TeleMasters Holdings Limited
(Registration number 2006/015734/06)

Annual Financial Statements
for the year ended 30 June 2023

Nexia SAB&T
Registered Auditors

These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Telemasters delivers full telecommunications, internet connectivity, cloud solutions and data storage to businesses across South Africa.
Directors	MB Pretorius DJ Bate WF Steinberg M Tappan JM Voigt BR Topham MJ Krastanov
Registered office and business address	Building 2 ATT House Maxwell Office Park Magwa Crescent Waterfall City 2090
Postal address	PO Box 68255 Highveld Park Irene 0169
Bankers	First National Bank
Auditors	Nexia SAB&T Registered Auditors
Secretary	S Ramirez-Victor
Company registration number	2006/015734/06
Tax reference number	9683978143
Level of assurance	These Annual Financial Statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The Annual Financial Statements were independently compiled by: T Kritsiotis Chartered Accountant (SA)

Contents

Directors' Responsibilities and Approval

The Directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards and the JSE Listings Requirements. The external auditors are engaged to express an independent opinion on the Annual Financial Statements.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards and the JSE Listings Requirements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the board of directors sets standards for internal control 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 Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the 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 Company's cash flow forecast for the year to 30 June 2024 and, in light of this review and the current financial position, they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The Annual Financial Statements have been audited by the independent auditing firm, Nexia SAB&T, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of Shareholders, the Board of Directors and Committees of the Board. The auditors report is presented on pages 8 to 10.

The Annual Financial Statements set out on pages 11 to 44, which have been prepared on the going concern basis, were approved by the board of directors on 03 October 2023 and were signed on their behalf by:

Approval of financial statements

JM Voigt

BR Topham

Directors' Report

The Directors have pleasure in submitting their report on the Annual Financial Statements of TeleMasters Holdings Limited for the year ended 30 June 2023.

1. Review of financial results and activities

TeleMasters Holdings is a diversified technology investment company. Entities within the Group are complementary towards each other with a key focus on enhancing digital transformation, empowering next generation interconnectivity and accelerating smart working environments. Our vision is to create and accelerate shareholder value through responsible growth, acquisitions and investments with focus on technology.

Full details of the financial position, results of operations and cash flows of the Company are set out in these Annual Financial Statements.

2. Authorised and issued share capital

The authorised and issued share capital as at 30 June 2023 is set out in note 11 of these Annual Financial Statements.

As at 30 June 2023, there were 57 482 830 issued ordinary shares and 442 517 170 unissued ordinary shares. The unissued ordinary shares are under the control of the Directors subject to the provisions of the Companies Act and the JSE Listings Requirements.

During the period under review:

- The Company issued an additional 1 223 160 shares at 85.33 cents, and an additional 500 000 shares at 70.73 cents, in final settlement of the earn-out consideration payable to vendors for the acquisition of Contineo Virtual Communications (Pty) Ltd (“Contineo”) and Perfectworx Consulting (Pty) Ltd (“Perfectworx”); and

- A wholly owned subsidiary of the Company purchased 67 868 shares in the Company for an average purchase price of 113.02 cents per share as part of the Group’s share repurchase programme. These shares are being held as treasury shares in the Group Consolidated Annual Financial Statements.

There have been no changes to the authorised share capital during the year under review.

3. Dividends

The Board does not link the payment of dividends primarily to the current year’s operating results but considers dividends in relation to the Company’s reserves of R16.7 million at 30 June 2023 (R17.3 million as at 30 June 2022) and cash generated by operations. The Board considers the working capital requirements of the Company for the next 12-month period, among other considerations, when determining any dividend. The Board considers the payment of dividends to be a significant reason why shareholders invest in the Company and regards the principle of paying quarterly dividends as important. The payment of a dividend is accordingly considered on a quarterly basis.

The following dividends were declared during the period under review:

- Dividend number 57 of 0.5 cents per share was declared on 30 September 2022 and paid to all shareholders recorded in the share register of the Company at the close of business on 21 October 2022;

- Dividend number 58 of 0.25 cents per share was declared on 20 December 2022 and paid to all shareholders recorded in the share register of the Company at the close of business on 13 January 2023;

- Dividend number 59 of 0.10 cents per share was declared on 31 March 2023 and paid to all shareholders recorded in the share register of the Company at the close of business on 21 April 2023; and

During the comparative year ended 30 June 2022, the Company declared four dividends totalling 3.10 cents per share.

Directors' Report

4. Directorate

The Directors in office during the year and at the date of this report are as follows:

Directors	Nationality	Changes
MB Pretorius	South African	
DJ Bate	Canadian	
JL Roos	South African	Retired 21 June 2023
WF Steinberg	South African	
M Tappan	South African	
JM Voigt	South African	
T Smith	South African	Resigned 03 August 2023
BR Topham	South African	Appointed 01 June 2023
MJ Krastanov	South African	Appointed 20 September 2023

5. Interest of directors and officers in the company securities

During the financial year, no contracts were entered into which Directors or officers of the Company had an interest and which significantly affected the business of the Company.

Interest in shares

Directors	2023 Direct	2022 Direct	2023 Indirect	2022 Indirect
MB Pretorius	-	-	35 700 000	35 700 000
M Tappan	17 080	17 080	-	-
JM Voigt	8 611 006	7 479 426	-	-
BR Topham	643 228	-	-	-
	9 271 314	7 496 506	35 700 000	35 700 000

Transactions during the period

Directors	2023 Direct	2022 Direct
JM Voigt	1 131 580	20 000
M Tappan	-	(32 920)
	1 131 580	(12 920)

Mr JM Voigt received an additional 1 111 580 shares in the Company in settlement of the purchase consideration payable for the acquisition of Contineo Virtual Communications (Pty) Ltd (“Contineo”) and Perfectworx Consulting (Pty) Ltd.

There were no other changes in the interests of directors in the Company between the end of the financial year and the date of approval of the Annual Financial Statements.

6. Investment in subsidiaries

Details of interests in subsidiaries are presented in the Annual Financial Statements in note 6.

7. Borrowing powers

In terms of the Memorandum of Incorporation of the Company, the Directors may exercise all the powers of the Company to borrow money as they consider appropriate.

Directors' Report

8. Special resolutions

At the Company's Annual General Meeting held on 9 December 2022, the following special resolutions were passed:

- Non-Executive Directors' remuneration for the year commencing from 1 July 2022 was approved by the Shareholders;
- A general authority to enter into funding agreements, provide loans or other financial assistance in terms of Sections 44 and 45 of the Companies Act of South Africa was granted; and
- A general authority to repurchase shares in terms of section 48 of the Companies Act.

9. Events after the reporting period

Other than that disclosed below, the Directors are unaware of any significant adjusting or disclosable events that have occurred between the end of the financial year and the date of this report that may materially affect the Company's results for the year under review or its financial position as at 30 June 2023:

- Dividend number 60 of 0.10 cents per share was declared on 13 July 2023 and is payable to all Shareholders recorded in the share register of the Company at the close of business on 4 August 2023.
- MJ Krastonov was appointed to the Board of Directors with effect from 20 September 2023 and has been appointed as the Chairperson of the Audit and Risk Committee.

10. Going concern

The Directors have evaluated the entity's solvency and liquidity position and draw attention to the fact that as at 30 June 2023, the entity's total assets assets exceeded its total liabilities by R33 136 825 (2022: R32 279 745) and made an operating loss for the period of R2 811 (2022: profit of R335 164).

The Directors believe that the entity has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the Annual Financial Statements have been prepared on a going concern basis. The Directors have satisfied themselves that the entity is in a sound financial position and that it has access to sufficient shareholder loan facilities, to meet its foreseeable cash requirements.

The Directors are not aware of any new material changes that may adversely impact the Company. The Directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Company.

11. Litigation statement

There are currently no legal or related proceedings against the Company, of which the Board is aware, which may have or have had in the 12 months preceding the date of this report, a material effect on the financial position of the Company.

12. Auditors

Nexia SAB&T acted as the Company's Auditors for the period ended 30 June 2023 and will be nominated to continue in office in accordance with Section 90 of the Companies Act, as amended, for re-appointment at the Annual General Meeting. The independence and remuneration of the Auditors was confirmed by the Audit & Risk Committee.

Directors' Report

13. Secretary

The company secretary is Mrs S Ramirez-Victor.

Postal address:	Postnet Suite 51 Halfway House Gauteng 1685
Business address:	Building 2 ATT House Maxwell Office Park Magwa Crescent Waterfall City 2090

14. Major and public shareholders

Details of the major shareholders are provided in Note 12 of the Annual Financial Statements.

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Independent Auditor's Report

To the Shareholders of TeleMasters Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TeleMasters Holdings Limited set out on pages 11 to 44, which comprise the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TeleMasters Holdings Limited as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Investment in subsidiaries and loans to group companies	
Investments in subsidiaries and loans to group companies (notes 6 and 7 to the financial statements respectively) comprise approximately 81% of the total assets in the statement of financial position of the Company. The carrying amounts of the Company's investments in subsidiaries are measured at cost less any accumulated impairment losses. Management performs an annual impairment test on the recoverability of the carrying amounts of investments where impairment indicators exist as required by International Accounting Standard (IAS) 36 – Impairment of Assets. The identification of impairment indicators is subjective in nature due to judgements required in respect of the future performance of the subsidiaries.	As part of our response to the impairment assessment of the investments in subsidiaries, we: • Evaluated the determination of the cash generating units and confirmed the application thereof by management was reasonable considering the nature of the underlying operations; • Reviewed the impairment assessment approach applied by management and confirmed the methodology applied is consistent with international valuation standards; • Analysed the future projected cash flows used in the models to determine whether they are reasonable and supportable given the current economic climate and expected future performance of the cash generating unit; • Compared the projected cash flows, including the assumptions relating to revenue growth rates and operating margins, against historical performance to test the reasonableness of the directors' projections, as well as testing the underlying calculations and obtained corroborative evidence where a significant increase in forecast earnings was noted; and • Recalculated a discount rate for each cash generating unit using our independently sourced data and incorporated a further risk premium for the impact of forward-looking information as required, which we

IFRS 9 requires entities to recognise expected credit losses ("ECL") for all financial assets held at amortised cost, including loans to group companies. Due to the quantitative significance of these amounts to the Company financial statements and the potential risk of impairment due to losses incurred by the subsidiaries, we considered the measurement of investments in subsidiaries and loans to group companies to be a matter of most significance to our audit of the Company.	compared against managements inputs to determine whether their assessment was fair and reasonable. As part of our response to the impairment assessment of the loans to group companies, we: • Obtained an understanding of the company's process for estimating the credit loss allowance; • Assessed the company's IFRS 9 credit loss allowance policy, modelling technique and methodology against the requirements of IFRS 9; • Reviewed the company's business model assessment to confirm the financial instruments are correctly classified on initial recognition; • Assessed under the general approach, the classification of related party loans between the various stages of credit impaired, taking into account the default rate; • Assessing the financial health of the underlying security against which the related party loans have been advanced to determine the reasonability of the present value of anticipated future cash flows; • Researching current market conditions and macro-economic indicators for indications of financial distress, and assessed the forward-looking assumptions applied by management in their calculation; and • Testing the mathematical accuracy of the model to ensure the calculation is considered to be reasonable. We found the methods, assumptions and data used by the directors to be appropriate based on historical performance, future outlook and current prevailing circumstances. We considered the investments in subsidiaries and loans to group company's impairment assessment disclosures to be appropriate.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "TeleMasters Holdings Limited Annual Financial Statements for the year ended 30 June 2023", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of TeleMasters Holdings Limited for 12 years.

Nexia SAB&T

Nexia SAB&T
Johandre Engelbrecht
Director
Registered Auditor
03 October 2023

Nexia SAB&T

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022
Assets			
Non-Current Assets			
Property, plant and equipment	3	887,939	1,533,921
Right-of-use assets	4	5,643,283	6,542,568
Intangible assets	5	234,007	468,015
Investment in subsidiaries	6	22,315,026	22,315,026
Deferred tax	8	729,481	714,815
		29,809,736	**31,574,345**
Current Assets			
Loans to group companies	7	14,790,510	14,997,174
Trade and other receivables	9	44,458	202,834
Cash and cash equivalents	10	1,396,486	856,753
		16,231,454	**16,056,761**
Total Assets		**46,041,190**	**47,631,106**
Equity and Liabilities			
Equity			
Share capital	11	16,401,687	15,004,304
Retained income		16,735,138	17,275,441
		33,136,825	**32,279,745**
Liabilities			
Non-Current Liabilities			
Lease liabilities	4	2,149,022	3,455,093
Current Liabilities			
Trade and other payables	13	432,988	535,820
Loans from group companies	14	8,831,517	7,669,785
Lease liabilities	4	1,344,393	1,794,692
Dividend payable		146,445	367,216
Contingent consideration	6	-	1,528,755
		10,755,343	**11,896,268**
Total Liabilities		**12,904,365**	**15,351,361**
Total Equity and Liabilities		**46,041,190**	**47,631,106**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2023	2022
Revenue	15	7,954,032	10,096,520
Other income		153,165	85,105
Other operating expenses		(7,439,135)	(8,679,580)
Operating profit	16	**668,062**	**1,502,045**
Investment income	17	139,005	138,999
Finance costs	18	(824,566)	(1,156,310)
(Loss) profit before taxation		**(17,499)**	**484,734**
Taxation	19	14,666	(149,570)
Total comprehensive (loss) income for the year		**(2,833)**	**335,164**

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Retained income	Total equity
Balance at 01 July 2021	**5,050**	**8,543,009**	**8,548,059**	**18,668,827**	**27,216,886**
Total comprehensive income for the year	-	-	-	335,164	335,164
Issue of shares	526	6,455,719	6,456,245	-	6,456,245
Dividends	-	-	-	(1,728,550)	(1,728,550)
Balance at 01 July 2022	**5,576**	**14,998,728**	**15,004,304**	**17,275,442**	**32,279,746**
Total comprehensive loss for the year	-	-	-	(2,833)	(2,833)
Issue of shares	122	1,397,261	1,397,383	-	1,397,383
Dividends	-	-	-	(537,471)	(537,471)
Balance at 30 June 2023	**5,698**	**16,395,989**	**16,401,687**	**16,735,138**	**33,136,825**
Note	11	11	11		

Statement of Cash Flows

Figures in Rand	Note(s)	2023	2022
Cash flows from operating activities			
Cash generated from operations	20	2,155,626	4,632,117
Finance costs paid		(824,566)	(933,810)
Tax received	21	-	60,700
Net cash from operating activities		**1,331,060**	**3,759,007**
Cash flows from investing activities			
Proceeds on sale of property, plant and equipment		215,883	-
Loans to group companies repaid		6,264,032	9,710,256
Loans advanced to group companies		(6,057,367)	(12,838,466)
Investment income received	17	139,005	138,999
Net cash from investing activities		**561,553**	**(2,989,211)**
Cash flows from financing activities			
Proceeds from loans from group companies	23	1,690,000	880,417
Repayment of loans from group companies	23	(528,268)	(646,833)
Payment of lease liabilities	23	(1,756,370)	(1,979,129)
Dividends paid	22	(758,242)	(2,257,786)
Net cash from financing activities		**(1,352,880)**	**(4,003,331)**
Total cash movement for the year		**539,733**	**(3,233,535)**
Cash at the beginning of the year		856,753	4,090,288
Total cash at end of the year	10	**1,396,486**	**856,753**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these Annual Financial Statements are set out below.

1.1 Basis of preparation

The Annual Financial Statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these Annual Financial Statements, the JSE Listings Requirements and the Companies Act of South Africa.

These Annual Financial Statements comply with the requirements of the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The Annual Financial Statements have been prepared on the historic cost convention and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of Annual Financial Statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the Annual Financial Statements, are outlined as follows:

Taxation

Judgement is required in determining the provision for income tax due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred income 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 income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast budgets from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the year end date could be impacted. (Refer note 8.)

Key sources of estimation uncertainty

Useful lives of plant and equipment

Management applies judgement and estimates in assessing the appropriateness of the useful lives and residual values of plant and equipment. Plant and equipment are reviewed annually on an individual basis to determine their useful life and residual value. Useful life is determined taking into account technological advances impacting the industry. Residual value is the estimated amount which the group will currently obtain from disposal of the asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The method of depreciation is annually reviewed and considered whether it is still appropriate.

The actual useful lives and residual values may vary depending on a variety of factors such as the nature of item, the condition as result of current usage and the expected physical wear and tear of each item of plant and equipment. Refer paragraph 1.3 for estimated useful lives.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Intangible assets

Judgement is required when determining the useful life and residual value of intangible assets. Intangible assets are reviewed annually on an individual basis to determine their useful life and residual value. Useful life is determined after taking into account the period of time over which the Company will earn revenue from the intangible asset. Residual values are assumed to be zero, due to the unique nature of the intangible assets of a defined term.

Impairment of loans to group companies

Judgement is required in the assumptions used for calculating the Expected Credit Loss (ECL). The Company has financial assets classified and measured at amortised cost that are subject to the expected credit loss model requirements of IFRS 9. Refer note 7 for information on the expected credit loss allowance.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use or in the production of income, and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset and costs incurred subsequently to add to the asset.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Company. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3-4 years
Routers and handsets	Straight line	3 years

There was no significant impact from the change of the estimated useful life in the current year.

Accounting Policies

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost, and subsequently carried at cost less any accumulated amortisation and any impairment losses. The residual value, amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Amortisation on intangible assets has been assessed as follows:

Item	Amortisation method	Average useful life
Computer software	Straight line	3 years

1.5 Impairment of assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss.

Accounting Policies

1.6 Financial instruments

Financial instruments are recognised when the group becomes a party to the contractual provisions of the instrument.

Note 26 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

FINANCIAL ASSETS AT AMORTISED COST

Classification

Trade and other receivables (note 9), loans to group companies (note 7) and cash and cash equivalents (note 10) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these financial assets give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on these financial assets.

Recognition and measurement

Financial assets are measured, at initial recognition, at fair value plus transaction costs, if any. A trade receivable without a significant financing component is initially measured at the transaction price.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the financial assets initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Application of the effective interest method

For financial assets which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on a financial asset is dependent on the credit risk of the amount as follows:

- The effective interest rate is applied to the gross carrying amount of the financial asset, provided the financial asset is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a financial asset was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the financial asset in the determination of interest. If, in subsequent periods, the financial asset is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

Accounting Policies

1.6 Financial instruments (continued)

Impairment

The Company recognises a loss allowance for expected credit losses on all financial assets measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective amount.

The Company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables.

The Company measures the loss allowance on other receivables and loans to group companies by following the general approach. The loss allowance is measured at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, as well as consideration of various external sources of actual and forecast economic information, such as forecast economic growth and inflationary pressures.

Irrespective of the outcome of the above assessment, the credit risk on a financial asset is always presumed to have increased significantly since initial recognition if the contractual payments are more than 90 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increases in credit risk before the amount becomes past due.

By contrast, if a financial asset is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the financial asset has not increased significantly since initial recognition. A financial asset is considered to have a low credit risk where there has not been any historical default, and the counterparty is considered to be a reputable institution.

Definition of default

For purposes of internal credit risk management purposes, the Company considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the Company considers that default has occurred when a payment for a financial asset is more than 60 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Accounting Policies

1.6 Financial instruments (continued)

Write off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as afore-mentioned described. The exposure at default is the gross carrying amount of the financial asset at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Financial assets are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty, etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Company has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

The Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience over the past 2 years, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised for all receivables in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to financial assets are included in the specific notes and the financial instruments and risk management (note 26).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount, which is based on their amortised cost.

Accounting Policies

1.6 Financial instruments (continued)

FINANCIAL LIABILITIES AT AMORTISED COST

Classification

Trade and other payables (note 13) and loans from group companies (note 14) are classified as financial liabilities and subsequently measured at amortised cost, except for VAT, which is not a financial liability.

Recognition and measurement

Financial liabilities are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 18).

Financial liabilities expose the Company to liquidity risk and interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Classification

When a financial liability is contingent consideration in a business combination, the Company classifies it as a financial liability at fair value through profit or loss. Refer to note 6.

Recognition and measurement

Financial liabilities at fair value through profit or loss are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

The unwinding of the discounting applied on the fair value assessment at initial recognition is included in finance costs (note 18) and investment income (note 17).

DERECOGNITION

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Accounting Policies

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods 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 by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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 tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

1.8 Leases

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

There were no significant judgments and sources of estimation uncertainty in determining whether a contract is or contains a lease, the lease terms and in taking into account the lease renewals.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee. There are no short-term leases of 12 months or less, or leases of low value assets.

Accounting Policies

1.8 Leases (continued)

Details of leasing arrangements where the Company is a lessee are presented in note 4 Right-of-use assets and leases liabilities (Company as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate as a basis.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, and
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 18).

Right-of-use assets

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

Right-of-use assets are depreciated over the following periods:

Item	Depreciation method	Depreciation Period
Motor vehicles	Straight line	5 years (useful life)
Routers and handsets	Straight line	3 years (term of lease)
Racks	Straight line	10 years (useful life)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss.

1.9 Share capital and equity

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

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

1.10 Dividend distribution

Dividend distribution to the Company’s shareholders is recognised as a liability in the Company’s financial statements if the amount has been declared but not yet paid at year end.

Accounting Policies

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.12 Revenue from contracts with customers

The Company recognises revenue from services fees.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The consideration specified in the contract is the same as the transaction price. The Company recognises revenue when the performance obligation relating to each specific contract has been satisfied. There are no performance obligations outstanding at the end of year. Management did not have to apply significant judgement in determining the performance obligations. There are no transactions which include transaction prices that have variable considerations.

At the inception of a contract with a customer, the Company assesses the services promised in the contract and identifies as a performance obligation each promise to transfer to the customer a service that is distinct; or services that are substantially the same and have the same pattern of transfer to the customer.

Performance obligations are satisfied over time and revenue recognised within each time frame as services are provided, in accordance with the contract terms and pricing for the given time frame. Given the nature of the contracts completed over time, this method provides a faithful depiction of the transfer services for performance obligations satisfied over time.

Payments by customers are typically made in within 30 days for other customers of revenue being recognised.

Disaggregation of revenue

The disaggregation of revenue from each category is presented in note 15 of the financial statements

1.13 Investment income

Income is recognised as interest accrues using the effective interest rate method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset).

Accounting Policies

1.14 Segmental reporting

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments which are operating segments or aggregations of operating segments that meet specific criteria. Operating segments are components of an entity about which separate financial information is available and that is evaluated regularly by the Chief Operating Decision Maker. The Chief Executive Officer is the Chief Operating Decision Maker ("CODM") of the Company.

The Company represents a single operating segment comprising administrative functions of the Group and is managed and reported on as one operating segment both at a company and group level. The disclosures required have therefore been presented as applicable for a single reportable segment with no further segment report presented. There are no non-current assets belonging to the Company that are domiciled outside of South Africa. There is no revenue from foreign countries. Revenue from major customers has been presented in note 15.

1.15 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations.

There was no material impact on the implementation of any of these standards.

Standard/ Interpretation:	Effective date: Years beginning on or after
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1	01 January 2022
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022

2.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2023 or later periods. These standards will be implemented in the applicable year for which they are mandatory.

There is unlikely to be a material impact on the future implementation of any of these standards.

Standard/ Interpretation:	Effective date: Years beginning on or after
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2 to disclose material policies rather than significant policies	01 January 2023
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2024
• Deferred tax related to assets and liabilities arising from single transactions: Amendments to IAS 12	01 January 2023

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2023			2022		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Motor vehicles	434,279	(353,145)	81,134	671,605	(514,180)	157,425
IT equipment	144,212	(143,508)	704	372,466	(314,451)	58,015
Routers and handsets	8,815,674	(8,009,573)	806,101	9,177,357	(7,858,876)	1,318,481
Total	**9,394,165**	**(8,506,226)**	**887,939**	**10,221,428**	**(8,687,507)**	**1,533,921**

Reconciliation of property, plant and equipment - 2023

	Opening balance	Disposals	Transfers from right-of-use assets*	Depreciation	Total
Motor vehicles	157,425	(62,550)	-	(13,741)	81,134
IT equipment	58,015	(29,262)	-	(28,049)	704
Routers and handsets	1,318,481	(66,679)	163,108	(608,809)	806,101
	1,533,921	**(158,491)**	**163,108**	**(650,599)**	**887,939**

Reconciliation of property, plant and equipment - 2022

	Opening balance	Other	Depreciation	Total
Motor vehicles	209,844	(1,007)	(51,412)	157,425
IT equipment	116,937	-	(58,922)	58,015
Routers and handsets	3,034,661	-	(1,716,180)	1,318,481
	3,361,442	**(1,007)**	**(1,826,514)**	**1,533,921**

* Transfers from right-of-use assets relate to assets where the lease liability has been settled and the Company has retained ownership of the asset.

Contractual commitments

There were no significant contractual commitments for the acquisition of property, plant and equipment.

4. Right-of-use assets and leases liabilities (Company as lessee)

The Company leases racks and routers and handsets. The average lease terms are as follows:

Routers and handsets - 3 to 5 years. There is an average of 12 months (2022: 24 months) remaining on the leases at year end. Monthly repayments are R60 840 (2022: R41 869) and the interest rate is prime interest rate plus 7% (2022: prime interest rate plus 7%).

Racks - 3 to 5 years. There is an average of 16 months (2022: 28 months) remaining on the leases at year end. Monthly repayments are R158 180 (2022: R173 336) and the interest rate is prime interest rate plus 10% (2022: prime interest rate plus 10%).

The interest rates are based on the internal borrowing rate.

There are no extension or termination options on any of the lease agreements. There are no residual guarantee values and no restrictions or covenants imposed by the leases.

There were no leases to which the Company is committed to which have not yet commenced.

Details pertaining to leasing arrangements, where the Company is lessee are presented below:

Right-of-use asset - 2023

	Opening balance	Transfers to inventory	Transfers to property, plant and equipment	Depreciation	Total
Routers and handsets	493,451	(2,101)	(163,108)	(125,886)	202,356
Racks	6,049,117	-	-	(608,195)	5,440,922
	6,542,568	**(2,101)**	**(163,108)**	**(734,081)**	**5,643,278**

Right-of-use asset - 2022

	Opening balance	Depreciation	Total
Routers and handsets	852,328	(358,877)	493,451
Racks	6,831,678	(782,561)	6,049,117
	7,684,006	**(1,141,438)**	**6,542,568**

Other disclosures

	2023	2022
Interest expense on lease liabilities	824,566	933,666
Capital repayments on leases	1,756,370	1,979,129
Total cash outflow from leases	2,580,936	2,912,795

At 30 June 2023, the Company does not have any commitments for short-term leases (2022: nil).

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

4. Right-of-use assets and leases liabilities (Company as lessee) (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2023	2022
Within one year	1,902,968	2,504,495
Two to five years	2,480,318	4,191,074
	4,383,286	6,695,569
Less finance charges component	(889,871)	(1,445,784)
	3,493,415	**5,249,785**

	2023	2022
Non-current liabilities	2,149,022	3,455,093
Current liabilities	1,344,393	1,794,692
	3,493,415	**5,249,785**

Exposure to liquidity risk

Refer to note 26 Financial instruments and risk management for the details of liquidity risk exposure and management.

5. Intangible assets

	2023			2022		
	Cost	**Accumulated amortisation**	**Carrying value**	**Cost**	**Accumulated amortisation**	**Carrying value**
Computer software	1,227,159	(993,152)	234,007	1,227,159	(759,144)	468,015

Reconciliation of intangible assets - 2023

	Opening balance	**Amortisation**	**Total**
Computer software	468,015	(234,008)	234,007

Reconciliation of intangible assets - 2022

	Opening balance	**Amortisation**	**Total**
Computer software	702,023	(234,008)	468,015

Contractual commitments

The Company has no contractual commitments for the acquisition of intangible assets.

6. Interests in subsidiaries

Name of company	% Holding/ Voting 2023	% Holding/ Voting 2022	Carrying amount 2023	Carrying amount 2022
Catalytic Connections (Pty) Ltd	100.00 %	100.00 %	1,800,000	1,800,000
Spice Telecom (Pty) Ltd	100.00 %	100.00 %	600,000	600,000
PerfectWorx Consulting (Pty) Ltd	100.00 %	100.00 %	1,315,000	1,315,000
Contineo Virtual Communications (Pty) Ltd	100.00 %	100.00 %	14,625,001	14,625,001
Ultra DataCentre (Pty) Ltd	100.00 %	100.00 %	3,975,025	3,975,025
			22,315,026	22,315,026

All subsidiaries are incorporated in and operate in South Africa. There are no restrictions on the ability to access or use the assets and liabilities of the subsidiaries.

Contingent consideration

Effective 1 July 2020 the Group acquired the entire shareholding of Contineo Virtual Communications (Pty) Ltd and PerfectWorx Consulting (Pty) Ltd for a maximum consideration of R16 500 000. An aggregate of 8 500 000 shares at R1 each were issued on 23 July 2020 as settlement for the initial purchase price which the Directors deemed to be the fair value of the shares at that time. In the 2022 year, an additional 5,259,670 shares were issued at 122.75 cents in settlement of the first year of the earn-out consideration payable.

During the current year in accordance with the earn-out calculation included in the sale of shares agreement entered into by Voigt, Pieton, TeleMasters and Contineo on 29 June 2020 (“Contineo Sale of Shares Agreement”), the Company issued an additional 1 223 160 new shares to Voigt (611 580 shares) and Pieton (611 580 shares) at an issue price of 85.33 cents per share in accordance with the final earn-out calculation provided for in the Contineo Sale of Shares Agreement.

During the current year in accordance with the earn-out calculation included in the sale of shares agreement entered into by Voigt, TeleMasters and PerfectWorx on 29 June 2020 (“PerfectWorx Sale of Shares Agreement”), the Company issued an additional 500 000 new shares to Voigt at an issue price of 70.73 cents per share in accordance with the final earn-out calculation provided for in the Contineo Sale of Shares Agreement.

Reconciliation of contingent consideration

	2023	2022
Contingent consideration at beginning of year	**1,528,755**	**7,762,500**
Fair value adjustment (refer note 16)	(131,372)	-
Finance costs (refer note 18)	-	222,500
Shares issued	(1,397,383)	(6,456,245)
Contingent consideration at end of year	**-**	**1,528,755**

The fair value of the contingent consideration was determined using a discount rate of 10%. The measurement of fair value is recognised in terms of IFRS 13 as a level 3 in that there no observable inputs due to the amount being based on forecast earnings.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

7. Loans to group companies

Subsidiaries

Catalytic Connections (Pty) Ltd	14,061,638	13,040,998
Ultra DataCentre (Pty) Ltd	728,872	1,956,176
	14,790,510	**14,997,174**

The loans are unsecured, interest free and have no fixed terms of repayment.

Exposure to credit risk

Loans receivable inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if counterparties fail to make payments as they fall due.

In determining the amount of expected credit losses, the Company took into account the financial position as well as the future prospects of the counterparty, which included future contracts that were forecast to be profitable. The credit quality of the loans receivable was considered to be high. Based on these factors, no credit loss allowance was recognised.

The maximum exposure to credit risk is the gross carrying amount of the loans. The Company did not hold collateral or other credit enhancements against the loans.

Fair value of group loans receivable

The fair value of group loans receivable approximated their carrying amounts due to the short term nature thereof.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

8. Deferred tax

Deferred tax liability

Right-of-use assets	(1,442,029)	(1,745,335)

Deferred tax asset

Employee related accruals	84,117	71,665
Lease liabilities	943,222	1,469,940
Deferred tax balance from temporary differences other than unused tax losses	1,027,339	1,541,605
Tax losses available for set off against future taxable income	1,144,171	918,545
Total deferred tax asset	**2,171,510**	**2,460,150**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. They have therefore been offset in the statement of financial position on as follows:

Deferred tax liability	(1,442,029)	(1,745,335)
Deferred tax asset	2,171,510	2,460,150
Total net deferred tax asset	**729,481**	**714,815**

Reconciliation of deferred tax asset / (liability)

At beginning of year	714,815	864,385
Increases (decrease) in tax loss available for set off against future taxable income	225,626	(27,913)
Taxable / (deductible) temporary differences on right-of-use assets	303,306	406,187
Taxable / (deductible) temporary differences on lease liabilities	(526,718)	(555,815)
Taxable / (deductible) temporary differences on employee related accruals	12,452	27,971
	729,481	**714,815**

Recognition of deferred tax asset

The deferred tax asset has been raised based on the assessment of the financial forecasts by management that there will be future taxable profits against which the associated tax losses and deductible temporary differences can be utilised.

9. Trade and other receivables

Financial instruments:

Other receivables	-	202,834
Non-financial instruments:		
VAT	44,458	-
Total trade and other receivables	**44,458**	**202,834**

Exposure to credit risk

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Credit risk on other receivables was not considered significant to the Company.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to the short term nature thereof.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	1,800
Bank balances	1,396,486	463,859
Short-term deposits	-	391,094
	1,396,486	**856,753**

Credit quality of cash at bank and short term deposits, excluding cash on hand

Credit risk exposure arising on cash and cash equivalents is managed by the Company through dealing with well-established financial institutions with high credit ratings. The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Standard & Poor credit rating		
zaA-1+ (2022: zaAA)	1,396,486	463,859
2022: A	-	391,094
	1,396,486	**854,953**

Fair value of cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying amounts due to their short term nature.

11. Share capital

Authorised		
500 000 000 Ordinary shares of R0.0001 each	50,000	50,000

Reconciliation of number of shares issued:		
Reported as at 01 July	55,759,670	50,500,000
Issue of shares – ordinary shares	1,723,160	5,259,670
	57,482,830	**55,759,670**

444,240,330 unissued ordinary shares are under the control of the Directors subject to the provisions of the Companies Act of South Africa and the JSE Listings Requirements.

Issued		
Ordinary	5,698	5,576
Share premium	22,318,392	20,921,131
Share issue costs written off against share premium	(462,403)	(462,403)
Capital distribution of share premium	(5,460,000)	(5,460,000)
	16,401,687	**15,004,304**

The Company issued an additional 1 723 160 (2022: 5 259 670) shares in final settlement of the initial purchase consideration payable for the acquisitions of Contineo Virtual Communications (Pty) Ltd and Perfectworx Consulting (Pty) Ltd.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

12. Shareholder analysis

	% Holding	No. of shareholders	No. of shares
Shareholders holding more than 5% at year end			
Maison D'Obsession Trust (Chairman beneficial interest)	62.11	1	35,700,000
JM Voigt	14.98	1	8,611,006
LP Pieton	8.70	1	4,999,999
Public and non-public shareholders			
Directors and associates	78.21	3	44,954,234
Held by subsidiary	1.28	1	738,030
Public and staff with no restrictions on dealings	20.51	748	11,790,566
	100.00	**752**	**57,482,830**

13. Trade and other payables

	2023	2022
Financial instruments:		
Trade payables	37,257	13,368
Employee related trade payables	84,185	74,902
Accrued leave pay	311,546	255,948
Accrued audit fees	-	190,750
Non-financial instruments:		
VAT	-	852
	432,988	**535,820**

Financial instrument and non-financial instrument components of trade and other payables

	2023	2022
At amortised cost	432,988	534,968
Non-financial instruments	-	852
	432,988	**535,820**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to the short term nature thereof.

14. Loans from group companies

Subsidiaries

	2023	2022
Spice Telecom (Pty) Ltd	5,623,091	5,726,924
PerfectWorx Consulting (Pty) Ltd	2,175,568	1,448,708
Contineo Virtual Communications (Pty) Ltd	1,032,858	494,153
	8,831,517	**7,669,785**

The loans are unsecured, interest free and repayable on demand.

Refer to note 23 changes in liabilities arising from financing activities for details of the movement in loans from group companies during the reporting period.

Fair value of group loans payable

The fair value of group loans payable approximates their carrying amounts due to the short term nature thereof.

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

15. Revenue

Revenue from contracts with customers		
Rendering of services	7,954,032	10,096,520

Disaggregation and timing of revenue from contracts with customers

The disaggregation and timing of revenue from customers is as follows:

Rendering of services		
Service fees - over time	7,954,032	10,096,520

Catalytic Connections (Pty) Ltd comprised 79% (R6 264 032) of the Company's revenue (2022: 89% - R8 970 789). Contineo Virtual Communications (Pty) Ltd comprised 15% (R1 210 000) of the Company's revenue (2022: 6% - R632 352).

16. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external		
Audit fees	363,317	190,750
Adjustment for previous year	(115,750)	-
	247,567	**190,750**
Remuneration, other than to employees		
Consulting and professional services	269,155	228,951
Secretarial services	550,498	562,505
	819,653	**791,456**
Employee costs		
Salaries, wages, bonuses and other benefits	3,860,390	3,698,065
Depreciation and amortisation		
Depreciation of property, plant and equipment	650,599	1,826,514
Depreciation of right-of-use assets	734,081	1,141,438
Amortisation of intangible assets	234,008	234,008
	1,618,688	**3,201,960**
Gains on disposals, scrappings and settlements		
Property, plant and equipment	(57,392)	(43,960)
Other		
Fair value adjustment on contingent consideration	(131,372)	-

17. Investment income

Investments in financial assets:		
Bank and other cash	139,005	138,999

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

18. Finance costs

Lease liabilities	824,566	933,666
Contingent consideration	-	222,499
Fuel cards	-	145
Total finance costs	**824,566**	**1,156,310**

19. Taxation

Major components of the tax income

Deferred		
Originating and reversing temporary differences	(14,666)	149,570

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (loss) profit	(17,499)	484,734
Tax at the applicable tax rate of 27% (2022: 28%)	(4,725)	135,726
Tax effect of adjustments on taxable income		
Fair value adjustment on contingent consideration	(35,470)	-
Underprovision in previous year	-	6,116
Net interest on contingent consideration not deductible	-	62,300
Change in tax rates	25,529	-
Other	-	1,050
	(14,666)	**205,192**

The income tax rate of 28% in 2022 was reduced to 27% in 2023.

20. Cash generated from operations

(Loss) profit before taxation	(17,499)	484,734
Adjustments for:		
Depreciation and amortisation	1,618,688	3,201,960
Gain on disposal of property, plant and equipment	(57,392)	-
Interest income	(139,005)	(138,999)
Finance costs	824,566	1,156,310
Fair value adjustment on contingent consideration	(131,372)	-
Other non-cash flow movements	2,096	1,006
Changes in working capital net of acquisitions:		
Trade and other receivables	158,376	(202,834)
Trade and other payables	(102,832)	129,940
	2,155,626	**4,632,117**

21. Tax refunded

Balance at beginning of the year	-	60,700
Current tax for the year recognised in profit or loss	-	-
	-	**60,700**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

22. Dividends paid

Balance at beginning of the year	(367,216)	(896,452)
Dividends	(537,471)	(1,728,550)
Balance at end of the year	146,445	367,216
	(758,242)	**(2,257,786)**

23. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2023

	Opening balance	Issue of shares	Fair value adjustment	Total non-cash movements	Cash flows	Closing balance
Contingent consideration	1,528,755	(1,397,383)	(131,372)	(1,528,755)	-	-
Lease liabilities	5,249,785	-	-	-	(1,756,370)	3,493,415
Loans from group companies	7,669,785	-	-	-	1,161,732	8,831,517
Total liabilities from financing activities	**14,448,325**	**(1,397,383)**	**(131,372)**	**(1,528,755)**	**(594,638)**	**12,324,932**

Reconciliation of liabilities arising from financing activities - 2022

	Opening balance	Issue of shares	Net finance costs	Total non-cash movements	Cash flows	Closing balance
Contingent consideration	7,762,500	(6,456,245)	222,500	(6,233,745)	-	1,528,755
Lease liabilities	7,228,914	-	-	-	(1,979,129)	5,249,785
Loans from group companies	7,436,201	-	-	-	233,584	7,669,785
Total liabilities from financing activities	**22,427,615**	**(6,456,245)**	**222,500**	**(6,233,745)**	**(1,745,545)**	**14,448,325**

Notes to the Annual Financial Statements

Figures in Rand	2023	2022

24. Related parties

Relationships

Subsidiaries	Refer to note
Members of key management	JM Voigt BR Topham (appointed 1 June 2023) JL Roos (resigned 21 June 2023)

Related parties in which key management and/or non-executive directors have a beneficial interest:

MB Pretorius	Snowy Owl Properties 82 (Pty) Ltd TeleMasters (Pty) Ltd Zero Plus Trading 194 (Pty) Ltd

Related party balances

	2023	2022
Loan accounts owing (to) by related parties		
Ultra DataCentre (Pty) Ltd	728,872	1,956,176
Catalytic Connections (Pty) Ltd	14,061,638	13,040,998
Spice Telecom (Pty) Ltd	(5,623,091)	(5,726,924)
Contineo Virtual Communications (Pty) Ltd	(1,032,858)	(494,153)
PerfectWorx Consulting (Pty) Ltd	(2,175,568)	(1,408,708)

Related party transactions

	2023	2022
Consulting fees paid to other related parties		
Zero Plus Trading 194 (Pty) Ltd	379,390	450,000
Services rendered to related parties		
Catalytic Connections (Pty) Ltd	6,264,032	8,970,789
Contineo Virtual Communications (Pty) Ltd	1,210,000	632,352
PerfectWorx Consulting (Pty) Ltd	480,000	386,264
Ultra DataCentre (Pty) Ltd	-	107,115
Value of shares issued		
JM Voigt	875,511	3,228,122

The transactions with related parties are made on terms equivalent to those that prevail in arm’s length transactions.

25. Directors' emoluments

Executive

2023

Directors' emoluments	Emoluments
JL Roos	923,240
JM Voigt	1,440,000
	2,363,240

2022

Directors' emoluments	Emoluments
JL Roos	900,000
JM Voigt	1,680,640
	2,580,640

Non-executive

2023

Directors' emoluments	Directors' fees
DJ Bate	249,000
MB Pretorius	399,996
WF Steinberg	249,000
M Tappan	249,000
T Smith	249,000
	1,395,996

2022

Directors' emoluments	Directors' fees
DJ Bate	228,250
MB Pretorius	405,127
WF Steinberg	249,000
M Tappan	249,000
T Smith	166,000
	1,297,377

26. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023

	Note(s)	Amortised cost	Fair value
Loans to group companies	7	14,790,510	14,790,510
Cash and cash equivalents	10	1,396,486	1,396,486
		16,186,996	**16,186,996**

2022

	Note(s)	Amortised cost	Fair value
Loans to group companies	7	14,997,174	14,997,174
Trade and other receivables	9	202,834	202,834
Cash and cash equivalents	10	856,753	856,753
		16,056,761	**16,056,761**

Categories of financial liabilities

2023

	Note(s)	Amortised cost	Leases	Fair value
Trade and other payables	13	432,988	-	432,988
Loans from group companies	14	8,831,517	-	8,831,517
Lease liabilities	4	-	3,493,415	3,493,415
Dividend payable		146,445	-	146,445
		9,410,950	**3,493,415**	**12,904,365**

2022

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Leases	Fair value
Trade and other payables	13	-	534,968	-	534,968
Loans from group companies	14	-	7,669,785	-	7,669,785
Lease liabilities	4	-	-	5,249,785	5,249,785
Dividend payable		-	367,216	-	367,216
Contingent consideration	6	1,528,755	-	-	1,528,755
		1,528,755	**8,571,969**	**5,249,785**	**15,350,509**

26. Financial instruments and risk management (continued)

Capital risk management

The Company's capital structure consists of cash and cash equivalents and equity attributable to equity holders of the Company which comprises issued share capital, share premium and accumulated earnings. The Company's capital management objective is to achieve an effective weighted average cost of capital while continuing to safeguard the Company's ability to meet its liquidity requirements, repay borrowings as they fall due and continue as a going concern, whilst concurrently ensuring that at all times its credit worthiness is considered to be at least investment grade. Management reviews the capital structure, analyses interest rate exposure and reevaluates treasury management strategies in the context of economic conditions and forecasts regularly. This could lead to an adjustment to the dividend yield and/or an issue or repurchase of shares.

This policy is consistent with that of the comparative period. The Company is not subject to any external capital requirements.

Financial risk management

Financial instrument risk exposure and management

There have been no substantive changes to the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. Information disclosed has not been disaggregated as the financial instruments used by the Company share the same economic characteristics and market conditions.

Risk management is carried out by management under policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk and credit risk. The directors monitor their collections from the Company's receivables, movement in prime lending rates and the risks that the Company and Group is exposed to based on current market conditions, on a monthly basis.

The principal financial instruments used by the Company, from which financial risk arises, are as follows:

- Loans to and from group companies;
- Cash and cash equivalents;
- Trade and other payables;
- Lease liabilities;
- Dividends payable; and
- Contingent consideration.

The Company is currently exposed to credit risk, liquidity risk and interest rate risk (which comprises cash flow interest rate risk).

The main purpose of financial liabilities is to raise finance to fund the acquisition of plant and equipment and intangible assets, working capital and future acquisitions.

Procedures for avoiding excessive concentration of risk by the Company and within the Telemasters Group include:

Credit risk
- Regular review of the financial position and performance of counterparties.

Liquidity risk

- Maintaining cash balances;
- Effecting necessary price increases as and when required; and
- Reviewing the Company's bank accounts daily and transferring excess funds from the main current account to other facilities in order to increase the interest earnings to the Company.

Notes to the Annual Financial Statements

26. Financial instruments and risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk on loans receivable (note 7), trade and other receivables (note 9) and cash and cash equivalents (note 10). The management of credit risk exposure is detailed in the individual notes.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Loans to group companies	7	14,790,510	-	14,790,510	14,997,174	-	14,997,174
Trade and other receivables	9	-	-	-	202,834	-	202,834
Cash and cash equivalents	10	1,396,486	-	1,396,486	854,953	-	854,953
		16,186,996	**-**	**16,186,996**	**16,054,961**	**-**	**16,054,961**

Liquidity risk

The Company is exposed to liquidity risk, which is the risk that the Company will encounter difficulties in meeting its obligations as they become due.

The Company manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through cash generated from operations and shareholder funding when required. Deposits are held with reputable financial institutions. The management of liquidity risk is also achieved by monitoring the economy to ensure that necessary price increases are effected. There have been no defaults or breaches on trade payables during the course of the financial year.

The maturity profile of contractual cash flows are presented in the following table. The cash flows are undiscounted contractual amounts.

2023

		Less than 1 year	**1 to 2 years**	**2 to 3 years**	**Total**	**Carrying amount**
Non-current liabilities						
Lease liabilities	4	-	1,750,813	729,505	2,480,318	2,149,022
Current liabilities						
Trade and other payables	13	432,988	-	-	432,988	432,988
Loans from group companies	14	8,831,517	-	-	8,831,517	8,831,517
Lease liabilities	4	1,902,968	-	-	1,902,968	1,344,393
Dividend payable		146,445	-	-	146,445	146,445
		3,406,680	**1,750,813**	**729,505**	**13,794,236**	**12,904,365**

26. Financial instruments and risk management (continued)

2022

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Lease liabilities	4	-	4,191,074	4,191,074	3,455,093
Current liabilities					
Trade and other payables	13	534,968	-	534,968	534,968
Loans from group companies	14	7,669,785	-	7,669,785	7,669,785
Lease liabilities	4	2,504,495	-	2,504,495	1,794,692
Dividend payable		367,216	-	367,216	367,216
		11,488,550	**4,191,074**	**15,267,538**	**13,821,754**

Interest rate risk

The Company policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

	Note	Average effective interest rate		Carrying amount	
		2023	2022	2023	2022
Assets					
Cash and cash equivalents	10	5.25%-6.23%	4.65-5.25%	1,396,486	854,953
Liabilities					
Lease liabilities	4	15.57-19.70%	8.55-15.13%	(3,493,415)	(5,249,785)
Net variable rate financial instruments				**(2,096,929)**	**(4,394,832)**

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date.

At 30 June 2023, if the prime interest rate had been 1.50% per annum (2022: 1.50%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R 22,961 (2022: R 47,464) lower and higher.

Notes to the Annual Financial Statements

Figures in Rand

27. Going concern

The Directors have evaluated the entity’s solvency and liquidity position and draw attention to the fact that as at 30 June 2023, the entity's total assets assets exceeded its total liabilities by R33 136 825 (2022: R32 279 745) and made an operating loss for the period of R2 811 (2022: profit of R335 164).

The Directors believe that the entity has adequate financial resources to continue in operation for the foreseeable future. Accordingly, the Annual Financial Statements have been prepared on a going concern basis. The Directors have satisfied themselves that the entity is in a sound financial position and that it has access to sufficient shareholder loan facilities, to meet its foreseeable cash requirements.

28. Events after the reporting period

Other than that disclosed below, the Directors are unaware of any significant adjusting or disclosable events that have occurred between the end of the financial year and the date of this report that may materially affect the Company’s results for the year under review or its financial position as at 30 June 2023:

- Dividend number 60 of 0.1 cents per share was declared on 13 July 2023 and paid to all shareholders recorded in the share register of the Company at the close of business on 4 August 2023.

- MJ Krastonov was appointed to the Board of Directors with effect from 20 September 2023 and has been appointed as the Chairperson of the Audit and Risk Committee.