enX Corporation Limited

Registration number: 1984/007045/06

Audited Financial Statements
for the 10 months ended 30 June 2020

CONTENTS

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

DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

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. The system of internal control is 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 directors have reviewed the company's cash flow forecast for the year to 30 November 2021 and, in light of this review, the current financial position and the additional considerations documented in the directors report with regard to going concern as well as note 29 in the financial statements, 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 R Lumb CA(SA).

The financial statements set out on pages 9 to 48 were approved by the board of directors on 30 November 2020 and are signed on its behalf by:

R Lumb
(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 9 to 48, which comprise the statement of financial position as at 30 June 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of enX Corporation Limited as at 30 June 2020, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' (IESBSA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code). 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. We have no key audit matters to report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "enX Corporation Limited Financial Statements for the period ended 30 June 2020", which includes the Directors' Report, the Audit and Risk Committee's Responsibility Statement and the Company Secretary's Compliance Statement as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the 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 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that Deloitte & Touche has been the auditor of enX Corporation Limited for 21 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Sebastian Benedikt Field Carter
Partner
30 November 2020

5 Magwa Crescent
Waterfall City
Waterfall

AUDIT AND RISK COMMITTEE RESPONSIBILITY STATEMENT

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 consolidated annual financial statements.

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

30 November 2020

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 period ended 30 June 2020 with the Registrar of Companies and that all these returns are true, correct and up to date.

N Petrides
Company secretary

30 November 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of enX Corporation Limited for the period ended 30 June 2020.

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 period ended 30 June 2020 are set out in detail in the financial statements. The company recorded a loss before taxation of R21 million for the period ended 30 June 2020 (2019: profit before tax R48 million).

YEAR-END CHANGE

The company's year-end changed from 31 August to 30 June in order to align the year-end with Bidvest Bank Ltd ahead of the sale of enX Corporation to Bidvest, however, the agreement with Bidvest was not concluded and the sale did not take place. The current financial results cover a 10-month period with the prior year covering a 12-month period.

DIVIDENDS

No dividends were declared and paid during the period under review (2019: 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 year-end and date of this report are:

- JV Carr;
- RA Lumb (appointed 1 March 2020);
- PD Mansour; and
- JS Friedman (resigned on 31 March 2020).

SPECIAL RESOLUTIONS

During the financial period 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 financial statements have been prepared using appropriate accounting policies, supported by reasonable judgements and estimates. The directors believe that the company has adequate resources to continue as a going concern for the foreseeable future. This assessment was based on available facilities and detailed future cash flow forecasts for the next 12 months. Based on this assessment it is considered appropriate to adopt the going-concern basis in preparing the consolidated and separate annual financial statements. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. Refer to note 29 for further details.

AUDITORS

At the AGM scheduled for 12 February 2021, shareholders will be requested to re-appoint Deloitte & Touche as external auditor for the 2021 financial year, with Ms T Lavhengwa as the designated auditor.

EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

As a result of the termination of the Fleet transaction, enX has been in a process of engaging with its lenders regarding the refinance of the South African leasing businesses' bank term facilities and the debt capital market programme. At the date of approval of the financial statements, agreements with bank lenders have been concluded whereby, subject to the fulfilment of customary conditions precedent, both the EIE and Eqstra businesses have secured their own independent funding facilities and all existing bank borrowings will be repaid and debt capital market instruments redeemed.

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 30 June 2020 or the results of its operations or cash flows for the period 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

CORPORATE GOVERNANCE

The existing governance framework and culture provides a solid foundation for the implementation of King IV. Adopting King IV is a commitment to the philosophy of stakeholder inclusivity, corporate citizenship and protecting the value that we create, which is aligned with our value creation strategy. By ensuring that principles and practices are applied with a focus on achieving the four corporate governance outcomes i.e. ethical culture, good performance, effective control and legitimacy, the company will have a sound corporate basis to operate from and create value to all stakeholders.

The company has opted to apply the 17 King IV principles in a manner that is focused on achieving the King IV outcomes, while taking cognisance of our group size and composition, and our decentralised and entrepreneurial organisational structure. The company reviewed its current practices to ensure alignment with the King IV recommended practices associated with each principle contained in the King IV Report on Corporate Governance.

See the enX website for full description of the application of King IV, https://www.enxgroup.co.za/dmtn-programme/.

STATEMENT OF FINANCIAL POSITION

As at

	Notes	30 June 2020 R'000	31 August 2019 R'000
Assets			
Non-current assets		**4 529 418**	4 418 754
Intangible assets	2	**9 390**	8 115
Property, plant, equipment and right-of-use assets	3	**59 756**	52 217
Leasing assets	4	**2 569 760**	2 580 981
Investments	5	**8 279**	13 161
Amounts owing by group companies	6	**1 882 233**	1 764 280
Current assets		**1 317 745**	1 080 745
Amounts owing by group companies	6	**738 807**	741 283
Inventories	7	**7 494**	17 869
Trade and other receivables	8	**142 688**	152 096
Taxation receivable		**2 601**	–
Cash and cash equivalents	9	**426 155**	169 497
Total assets		**5 847 163**	5 499 499
Equity and liabilities			
Stated capital	10	**548 874**	548 874
Other reserves	11	**–**	8 813
Equity loan	6	**25 360**	25 360
Accumulated profit		**14 970**	18 496
Total equity		**589 204**	601 543
Non-current liabilities		**2 426 981**	3 086 765
Interest-bearing liabilities	12	**2 187 621**	2 847 220
Deferred taxation	13	**233 532**	238 598
Lease liabilities	23	**5 645**	–
Employee benefits	14	**183**	947
Current liabilities		**2 830 978**	1 811 191
Amounts owing to group companies	6	**534 208**	504 340
Lease liabilities	23	**8 328**	–
Interest-bearing liabilities	12	**1 992 881**	1 053 815
Trade and other payables	15	**295 561**	243 610
Taxation payable		**–**	9 426
Total equity and liabilities		**5 847 163**	5 499 499

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the period ended

	Notes	**30 June 2020 10 months R'000**	31 August 2019 12 months R'000
Revenue	16	**1 508 702**	1 880 967
Net operating expenses	17	**(987 274)**	(1 218 031)
Profit from operations before depreciation, amortisation, profit on disposal of property, plant and equipment and impairments		**521 428**	662 936
Depreciation, amortisation and profit on disposal of property, plant and equipment	18	**(392 439)**	(423 305)
Fair value adjustment on investments	19	**(4 882)**	(4 615)
Operating profit		**124 107**	235 016
Net foreign exchange gains		**8 238**	5
Profit before net finance costs		**132 345**	235 021
Net finance costs	20	**(152 964)**	(186 659)
Finance costs		**(315 281)**	(362 860)
Finance income		**162 317**	176 201
(Loss)/profit before taxation		**(20 619)**	48 362
Taxation income/(expense)	21	**17 093**	(18 174)
(Loss)/profit for the period		**(3 526)**	30 188
Other comprehensive income		**–**	–
Total comprehensive (loss)/income for the period		**(3 526)**	30 188

STATEMENT OF CHANGES IN EQUITY

For the period ended

	Stated capital R'000	Other reserves R'000	Equity loans R'000	Accumulated profits/ (losses) R'000	Total R'000
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**
Total comprehensive loss for the period	**–**	**–**	**–**	**(3 526)**	**(3 526)**
Vesting of share incentive scheme	**–**	**(10 147)**	**–**	**–**	**(10 147)**
Share-based payment expense	**–**	**1 334**	**–**	**–**	**1 334**
Balance at 30 June 2020	**548 874**	**–**	**25 360**	**14 970**	**589 204**

STATEMENT OF CASH FLOWS

For the period ended

	Notes	**30 June 2020 10 months R'000**	31 August 2019 12 months R'000
Cash flows from operating activities			
Cash receipts from customers		**1 490 027**	1 924 887
Cash paid to suppliers and employees		**(665 123)**	(937 475)
Cash generated by operations	22A	**824 904**	987 412
Interest paid	22D	**(292 529)**	(349 560)
Interest received	22C	**162 317**	176 201
Taxation paid	22B	**–**	(2 164)
Net cash flows generated from operating activities		**694 692**	811 889
Cash flows from investing activities			
Purchase of intangible assets	2	**(5 208)**	(5 681)
Purchase of property, plant and equipment	3	**(1 355)**	(2 925)
Purchase of leasing assets	4	**(613 569)**	(970 360)
Proceeds from sale of property, plant and equipment		**8**	–
Net movement in amounts due by group companies		**(115 477)**	(191 840)
Cash (outflow)/inflow from unlisted investments		**–**	2 992
Net cash flows utilised in investing activities		**(735 601)**	(1 167 814)
Cash flows from financing activities			
Repayment of interest-bearing borrowings		**(395 927)**	(472 504)
Proceeds on interest-bearing borrowings advanced		**669 606**	876 935
Net movement in amounts due to group companies		**29 868**	–
Repayment of lease liabilities		**(5 980)**	–
Net cash flows generated by financing activities		**297 567**	404 431
Net movement in cash and cash equivalents		**256 658**	48 506
Cash and cash equivalents at beginning of the period		**169 497**	120 991
Cash and cash equivalents at end of the period	9	**426 155**	169 497

for the period ended 30 June 2020

1. **PRINCIPAL ACCOUNTING POLICIES**

The 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 reporting period ending 30 June 2020, 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 30 June 2020, the following Standards and Interpretations were in issue but not yet effective:

Standards and interpretations	**Annual periods beginning on or after**
Issued and effective but changes not yet effective	
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 (Oct 2018)	1 January 2020
Amendments to IAS 1 and IAS 8 (Oct 2018)	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019)	1 January 2020
Amendment to IFRS 16	1 June 2020
Issued but not yet effective	
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	1 January 2021
Annual Improvements to IFRS Standards 2018–2020 (May 2020)	1 January 2022
Amendments to IFRS 3 (May 2020)	1 January 2022
Amendments to IAS 37 (May 2020)	1 January 2022
IFRS 17	1 January 2023
Amendments to IAS 1	1 January 2023
Amendments to IFRS 10 and IAS 28 (Sept 2014)	1 January 2023

The remainder of the new standards and interpretations applicable for the 2020 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. 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.

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

Items of property, plant and equipment and leasing assets are depreciated to their residual values, on a component basis (where applicable), 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	**Average useful life**
Plant and equipment	3 – 10 years
Office equipment	3 – 5 years
Computer equipment	3 years
Motor vehicles	3 – 10 years
Leasehold improvements	Lesser of useful life or period of lease
Buildings	Up to 20 years
Leasing assets (vehicles)	3 – 10 years
Right-of-use assets	Lesser of useful life or period of lease

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

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 – 8 years

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

At the end of each reporting period, or when deemed necessary, the carrying amount is compared to the recoverable amount and as such is tested for any indication of impairment. Where there is an impairment, this will be recorded against the carrying value.

1.5 **Inventories**

Inventory comprises vehicles, spares and accessories.

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

Vehicles	Specific cost
Spares and accessories	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.

1.5 **Inventories** continued

Allowances for inventory that is slow-moving and/or obsolete are made. The provision for inventory obsolescence is based on a physical count and inspection of stock items which is performed at least annually and takes into account the age, condition and usage rates of the inventory. Any inventory that is physically identified as damaged is written off when discovered.

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**

Classification and subsequent measurement

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 cash flows associated with the instrument.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through OCI and fair value through profit or loss (FVTPL). Amortised cost and FVTPL are relevant to the group.

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.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile;
- matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

1.6 **Financial instruments** continued

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. ECL have been considered in detail as part of the impairment of financial assets. Other receivables include prepayments, value added tax, deposits, sundry debtors, claims and recoverables.

Financial instruments are carried at amortised cost and where the effect of the time value of money is not considered to be material, discounting is not applied as the carrying value approximates the fair value.

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 and contract assets. 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.

Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are recognised at fair value through profit or loss. These instruments are analysed between current and non-current assets and liabilities, depending on when they are expected to mature. If an instrument is expected to mature within one year from the reporting date it is considered to be current, if the terms of an instruments resulting in the instrument maturing in more than one year from the reporting date it will be recognised as non-current.

Fair value movements are recognised immediately in the statement of comprehensive income.

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

The company as lessor (IFRS 16).

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 a straight-line basis.

Income is recognised in the statement of comprehensive income over the period of the lease term on the straight-line 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 (IFRS 16)

The company assesses whether a contract is or contains a lease, at inception of the contract. When the company leases an asset a "right-of-use asset" is recognised for the leased item and a lease liability is recognised for any lease payments due at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments payable, plus any initial direct costs incurred in entering the lease and dismantling costs, less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are disclosed as part of property, plant and equipment. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date and are discounted using the incremental borrowing rate. Lease payments included in the lease liability include:

- fixed payments and in-substance fixed payments during the term of the lease, less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- amounts expected to be payable by the lessee under residual value guarantees. Lease liabilities are disclosed as part of borrowings.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when:

- there is a change in the residual value guarantee;
- there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase);
- the company's assessment of the lease term changes; and
- lease modifications occur that are not treated as separate leases.

Any change in the lease liability as a result of these changes also results in a corresponding change in the Right-of-use asset.

The weighted average incremental borrowing rate applied to the group's lease liabilities recognised in the statement of financial position as at 1 September 2019 was 9.69%.

In terms of IFRS 16 the company has elected not to recognise right-of-use assets and liabilities for short-term leases less than 12 months or low value assets which is in accordance with the standard. Lease are considered to be low value when they are below R80 000.

Leases under IAS 17 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.

1.7 **Leases** continued

The company as lessor (IAS 17)

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 (IAS 17)

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.

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**

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 used vehicles. The performance obligation is satisfied when the vehicles are delivered to the customer. When the good have been delivered to the customer and control has passed, revenue is 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 to the customer over the 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 administration fees. The administration fees are for clerical performance within the month of billing and therefore the administration fee is recognised at a point in time. The administration fee is a separately billed component and is easily determined. The monthly rental of the vehicle is based on the asset value, the contract interest rate, and a residual value and is therefore easily determined.

1.8 **Revenue recognition** continued

Vehicle maintenance plans

Revenue from vehicle maintenance plans is recognised over the period of the maintenance plan 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 provision of maintenance services 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 administration fees are billed upfront for initiation of the contract and therefore recognised at point in time.

Value added products

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

The performance obligations that need to be met in order to recognise the revenue is the provision of the value added product services to the customer over the contract period.

The billing of the value added products is determined by the cost being rebilled with a margin. The administration fee is a separately billed component and is easily determined based on the clerical activities performed 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 value-in-use or its fair value less cost to sell.

In assessing the value-in-use, the expected future cash flows from the assets 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.

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 cash-generating unit ("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

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. Actual results may differ from these judgements, estimates and assumptions. There are not considered to be any significant judgements which need to be made in applying the company's accounting policies or IFRS.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates revised. The accounting estimates that give rise to a significant risk of material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below:

Significant estimates

Certain accounting areas have been identified as involving significant estimates:

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.

Impairment of assets

Property, plant and equipment and leasing assets are considered for impairment if there is any reason to believe that an impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of the unit. Future cash flows expected to be generated by the assets are projected taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

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.

Leases

The lease liability is measured at the present value of lease payments discounted using an incremental borrowing rate. The incremental borrowing rate was based on the cost of debt on at the time of inception of the lease.

In determining the term of the lease, options to renew are only included in the term of the lease if it is reasonably certain the option to renew will be exercised. The nature of the asset and the dependency of the operation on the asset is also considered in determining the likelihood of the renewal option being exercised.

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 Group Ltd (“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 the company and those individuals with significant influence over financial and operating decisions of the company.

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

1.16 **Adoption of new accounting policies**

1.16.1 **Impact of the adoption of IFRIC 23 Uncertainty over Income Tax Treatments**

The company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting when there is uncertainty over income tax treatments. Based on the assessment undertaken no material uncertainty exists with regard to the treatment of income tax within the company.

1.16.2 **Impact of the adoption of IFRS 16 Leases**

In the current year, the company, for the first time, has applied IFRS 16 Leases.

The standard introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The company has elected to apply IFRS 16 using the modified retrospective approach whereby the cumulative effect of initial application is recognised in retained earnings at 1 September 2019, with no restatement of comparative information. There was no adjustment to the company's opening retained earnings balance on 1 September 2019. The company has reassessed all leases to determine whether they meet the definition of a lease in terms of IFRS 16.

Impact of the new definition of a lease

With the implementation of IFRS 16 the company has made 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 and IFRIC 4 will apply to leases entered into before 1 September 2019.

The company applied the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on or after 1 September 2019. In preparation for the first-time application of IFRS 16, the group carried out an implementation project.

The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date. 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 replaces 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. A single discount rate was applied to a portfolio of leases with reasonably similar characteristics, such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment. The incremental borrowing rate was based on the cost of debt on 1 September 2019.

In terms of IFRS 16 the company has elected on adoption of IFRS 16 that the value of the Right-of-use assets has been made equal to the present value of minimum lease payments with lease smoothing accruals set off the Right-of-use asset. In addition the company has elected not to recognise Right-of-use assets and liabilities for short-term leases less than 12 months or low value assets which is in accordance with the standard.

1.16 **Adoption of new accounting policies** continued

The company applied the practical expedient in term of IFRS 16 with regards to onerous provisions as the liability raised with regards to onerous lease agreements remained on the balance and no Right-of-use asset was raised.

In terms of initial direct costs, under IAS 17 no initial direct costs where capitalised, therefore under IFRS 16 initial direct cost practical expedient to exclude the initial direct costs from the measurement of the right-of-use asset as at 1 September 2019 has been applied.

The primary impacts on the company's financial statements, as a result of applying the IFRS 16 accounting policy in place of the previous policy under IAS 17 are:

As a lessee:

- Under IAS 17, lessees classified leases as either operating or finance leases. Operating lease costs were expensed on a straight-line basis over the period of the lease.
- Under IFRS 16, all lease agreements give rise to the recognition of a Right-of-use asset and lease liabilities in the statement of financial position, representing the right to use the leased item and a liability for any future lease payments over the period of the lease.
- IFRS 16 lease costs are recognised in the form of depreciation of the Right-of-use asset and interest on lease liabilities which is discounted at the incremental borrowing rate of the relevant group entity. The depreciation is calculated based on the lesser of the expected useful life of the asset on recognition or the period of the lease.
- IFRS 16 separates the total amount of cash paid in relation to the principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows. Net cash flow is not impacted by the change in policy.

As a lessor

Lessor accounting under IFRS 16 is similar to IAS 17, the company continues to classify leases as either finance leases or operating leases and account for those two types of leases differently.

The impact of adopting IFRS 16 on the opening statement of financial position 1 September 2019 is disclosed below. There was no impact on retained earnings as the company has made use of the practical expedient available on transition to IFRS 16.

	31 August 2019 R'000	**Impact of adoption of IFRS 16 R'000**	**1 September 2019 R'000**
Assets			
Non-current assets			
Property, plant and equipment	52 217	19 953	72 170
Liabilities			
Non-current liabilities			
Lease liabilities	–	11 507	11 507
Current liabilities			
Lease liabilities	–	8 446	8 446

At the end of the prior year, the right-of-use asset and the equivalent lease liability that was expected to be recognised in the 2020 period was between R16.8 million and R20.5 million. On adoption of IFRS 16 the right-of-use asset and lease liability raised was R20.0 million.

On adoption there was no impact of lease smoothing accruals as in the prior year no lease smoothing accrual was recognised as it was immaterial.

	Computer software R'000	Total R'000
2. **INTANGIBLE ASSETS**		
30 June 2020		
– Cost	**218 001**	**218 001**
– Accumulated amortisation and impairment	**(208 611)**	**(208 611)**
	9 390	**9 390**
Movement summary:		
Net book value at beginning of the year	**8 115**	**8 115**
Additions	**5 208**	**5 208**
Amortisation	**(3 933)**	**(3 933)**
Net book value at end of the year	**9 390**	**9 390**
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

3. **PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS**

	Land and buildings and leasehold improvements R'000	Equipment and furniture R'000	Motor vehicles R'000	Right of use assets – Property R'000	Total R'000
30 June 2020					
– Cost	**36 565**	**63 268**	**25 705**	**19 953**	**145 491**
– Accumulated depreciation	**(8 416)**	**(56 748)**	**(14 043)**	**(6 528)**	**(85 735)**
	28 149	**6 520**	**11 662**	**13 425**	**59 756**
Carrying value at the beginning of the year	**28 864**	**9 509**	**13 844**	**–**	**52 217**
Additions due to adoption of IFRS 16	**–**	**–**	**–**	**19 953**	**19 953**
Carrying value as at 1 September 2019	**28 864**	**9 509**	**13 844**	**19 953**	**72 170**
Movement summary:					
Net book value at beginning of the year	**28 864**	**9 509**	**13 844**	**19 953**	**72 170**
Additions	**–**	**1 355**	**–**	**–**	**1 355**
Depreciation	**(715)**	**(4 333)**	**(2 746)**	**(6 528)**	**(14 322)**
Disposals	**–**	**(5)**	**–**	**–**	**(5)**
Transfer (to)/from leasing assets	**–**	**(6)**	**564**	**–**	**558**
Net book value at end of the year	**28 149**	**6 520**	**11 662**	**13 425**	**59 756**
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)
Loss on 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

	30 June 2020 R'000	31 August 2019 R'000
4. LEASING ASSETS		
Cost	**3 927 177**	3 845 842
Accumulated depreciation and impairment	**(1 357 417)**	(1 264 861)
	2 569 760	2 580 981
Movement summary:		
Net book value at beginning of the year	**2 580 981**	2 368 198
Additions	**613 569**	970 360
Depreciation	**(374 179)**	(408 207)
Transfer to property, plant and equipment	**(558)**	(7 611)
Transfer to inventory	**(250 053)**	(341 759)
Net book value at end of the year	**2 569 760**	2 580 981

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

	30 June 2020 R'000	31 August 2019 R'000
5. INVESTMENTS		
Investments		
Listed investments at market value	**2 634**	6 542
Unlisted investments at fair value	**5 645**	6 619
Total investments and loans receivable	**8 279**	13 161
The above are categorised as follows:		
– Amortised Cost	**8 279**	13 161
	8 279	13 161
Disclosed as:		
– Non-current assets	**8 279**	13 161
	8 279	13 161

The listed investment comprises 568 872 (2019: 568 872) ordinary shares in enX Group carried at market value. The investment has been recognised and measured as a held to collect 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. Unlisted investments have been recognised and measured as held to collect financial instruments.

	30 June 2020 R'000	31 August 2019 R'000
6. **AMOUNTS OWING BY/(TO) GROUP COMPANIES AND EQUITY LOAN**		
Due by group companies		
Non-current assets		
Saficon Industrial Equipment Proprietary Limited	**1 872 437**	1 746 818
GPS Tracking Solutions Proprietary Limited	**6 328**	15 127
Eqstra Swaziland Proprietary Limited	**3 468**	2 335
Total long-term portion	**1 882 233**	1 764 280
These amounts have been subordinated in favour of other creditors and as a result are not expected to be recovered in the next 12 months.		
Consideration is given to the equity and profitability of the underlying group company 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	**5 831**	12 408
Omatemba Fleet Services Proprietary Limited	**101 132**	101 529
Eqstra Zambia Limited	**11 864**	5 959
enX Group Limited	**619 920**	621 355
K2016224128 (South Africa) Proprietary Limited	**60**	32
Total short-term portion	**738 807**	741 283
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 company 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	**2 621 040**	2 505 563
Due to group companies		
Eqstra Fleet Services (PVPS) Proprietary Limited	**(82 934)**	(82 994)
Eqstra Transformation Trust	**(1 842)**	(2 195)
enX Leasing Investments Proprietary Limited	**(224 264)**	(263 281)
Eqstra Fleet Services Proprietary Limited	**(3 776)**	(3 351)
Eqstra Fleet Services Namibia Proprietary Limited	**(89 403)**	(80 096)
Eqstra Lesotho Proprietary Limited	**(5 946)**	(5 946)
Eqstra NH Equipment Proprietary Limited	**(85 363)**	(56 769)
Amasondo Fleet Services Proprietary Limited	**(27 435)**	(9 708)
enX Fleet Management Botswana Proprietary Limited	**(13 245)**	–
Total amounts due to group companies	**(534 208)**	(504 340)
The loans are unsecured, have no fixed repayment terms and bear interest at a market-related interest rate of 7.46% p.a. (2019: 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.

	30 June 2020 R'000	31 August 2019 R'000
7. INVENTORIES		
Gross inventory	8 077	18 434
Less: impairment provision	(583)	(565)
Net inventory	7 494	17 869
Comprising of:		
Used vehicles	3 065	13 258
Spares and accessories	4 429	4 611
	7 494	17 869
Inventories carried at net realisable value included above	665	634
Net amount of inventories written down in the statement of comprehensive income.	18	9
Amounts recognised as an expense in cost of sales for the year	260 258	329 355

	30 June 2020 R'000	31 August 2019 R'000
8. TRADE AND OTHER RECEIVABLES		
Net trade receivables	89 424	100 790
Gross trade receivables	129 475	112 758
Less: Provision for impairment of trade receivables*	(40 051)	(11 968)
Sundry debtors, claims, recoverables and prepayments	53 264	51 306
	142 688	152 096

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

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

	30 June 2020 R'000	31 August 2019 R'000
9. CASH AND CASH EQUIVALENTS		
Cash on hand	160	282
Bank balance	425 995	169 215
Cash and cash equivalents	426 155	169 497
Effective interest rates earned during the year (p.a)	3,3%	7,5%

	30 June 2020 R'000	31 August 2019 R'000
10. STATED CAPITAL		
Authorised stated capital		
4 000 000 (2019: 4 000 000) ordinary shares of no par value	**4**	4
Issued stated capital		
600 002 (2019: 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

	30 June 2020 R'000	31 August 2019 R'000
Share based payment expense recognised 2016 and 2018 Scheme	**1 334**	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 (000's)	Number of FSP (000's)
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	**(879 880)**	**(513 455)**
Balance at end of the year	**–**	**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.

	30 June 2020 R'000	31 August 2019 R'000
11. **OTHER RESERVES**		
Share-based payment reserve	**–**	8 813

12. **INTEREST-BEARING LIABILITIES**		
Total unsecured loans and bonds	**4 180 502**	3 901 035
Less: current portion of interest-bearing borrowings	**(1 992 881)**	(1 053 815)
Long-term portion of interest-bearing borrowings	**2 187 621**	2 847 220

All covenants were met during the current and prior year.

As a result of the termination of the Fleet transaction, enX Group has been in a process of engaging with its lenders regarding the refinance of the South African leasing businesses' bank term facilities and the debt capital market programme. At the date of approval of the financial statements, agreements with bank lenders have been concluded whereby, subject to the fulfilment of customary conditions precedent, both the EIE SA and Fleet businesses have secured their own independent funding facilities and all existing bank borrowings will be repaid and debt capital market instruments redeemed as detailed in note 29.

Interest rate analysis	**30 June 2020 Effective rates %**	**30 June 2020 Analysis of debt R'000**	**31 August 2019 Effective rates %**	**31 August 2019 Analysis of debt R'000**
Variable interest rates				
– Unsecured loans	**4.5% – 7.01%**	**3 262 568**	8,82% – 9.57%	2 880 785
– Bonds	**6.46% – 10.12%**	**917 934**	8.51% – 13,03%	917 934
		4 180 502		3 798 719

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

	2024 R'000	**2023 R'000**	**2022 R'000**	**2021 R'000**	**Total R'000**
30 June 2020					
SA Rands	**–**	**390 810**	**1 796 810**	**1 992 881**	**4 180 502**
Total	**–**	**390 810**	**1 796 810**	**1992 881**	**4 180 502**

	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	1 053 815	3 901 034

Borrowing facilities	**30 June 2020 R'000**	31 August 2019 R'000
In terms of the memorandum of incorporation the borrowing powers of the company are unlimited.		
Total facilities established	**4 216 000**	4 351 815
Less: Total borrowings	**4 180 502**	3 901 034
Unutilised borrowing facilities	**35 498**	450 781

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

	30 June 2020 R'000	31 August 2019 R'000
13. DEFERRED TAXATION		
Balance at beginning of the year	**238 598**	233 713
Current year movements	**(5 066)**	4 885
Balance at end of the year	**233 532**	238 598
Analysis of deferred taxation		
– Accruals	**(44 232)**	(45 924)
– Property, plant and equipment	**7 024**	3 876
– Leasing assets	**306 274**	282 983
– Taxation losses	**(41 547)**	(18 245)
– Deferred expenditure	**21 087**	16 556
– Non-current financial liabilities	**–**	(654)
– Other	**(15 074)**	6
	233 532	238 598
Taxation losses		
Unutilised taxation losses available for set-off against future profits	**148 382**	65 161
Deferred taxation assets recognised in respect of such losses	**41 547**	18 245

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 the business based on budgets approved by the board of directors. The budgets forecasts 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 2020 R'000	Valuation 2019 R'000
IFRS 2 share-related incentive valuation		
Opening balance	**947**	5 928
Expense recognised during the financial year	**(764)**	(4 981)
Balance at the end of the year	**183**	947
Disclosed as:		
Non-current financial liabilities	**183**	947
	183	947

Share-related incentives are valued using the Black-Scholes model. The 30-day volume weighted average price ("VWAP") of the enX share as at 29 February 2020 and a risk-free rate of 6,09% (2019: 6,56%) 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.

	30 June 2020 R'000	31 August 2019 R'000
15. TRADE AND OTHER PAYABLES		
Trade payables	**57 967**	13 125
VAT, sundry payables and accruals	**66 872**	49 669
Deferred maintenance revenue	**139 425**	124 566
Interest accrual	**22 752**	13 300
Employee-related accruals	**8 545**	42 950
	295 561	243 610

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

There were no provisions at 30 June 2020 (31 August 2019: Rnil).

Maintenance and services revenue as disclosed in note 16 includes satisfied performance obligations relating to deferred maintenance revenue recognised in the prior period.

	30 June 2020 R'000	31 August 2019 R'000
16. REVENUE		
An analysis of the company's revenue is as follows:		
Revenue recognised at a point in time		
Sale of used goods	**264 782**	343 378
Revenue recognised over time		
Leasing rentals	**773 661**	889 920
Maintenance and service revenues	**394 569**	570 057
Value added services	**75 690**	77 612
	1 508 702	1 880 967

	30 June 2020 R'000	31 August 2019 R'000
17. NET OPERATING EXPENSES		
Cost of sales	**260 258**	329 355
Staff costs	**124 187**	240 533
Other operating income	**(12 523)**	(18 109)
Other operating costs	**615 352**	666 252
	987 274	1 218 031
The above costs are arrived at after including:		
Auditor's remuneration	**3 451**	4 450
Share-based payment expense (included in staff costs)	**(1 334)**	(3 267)
Rental and operating lease charges	**15 356**	28 548
Properties	**210**	13 491
Office equipment	**15 146**	15 057
Defined contribution retirement plan costs (included in staff costs)	**16 329**	20 919

	30 June 2020 R'000	31 August 2019 R'000
18. DEPRECIATION, AMORTISATION AND PROFIT ON DISPOSAL OF PROPERTY PLANT AND EQUIPMENT		
Intangible assets	**3 933**	2 788
Property, plant, equipment and Right-of-use assets	**14 322**	9 512
Leasing assets	**374 179**	408 207
	392 434	420 507
Profit on disposal of property, plant and equipment and intangibles	**3**	2 798
	392 437	423 305
19. FAIR VALUE ADJUSTMENT ON INVESTMENTS		
Fair value adjustment on investments	**4 882**	4 615
Total fair value adjustments	**4 882**	4 615
The measurement considerations with regards to investments have been detailed in note 5.		
20. NET FINANCE COSTS		
Finance costs	**315 281**	362 860
Finance income	**(162 317)**	(176 201)
Net finance cost	**152 964**	186 659
Included in finance costs is the following:		
– Finance costs on bank overdrafts and other financial liabilities	**314 044**	362 860
– Interest on lease liabilities	**1 237**	–
Finance cost	**315 281**	362 860
Included in finance income is the following:		
– Finance income on loans and receivables	**161 694**	174 576
– Finance income on cash and cash equivalents	**623**	1 625
Finance income	**162 317**	176 201

	30 June 2020 R'000	31 August 2019 R'000
21. **TAXATION**		
South African taxation		
Normal taxation		
– Current year	**859**	14 217
– Prior year	**(12 886)**	(928)
Deferred taxation		
– Current year	**(5 066)**	4 885
	(17 093)	18 174

	%	%
Reconciliation of the taxation rate:		
Effective tax rate	**82,9**	37,6
Taxation effect of:		
– Non-deductible expenditure: Legal fees of a capital nature	**11,0**	(4,8)
– Permanent differences: Depreciation on leasehold improvements	**(1,0)**	(0,6)
– Non-deductible expenditure: Share option cost	**–**	2,7
– Other non-deductible expenditure	**4,2**	(0,01)
– Prior period overprovision	**(62,5)**	(0,02)
– Fair value adjustment on investments	**(6,6)**	(2,7)
Statutory tax rate	**28,0**	28,0

	30 June 2020 R'000	31 August 2019 R'000
22. NOTES TO THE STATEMENT OF CASH FLOWS		
22A Cash generated by operations		
Profit before net finance costs	**132 345**	235 021
Adjustments for non cash movements:		
– Amortisation of intangible assets	**3 933**	2 788
– Depreciation of property, plant, equipment and Right-of-use assets	**14 322**	9 512
– Depreciation of leasing assets	**374 179**	408 207
– (Profit)/loss on disposal of property, plant and equipment	**(3)**	2 798
– Share-based payments credit	**(8 813)**	(3 869)
– Movement in inventory impairment provision	**18**	9
– Movement in credit allowance for doubtful debts	**28 083**	(2 773)
– Prepaid debt raising fee expense	**5 788**	–
– Fair value adjustment on investments	**4 882**	4 615
Cash generated by operations before changes in working capital	**553 970**	656 308
Working capital movements		
– Decrease in inventories	**260 410**	330 729
– (Increase)/decrease in trade and other receivables	**(18 675)**	43 920
– Increase/(decrease) in trade and other payables	**29 199**	(43 545)
Total cash generated by operations	**824 904**	987 412
22B Taxation paid		
Tax receivable at beginning of year	**9 426**	(1 699)
Taxation charge per the statement of profit or loss	**(12 027)**	13 289
Tax receivable/(payable) at end of year	**2 601**	(9 426)
	–	2 164
22C Interest received		
Interest received (note 20)	**162 317**	176 201
	162 317	176 201
22D Interest paid		
Interest paid (note 20)	**(315 281)**	(362 860)
Interest accrual	**22 752**	13 300
	(292 529)	(349 560)

	30 June 2020 R'000	31 August 2019 R'000
23. LEASE LIABILITIES		
Leases		
Premises	**13 973**	–
	13 973	–
These commitments relate to the following periods:		
Due within 1 year	**9 427**	–
Due within 2 years	**6 800**	–
Due within 3 years	**104**	–
Due within 4 years	**–**	–
Thereafter	**–**	–
	16 331	–
Less: Unearned interest	**(2 358)**	–
	13 973	–
Movement summary		
Lease Liability arising on adoption of IFRS 16	**19 953**	–
Additions	**–**	–
Interest expense	**1 237**	–
Repayments	**(7 217)**	–
Closing balance	**13 973**	–
Disclosed as:		
Non-current liabilities	**5 645**	–
Current liabilities	**8 328**	–
	13 973	–

The lease commitment note took into account contractual cash flows as at 31 August 2019 excluding lease term extensions.

On adoption of IFRS 16 when applying the transition required, the lease term extension was taken into account in measuring the liability on 1 September 2019 as required by IFRS 16.

There are no short-term or low value leases that were not recognised in terms of IFRS 16.

No contingent rental is payable. No restrictions are imposed by lease agreements concerning dividends, additional debt and further leasing. Average annual escalation ranges between CPI and 10%.

Guarantees

enX Corporation has provided a corporate guarantee for a maximum amount of R315 million to Toyota Tsusho and R3.7 million to Maksat. All liabilities across the enX group due to Toyota Tsusho and Maksat have been recognised at the period-end.

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
30 June 2020				
Vehicles	**25 622**	**1 018 320**	**816 060**	**1 860 002**
31 August 2019				
Vehicles	32 923	1 381 077	875 394	2 289 394

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 Audit and Risk committees ("ARC") strategies. ARC is an enX Group board committee 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. ARC meets every quarter and follows a comprehensive risk management process. The treasury implements the ARC 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.

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 ARC.

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 significant foreign customers or suppliers, there is no material foreign currency exposure.

26. **FINANCIAL INSTRUMENTS** CONTINUED

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 times throughout the year. The significance of this surplus cash to the statement of financial position exposes the group 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.

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. There is one customer that individually accounts for more than 5% of company revenue.

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

Trade accounts receivable

Allowance for expected credit losses for loans and receivables

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 bad debt provision.

	30 June 2020 R'000	31 August 2019 R'000
Analysis of allowance for expected credit losses		
Balance at beginning of the year	**11 968**	14 741
Amounts written off during the year	**(2 508)**	(2 645)
Increase in allowance recognised in the statement of comprehensive income	**30 591**	(128)
Balance at end of year	**40 051**	11 968

26. **FINANCIAL INSTRUMENTS** CONTINUED

Trade accounts receivable (continued)

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

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	129 475	(40 051)	89 424

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.

30 June 2020	Total	Current	30 days	60 days	90 days	120 days	150 days or more
Expected credit loss rate							
Total trade receivable balance	**129 475**	**49 515**	**9 556**	**2 365**	**5 168**	**2 461**	**60 410**
Total provision raised	**(40 051)**	**(6 243)**	**(3 233)**	**(1 000)**	**(4 042)**	**(1 654)**	**(23 879)**
Net balance	**89 424**	**43 272**	**6 323**	**1 365**	**1 126**	**807**	**36 531**

31 August 2019	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

26. **FINANCIAL INSTRUMENTS** CONTINUED

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- and 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
30 June 2020				
Financial assets				
Investments	**8 279**	**8 279**	**–**	**8 279**
Amounts owing by group companies	**2 621 040**	**2 621 040**	**738 807**	**1 882 233**
Trade and other receivables	**142 688**	**142 688**	**142 688**	**–**
Cash and cash equivalents	**426 155**	**426 155**	**426 155**	**–**
	3 198 162	**3 198 162**	**1 307 650**	**1 890 512**
Percentage profile (%)			**41**	**59**
Financial liabilities				
Amounts owing to group companies	**534 208**	**534 208**	**534 208**	**–**
Interest-bearing borrowings	**4 180 502**	**4 545 568**	**2 193 379**	**2 352 189**
Lease liabilities	**14 947**	**16 331**	**9 427**	**6 904**
Trade and other payables	**295 561**	**295 561**	**295 561**	**–**
	5 025 218	**5 391 668**	**3 032 575**	**2 359 093**
Percentage profile (%)			**56**	**44**
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 and other receivables	152 096	152 096	152 096	–
Cash and cash equivalents	169 497	169 497	169 497	–
	2 840 317	2 840 317	1 062 876	1 777 441
Percentage profile (%)			37	63
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

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
30 June 2020		
Financial assets		
– Trade and other receivables	**–**	**89 424**
– Investments	**8 279**	**–**
– Bank and cash balances	**–**	**426 155**
Total financial assets	**8 279**	**515 579**
– Interest-bearing liabilites	**–**	**4 180 502**
– Lease liabilites	**–**	**13 973**
– Employee benefits	**–**	**183**
– Trade, other payables and provisions	**–**	**295 561**
Total financial liabilities	**–**	**4 490 219**

	Financial assets/ liabilities at fair value R'000	Financial assets/ liabilities at amortised cost R'000
30 June 2019		
Financial assets		
– Trade and other receivables	**–**	**100 790**
– Investments	**13 161**	**–**
– Bank and cash balances	**–**	**169 497**
Total financial assets	**13 161**	**270 287**
– Interest-bearing liabilites	**–**	**3 901 035**
– Employee benefits	**–**	**947**
– Trade, other payables and provisions	**–**	**243 610**
Total financial liabilities	**–**	**4 145 592**

26. **FINANCIAL INSTRUMENTS** CONTINUED

Valuation narration disclosures

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.

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.

	31 August 2020 R'000	31 August 2019 R'000
Interest rate sensitivity analysis		
Financial assets		
Loans granted and bank deposits linked to South African money market rates		
Carrying value at statement of financial position date	**3 047 195**	2 675 060
Reasonable possible change (%)	**1**	1
Pre-tax statement of comprehensive income impact	**30 472**	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	**4 714 710**	4 405 375
Reasonable possible change (%)	**1**	1
Pre-tax statement of comprehensive income impact	**47 147**	47 958

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. The company has many different operations, retail outlets and service centres where the company staff may be transacting. Often these transactions are minor and are difficult to monitor. Key management have to report any transactions with the company in excess of R100 000.

Key management personnel remuneration comprises:

	31 August 2020 R'000	31 August 2019 R'000
Short-term employee benefits	**11 476**	19 894
Long-term employee benefits	**683**	632
Share-based payments recognised as an expense	**–**	5 794
	12 159	26 320
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**
2020					
Paid by company					
PM Mansour	**3 090**	**–**	**–**	**–**	**3 090**
JV Carr	**2 707**	**3 170**	**514**	**1 693**	**8 084**
JS Friedman[a]	**1 630**	**–**	**–**	**–**	**1 630**
RA Lumb[b]	**1 278**	**–**	**–**	**–**	**1 278**
	8 705	**3 170**	**514**	**1 693**	**14 082**

[a] *Resigned on 31 March 2020.*
[b] *Appointed on 1 March 2020.*

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.*

28. **RELATED PARTY TRANSACTIONS** CONTINUED

Name	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			
JV Carr	June 2018	215 386	June 2021

	31 August 2020 R'000	31 August 2019 R'000
Related party balances		
Amounts due by/(to) group companies – *Refer to note 6*		
Amounts included in trade and other receivables relating to group companies		
GPS Tracking Solutions Proprietary Limited	**–**	13
Amasondo Fleet Services Proprietary Limited	**–**	1 000
EIE Group Proprietary Limited	**29**	–
Eqstra NH Equipment Proprietary Limited	**282**	118
Saficon Industrial Equipment Proprietary Limited	**3 996**	3 716
Eqstra Financial Services Proprietary Limited	**109**	797
enX Fleet Management Botswana Proprietary Limited	**47**	–
African Group Lubricants Proprietary Limited	**25**	124
600 SA Holdings Proprietary Limited	**9**	–
	4 488	5 768
Amounts included in trade and other payables relating to group companies		
Saficon Industrial Equipment Proprietary Limited	**(4)**	(8)
GPS Tracking Solutions Proprietary Limited	**(427)**	(2 443)
Omatemba Fleet Services Proprietary Limited	**(87)**	–
Eqstra Financial Services Proprietary Limited	**(154)**	–
600 SA Holdings Proprietary Limited	**–**	(9)
Eqstra Swaziland Proprietary Limited	**(5)**	–
enX Leasing Investments Proprietary Limited	**(2 841)**	–
enX Fleet Management Botswana Proprietary Limited	**–**	(199)
African Group Lubricants Proprietary Limited	**(169)**	(154)
	(3 687)	(2 813)
Related party transactions		
Revenue (group companies)		
Amasondo Fleet Services Proprietary Limited	**6**	988,00
Eqstra TA Equipment Proprietary Limited	**593**	934
Eqstra NH Equipment Proprietary Limited	**146 899**	242 031
600 SA Holdings Proprietary Limited	**35**	316
Eqstra Financial Services Proprietary Limited	**1 613**	167,22
New Way Power Proprietary Limited	**951**	2 018,00
Austro Proprietary Limited	**84**	98,00
Saficon Industrial Equipment Proprietary Limited	**18 202**	19 243
	168 383	265 795

28. **RELATED PARTY TRANSACTIONS** CONTINUED

	30 June 2020 R'000	31 August 2019 R'000
Cost recoveries received (group companies)		
Saficon Industrial Equipment Proprietary Limited	**–**	22 646
	–	22 646
Management fee paid (group companies)		
enX Group Limited	**–**	5 630
enX Leasing Investments Proprietary Limited	**14 529**	–
	14 529	5 630
Interest received (paid)/(group companies)		
Eqstra Swaziland Proprietary Limited	**267**	443
Amasondo Fleet Services Proprietary Limited	**(1459)**	(179)
Eqstra Fleet Services Namibia Proprietary Limited	**(6 150)**	(3 648)
Eqstra NH Equipment Proprietary Limited	**(5 426)**	(4 143)
Saficon Industrial Equipment Proprietary Limited	**146 125**	167 407
Eqstra Lesotho Proprietary Limited	**–**	(544)
Eqstra Fleet Services (PVPS) Proprietary Limited	**–**	(4 309)
Eqstra Zambia Limited	**563**	380
Omatemba Fleet Services Proprietary Limited	**7 801**	3 943
GPS Tracking Solutions Proprietary Limited	**855**	1 431
Eqstra Financial Services Proprietary Limited	**(769)**	–
	142 576	160 781

29. **GOING CONCERN**

Our leasing operations fund themselves with higher levels of gearing than is customary for typical industrial trading, assembly and/or manufacturing type business. This is enabled by the asset intensive nature of these businesses, together with the long-term lease contracts associated with the majority of these assets and diversity of the customer base. This asset base is continually being renewed and replaced. Accordingly, a core level of debt is required to fund these businesses and improve returns on equity, without assuming undue risk.

Historically, the maturity profile of this debt funding has not been aligned with the long term nature of the lease contracts. This has introduced an element of refinance risk. In addition, regular access to significant amounts of debt capital at a competitive cost is necessary for these businesses to retain their long term competitiveness. It is for these reasons, amongst others, that the board decided to dispose of the Eqstra Fleet Management business ("Eqstra").

The termination of the disposal of Eqstra to Bidvest required that alternative solutions to these funding issues be considered. It is in this regard that the directors have embarked on an initiative to refinance the South African leasing businesses and in the process concluded funding arrangements specific to each business ("Refinance"). The primary benefits of this are, *inter alia*, that:

- the maturity profile of this debt is reset;
- each new facility is customised for the respective leasing business it supports;
- each facility is "ring-fenced" from the rest of enX's businesses; and
- it opens up commercial opportunities not currently available to enX while the funding facilities were pooled.

On the approval date of the financial statements, all the critical funding agreements pertaining to the Refinance had been concluded and, subject to the fulfilment of customary conditions precedent, it is highly probably that implementation will take place before the end of 2020. The directors are satisfied that the facilities are sufficient to provide adequate liquidity for current levels of trading and to accommodate reasonable growth.

29. **GOING CONCERN** CONTINUED

The majority of loans with group companies will only be settled should investments be sold. On the conclusion of the refinancing, the repayment terms pertaining to the company's interest-bearing liabilities will be amended which will result in a change in the debt aging profile. The amounts being repayable in the 12-month period from the period-end which has a direct impact on liquidity, will reduce significantly. Once the refinancing has been implemented the company's current assets will exceed the current liabilities. 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.

30. **POST-BALANCE SHEET EVENTS**

As a result of the termination of the Fleet transaction, enX Group has been in a process of engaging with its lenders regarding the refinance of the South African leasing businesses' bank term facilities and the debt capital market programme. At the date of approval of the financial statements, agreements with bank lenders have been concluded whereby, subject to the fulfilment of customary conditions precedent, both the EIE and Eqstra businesses have secured their own independent funding facilities and all existing bank borrowings will be repaid and debt capital market instruments redeemed.

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 30 June 2020 or the results of its operations or cash flows for the period then ended.

31. **IMPACT OF COVID-19**

Liquidity in our business has been resilient during COVID-19 lockdowns with the ability of the business to scale back capital expenditures, reduce orders, collect debtors and drawdown on inventory levels to release cash.

The COVID-19 lockdowns have had a significant impact on the financial and trading results for the period. The health and safety of our stakeholders remains our highest priority. The measures adopted during this period were designed to protect the financial position and preserve cash flows of the company.

Due to the annuity based revenue within the business together with certain essential service customers, trading activity during hard COVID-19 lock downs was reported at around half of pre-COVID revenue. Sale of used vehicles was severely impacted during the hard lockdown. Trading activity relative to revenue achieved before lockdown continues to recover, with the business returning to above 80% of pre-lockdown revenue.

The measures that management has implemented with regards to redundancies in the company have been necessary to scale our business activities in anticipation of lower revenues yet act responsibly. Operating expenditure was impacted by one off costs primarily related to COVID-19 with increases in bad debt and other provisions.