9,815	7,522	-	-
At a point in time	9,815	7,522	-	-
Over a period of time	-	-	-	-
Maintenance and support services	108,010	113,102	-	-
At a point in time	37,607	39,333	-	-
Over a period of time	70,403	73,769	-	-
Connectivity and hosting services	21,719	16,981	-	-
At a point in time	5,959	5,034	-	-
Over a period of time	15,760	11,947	-	-
Software related licenses	21,533	19,371	-	-
At a point in time	12,521	8,137	-	-
Over a period of time	9,012	11,234	-	-
Administration fees	-	-	5,321	5,516
Over a period of time	-	-	5,321	5,516
Total revenue from contracts with customers	554,219	608,660	5,321	5,516

[^] Restated for discontinued operations

	Group	
	2023 R'000	2022 R'000
5.2 Assets and liabilities related to contracts with customers		
The company did not recognise any 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.		
Reconciliation of contract assets		
Opening balance at the beginning of year	1,039	1,574
Transferred to trade and other receivables on invoicing the customer	(1,039)	(1,574)
Raised in the current year	293	1,039
Expected credit loss	-	-
Closing balance at end of year - current	293	1,039

Contract assets have been considered for loss allowance and the credit risk is deemed immaterial hence no provision has been raised. Refer to note 28.6.

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group	
	2023 R'000	2022 R'000
5. Revenue (continued)		
5.2 Assets and liabilities related to contracts with customers		
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.		
Opening balance	16,077	18,372
Costs incurred to fulfil contracts during the year	25,834	30,346
Impairment of costs incurred to fulfil contracts during the year	-	(1,539)
Amortisation of costs incurred to fulfil contracts during the year	(20,615)	(31,102)
	21,296	16,077
Current portion of assets recognised for costs incurred to fulfil a contract (included in Trade and other receivables - refer note 16)	21,296	16,077
Non-current portion of assets recognised for costs incurred to fulfil a contract	-	-
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:		
- Within one year	62,036	41,171
- Within two years	3,401	2,115
Total contract liabilities	65,437	43,286
Reconciliation of contract liabilities:		
Opening balance at beginning of year	43,286	50,057
Recognised as revenue in current year	(47,410)	(50,043)
Received in the current year	69,561	43,272
Closing balance at end of year	65,437	43,286

Contract liabilities increased due to more prepayments made by customers close to the financial year-end.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
6. (Loss)/profit before taxation from continuing operations				
The operating (loss)/profit is stated after allowing for the following:				
Income				
Foreign exchange gains arising from financial instruments	5,172	4,816	-	-
- realised	4,005	4,009	-	-
- unrealised	1,167	807	-	-
Rental income	1,555	1,071	-	-
Finance income	995	963	153	65
- Finance income from financial assets at amortised cost	995	962	153	65
- bank interest	634	339	153	65
- other loans	361	623	-	-
- Finance income from finance lease agreements	-	1	-	-
Gain on lease modification	-	16,336	-	-
Profit on disposal of plant and equipment	82	217	-	-

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
		<i>Restated*</i>		
6. (Loss)/profit before taxation from continuing operations (continued)				
Expenditure				
Administration, managerial and secretarial fees paid to subsidiaries	-	-	3,185	2,688
Administration, managerial and secretarial fees paid to other parties	2,333	4,184	-	-
Auditors' remuneration	7,029	5,482	1,700	1,489
Consulting fees	8,303	8,269	-	743
Amortisation of intangible assets (refer note 10)	6,149	10,882	-	-
Depreciation of plant and equipment (refer note 8)	5,173	9,206	-	-
Depreciation of right-of-use assets (refer note 9)	17,762	12,244	-	-
Finance costs of other financial liabilities	24,831	17,211	12,240	10,834
• Finance costs	13,076	12,093	12,240	10,834
– bank loans and overdrafts	1	19	-	18
– corporate bond and term loan	12,174	11,941	12,174	10,816
– other loans	553	-	-	-
– other	348	133	66	-
• Finance charges	11,755	5,118	-	-
– lease liabilities	11,740	5,070	-	-
– instalment sale agreements	15	48	-	-
Foreign exchange losses arising from financial instruments	5,363	3,357	-	-
– realised	3,571	2,772	-	-
– unrealised	1,792	585	-	-
Impairment of goodwill (refer note 10)	13,641	-	-	-
Impairment of loans to subsidiaries (note 3)	-	-	50,000	-
Impairment of investment in subsidiary (note 3)	-	-	-	10,711
Impairment of loan to the Jasco Employee Share Incentive Trust (refer note 11)	-	-	1,604	812
Insurance expense	2,315	2,080	-	-
Lease charges on low-value assets and short-term leases	2,025	1,726	-	-
– rental premises	1,468	1,079	-	-
– equipment	73	10	-	-
– motor vehicles	484	637	-	-
Loss on disposal of plant and equipment	154	302	-	-
Professional fees relating to the delisting	1,495	-	1,495	-
Staff costs	156,847	168,967	2,849	2,468
• Short term benefits	145,165	157,346	2,849	2,468
– non-executive directors	2,849	2,468	2,849	2,468
– executive directors	5,376	5,144	-	-
– executive management	15,882	12,759	-	-
– other staff (including other benefits)*	121,058	136,975	-	-
• Post-employment benefits - total amounts contributed to defined contribution funds	11,682	11,621	-	-
– executive directors	217	202	-	-
– executive management	1,589	1,470	-	-
– other staff	9,876	9,949	-	-

* R54 999 000 (2022: R64 612 372) is included as part of cost of sales

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
		<i>Restated</i>		
7. Taxation				
South African normal taxation				
Current	1,626	61	-	-
– current year charge	1,634	234	-	-
– prior year (over)/under provision	(8)	(173)	-	-
Deferred	(1,631)	2,645	-	(7)
– temporary differences	(1,631)	(248)	-	(7)
– change in deferred tax rate from 28% to 27%	-	536	-	-
– reduction in tax losses recognised	-	1,962	-	-
- prior year under/(over) provision	-	395	-	-
Foreign taxes	2,329	845	-	-
Total normal tax	2,324	3,551	-	(7)
The reconciliation of the effective rate of the tax charge to the company tax rate is as follows:				
Standard taxation rate	27.0	28.0	27.0	28.0
Non-deductible expenses	(6.5)	(4.4)	(1.2)	228.7
Delisting cost	(0.6)	-	(0.6)	-
Interest on corporate bond	-	(1.9)	-	15.3
Consulting fees	-	(0.4)	-	-
Donations, penalties and fines	-	(0.2)	-	-
Impairment of investment in subsidiary	-	-	-	198.4
Impairment of loan receivable from Trust	-	-	(0.6)	15.0
Impairment of goodwill	(5.4)	-	-	-
Depreciation and amortisation	4.7	(1.7)	-	-
Other	(5.2)	(0.2)	-	-
Non-taxable income	2.5	4.0	-	(384.4)
Dividend received	-	-	-	(383.9)
Profit on disposal of subsidiary	2.5	3.7	-	-
Accounting interest received	-	0.2	-	-
Other	-	0.1	-	(0.5)
Unrecognised tax losses	(23.2)	(43.8)	(6.1)	127.3
Change in estimate from prior year	-	(3.2)	-	-
Prescribed foreign tax credits	(3.6)	(8.7)	-	-
Differences in capital gains rates	0.1	(1.1)	-	-
Change in deferred tax rate from 28% to 27%	-	(4.4)	-	-
Differences in corporate tax rates	0.1	0.4	-	-
Effective taxation rate	(3.6)	(3.2)	19.7	(0.4)

The interest on the corporate bond and acquisition costs are capital in nature in terms of the South African Income Tax Act.

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
7. Taxation (continued)				
Deferred income tax asset/(liability)				
Beginning of year	14,465	17,073	-	(7)
Disposal of subsidiary	-	100	-	-
Income statement movement	1,631	(2,708)	-	7
End of year	16,096	14,465	-	-
Deferred tax asset	16,096	15,771	-	-
- less than 12 months	12,843	12,447	-	-
- greater than 12 months	3,253	3,324	-	-
Deferred tax liability	-	(1,306)	-	-
- less than 12 months	-	(1,306)	-	-
- greater than 12 months	-	-	-	-
Net deferred tax asset	16,096	14,465	-	-
Made up as follows				
- amortisation of intangibles	(2,445)	(3,907)	-	-
- income received in advance	17,909	10,705	-	-
- section 24C allowance	(6,510)	(1,685)	-	-
- accelerated depreciation	(1,361)	(2,206)	-	-
- capitalised costs	-	84	-	-
- contingent consideration	(319)	(403)	-	-
- deferred gains and losses on foreign currency contracts	(29)	(16)	-	-
- impairment of receivables	671	340	-	-
- right of use assets	(26,164)	(5,187)	-	-
- lease liabilities	28,311	6,576	-	-
- prepayments	(2,141)	(782)	-	-
- provisions	2,288	3,249	-	-
- retentions	(3)	-	-	-
- taxation losses	5,889	7,697	-	-
	16,096	14,465	-	-
Estimated taxation losses available for set off against future taxable profits*	209,879	186,848	62,889	47,387
Taxation losses which could be recognised as an asset	56,667	50,449	16,980	12,795
Less deferred tax asset not recognised	(50,778)	(42,752)	(16,980)	(12,795)
Asset recognised - tax losses	5,889	7,697	-	-
Estimated capital taxation losses available for set off against future taxable capital profits	116,231	116,532	100,899	100,899

* The comparatives have been restated to reflect the correct estimated tax losses available for set off against future taxable profits. This restatement had no impact on the carrying value of the deferred tax asset recognised

Notes to the annual financial statements continued

for the year ended 30 June 2023

8. Plant and equipment

	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
Group							
2023							
Net book value – beginning of year	1,894	17,067	2,154	7,620	126	1,318	30,179
– cost	9,754	66,441	12,797	40,690	1,552	8,546	139,780
– accumulated depreciation and impairment	(7,860)	(49,374)	(10,643)	(33,070)	(1,426)	(7,228)	(109,601)
Current year movements	(709)	1,601	(42)	(1,295)	567	408	530
– additions	33	824	224	804	-	779	2,664
– net book value of disposals	(211)	(70)	(48)	(43)	-	(67)	(439)
– acquisition of subsidiary	-	2,573	-	395	691	363	4,022
– loss of control of subsidiary	-	(66)	-	(75)	(75)	-	(216)
– impairment raised	-	-	-	(262)	-	-	(262)
– depreciation	(531)	(1,660)	(218)	(2,114)	(49)	(667)	(5,239)
End of year	1,185	18,668	2,112	6,325	693	1,726	30,709
Made up as follows							
– cost	9,458	65,731	12,918	32,680	1,913	8,826	131,526
– accumulated depreciation and impairment	(8,273)	(47,063)	(10,806)	(26,355)	(1,220)	(7,100)	(100,817)
Net book value	1,185	18,668	2,112	6,325	693	1,726	30,709
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 and impairment	(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 and impairment	(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

Security pledged

Certain motor vehicles and equipment are secured as per note 18 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 18.

Notes to the annual financial statements continued

for the year ended 30 June 2023

9. Right-of-use assets and lease liabilities

9.1 Right of use assets

	Buildings and property R'000	Motor vehicles R'000	Furniture fixtures and office equipment R'000	Total R'000
Group				
2023				
Net book value – beginning of year	18,923	702	-	19,625
– cost	43,972	1,518	2,103	47,593
– accumulated depreciation	(25,049)	(816)	(2,103)	(27,968)
Current year movements	77,858	(289)	-	77,569
– additions	97,832	-	-	97,832
- lease modification	(2,501)	-	-	(2,501)
– depreciation	(17,473)	(289)	-	(17,762)
End of year	96,781	413	-	97,194
Made up as follows				
– cost	130,290	1,327	1,839	133,456
– accumulated depreciation	(33,509)	(914)	(1,839)	(36,262)
Net book value	96,781	413	-	97,194
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

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 R0,4million for a 6-month period and a credit of R 2,5million 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.

On 24 August 2023, the outstanding rental payments were converted into equity, accordingly the carrying value of the right-of-use asset and related lease liability will decreased by R23 889 562 each to reflect the new payment profile in the 2024 financial year.

The lease modification in 2023 relates to the a change in the lease of Jasco Manufacturing, having cancelled the lease of 2,000 sqm storage space on 31 March 2023 with an effective date of 1 April 2024.

With effect from 31 August 2023, Jasco Manufacturing issued the landlord with the 12-month notification that cancels the lease with effect from 31 August 2024.

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group	
	2023 R'000	2022 R'000
9. Right-of-use assets and lease liabilities (continued)		
9.2 Lease Liabilities		
Principal amounts owing in respect of lease agreement		
Total	118,794	24,710
- gross minimum lease payments	170,162	28,967
- finance charges	(51,368)	(4,257)
- current lease liabilities	(18,975)	(7,207)
Non-current lease liabilities	99,819	17,503
Reconciliation of liabilities arising from financing activities		
Balance at 1 July	24,710	77,564
New leases obtained	97,100	23
Repayments	(12,255)	(22,050)
Principal repayments	(9,419)	(16,841)
Interest repayments	(2,836)	(5,209)
Finance charges	11,740	5,209
Disposal of subsidiary	-	(1,204)
Change in liability on lease modification	(2,501)	(34,832)
Total	118,794	24,710
The maturity analysis of the cash flows of the lease liabilities is as follows:		
- one year	29,696	9,349
- after one year, within five years	88,626	19,618
- after five years	51,840	-
Total	170,162	28,967

An average rate of 10.13% (2022: 10.13%) was applied across the group on all leases. The disclosed leases have lease terms that end between period October 2023 and June 2032.

Notes to the annual financial statements continued

for the year ended 30 June 2023

10. Intangible assets

	Goodwill R'000	Trade names R'000	Voice transaction management applications R'000	Computer software R'000	Customer related intangible assets R'000	Total intangible assets R'000
Group						
2023						
Net book value – beginning of year	41,355	300	1,957	7,215	6,196	57,023
– 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)
Current year movements	(611)	(300)	(1,957)	(2,026)	(2,324)	(7,218)
– acquisition of subsidiary	13,030	-	-	-	-	13,030
– amortisation	-	(300)	(1,957)	(1,575)	(2,324)	(6,156)
– impairment and scrapping	(13,641)	-	-	(451)	-	(14,092)
End of year	40,744	-	-	5,189	3,872	49,805
Made up as follows						
– cost	68,583	8,551	-	16,665	16,262	110,061
– accumulated amortisation and impairment	(27,839)	(8,551)	-	(11,476)	(12,390)	(60,256)
Net book value	40,744	-	-	5,189	3,872	49,805
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

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 RAMM acquisitions. These intangibles are amortised over a period of five to ten years.

The addition to goodwill in 2023 relates to the acquisition of TIS on 30 June 2023. Refer to note 3 for more information. Based on the slower than anticipated growth in the subsidiary, a conservative decision was taken to impair the goodwill acquired at acquisition.

Due to the continued losses suffered by the Manufacturing business unit, the goodwill relating to it has been impaired in 2023.

Notes to the annual financial statements continued

for the year ended 30 June 2023

10. 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% (2022: 1,0%) was assumed into perpetuity.

The discount rate calculation is based on the specific circumstances of the group and the specific CGU and has increased from 2022 due to the increase in 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. 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	Pre-tax discount rate	Gross profit margin	Valuation
	R'000	%	%	R'000
2023				
Carrier Solutions	32,370	19.21%	66.6%	87,123
RAMM Technologies	8,374	21.78%	62.0%	15,031
	40,744			102,154
2022				
Carrier Solutions	32,370	16.33%	68.6%	117,965
RAMM Technologies	8,374	15.80%	61.1%	31,837
Manufacturing	611	14.80%	16.6%	33,758
	41,355			183,560

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 (Amounts in R'000)	GP margin		Growth rate		Discount rate	
	1%	(1%)	1%	(1%)	1%	(1%)
Carrier Solutions	2,216	(2,216)	4,254	(3,655)	(6,204)	7,219
RAMM Technologies	2,465	(2,451)	837	(746)	(991)	1,090

Impairment

Due to the continued losses suffered by the Manufacturing business unit, the goodwill relating to it has been impaired in 2023. Based on the slower than anticipated growth in TIS, a conservative decision was taken to impair the goodwill acquired at acquisition. No impairment was recognised in 2022.

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
11. Other non-current assets				
11.1 Loan to the Jasco Employee Share Incentive Trust				
Loan	-	-	2,141	2,823
Allowance for impairment	-	-	12,608	11,686
	-	-	(10,467)	(8,863)
The loan attracts interest at a variable rate as per the SARS Interest Rates - Table 3, which was 9.25% (2022: 5.75%) at the reporting date.				
11.2 Loan to customer				
Total	-	-	-	-
- loan	-	1,338	-	-
- unearned finance income	-	1,357	-	-
Current portion transferred to current assets	-	(19)	-	-
	-	(1,338)	-	-
This balance related to a loan provided to an Enterprise customer, in the form of extended credit terms, and attracted interest at a rate of prime plus 5,5%.				
11.3 Other loans				
Total	706	1,365	-	-
- loan	1,479	1,865	-	-
- allowance for impairment	-	-	-	-
Current portion transferred to current assets	(773)	(500)	-	-
The balance relates to the contingent consideration for the disposal of Jasco Property Solutions in 2022 (refer to note 4) and PTM in 2021.				
Non-current	706	1,365	2,141	2,823
Refer to note 28.6 for the credit risk assessment.				
12. Inventories				
Raw materials	12,972	21,924	-	-
Work in progress	929	1,632	-	-
Finished goods and merchandise	58,815	50,596	-	-
- at cost	63,798	55,627	-	-
- provision for obsolete stock	(4,983)	(5,031)	-	-
	72,716	74,152	-	-
Inventory expensed, included in cost of sales	328,622	368,651	-	-
- inventory expensed during the year	326,037	367,218	-	-
- inventory written off during the year	2,585	1,433	-	-
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 18.				
13. Trade and other receivables				
Financial instruments				
Trade receivables	106,293	95,474	-	-
- trade receivables	110,435	97,568	-	-
- impairment allowance	(4,142)	(2,094)	-	-
Deposits	1,085	2,650	-	-
Other receivables	884	416	-	-
Non-financial instruments				
Costs incurred to fulfil contracts (refer to note 5)	21,296	16,077	-	-
Prepayments	14,918	4,134	-	180
Retentions	11	-	-	-
VAT receivable	1,227	1,193	482	432
Other receivables #	2,550	1,187	-	-
Financial assets at fair value through profit or loss				
Foreign currency contracts	149	61	-	-
	148,413	121,192	482	612
<i># Balance relates mainly to rent clearing receipts and recoverable costs.</i>				
The trade receivables of the major subsidiaries were ceded as security for the Bank of China term loan. Refer to note 18.				
Refer to note 28.6 for the credit risk assessment.				

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
14. Cash and cash equivalents				
Current accounts	43,586	26,873	235	190
Call accounts	3,364	2,872	-	-
Cash on hand	127	116	-	-
	47,077	29,861	235	190
<u>General banking facilities</u>				
The following general banking facilities are held by ring-fenced subsidiaries				
- ABSA Bank (MV Fire Protection Services)	-	1,000	-	-
- Nedbank (RAMM Systems)	1,000	1,000	-	-
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.				
Included in the current accounts is R5m that has been restricted as security for a tender submitted by TIS, which is valid until Nov 2023.				
Refer to note 28.6 for the credit risk assessment.				
15. Share capital				
15.1 Authorised				
750 000 000 ordinary shares with no par value				
29 884 633 redeemable preference shares with no par value				
15.2 Issued				
367 444 716 ordinary shares				
Beginning of year	328,531	281,283	328,531	281,283
New shares issued	-	47,248	-	47,248
End of year	328,531	328,531	328,531	328,531
In 2022, the issued ordinary share capital increased from 229 318 191 to 367 444 716 ordinary shares following the right 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. R40 million of the new equity was utilised to settle the debt. Refer to note 18.				
16. Treasury shares				
The Jasco Employee Share Incentive Trust owns 4 873 062 (2022: 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 Directors Report.				

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000

17. Non-distributable reserves

Equity settled share-based payment reserve (note 17.1) #

– beginning of year

– recycled to retained earnings

4,397	4,397	-	-
-	-	-	-
4,397	4,397	-	-

Refer to note 2.10.3 for a description relating to share-based compensation.

17.1 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 (2022: 53 478 714) 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 (2022: 17 023 501). 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.

	2023	2022
Number of ordinary shares reserved	53,478,714	53,478,714
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	-	-
Number of available shares	50,829,418	50,829,418

Summary of shares issued

Date issued	Number	Price per share (c)	Shares issued by trust not yet withdrawn	
			2023	2022
13 June 2016	2,163,699	81	834,881	834,881
02 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

All shares had vested in 2020, accordingly, no further expenses have been recognised.

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
18. Interest bearing liabilities				
Term loan: Bank of China	99,804	108,469	99,804	108,469
Principal amounts owing in respect of instalment sale agreements	32	240	-	-
– gross minimum instalments	32	291	-	-
– finance charges	-	(51)	-	-
Total	99,836	108,709	99,804	108,469
Current portion transferred to short term borrowings (refer note 25)	(99,836)	(9,809)	(99,804)	(9,600)
– instalment sale agreements	(32)	(209)	-	-
– term loan	(99,804)	(9,600)	(99,804)	(9,600)
Non-current	-	98,900	-	98,869

Particulars

With effect from 28 December 2021, Jasco restructured its working capital loan from the Bank of China into a new 36-month term loan, bearing interest at the 1-month JIBAR plus 480 basis points, which is payable monthly. The capital is repaid and repayable as follows:

- R 20 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:

- Debt to equity ratio to not exceed a level of 150%. Actual: 200% (2022: 99%)
- Current and quick ratios not to reduce below 1.2:1 and 0.80:1 respectively. Actual: 1.3 and 0.9 (2022: 1.6 and 1.1)
- Interest cover to be maintained at a minimum of 1.5 times. Actual -1.8 (2022: 3.1)

At 30 June 2023 the debt to equity ratio and interest cover ratios were in breach due to the losses suffered during the year, accordingly the amount due was reclassified to current.

Following the recapitalisation on 24 August 2023, the debt to equity ratio improved to 90%.

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 to three years. These liabilities are secured over motor vehicles and equipment with a net book value of R102 733 (2022: R178 650).

Notes to the annual financial statements continued

for the year ended 30 June 2023

18. Interest bearing liabilities (continued)

Reconciliation of interest bearing liabilities arising from financing activities

Group	Corporate bond	Bank of China	Instalment sale agreement	Total
2023				
Balance at 30 June 2022	-	108,469	240	108,709
Repayments	-	(20,839)	(204)	(21,043)
Capital repayments	-	(9,100)	(188)	(9,288)
Interest repayments	-	(11,739)	(16)	(11,755)
Finance charges	-	12,174	17	12,191
Disposal of subsidiary	-	-	(21)	(21)
Balance at 30 June 2023	-	99,804	32	99,836
Current liabilities	-	99,804	32	99,836
Non-current liabilities	-	-	-	-
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	(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
Company				
	Corporate bond	Bank of China		Total
2023				
Balance at 30 June 2022	-	108,469		108,469
Repayments	-	(20,839)		(20,839)
Capital repayments	-	(9,100)		(9,100)
Interest repayments	-	(11,739)		(11,739)
Finance charges	-	12,174		12,174
Capitalised initial costs	-	-		-
Balance at 30 June 2023	-	99,804		99,804
Current liabilities	-	99,804		99,804
Non-current liabilities	-	-		-
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	(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

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
19. Trade and other payables				
Financial instruments				
Trade payables	99,139	69,172	2,845	1,879
Non-financial instruments				
Accrued expenses	31,725	9,775	1,827	1,778
Payroll related accruals	11,277	12,510	-	-
VAT Payable	778	3,101	-	-
Other payables >	3,331	6,073	-	-
Financial liabilities at fair value through profit or loss				
Foreign currency contracts	42	-	-	-
	146,292	100,631	4,672	3,657
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.				
> <i>Balance mainly relates to debtors with credit balances that were reclassified</i>				
20. Provisions				
Bonus				
Beginning of year	3,164	652	-	-
Arising during year	672	3,024	-	-
Utilised during year	(3,169)	(512)	-	-
Unused amount reversed	(8)	-	-	-
End of year	659	3,164	-	-
Warranties				
Beginning of year	150	150	-	-
Unused amount reversed	-	-	-	-
End of year	150	150	-	-
Other				
Beginning of year	271	570	-	-
Arising during year	476	554	-	-
Utilised during year	(304)	(752)	-	-
Unused amount reversed	(45)	(101)	-	-
End of year	398	271	-	-
Total provisions				
Beginning of year	3,585	1,372	-	-
Arising during year	1,148	3,578	-	-
Utilised during year	(3,473)	(1,264)	-	-
Unused amount reversed	(53)	(101)	-	-
End of year	1,207	3,585	-	-

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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
21. Short term borrowings				
Short term borrowings comprise:				
- current portion of non-current interest-bearing liabilities (refer note 18)	99,836	9,809	99,804	9,600
- insurance payment plan	750	808	-	-
- Vendor Loan - TIS acquisition (refer note 3)	31,317	-	31,317	-
- project funding	3,000	6,066	-	-
- bank overdrafts	-	478	-	-
	134,903	17,161	131,121	9,600
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 Webb Industries business unit. The loan bears interest at 15% and are repayable by 31 December 2022.				
22. Notes to the statements of cash flows				
22.1 Reconciliation of (loss)/ profit before taxation to cash generated from operations				
(Loss)/ profit before income tax	(64,262)	(11,962)	(68,601)	1,512
- continuing operations	(62,012)	13,208	(68,601)	1,512
- discontinued operations	(2,250)	(25,170)	-	-
Adjustments for:				
- amortisation of intangibles	6,149	10,903	-	-
- depreciation of plant and equipment	5,174	9,369	-	-
- depreciation of right-of-use assets	17,762	12,244	-	-
- gain on lease modification	-	(16,336)	-	-
- impairment of loans to subsidiaries	-	-	50,000	-
- impairment of investment in subsidiary	-	-	-	10,711
- impairment of goodwill	13,640	-	-	-
- impairment of cost incurred to fulfil contract	-	1,539	-	-
- impairment of the loan to the Jasco Share Incentive Trust	-	-	1,603	811
- impairment of fixed assets	262	-	-	-
- liability waived on lease renegotiation	-	(2,523)	-	-
- provisions raised/(reversed)	(2,545)	483	-	-
- unrealised foreign exchange gains	(1,167)	(807)	-	-
- unrealised foreign exchange losses	1,792	586	-	-
- net loss/(profit) on sale of plant and equipment	72	85	-	-
- scrapping of intangibles	416	-	-	-
- net interest and dividend paid/(received)	23,836	16,535	11,166	(16,068)
- discontinued operations	(5,580)	(648)	-	-
amortisation of intangibles	7	-	-	-
depreciation of plant and equipment	65	-	-	-
depreciation of right-of-use assets	-	802	-	-
scrapping of intangibles	35	-	-	-
movement in provisions	(181)	-	-	-
net loss on sale of plant and equipment	203	-	-	-
net profit on disposal of subsidiary	(5,829)	(1,588)	-	-
net finance cost	120	138	-	-
Cash flows from operations before working capital changes	(4,451)	19,468	(5,832)	(3,034)
Working capital changes	54,865	17,217	1,591	579
- decrease in inventories	5,747	13,329	-	-
- (increase)/ decrease in trade and other receivables, including contract and other assets	(18,649)	(3,915)	130	(474)
- increase in amounts owing by subsidiaries	-	-	(125)	(2,195)
- increase in trade and other payables, including contract liabilities	67,767	7,803	1,015	157
- increase in amounts owing to subsidiaries	-	-	571	3,091
Cash generated from/(utilised in) operations	50,414	36,685	(4,241)	(2,455)

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
22. Notes to the statements of cash flows (continued)				
22.2 Taxation paid				
Net taxation refundable at beginning of year	10,459	8,534	-	-
Net acquisition/disposal of subsidiaries/business operations	(31)	-	-	-
Amounts charged per statement of comprehensive income, excluding deferred taxation	(3,956)	(1,260)	-	-
Interest accrued on underpayment	-	(10)	-	-
Net taxation refundable at end of year	(9,190)	(10,459)	-	-
Cash amounts paid	(2,718)	(3,195)	-	-
22.3 Purchase of plant and equipment				
Plant and machinery	(824)	(333)	-	-
Hi Sites	(224)	(8)	-	-
Furniture and office equipment	(804)	(686)	-	-
Computer and manufacturing equipment	(779)	(276)	-	-
Leasehold improvements	(33)	-	-	-
Total purchase of plant and equipment	(2,664)	(1,303)	-	-
22.4 Disposal of subsidiaries				
Plant and equipment	214	-	-	-
Right-of-use assets	-	1,055	-	-
Inventories	2,263	-	-	-
Accounts receivable	2,188	1,301	-	-
Accounts payable	(10,563)	(1,910)	-	-
Current taxation	31	-	-	-
Deferred taxation	-	(100)	-	-
Amount owing to group companies on loan accounts	-	(355)	-	-
Interest bearing liabilities	(21)	-	-	-
Finance leases	-	(1,204)	-	-
Net cash and cash equivalents	59	86	-	-
Profit on disposal	5,829	1,588	-	-
Total purchase price	-	461	-	-
Exclude: net cash and cash equivalents disposed of	(59)	(86)	-	-
Exclude: deferred payment (refer to note 11)	-	(461)	-	-
Cash flow on disposal net of cash disposed of	(59)	(86)	-	-
In 2023, the group placed MV Fire Protection Services (Pty) Ltd into liquidation. In 2022, the group sold its shareholdings in Jasco Property Solutions (Pty) Ltd. Refer to note 4 for more information.				
22.5 Acquisition of subsidiary				
Investment in subsidiary, at cost*	-	-	-	-
Plant and equipment	(4,020)	-	-	-
Intangible assets	(13,030)	-	-	-
Inventories	(6,574)	-	-	-
Accounts receivable	(9,579)	-	-	-
Accounts payable	6,961	-	-	-
Amount owing to group companies on loan accounts	-	-	(31,317)	-
Net cash and cash equivalents	(5,826)	-	-	-
Total purchase price	(32,068)	-	(31,317)	-
Exclude: net cash and cash equivalents acquired	5,826	-	-	-
Exclude: deferred payment	31,317	-	31,317	-
Cash flow on acquisition, net of cash acquired/disposed of	5,075	-	-	-

Refer to note 3 for more information

* Less than R1,000

Notes to the annual financial statements continued

for the year ended 30 June 2023

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
23. Lease agreements				
23.1 Short-term leases and low-value assets				
Future minimum rentals for premises and office equipment under non-cancellable leases payable within:				
– one year	2,328	4,801	-	-
– after one year, within five years	4,386	6,714	-	-
– after five years	-	-	-	-
Total	6,714	11,515	-	-
23.2 Operating lease income				
Future minimum rentals under non-cancellable leases receivable within:				
– one year	8,628	24,477	-	-
– after one year, within five years	5,228	13,856	-	-
– after five years	-	-	-	-
Total	13,856	38,333	-	-

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

24. 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.

25. 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 6 for the company contributions made.

Notes to the annual financial statements continued

for the year ended 30 June 2023

26. Related parties

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

All purchasing and selling transactions with related parties are concluded in the ordinary course of business. Outstanding balances at year end are unsecured, bear interest at 5.75% (2022: 5.75%) and settlement occurs in cash.

Amounts owing between subsidiaries are set out in note 3.

Directors' emoluments are disclosed in note 27.

Administration, managerial and secretarial fees between related parties are disclosed in notes 5 and 6.

	Company	
	2023 R'000	2022 R'000
Administration fees received from subsidiaries (refer to note 5)		
Datavoice (Pty) Ltd	789	-
Jasco Carrier Solutions (Pty) Ltd	2,351	3,083
Jasco Systems (Pty) Ltd	186	118
Jasco Trading (Pty) Ltd	1,995	1,728
NewTelco South Africa (Pty) Ltd	-	587
	5,321	5,516
Administration fees paid to subsidiaries (refer to note 6)		
Jasco Trading (Pty) Ltd	3,185	2,688
Finance income from amounts owing by subsidiaries received (refer to note 5)		
Jasco Trading (Pty) Ltd	-	5,566
Jasco Share Incentive Trust	921	547
	Group	
	2023 R'000	2022 R'000
Loans from other related parties		
- Project funding loan from Muzibix (Pty) Ltd (refer to note 21)	3,000	3,000
- Vendor loan financing from CIH Projects No 10 (Pty) Ltd (refer to note 3)	31,317	-
	34,317	3,000

In 2022, 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.

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 6 and 27 for the required disclosures.

Notes to the annual financial statements continued

for the year ended 30 June 2023

27. Directors' and prescribed officers' emoluments

	Short term benefits					Contributions to defined contribution funds R	Total R
	Fees for services as a director R	Basic salary R	Sums paid by way of expense allowance R	Contributions under any other benefit scheme \$ R	Total short term benefits R		
2023							
Non-executive							
<i>(paid by Jasco Electronics Holdings Limited)</i>							
ATM Mokgokong	526,419	-	-	-	526,419	-	526,419
MJ Madungandaba	511,117	-	-	-	511,117	-	511,117
DH du Plessis	404,207	-	-	-	404,207	-	404,207
MSC Bawa	396,702	-	-	-	396,702	-	396,702
TP Zondi	307,073	-	-	-	307,073	-	307,073
PF Radebe	396,702	-	-	-	396,702	-	396,702
Dr ND Munisi	307,073	-	-	-	307,073	-	307,073
<i>(paid by Jasco Trading (Pty) Ltd)</i>							
AMF Da Silva* @				210,000	210,000	-	210,000
	2,849,293	-	-	210,000	3,059,293	-	3,059,293
Executive							
<i>(paid by Jasco Trading (Pty) Ltd)</i>							
LA Prigge	-	1,745,007	5,971	180,444	1,931,422	216,558	2,147,980
WA Prinsloo#	-	3,234,998	38,445	170,774	3,444,217	-	3,444,217
	-	4,980,005	44,416	351,218	5,375,639	216,558	5,592,197
Total directors	2,849,293	4,980,005	44,416	561,218	8,434,932	216,558	8,651,490
2022							
Non-executive							
<i>(paid by Jasco Electronics Holdings Limited)</i>							
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
<i>(paid by Jasco Trading (Pty) Ltd)</i>							
AMF Da Silva* @				840,000	840,000	-	840,000
	2,468,195	-	-	840,000	3,308,195	-	3,308,195
Executive							
<i>(paid by Jasco Trading (Pty) Ltd)</i>							
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

* AMF da Silva is an alternative non-executive director to MJ Madungandaba.

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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

28. 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.

	Note	Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Amortised cost					
Non-current financial assets					
Other non-current assets	11	706	1,365	2,141	2,823
Current financial assets					
Amounts due by group companies	3	-	-	77,184	120,780
Trade and other receivables - financial instruments	13	108,262	98,540	-	-
Cash and cash equivalents	14	47,077	29,861	235	190
Short-term portion of other non-current assets	11	773	1,838	-	-
Contract assets	5	293	1,039	-	-
Non-current financial liabilities					
Interest-bearing liabilities	18	-	98,900	-	98,869
Current financial liabilities					
Amounts due to group companies	3	-	-	10,069	9,498
Trade and other payables - financial instruments	19	99,139	69,172	2,845	1,879
Short-term borrowings	21	134,903	17,161	131,121	9,600
Fair value through profit or loss					
Current financial assets					
Foreign currency contracts	13	149	61	-	-
Current financial liabilities					
Foreign currency contracts	19	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 policies for managing each of these risks, which are summarised below.

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

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 471.7% (2022: 118.2%). 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 shares (note 15). The group makes use of the Jasco employee share trust to fulfil its share-based payment obligations. These shares are disclosed as treasury shares (note 16).

The group's net debt is calculated as follows:

	2023 R'000	2022 R'000
Non-current interest-bearing liabilities	-	98,900
Short-term borrowings	134,903	17,161
Cash and cash equivalents	(47,077)	(29,861)
Net debt as at end of year	87,826	86,200

The group has specific financial covenants in place with various financial institutions. Refer to note 18.

Notes to the annual financial statements continued

for the year ended 30 June 2023

28. Financial instruments (continued)

28.2 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 2023 and 2022, the group's only financial instruments carried at fair value were foreign currency contracts. These were classified as level 2.

	2023 R'000	2022 R'000
Foreign currency contracts asset	149	61
Foreign currency contracts liability	42	-

28.3 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.

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

	Foreign amount		Rand amount	
	2023 '000	2022 '000	2023 R'000	2022 R'000
Group				
Trade and other receivables			18,507	9,983
Foreign currency:				
– US dollar	979	442	18,497	7,193
– Euro	-	164	10	2,790
Trade and other payables			26,999	13,087
Foreign currency:				
– Pound sterling	27	-	650	-
– US dollar	942	537	17,799	8,740
– Euro	415	254	8,550	4,316
– 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:

	Increase/ (decrease) in basis points	Group	
		2023 '000	2022 '000
– Pound sterling	10c	(5)	-
	-10c	5	-
– US dollar	10c	(64)	(35)
	-10c	64	35
– Euro	10c	(56)	(15)
	-10c	56	15
– AUD	10c	-	(1)
	-10c	-	1

Notes to the annual financial statements continued

for the year ended 30 June 2023

28. Financial instruments (continued)

28.4 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					
2023					
Interest bearing liabilities	(103,586)	(103,586)	-	-	-
Vendor funding	(31,317)	(31,317)	-	-	-
Lease liabilities	(118,794)	(18,975)	(20,314)	(7,837)	(71,668)
Net cash and cash equivalents	47,077	47,077	-	-	-
	(206,620)	(106,801)	(20,314)	(7,837)	(71,668)
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)
Company					
2023					
Amounts owing by subsidiaries	77,184	77,184	-	-	-
Loan to Jasco Employee Share Incentive Trust	2,141	2,141	-	-	-
Cash and cash equivalents	235	235	-	-	-
Vendor funding	(31,317)	(31,317)	-	-	-
Term loan	(99,804)	(99,804)	-	-	-
	(51,561)	(51,561)	-	-	-
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)	-

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

	Increase/ (decrease) in basis points	Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
(Loss)/profit before tax	1%	(2,066)	(1,096)	(516)	58
	-1%	2,066	1,096	516	(58)

28.5 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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

28. Financial instruments (continued)

28.5 Liquidity management

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

Group	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
2023								
Trade and other receivables	108,262	-	108,262	54,399	53,863	-	-	-
Net cash and cash equivalents	47,077	-	47,077	38,713	3,364	5,000	-	-
Interest bearing loans and borrowings	(134,903)	18,899	(153,802)	-	(38,151)	(19,537)	(96,114)	-
Lease liabilities (refer to note 9)	(118,794)	51,367	(170,161)	-	(7,460)	(22,235)	(29,124)	(111,342)
Trade and other payables	(99,139)	-	(99,139)	-	(99,139)	-	-	-
Derivative financial instruments	107	-	107	-	107	-	-	-
	(197,390)	70,266	(267,656)	93,112	(87,416)	(36,772)	(125,238)	(111,342)
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 (refer to note 9)	(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)
Company								
2023								
Loan to Jasco Employee Share Incentive Trust	12,608	(1,166)	13,774	-	-	13,774	-	-
Amounts owing by subsidiaries	77,184	-	77,184	-	-	77,184	-	-
Net cash and cash equivalents	235	-	235	235	-	-	-	-
Interest bearing loans and borrowings	(131,121)	18,660	(149,781)	-	(37,249)	(16,418)	(96,114)	-
Trade and other payables	(2,845)	-	(2,845)	-	(2,845)	-	-	-
	(43,939)	17,494	(61,433)	235	(40,094)	74,540	(96,114)	-
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)

Notes to the annual financial statements continued

for the year ended 30 June 2023

28. Financial instruments (continued)

28.6 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 current assets then the probability of default is considered to approximate 0%.

- If it was determined that the borrower does not have sufficient highly liquid current assets to repay the loan if demanded at the reporting date, the borrower is assumed to partake in a "fire sale" in order to repay the loans (assuming worst case that the borrower is sold for a value equal to its net asset value), then the borrower would result in enough cash being generated in order to pay its intercompany loans.

Based on the above assessment, an impairment provision of R 157,3m (R2022: R119,8 million) was recognised relating to the amount receivable from Jasco Trading (Pty) Ltd and R11,5 million relating to the amount receivable from Technology Integrated Solutions (Pty) Ltd.

Other non-current assets

	Group		Company	
	Other loans (note 11.3)		Loan to the Jasco Employee Share Incentive Trust (note 11.1)	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Reconciliation of loss allowance				
- Loss allowance at the beginning of the year	-	-	(8,863)	(8,052)
- Raised during the year	-	-	(1,604)	(811)
Loss allowance at the end of the year	-	-	(10,467)	(8,863)

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

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 R1 603 591 (2022: R811 737) in the impairment allowance. This relates to a decrease in the fair value of the Trust's net assets as a result of the decrease 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.

Trade receivables and contract assets

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The movements in the allowance for impairment of the trade and other receivables were as follows:				
At the beginning of the year	2,094	2,692	-	-
Disposal of subsidiary	-	(228)	-	-
Charge for the year @	2,548	1,091	-	-
Amounts written off	(170)	(1,021)	-	-
Unused amounts reversed @	(329)	(440)	-	-
At the end of the year	4,143	2,094	-	-

@ The impairment loss and reversal of impairment are disclosed on the statement of comprehensive income.

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 9 - 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.

Notes to the annual financial statements continued

for the year ended 30 June 2023

28. Financial instruments (continued)

28.6 Credit risk management (continued)

Trade receivables and contract assets (continued)

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 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.

The loss allowance provision is determined as follows:

Trade receivables

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
2023						
Expected loss rate	0.1%	0.1%	4.4%	5.0%	46.4%	
Gross carrying amount	60,178	36,945	3,825	1,208	8,279	110,435
Loss allowance	(37)	(37)	(168)	(60)	(3,840)	(4,142)
Net carrying amount	60,141	36,908	3,657	1,148	4,439	106,293
2022						
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	95,474

The increase in the loss allowance relates mainly to the ECL recognised on current amounts due by MV Fire Protection Services (Pty) Ltd, when this entity was placed in voluntary liquidation.

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 amount when invoiced and management believes the amount are recoverable. Due to the fact that the amounts are recoverable within 12 months, the discounting of the amounts are considered to be immaterial.

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.

Other receivables

The group applies the simplified approach on a similar basis as trade receivable to measure expected credit losses for other receivables. 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 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.

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

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
zaAA	40,972	28,928	166	120
zaA3	-	657	-	-
Other - unrated	280	276	69	70
	41,252	29,861	235	190
Expected credit loss recognised in statement of comprehensive income				
Amounts due by group companies	-	-	(49,036)	-
Loan to Jasco Share Incentive Trust	-	-	(1,603)	(811)
Trade receivables	(2,381)	(1,215)	-	-
	(2,381)	(1,215)	(50,639)	(811)
Continuing operations	(2,381)	(2,822)	(50,639)	(811)
Discontinued operations	-	68	-	-
	(2,381)	(2,754)	(50,639)	(811)

Notes to the annual financial statements continued

for the year ended 30 June 2023

29. Events after the reporting period

Conversion of debt to equity

On 24 August 2023, the shareholders approved the specific issue of 195 733 662 shares to CIH Projects No 10 (Pty) Ltd, as settlement of the vendor loan of R 31 317 386 (refer note 3) and 99 296 862 shares to CIH Projects No 55 (Pty) Ltd as settlement of the outstanding rental of R15 133 989 and professional services fees of R753 509 incurred by CIH on behalf of Jasco.

Cancellation of lease by Jasco Manufacturing in Pinetown.

With effect from 31 August 2023, Jasco Manufacturing has provided its landlord with the 12 month notice of its intent to cancel the lease for the factory in Pinetown.

The directors are not aware of any other significant subsequent events.

30. Going concern

We draw attention to the fact that on 30 June 2023, the group and company had accumulated losses of R335 328 718 (2022: R268 486 000) and R302 069 000 (2022: R233 468 000) respectively, with the group making a loss of R66 585 525 (2022: R15 930 000) and the company a loss of R68 601 000 (2022: R1 519 000 profit).

The group and company's current liabilities exceed its current assets by R84 951 000 (2022: Rnil) and R67 961 000 (2022: Rnil) respectively as the group breached its debt covenants causing the loan to be recorded as current liabilities instead of non-current.

Subsequent to year-end, Jasco converted R 47,2 million of its debt to equity. Refer to Note 29. This increased CIH's ownership of Jasco to 85% of the issued share capital. With the ongoing support of Jasco's parent company, the Bank of China facility will be restructured in the new financial year. This will allow for the entry of an existing local commercial banking partner of the CIH group to Jasco. The restructuring of this loan is subject to the issue of an acceptable guarantee by the company's holding company, CIH, in order to secure the Bank of China loan, and includes the repayment of R25m capital and obtaining alternative finance from a commercial bank.

Subsequent to the year end CIH, has issued a letter of intent to provide the required corporate guarantee, which is subject to CIH obtaining the necessary approvals from its financiers and shareholders.

These events and conditions indicate that a material uncertainty exists that may cast doubt on the groups ability to continue as a going concern and therefore, the group may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.