enX Corporation Limited

Registration number: 1984/007045/06

Audited Annual Financial Statements
for the year ended 31 August 2019

CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS

For the year ended 31 August 2019

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and in the manner required by the South African Companies Act, No 71 of 2008 ("**the Companies Act**").

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The annual financial statements of the company are prepared on the going-concern basis. The directors have reviewed the company's cash flow forecast for the year to 31 August 2020 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been prepared under the supervision of JS Friedman CA(SA).

The financial statements set out on pages 10 to 46 were approved by the board of directors on 13 December 2019 and are signed on its behalf by:

JS Friedman
(Director)

PM Mansour
(Director)

INDEPENDENT AUDITOR'S REPORT

To the shareholders of enX Corporation Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of enX Corporation Limited ("the Company") set out on pages 10 to 46, which comprise the statement of financial position as at 31 August 2019, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the 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 the Company as at 31 August 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 the matter was addressed in the audit
The accounting for revenue following the adoption of *IFRS 15 – Revenue from contracts with customers*	
The company adopted IFRS 15 – Revenue from contracts with customers ("IFRS 15") in the current year which required significant judgement to be applied by the directors as detailed in note 1.13 to the financial statements with regard to determining future maintenance costs by class, make and age of a vehicle based on actual costs incurred and the term of the maintenance contract in order to determine an appropriate basis on which to recognise revenue over the contract period. The directors utilised an actuarial based methodology and classified vehicles into four categories depending on their past and forecast future maintenance profile to determine the maintenance revenue to be recognised on a per vehicle basis each year of the maintenance contract. In light of the above, we consider this to be a Key Audit Matter.	The following audit procedures were performed to assess the appropriateness of the actuarial valuation model and the maintenance revenue recognised at the beginning and during the current year: • Deloitte actuarial specialists reviewed the key actuarial assumptions pertaining to the determination of future maintenance costs and assessed the appropriateness of the actuarial model used. • Assessed the competence, objectivity and independence of management's experts who developed the actuarial models used by the directors. • The underlying financial and maintenance related information used in the actuarial model was agreed to the leasing system on which detailed substantive testing was performed to ensure the material completeness and accuracy of the information used. • Assessed the mathematical accuracy of the formulae used in the actuarial model. • Audited the opening retained income adjustment arising on the implementation of IFRS 15. Based on the audit procedures performed, we consider the maintenance revenue recognised in the current year to be materially appropriate. We have reviewed the disclosure relating to the revenue recognition policy, significant judgements and impact of the adoption of IFRS 15 in notes 1.8, 1.13 and 1.16A respectively of these financial statements. We consider the accounting for revenue for the year ended 31 August 2019 to be materially appropriate in terms of the requirements of IFRS 15.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "enX Corporation Limited Audited Annual Financial Statements for the year ended 31 August 2019", which includes the Directors' report, the Audit and risk committee's report and Company secretary compliance statement, as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report. 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 and will not express 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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 04 December 2015, we report that Deloitte & Touche has been the auditor of enX Corporation Limited for 20 years.

Deloitte & Touche
Registered Auditor
Per: Sebastian Benedikt Field Carter
Partner
13 December 2019

Deloitte & Touche, Registered Auditors, The Woodlands, 20 Woodlands Drive, Woodmead, 2196
(Private Bag X6, Gallo Manor, 2052)

AUDIT AND RISK COMMITTEE REPORT

enX Corporation Limited ("enX Corporation" or "the company") is a wholly-owned subsidiary of enX Leasing Investments Proprietary Limited ("enX Leasing"), which is a wholly-owned subsidiary of enX Group Limited ("enX Group" or "the group"). The full audit and risk committee report has been included in the enX Group integrated report published on the enX website, www.enxgroup.co.za/integrated-annual-reports.

The Audit and Risk Committee of enX Group assumes the role and responsibility of the audit committee function of the Company. The Audit and Risk Committee's operation is guided by a detailed charter that is approved by the board and complies with the Companies Act and King IV. The purpose of the committee is to assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of the accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards. Other responsibilities of the committee include assessing and approving the internal audit plan, assessing the reporting from both internal and external auditors and assessing the going concern of the company.

The external auditors have unrestricted access to the Audit and Risk Committee and attend meetings to report on their findings and to discuss accounting, auditing, internal control and financial reporting matters.

The Audit and Risk Committee has reviewed the scope as well as the independence and objectivity of the external auditors. The committee has satisfied itself that the external auditor is independent as defined by the Companies Act.

B Ngonyama
enX Group Audit and Risk Committee Chairperson

13 December 2019

COMPANY SECRETARY COMPLIANCE STATEMENT

In my capacity as company secretary, I hereby confirm that in terms of section 88(2)(e) of the Companies Act, the company has lodged all returns required of a public company in terms of the Companies Act for the year ended 31 August 2019 with the Registrar of Companies and that all these returns are true, correct and up to date.

N Petrides
Company secretary

13 December 2019

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of enX Corporation Limited for the year ended 31 August 2019.

FINANCIAL PERFORMANCE AND MAIN BUSINESS AND OPERATIONS

The company's core business is to provide a full spectrum of passenger and commercial vehicle services including leasing, fleet management, outsourcing solutions, maintenance, warranty management and vehicle tracking solutions driven by a unique approach to asset management through data technology. The company's commercial vehicle operations are supported by a nationwide network of workshops and panel repair shops.

The financial results for the year ended 31 August 2019 are set out in detail in the financial statements. The company recorded a profit before taxation of R48 million for the year ended 31 August 2019 (2018: R39 million).

DIVIDENDS

No dividends were declared and paid during the period under review (2018: Nil).

AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes to the authorised or issued share capital of the company during the current period.

DIRECTORS

The directors of the company at the year-end and date of this report are:

- JV Carr;
- SB Joffe (resigned on 19 July 2019);
- PD Mansour; and
- JS Friedman (resigned effective 31 March 2020).

SPECIAL RESOLUTIONS

During the financial year the following special resolutions were passed:

Special Resolution 1 – Financial assistance for subscription of securities

Resolved in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of directors of the company may from time to time authorise the company to provide any direct or indirect financial assistance for subscription of securities, as defined in section 44(1) of the Companies Act, provided that the aforementioned approval shall be valid for a period of two years from approval of this resolution.

Special Resolution 2 – Financial assistance to related or inter-related companies and others

Resolved in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of directors may from time to time authorise the company to provide any direct or indirect financial assistance, as defined in section 45(1) of the Companies Act, to any related or inter related company or corporation as contemplated in section 45(2) of the Companies Act, for such amounts and on such terms and conditions as the board of directors may determine, provided that the aforementioned approval shall be valid for a period of two years from passing hereof.

GOING CONCERN

The annual financial statements have been prepared on the assumption that the company will continue to operate as a going concern. The majority of loans with group companies will only be settled should investments be sold. As indicated in the subsequent events disclosure, the repayment terms pertaining to the company's term loan facility have been amended which results in no amounts being repayable in the 12-month period from the year-end which has a direct impact on liquidity. In addition, the company's current trading position and forecasts, enables the directors to conclude that the company will be able to meet its obligations as they fall due, and accordingly that it remains appropriate to prepare these financial results on a going concern basis.

KING IV

For full details with regards to the company's compliance with King IV please refer to the "DMTN programme" section on the website where the "King IV Compliance enX Corporation 2019" document has been loaded.

AUDITORS

Deloitte & Touche will continue in office as external auditors, with Mr S Carter as the designated auditor.

EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

The company negotiated an amendment to the repayment terms pertaining to its term loan facility by moving out the 29 May 2020, 31 August 2020 and 30 November 2020 repayments of R216,5 million each, across the remaining amortisation periods. This will increase the quarterly repayments to R298 million. Repayments will commence on 26 February 2021.

The board of directors is not aware of any other matter or circumstance arising since the end of the reporting period which significantly affects the financial position of the company as at 31 August 2019 or the results of its operations or cash flows for the year then ended.

COMPANY INFORMATION

The company is a public company incorporated in South Africa. The company has issued listed debt instruments.

The address of the company secretary, N Petrides, and the registered office of the company are as follows:

Business address:	Postal address:
11 Gross Street,	PO Box 1050
Tunney Industrial,	Bedfordview
Isando	2008

STATEMENT OF FINANCIAL POSITION

As at

	Notes	**31 August 2019 R'000**	31 August 2018 R'000
Assets			
Non-current assets		**4 418 754**	4 011 796
Intangible assets	2	**8 115**	5 222
Property, plant and equipment	3	**52 217**	53 991
Leasing assets	4	**2 580 981**	2 368 198
Investments	5	**13 161**	20 768
Amounts owing by group companies	6	**1 764 280**	1 563 617
Current assets		**1 080 745**	954 456
Amounts owing by group companies	6	**741 283**	640 329
Inventories	7	**17 869**	6 848
Trade and other receivables	8	**152 096**	184 589
Taxation receivable		**–**	1 699
Cash and cash equivalents	9	**169 497**	120 991
Total assets		**5 499 499**	4 966 252
Equity and liabilities			
Stated capital	10	**548 874**	548 874
Other reserves	11	**8 813**	7 701
Equity loan	6	**25 360**	25 360
Accumulated profit/(losses)		**18 496**	(20 346)
Total equity		**601 543**	561 589
Non-current liabilities		**3 086 765**	3 089 770
Interest-bearing liabilities	12	**2 847 220**	2 850 129
Deferred taxation	13	**238 598**	233 713
Non-current financial liabilities	14	**947**	5 928
Current liabilities		**1 811 191**	1 314 893
Amounts owing to group companies	6	**504 340**	394 563
Interest-bearing liabilities	12	**1 053 815**	646 475
Trade and other payables	15	**243 610**	273 855
Taxation payable		**9 426**	–
Total equity and liabilities		**5 499 499**	4 966 252

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended

	Notes	**31 August 2019 R'000**	31 August 2018 R'000
Revenue	16	**1 880 967**	1 999 363
Net operating expenses	17	**(1 218 031)**	(1 364 024)
Profit from operations before depreciation, amortisation, profit on disposal of property, plant and equipment and impairments		**662 936**	635 339
Depreciation, amortisation and profit on disposal of property, plant and equipment	18	**(423 305)**	(409 211)
Impairment of investments	19	**(4 615)**	(5 100)
Operating profit		**235 016**	221 028
Net foreign exchange gains		**5**	235
Profit before net finance costs		**235 021**	221 263
Net finance costs		**(186 659)**	(182 316)
Finance costs	20	**(362 860)**	(357 550)
Finance income	20	**176 201**	175 234
Profit before taxation		**48 362**	38 947
Taxation	21	**(18 174)**	(14 215)
Profit for the year		**30 188**	24 732
Total comprehensive income for the year		**30 188**	24 732

STATEMENT OF CHANGES IN EQUITY

For the years ended

	Stated capital R'000	Other reserves R'000	Equity loans R'000	Accumulated profits/ (losses) R'000	Total R'000
Balance at 1 September 2018	548 874	4 621	25 360	(45 078)	533 777
Total comprehensive income for the year	–	–	–	24 732	24 732
Vesting of share incentive scheme	–	(7 690)	–	–	(7 690)
Share-based payment expense	–	10 770	–	–	10 770
Balance at 31 August 2018	**548 874**	**7 701**	**25 360**	**(20 346)**	**561 589**
Opening IFRS 15 adjustment	**–**	**–**	**–**	**8 654**	**8 654**
Balance as at 1 September 2018	**548 874**	**7 701**	**25 360**	**(11 692)**	**570 243**
Total comprehensive income for the year	**–**	**–**	**–**	**30 188**	**30 188**
Vesting of share incentive scheme	**–**	**(1 438)**	**–**	**–**	**(1 438)**
Share-based payment expense	**–**	**2 550**	**–**	**–**	**2 550**
Balance at 31 August 2019	**548 874**	**8 813**	**25 360**	**18 496**	**601 543**

STATEMENT OF CASH FLOWS

For the years ended

	Notes	**31 August 2019 R'000**	31 August 2018 R'000
Cash flows from operating activities			
Cash receipts from customers		**1 924 887**	2 029 499
Cash paid to suppliers and employees		**(937 475)**	(1 058 250)
Cash generated by operations	22A	**987 412**	971 249
Finance costs paid	22D	**(349 560)**	(357 550)
Finance income received	22C	**176 201**	162 284
Taxation paid	22B	**(2 164)**	12 578
Net cash flows generated from operating activities		**811 889**	788 561
Cash flows from investing activities			
Purchase of intangible assets	2	**(5 681)**	(5 172)
Purchase of property, plant and equipment	3	**(2 925)**	(4 546)
Purchase of leasing assets	4	**(970 360)**	(786 266)
Proceeds from loans receivable		**–**	250 000
Net movement in amounts due by group companies	1.15	**(191 840)**	108 344
Cash movement in investments		**2 992**	(4 093)
Net cash flows utilised in investing activities		**(1 167 814)**	(441 733)
Cash flows from financing activities			
Repayment of interest-bearing borrowings		**(472 504)**	(766 998)
Proceeds on interest-bearing borrowings advanced		**876 935**	460 000
Net cash flows generated/(utilised) by financing activities		**404 431**	(306 998)
Net movement in cash and cash equivalents		**48 506**	39 830
Cash and cash equivalents at beginning of the year		**120 991**	120 991
Cash and cash equivalents at end of the year	9	**169 497**	120 991

For the year ended 31 August 2019

1. PRINCIPAL ACCOUNTING POLICIES

The annual financial statements are prepared in compliance with JSE Listings Requirements, IFRS and Interpretations of those standards, as issued by the International Accounting Standards Board (IASB), the financial reporting pronouncements as issued by the Financial Reporting Standards Council (FRSC) that are relevant to its operations and have been effective for the annual reporting period ending 31 August 2019, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the South African Companies Act 71 of 2008, as amended. These accounting policies are consistent with the previous period, except for the changes set out in note 1.16.

1.1 Basis of preparation

The financial statements are prepared on the historical cost basis except for the measurement of certain financial instruments at fair value.

1.2 Standards and interpretations not yet effective or relevant

At the date of authorisation of the financial statements of the company for the year ended 31 August 2019, the following Standards and Interpretations were in issue but not yet effective and are considered relevant to the company:

Standards and interpretations	**Annual periods beginning on or after**
Issued and effective but changes not yet effective	
IFRS 16: Leases	1 January 2019

Management has performed a detailed assessment regarding the possible impacts on future reporting of IFRS 16, which is applicable to the 2020 financial year.

IFRS 16: LEASES

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17.

A project has been undertaken to assess the impact of IFRS 16 which is only applicable from the year beginning 1 September 2019. The company has chosen to apply the “simplified approach” on adoption of IFRS 16 that includes certain relief related to the measurement of the right-of-use asset and the lease liability at 1 September 2018, rather than full retrospective application. Furthermore, the “simplified approach” does not require a restatement of comparatives. The only more material assets which the company leases and which are currently treated as operating leases relate to land and buildings and plant at the Fuel business.

When IFRS 16 is implemented the company will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Based on this the definition of a lease in accordance with IAS 17 will apply to leases entered into before 1 September 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Based on this a contract contains a lease if control of the use of an asset is obtained in exchange for a consideration. Should the company have control of the asset, the company will recognise a right-of-use-asset and a lease liability at the commencement date of the contract. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date.

1.2 **Standards and interpretations not yet effective or relevant** continued

The right-of-use asset will be subsequently depreciated over the lease term. In addition under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

The lease liability is measured at the present value of lease payments discounted using an incremental borrowing rate. The lease asset is measured at amortised cost using effective interest rate.

If the company had early adopted IFRS 16 in the current year the expected range of impact, net of tax, on retained earnings for the year ended 31 August 2019 would be as follows:

Expected impact of adopting IFRS 16	**Range in R millions**
Right of use assets/(liabilities) recognised	16.8 to 20.5
Retained earnings:	
Reversal of lease payments recognised under IAS 17	(5.6) to (6.8)
Amortisation of right-of-use assets	5.3 to 6.4
Unwinding of finance cost element recognised in capitalised lease liability	1.0 to 1.2
Related deferred tax	(0.2) to (0.3)
Expected impact of IFRS 16 on retained earnings as at 1 September 2019	**0.5 to 0.6**

Impact on the statement of cash flows

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under IFRS 16 would be to increase the cash generated by operating activities and to decrease net cash used in financing activities by the same amount.

The remainder of the new standards and interpretations applicable for the 2019 financial year are not considered to have a material impact on financial reporting.

1.3 **Property, plant, equipment and leasing assets**

Property, plant and equipment and leasing assets are stated at historical cost, less accumulated depreciation and impairment losses.

Property, plant and equipment and leasing assets are initially recognised at cost. Directly related transaction costs are included in the initial measurement.

Subsequent costs are recognised to the extent that it is probable that the future economic benefits which are associated with them will flow to the entity and the cost can be measured reliably.

Items of property, plant and equipment and leasing assets are depreciated to their residual values, on a straight-line basis over their estimated useful lives, commencing from the date they are available for use. The depreciation is calculated and charged to the statement of comprehensive income over the following periods:

Item	**Useful life**
Plant and equipment	3 to 10 years
Office equipment	3 to 5 years
Computer equipment	3 years
Motor vehicles	3 to 10 years
Leasehold improvements	Lesser of useful life or period of lease
Buildings	Up to 20 years
Leasing assets (vehicles)	3 to 10 years

The residual value, is re-assessed at each year-end together with the useful life of the asset.

1.3 **Property, plant, equipment and leasing assets** continued

Carrying amounts of property, plant and equipment and leasing assets are reduced to their recoverable amounts where these are lower than the carrying amounts. The expected future cash flows attributable to such assets are considered in determining the recoverable amounts. If the recoverable amount is lower than the carrying amount, it is impaired in the statement of comprehensive income.

1.4 **Intangible assets other than goodwill**

Intangible assets that are acquired by the company and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specification to which it relates. All other expenditure is recognised in profit or loss.

Intangible assets with finite useful lives are amortised on a straight-line basis in the statement of comprehensive income over their estimated useful lives. Amortisation is disclosed as part of depreciation and amortisation on the statement of comprehensive income. The estimated useful lives for the current period are as follows:

Item	**Useful life**
Computer software	2 to 8 years

Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

1.5 **Inventories**

Inventory comprises finished goods and vehicles.

Inventories are stated at the lower of cost and net realisable value. Cost is determined as follows:

Vehicles	Specific cost
Spares, accessories and finished goods	Weighted average cost

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

The amount of any write-down of inventories to net realisable value and all losses of inventories are charged to the statement of comprehensive income in the period the write-down or loss is incurred. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories through the statement of comprehensive income in the period in which the reversal occurs. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

1.6 **Financial instruments**

The company has adopted IFRS 9 from 1 September 2018. Information about the impact of initially applying IFRS 9 is described in note 1.16B.

Classification

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument based on the business model and the contractual cashflows associated with the instrument.

Trade and other receivables

Trade receivables, loans and other receivables are measured at amortised cost using the effective interest rate method and reduced by the expected credit losses ("ECL"). The company has applied the simplified model determining the lifetime expected credit losses as there is no significant financing component. Other receivables include prepayments, value added tax, deposits, sundry debtors, claims and recoverables.

1.6 **Financial instruments** continued

Impairment of financial assets

An assessment is made at each reporting date whether there is any objective evidence that trade, loans and other receivables are impaired. The company applies the simplified approach to calculate the ECL of trade receivables. The rates used in the provision matrix are based on days past due and debt written off.

For all other financial assets classified at amortised cost as well as issued loan commitments, the general approach has been applied to calculate the ECL. The ECL is calculated by considering the consequences and probabilities of possible defaults only for the next 12 months.

Trade payables and interest-bearing liabilities

Trade payables and interest-bearing liabilities are initially recognised at fair value and are subsequently measured at their amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost which approximates fair value. Cash and cash equivalents comprise cash balances, call deposits and restricted cash which is expected to be available for use within 12 months from the reporting date.

Fair value calculations

Fair values for unquoted equity instruments are estimated using applicable fair value models. If a quoted bid price is not available for dated instruments, the fair value is determined using pricing models or discounted cash flow techniques.

Derecognition

A financial asset is derecognised when its contractual rights to the cash flow from the financial asset expire, or if it transfers the asset together with its contractual rights to receive the cash flows of the financial assets.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.7 **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Finance leases

Amounts due under finance leases are treated as installment credit agreements.

Operating leases

Income is recognised in the statement of comprehensive income over the period of the lease term on the effective interest rate basis.

Assets leased under operating leases are included under the appropriate category of asset in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

The company as lessee

Finance leases

Assets held under finance leases are capitalised as assets at the lower of fair value or the present value of the minimum lease payments at the inception of the lease. The capitalised amount is depreciated over the asset's useful life. Lease payments are allocated between capital payments and finance expenses using the effective interest rate method.

1.7 **Leases** continued

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Finance costs, which represent the difference between the total lease commitments and the fair value of the assets acquired, are charged to the statement of comprehensive income over the term of the relevant lease.

Operating leases

Operating lease costs are recognised in the statement of comprehensive income over the lease term on the straight-line basis. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is charged to the statement of comprehensive income in the period in which termination takes place.

1.8 **Revenue recognition**

The company has adopted IFRS 15 from 1 September 2018. Information about the company's accounting policies relating to contracts with customers and the effect of initially applying IFRS 15 is described in note 1.16A.

Sale of capital goods

Revenue comprises the net invoiced amount of goods supplied and services rendered to customers, excluding value-added tax. Revenue from the sale of capital goods includes the sale of the vehicles (new or used). The performance obligation required to recognise the revenue from the sale of capital goods is the capital goods need to be delivered to the customer. When the good have been delivered to the customer the control has passed and the revenue can be recognised at that point in time. The transaction price is based on the cost of the good sold increased by a margin.

Leasing rentals

Revenue from leasing rentals is recognised over the period of the agreement to the extent of the value of the vehicle provided.

The performance obligations that need to be met include the provision of a vehicle being leased to the customer over an agreed contract period and the administration of the vehicle during the contract period.

Revenue is recognised over time as the customer consumes the benefit of the vehicle based on the input method. The consideration recognised monthly is based on a fixed monthly amount for the financing of the vehicle over the contract term and a fixed monthly amount for the admin fees. The admin fees are for clerical performance within the month of billing and therefore the admin fee is recognised at point in time. The admin fee is a separately billed component and is easily determined. The monthly rental of the vehicle is based on the asset value, over the period of the contract, using the contract interest rate, down to a residual value set through the rates methodology and is therefore easily determined.

Vehicle maintenance plans

Revenue from vehicle maintenance plans is recognised over the period of the agreement to the extent of the value of parts and services provided.

The performance obligations that need to be met in line with the vehicle maintenance plan include the maintenance services to be provided to the customer over the agreed contract period and the administration of the contract during the contract period.

The provision of the vehicle services are performed over time, therefore the revenue is recognised over time as the customer consumes the benefit of the maintenance based on the input method using the terms of the agreement and the expected costs associated with the maintenance. As a result of the fact that lease arrangements span periods of 48 months to 60 months, an actuarial valuation process is employed to determine the extent of the maintenance revenues to be recognised each year. The admin fees are billed upfront for initiation of the contract and therefore recognised at point in time.

1.8 **Revenue recognition** continued

Value added products

Revenue for value added product services are based on master agreements in place with all customers and revenues are recognised as the services are provided.

The performance obligations that need to be met in order to recognise the revenue are the value added product services need to be provided to the customer over the agreed contract period and the administration of the contract must be monitored during the contract period

The billing of the value added products is determined by the cost being rebilled with a margin, the admin fee is a separately billed component and is easily determined based on the clerical performance within the month.

1.9 **Finance costs**

Borrowing costs are recognised as an expense charged to the statement of comprehensive income in the period in which they are incurred, except to the extent in which interest paid meets the criteria for capitalisation against a qualifying asset, in which case it is capitalised as part of the cost of the asset.

1.10 **Taxation**

Current taxation

The charge for current taxation is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Taxation is calculated using rates that have been enacted or substantively enacted at the statement of financial position date. To the extent that the current taxation is unpaid, a liability is recognised and if a refund is due at the year-end an asset is raised.

Deferred tax

Deferred taxation is calculated at the taxation rates enacted or substantially enacted at statement of financial position date and are expected to apply when the related deferred taxation asset is realised or deferred liability is settled and is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation is raised on all temporary differences, other than the initial recognition of goodwill, and of assets or liabilities in transactions other than business combinations which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred taxation is provided for on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company is able to and intends to settle its current tax assets and liabilities on a net basis.

1.11 **Impairment of assets**

The carrying amount of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount of an asset is calculated as the higher of its fair value in use or its fair value less cost to sell.

In assessing the value-in-use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

1.11 **Impairment of assets** continued

An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of an asset exceeds its recoverable amount.

Where the recoverable amount of an individual asset cannot be determined, the recoverable amount of the CGU to which the asset belongs is determined.

A previously recognised impairment loss is reversed if the recoverable amount of the asset increases as a result of a change in the estimate used to determine the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

1.12 **Foreign currencies**

Functional and presentation currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in South African Rand, which is the company's presentation and the company's functional currency.

Foreign currency transactions

Transactions denominated in foreign currencies are translated at the rates of exchange ruling on the transaction dates.

Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Gains or losses arising on translations are credited to, or charged against, the statement of comprehensive income.

1.13 **Management judgements and estimates**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income or expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Significant judgements made by management

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments as follows:

Residual values of leasing assets

Leasing assets are depreciated over their useful life taking into account residual values. The actual lives of the assets and residual values are assessed at the reporting date and may vary depending on a number of factors. In re-assessing residual values, factors such as leasing contract terms, maintenance programmes, future market conditions, the remaining life of the asset and projected disposal values are taken into account.

Allowances for expected credit losses

Management applies judgement based on past experience with individual debtors which are overdue and where credit loss is expected into the future. Further detail is provided in note 26 regarding how management assesses credit risk for the purpose of recognising expected credit loss impacts.

1.13 Management judgements and estimates continued

Revenue recognition on vehicle maintenance plans

Revenue from vehicle maintenance plans is based on an actuarial calculation performed by an external party and revenue is recognised on the basis of a gross profit model over the life of the maintenance contract. Based on the actuarial valuation a combination of valuation methods are applied in order to derive the best estimate of the future costs. Consideration is given in determining future maintenance costs to the class of the vehicle, the make of the vehicle, the age of the vehicle, the actual costs incurred, the expected future costs and the term of the contract. Onerous contracts are provided for where costs are estimated to be above expected revenues. There is potential volatility in the revenue recognised in future years as cost curves are updated. This model will be considered to be the most appropriate basis on which to determine maintenance revenues to be recognised.

1.14 Share-based payments

The following group share-related incentive plans exist:

Cash settled share-based payment plan

The share appreciation rights plan is accounted for as a cash-settled share-based payment plan. The plan is recognised at the fair value of the obligations due, in the statement of financial position, over the vesting period up to and including settlement date with a corresponding charge to the statement of comprehensive income. The liability is re-measured at each reporting date, using the Black-Scholes model to reflect the revised value of the notional enX shares at reporting date, adjusted for changes in assumptions including management's estimate of the number of notional enX shares that will ultimately vest. Changes in the fair value are recognised through the statement of comprehensive income.

Equity-settled share-based payment plan

The Forfeitable Share Plan (FSP) which will be equity-settled.

Equity-settled share-based payments are measured at fair value at the date of grant using the Binomial Model. The fair value determined at the grant date of the equity-settled share-based payment is charged through the statement of comprehensive income on the straight-line basis over the vesting period. The charge takes into account the best estimate of the number of shares that are expected to vest. Non-market conditions such as time-based vesting conditions and non-market performance conditions are included in the assumptions for the number of options that are expected to vest.

The shares awarded under the FSP are issued or purchased in the open market and held in an escrow account. These escrow shares are treated as treasury shares. At each reporting date, the entity revises its estimates on the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, through the statement of comprehensive income.

1.15 Related party disclosure

We define key management personnel and prescribed officers as the directors of enX and those individuals with significant influence over financial and operating decisions of the group.

The net movement in amounts due to and by group companies is disclosed in the statement of cash flow as enX Corporation operates a treasury management system so that no group company holds excess cash. Therefore the movements in group loans comprises various deposits and draw downs throughout the year and as such the net movement in amounts due by group companies is disclosed.

1.16 Adoption of new accounting policies

The company has adopted IFRS 9 and IFRS 15 in the current year and the modified retrospective approach, permitted in terms of these standards, was utilised.

1.16A Impact of application of IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 and introduces a five-step approach to revenue recognition. Details of the new requirements as well as their impact on the financial statements are described below.

The company has applied IFRS 15 in accordance with the modified retrospective approach with the date of initial application being 1 September 2018; and applied the new accounting to all contracts that were in existence at 1 September 2018, which resulted in an adjustment to the opening retained income. The adjusted opening retained earnings arose largely from the actuarial process undertaken to ensure that maintenance revenues are appropriately recognised over the life of a maintenance contract.

IFRS 15 uses the terms "contract asset" and "contract liability" to describe what might more commonly be known as "accrued revenue" and "deferred revenue", however, the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The company has adopted the terminology "deferred revenue" to describe such balances.

The company's accounting policies for its revenue streams are disclosed in detail in note 1.8. The amount of adjustment for each financial statement line item affected by the application of IFRS 15 is illustrated below.

Impact on net profit for the year 31 August 2019

	R'000
Increase in revenue due to change in the timing	**27 630**
Decrease in revenue due to increase in onerous provision	**(11 808)**
Decrease in income tax expense	**(4 430)**
Increase in profit for the year	**11 392**

Impact on assets, liabilities and equity as at 1 September 2018

	As previously reported R'000	IFRS 15 adjustments R'000	As restated R'000
Total effect on assets	**4 966 252**	**4 966 252**	**4 966 252**
Retained earnings	(20 346)	8 654	(11 692)
Total effect on equity	**561 589**	**8 654**	**570 243**
Trade, other payables and provisions	243 610	(12 021)	231 589
Deferred tax	238 598	3 366	241 964
Total effect on liabilities	**4 404 663**	**(8 654)**	**4 396 009**

1.16B IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

Detailed consideration has been given over the past year to the possible impact that IFRS 9 could have on financial statements of the company for the year ending 31 August 2019 and reporting periods thereafter. The changes in the classification and measurement of financial assets introduced by the new standard did not have a material impact on the statement of financial position and statement of profit, loss and other comprehensive income.

The most relevant change to the company is the requirement to use an expected loss model instead of the incurred loss model, when assessing the recoverability of trade and other receivables. Based on the expected loss model contained in IFRS 9, there is not to be any significant change in the expected credit loss provision at 1 September 2018. Retrospective adoption of the standard has not been elected by the company.

1.16B IFRS 9 Financial Instruments continued

The company applied IFRS 9 prospectively, with an initial application date of 1 September 2018. The company has not restated the comparative information, due to the adoption of the modified retrospective approach. Differences arising from the adoption of IFRS 9 have been recognised directly in retained earnings.

Detailed information regarding the company's credit risk grading framework and the expected credit loss provisioning matrix is detailed in note 26.

1.16Ba Classification and measurement of financial assets and financial liabilities

IFRS 9 requires that financial assets that are within the scope of IFRS 9 are to be measured at amortised cost or fair value based on the company's business model for managing the financial assets and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding.

The assessment of the company's business model was made as of the date of initial application, 1 September 2018, the business models in place have been demonstrated per financial instrument in the table below. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. The classification and measurement requirements of IFRS 9 have not had a significant impact to the company. There are no changes in classification and measurement for the company's financial assets and liabilities.

1.16Bb Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model (ECL) as opposed to an incurred credit loss model under IAS 39. IFRS 9 requires the company to account for an allowance for ECL as well as for changes in those ECL for all debt instruments not held at fair value through profit or loss and contract assets.

The company applies the simplified approach to calculate the ECL of trade receivables. The provision rates are based on the company's historical observed default rates and at every reporting date, which are updated with forward-looking expected credit loss estimates.

There were no financial assets or financial liabilities which the company had previously designated as at FVTPL under IAS 39 that were subject to reclassification or which the company has elected to reclassify upon the application of IFRS 9. There were no financial assets or financial liabilities which the company has elected to designate as at FVTPL at the date of initial application of IFRS 9.

IFRS 9 introduces new measurement categories for financial assets and financial liabilities. The following table and the accompanying notes explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the company's financial assets and financial liabilities as at 1 September 2018. There has been no change in the measurement categories on the company financial instruments as illustrated in the table below.

The impact of adopting IFRS 9 on the carrying amounts of financial assets at 1 September 2018 relates solely to the new impairment requirements.

	Classification under IAS 39	Classification under IFRS 9	Business model under IFRS 9	Carrying value amount under IAS 39 R'000	Carrying value amount under IFRS 9 R'000
Financial assets					
Trade and other receivables	Loans and receivables	Amortised cost	Hold to collect	113 073	113 073
Loan to related parties	Loans and receivables	Amortised cost	Hold to collect	2 203 946	2 203 946
Investments	Financial assets at fair value through profit and loss	Fair value through profit and loss	Evaluation on a fair value basis	20 768	20 768
Cash and cash equivalents	Loans and receivables	Amortised cost	Hold to collect	120 991	120 991
Total financial assets				**2 458 778**	**2 458 778**
Financial liabilities					
Interest-bearing liabilities	Other financial liabilities	Other financial liabilities at amortised cost	Amortised cost	3 496 604	3 496 604
Non-current financial liabilities	Other financial liabilities	Other financial liabilities at amortised cost	Amortised cost	5 928	5 928
Loan to related parties	Loans and receivables	Amortised cost	Hold to collect	394 563	394 563
Trade and other payables	Other financial liabilities	Other financial liabilities at amortised cost	Amortised cost	27 592	27 592
Total financial liabilities				**3 924 687**	**3 924 687**

Under the "hold to collect" business model financial assets are held to collect their contractual cash flows, rather than with a view to selling the assets to generate cash flows. Under the "manage and evaluate on a fair value basis" business model financial assets are managed, and performance evaluated on a fair value basis.

	Computer software R'000	Total R'000
2. **INTANGIBLE ASSETS**		
31 August 2019		
– Cost	**212 793**	**212 793**
– Accumulated amortisation and impairment	**(204 678)**	**(204 678)**
	8 115	**8 115**
Movement summary:		
Net book value at beginning of the year	**5 222**	**5 222**
Additions	**5 681**	**5 681**
Amortisation	**(2 788)**	**(2 788)**
Net book value at end of the year	**8 115**	**8 115**
31 August 2018		
– Cost	207 112	207 112
– Accumulated amortisation and impairment	(201 890)	(201 890)
	5 222	5 222
Movement summary:		
Net book value at beginning of the year	730	730
Additions	5 172	5 172
Amortisation	(680)	(680)
Net book value at end of the year	5 222	5 222

	Land and buildings and leasehold improvements R'000	Equipment and furniture R'000	Motor vehicles R'000	Total R'000
3. **PROPERTY, PLANT AND EQUIPMENT**				
31 August 2019				
– Cost	**36 565**	**61 924**	**25 141**	**123 630**
– Accumulated depreciation	**(7 701)**	**(52 415)**	**(11 297)**	**(71 413)**
	28 864	**9 509**	**13 844**	**52 217**
Movement summary:				
Net book value at beginning of the year	**31 873**	**12 598**	**9 520**	**53 991**
Additions	**677**	**2 248**	**–**	**2 925**
Depreciation	**(986)**	**(5 239)**	**(3 287)**	**(9 512)**
Disposals	**(2 700)**	**(98)**	**–**	**(2 798)**
Transfer from leasing assets	**–**	**–**	**7 611**	**7 611**
Net book value at end of the year	**28 864**	**9 509**	**13 844**	**52 217**
31 August 2018				
– Cost	38 588	59 774	17 530	115 892
– Accumulated depreciation	(6 715)	(47 176)	(8 010)	(61 901)
	31 873	12 598	9 520	53 991
Movement summary:				
Net book value at beginning of the year	33 337	12 822	12 233	58 392
Additions	–	4 546	–	4 546
Depreciation	(1 464)	(4 733)	(2 567)	(8 764)
Disposals	–	(37)	–	(37)
Transfer to leasing assets	–	–	(146)	(146)
Net book value at end of the year	31 873	12 598	9 520	53 991

	31 August 2019 R'000	31 August 2018 R'000
4. LEASING ASSETS		
Cost	**3 845 842**	3 711 077
Accumulated depreciation and impairment	**(1 264 861)**	(1 342 879)
	2 580 981	2 368 198
Movement summary:		
Net book value at beginning of the year	**2 368 198**	2 341 095
Additions	**970 360**	786 266
Depreciation	**(408 207)**	(399 730)
Transfer (to)/from property, plant and equipment	**(7 611)**	146
Transfer to inventory	**(341 759)**	(359 579)
Net book value at end of the year	**2 580 981**	2 368 198

Leasing assets consist of passenger and commercial vehicles. No leasing assets are encumbered or held as security for borrowings.

	31 August 2019 R'000	31 August 2018 R'000
5. INVESTMENTS		
Investments		
Listed investments at market value	**6 542**	7 395
Unlisted investments at fair value	**6 619**	13 373
Total investments and loans receivable	**13 161**	20 768
The above are categorised as follows:		
– Amortised cost	**13 161**	20 768
	13 161	20 768
Disclosed as:		
– Non-current assets	**13 161**	20 768
	13 161	20 768

The listed investment comprises 568 872 (2018: 568 872) ordinary shares in enX Group carried at market value. The investment has been recognised and measured as an available-for-sale financial instrument. This is considered to be a level 1 financial instrument as the valuation is based on observable inputs of quoted market prices.

The unlisted investments are level 3 financial instruments. Level 3 instruments are valued using various business-related inputs which are not based on observable market data. Unlisted investments are valued based on operational performance of the entities which is considered to be appropriate taking into account that the investments are insignificant.

	31 August 2019 R'000	31 August 2018 R'000
6. AMOUNTS OWING BY/(TO) GROUP COMPANIES AND EQUITY LOAN		
Due by group companies		
Non-current assets		
Eqstra NH Equipment Proprietary Limited	**–**	2 501
Saficon Industrial Equipment Proprietary Limited	**1 746 818**	1 532 825
Amasondo Fleet Services Proprietary Limited	**–**	10 986
GPS Tracking Solutions Proprietary Limited	**15 127**	10 632
Eqstra Swaziland Proprietary Limited	**2 335**	6 673
Total long-term portion	**1 764 280**	1 563 617

Repayments of these amounts is not expected to be received in the next 12 months.

Consideration is given to the equity and profitability of the underlying group companies when assessing the risk of expected credit losses. No such credit loss is considered to exist at the reporting date.

Current assets		
Eqstra Financial Services Proprietary Limited	**12 408**	16 914
Omatemba Fleet Services Proprietary Limited	**101 529**	–
Eqstra Zambia Limited	**5 959**	579
enX Group Limited	**621 355**	622 793
K2016224128 (South Africa) (Proprietary) Limited	**32**	43
Total short-term portion	**741 283**	640 329

These amounts are considered to be short-term as they are repayable on demand or are expected to the settled in the next 12 months.

Consideration is given to the equity and profitability of the underlying group companies when assessing the risk of expected credit losses. No such credit loss is considered to exist at the reporting date.

Total amounts due by group companies	**2 505 563**	2 203 946
Due to group companies		
Eqstra Flexifleet Proprietary Limited	**–**	(53)
Eqstra Fleet Services (PVPS) Proprietary Limited	**(82 994)**	(63 743)
Eqstra Transformation Trust	**(2 195)**	(1 906)
enX Leasing Investments Proprietary Limited	**(263 281)**	(266 523)
Eqstra Fleet Services Proprietary Limited	**(3 351)**	(2 479)
Eqstra Fleet Services Namibia Proprietary Limited	**(80 096)**	(30 456)
Omatemba Fleet Services Proprietary Limited	**–**	(1 612)
Eqstra Lesotho Proprietary Limited	**(5 946)**	(5 233)
Eqstra NH Equipment Proprietary Limited	**(56 769)**	(22 558)
Amasondo Fleet Services Proprietary Limited	**(9 708)**	–
Total amounts due to group companies	**(504 340)**	(394 563)

The loans are unsecured, have no fixed repayment terms and bear interest at a market-related interest rate of 10% p.a. (2018: 10%) and as a result the carrying amounts are considered to approximate fair value.

Equity loan		
enX Leasing Investments Proprietary Limited	**25 360**	25 360

The equity loan bears no interest and is payable at the option of enX Corporation.

	31 August 2019 R'000	31 August 2018 R'000
7. INVENTORIES		
Gross inventory	**18 434**	7 404
Less: impairment provision	**(565)**	(556)
Net inventory	**17 869**	6 848
Comprising of:		
Used vehicles	**13 258**	785
Spares and accessories	**4 611**	6 063
	17 869	6 848
Inventories carried at net realisable value included above	**634**	5 252
Net amount of inventories written down in the statement of comprehensive income	**9**	(161)
Amounts recognised as an expense in cost of sales for the year	**329 355**	373 301
8. TRADE AND OTHER RECEIVABLES		
Net trade receivables	**100 790**	113 073
Gross trade receivables	**112 758**	127 814
Less: Provision for impairment of trade receivables*	**(11 968)**	(14 741)
Sundry debtors, claims, recoverables and prepayments	**51 306**	71 516
	152 096	184 589

* An assessment of expected credit loss pertaining to trade receivables is included at note 26.

The carrying amount of trade and other receivables approximates its fair value.

	31 August 2019 R'000	31 August 2018 R'000
9. CASH AND CASH EQUIVALENTS		
Cash on hand	**282**	330
Bank balance	**169 215**	120 661
Net cash and cash equivalents	**169 497**	120 991
Effective interest rates earned during the year (p.a)	**7,5%**	6,0%

The cash and cash equivalents relate to short-term deposits placed with banks which have strong credit ratings which is considered to mitigate the expected credit loss risk. The carrying amount of cash and cash equivalents approximates fair value.

	31 August 2019 R'000	31 August 2018 R'000
10. STATED CAPITAL AND OTHER RESERVES		
Authorised stated capital		
4 000 000 (2018: 4 000 000) ordinary shares of no par value	**4**	4
Issued stated capital		
600 002 (2018: 600 002) ordinary shares of no par value	**548 874**	548 874

10.1 **Equity Compensation Benefits**

enX forfeitable share plan (FSP) scheme

The FSP scheme allows certain senior employees to receive shares should certain conditions be fulfilled.

	Date of issue	Period to expiry	IFRS 2 classification
enX Group	14 December 2016	3 years	Equity settled
enX Group	1 June 2018	3 years	Equity settled

The value of the FSP has been calculated using the Binomial model based on the following assumptions:

	2018 scheme	2016 scheme
Expected dividend yield (%)	–	–
Fair value of the FSP on grant date	R14,46	R17,90

	31 August 2019 R'000	31 August 2018 R'000
Share-based payment expense recognised 2016 and 2018 Scheme	**2 550**	4 621

The expected volatility was determined using volatility of similar companies. The calculation of the share-based payment expense requires management to exercise a degree of judgement.

	Number of FSP (000s)	Number of FSP (000s)
Movement on the number of FSPs granted		
Balance at beginning of the year	**879 880**	**1 093 335**
Share appreciation rights granted during the year	**–**	**300 000**
Share appreciation rights forfeited/received during the year	**(307 279)**	**(513 455)**
Balance at end of the year	**572 601**	**879 880**

The expected volatility was determined by assessing the volatility of enX share since 1 September 2016. The expected forfeiture rate was determined by estimating the probability of participating individuals still being in the employment of the entity at vesting date. The calculation of the share-based payment expense requires management to exercise a degree of judgement.

	31 August 2019 R'000	31 August 2018 R'000
11. **OTHER RESERVES**		
Share-based payment reserve	**8 813**	7 701

	31 August 2019 R'000	31 August 2018 R'000
12. **INTEREST-BEARING LIABILITIES**		
Total unsecured loans and bonds	**3 901 035**	3 496 604
Less: Current portion of interest-bearing borrowings	**(1 053 815)**	(646 475)
Long-term portion of interest-bearing borrowings	**2 847 220**	2 850 129

All covenants were met during the current and prior year.

Subsequent to year end, the company negotiated an amendment to the repayment terms pertaining to its term loan facility by moving out the 29 May 2020, 31 August 2020 and 30 November 2020 repayments of R216,5 million each, across the remaining amortisation periods. This will increase the quarterly repayments to R298 million. Repayments will commence on 26 February 2021.

The carrying amounts of interest bearing liabilities approximate fair value.

Interest rate analysis	**31 August 2019 Effective rates %**	**31 August 2019 Analysis of debt R'000**	**31 August 2018 Effective rates %**	**31 August 2018 Analysis of debt R'000**
Variable interest rates				
– Unsecured loans	**8,82 to 9,57**	**2 859 654**	9,01 to 9,508	2 590 437
– Bonds	**8,51 to 13,03**	**1 041 380**	8,96 to 12,93	906 167
		3 901 034		3 496 604

Summary of interest-bearing borrowings by year of contractual redemption or repayment in SA Rands.

	2024 and onwards R'000	**2023 R'000**	**2022 R'000**	**2021 R'000**	**2020 R'000**	**Total R'000**
31 August 2019						
SA Rands	**–**	**313 073**	**1 413 073**	**1 121 073**	**1 053 815**	**3 901 034**
Total	**–**	**313 073**	**1 413 073**	**1 121 073**	**1053 815**	**3 901 034**

	2023 and onwards R'000	**2022 R'000**	**2021 R'000**	**2020 R'000**	**2019 R'000**	**Total R'000**
31 August 2018						
SA Rands	169 560	744 390	1 137 390	798 790	646 475	3 496 605
Total	169 560	744 390	1 137 390	798 790	646 475	3 496 605

Borrowing facilities	**31 August 2019 R'000**	31 August 2018 R'000
In terms of the memorandum of incorporation the borrowing powers of the company are unlimited.		
Total facilities established	**4 351 815**	4 233 290
Less: Total borrowings	**3 901 034**	3 496 604
Unutilised borrowing facilities	**450 781**	736 686

No assets are encumbered or held as security for these borrowings.

	31 August 2019 R'000	31 August 2018 R'000
13. DEFERRED TAXATION		
Balance at beginning of the year	**233 713**	223 511
Current year movements	**4 885**	10 202
Balance at end of the year	**238 598**	233 713
Analysis of deferred taxation		
– Accruals	**(45 924)**	(49 726)
– Property, plant and equipment	**3 876**	2 665
– Leasing assets	**282 983**	266 941
– Taxation losses	**(18 245)**	(1 292)
– Intangible assets	**16 556**	22 048
– Non-current financial liabilities	**(654)**	(1 660)
– Other	**6**	(5 263)
	238 598	233 713
Taxation losses		
Unutilised taxation losses available for set-off against future profits	**65 161**	4 614
Deferred taxation assets recognised in respect of such losses	**18 245**	1 292

Deferred taxation assets are raised only to the extent that it is probable that future taxable income will be available against which the deferred taxation asset can be used. None of the tax losses expire. Management has projected future taxable income for which the entity has tax losses based on budgets approved by the board of directors. The budgets forecast limited growth and the period over which tax losses can be recovered has been limited to five years.

14. EMPLOYEE BENEFITS

Management participation in share-related incentive plan

In order to align the interests of management with those of shareholders, share-related incentives were awarded to certain key members of the management team during the year. These incentives entitle the recipients to a cash settlement upon vesting, the quantum of which is to be referenced off any appreciation in the company's share price in excess of the strike price over the period between the commencement date and the determination date in respect of a notional holding of enX shares. The incentive scheme issued in 2018 vests after three years from issuance, allowing participants an additional two years to exercise from vesting date.

Share appreciation rights (SAR) scheme

	Date of issue	Period to expire from date of issue	IFRS 2 classification
enX Group Limited	June 2018	3 years	Cash settled

	2018 scheme
Expected volatility (%)	**28,84**
Expected dividend yield (%)	**–**
Expected forfeiture rate (%)	**–**
Exercise price of share appreciation rights	**R12,34**

	Valuation 2019 R'000	Valuation 2018 R'000
IFRS 2 share-related incentive valuation		
Opening balance	**5 928**	–
Expense recognised during the financial year	**(4 981)**	5 928
Balance at the end of the year	**947**	5 928
Disclosed as:		
Non-current financial liabilities	**947**	5 928
	947	5 928

Share-related incentives are valued using the Black-Scholes model. The 30-day volume weighted average price ("VWAP") of the enX share as at 31 August 2019 and a risk-free rate of 6,56% (2018: 7,93%) was used to value the share incentive at year-end.

The share-related incentive is a level 2 fair value item in terms of fair value hierarchy. Valuations of the share-related incentive are based on observable and unobservable inputs in terms of the Black-Scholes model as the enX share price is used in the model as well other inputs that are not quoted market prices but are observable. There were no transfers between level 1 and level 2 of the fair value hierarchy.

The expected volatility was determined using volatility of the enX share price since in 1 September 2017.

The expected forfeiture rate was determined by estimating the probability of participating individuals still being in the employment of enX at the vesting date and the probability of meeting the non-market vesting conditions relating to profitability targets over the vesting period.

The calculation of the share-based payment expense requires management to exercise a degree of judgement.

	31 August 2019 R'000	31 August 2018 R'000
15. TRADE AND OTHER PAYABLES		
Trade payables	**13 125**	27 592
Other payables and accruals	**49 669**	51 972
Deferred maintenance revenue	**124 566**	140 783
Interest accrual	**13 300**	11 144
Employee-related accruals	**42 950**	42 364
	243 610	273 855

The carrying amount of trade and other payables approximates its fair value.

There were no provisions at 31 August 2019 (2018: Rnil).

	31 August 2019 R'000	31 August 2018 R'000
16. REVENUE		
An analysis of the company's revenue is as follows:		
Revenue recognised at a point in time		
Sale of used vehicles	**343 378**	424 624
Revenue recognised over time		
Leasing rentals	**889 920**	898 446
Maintenance and service revenues	**570 057**	577 471
Value added services	**77 612**	98 822
	1 880 967	1 999 363

	31 August 2019 R'000	31 August 2018 R'000
17. NET OPERATING EXPENSES		
Cost of sales	**329 355**	373 301
Staff costs	**240 533**	285 291
Other operating income	**(18 109)**	(27 006)
Other operating costs	**666 252**	732 438
	1 218 031	1 364 024
The above costs are arrived at after including:		
Auditor's remuneration	**4 450**	5 075
Expected credit loss on financial assets	**2 773**	–
Share-based payment expense (included in staff costs)	**(3 267)**	16 698
Rental and operating lease charges	**28 548**	25 899
Properties	**13 491**	11 685
Office equipment	**15 057**	14 214
Defined contribution retirement plan costs (included in staff costs)	**20 919**	19 915

	31 August 2019 R'000	31 August 2018 R'000
18. DEPRECIATION, AMORTISATION AND PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		
Intangible assets	**2 788**	680
Property, plant and equipment	**9 512**	8 764
Leasing assets	**408 207**	399 730
	420 507	409 174
Profit on disposal of property, plant and equipment	**2 798**	37
	423 305	409 211
19. IMPAIRMENTS OF INVESTMENTS		
Impairment of investments	**4 615**	5 100
Total impairments	**4 615**	5 100
The measurement considerations with regards to investments have been detailed in note 4.		
20. NET FINANCE COSTS		
Finance costs	**362 860**	357 550
Finance income	**(176 201)**	(175 234)
Net finance costs	**186 659**	182 316
Included in finance costs is the following:		
– Finance costs on bank overdrafts and other financial liabilities	**362 860**	357 550
Included in finance income is the following:		
– Finance income on loans and receivables	**174 576**	160 309
– Deemed finance income	**–**	12 950
– Finance income on cash and cash equivalents	**1 625**	1 975
Finance income	**176 201**	175 234

	31 August 2019 R'000	31 August 2018 R'000
21. INCOME TAX		
South African taxation		
Normal taxation		
– Current year	**14 217**	4 013
– Prior year	**(928)**	–
Deferred taxation		
– Current year	**4 885**	10 202
	18 174	14 215

	%	%
Reconciliation of the taxation rate:		
Effective tax rate	**37,6**	36,5
Taxation effect of:		
– Non-deductible expenditure: Fair value adjustment on loan receivable	**–**	(20,3)
– Non-deductible expenditure: Legal fees of a capital nature	**(4,8)**	5,3
– Non-deductible expenditure: Depreciation on leasehold improvements	**(0,6)**	1,1
– Non-deductible expenditure: BEE expenditure	**(1,6)**	–
– Non-deductible expenditure: Share option cost	**2,7**	9,1
– Other non-deductible expenditure	**(0,7)**	–
– Prior period overprovision	**(1,9)**	–
– Impairment of investments	**(2,7)**	(3,7)
Statutory tax rate	**28,0**	28,0

	31 August 2019 R'000	31 August 2018 R'000
22. NOTES TO THE STATEMENT OF CASH FLOWS		
22A Cash generated by operations		
Profit before net finance costs	**235 021**	221 263
Adjustments for non-cash movements:		
– Amortisation of intangible assets	**2 788**	680
– Depreciation of property, plant and equipment	**9 512**	8 764
– Depreciation of leasing assets	**408 207**	399 730
– Loss on disposal of property, plant and equipment	**2 798**	37
– Share-based payments (credit)/charge	**(3 869)**	9 008
– Movement in inventory provision	**9**	(474)
– Movement in allowance for credit losses	**(2 773)**	(13 166)
– Impairment of investments	**4 615**	5 100
– Deemed interest and fair value adjustment on eXtract loan	**–**	(15 900)
Cash generated by operations before changes in working capital	**656 308**	615 042
Working capital movements		
– Decrease in inventories	**330 729**	371 516
– Decrease in trade and other receivables	**43 920**	30 136
– Decrease in trade and other payables	**(43 545)**	(45 445)
Total cash generated by operations	**987 412**	971 249
22B Taxation paid		
Tax receivable at beginning of year	**(1 699)**	(18 290)
Taxation charge per the statement of profit or loss	**13 289**	4 013
Tax (payable)/receivable at end of year	**(9 426)**	1 699
	2 164	(12 578)
22C Interest received		
Interest received	**176 201**	175 234
Less deemed interest received	**–**	(12 950)
	176 201	162 284
22D Interest paid		
Interest paid	**(362 860)**	(357 550)
Interest accrual	**13 300**	–
	(349 560)	(357 550)

23. **COMMITMENTS**

Guarantees

enX Corporation has provided a corporate guarantee for a maximum amount of R315 million to Toyota Tsusho and R3.7 million to Maksat.

Operating lease commitments	One to five years R'000	Less than one year R'000	Total R'000
31 August 2019			
Property	**–**	**–**	**–**
31 August 2018			
Property	1 333	4 751	6 084

24. **CONTINGENT LIABILITIES**

There is no current or pending litigation that is considered likely to have a material adverse effect on the company.

25. **OPERATING LEASE RECEIVABLES**

The minimum future lease payments receivable under non-cancellable operating leases are as follows:

	More than five years R'000	One to five years R'000	Less than one year R'000	Total R'000
31 August 2019				
Vehicles	**32 923**	**1 381 077**	**875 394**	**2 289 394**
31 August 2018				
Vehicles	42 724	1 662 306	857 946	2 562 976

26. **FINANCIAL INSTRUMENTS**

Financial risk factors

The company's treasury activities are aligned to the company's decentralised business model and to enX group's asset and liability committee's ("ALCO") strategies. ALCO is an enX group board subcommittee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price and foreign exchange risk. ALCO meets every quarter and follows a comprehensive risk management process. The treasury implements the ALCO risk management policies and directives and provides financial risk management services to the various divisional businesses, co-ordinates access to domestic and international financial markets for bank as well as debt capital market funding and monitors and manages the financial risks relating to the operations of the company through internal risk reports which analysis exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The day-to-day management of foreign exchange risk and credit risk is performed on a decentralised basis by the various business units within the guidelines approved by the board of directors of enX group.

The company's objectives, policies and processes for measuring and managing these risks are detailed below.

The company seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or by using derivative financial instruments to hedge these risk exposures. The adherence to the use of derivative instruments and exposure limits is reviewed on a continuous basis and results are reported to the group's audit and risk committee.

The company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The company enters into financial instruments to manage and reduce the possible adverse impact on earnings of changes in interest rates and foreign exchange rates.

26. **FINANCIAL INSTRUMENTS** CONTINUED

Market risk

This is the risk that changes in the general market conditions, such as foreign exchange rates, interest rates and credit risk may adversely impact on the company's earnings, assets, liabilities and capital. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and credit risk.

Currency risk

This is the risk of losses arising from the effects of adverse movements in exchange rates on net foreign currency asset or liability positions.

The policy of the company is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments with a few exceptions authorised by ALCO.

All foreign currency denominated assets and liabilities are hedged through foreign exchange contracts. Fair value is calculated as the difference between the contracted value and the value to maturity at the period end. The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains/losses on translation of foreign denominated trade receivables and financial assets and liabilities at fair value through the statement of comprehensive income that are offset by equivalent gains/losses in currency derivatives. As the company does not transact with any material foreign receivables or payables, there is no material foreign currency exposure.

Interest rate risk

This is the risk that fluctuations in interest rates may adversely impact on the company's earnings, assets, liabilities and capital. enX Corporation held surplus cash at time throughout the year. The significance of the interest bearing liabilities and the cash resources exposes the company to interest rate risk.

The company's financial services division, having access to local money markets, provides the subsidiaries with the benefits of bulk financing and depositing.

The interest rate risk is managed through commercial banking facilities by the directors. At year-end, cash was invested with three large commercial banks. The investment of surplus cash is reviewed from time to time.

Interest rate sensitivity analysis

	31 August 2019 R'000	31 August 2018 R'000
Financial assets		
Loans granted and bank deposits linked to South African money market rates		
Carrying value at statement of financial position date	**2 675 060**	2 324 937
Reasonable possible change (%)	**1**	1
Pre-tax statement of comprehensive income impact	**26 751**	4 513
Financial liabilities		
Financing received and banking facilities linked to South African prime rates/JIBAR rates		
Carrying value at statement of financial position date	**4 405 375**	3 891 167
Reasonable possible change (%)	**1**	1
Pre-tax statement of comprehensive income impact	**44 054**	47 958

26. **FINANCIAL INSTRUMENTS** CONTINUED

Collateral

The company may require collateral in respect of the credit risk on derivative transactions with a third party. The amount of credit risk is the positive fair value of the contract. Collateral may be in the form of cash or in the form of a lien over a debtors assets, entitling the company to make a claim for current and future liabilities. The company is not exposed to a situation where a third party may require collateral with respect to the transaction with that third party. These transactions are conducted under terms that are usual and customary to standard lending and borrowing activities. No financial assets were re-pledged during the period under review for collateral purposes.

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the company obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure. None of the financial instruments below were held as collateral for any security provided. The credit quality of all derivative financial assets is sound. None are overdue or impaired and the company does not hold any collateral on derivatives.

The risk of a single non-related party customer exceeding 5% of total company revenue is limited as there is only one customer that individually accounts for more than 5% of company revenue.

It is company policy to deposit short-term cash with financial institutions with high credit ratings assigned by international credit-rating agencies.

Trade accounts receivable

Allowance for expected credit losses

Before the financial instruments can be impaired, they are evaluated for the possibility of any recovery as well as the length of time at which the debt has been long outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by credit guarantee or a expected credit loss provision.

	31 August 2019 R 000	31 August 2018 R 000
Analysis of allowance for expected credit losses		
Balance at beginning of the year	**14 741**	27 907
Amounts written off during the year	**(2 645)**	(16 413)
Increase in allowance recognised in the statement of comprehensive income	**(128)**	3 247
Balance at end of year	**11 968**	14 741

There is no significant concentration of risk in respect of any particular customer or industry segment.

26. **FINANCIAL INSTRUMENTS** CONTINUED

The group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past due amounts	Life-time ECL
Non-performing	Amount is more than 30 days past due and/or there has been a significant increase in credit risk since initial recognition	Life-time ECL
In default	Amount is more than 90 days past due or there is evidence indicating the asset is credit impaired	Life-time ECL
Fully impaired	There is evidence indicating that the debtor is in severe financial difficulty and the group has no realistic prospect of recovery	Amount is written off

The table below details the credit quality of the group's financial assets as well as maximum exposure to credit risk:

Receivables	Expecting loss model	Gross amount	Loss allowance	Net carrying amount
Trade and other receivables	Lifetime ECL simplified approach	112 758	(11 968)	100 790

To mitigate credit risk the group holds collateral and has credit insurance on certain trade receivables. For trade receivables the group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime expected credit losses. The group determines the expected losses on these assets by using a provision matrix, estimated based on historical credit loss experience based on past due status of the financial assets, adjusted as appropriate to reflect current condition and estimates of future economic conditions. The expected credit loss based on past due status in terms of the provision matrix is detailed below.

	Total	Current	30 days	60 days	90 days	120 days	150 days or more
Expected credit loss rate							
Total trade receivable balance	112 758	75 832	16 082	4 689	1 444	5 762	8 949
Total provision raised	(11 968)	(78)	(237)	(146)	(896)	(6 552)	(4 059)
Net balance	100 790	75 754	15 845	4 543	548	(790)	4 890

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the company's short, medium an long-term funding and liquidity management requirements. The company manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised borrowing facilities are maintained. Unutilised borrowings are reflected in note 15. The company aims to cover at least its net debt requirements through long-term borrowing facilities.

Standard payment terms for the majority of trade payables is the end of the month following the month in which the goods are received or services are performed. To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.

26. **FINANCIAL INSTRUMENTS** CONTINUED

Maturity profile of contractual cash flows (including interest) of financial instruments are as follows:

	Carrying amount (Fair value) R'000	Contractual cash flow R'000	Less than one year R'000	One to five years R'000
31 August 2019				
Financial assets				
Investments	**13 161**	**13 161**	**–**	**13 161**
Amounts owing by group companies	**2 505 563**	**2 505 563**	**741 283**	**1 764 280**
Trade receivables	**100 790**	**100 790**	**100 790**	**–**
Cash and cash equivalents	**169 497**	**169 497**	**169 497**	**–**
	2 789 011	**2 789 011**	**1 011 570**	**1 777 441**
Percentage profile (%)			**36**	**64**
Financial liabilities				
Amounts owing to group companies	**504 340**	**504 340**	**504 340**	**–**
Interest-bearing borrowings	**3 901 035**	**4 796 353**	**1 617 498**	**3 178 855**
Trade and other payables	**243 610**	**243 610**	**243 610**	**–**
	4 648 985	**5 544 303**	**2 365 448**	**3 178 855**
Percentage profile (%)			**43**	**57**
31 August 2018				
Financial assets				
Investments	20 768	20 768	–	20 768
Amounts owing by group companies	2 203 946	2 203 946	640 329	1 563 617
Trade receivables	113 073	113 073	113 073	–
Cash and cash equivalents	120 991	120 991	120 991	–
	2 458 778	2 458 778	874 393	1 584 385
Percentage profile (%)			36	64
Financial liabilities				
Amounts owing to group companies	394 563	394 563	394 563	–
Interest-bearing borrowings	3 496 604	4 268 603	966 968	3 301 635,00
Trade and other payables	273 855	273 855	273 855	–
	4 165 022	4 937 021	1 635 386	3 301 635
Percentage profile (%)			33	67

26. **FINANCIAL INSTRUMENTS** CONTINUED

Fair values

The directors consider that the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value due to the short-term maturities of these assets and liabilities.

The fair values of listed investments represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless carrying value is considered to approximate fair value.

The fair values of financial liabilities is determined by reference to quoted market prices for similar issues, where applicable, otherwise the carrying value approximates the fair value.

There were no reclassifications of financial assets or financial liabilities that occurred during the period. There were no financial assets or liabilities that qualified for derecognition during the period.

The table below shows the company's financial assets and liabilities that are recognised and subsequently measured at fair value, analysed by valuation technique. The classification is based on the lowest level input that is significant to the fair value measured in its entirety.

	Financial assets/ liabilities at fair value R'000	Financial assets/ liabilities at amortised cost R'000
31 August 2019		
Financial assets		
– Investments	**13 161**	**–**
Total financial assets	**13 161**	**–**
Total financial liabilities	**–**	**–**
31 August 2018		
Financial assets		
– Investments	20 768	–
Total financial assets	20 768	–
Total financial liabilities	–	–

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal mix of liquidity and low cost of capital and to be able to finance future growth.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital includes share capital and borrowings.

27. **SEGMENTAL INFORMATION**

Operating segments have been identified using the approach as required by IFRS 8 (Operating Segments) in terms of which segment classification is determined according to the basis on which management presents and reviews operating results to the board quarterly. There is only one operating segment in enX Corporation which operates in the fleet management and logistic sector, hence no separate segment report has been disclosed.

28. **RELATED PARTY TRANSACTIONS**

Fellow subsidiaries and key management are considered to be related parties. During the period the company, in the ordinary course of business, entered into sale and purchase transactions with related parties.

These transactions occurred under terms that are no less favourable than those arranged with third parties and can be substantiated.

Interest of directors in contracts

The directors have confirmed that they were not interested in any transaction of any significance with the company or any of the enX Group subsidiaries. Accordingly, a conflict of interest with regard to directors' interest in contracts does not exist.

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the company.

Key management personnel remuneration comprises:

	31 August 2019 R'000	31 August 2018 R'000
Short-term employee benefits	**19 894**	27 231
Long-term employee benefits	**632**	691
Share-based payments recognised as an expense	**5 794**	7 969
	26 320	35 891
Number of key management personnel	**4**	5

Directors remuneration	**Salary R'000**	**Incentive R'000**	**Retirement benefits R'000**	**Other benefits R'000**	**Total R'000**
2019					
Paid by company					
PM Mansour	**3 477**	**–**	**–**	**–**	**3 477**
JV Carr	**3 309**	**3 740**	**632**	**285**	**7 966**
JS Friedman[(a)]	**3 000**	**–**	**–**	**–**	**3 000**
SB Joffe[(b)]	**6 083**	**–**	**–**	**–**	**6 083**
	15 869	**3 740**	**632**	**285**	**20 526**

[(a)] *Resigned effective 31 March 2020*
[(b)] *Resigned on 19 July 2019*

2018					
Paid by company					
PM Mansour[(a)]	4 040	806	–	5 400	10 246
IM Lipworth[(b)]	2 984	–	–	41	3 025
JV Carr	2 965	3 740	470	552	7 727
JL Serfontein[(c)]	1 985	–	221	118	2 324
SB Joffe[(d)]	2 950	1 401	–	–	4 351
JS Friedman[(e)]	250	–	–	–	250
	15 174	5 947	691	6 111	27 923

[(a)] *P Mansour, the previous Executive Deputy Chairman, resigned effective 31 December 2017 and was appointed Chief Investment Officer and received a settlement payment for loss of office.*
[(b)] *Resigned on 1 August 2018*
[(c)] *Resigned on 31 December 2017*
[(d)] *Appointed on 18 March 2018*
[(e)] *Appointed on 1 August 2018*

29. **RELATED PARTY TRANSACTIONS** CONTINUED

	Grant date	Shares committed to plan	Vesting date
Participation in enX FSP scheme			
JV Carr	December 2016	245 682	December 2019
SB Joffe	August 2018	141 666	December 2019
Participation in enX SARs scheme			
S Joffe	June 2018	424 995	June 2021
JV Carr	February 2017	414 906	December 2019
JV Carr	June 2018	215 386	June 2021
PD Mansour	February 2017	749 710	December 2019

	31 August 2019 R'000	31 August 2018 R'000
Related party balances		
Amounts due by/(to) group companies – Refer note 6		
Amounts included in trade and other receivables relating to group companies		
GPS Tracking Solutions Proprietary Limited	**13**	546
Amasondo Fleet Services Proprietary Limited	**1 000**	586
Eqstra TA Equipment Proprietary Limited	**–**	133
Eqstra NH Equipment Proprietary Limited	**118**	–
Saficon Industrial Equipment Proprietary Limited	**3 716**	3 658
Eqstra Financial Services Proprietary Limited	**797**	4 002
Centlube Proprietary Limited	**–**	60
enX Fleet Management Botswana Proprietary Limited	**–**	1 464
Eqstra Fleet Services Namibia Proprietary Limited		2
New Way Power Proprietary Limited	**–**	6
Austro Proprietary Limited	**–**	325
African Group Lubricants Proprietary Limited	**124**	10
	5 768	10 792
Amounts included in trade and other payables relating to group companies		
Saficon Industrial Equipment Proprietary Limited	**(8)**	(52)
GPS Tracking Solutions Proprietary Limited	**(2 443)**	(7 000)
Eqstra Fleet Services Proprietary Limited	**–**	(225)
Eqstra Financial Services Proprietary Limited	**–**	(108)
600 SA Holdings Proprietary Limited	**(9)**	–
Amasondo Fleet Services Proprietary Limited	**–**	(36)
enX Trading Investments Proprietary Limited	**–**	(26)
Centlube Proprietary Limited	**–**	(105)
enX Fleet Management Botswana Proprietary Limited	**(199)**	–
African Group Lubricants Proprietary Limited	**(154)**	–
IngweLubricants	**–**	(116)
	(2 813)	(7 668)

29. RELATED PARTY TRANSACTIONS CONTINUED

	31 August 2019 R'000	31 August 2018 R'000
Related party transactions		
Revenue (group companies)		
Amasondo Fleet Services Proprietary Limited	**988**	–
Eqstra TA Equipment Proprietary Limited	**934**	1 575
Eqstra NH Equipment Proprietary Limited	**242 031**	–
600 SA Holdings Proprietary Limited	**316**	299
Eqstra Financial Services Proprietary Limited	**167**	–
New Way Power Proprietary Limited	**2 018**	–
Austro Proprietary Limited	**98**	–
Saficon Industrial Equipment Proprietary Limited	**19 243**	20 045
	265 795	21 919
Cost recoveries received (group companies)		
Saficon Industrial Equipment Proprietary Limited	**22 646**	21 568
	22 646	21 568
Management fee paid (group companies)		
enX Group Limited	**5 630**	4 563
	5 630	4 563
Interest received/(paid) (group companies)		
Eqstra Swaziland Proprietary Limited	**443**	782
Amasondo Fleet Services Proprietary Limited	**(179)**	1 308
Eqstra Fleet Services Namibia Proprietary Limited	**(3 648)**	(1 430)
Eqstra NH Equipment Proprietary Limited	**(4 143)**	(476)
Saficon Industrial Equipment Proprietary Limited	**167 407**	154 877
Eqstra Lesotho Proprietary Limited	**(544)**	133
Eqstra Fleet Services (PVPS) Proprietary Limited	**(4 309)**	(3 785)
Eqstra Zambia Limited	**380**	–
Omatemba Fleet Services Proprietary Limited	**3 943**	(170)
GPS Tracking Solutions Proprietary Limited	**1 431**	1 020
	160 781	152 259

30. GOING CONCERN

The annual financial statements have been prepared on the assumption that the company will continue to operate as a going concern. The majority of loans with group companies will only be settled should investments be sold. As indicated in the subsequent events disclosure, the repayment terms pertaining to the company's term loan facilities have been amended which results in no amounts being repayable in the 12-month period form the year end which has a direct impact on liquidity. In addition, the company's current trading position and forecasts, enables the directors to conclude that the company will be able to meet its obligations as they fall due, and accordingly that it remains appropriate to prepare these financial results on a going concern basis.

31. POST-BALANCE SHEET EVENTS

The group negotiated an amendment to the repayment terms pertaining to its main term loan facility by moving out the 29 May 2020, 31 August 2020 and 30 November 2020 repayments of R216,5 million each, across the remaining amortisation periods. This will increase the quarterly repayments to R298 million. Repayments will commence on the 26 February 2021.

The board of directors is not aware of any other matter or circumstance arising since the end of the reporting period which significantly affects the financial position of the company as at 31 August 2019 or the results of its operations or cash flows for the year then ended.