

# SUPPLEMENT TO THE GROUP ANNUAL FINANCIAL STATEMENTS 2019



DIGITAL ECONOMY. TRANSFORMED



**AYO TECHNOLOGY SOLUTIONS LIMITED**  
(Incorporated in the Republic of South Africa)  
Registration number: 1996/014461/06  
Share code: AYO ISIN: ZAE000252441  
("AYO" or the "Group" or the "Company")

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# Changes to the notes to the annual financial statements

Subsequent to issuing the audited Group financial statements on 31 January 2020, it was noted that certain disclosure amendments were not incorporated into the audited results.

These amendments do not impact the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of cash flows, the statement of changes in equity, earnings per share and headline earnings per share of AYO. The disclosure changes only impact the notes to the financial statements.

This supplement has been issued to provide a summary of the changes to the annual financial statements which were published on 31 January 2020 and to provide the revised notes.

## SUMMARY OF CHANGES

### 1. SIGNIFICANT ACCOUNTING POLICIES

- 1.1. Significant judgements and sources of estimation uncertainty used in the preparation of the consolidated annual financial statements was updated to include the paragraphs below:

#### Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Discounted cash flows are used to determine fair value for the investments in subsidiary companies and contingent consideration liability. The use of discounted cash flow analysis requires the estimation of a number of significant components, including the future expected cash flows, and the weighted average cost of capital used to perform the discounting. Many of these factors may have a material impact on the valuation.

#### Terminal value growth rates

When calculating the terminal value, growth rates in excess of the current inflation rate are not utilised. Real growth beyond ten years is not likely, and even if likely, is difficult to forecast with any certainty. The growth rates used is 4.5%.

#### Terminal values

When calculating the terminal value, care is taken regarding the level of net capital investment assumed. This is assumed to be lower than during the specific forecast for high-growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

#### Discount rates

Free cash flows are discounted at the Company's weighted average cost of capital (WACC), being the weighted cost of equity as determined using the capital asset pricing model (CAPM) and the weighted after-tax cost of debt and/or any other non-equity form of financing. The discount rates used are between 15% and 26%.

#### Risk-free rate

The risk-free rate utilised is the yield on ten-year government bonds. These yields were obtained from the financial press at the time of preparing the valuations. Where no ten-year SA bonds are in issue, the nearest long-term SA bond rate should be used. The risk-free rate used is 7.57%.

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Beta

The equally weighted average of the relevant industry betas are used. The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Group's recent market price. The beta used for the Company was in the range of 0.32 and 1.4.

### Specific risk premium

A specific risk premium enterprise value was utilised in all valuations. The specific risk premium used was in the range of 1% and 4%.

### Value of equity

The value of equity will be equal to the free cash flow value of the entity, less the carrying values (at the valuation date) of debt and any other form of financing, plus cash on hand (per the financial position) which is in excess of normal working capital requirements.

### Note 2 - New Standards and Interpretations

Updated the amounts for financial assets and financial liabilities disclosed according to the classification to IFRS 9 measurement categories from 1 September 2018 on pages 42 and 43 of the financial statements. The revised note is shown below.

## 2. NEW STANDARDS AND INTERPRETATIONS

### 2.1. Standards and interpretations effective and adopted in the current year

IFRS 9 - Financial Instruments and IFRS 15 - Revenue from Contracts with Customers became effective for the Group during the current financial year. The adoption of these standards had no impact on the amounts previously reported, hence no restatement of comparative information was required.

In accordance with transition provisions in IFRS 9 the Group has considered all the special transition provisions of the new standard and elected to adopt the new rules without restating comparative information. In accordance with transition provisions in IFRS 15 the Group has applied the new standard using the unmodified approach, the Group has not restated comparative information as these differences are not material.

#### IFRS 9 - Financial Instruments ("IFRS 9")

The Group has applied IFRS 9 from 1 September 2018 and there has been no impact on opening retained income of the Group as at 1 September 2018.

#### Classification, initial recognition and measurement

IFRS 9 introduces a single classification and measurement model for financial assets which is dependent on the Group's business model for managing financial assets and on the contractual cash flow characteristics of those financial assets.

The contractual terms of the Group's financial assets give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

From 1 September 2018, loans receivable, trade receivables and cash and cash equivalents are held to collect contractual cash flows and are categorised as subsequently measured at amortised cost.

Investments are held to collect contractual cash flows and to sell the financial asset and are categorised as measured at fair value through profit or loss (FVTPL).

The Group has classified financial liabilities as subsequently measured at amortised cost except for the contingent consideration arrangements which are measured at fair value through profit or loss (FVTPL).

## 2. NEW STANDARDS AND INTERPRETATIONS (continued)

The classification of financial assets in accordance to IFRS 9 measurement categories from 1 September 2018 is shown below:

Financial assets	IAS 39	IFRS 9	31 August	1 September
			2018	2018
			IAS 39	IFRS 9
			'000	'000
Loans to group companies	Loans and receivables	Amortised cost	1 989	1 989
Trade and other receivables	Loans and receivables	Amortised cost	172 962	172 962
Other financial assets	Held for trading	FVTPL	95 717	95 717
Other financial assets	Loans and receivables	Amortised cost	4 464	4 464
Cash and cash equivalents	Loans and receivables	Amortised cost	4 308 698	4 308 698
			4 583 830	4 583 830

  

Financial liabilities	IAS 39	IFRS 9	31 August	1 September
			2018	2018
			IAS 39	IFRS 9
			'000	'000
Loans from group companies	Amortised cost	Amortised cost	5 001	5 001
Other financial liabilities	Amortised cost	Amortised cost	1 133	1 133
Trade and other payables	Amortised cost	Amortised cost	126 574	126 574
Bank overdraft	Amortised cost	Amortised cost	5 056	5 056
			137 764	137 764

The reclassification into the new measurement categories of IFRS 9 did not have an impact on the Group.

The table below reconciles the loss allowance as reported on 31 August 2018 in accordance with IAS 39 to the ECL as determined under IFRS9 of financial instruments that have been impacted by the adoption of IFRS 9.

### Financial assets

Closing balance at 31 August 2018	7 422
IFRS 9 Opening balance	7 422

### Impairment of financial instruments

The Group recognises an allowance for expected credit losses for trade receivables and loans receivables. Expected credit loss is the difference between the contractual cash flows due to the Group and all the cash flows the group expects to recover from the assets.

For trade receivables the Group applies the IFRS 9 simplified approach to measure the expected credit loss allowance at an amount equal to the effective expected credit losses. This is aided by a provision matrix that is based on historical credit loss experiences for each past due ageing category, adjusted for forward-looking information.

The Group recognises impairment allowances on financial assets measured at amortised cost and accrued income balances. The Group assesses, on a forward-looking basis, the impairment allowances associated with these financial assets and makes use of provision matrices relevant to its various operations in establishing impairment allowances.

The general approach is used for loans receivables and other financial assets measured at amortised cost. The Group measures impairment allowances for trade receivables, accrued income balances and loans receivables at an amount equal to the expected credit losses resulting from possible default events over the expected life of the financial asset.

## **2. NEW STANDARDS AND INTERPRETATIONS** (continued)

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

Impairment allowances for financial assets measured at amortised cost and accrued income balances are recognised in profit and loss and accumulated in an allowance account. The gross carrying amount of the financial assets is reduced by the balance of the allowance account and is written off when the Group has no reasonable expectation of recovering the financial asset in its entirety or a portion thereof.

Refer to note 8 for further details relating to the Group's impairment methodology for financial assets at amortised cost.

Refer to note 46 for a more detailed explanation of the impairment assessment for the Group.

The adoption of IFRS 9 impairment assessment approach had no impact on the carrying amounts reported at 31 August 2018.

### **IFRS 15 – Revenue from Contracts with Customers**

The Group has applied IFRS 15 using cumulative effect method without restatement.

Apart from providing additional and more detailed disclosure around revenue recognition, IFRS 15 did not have a significant impact on the Group's existing revenue recognition practices and consolidated annual financial statements. Under IAS 18 the revenue recognition from sale of goods and rendering of services in relation to Group revenue streams, was substantially the same as revenue recognised from contract with customers in accordance with IFRS 15.

The adoption of IFRS 15 did not have any other significant impact on the timing or amount of revenue recognised by the Group.

### **2.2. Standards and interpretations not yet effective**

Standards and interpretations applicable to the Group for the year ending 31 August 2020:

#### **IFRS 16 – Leases (“IFRS 16”)**

IFRS 16 replaces IAS 17 “Leases” and its related interpretations. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-of-use asset representing its right-to-use the underlying leased asset and a lease liability representing its obligation to make lease payments. Consequently, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

The Group expects that the most significant impact of the new standard will result from its current property and other operating sites. On adoption of IFRS 16 operating lease costs excluding short-term and low value (leases) will no longer be recognised as part of operating expenses.

The Group expects to recognise right of use of asset of approximately R14.3 million, lease liability of R15 million as at 1 September 2019.

The Group expects that depreciation will increase by R4.8 million and finance cost to increase by R1.5 million and operating lease expense will decrease by R10 million.

The standard is effective for the Group, for the financial year commencing 1 September 2019. The Group is in the process of assessing the impact of IFRS 16.

#### **IFRIC 23 Uncertainty over Income Tax Treatments**

The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes. The interpretation is effective for the Group, for the financial year commencing 1 September 2019.

The Group is in the process of assessing the impact of this interpretation.

## 2. NEW STANDARDS AND INTERPRETATIONS (continued)

### IAS 1 Presentation of Financial Statements

The amendments clarify and align the definition of “material” and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendment is effective for the Group, for the financial year commencing 1 September 2020.

The Group is in the process of observing the impact of the amendments.

### IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify and align the definition of “material” and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendment is effective for the Group, for the financial year commencing 1 September 2020.

The Group is in the process of assessing the impact of this interpretation.

### IFRS 3 Business combinations

The amendments clarify that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interest in that business.

#### Definition of business

The amendments confirmed that a business must include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs. The amendments narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendment for clarifying when an entity obtained control of business that is a joint operation are effective for the Group for the financial year commencing 1 September 2019.

The amendment for the definition of business are effective for the Group, for the financial year commencing 1 September 2021.

The Group is still in the process of assessing the impact of both amendments.

### IAS 28 Investments in Associates and Joint Ventures.

Clarification provided that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in associate or joint venture but to which the equity method is not applied.

The clarification is effective for the Group, for the financial year commencing 1 September 2019.

The Group is still in the process of assessing the impact of the clarification.

### IFRS 11 Joint Arrangements

Clarification that when an entity obtains joint control of a business that is a joint operation, it is required to remeasure previously held interest in that business.

The clarification is effective for the Group, for the financial year commencing 1 September 2019.

The Group is investigating the impact of these pronouncements and intends to apply them as they become effective, if applicable.

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Note 3 – Property, plant and equipment

The disclosure for revaluations on page 47 was updated to state that the fair value measurement for land and buildings was performed as of 13 June 2019 instead of the previously disclosed date of 31 August 2019. Updated the total amount disclosed for fair value of land and buildings in the disclosure note to R4,024,000 instead of the previously disclosed amount of R24,324,000 on page 47. The revised note is shown below.

### 3. PROPERTY, PLANT AND EQUIPMENT

Figures in Rand	31 August 2019			31 August 2018		
	Cost/ revaluation '000	Accumulated depreciation '000	Carrying value '000	Cost/ revaluation '000	Accumulated depreciation '000	Carrying value '000
<b>Group</b>						
Land	1 741	-	1 741	-	-	-
Buildings	2 629	(379)	2 250	-	-	-
Plant and machinery	14 227	(12 139)	2 088	1 575	(381)	1 194
Furniture and fixtures	24 924	(16 800)	8 124	2 527	(912)	1 615
Motor vehicles	36 975	(17 720)	19 255	1 356	(1 022)	334
Office equipment	2 333	(1 429)	904	1 613	(1 237)	376
IT equipment	110 133	(44 614)	65 519	7 203	(4 362)	2 841
Computer software	1 601	(1 507)	94	1 374	(1 294)	80
Leasehold improvements	8 278	(5 550)	2 728	1 258	(941)	317
Electronic equipment	1 653	(1 580)	73	1 565	(1 153)	412
<b>Total</b>	<b>204 494</b>	<b>(101 718)</b>	<b>102 776</b>	<b>18 471</b>	<b>(11 302)</b>	<b>7 169</b>

#### Reconciliation of property, plant and equipment – 2019

Figures in Rand	Opening balance '000	Additions '000	Business combinations '000	Disposals '000	Revaluations '000	Foreign exchange movements '000	Disposal of subsidiary '000	Depreciation '000	Impairment '000	Closing balance '000
Land	-	-	1 814	-	72	-	-	-	(145)	1 741
Buildings	-	-	2 237	-	149	-	-	(36)	(100)	2 250
Leasehold improvements	317	3 074	330	-	-	-	-	(994)	-	2 727
Plant and machinery	1 194	166	1 350	(62)	-	-	-	(560)	-	2 088
Furniture and fittings	1 615	1 304	6 384	(20)	-	-	-	(1 159)	-	8 124
Motor vehicles	334	2 654	22 961	(2 459)	-	-	-	(4 234)	-	19 256
Office equipment	376	571	174	-	-	-	-	(217)	-	904
IT equipment	2 841	23 779	63 061	(10 490)	-	(1)	(41)	(13 630)	-	65 519
Computer software	80	227	-	-	-	-	-	(214)	-	94
Electronic equipment	412	-	88	-	-	-	-	(426)	-	74
<b>Total</b>	<b>7 169</b>	<b>31 775</b>	<b>98 399</b>	<b>(13 032)</b>	<b>221</b>	<b>(1)</b>	<b>(41)</b>	<b>(21 470)</b>	<b>(245)</b>	<b>102 776</b>

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Reconciliation of property, plant and equipment – 2018

Figures in Rand	Opening balance '000	Additions '000	Disposals '000	Depreciation '000	Closing balance '000
Leasehold improvements	661	243	(335)	(251)	317
Plant and machinery	1 352	-	-	(157)	1 194
Furniture and fittings	415	1 499	(43)	(256)	1 615
Motor vehicles	1 698	-	(981)	(383)	334
Office equipment	94	436	-	(154)	376
Computer equipment	1 621	2 264	(141)	(903)	2 841
Computer software	237	195	-	(352)	80
Electronic equipment	1 040	-	-	(629)	412
<b>Total</b>	<b>7 118</b>	<b>4 637</b>	<b>(1 500)</b>	<b>(3 084)</b>	<b>7 169</b>

#### Net carrying amounts of leased assets

Figures in Rand	2019 '000	2018 '000
Motor vehicles	9 599	305
IT equipment	6 318	-
Plant and machinery	1 037	1 194
	<b>16 954</b>	<b>1 499</b>

#### Revaluations

The Group's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are performed every three years and in intervening years if the carrying amount of the land and buildings differs materially from their fair value. The Group acquired land and buildings from business combinations in the current period.

The fair value measurements as of 13 June 2019 were performed by Spectrum Valuations & Assets Solutions Proprietary Limited, independent valuers not related to the Group. Spectrum Valuations & Assets Solutions Proprietary Limited are members of the Institute of Valuers and they have the appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

Figures in Rand	Fair value 2019 '000	Fair value 2018 '000
Land	1 814	-
Buildings	2 210	-
	<b>4 024</b>	<b>-</b>

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company and its respective subsidiaries.

## Note 7 - Loans to related party companies

The disclosure for the loan to Tamlalor Proprietary Limited (“Tamlalor”) on page 55 was updated to state that the loan is repayable on 28 March 2024 instead of the previously disclosed date of 1 March 2024. Included additional disclosure to state that AYO has subordinated the loan to Tamlalor for the benefit of other creditors. The revised note is shown below.

## 7. LOANS TO RELATED PARTY COMPANIES

Figures in Rand	2019 '000	2018 '000
<b>Joint ventures</b>		
<b>Digital Health Africa Proprietary Limited</b>	168	168
The loan is unsecured, bears no interest and has no repayment terms.		
<b>Tamlalor Proprietary Limited</b>	103 027	-
The loan is unsecured, bears interest at prime and repayable on 28 March 2024. AYO has subordinated, for the benefit of other creditors, so much of their claim against Tamlalor as this would enable the claims of such other creditors to be paid in full.		
	<b>103 195</b>	168
<b>Major Shareholder</b>		
<b>African Equity Empowerment Investments Limited</b>	5 367	1 820
The loan is unsecured and interest is charged at the prime overdraft rate.		
There are no fixed terms of repayment, however, the company has been granted an unconditional right to defer payment for over 12 months.		
<b>Other related entities</b>		
<b>Sekunjalo Health &amp; Commodities Proprietary Limited</b>	-	1
The loan was unsecured, had no fixed repayment terms and bore no interest.		
In the current year, the loan was written off as there was no expectation of repayment.		
<b>Total</b>	<b>108 562</b>	1 989
<b>Split between non-current and current portions</b>		
Non-current assets	108 562	1 989
Current liabilities	-	-
	<b>108 562</b>	1 989

Refer to note 8 for the detail on the estimated credit losses (ECL).

## Note 8 - Loans receivable

For the disclosure of allowance for credit losses, on the 2019 column for stage1 – performing on page 57, updated the amount disclosed for other financial assets to R12,680,000 from the previously disclosed amount of R24,467,000. This resulted in the change in gross amounts and total amounts disclosed in the note for 2019. The revised note is shown below.

## 8. LOANS RECEIVABLE

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

Figures in Rand	2019 '000	2018 '000
<b>Volt Business Solutions Proprietary Limited</b>	<b>11 535</b>	-
The loan is unsecured and bears interest at a rate of prime plus 2%. 50% of the balance is repayable on 1 January 2020 and the remaining balance due on 1 January 2024. This loan is for working capital purposes.		
<b>Cortex Logic Proprietary Limited</b>	<b>11 432</b>	-
The loan is unsecured, has no fixed repayment terms and bears interest at a rate of prime plus 2%.		
<b>Cumulative preference shares</b>	<b>150 996</b>	-
On 28 September 2018, AYO subscribed for 500 000 cumulative, redeemable, non-participating convertible class C preference shares of no par value in Bambelela for consideration of R145 million.		
	<b>173 963</b>	-
<b>Split between non-current and current portions</b>		
Non-current assets	<b>156 764</b>	-
Current assets	<b>17 199</b>	-
	<b>173 963</b>	-

### Expected credit loss for loans receivable, loans to related party companies and the other financial assets

The loans are advanced to the related party companies for capital investment or working capital needs. The risk of default is based on the success of the related party companies trading. No loans are past due and only Tamlalor was impaired due to the equity method loss recognised. A loan with Futuretell Proprietary Limited of R3.5 million was fully written off due to doubt of recoverability of the loan as a result of the entities poor financial performance in the current year. There has not been a significant increase in credit risk since initial recognition. In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate. There has not been any default in the past. As at the reporting date, credit risk has not increased significantly since initial recognition (stage 1) and therefore a 12 month ECL has been determined. Management determine the credit rating grades of each loan at the end of the reporting period.

The general approach is used for loans receivables and other financial assets measured at amortised cost.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial assets is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 8. LOANS RECEIVABLE (continued)

The loss allowance as at 31 August 2019 and 1 September 2018 (on adoption of IFRS 9) was determined as follows:

### Allowance for expected credit losses on loans receivable

Figures in Rand	Notes	Stage 1 Performing		Stage 2 Under-performing		Stage 3 Non-performing		Total	
		2019	2018	2019	2018	2019	2018	2019	2018
		'000	'000	'000	'000	'000	'000	'000	'000
Gross amount		192 178	6 803	108 351	-	-	-	300 529	6 803
Loans receivables	8	173 963	350	3 716	-	-	-	177 679	350
Loans to related party companies	7	5 535	1 989	104 635	-	-	-	110 170	1 989
Other financial assets	10	12 680	4 464	-	-	-	-	12 680	4 464
Expected credit loss rate		0%	0%	4.91%	0%	0%	0%	0%	0%
Loss allowance		-	-	(5 324)	-	-	-	(5 324)	-
<b>Carrying value of loans with expected credit losses</b>		<b>192 178</b>	<b>6 803</b>	<b>103 027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>295 205</b>	<b>6 803</b>

Movement in expected credit loss of loans to group companies and loans receivable is as follows:

Figures in Rand	2019 '000	2018 '000
Loss allowance as at 1 September calculated under IAS 39 and IFRS 9	-	-
Expected credit loss allowance recognised during the year	(5 324)	-
Receivables written off during the year	-	-
<b>Loss allowance as at 31 August</b>	<b>(5 324)</b>	<b>-</b>

## Note 14 – Trade and other receivables

For the disclosure of categorisation of trade and other receivables on the 2019 column on page 64, we updated the amount disclosed for financial instruments to R552,968,000 from the previously disclosed amount of R539,891,000. We updated the amount disclosed for non-financial instruments to R31,523,000 from the previously disclosed amount of R44,600,000. The total amount remained the same. The revised note is shown below.

<b>Figures in Rand</b>	<b>2019 '000</b>	2018 '000
<b>14. TRADE AND OTHER RECEIVABLES</b>		
<b>Financial Instruments:</b>		
Trade receivables	<b>376 366</b>	143 184
Loss allowance	<b>(9 107)</b>	(7 422)
<b>Trade receivables at amortised cost</b>		
Deposits	<b>28 563</b>	1 360
Accrued income	<b>30 790</b>	35 840
Funds held in trust	<b>110 336</b>	-
Related party receivables	<b>11 950</b>	-
Sundry customers	<b>4 070</b>	3 997
<b>Non-financial instruments:</b>		
Operating lease receivable	<b>34</b>	-
Value added income tax expense	<b>11 560</b>	4 827
Prepayments	<b>28 970</b>	1 436
Provisions for prepayment	<b>(9 041)</b>	-
<b>Total</b>	<b>584 491</b>	183 222

### Accrued and sundry income

Accrued income relates to income recognised in the Group, the majority being interest accrued on the money market account; dividend income and revenue earned but not yet invoiced. Sundry income relates to maintenance jobs done at or near the reporting date but not yet invoiced. These were subsequently invoiced after the reporting date and recognised as trade receivables.

### Funds held in trust

These are monies held in a trust fund to be utilised for the ongoing legal matters.

### Provisions for prepayment

Due to the uncertainty of the going concern and business operations of a related party who was prepaid to provide a service, management raised a provision against the prepayment.

### Credit quality of trade and other receivables

71% of the Group's trade receivables stems from managed services. The credit risk for this segment has been assessed as low by the divisional management as the majority of the receivables are classified as current based on their recent payment history of the debtors.

9% of the Group's trade receivables stem from the Group's Security segment. The credit risk for this segment has been assessed as low by the divisional management based on the ageing of the receivables (majority of the receivables are classified as current) and the recent payment history.

15% of the Group's trade receivables stem from sales within the Unified Communications segment. The credit risk for this segment has been assessed as low by the divisional management as the majority of the receivables are less than 60 days overdue and the segment currently has insurance on receivables. The insurance company responsible for the underwriting of the insurance receivables has a credit rating of AA+.

5% of the Group's trade receivables stem from sales within the Healthcare, Software Support and Tracking segments. These sales are predominantly to state institutions, recoverability of these customers are extremely good. The credit risk has been assessed as low by the divisional management at year-end based on recent payment history. Credit concentration is high as sales are to few customers, however, these are blue chip customers and there have been low defaults in the past.

## 14. TRADE AND OTHER RECEIVABLES (continued)

### Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

<b>Figures in Rand</b>	<b>2019 '000</b>	2018 '000
Financial instruments	<b>552 968</b>	172 962
Non-financial instruments	<b>31 523</b>	10 260
	<b>584 491</b>	183 222

### Expected credit loss allowance

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

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables.

The Group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgment and past default experience of debtors but also incorporates forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customers' ability to settle the amounts outstanding include the ongoing energy crisis in South Africa, the GDP in South Africa and various other factors. The estimation techniques have been applied for the first time in the current financial period, as a result of the adoption of IFRS9. Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

**On the above basis the expected credit loss allowance for trade receivables as at 31 August 2019 was determined as follows:**

<b>Figures in Rand</b>	Gross amount '000	Expected credit loss rate	Lifetime expected credit loss '000	Carrying amount '000
<b>Current</b>	222 107	2.34%	(5 261)	216 846
Past due 30 to 60 days	67 739	2.49%	(1 689)	66 050
Past due 60 to 90 days	32 173	2.49%	(802)	31 371
Past due 90 days and older	54 347	2.49%	(1 355)	52 992
	<b>376 366</b>	<b>-</b>	<b>9 107</b>	<b>367 259</b>
Total gross amount of trade receivables	376 366	-	-	-
Total allowance for credit losses	(9 107)	-	-	-
	<b>367 259</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Figures in Rand</b>	<b>2019 '000</b>	2018 '000
<b>Reconciliation of expected credit loss</b>		
Loss allowance opening balance	<b>7 352</b>	5 674
Additional allowances charged to profit or loss	<b>1 755</b>	2 068
Allowances reversed through profit or loss	<b>-</b>	(390)
<b>Closing balance</b>	<b>9 107</b>	7 352

### Fair value of trade and other receivables

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

## Note 16 - Share Capital

Sentence relating to the reclassification of the share premium amount, was removed on page 68. The revised note is shown below.

### 16. SHARE CAPITAL

Figures in Rand	2019 '000	2018 '000
<b>Authorised</b>		
2 000 000 000 Ordinary shares of no par value	-	-
<b>Issued</b>		
344 125 194 (2018: 344 125 194) Ordinary shares	<b>4 349 280</b>	4 339 444
Share premium	<b>173 444</b>	183 280
Share issue costs	<b>(78 314)</b>	(78 314)
	<b>4 444 410</b>	4 444 410

In the current year, the company reallocated R9 835 077 from share premium to the share capital account.

Share issue costs were incurred on listing, which were made up of sponsor fees and placement fees.

## Note 22 – Contingent consideration liability

In the note disclosure on page 71 it was previously stated that the contingent consideration arrangement for SGT Solutions requires AYO to pay the former owners of SGT Solutions for achieving certain earn out targets. The note disclosure has been updated to state that the contingent consideration arrangement for SGT Solutions requires Main Street to pay the former owners of SGT Solutions for achieving certain earn out targets. The revised note is shown below.

## 22. CONTINGENT CONSIDERATION LIABILITY

	2019 '000	2018 '000
<b>Opening balance – Puleng Technologies Proprietary Limited</b>		
Additions	4 256	-
	<b>4 256</b>	-
<b>Contingent consideration arrangements entered into</b>	<b>43 226</b>	-
Zaloserve Proprietary Limited	13 343	-
SGT Solutions Proprietary Limited	29 883	-
Amount due for payment	(5 500)	
Settlements	(4 460)	-
Fair value adjustments	4 822	-
<b>Closing balance</b>	<b>42 344</b>	-
The contingent consideration arrangement for Zaloserve requires AYO to pay the former owners of Zaloserve for achieving certain earn-out targets for the 2019, 2020 and 2021 financial years, up to a maximum undiscounted amount of R5.5 million for each financial year.		
The contingent consideration arrangement for SGT Solutions requires Main Street to pay the former owners of SGT Solutions for achieving certain earn-out targets for the 2020 and 2021 financial years, up to a maximum undiscounted amount of R20 million for each financial year.		
The fair value of the contingent consideration arrangements was calculated as the present value of the future expected cash flows. The calculation was based on the assumption that the earn-out targets will be met based on the best available forecast information at acquisition date and were discounted at the weighted average cost of capital of the relevant subsidiary.		
<b>Split between non-current and current portion</b>		
Non-current liability	37 549	-
Current liability	4 795	-
<b>Total</b>	<b>42 344</b>	-

## Note 40 – Changes in liabilities arising from financing activities

For the 2019 column, updated the numbers disclosed for other financial liabilities, other payables and contingent considerations on page 81. This resulted in the change in total amounts disclosed for 2019 on the note. The revised note is shown below.

### 40. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

#### Reconciliation of liabilities arising from financing activities – 2019

	Opening balance R'000	Business combinations/ (Loss in control of subsidiary) R'000	Other non- cash movements R'000	Total non-cash movements R'000	cashflows R'000	Closing balance R'000
Other financial liabilities	1 133	6 826	32 471	39 297	(1 133)	39 297
Other payables	1 842	-	235 095	235 095	(223 627)	13 310
Finance lease liabilities	964	24 826	-	24 826	(10 254)	15 536
Loans from related party companies	-	-	533	533	20 330	20 863
Loans from shareholders	4 993	-	8	8	(5 001)	-
Contingent liabilities	-	43 227	3 577	46 804	(4 460)	42 344
Derivatives	-	-	3 934	3 934	-	3 934
<b>Total</b>	<b>8 932</b>	<b>74 879</b>	<b>275 618</b>	<b>350 497</b>	<b>(224 145)</b>	<b>135 284</b>

#### Reconciliation of liabilities arising from financing activities – 2018

	Opening balance R'000	Business combinations/ (Loss in control of subsidiary) R'000	Other non- cash movements R'000	Total non-cash movements R'000	cashflows R'000	Closing balance R'000
Borrowings	5 742	(26)	-	(26)	(4 583)	1 133
Finance lease liabilities	2 347	-	-	-	(1 384)	964
Loans from group companies	80 597	-	(3 180)	(3 180)	(72 424)	4 993
Other loans	-	-	-	-	1 842	1 842
<b>Total</b>	<b>88 686</b>	<b>(26)</b>	<b>(3 180)</b>	<b>(3 206)</b>	<b>76 548</b>	<b>8 932</b>

## Note 44 – Related parties

The related party note on pages 87, 89 to 92 was updated with additional transactions and balances to provide additional information for users. The revised note is shown below.

## 44. RELATED PARTIES

The Group entered into various transactions with related parties in the ordinary course of business which are shown below:

Entity name	Relationship
African Equity Empowerment Investments Limited	Holding Company
AYO International Holdings	Subsidiary
Zaloserve Proprietary Limited	Subsidiary
Global Command and Control Technologies Proprietary Limited	Subsidiary
Kalula Communications Proprietary Limited	Subsidiary
Main Street 1653 Proprietary Limited	Subsidiary
Health System Technologies Proprietary Limited	Subsidiary
Sizwe Africa IT Group Proprietary Limited	Subsidiary
Puleng Technologies Proprietary Limited	Subsidiary
Afrinat Proprietary Limited	Fellow subsidiary
espAfrika Proprietary Limited	Fellow subsidiary
Premier Fishing SA Proprietary Limited	Fellow subsidiary
Tripos Travel Proprietary Limited	Fellow subsidiary
Exaro HST Proprietary Limited	Joint venture
Tamlalor Proprietary Limited	Joint venture
Digital Health Africa Proprietary Limited	Joint venture
Biton Music Productions Proprietary Limited	Common shareholding
3 Laws Capital Proprietary Limited	Common shareholding*
African News Agency Proprietary Limited	Common shareholding*
BT Communications Services South Africa Proprietary Limited	Common shareholding*
Independent News and Media Proprietary Limited	Common shareholding*
KimCo Trust	Common shareholding*
Prodirect Investments 112 Proprietary Limited	Common shareholding*
Sekunjalo Capital Proprietary Limited	Common shareholding*
Sekunjalo Health and Commodities Proprietary Limited	Common shareholding*
Sekunjalo Technology Group Proprietary Limited	Common shareholding*
Imagine Awards	Common shareholding*
Premfresh Seafoods Proprietary Limited	Common shareholding*
Prodirect Investments 112 Proprietary Limited	Common shareholding*
Sekunjalo Investment Holdings	Common shareholding*
Tripos Tourist Investments Proprietary Limited	Common shareholding*
Headset Solutions Africa Proprietary Limited	Common shareholding
SGT Solutions Proprietary Limited	Common shareholding
Bambelela Proprietary Limited	Investment
K2018010234 (South Africa) Proprietary Limited	Investment <sup>1</sup>
Volt Business Solutions Proprietary Limited	Investment <sup>1</sup>
4Plus Technology Venture Fund Africa Proprietary Limited	Investment <sup>1</sup>
<b>Directors</b>	Refer to director's report
Dr Wallace Mgoqi	Director
Sello Rasethaba	Director
Vanessa Govender	Director
Salim Young	Former director
Clifford van der Venter	Director of fellow subsidiary

\* These entities are controlled by shareholders that have more than 5% shares in AYO and African Equity Empowerment Investment Management ("AEEI").

<sup>1</sup> These entities were not assessed as controlled at year-end but are included for completeness purposes as they are connected to the Group.



## 44. RELATED PARTIES (continued)

Significant related party transactions entered into include;

### **African News Agency Proprietary Limited (“ANA”)**

ANA Creative Agency was contracted to develop and integrate market intelligence services into AYO’s brand development and marketing strategy. They also conducted media monitoring for reputation management on all platforms, prepare AYO’s advertising campaigns including commercials to be broadcast, or other appropriate forms of AYO’s messaging to the market. ANA will also provide event management and event marketing for AYO to host exhibitions and conferencing with industry leaders in the ICT sector.

### **espAfrika Proprietary Limited (“espAfrika”)**

AYO entered into a co-sponsorship agreement with espAfrika to launch and showcase AYO at the Cape Town International Jazz Festival.

### **3 Laws Capital Proprietary Limited (“3 Laws”)**

AYO placed funds with 3 Laws during the current year under review. There was interest income received on the funds placed with 3 Laws. 3 Laws returned all AYO’s funds placed under its management on 15 March 2019 and the interest earned on the funds on 18 March 2019.

### **African Equity Empowerment Investment Limited (“AEEI”)**

AYO entered into a Management Agreement with AEEI which has been ongoing since 2017.

### **BT Communications Services South Africa Proprietary Limited (“BT”)**

AYO concluded an alliance agreement with BT on 12 December 2017. This agreement governed the relationship between BT and AYO in respect of the partnership between BT and AYO pertaining to providing BT’s ICT services to BT’s existing and target clients (being international companies headquartered in South Africa), with BT acting as the sub-contractor.

### **Independent News and Media Proprietary Limited (“Independent News and Media”)**

AYO paid Independent News and Media an amount of R9 million in the current financial year for a marketing and advertising campaign that AYO placed with Independent News and Media to promote AYO’s brand in the market.

### **Tripes Tourist Investments Proprietary Limited (“Tripes”)**

Tripes is a travel agent company which is a subsidiary of AEEI. Various companies in the Group, including AYO, use Tripes to arrange travel and accommodation for its employees.

All travel and accommodation expenses incurred by AYO’s representatives are subject to an internal procedure by AYO. The payments by AYO to Tripes comprise the cost of the travel, the accommodation and Tripes’ professional fees. Tripes earns a market-related professional fee for providing these services to AYO.

### **K2018010234 (South Africa) Proprietary Limited (“KSA”)**

On 8 March 2019 AYO subscribed for 19% of share capital in KSA. KSA is a company established by AYO and Loot online to specialise in e-commerce with a key focus being on the business-to-business marketplace for fashion, luxury goods and services in Africa.

## 44. RELATED PARTIES (continued)

<b>Figures in Rand</b>	<b>2019 R'000</b>	<b>2018 R'000</b>
<b>Related party transactions include the following:</b>		
<b>Sales to related parties</b>		
African Equity Empowerment Investments Limited	824	76
BT Communications Services South Africa Proprietary Limited	1 633	-
Kalula Communications Proprietary Limited	212	-
Premier Fishing SA Proprietary Limited	380	282
Sagarmatha Technologies Limited	1 099	-
K2018010234 (South Africa) Proprietary Limited	532	-
Blank Page Publishing Proprietary Limited	325	-
Sizwe Asset Finance Proprietary Limited	389 404	-
Win-a-Way Investments Proprietary Limited	28	-
Tintantrade Proprietary Limited	106	-
Mustek Limited	13	-
<b>Management fees received from related parties</b>		
Health System Technologies Proprietary Limited	4 434	-
Kalula Communications Proprietary Limited	663	-
<b>Commission received from related parties</b>		
Health System Technologies Proprietary Limited	3 245	-
<b>Purchases of information technology management services from related parties</b>		
African News Agency Proprietary Limited	9 307	-
Health System Technologies Proprietary Limited	280	-
Kalula Communications Proprietary Limited	812	-
BT Communications Services South Africa	302 358	37 633
Independent Newspapers Proprietary Limited	13 955	-
Sizwe IT Africa Proprietary Limited	1 154	-
Premier Fishing SA Proprietary Limited	208	-
Tripos Tourist Investments Proprietary Limited	29	-
Sizwe Asset Finance Proprietary Limited	98 856	-
Mustek Limited	22 718	-
<b>Human resources services fees paid to related parties</b>		
Premier Fishing SA Proprietary Limited	-	194
<b>Advertising and marketing expenses paid to related parties</b>		
African Equity Empowerment Investments Limited	-	346
African News Agency Proprietary Limited	5 376	-
Independent News and Media Proprietary Limited	15 134	335
espAfrika Proprietary Limited	10 249	3 051
Orleans Cosmetics Proprietary Limited	207	-
<b>Consulting fees paid to related parties</b>		
Sekunjalo Capital Proprietary Limited	-	400
Salim Young	-	341
Clifford van der Venter (Non-exec director Premier Fishing & Brands Limited)	74	-
<b>Corporate finance service fees paid to related parties</b>		
African Equity Empowerment Investments Limited	-	57 700
<b>Administration fees (received from)/paid to related parties</b>		
African Equity Empowerment Investments Limited	7 560	7 203
3 Laws Capital Proprietary Limited	(6 243)	1 263
<b>Corporate service fees received from related parties</b>		
Independent News and Media Proprietary Limited	3 175	-
<b>Travel agency fees paid to related parties</b>		
Tripos Travel Proprietary Limited	5 939	1 047
Health System Technologies Proprietary Limited	23	-



## 44. RELATED PARTIES (continued)

Figures in Rand	2019 R'000	2018 R'000
<b>Related party transactions include the following (continued):</b>		
<b>Recoveries from related parties</b>		
Afrinat Proprietary Limited	-	2 136
<b>Rental expenses paid to related parties</b>		
Biton Music Productions Proprietary Limited	-	1 006
Prodirect Investments 112 Proprietary Limited	1 705	-
Sekunjalo Properties Proprietary Limited	1 369	-
Health System Technologies Proprietary Limited	31	-
Win-a-Way Investments Proprietary Limited	3 833	-
<b>Interest received from/(paid) related parties</b>		
African Equity Empowerment Investments Limited	(2 045)	466
3 Laws Capital Proprietary Limited	7 977	18 827
Bambelela Proprietary Limited	10 996	-
AYO International Holdings Proprietary Limited	353	-
Global Command and Control Technologies Proprietary Limited	1 991	-
Headset Solutions Africa Proprietary Limited	91	-
Kalula Communications Proprietary Limited	500	-
Main Street 1653 Proprietary Limited	1 957	-
SGT Solutions Proprietary Limited	1 518	-
Tamlalor Proprietary Limited	4 605	-
Volt Business Solutions Proprietary Limited	935	-
<b>Sundry income earned from/Sundry expenses (paid to) related parties</b>		
Global Command and Control Technologies Proprietary Limited	(990)	-
Kalula Communications Proprietary Limited	108	-
Win-a-Way Investments Proprietary Limited	620	-
<b>Conferences, Meetings and Seminars paid to/(received from) related parties</b>		
Independent Newspaper Proprietary Limited	904	-
<b>Dividend declared by related parties</b>		
Puleng Technologies Proprietary Limited	7 676	-
<b>Professional service fees paid to related parties</b>		
Premier Fishing SA Proprietary Limited	103	-
African News Agency Proprietary Limited	6	-
Vunani Capital Proprietary Limited	9 888	-
Health System Technologies Proprietary Limited	12	-
<b>Entertainment paid to related parties</b>		
Imagine Awards (Surve Philanthropies)	413	-
Sekunjalo Edu Jazz Awards	3	-
Health Systems Technology Proprietary Limited	2	-
<b>Licenses paid to related parties</b>		
Health System Technologies Proprietary Limited	70	-
<b>Staff welfare</b>		
Health Systems Technologies Proprietary Limited	1	-
Dr. Wallace Mgoqi	1	-
Vanessa Govender	32	-
Independent Media Proprietary Limited	255	-
Sello Rasethaba	30	-

## 44. RELATED PARTIES (continued)

<b>Figures in Rand</b>	<b>2019 R'000</b>	<b>2018 R'000</b>
<b>Related party transactions include the following (continued):</b>		
<b>Other expenses</b>		
Premier Fishing SA Proprietary Limited	35	-
Health Systems Proprietary Limited	9	-
Prodirect Investments 112 Proprietary Limited	14	-
Dr Wallace Mgoqi	20	-
<b>Legal fees</b>		
African Equity Empowerment Investments Limited	11	-
<b>Subscriptions paid to related parties</b>		
Sekunjalo Investment Holdings Proprietary Limited	1 538	-
Sello Rasethaba	3	-
<b>Leasing Charges</b>		
Sizwe Africa IT Group Proprietary Limited	25	-
<b>Levies</b>		
Independent Media Proprietary Limited	72	-
<b>Printing and Stationery</b>		
Sizwe Africa IT Group Proprietary Limited	17	-
<b>Warranty Expense</b>		
Puleng Technologies Proprietary Limited	203	-
<b>Related party balances include the following:</b>		
<b>Prepayments</b>		
African News Agency Proprietary Limited	10 450	-
Independent News Proprietary Limited	9 041	-
Independent News Proprietary Limited (impairment)	(9 041)	-
<b>Trade receivables from related parties</b>		
Afrinat Proprietary Limited	-	25
Exaro HST Proprietary Limited	-	5 354
4Plus Technology Venture Fund Africa Proprietary Limited	529	-
Global Command and Control Technologies Proprietary Limited	1 040	-
Kalula Communications Proprietary Limited	1 114	-
Premier Fishing SA Proprietary Limited	399	-
Sargamatha Technologies Limited	1 346	-
Sizwe Asset Finance Proprietary Limited	5 006	-
Sekunjalo Investment Holdings Proprietary Limited	1 281	-
Health Systems Technologies Proprietary Limited	479	-
<b>Other receivables</b>		
African Equity Empowerment Investments Limited	723	-
Independent News and Media Proprietary Limited	3 651	-
Health System Technologies Proprietary Limited	4 232	-
African Equity Empowerment Investments Limited	723	-
Puleng Technologies Proprietary Limited	4 176	-

## 44. RELATED PARTIES (continued)

<b>Figures in Rand</b>	<b>2019 R'000</b>	<b>2018 R'000</b>
<b>Related party balances include the following: (continued)</b>		
<b>Investments</b>		
3 Laws Capital Proprietary Limited	-	88 827
4Plus Technology Venture Fund Africa Proprietary Limited	75 660	-
4Plus Technology Venture Fund Africa Proprietary Limited (impairment)	(70 073)	-
Bambelela Proprietary Limited	16 182	-
K2018010234 (South Africa) Proprietary Limited	15 881	-
K2018010234 (South Africa) Proprietary Limited	(12 150)	-
Tamlalor Proprietary Limited (loss from equity-accounted investment)	(1 608)	-
<b>Preference shares</b>		
Bambelela Proprietary Limited	150 996	-
<b>Trade payables to related parties</b>		
African Equity Empowerment Investments Limited	-	4 314
African News Agency Proprietary Limited	175	-
BT Communications Services South Africa Proprietary Limited	27 360	37 158
Independent News and Media Proprietary Limited	6 931	-
Premier Fishing SA Proprietary Limited	11	29
Health System Technologies Proprietary Limited	79	-
Premfresh Seafoods Proprietary Limited	121	-
Sizwe Africa IT Group Proprietary Limited	56	-
Tripos Tourist Investments Proprietary Limited	25	-
Mustek Limited	1 015	-
Sizwe Asset Finance Proprietary Limited	14 223	-
<b>Loans receivable from related parties</b>		
African Equity Empowerment Investments Limited	5 367	1 820
Sekunjalo Health and Commodities Proprietary Limited	-	1
Digital Health Africa Proprietary Limited	168	168
AYO International Holdings Proprietary Limited	12 353	-
Global Command and Control Technologies Proprietary Limited	61 642	-
Headset Solutions Africa Proprietary Limited	879	-
Kalula Communications Proprietary Limited	15 353	-
Main Street 1653 Proprietary Limited	31 957	-
SGT Solutions Proprietary Limited	31 518	-
Tamlalor Proprietary Limited	104 605	-
Volt Business Solutions Proprietary Limited	11 535	-
<b>Loans payable to related parties</b>		
African Equity Empowerment Investments Limited	20 863	5 000
Sekunjalo Technology Group Proprietary Limited	-	1
KimCo Trust	-	615
<b>Funds placed with related parties for management</b>		
3 Laws Capital Proprietary Limited	-	88 827
<b>Options</b>		
African Equity Empowerment Investments	14 795	-
African Equity Empowerment Investments (Fair value adjustment)	(10 861)	-

### Bank guarantee

Unrestricted cross surety and cession of the Zaloserve's trade receivable was provided as surety for the FNB overdraft facility by Sizwe. The value of the trade receivables is R223 million.

AYO has provided a bank guarantee of R60 million to Sizwe Africa IT Group Proprietary Limited.

AYO has provided an unlimited guarantee for AEEI's overdraft facility of R28.2 million held with Absa.

## Note 46 – Financial risk management

For the disclosure of financial assets exposed to credit risk on the 2019 column on page 97, we updated the amount disclosed for other financial assets to R24,597,000 from the previously disclosed amount of R24,467,000. We updated the amount disclosed for trade and other receivables to R552,968,000 from the previously disclosed amount of R584,491,000. We updated the amount disclosed for cash and cash equivalents to R3,679,110,000 from the previously disclosed amount of R3,680,216,000. This resulted in the change in total amount disclosed for 2019 on the note. The revised note is shown below.

## 46. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to several financial risks. The Group has trade receivables, cash and cash equivalents, investments and loans receivable which give rise to credit risk and interest rate risk. The Group has trade payables, financial lease liabilities, bank overdraft, financial guarantees and contingent consideration liabilities give rise to liquidity risk and interest rate risk. The Group also has trade receivables and trade payables denominated in foreign currencies which give rise to foreign exchange risk.

### Liquidity risk

Liquidity risk is the risk that an entity in the Group will encounter difficulty in meeting obligations as they become due. The Group manages liquidity risk by ensuring that there are enough available cash resources and obtaining credit facilities from banks to ensure that the Group has adequate cash to settle its commitments when they become due.

The group has undrawn overdraft facilities with ABSA, FNB, Nedbank and Sasfin, refer to cash and cash equivalent note disclosure (note 15) for further breakdown of all the undrawn facilities.

The Group's overdraft facilities are renewable on a yearly basis at various dates during the calendar year.

### Maturity profiles

The table below summarises the maturity profile of the financial liabilities of the Group. The amounts disclosed are the remaining undiscounted contractual cash outflows and therefore differ with the carrying amounts or fair value.

Figures in Rand	Within one year '000	One to two years '000	Two to three years '000	More than three years '000	Total '000
<b>At 31 August 2019</b>					
Other financial liabilities	38 500	797	-	-	39 297
Finance lease liabilities	12 683	2 853	-	-	15 536
Trade payables	439 511	-	-	-	439 511
Contingent considerations	10 295	37 549	-	-	47 844
Loans from group companies	20 863	-	-	-	20 863
Derivative	-	-	-	3 934	3 934
<b>Total</b>	<b>521 852</b>	<b>41 199</b>	<b>-</b>	<b>3 934</b>	<b>566 985</b>
<b>At 31 August 2018</b>					
Other financial liabilities	1 133	-	-	-	1 133
Finance lease liabilities	389	575	-	-	964
Trade payables	132 927	-	-	-	132 927
Contingent considerations	4 256	-	-	-	4 256
Loans from shareholders	5 001	-	-	-	5 001
<b>Total</b>	<b>143 706</b>	<b>575</b>	<b>-</b>	<b>-</b>	<b>144 281</b>



## 46. FINANCIAL RISK MANAGEMENT (continued)

### Credit risk

Credit risk consists mainly of trade receivables, cash and cash equivalents and loans and other receivables.

Trade receivables are comprised of a widespread customer base. Before any new customer is approved for credit, management requests a thorough credit check to be performed by an external credit agency. The agency provides credit scores and credit ratings on each customer. In addition to that a recommended credit limit is provided by the credit agency.

The Group funds subsidiary companies based on working capital requirements, management assesses the cash flow forecast and budgets to determine repayments.

Additional internal ratings and credit limit checklist procedures are performed by management before a final credit limit is approved to our customers. Management also performs ongoing credit evaluations of the financial condition of all customers.

On a continuous basis, management monitors the performance of each customer against their credit limit to ensure that no credit limits are exceeded. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Generally, the Group does not require collateral or other securities for trade receivables.

The Group only deposits cash with major banks that have a good reputation and a high-quality credit standing and limits exposure to any one counterparty.

The Group assesses the trading performance of counterparties before making advances. Advances are made on the strength of the counterparty's trading performance and forecast cash flows. Loans and other receivables are carefully monitored for impairment.

### Impairment of financial assets

The group has the following financial assets that are subject to expected credit loss model:

1. Trade receivables – refer to note 14
2. Loans to group companies – refer to note 7
3. Loans receivables – refer to note 8
4. Cash and cash equivalent – the identified impairment is immaterial

Financial assets exposed to credit risk at period end were as follows:

<b>Figures in Rand</b>	<b>At 31 August 2019</b> <b>'000</b>	At 31 August 2018 <b>'000</b>
<b>Financial asset</b>		
Loans receivable	<b>173 963</b>	1 989
Other financial assets	<b>24 597</b>	100 280
Trade and other receivables	<b>552 968</b>	183 222
Finance lease receivables	<b>1 019</b>	-
Cash and cash equivalents	<b>3 679 110</b>	4 308 698
Loans to group companies	<b>108 562</b>	-
<b>Total</b>	<b>4 540 219</b>	<b>4 594 189</b>

## 46. FINANCIAL RISK MANAGEMENT (continued)

The exposure to credit risk for trade receivables by geographic region as at 31 August 2019 was as follows:

Figures in Rand	At 31 August 2019 '000	At 31 August 2018 '000
<b>Geographic region</b>		
South Africa	580 883	8 476
Rest of Africa	3 437	-
Europe	171	190
<b>Total</b>	<b>584 491</b>	<b>8 666</b>

The exposure to credit risk for trade receivables by sector as at 31 August 2019 was as follows:

Figures in Rand	At 31 August 2019 '000	At 31 August 2018 '000
<b>Sector</b>		
Private or public companies	452 941	80 763
Government institutes	131 550	23 219
<b>Total</b>	<b>584 491</b>	<b>103 982</b>

### Currency risk

The Group is exposed to foreign exchange risk arising from currency exposures with respect to the US Dollar and the British Pound. Foreign exchange risk arises from recognised trade receivables balances and trade payable balances.

Group companies manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities using forward contracts.

At the reporting date, only US Dollar balances existed and these were remeasured based on closing spot rate.

### Foreign currency balances

The Group had the following foreign currency denominated assets and liabilities at the reporting date:

Geographic region - USD	At 31 August 2019 US Dollar \$'000	At 31 August 2018 US Dollar \$'000
Trade debtors	-	13
Trade payables	18	1 188

### Exchange rates used for conversion of foreign items were:

	US Dollar
At 31 August 2019	<b>15.319</b>
At 31 August 2018	14.459

The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

## 46. FINANCIAL RISK MANAGEMENT (continued)

### Foreign currency sensitivity analysis

The following table shows the impact on the Group's profit after tax if there was a 10% weakening in the rand against the US dollar. For a 10% stronger rand there would be an equal and opposite impact on profit after taxation. The sensitivity analysis only includes outstanding foreign currency denominated monetary items and adjusts their translation at financial year-end for a 10% weaker rand, with all other variables held constant.

Figures in Rand	2019 '000	2018 '000
<b>Increase in profit after tax</b>		
US dollar	-	1 223
Euro	-	-

### Interest rate risk

Floating rate instruments expose the Group to cash flow interest risk. The Group does not have financial instruments with fixed interest rates.

Our debt is comprised of loans that have interest rates which are linked to the prime rate. The current debt is not significant, and the Group has not hedged against changes in the prime rate.

In respect of financial assets, the Group invests cash at floating rates of interest and cash reserves are maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

### Interest rate sensitivity analysis

The following table shows the impact on the Group's profit before tax if interest rates were 1% higher or lower as at the reporting date. The sensitivity analysis includes the financial assets and financial liabilities balances with variable interest rates at financial year-end, with all other variables held constant.

Figures in Rand	2019 '000	2018 '000
<b>Impact on profit before tax</b>		
Increase of 1%	3 163	2 270
Decrease of 1%	(3 163)	(2 270)

Changes to interest rate sensitivity analysis were made on page 99. These include change in narrative from 0.5% to 1%, profit after tax changed to profit before tax and the calculated amount changed to 1%.

## Note 47 – Fair value information

Updated the table to include the fair value hierarchies for Investments, Foreign exchange contracts, Derivatives, Contingent consideration liability and NCI put option.

Updated the table on page 100 which shows assets and liabilities measured at fair value at reporting date to include intangible assets acquired through business combinations and included details of investments at fair value through profit/loss.

Updated the table on page 101 which shows a reconciliation of assets and liabilities measured at level 2 and 3 to include intangible assets acquired through business combinations and included details of investments at fair value through profit/loss and the amounts disclosed in the table.

On page 103 updated the risk-free rate to state a range of 7.26% to 8.6% instead of the previously disclosed rate of 7.26% to 8%. Removed the table on page 103 for NCI put liability and contingent consideration liabilities as it was duplicated on page 103 and updated equity investments sensitivity analysis values. The revised note is shown below.

## 47. FAIR VALUE INFORMATION

The Group does not have any financial instruments which are traded in an active market. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

### Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement as follows:

- **Level 1** Quoted unadjusted prices in active markets for identical assets or liabilities.
- **Level 2** Inputs other than quoted prices (included in level 1) that are observable for the asset or liability (directly or indirectly).
- **Level 3** Inputs for the asset or liability that are unobservable.

There have been no transfers between levels in the current year.

**The following table shows financial assets and liabilities for which fair value is disclosed at reporting date.**

Financial instrument	Notes	Fair value hierarchy
<b>Non-Financial Assets</b>		
Intangible assets acquired through business combinations	5	Level 3
<b>Financial assets</b>		
Other financial assets – designated at fair value through profit/(loss)	10	Level 2 <sup>3</sup>
Trade receivables	14	Level 3 <sup>1</sup>
Cash and cash equivalents	15	Level 1 <sup>2</sup>
Foreign exchange contract	10	Level 1 <sup>1</sup>
Investments at fair value through profit/(loss)	9	Level 3
<b>Financial liabilities</b>		
Other financial liabilities	26	Level 3 <sup>1</sup>
Trade payables	23	Level 3 <sup>2</sup>
Bank overdraft	26	Level 1
Contingent consideration liability	22	Level 3
Derivatives – Put options over non-controlling interests	18	Level 3

<sup>1</sup> The fair value of these instruments approximates their carrying value, due to their short-term nature.

<sup>2</sup> The carrying value of cash is considered to reflect its fair value.

<sup>3</sup> A level 2 asset, Oasis Proprietary Limited, was acquired in the current year and disposed of before the financial year-end

## 47. FAIR VALUE INFORMATION (continued)

The following table shows assets and liabilities measured at fair value at reporting date.

Figures in Rand	Notes	Fair value at 31 August 2019 '000	Fair value at 31 August 2018 '000	Valuation method	Fair value hierarchy
<b>Non-financial Assets</b>					
<b>Intangible assets acquired through business combinations</b>					
Brands	5	14 573	-	Relief from royalties and excess earnings method	Level 3
Customers lists	5	24 692	-	Relief from royalties and excess earnings method	Level 3
<b>Total intangible assets acquired through business combinations</b>		<b>39 265</b>	-		Level 3
<b>Financial Assets</b>					
<b>Investments at fair value through profit/(loss)</b>					
Bambelela Capital Proprietary Limited	9	16 182	-	Percentage of net assets value	Level 3
K2018010234 (South Africa) Proprietary Limited	9	2 850	-	Percentage of net assets value	Level 3
4Plus Technology Venture Fund Africa Proprietary Limited	9	5 587	-	Discounted cash flow	Level 3
<b>Total investments at fair value through profit/(loss)</b>		<b>24 619</b>	-		Level 3
<b>Other financial assets designated at fair value through profit/(loss)</b>					
Cadiz Investment Enterprise Development Fund	10	10 234	6 890		Level 2
3 Laws Capital Proprietary Limited Investment	10	-	88 827		Level 2
Nesa Capital Fund	10	188	-		Level 2
<b>Total other financial assets designated at fair value through profit/(loss)</b>		<b>10 422</b>	95 717		
<b>Financial liabilities</b>					
<b>Financial derivatives</b>					
<b>Total put options over non-controlling interests</b>	18	<b>(3 934)</b>	-	Discounted cash flow	Level 3
<b>Contingencies</b>					
<b>Total contingent consideration liabilities</b>	22	<b>(42 344)</b>	(4 256)	Discounted cash flow	Level 3

## 47. FAIR VALUE INFORMATION (continued)

### Reconciliation of assets and liabilities measured at level 2 and 3

Figures in Rand	Note	Opening balance '000	Additions '000	Settle- ments/ disposals '000	Gains/ (losses) in profit/ (loss) '000	Gains/ (losses) in other income '000	Closing balance '000
<b>2019</b>							
<b>Non-financial Assets</b>							
<b>Intangible assets acquired through business combinations</b>							
Brands	5	-	14 573	-	-	-	14 573
Customers lists	5	-	26 097	-	(1 405)	-	24 692
<b>Total intangible assets acquired through business combinations</b>		-	40 670	-	(1 405)	-	39 265
<b>Financial Assets</b>							
<b>Investments at fair value through profit/(loss)</b>							
Bambelela Capital Proprietary Limited	9	-	-	-	16 182	-	16 182
K2018010234 (South Africa) Proprietary Limited	9	-	15 000	-	(12 150)	-	2 850
4Plus Technology Venture Fund Africa Proprietary Limited	9	-	75 660	-	(70 073)	-	5 587
<b>Total investments at fair value through profit/(loss)</b>		-	90 660	-	(66 041)	-	24 613
<b>Other financial assets designated at fair value through profit/(loss)</b>							
Oasis Proprietary Limited	10	-	409 801	(422 201)	12 400	-	-
Cadiz Investment Enterprise Development Fund	10	6 890	3 216	-	84	-	10 190
3 Laws Capital Proprietary Limited Investment	10	88 827	401 734	(490 562)	-	-	-
Nesa Capital Fund	10	-	188	-	-	-	188
<b>Total other financial assets designated at fair value through profit/(loss)</b>		95 717	814 940	(912 763)	12 484	-	10 378
<b>Financial liabilities</b>							
<b>Financial derivatives</b>							
<b>Total put options over non-controlling interests</b>	18	-	(14 795)	-	10 861	-	(3 934)
<b>Contingencies</b>							
<b>Total contingent consideration liabilities</b>	22	-	(47 482)	9 960	(4 822)	-	(42 344)
<b>2018</b>							
<b>Financial assets</b>							
<b>Other financial assets designated at fair value through profit/(loss)</b>							
Cadiz Investment Enterprise Development Fund	10	747	6 141	-	2	-	6 890
3 Laws Capital Proprietary Limited Investment	10	-	488 827	(400 000)	-	-	88 827
<b>Total other financial assets designated at fair value through profit/(loss)</b>		747	494 968	(400 000)	2	-	95 717

## 47. FAIR VALUE INFORMATION (continued)

The fair value adjustments are recognised directly in profit or loss. The fair value of investments, NCI put liability and contingent consideration liabilities is calculated using discounted cash flow. Key inputs used in measuring fair value of investments include projected financial forecasts, terminal growth rate and discount rate are indicated below.

Cost of debt	10%
Beta	0.32 - 1.4
Weighted average cost of capital	14.2% - 24.4%
Specific risk premium	1% - 4%
Debt-equity ratio	0% - 30%
Terminal growth rate	4.5%
Risk free rate	7.26% - 8.6%

Key inputs used in measuring fair value of contingent consideration liabilities include current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments. The potential effect of using reasonably possible alternative assumptions in the valuation, based on a change in the most significant input by 1% while holding all other variables constant, is shown in the following table:

### Investments in subsidiaries

Figures in Rand	Change	Movement
		Increase '000
Cost of debt	1%	(5 680)
Beta	0.1	(32 794)
Weighted average cost of capital	1%	(57 645)
Specific risk premium	1%	(36 931)
Debt-equity ratio	10%	35 299
Terminal growth rate	1%	47 097

### Sensitivity analysis by company, for shareholding percentage and reflecting change only

	Cost of debt	Beta	Weighted average cost of capital	Specific risk premium	Debt-equity ratio	Terminal growth rate
	Increase	Increase	Increase	Increase	Increase	Increase
	1%	0.1	1%	1%	10%	1%
Puleng Technologies Proprietary Limited	(2 165)	(6 842)	(12 257)	(10 305)	11 288	9 494
Kalula Communication Proprietary Limited	(899)	(2 018)	(3 853)	(3 083)	2 567	3 668
Main Street Group	-	(1 729)	(2 607)	(2 607)	2 973	2 154
Software Tech Holdings Proprietary Limited	-	(104)	(170)	(170)	306	100
Zaloserve Proprietary Limited	(2 577)	(6 978)	(14 456)	(11 333)	10 245	10 386
Global Command and Control Technologies Proprietary Limited	(39)	(302)	(539)	(491)	549	376
Health System Technologies Proprietary Limited	-	(14 821)	(23 763)	(8 942)	7 371	20 919
	(5 680)	(32 794)	(57 645)	(36 931)	35 299	47 097

## 47. FAIR VALUE INFORMATION (continued)

### Contingent consideration liability

	Weighted average cost of capital	
	Increase	Decrease
	1%	1%
Sizwe Proprietary Limited ('000)	159	(164)
Main Street Group ('000)	155	(159)
	314	(323)

### NCI put options

	Risk free rate	
	Increase	Decrease
	1%	1%
Main Street Group ('000)	(1 677)	1 741
Global Command and Control Technologies Proprietary Limited ('000)	(214)	224
	(1 891)	1 965

### Equity Investments

	Share price	
	Increase	Decrease
	10%	10%
Bambelela Capital Proprietary Limited ('000)	6 443	(6 443)

The value of Bambelela is driven by the Vunani Limited share price as all other inputs are fairly constant and predictable therefore a sensitivity analysis has been performed by increasing and decreasing the Vunani Limited share price by 10%.

	Weighted average cost of capital	
	Increase	Decrease
	10%	10%
4Plus Technology Venture Fund Africa Proprietary Limited ('000)	6 206	4 975

### Valuation processes applied by the Group

The fair value calculations are performed by Vunani corporate finance and reviewed by the Group's finance department and operations team on a yearly basis. The valuation reports are discussed with the investment committee and board of directors in accordance with the Group's reporting policies.

## Note 50 – Investments in subsidiaries

Updated the shareholding for Puleng Technologies Proprietary Limited to state that AYO owns 100% instead of the previously disclosed ownership of 57% on page 108 and 109.

Updated the amounts disclosed for 2019 on the tables – summarised statement of financial position and summarised statement of profit and loss and other comprehensive income on page 110.

Updated the amounts disclosed on the table – summarised statement of cash flow on page 111. The revised note is shown below.

## 50. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled directly by AYO:

<b>Figures in Rand</b>	<b>Share holding 2019 %</b>	Share holding 2018 %	<b>Carrying amount 2019 '000</b>	Carrying amount 2018 '000
<b>Name of company</b>				
AYO International Holdings Proprietary Limited	100	-	1	-
Global Command and Control Technologies Proprietary Limited	24	-	1 919	-
Kalula Communications Proprietary Limited	51	51	37 934	36 928
Main Street 1653 Proprietary Limited	40	-	35 003	-
Puleng Technologies Proprietary Limited	100	57	187 100	88 552
Sekunjalo Medical Services Proprietary Limited	100	100	258 980	284 137
Software Tech Holdings Proprietary Limited	42.59	42.59	4 849	5 357
Zaloserve Proprietary Limited	55	-	163 902	-
			<b>689 688</b>	<b>414 974</b>
<b>Subsidiaries for which control was lost during the year</b>				
The group lost control of Acacia Cloud Solutions Proprietary Limited on 30 June 2019.				
In the prior year the group lost control of World Wide Creative Proprietary limited on 31 August 2018.				
Gains on disposal of subsidiary			1 898	1 898
The gain (loss) has been included in other operating gains in comprehensive income				

## 50. INVESTMENTS IN SUBSIDIARIES (continued)

### Subsidiaries in which AYO holds less than 50% share holding

The Group holds less than 50% of the share capital of Software Tech Holdings Proprietary Limited, Main Street, and GCCT. The Group consolidated the entities as it has additional voting power granted to the parent in the shareholders agreement. These voting rights together with other requirements of IFRS 10, resulted in control over investee.

<b>Figures in Rand</b>	<b>2019</b>	2018
	<b>'000</b>	<b>'000</b>
<b>Reconciliation of investments in subsidiaries</b>		
Opening balance	<b>414 974</b>	477 646
Acquisitions	<b>200 346</b>	-
Changes in fair values	<b>74 368</b>	(62 672)
<b>Closing balance</b>	<b>689 688</b>	<b>414 974</b>

### Subsidiaries with material non-controlling interest

The following information is provided for subsidiaries with non-controlling interest which are material to the reporting company. The summarised financial information is provided prior to inter-company elimination.

<b>Subsidiary</b>	<b>Country of incorporation</b>	<b>Ownership held by non-controlling interest</b>	
		<b>2019</b>	2018
Software Tech Holdings Proprietary Limited	RSA	<b>57%</b>	57%
Kalula Communications Proprietary Limited	RSA	<b>49%</b>	49%
Zaloserve Proprietary Limited	RSA	<b>45%</b>	0%
Global Command and Control Technologies Proprietary Limited	RSA	<b>76%</b>	0%
Main Street 1653 Proprietary Limited	RSA	<b>60%</b>	0%
Puleng Technologies Proprietary Limited	RSA	<b>-</b>	43%

The country of incorporation and the principal place of business are the same in all cases, except for AYO International Holdings Proprietary Limited, which operates primarily in Mauritius.

Refer note 41 for details on acquisitions.



## 50. INVESTMENTS IN SUBSIDIARIES (continued)

Figures in Rand	Non-current assets '000	Current assets '000	Total assets '000	Non-current liabilities '000	Current liabilities '000	Total liabilities '000	Carrying amount of non-controlling interest '000
<b>Summarised statement of financial position</b>							
<b>2019</b>							
Software Tech Holdings Proprietary Limited	4 183	19 132	23 315	-	8 592	8 592	(3 171)
Kalula Communications Proprietary Limited	4 239	31 463	35 702	11 587	23 501	35 088	-
Zaloserve Proprietary Limited	97 944	319 973	417 917	13 771	210 821	224 592	(102 800)
Main Street 1653 Proprietary Limited	82 221	184 586	226 807	96 320	111 274	207 594	(51 801)
Global Command and Control Technologies Proprietary Limited	11 402	76 594	87 996	20 464	76 338	96 802	(12 166)
<b>Total</b>	<b>199 989</b>	<b>631 748</b>	<b>831 737</b>	<b>142 143</b>	<b>430 526</b>	<b>572 669</b>	<b>167 938</b>

Figures in Rand	Revenue '000	Profit/(loss) before tax '000	Tax expense '000	Profit/Loss after tax '000	Other comprehensive income '000	Total comprehensive income '000	Profit/(loss) allocated to non-controlling interest '000
<b>Summarised statement of profit or loss and other comprehensive income</b>							
<b>2019</b>							
Software Tech Holdings Proprietary Limited	61 348	4 876	(1 642)	3 234	(24)	3 210	1 039
Kalula Communications Proprietary Limited	71 830	(4 656)	1 287	(3 368)	-	(3 368)	(1 650)
Zaloserve Proprietary Limited	748 951	40 357	(9 680)	30 678	221	30 899	12 703
Main Street 1653 Proprietary Limited	219 517	27 188	(8 638)	18 549	-	18 549	11 129
Global Command and Control Technologies Proprietary Limited	25 355	(11 459)	2 653	(8 807)	-	(8 807)	(6 692)
<b>Total</b>	<b>1 127 001</b>	<b>56 528</b>	<b>(16 019)</b>	<b>40 287</b>	<b>197</b>	<b>40 484</b>	<b>16 529</b>

## 50. INVESTMENTS IN SUBSIDIARIES (continued)

Figures in Rand	Cash flow from operating activities '000	Cash flow from investing activities '000	Cash flow from financing activities '000	Net increase/ (decrease) '000	Dividends paid to non- controlling interest '000		
<b>Summarised statement of cash flow</b>							
<b>2019</b>							
Software Tech Holdings Proprietary Limited	4 034	(451)	(556)	3 028	(266)		
Kalula Communications Proprietary Limited	(3 173)	(6 112)	13 882	4 597	-		
Zaloserve Proprietary Limited	(35 469)	(17 696)	(11 209)	(64 374)	(1 200)		
Main Street 1653 Proprietary Limited	4 142	(22 651)	57 769	39 260	-		
Global Command and Control Technologies Proprietary Limited	(40 107)	(12 114)	82 504	30 283	-		
<b>Total</b>	<b>(70 573)</b>	<b>(59 024)</b>	<b>142 390</b>	<b>12 794</b>	<b>(1 466)</b>		
Figures in Rand	Non-current assets '000	Current assets '000	Total assets '000	Non-current liabilities '000	Current liabilities '000	Total liabilities '000	Carrying amount of non- controlling interest '000
<b>Summarised statement of financial position</b>							
<b>2018</b>							
Software Tech Holdings Proprietary Limited	4 446	16 385	20 831	-	8 725	8 725	7 895
Puleng Technologies Proprietary Limited	1 065	72 728	73 793	-	60 736	60 736	7 120
Kalula Communications Proprietary Limited	2 598	19 706	22 304	1 579	17 249	18 828	5 188
<b>Total</b>	<b>8 109</b>	<b>108 819</b>	<b>116 928</b>	<b>1 579</b>	<b>86 710</b>	<b>88 289</b>	<b>20 203</b>

## 50. INVESTMENTS IN SUBSIDIARIES (continued)

	Revenue '000	Profit/Loss before tax '000	Tax expense '000	Profit/Loss after tax '000	Other compre- hensive income '000	Total compre- hensive income '000	Profit/loss allocated to non- controlling interest '000
<b>Figures in Rand</b>							
<b>Summarised statement of profit or loss and other comprehensive income</b>							
<b>2018</b>							
Software Tech Holdings Proprietary Limited	73 415	(1 450)	(1 349)	(2 799)	(32)	(2 831)	(1 184)
Puleng Technologies Proprietary Limited	335 352	16 812	(4 707)	12 105	-	12 105	5 205
Kalula Communications Proprietary Limited	75 552	(800)	85	(715)	-	(715)	(350)
<b>Total</b>	<b>484 319</b>	<b>14 562</b>	<b>(5 971)</b>	<b>8 591</b>	<b>(32)</b>	<b>8 559</b>	<b>3 671</b>

	Cash flow from operating activities '000	Cash flow from investing activities '000	Cash flow from financing activities '000	Net increase/ (decrease) '000	Dividends paid to non- controlling interest '000
<b>Figures in Rand</b>					
<b>Summarised statement of cash flow</b>					
<b>2018</b>					
Software Tech Holdings Proprietary Limited	2 480	15 090	(18 466)	(896)	(11 135)
Puleng Technologies Proprietary Limited	13 530	(296)	(13 901)	(667)	(5 049)
Kalula Communications Proprietary Limited	192	818	(1 642)	(632)	-
<b>Total</b>	<b>16 202</b>	<b>15 612</b>	<b>(34 009)</b>	<b>(2 195)</b>	<b>(16 184)</b>

## Note 51 – Financial instruments

Removed the column loans and receivables which was previously disclosed and updated the numbers on the table for 2019 and 2018. The revised note is shown below.

### 51. FINANCIAL INSTRUMENTS

An analysis of the group's assets and liabilities, classified by financial instrument, is set out below. Financial instrument classifications in the prior period are in accordance with IAS 39.

Figures in Rand	Notes	Amortised costs '000	Fair value through profit or loss '000	Non-financial instruments '000	Total '000
<b>2019</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>267 259</b>	<b>35 074</b>	<b>313 756</b>	<b>516 089</b>
Property, plant and equipment	3	-	-	102 776	102 776
Goodwill	4	-	-	131 152	131 152
Intangible assets	5	-	-	79 828	79 828
Investment in joint ventures	6	-	33	-	33
Loans to related party companies	7	108 562	-	-	108 562
Loans receivable	8	156 764	-	-	156 764
Investments	9	-	24 619	-	24 619
Other financial assets	10	1 933	10 422	-	12 355
Finance lease receivables	11	-	-	350	350
Operating lease asset		-	-	110	110
Deferred tax	12	-	-	36 913	36 913
<b>Current assets</b>		<b>4 261 130</b>	<b>-</b>	<b>215 007</b>	<b>4 476 137</b>
Inventories	13	-	-	178 991	178 991
Loans receivable	8	17 199	-	-	17 199
Trade and other receivables	14	552 968	-	31 523	584 491
Other financial assets	10	10 747	-	1 495	12 242
Finance lease receivables	11	-	-	669	669
Current tax receivable		-	-	2 329	2 329
Cash and cash equivalents	15	3 680 216	-	-	3 680 216
<b>TOTAL ASSETS</b>		<b>4 538 811</b>	<b>35 074</b>	<b>528 763</b>	<b>5 129 599</b>

## 51. FINANCIAL INSTRUMENTS (continued)

Figures in Rand	Notes	Amortised costs '000	Fair value through profit or loss '000	Non-financial instruments '000	Total '000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	16	-	-	4 444 410	4 444 410
Reserves	17	-	-	(30 470)	(30 470)
Retained income		-	-	(77 458)	(77 458)
<b>Equity attributable to shareholders of AYO</b>		-	-	4 336 482	4 336 482
Non-controlling interests		-	-	134 392	134 392
<b>Total equity</b>		-	-	4 470 874	4 470 874
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
		7 462	41 483	14 097	63 042
Other financial liabilities		797	-	-	797
Derivatives	18	-	3 934	-	3 934
Financial lease liabilities	19	-	-	2 853	2 853
Employee benefit obligations	20	6 665	-	-	6 665
Deferred income	21	-	-	11 244	11 244
Contingent consideration liability	22	-	37 549	-	37 549
<b>Current liabilities</b>		389 904	4 795	200 984	595 683
Trade and other payables	23	324 342	-	119 494	443 836
Loans from related party companies	24	20 863	-	-	20 863
Other financial liabilities	26	38 500	-	-	38 500
Finance lease liabilities	19	-	-	12 683	12 683
Deferred income	21	-	-	18 589	18 589
Current tax payable		-	-	24 124	24 124
Provisions	27	-	-	26 094	26 094
Dividend payable		5 093	-	-	5 093
Contingent consideration liability	22	-	4 795	-	4 795
Bank overdraft	15	1 106	-	-	1 106
<b>Total liabilities</b>		397 366	46 278	215 081	658 725
<b>TOTAL EQUITY AND LIABILITIES</b>		397 566	46 278	4 685 955	5 129 599

## 51. FINANCIAL INSTRUMENTS (continued)

Figures in Rand	Notes	Loans and receivables '000	Fair value through profit or loss '000	Non-financial instruments '000	Total '000
<b>2018</b>					
<b>ASSETS</b>					
<b>Non-current assets</b>					
		<b>1 989</b>	<b>6 923</b>	<b>63 870</b>	<b>72 782</b>
Property, plant and equipment	3	-	-	7 169	<b>7 169</b>
Goodwill	4	-	-	35 248	<b>35 248</b>
Intangible assets	5	-	-	17 743	<b>17 743</b>
Investment in joint ventures	6	-	33	-	<b>33</b>
Loans to related party companies	7	1 989	-	-	<b>1 989</b>
Other financial assets	10	-	6 890	-	<b>6 890</b>
Deferred tax	12	-	-	3 710	<b>3 710</b>
<b>Current assets</b>		<b>4 449 023</b>	<b>88 827</b>	<b>60 500</b>	<b>4 598 350</b>
Inventories	13	-	-	12 378	<b>12 378</b>
Other financial assets	10	4 563	88 827	-	<b>93 390</b>
Trade and other receivables	14	135 762	-	47 460	<b>183 222</b>
Current tax receivable		-	-	662	<b>662</b>
Cash and cash equivalents	15	4 308 698	-	-	<b>4 308 698</b>
<b>TOTAL ASSETS</b>		<b>4 451 012</b>	<b>95 750</b>	<b>124 370</b>	<b>4 671 132</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Stated capital	16	-	-	4 444 410	<b>4 444 410</b>
Reserves	17	-	-	11 777	<b>11 777</b>
Retained income		-	-	(7 501)	<b>(7 501)</b>
<b>Equity attributable to shareholders of AYO</b>		<b>-</b>	<b>-</b>	<b>4 448 686</b>	<b>4 448 686</b>
Non-controlling interests		-	-	20 294	<b>20 294</b>
<b>Total equity</b>		<b>-</b>	<b>-</b>	<b>4 468 980</b>	<b>4 468 980</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Other financial liabilities		575	-	-	<b>575</b>
<b>Current liabilities</b>		<b>123 172</b>	<b>4 256</b>	<b>74 149</b>	<b>201 577</b>
Trade and other payables	23	111 982	-	20 943	<b>132 925</b>
Loans from shareholders	25	5 001	-	-	<b>5 001</b>
Other financial liabilities	26	1 133	-	-	<b>1 133</b>
Finance lease liabilities	19	-	-	389	<b>389</b>
Operating lease liabilities		-	-	47	<b>47</b>
Current tax payable		-	-	41 636	<b>41 636</b>
Provisions	27	-	-	11 134	<b>11 134</b>
Contingent considerations	22	-	4 256	-	<b>4 256</b>
Bank overdraft	15	5 056	-	-	<b>5 056</b>
<b>Total liabilities</b>		<b>123 747</b>	<b>4 256</b>	<b>74 149</b>	<b>202 152</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>123 747</b>	<b>4 256</b>	<b>4 543 129</b>	<b>4 671 132</b>

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