enX Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 2001/029771/06)
JSE share code: ENX
ISIN: ZAE000222253
("enX" or the "Company")

Historical accounting policies

Transaction sponsor

Independent reporting accountants

Date of issue: Monday, 3 May 2021

Statement of financial position
as at

		Audited	Reviewed	Reviewed
	Notes	**31 August 2020 R'000**	**31 August 2019 R'000**	**31 August 2018 R'000**
ASSETS				
Non-current assets		**1 677 453**	1 282 192	1 109 388
Property, plant, equipment and right-of-use assets	2	**155 160**	85 341	52 680
Leasing assets	3	**1 435 242**	1 131 695	1 027 759
Goodwill	4	**53 303**	36 162	28 949
Intangible assets	5	**33 748**	28 994	–
Current assets		**666 278**	529 064	411 844
Trade and other receivables	7	**238 062**	203 161	155 713
Inventories	8	**280 976**	239 098	179 119
Bank and cash balances	10	**147 240**	86 805	77 012
Total assets		**2 343 731**	1 811 256	1 521 232
EQUITY AND LIABILITIES				
Capital and reserves		**502 234**	372 051	324 430
Stated capital	11	**126 858**	126 858	126 858
Other reserves	12	**133 699**	44 572	51 339
Accumulated profits		**241 677**	200 621	146 233
Equity attributable to owners of the parent		**502 234**	372 051	324 430
Non-current liabilities		**1 479 894**	1 168 809	980 481
Interest-bearing liabilities	13	**1 402 480**	1 135 037	960 462
Lease liabilities	24	**37 325**	–	–
Employee benefits	29	**644**	430	470
Deferred taxation	6	**39 445**	33 342	19 549
Current liabilities		**361 603**	270 396	216 321
Interest-bearing liabilities	13	**4 295**	28 271	–
Lease liabilities	24	**22 690**	–	–
Trade, other payables and provisions	14	**327 727**	227 036	196 038
Derivative financial instruments	9	**185**	389	–
Taxation payable		**6 706**	14 700	20 283
Total equity and liabilities		**2 343 731**	1 811 256	1 521 232

Statement of profit or loss and other comprehensive income
for the years ended

	Notes	Audited 31 August 2020 R'000	Reviewed 31 August 2019 R'000	Reviewed 31 August 2018 R'000
Revenue	15	**1 448 496**	1 334 258	1 017 326
Net operating expenses	16	**(1 044 958)**	(996 396)	(745 089)
Profit from operations before depreciation and amortisation		**403 538**	337 862	272 237
Depreciation and amortisation	16	**(313 144)**	(235 018)	(197 678)
Profit on disposal of property, plant and equipment		**3 538**	232	287
Share-based payment credit/(expense)		**438**	(1 504)	(470)
Foreign exchange losses/(gains)		**(2 850)**	(1 409)	1 441
Operating profit		**91 520**	100 163	75 817
Profit before interest and taxation		**91 520**	100 163	75 817
Net finance costs	17	**(40 044)**	(32 443)	(23 372)
Interest received		**–**	–	–
Interest expense		**(40 044)**	(32 443)	(23 372)
Profit before taxation		**51 476**	67 720	52 445
Taxation	18	**(10 420)**	(13 332)	(9 606)
Profit after taxation		**41 056**	54 388	42 839
Attributable to:				
Equity holders of the parent		**41 056**	54 388	42 839
Non-controlling interests		**–**	–	–
Net profit after taxation ("PAT")		**41 056**	54 388	42 839
Other comprehensive income net of taxation:				
Profit after taxation		**41 056**	54 388	42 839
Items that may be reclassified subsequently to profit or loss:				
– Foreign currency translation reserve	12	**89 778**	(8 311)	36 389
Total comprehensive income		**130 834**	46 077	79 228

Statement of changes in equity
for the years ended

	Stated capital R'000	Other reserves R'000	Accumulated profits R'000	Total equity R'000
Balances as at 1 September 2017	126 858	14 950	103 394	245 202
Profit for the year	–	–	42 839	42 839
Other comprehensive income	–	36 389	–	36 389
Balances as at 31 August 2018	126 858	51 339	146 233	324 430
Profit for the year	–	–	54 388	54 388
Other comprehensive income	–	(8 311)	–	(8 311)
Share-based payment expense	–	1 544	–	1 544
Balances as at 31 August 2019	126 858	44 572	200 621	372 051
Profit for the year	**–**	**–**	**41 056**	**41 056**
Other comprehensive income	**–**	**89 778**	**–**	**89 778**
Vesting of share-based payment	**–**	**(651)**	**–**	**(651)**
Dividends paid to minority shareholders	**–**	**–**	**–**	**–**
Balances as at 31 August 2020	**126 858**	**133 699**	**241 677**	**502 234**

Statement of cash flows
for the years ended

	Notes	Audited 31 August 2020 R'000	Reviewed 31 August 2019 R'000	Reviewed 31 August 2018 R'000
Cash flows from operating activities		**568 314**	272 208	401 477
Cash generated from operations	19	**630 316**	309 431	424 046
Interest paid	20	**(40 044)**	(32 443)	(23 372)
Taxation paid	21	**(21 959)**	(4 780)	803
Cash flows from investing activities		**(461 054)**	(445 498)	(356 590)
Additions to property, plant and equipment	2	**(17 270)**	(11 305)	(9 090)
Additions to leasing assets	3	**(451 870)**	(322 881)	(280 619)
Proceeds on disposal of property, plant and equipment	22	**8 086**	1 092	298
Business combinations	23	**–**	(112 404)	(67 179)
Cash flows from financing activities		**(46 672)**	183 997	32 068
Proceeds from interest-bearing liabilities		**–**	183 997	37 045
Repayment of interest-bearing liabilities		**(29 413)**	–	(4 977)
Repayment of lease liabilities		**(17 259)**	–	–
Net increase in cash and cash equivalents		**60 587**	10 706	76 954
Effects of exchange rate changes on cash and cash equivalents		**(153)**	(914)	(17)
Cash and cash equivalents at beginning of year		**86 805**	77 012	74
Cash and cash equivalents at end of year		**147 240**	86 805	77 012

1. PRINCIPAL ACCOUNTING POLICIES

The historical combined financial information are prepared in compliance with JSE Listings Requirements, IFRS and Interpretations of those standards, as issued by the International Accounting Standards Board (IASB), the financial reporting pronouncements as issued by the Financial Reporting Standards Council (FRSC) that are relevant to its operations and have been effective for the annual reporting period ending 31 August 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.

1.1 Basis of preparation

The historical combined financial information, being the subject matter of the Proposed Transaction ("Subject Companies") recorded historical information, has been prepared in accordance with section 8.1 to 8.13 of the JSE Listings Requirements.

The basis of preparation describes how the financial information has been prepared in accordance with IFRS, except for the material departures from IFRS noted below.

IFRS does not provide for the preparation of historical combined financial information, and accordingly in preparing the historical combined financial information certain accounting conventions commonly used in the preparation of historical combined financial information for inclusion in circulars have been applied and accordingly there have been material departures from IFRS, which are discussed in more detail below. In all other respects, IFRS has been applied.

Historical combined financial information

The historical combined financial information of the subject matter for the 12 months ended 31 August 2020, 31 August 2019 and the 31 August 2018 ("the Reporting Period") will be prepared by aggregating the historical financial information relating to the statutory entities and divisions that will be disposed of and is not directly comparable to previously published segmental information.

This historical combined financial information has previously been reported as part of the annual financial statements of enX for the Reporting Period, which was prepared in accordance with IFRS. The principle of control in IFRS 10 Consolidated financial statements ("IFRS 10") is not applicable to the subject matter as a result of the historical legal structure.

The historical combined financial information is therefore aggregated information prepared using the principles of consolidation under IFRS 10 as if control of the entities within the subject matter existed. This includes elimination of investments in subsidiaries and share capital of subsidiaries within the subject matter where control existed and the elimination of intercompany transactions and balances within the subject matter.

The historical combined financial information will be prepared with the objective of presenting the results and net assets of the subject matter for the Reporting Period. The subject matter has, for the periods presented, been under the control of enX. Consequently, this historical combined financial information may not necessarily be indicative of the financial performance that would have been achieved, had the subject matter operated independently for the Reporting Period. Furthermore, it may not be indicative of the financial results in future periods.

Share capital and retained income

The Subject Matter does not constitute a separate legal entity, and therefore, it is not meaningful to disclose a historical analysis of share capital. The total equity attributable to owners of the Subject 35 Matter as disclosed in the historical combined financial information, represents the cumulative investment of enX in the Subject Companies.

Earnings per share, diluted earnings per share and headline earnings per share

As indicated above, it is not considered meaningful to disclose a historical analysis of share capital, therefore, it is not meaningful to disclose a historical analysis of various earnings per share metrics.

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

At the date of authorisation of the combined historical financial information of Impact Fork Trucks LLC ("the group)" for the year ended 31 August 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 **Interest in subsidiaries**

Subsidiary companies and other controlled entities

The group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

1.4 **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.

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
Leasing assets (vehicles and forklifts)	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.

1.5 **Goodwill**

Goodwill represents the excess of the cost of acquisition over the fair value of the group's share of the net identifiable assets, fairly valued, on the acquisition date of the subsidiary. Goodwill is stated at cost less accumulated impairments.

Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (discount on acquisition) is credited to profit or loss in the period of acquisition.

Goodwill is allocated to CGUs for the purpose of impairment testing.

The carrying amount of goodwill is assessed at each reporting period, or when deemed necessary. Goodwill is tested for impairment annually and whenever there is an indication that the asset may be impaired.

1.6 **Intangible assets other than goodwill**

Intangible assets that are acquired by the group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired. Assessments that the useful lives are indefinite are undertaken annually.

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**
Supplier and distributorship agreements	20 years/indefinite (where relevant)

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.

1.7 **Inventories**

Inventory comprises raw materials, finished goods, vehicles, consumables and work-in-progress.

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

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

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

Work-in-progress includes production costs and overheads directly attributable to the production of goods, and interest expenses are excluded.

Where capital equipment inventory has been purchased specifically for the purpose of rental arrangements and a rental agreement has been entered into with a customer, this inventory is recognised in property, plant and equipment and is not depreciated until the rental agreement commences. This is on the basis that the rest of the capital equipment inventory has an equal chance of being sold or rented to a customer and hence is appropriately treated as inventory.

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.

1.8 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 group 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 group 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 group'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.

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 group 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 group 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. Refer to the "other investments and loans note" and the "derivative financial instruments note" for additional details.

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.

1.9 Leases

The group as lessor (IFRS 16)

Finance leases

Amounts due under finance leases are treated as instalment 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 group as lessee (IFRS 16)

The group assesses whether a contract is or contains a lease, at inception of the contract. When the group 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 rates of the applicable group entity. 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 group'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 0%.

In terms of IFRS 16 the group 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.

The group as lessor (IAS 17)

Finance leases

Amounts due under finance leases are treated as instalment 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 group as lessee

Finance leases (IAS 17)

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.

1.10 Revenue recognition

Equipment (Impact (UK))

New and pre-owned revenue

Revenue comprises the net invoiced amount of goods supplied excluding value-added tax. Revenue from the sale of goods includes the sale of new and pre-owned forklifts.

The performance obligation is satisfied when the goods are delivered to the customer. When the goods have been delivered to the customer, the control has passed, and the revenue is recognised at that point in time. The transaction price is based on the cost of the goods sold increased by a margin.

Leasing revenue

Revenue from leasing assets is recognised over the period of the contract to the extent of the value of the forklift provided.

The performance obligation that needs to be met is the provision of a forklift to the customer over the lease period.

The leasing of the forklifts is performed over time; therefore, the revenue is recognised over time. The consideration recognised monthly is based on a agreed contract, with either a fixed or fluctuating interest rate. The monthly rental of the forklift is based on the asset value, over the period of the contract, using the contract interest rate, down to a residual value and is therefore easily determined.

Maintenance revenue

Revenue from maintenance contracts is recognised over the period of the maintenance contract in line with the value of the contract.

The performance obligation that needs to be met in line with the maintenance contract includes the provision of maintenance services to the customer as stipulated in the contract, over the contract period. Due to the nature of these agreements there is limited judgement required to determine the revenue recognised.

Service revenue

The provision of services is performed over time; therefore, the revenue is recognised over time as the customer consumes the benefit of the services provided.

The performance obligation that needs to be met is the provision services to the customer as stipulated in the service contract, over the contract period. The nature of these agreements is short term and therefore there is limited judgement required to determine the revenue recognised.

Parts revenue

Revenue comprises the net invoiced amount of parts supplied excluding value-added tax.

The performance obligation required to recognise the revenue from the sale of parts is the supply or delivery of the parts to the customer. When the parts have been delivered or supplied to the customer, the control has passed, and the revenue can be recognised at that point in time.

1.11 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.

1.12 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 group is able to and intends to settle its current tax assets and liabilities on a net basis.

1.13 **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 is estimated at least annually for all goodwill and intangible assets with an indefinite useful life. 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 cash-generating unit ("CGU") or 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.

For impairment calculation purposes, goodwill is allocated to the CGUs expected to benefit from the business combination.

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

Where the recoverable amount of an individual asset cannot be determined, the recoverable amount of the CGU to which the asset belongs is determined. An impairment loss on a CGU will be allocated first to goodwill and then to the other assets in the CGU unit on a proportionate basis.

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. An impairment loss in respect of goodwill is not reversed.

Foreign currencies

Functional and presentation currency

Items included in the financial results are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial results are presented in South African Rand, which is the functional currency of enX Group.

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.

1.14 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 group's accounting policies or IFRS.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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

Goodwill is considered for impairment at least annually. 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.

Intangible assets

Intangibles with an indefinite useful life are tested for impairment annually. Other intangibles are assessed for impairment if impairment indicators are considered to exist with regard to the specific intangible asset. In testing the recoverable amount of indefinite life intangible assets, future cash flows, the expected useful lives and appropriate discount rates are used as key management estimates.

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 term of the lease option 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.

1.15 Share-based payments

The following group share-related incentive plans exist:

Cash settled share-based payment plan

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

Equity-settled share-based payment plan

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

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

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

1.16 Related party disclosure

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

	Plant and equipment R'000	Motor vehicles R'000	Computer and office equipment R'000	Property and leasehold improvements R'000	Total R'000
2. **PROPERTY, PLANT, EQUIPMENT AND RIGHT-OF-USE ASSETS**					
As at 31 August 2020					
Cost	**22 454**	**148 274**	**56 941**	**70 451**	**298 120**
Accumulated depreciation and impairments	**(15 165)**	**(63 345)**	**(43 859)**	**(20 591)**	**(142 960)**
Net carrying value of owned and right-of-use assets	**7 289**	**84 929**	**13 082**	**49 860**	**155 160**
Owned assets					
Cost	**22 454**	**61 538**	**56 941**	**70 451**	**211 384**
Accumulated depreciation and impairments	**(15 165)**	**(36 624)**	**(43 859)**	**(20 591)**	**(116 239)**
Net carrying value	**7 289**	**24 914**	**13 082**	**49 860**	**95 145**
Movement summary					
Carrying value at the beginning of the year	**6 883**	**21 435**	**11 187**	**45 836**	**85 341**
Additions	**2 165**	**8 716**	**5 025**	**1 365**	**17 271**
Disposals	**–**	**(802)**	**–**	**(3 746)**	**(4 548)**
Depreciation – included in operating expenses	**(3 343)**	**(9 843)**	**(5 624)**	**(3 844)**	**(22 654)**
Currency adjustments	**1 584**	**5 408**	**2 494**	**10 249**	**19 735**
Carrying value at the end of the year	**7 289**	**24 914**	**13 082**	**49 860**	**95 145**
Right-of-use assets					
Cost	**–**	**86 736**	**–**	**–**	**86 736**
Accumulated depreciation and impairments	**–**	**(26 721)**	**–**	**–**	**(26 721)**
Net carrying value	**–**	**60 015**	**–**	**–**	**60 015**
Carrying value at the beginning of the year	**–**	**–**	**–**	**–**	**–**
Additions due to adoption of IFRS 16	**–**	**61 234**	**–**	**–**	**61 234**
Carrying value as at 1 September 2019	**–**	**61 234**	**–**	**–**	**61 234**
Movement summary					
Carrying value at the beginning of the year	**–**	**61 234**	**–**	**–**	**61 234**
Additions	**–**	**16 040**	**–**	**–**	**16 040**
Depreciation – included in operating expenses	**–**	**(24 929)**	**–**	**–**	**(24 929)**
Currency adjustments	**–**	**7 670**	**–**	**–**	**7 670**
Carrying value at the end of the year	**–**	**60 015**	**–**	**–**	**60 015**
Total carrying value at the end of the year of owned and right-of-use assets	**7 289**	**84 929**	**13 082**	**49 860**	**155 160**

	Plant and equipment R'000	Motor vehicles R'000	Computer and office equipment R'000	Property and leasehold improvements R'000	Total R'000
As at 31 August 2019					
Cost	16 651	50 451	41 920	60 915	169 937
Accumulated depreciation and impairments	(9 768)	(29 016)	(30 733)	(15 079)	(84 596)
Net carrying value	6 883	21 435	11 187	45 836	85 341
Movement summary					
Carrying value at the beginning of the year	6 140	4 779	7 809	33 952	52 680
Acquired through business combinations (note 23)	537	20 135	612	13 914	35 198
Additions	2 861	2 007	6 773	775	12 416
Disposals	(86)	(745)	(29)	–	(860)
Depreciation – included in operating expenses	(2 417)	(4 452)	(3 782)	(1 607)	(12 258)
Currency adjustments	(152)	(289)	(196)	(1 198)	(1 835)
Carrying value at the end of the year	6 883	21 435	11 187	45 836	85 341
As at 31 August 2018					
Cost	13 142	15 366	32 739	42 991	104 238
Accumulated depreciation and impairments	(7 002)	(10 587)	(24 930)	(9 039)	(51 558)
Net carrying value	6 140	4 779	7 809	33 952	52 680
Movement summary					
Carrying value at the beginning of the year	5 026	603	4 790	23 100	33 519
Acquired through business combinations (note 23)	279	4 880	167	6 812	12 138
Additions	2 040	1 085	5 028	1 234	9 387
Disposals	2	(13)	–	–	(11)
Depreciation – included in operating expenses	(1 861)	(2 095)	(3 099)	(766)	(7 821)
Currency adjustments	654	319	923	3 572	5 468
Carrying value at the end of the year	6 140	4 779	7 809	33 952	52 680

A register of property, plant and equipment is available for inspection at the registered office of the group.
Motor vehicles and equipment in the United Kingdom with a carrying value of R32.2 million (2019: R28.3 million), have been encumbered to secure long-term debt (refer to note 13 Interest-bearing liabilities).

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
3. **LEASING ASSETS**			
Cost	**2 344 257**	1 809 582	1 650 812
Accumulated depreciation	**(909 015)**	(677 887)	(623 053)
Net carrying value	**1 435 242**	1 131 695	1 027 759
Movement summary			
Carrying value at the beginning of the year	**1 131 695**	1 027 759	824 349
Acquired through business combinations (note 23)	**–**	59 586	46 068
Additions	**451 870**	322 881	280 619
Depreciation	**(263 954)**	(222 277)	(189 857)
Transfer to inventories	**(154 783)**	(28 664)	(48 964)
Currency adjustments	**270 414**	(27 590)	115 544
Carrying value at the end of the year	**1 435 242**	1 131 695	1 027 759

Leased assets in the United Kingdom with a carrying value of R1 435 million (2019: R1 132 million), have been encumbered to secure long-term debt.

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
4. **GOODWILL**			
Cost	**53 303**	36 162	28 949
Accumulated impairments	**–**	–	–
Net carrying value	**53 303**	36 162	28 949
Arising on acquisition of:			
enX Equipment segment			
– Impact (UK)	**53 303**	36 162	28 949
Closing net carrying value	**53 303**	36 162	28 949
Movement summary			
Carrying value at the beginning of the year	**36 162**	28 949	10 763
Acquired through business combinations (note 23)	**–**	8 524	15 613
Currency adjustment	**17 141**	(1 311)	2 573
Carrying value at the end of the year	**53 303**	36 162	28 949

Impairment review

In accordance with IAS 36 Impairment of assets, goodwill is reviewed annually for impairment, or more frequently if there is an indication that goodwill might be impaired.

The recoverable amount of goodwill relating to the Impact Handling (UK) CGU has been determined on the basis of value-in-use calculations.

The group prepares cash flow forecasts for the next five years, based on the CGU's management's budgets and business plans.

Impact Handling (UK)

In the impairment assessment performed with regards to Impact Handling (UK) a pre-tax rate of 7,3% (2019: 4,9%) was used to discount the forecast cash flows. The recoverable amount of the Impact Handling (UK) CGU was determined to be R2.4 billion (£103.9 million) and no impairment was recognised.

Key assumptions applied in the value in use calculations

The following assumptions were applied in all of the value in use calculations above:

- Asset values were based on the carrying amounts for the financial year;
- Future expected profits were estimated using historical information and approved budgets extending over five years;
- Revenue growth and gross margins were based on historical performance and known future prospects;
- Operating costs were assumed to grow in line with current inflation rates;
- Cash flows were extended into perpetuity as management has no reason to believe that the group will not continue past the budget period;
- The terminal values have been calculated by dividing the terminal year free cash flows by the pre-tax discount rate less the in-perpetuity growth rate which has been limited to CPI; and
- The recoverable amounts are compared to the carrying amounts of the CGUs to determine whether goodwill impairment is required.

Change in key assumptions and conclusion

For the remaining goodwill amount, a sensitivity analysis was performed on the discount rates and terminal growth rates. The results indicated that sufficient headroom (value in use over the carrying value) for the CGU existed to absorb a reasonable change in either the discount rate or the terminal growth rate or a combination thereof. The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount of Impact Handling are based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGU.

CGUs sensitive to discount rate and terminal growth rate	Enterprise value* Aug 2020 R'000	Actual rate %	Pre-tax discount rate Actual rate %	Break-even rate %	Terminal growth rate Actual rate %	Break-even rate %
Impact Handling (UK)	1 926 853	7,3%	7,3%	8,4%	2,0%	0,9%

**Enterprise value is determined to be the net operating assets of the CGU and the interest-bearing debt.*

5. INTANGIBLE ASSETS

	Supplier and distributorship agreements – subject to amortisation R'000	Total R'000
As at 31 August 2020		
Cost	**36 128**	36 128
Accumulated amortisation and impairments	**(2 380)**	(2 380)
Net carrying value	**33 748**	33 748
Estimated useful life of the intangibles	**3 – 20 years**	
Movement summary		
Carrying value at the beginning of the year	**28 994**	28 994
Amortisation for the year	**(1 607)**	(1 607)
Currency adjustments	**6 361**	6 361
Carrying value at the end of the year	**33 748**	33 748
As at 31 August 2019		
Cost	**29 477**	29 477
Accumulated amortisation and impairments	**(483)**	(483)
Net carrying value	**28 994**	28 994
Estimated useful life of the intangibles	**3 – 20 years**	
Movement summary		
Acquired through business combinations (refer to note 23)	**29 312**	29 312
Amortisation for the year	**(483)**	(483)
Currency adjustments	**165**	165
Carrying value at the end of the year	**28 994**	28 994

Other information

The group has every intention of ensuring that the supplier and distributorship agreements are renewed when the renewal of these contracts are reviewed. Renewal is primarily determined by the quality of the relationships with the suppliers, consistent distribution to customers and a payment track record. History has demonstrated that these distribution agreements are renewed without any significant costs being incurred.

The directors are of the view that the recoverable amount of the Impact Handling (UK) CGU as disclosed in note 4 are higher than the carrying value amounts of the CGU and therefore no impairments were recognised.

		Audited 2020 R'000	Reviewed 2019 R'000	Reviewed 2018 R'000
6.	**DEFERRED TAXATION**			
	The balance consists of:			
	Property, plant and equipment and right-of-use assets	**(16 137)**	(4 073)	(908)
	Leasing assets	**(18 830)**	(24 446)	(19 200)
	Intangible assets	**(6 412)**	(5 509)	–
	Trade and other receivables	**165**	150	29
	Trade, other payables and provisions	**1 769**	536	530
	Total carrying amount	**(39 445)**	(33 342)	(19 549)
	Movement summary			
	Balance at the beginning of the year	**(33 342)**	(19 549)	(11 345)
	Acquired through business combinations (note 23)	**–**	(92)	(3 745)
	Currency adjustments	**(8 019)**	434	(2 051)
	Temporary differences for the year	**1 915**	(14 135)	(2 408)
	Balance at the end of the year	**(39 446)**	(33 342)	(19 549)
	Disclosed as:			
	Deferred taxation – non-current liabilities	**(39 445)**	(33 342)	(19 549)
		(39 445)	(33 342)	(19 549)

		Audited 2020 R'000	Reviewed 2019 R'000	Reviewed 2018 R'000
7.	**TRADE AND OTHER RECEIVABLES**			
	Gross trade receivables	**201 449**	168 707	119 945
	Impairment allowance raised against trade receivables	**(867)**	(791)	(151)
	Net trade receivables	**200 582**	167 916	119 794
	Prepayments	**6 640**	5 071	5 086
	Sundry debtors, claims, recoverables and other receivables	**30 840**	30 174	30 833
	Deposits			
	Total carrying amount	**238 062**	203 161	155 713
	Trade receivables are stated at amortised cost less impairment allowances which is considered to approximate their fair value due to their short-term maturity.			
	Movement in impairment allowance raised against receivables			
	Balance at the beginning of the year	**791**	151	161
	Impairment allowance raised during the year	**1 171**	640	372
	Impairment allowance utilised during the year	**(1 095)**	–	(382)
	Balance at the end of the year	**867**	791	151

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
Basis of raising impairment allowances against receivables			
The recoverability of trade and other receivables is continuously reviewed on an individual basis. Credit limits are continuously monitored through payment history checks and industry information.			
An assessment is made at each reporting date whether there is any objective evidence that trade and other receivables are impaired. The group applies the simplified approach to calculate the expected credit loss ("ECL") of trade receivables. The rates used in the ECL provision matrix are based on days past due and debt written off. Further information regarding credit risk and credit risk management is detailed in note 27.			
The considerations taken into account in determining the whether there are any adjustments required for future information with regards to the ECL include the expected rate of inflation as well as the expected future economic conditions of the markets impacting the debtors book.			
Related credit exposure and enhancements			
Maximum exposure to credit losses of trade and other receivables	**200 582**	167 916	119 794
Credit risk mitigated through:			
Credit insurance	**(200 582)**	(167 916)	(119 794)
Residual exposure	**–**	–	–

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
8. **INVENTORIES**			
Raw materials	**39 643**	33 090	22 943
New vehicles and forklifts	**221 014**	183 854	129 422
Used vehicles and forklifts	**38 142**	21 170	30 234
Work in progress	**5 163**	9 652	5 448
Gross inventories	**303 962**	247 766	188 047
Impairment allowance raised against inventories	**(22 986)**	(8 668)	(8 928)
Total carrying amount	**280 976**	239 098	179 119
Movement in impairment allowance raised against inventories			
Balance at the beginning of the year	**8 668**	8 928	7 992
Impairment provisions raised during the year	**14 318**	37	1 128
Impairment provisions utilised during the year	**–**	(297)	(192)
Balance at the end of the year	**22 986**	8 668	8 928
Inventories are valued at the lower of cost and net realisable value.			
Amounts recognised as an expense in the year	**617 176**	614 941	447 596

	Audited	Reviewed	Reviewed
	2020	2019	2019
	R'000	R'000	R'000
9. **DERIVATIVE FINANCIAL INSTRUMENTS LIABILITIES**			
Forward exchange contracts, at fair value through profit or loss	**185**	389	–
	185	389	–

These financial instruments are level 2 financial instruments – valuations based on observable and unobservable inputs. The net market value of all forward exchange contracts at year-end was calculated by comparing the forward exchange contract rates to the equivalent year-end market foreign exchange rates.

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
10. **BANK AND CASH BALANCES**			
Cash on hand	**194**	5 533	112
Bank accounts	**147 046**	81 272	76 900
	147 240	86 805	77 012
Disclosed as:			
Bank and cash balances – current assets	**147 240**	86 805	77 012

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

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
11. **STATED CAPITAL**			
	126 858	126 858	126 858

11.1 **Equity settled compensation benefits**

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 expire from date of issue	Period to expire from date of issue	IFRS 2 classification
enX Group Limited	14 December 2016	3 years	3 years	Equity settled
enX Group Limited	1 June 2018	3 years	3 years	Equity settled

The value of the FSP has been calculated using the Binomial model based on the following assumptions:	June 2018 scheme	December 2016 scheme
– Expected dividend yield (%)	–	–
– Fair value of the FSP on grant date	14,46	17,90

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
Share-based payment expense recognised			
FSP scheme	**(652)**	1 544	–

The expected volatility was determined using volatility of the 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 enX at vesting date.

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

The detailed allocation of scheme shares allocated to directors, prescribed officers and managers will be disclosed in the Remuneration report.

		Audited	Reviewed	Reviewed
		2020	2019	2018
		R'000	R'000	R'000
12.	**OTHER RESERVES**			
	Foreign currency translation reserve	**132 807**	43 028	51 339
	Share-based payment reserve	**892**	1 544	–
		133 699	44 572	51 339
	Movement summary			
	Balance at the beginning of the year	**44 572**	51 339	14 950
	Foreign currency translation reserve	**89 778**	(8 311)	36 389
	Share-based payment (expense)/vesting	**(651)**	1 544	–
	Balance at the end of the year	**133 699**	44 572	51 339
13.	**INTEREST-BEARING LIABILITIES**			
	Long-term in nature			
	– Secured loans	**1 402 480**	1 135 037	960 462
	Short-term in nature			
	– Secured short-term loans	**4 295**	28 271	–
	Total borrowings	**1 406 775**	1 163 308	960 462
	Disclosed as:			
	Non-current liabilities	**1 402 480**	1 135 037	960 462
	Current liabilities	**4 295**	28 271	–
	Total borrowings	**1 406 775**	1 163 308	960 462

	Audited		Reviewed		Reviewed	
	2020		2019		2018	
Interest rate analysis	**Effective rates %**	**Analysis of debt R'000**	Effective rates %	Analysis of debt R'000	Effective rates %	Analysis of debt R'000
Variable linked						
– Secured loans	**2,41%**	**1 406 775**	3,00%	1 163 308	3,00%	960 462
		1 406 775		1 163 308		960 462

	2025 and onwards Rm	2024 Rm	2023 Rm	2022 Rm	2021 Rm	Total Rm
Summary of interest-bearing borrowings by year of redemption or repayment						
31 August 2020						
Rest of world	**–**	**–**	**1 318 497**	**83 983**	**4 295**	**1 406 775**
Total	**–**	**–**	**1 318 497**	**83 983**	**4 295**	**1 406 775**

	2024 and onwards Rm	2023 Rm	2022 Rm	2021 Rm	2020 Rm	Total Rm
31 August 2019						
Rest of world	–	–	1 089 585	45 452	28 271	1 163 308
Total	–	–	1 089 585	45 452	28 271	1 163 308

	2023 and onwards Rm	2022 Rm	2021 Rm	2020 Rm	2019 Rm	Total Rm
31 August 2018						
Rest of world	–	–	925 824	34 638	–	960 462
Total	–	–	925 824	34 638	–	960 462

	Audited		Reviewed		Reviewed	
	2020		2019		2018	
	Debt secured Rm	**Net book value of assets encumbered Rm**	Debt secured R’000	Net book value of assets encumbered R’000	Debt secured R’000	Net book value of assets encumbered R’000
Details of encumbered assets as follows:						
Leasing assets and motor vehicles	**1 406 775**	**1 467 445**	1 163 308	1 160 012	960 462	1 038 678
Total	**1 406 775**	**1 467 445**	1 163 308	1 160 012	960 462	1 038 678

	Audited	**Reviewed**	**Reviewed**
	2020 R’000	2019 R’000	2018 R’000
Borrowing facilities			
In terms of the MOI the borrowing powers of the group are unlimited			
Total facilities established	**1 888 263**	1 583 789	1 559 480
Less: Total borrowings including medium-term notes	**(1 406 775)**	(1 163 308)	(960 462)
Unutilised borrowing facilities	**481 488**	420 481	599 018

The group complied with all funding covenants during the current and prior year.

Details of securities provided to the funders are presented in notes 2 and 3.

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
14. **TRADE, OTHER PAYABLES AND PROVISIONS**			
Trade payables	**116 161**	127 121	107 177
Accruals	**100 867**	59 245	58 479
Value added taxation	**73 700**	26 465	19 591
Employee-related accruals and provisions	**36 970**	14 148	10 779
Sundry and other payables	**29**	57	12
	327 727	227 036	196 038

The directors consider the carrying amount of trade and other payables to approximate their fair value.

The average credit period is between 30 and 60 days. No interest is charged on trade payables for the first one to 60 days from the date of invoice. Terms with significant suppliers average 90 to 120 days.

The group has financial risk policies in place to ensure that all payables are paid within the credit time frame (refer to note 27).

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
15. **REVENUE**			
Revenue recognised at a point in time			
Sale of capital goods	**365 680**	409 839	282 227
– South Africa	**–**	–	–
– Rest of world	**365 680**	409 839	282 227
Sale of goods, consumables and parts	**143 217**	113 031	84 233
– South Africa	**–**	–	–
– Rest of world	**143 217**	113 031	84 233
Sale of used goods	**95 322**	92 963	66 002
– South Africa	**–**	–	–
– Rest of world	**95 322**	92 963	66 002
Total revenue recognised at a point in time	**604 219**	615 833	432 462
Revenue recognised over time			
Leasing rentals	**627 625**	526 847	448 191
– South Africa	**–**	–	–
– Rest of world	**627 625**	526 847	448 191
Maintenance and service revenue	**216 652**	191 578	136 673
– South Africa	**–**	–	–
– Rest of world	**216 652**	191 578	136 673
Total revenue recognised over time	**844 277**	718 425	584 864
Total revenue	**1 448 496**	1 334 258	1 017 326

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
16. **OPERATING PROFIT**			
Operating profit is stated after taking the following into account:			
Net operating expenses include:			
Cost of sales	**617 176**	614 941	447 596
Staff costs	**333 764**	301 954	224 998
Other expenses	**16 222**	5 623	4 613
Operating expenses	**77 796**	73 878	67 882
	1 044 958	996 396	745 089
Operating profit is stated after taking the following items into account:			
Foreign exchange differences			
Unrealised forex differences	**(263)**	418	–
Realised forex differences	**3 050**	992	–
	2 787	1 410	–
Profit on sale of non-current assets			
Profit on disposal of property, plant and equipment	**(3 538)**	(232)	(287)
Other			
Expected credit loss on financial assets	**1 095**	–	382
Retrenchment costs	**9 300**	–	–
Audit fees – audit services from Deloitte	**2 454**	2 185	2 720
Audit fees – audit services from other auditors	**1 060**	766	–
Services from other auditors	**1 154**	1 678	–
Share-based payment (credit)/charge	**(438)**	1 504	470
Employee costs			
Executive directors	**9 315**	9 887	8 454
Other staff	**324 449**	292 067	216 544
	333 764	301 954	224 998
Depreciation and amortisation			
Intangible asset amortisation	**1 607**	483	–
Property, plant and equipment depreciation	**47 583**	12 258	7 821
Leasing assets depreciation	**263 954**	222 277	189 857
Depreciation and amortisation	**313 144**	235 018	197 678

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
17. **NET FINANCE COSTS**			
Interest expense			
Interest to banks	**37 939**	32 443	23 372
Interest on lease liability	**2 105**	–	–
	40 044	32 443	23 372
Net finance costs	**40 044**	32 443	23 372

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
18. **TAXATION**			
Foreign normal taxation			
Current year	**(13 965)**	(13 515)	(10 206)
Prior year	**–**	14 318	3 007
Foreign deferred taxation			
Current year	**3 545**	183	96
Prior year	**–**	(14 318)	(2 503)
Total current and deferred taxation	**(10 420)**	(13 332)	(9 606)
Reconciliation of rate of taxation			
Accounting profit before taxation	**51 476**	67 720	52 445
Taxation at UK normal taxation rate (19%)	**9 780**	12 867	9 965
Tax effect of adjustments to taxable income			
Permanent differences:			
– Other non-taxable income	**640**	465	145
– Prior year	**–**	–	(504)
Taxation per statement of comprehensive income	**10 420**	13 332	9 606

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
19. **CASH GENERATED FROM OPERATIONS**			
Profit before taxation	**51 476**	67 720	52 445
Adjusted for:			
– Interest expense	**40 044**	32 443	23 372
– Depreciation and amortisation	**313 144**	235 018	197 678
– Profit on disposal of property, plant and equipment	**(3 538)**	(232)	(287)
– Share-based payment expense – non-cash	**(438)**	1 504	470
Cash generated from operations before working capital movements			
Changes in working capital	**229 629**	(27 022)	150 368
Decrease in inventories	**167 106**	4 006	68 117
Decrease/(increase) in trade and other receivables	**13 848**	(13 172)	29 029
Increase/(decrease) in trade and other payables	**48 675**	(17 856)	53 222
	630 317	309 431	424 046

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
20. **INTEREST PAID**			
Interest paid			
Total interest expense (refer to note 17)	**(40 044)**	(32 443)	(23 372)

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
21. **TAXATION PAID**			
Net taxation payable at beginning of year	**(14 700)**	(20 283)	(8 159)
Acquired through business combinations	**–**	–	(4 122)
Current tax charged to the statement of comprehensive income	**(13 965)**	803	(7 199)
Net taxation payable at end of year	**6 706**	14 700	20 283
	(21 959)	(4 780)	803

	Audited	Reviewed	Reviewed
	2020	2019	2018
	R'000	R'000	R'000
22. **PROCEEDS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**			
Book value of assets disposed	**4 548**	860	11
Profit on disposal of property, plant and equipment	**3 538**	232	287
Proceeds on disposal of property, plant and equipment	**8 086**	1 092	298

23. BUSINESS COMBINATIONS

Impact Handling UK acquisitions during the 2020 financial year

No assets have been acquired through business combinations during the current year.

Impact UK acquisitions during the 2019 financial year

The details of the net assets acquired through this business combination, for which the purchase price has been allocated to the respective assets and liabilities, is as follows:

Identifiable assets acquired and liabilities assumed

	2019
	R'000
Property, plant and equipment	35 198
Leasing assets	59 586
Goodwill and intangibles	37 836
Inventories	41 522
Trade and other receivables	39 587
Cash and cash equivalents	15 850
Interest-bearing liabilities	(46 591)
Taxation payable	–
Trade, other payables and provisions	(54 826)
Deferred taxation asset	92
Total identifiable net assets acquired	128 254
Total consideration transferred	128 254
Purchase consideration settled in cash	128 254
Cash balances taken over	(15 850)
Net cash outflow on total acquisition	112 404

Acquisition of Grant Handling

Effective 29 March 2019, Impact Handling (UK) concluded an agreement to acquired 100% of the share capital in Grant Handling Limited, a forklift dealer located in the UK, to increase the group's forklift business footprint in the UK.

The purchase price paid was R128,3 million (£6,5 million). The amount due was settled through the existing facilities with HSBC. There is no contingent consideration. The goodwill acquired arose as a result of the expected synergies and costs savings in expanding the UK operations.

Revenue of R136.0 million (£7.4 million) and net profit after taxation of R5.8 million (£313 thousand) have been included in these results with effect from the acquisition dates. If the acquisitions had occurred on 1 September 2018, the following amounts would have been included in the group results: Revenue of R314.3 million (£17.1 million) and net profit after taxation of R14.2 million (£772 thousand).

Impact UK acquisitions during the 2018 financial year

The details of the net assets acquired through this business combination, for which the purchase price has been allocated to the respective assets and liabilities, is as follows:

Identifiable assets acquired and liabilities assumed

	2018 R'000
Property, plant and equipment	12 139
Leasing assets	46 068
Goodwill	15 613
Inventories	8 493
Trade and other receivables	18 052
Cash and cash equivalents	9 092
Interest-bearing liabilities	(7 237)
Taxation payable	(4 122)
Trade, other payables and provisions	(18 082)
Deferred taxation liability	(3 745)
Total identifiable net assets acquired	76 271
Total consideration transferred	76 271
Purchase consideration settled in cash	76 271
Cash balances taken over	(9 092)
Net cash outflow on total acquisition	67 179

Acquisition of Bendigo Michell (17 October 2017)

Effective 17 October 2017, Impact in the UK concluded an agreement to acquire Bendigo Michell Limited, a CAT forklift dealer in the UK. Management have completed the fleet assessment of Bendigo Michell and the numbers are final.

The purchase price paid for the entity was £600 000. The amount due was settled through the existing facilities with HSBC. There is no contingent consideration.

Acquisition of Macbrown (8 December 2017)

Effective 8 December 2017, Impact in the UK concluded an agreement to acquire Macbrown Fork Truck Services Limited, a CAT forklift dealer in the UK. Management have completed the revaluation process of the fleet for Macbrown and the numbers are final.

The purchase price paid for the entity was £1 541 million. The amount due was settled through the existing facilities with HSBC. There is no contingent consideration.

Acquisition of Dechmont (1 July 2018)

Effective 1 July 2018, Impact in the UK concluded an agreement to acquire Dechmont Forklift Trucks Limited, a 2nd Level Dealer of CAT Fork Lift Trucks in the UK.

The purchase price paid for the entity was £1.75 million with a 12-month Retention of £175 000 and a three-month Fleet retention of £128 540 to confirm the value of the leasing assets. The fair value review is ongoing. The amount due was settled through the existing facilities with HSBC.

	2020 R'000	2019 R'000	2018 R'000
24. **LEASE LIABILITIES**			
Leases: payable			
Premises	**46 648**	–	–
Vehicles	**13 367**	–	–
	60 015	–	–
These commitments relate to the following periods:			
Due within one year	**22 690**	–	–
Due within two years	**16 941**	–	–
Due within three years	**11 432**	–	–
Due within four years	**5 144**	–	–
Thereafter	**3 808**	–	–
	60 015	–	–
Less: Unearned interest	**–**	–	–
Lease liabilities – IFRS 16	**60 015**	–	–
Disclosed as:			
Non-current liabilities	**37 325**	–	–
Current liabilities	**22 690**	–	–
	60 015	–	–
Movement summary			
Lease liabilities arising on adoption of IFRS 16	**61 234**	–	–
Additions	**16 040**	–	–
Interest expense	**2 105**	–	–
Repayments	**(19 364)**	–	–
Closing balance of lease liabilities	**60 015**	–	–
Disclosed as:			
Non-current liabilities	**37 325**	–	–
Current liabilities	**22 690**	–	–
	60 015	–	–

The value of the short-term and low value lease commitments that were not recognised in terms of IFRS 16 amount to Rnil.

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

Operating leases: receivable

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

31 August 2020	More than five years R'000	One to five years R'000	Less than one year R'000	Total R'000
Forklifts	–	856 430	433 809	1 290 239
	–	856 430	433 809	1 290 239
31 August 2019				
Forklifts	–	839 089	396 183	1 235 272
	–	839 089	396 183	1 235 272
31 August 2018				
Forklifts	23 959	833 607	390 184	1 247 750
	23 959	833 607	390 184	1 247 750

25. **CONTINGENT LIABILITIES AND GUARANTEES**

There are not considered to be any contingent liabilities at 31 August 2020 (2019: nil and 2018: nil).

26. ANALYSIS OF ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CLASSIFICATION

	Financial assets at fair value through profit and loss*			Loans and receivables at amortised cost			Financial liabilities at amortised cost		
	2020	2019	2018	**2020**	2019	2019	**2020**	2019	2018
	R'000	R'000	R'000	**R'000**	R'000	R'000	**R'000**	R'000	R'000
Non-current assets	**–**	–	–	**–**	–	–	**–**	–	–
Property, plant, equipment and right of use assets	**–**	–	–	**–**	–	–	**–**	–	–
Leasing assets	**–**	–	–	**–**	–	–	**–**	–	–
Goodwill and other intangible assets	**–**	–	–	**–**	–	–	**–**	–	–
Current assets	**–**	–	–	**347 822**	254 721	196 806	**–**	–	–
Inventories	**–**	–	–	**–**	–	–	**–**	–	–
Trade and other receivables	**–**	–	–	**200 582**	167 916	119 794	**–**	–	–
Bank and cash balances	**–**	–	–	**147 240**	86 805	77 012	**–**	–	–
Total assets	**–**	–	–	**347 822**	254 721	196 806	**–**	–	–
Capital and reserves	**–**	–	–	**–**	–	–	**–**	–	–
Stated capital	**–**	–	–	**–**	–	–	**–**	–	–
Other reserves	**–**	–	–	**–**	–	–	**–**	–	–
Accumulated profits	**–**	–	–	**–**	–	–	**–**	–	–
Equity attributable to owners of the parent	**–**	–	–	**–**	–	–	**–**	–	–

	Non-financial instruments			Equity			Total		
	2020	2019	2018	**2020**	2019	2018	**2020**	2019	2018
	R'000	R'000	R'000	**R'000**	R'000	R'000	**R'000**	R'000	R'000
Non-current assets	**1 677 453**	1 282 192	1 109 388	**–**	–	–	**1 677 453**	1 282 192	1 109 388
Property, plant, equipment and right of use assets	**155 160**	85 341	52 680	**–**	–	–	**155 160**	85 341	52 680
Leasing assets	**1 435 242**	1 131 695	1 027 759	**–**	–	–	**1 435 242**	1 131 695	1 027 759
Goodwill and other intangible assets	**87 051**	65 156	28 949	**–**	–	–	**87 051**	65 156	28 949
Current assets	**318 456**	274 343	215 038	**–**	–	–	**666 278**	529 064	411 844
Inventories	**280 976**	239 098	179 119	**–**	–	–	**280 976**	239 098	179 119
Trade and other receivables	**37 480**	35 245	35 919	**–**	–	–	**238 062**	203 161	155 713
Bank and cash balances	**–**	–	–	**–**	–	–	**147 240**	86 805	77 012
Total assets	**1 995 909**	1 556 535	1 324 426	**–**	–	–	**2 343 731**	1 811 256	1 521 232
Capital and reserves	**–**	–	–	**502 234**	372 051	324 430	**502 234**	372 051	324 430
Stated capital	**–**	–	–	**126 858**	126 858	126 858	**126 858**	126 858	126 858
Other reserves	**–**	–	–	**133 699**	44 572	51 339	**133 699**	44 572	51 339
Accumulated profits	**–**	–	–	**241 677**	200 621	146 233	**241 677**	200 621	146 233
Equity attributable to owners of the parent	**–**	–	–	**502 234**	372 051	324 430	**502 234**	372 051	324 430

	Financial assets at fair value through profit and loss*			Loans and receivables at amortised cost			Financial liabilities at amortised cost			Non-financial instruments			Equity			Total		
	2020	2019	2018	**2020**	2019	2019	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018	**2020**	2019	2018
	R'000	R'000	R'000	**R'000**	R'000	R'000	**R'000**	R'000	R'000	**R'000**	R'000	R'000	**R'000**	R'000	R'000	**R'000**	R'000	R'000
Non-current liabilities	**–**	–	–	**–**	–	–	**1 440 449**	1 135 467	960 932	**39 445**	33 342	19 549	**–**	–	–	**1 479 894**	1 168 809	980 481
Interest-bearing liabilities	**–**	–	–	**–**	–	–	**1 402 480**	1 135 037	960 462	**–**	–	–	**–**	–	–	**1 402 480**	1 135 037	960 462
Lease liabilities	**–**	–	–	**–**	–	–	**37 325**	–	–	**–**	–	–	**–**	–	–	**37 325**	–	–
Employee benefits	**–**	–	–	**–**	–	–	**644**	430	470	**–**	–	–	**–**	–	–	**644**	430	470
Deferred taxation	**–**	–	–	**–**	–	–	**–**	–	–	**39 445**	33 342	19 549	**–**	–	–	**39 445**	33 342	19 549
Current liabilities	**185**	389	–	**–**	–	–	**281 012**	228 842	176 447	**80 406**	41 165	39 874	**–**	–	–	**361 603**	270 396	216 321
Interest-bearing liabilities	**–**	–	–	**–**	–	–	**4 295**	28 271	–	**–**	–	–	**–**	–	–	**4 295**	28 271	–
Lease liabilities	**–**	–	–	**–**	–	–	**22 690**	–	–	**–**	–	–	**–**	–	–	**22 690**	–	–
Trade, other payables and provisions	**–**	–	–	**–**	–	–	**254 027**	200 571	176 447	**73 700**	26 465	19 591	**–**	–	–	**327 727**	227 036	196 038
Derivative financial liabilities	**185**	389	–	**–**	–	–	**–**	–	–	**–**	–	–	**–**	–	–	**185**	389	–
Taxation payable	**–**	–	–	**–**	–	–	**–**	–	–	**6 706**	14 700	20 283	**–**	–	–	**6 706**	14 700	20 283
Total equity and liabilities	**185**	389	–	**–**	–	–	**1 721 461**	1 364 309	1 137 379	**119 851**	74 507	59 423	**502 234**	372 051	324 430	**2 343 731**	1 811 256	1 521 232

** Financial assets held at fair value through profit and loss measurement considerations have been detailed in note 9. Please refer for additional details.*

	2020 R'000	2019 R'000	2018 R'000
27. **FINANCIAL RISK MANAGEMENT**			
Interest rate risk management			
The group held surplus cash at times throughout the year. The significance of this surplus cash to the group's statement of financial position exposes the group to interest rate risk.			
This interest rate risk is managed through commercial banking facilities by the group's executive directors. At year-end, cash was invested with three large commercial banks.			
The investment of surplus funds is reviewed from time to time.			
At year-end, borrowings were held with five large commercial banks. The group's interest rate profile consists of floating rate loans and bank balances which expose the group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:			
Financial assets			
Financial assets which attract no interest	**200 582**	167 916	119 794
Loans and bank deposits which attract interest at South African money market rates	**147 240**	86 805	77 012
	347 822	254 721	196 806
Financial liabilities			
Financial liabilities which attract no interest	**254 671**	201 001	176 917
Borrowings which attract interest at prime rates/JIBAR rates	**1 466 790**	1 163 308	960 462
	1 721 461	1 364 309	1 137 379
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	**147 240**	86 805	77 012
Reasonable possible change in interest rate (%)	**1**	1	1
Pre-tax statement of comprehensive income impact	**1 472**	868	770
Financial liabilities			
Financing received and banking facilities linked to South African prime rates/JIBAR rates			
Carrying value at statement of financial position date	**1 466 790**	1 163 308	960 462
Reasonable possible change in interest rate (%)	**1**	1	1
Pre-tax statement of comprehensive income impact	**14 668**	11 633	9 605
Credit risk management			
Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the group.			
Trade accounts receivable consist of a large widespread customer base. Group companies regularly monitor the financial position of their customers. The granting of credit is controlled by application and account limits.			
The group's cash and cash equivalents and short-term deposits are placed with major banks with strong credit ratings.			
	2020	2019	2018

	R'000	R'000	R'000
The carrying amounts of financial assets included in the consolidated statement of financial position represent the group's maximum exposure to credit risk in relation to these assets.			
Financial assets that are past due but not impaired relate mainly to a number of customers for whom there is no recent history of default and default is not expected in the foreseeable future.			
The COVID-19 lockdown restrictions imposed has negatively impacted the cash flow generation of many customers and this has increased the credit risk with additional expected credit losses being raised.			
Financial assets that are neither past due nor impaired			
Financial assets that are past due but not impaired			
Overdue less than 30 days	**18 130**	15 184	10 795
Overdue between 30 and 60 days	**10 072**	8 435	5 997
Overdue between 60 and 90 days	**8 058**	6 748	4 798
Overdue 90 days and more	**4 029**	3 374	2 399
	40 289	33 741	23 989

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 – August 2020	Lifetime ECL simplified approach				
Trade and other receivables – August 2019	Lifetime ECL simplified approach				

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

	Total	Current	30 Days	60 Days	90 Days	120 Days	150 Days or more
31 August 2020							
Expected credit loss rate		**0%**	**0%**	**0%**	**10,2%**	**0%**	**0%**
Total trade receivable balance	**201 449**	**102 228**	**71 896**	**18 801**	**8 524**	**–**	**–**
Total provision raised	**(867)**	**–**	**–**	**–**	**(867)**	**–**	**–**
Net balance	**200 582**	**102 228**	**71 896**	**18 801**	**7 657**	**–**	**–**
31 August 2019							
Expected credit loss rate		0%	0%	0%	13,0%	21,9%	0%
Total trade receivable balance	168 707	92 333	53 096	18 721	2 320	2 237	–
Total provision raised	(791)	–	–	–	(301)	(490)	–
Net balance	167 916	92 333	53 096	18 721	2 019	1 747	–

Liquidity risk management

Liquidity risk is the risk that the group will be unable to meet a financial commitment when it falls due. This risk is minimised through the holding of cash balances and banking facilities.

In addition, cash forecasts are monitored so that the cash needs of the group are managed according to its requirements.

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 group's short-, medium- and long-term funding, including derivative financial instruments.

The following tables detail the group's remaining contractual maturity for its financial liabilities based on the expected repayment profile.

The tables have been prepared based on the undiscounted cash flows of financial liabilities and are based on the earliest date on which the group can be expected to pay. The group has adequate commitment facilities to meet the liquidity needs.

The tables include both interest and principal cash flows (contractual cash flows).

		Contractual cash flows			
	Carrying amount R'000	Within one year R'000	Two to five years R'000	Longer than five years R'000	Total R'000
31 August 2020					
Interest-bearing liabilities	**1 406 775**	**4 295**	**1 402 480**	**–**	**1 406 775**
Lease liabilities	**60 015**	**22 943**	**37 073**	**–**	**60 016**
Trade, other payables and provisions	**327 727**	**327 727**	**–**	**–**	**327 727**
	1 794 517	**354 965**	**1 439 553**	**–**	**1 794 518**
31 August 2019					
Interest-bearing liabilities	1 163 308	28 271	1 135 037	–	1 163 308
Trade, other payables and provisions	227 036	227 036		–	227 036
	1 390 344	255 307	1 135 037	–	1 390 344
31 August 2018					
Interest-bearing liabilities	960 462	–	960 462	–	960 462
Trade, other payables and provisions	196 038	196 038	–	–	196 038
	1 156 500	196 038	960 462	–	1 156 500

Foreign exchange currency risk

The group is exposed to foreign exchange risk. This risk is managed by covering material inventory orders with foreign exchange contracts.

The group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, the Euro, the Yen and GBP. Foreign exchange risk arises from exposure in the operations due to trading transactions in currencies other than the functional currency. Foreign currency imports within the group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate			Spot rate at year end		
	2020	2019	2018	**2020**	2019	2018
Rand: GBP	**20,41**	18,38	17,32	**22,66**	18,49	19,06
Rand: US Dollar	**16,08**	14,32	12,87	**16,95**	15,20	14,70
Rand: Euro	**17,91**	16,24	15,32	**20,25**	16,70	17,05
Rand: Yen	**6,78**	7,71	8,53	**6,25**	6,99	7,55
Foreign exchange sensitivity analysis						
Financial liabilities						
Net trade (receivables)/ payables exposed to foreign currency risk						
Carrying value of (asset)/ liability at statement of financial position date (R’000)	**–**	–	–			
Reasonable possible change in exchange rates (%)	**10**	10	10			
Pre-tax statement of comprehensive income (gain)/loss (R’000)	**–**	–	–			

Capital risk management

The group’s objectives when managing capital are to safeguard its ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The group defines capital as equity funding provided by shareholders and debt funding from external parties.

Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The board’s policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business.

The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group’s internally calculated cost of equity and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position.

The group’s debt capacity and optimal gearing levels are determined by its cash flow profile and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

There were no changes in the group’s approach to capital management during the year. Neither the group nor any of its subsidiaries are subject to externally imposed capital requirements.

28. DIRECTOR AND PRESCRIBED OFFICER EMOLUMENTS

Directors of Impact Handling (UK)

Directors' emoluments, including direct and indirect benefits for the period ending 31 August 2020 are as follows:

Directors	Salary R'000	Incentives R'000	Retirement contributions R'000	Other benefits R'000	Total R'000
2020					
Paid by Impact and subsidiaries					
Executive directors					
T Kendrew	**3 878**	**2 085**	**–**	**385**	**6 348**
R Harris	**1 943**	**510**	**–**	**514**	**2 967**
	5 821	**2 595**	**–**	**899**	**9 315**

Directors	Salary R'000	Incentives R'000	Retirement contributions R'000	Other benefits R'000	Total R'000
2019					
Paid by Impact and subsidiaries					
Executive directors					
T Kendrew	3 340	3 233	–	331	6 904
R Harris	1 715	919	–	349	2 983
	19 774	14 719	10 567	10 567	9 887

Directors	Salary R'000	Incentives R'000	Retirement contributions R'000	Other benefits R'000	Total R'000
2018					
Paid by Impact and subsidiaries					
Executive directors					
T Kendrew	2 998	2 319	–	312	5 629
R Harris	1 590	924	–	311	2 825
	16 908	12 320	9 077	9 077	8 454

29. 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 group'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 6 062 471 (2019: 6 062 471) enX shares. These share-related incentives were granted at various strike prices and vesting dates. The 2016 incentive scheme vests two years after it has been awarded, after which it vests over three years in equal parts. The 2018 incentive scheme vests after three years from issuance, allowing participants an additional two years to exercise from vesting date. The new incentive scheme issued in 2019 vests after three years from issuance, allowing participants an additional one year to exercise from vesting date.

Share appreciation rights (SAR) schemes

	Date of issue	Period to expire from date of issue	IFRS 2 classification
enX Group Limited	December 2019	3 years	Cash settled
enX Group Limited	June 2018	3 years	Cash settled
enX Group Limited	December 2016	3 years	Cash settled

	2019 scheme	2018 scheme	2016 scheme
Expected volatility (%)	**28,84**	28,84	27.39
Expected dividend yield (%)	**–**	–	–
Expected forfeiture rate (%)	**–**	–	–
Exercise price of share appreciation rights	**R12,00**	R12.34	R16,62

	Valuation 2020 R'000	Valuation 2019 R'000	Valuation 2018 R'000
IFRS 2 share-related incentive valuation			
Balance at the beginning of the year	**430**	470	–
Charge/(credit) recognised during the year	**214**	(40)	470
Balance at the end of the year	**644**	430	470
Disclosed as:			
Non-current financial liabilities	**644**	430	470
	644	430	470

Share-related incentives are valued using the Black-Scholes model. The 30-day volume weighted average price ("VWAP") of the enX share as at 31 August 2020 and a risk-free rate of 3.55% (2019: 6,56%) were 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. There were no transfers between level 1 and level 2 of the fair value hierarchy.

The expected volatility was determined using volatility of enX since in 1 September 2015. In October 2017 enX unbundled its investment in eXtract resulting in a corporate restructure of R1,51 issue price adjustment of prior issuances.

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

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

30. GOING CONCERN

Solvency and liquidity

Impact (UK)

The asset-based funding facility relating to Impact UK has been renewed on substantially the same terms and conditions with maturity dates extended to August 2023, with an option to extend by a further two years. The funding available to Impact is linked to the size of the leasing assets. The directors are satisfied that the facilities are of sufficient size to provide suitable liquidity for current levels of trading and to accommodate reasonable growth.

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31. **POST-REPORTING DATE EVENTS**

enX Shareholders are referred to the announcement released on SENS on Wednesday, 18 November 2020 in terms of which enX Shareholders were advised that enX company has received a non-binding expression of interest for the acquisition of 100% of the issued share capital of a major subsidiary of the company (the “proposed transaction”).

If successfully concluded, the proposed transaction represents an attractive opportunity for the company to monetise its investment in a major subsidiary. Negotiations in respect of the proposed transaction are in the early stages. The proposed transaction will be subject to a due diligence and various regulatory and merger approvals as well as the conclusion of a formal share purchase agreement. The proposed transaction, if concluded, would be classified as a category 1 transaction, requiring a circular and shareholder approval.

Apart from the above, there have been no other material events subsequent to year-end.

32. **IMPACT OF COVID-19**

Liquidity in our businesses 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 year. 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 group.

Due to the annuity based revenue within Impact Handling (UK) together with certain essential service customers across most of the businesses, trading activity during hard COVID-19 lockdowns was reported at around half of pre-COVID revenue in the businesses. Sale of equipment and used vehicles was severely impacted during the hard lockdown. As a result, inventory levels across all businesses peaked in April and May 2020. Trading activity relative to revenue achieved before lockdown continues to recover, with almost all of the businesses returning to above 80% of pre-lockdown revenue and inventories starting to normalise to pre-COVID levels.

The measures that management has implemented with regards to redundancies in Impact Handling (UK) 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 across the business in inventory obsolescence, bad debt and other provisions.