Ubambo Investment Holdings Limited Group
(Registration number 1998/014976/06)
Group Audited Annual Financial Statements
for the year ended 28 February 2018

These group audited annual financial statements were prepared by:
M.S.C. Bawa
Director
These group audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa No. 71 of 2008.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Holds investments in the information and communications technology and infrastructure industries
Directors	M.S.C Bawa S.P Simelane G.D Harlow O.F.E Moola
Registered office	1st Floor 25 Autumn Street Rivonia 2191
Business address	1st Floor 25 Autumn Street Rivonia 2191
Postal address	Private Bag X9943 Sandton 2146
Bankers	Nedbank Limited
Auditors	RAiN Chartered Accountants Incorporated Registered Auditors
Company registration number	1998/014976/06

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The reports and statements set out below comprise the group audited annual financial statements presented to the shareholders:

The following supplementary information does not form part of the group audited annual financial statements and is unaudited:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act No. 71 of 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the group audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group audited annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group audited annual financial statements.

The group audited annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group audited annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 28 February, 2019 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's group audited annual financial statements. The group audited annual financial statements have been examined by the group's external auditors and their report is presented on pages 4 to 5.

The group audited annual financial statements set out on pages 8 to 28, which have been prepared on the going concern basis, were approved by the board on 04 February 2020 and were signed on their behalf by:

Approval of financial statements

M.S.C Bawa

G.D Harlow

Independent Auditor's Report

To the shareholders of Ubambo Investment Holdings Limited Group

Opinion

We have audited the Group Audited Annual Financial Statements of Ubambo Investment Holdings Limited Group set out on pages 8 - 27, which comprise the Statement of Financial Position as at 28 February, 2018, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Group Audited Annual Financial Statements, including a summary of significant accounting policies.

We have audited the Group Audited Annual Financial Statements of Ubambo Investment Holdings Limited Group set out on pages 8 to 27, which comprise the Statement of Financial Position as at 28 February, 2018, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Group Audited Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Group Audited Annual Financial Statements present fairly, in all material respects, the financial position of Ubambo Investment Holdings Limited Group as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa No. 71 of 2008.

Basis for opinion

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

Emphasis of matter

We draw attention to Note 8 to the Directors Report which describes the impairment of investment in financial assets due to major restructuring and dilution of Cellsaf's investment in Cell C. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa No. 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the Group Audited Annual Financial Statements and our auditor's report thereon.

Our opinion on the Group Audited Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

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Responsibilities of the directors for the Group Audited Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Group Audited Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa No. 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Group Audited Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the Group Audited Annual Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Rain.

RAiN Chartered Accountants Incorporated
Registered Auditor
Per: I. E. Pierce
Johannesburg
04 February 2020

Directors' Report

The directors have pleasure in submitting their report on the group audited annual financial statements of Ubambo Investment Holdings Limited Group and the group for the year ended 28 February 2018.

1. Review of financial results and activities

The consolidated group audited annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

The group recorded a net loss after tax for the year ended 28 February 2018 of R40 896 905 (company: R896 905) a decrease from the net loss after tax of the prior year of R658 772.

2. Share capital

	2018	2017
Authorised	Number of shares	
Ordinary shares	300 000 000	300 000 000

	2018	2017	2018	2017
Issued	R	R	Number of shares	
Ordinary shares	5 433 103	2 811 103	139 548 949	132 057 520

Refer to note 9 of the consolidated group audited annual financial statements for detail of the movement in authorised and issued share capital.

3. Directorate

The directors in office at the date of this report are as follows:

Directors	**Office**	**Designation**
M.S.C Bawa	Chief Executive Officer	Executive
S.P Simelane		Non-executive
G.D Harlow	Chairperson	Non-executive
O.F.E Moola		Non-executive

There have been no changes to the directorate for the year under review.

4. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the consolidated group audited annual financial statements in note 3.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated group audited annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

7. Auditors

Rain Chartered Accountants Incorporated continued in office as auditors for the company and its subsidiaries for 2018.

At the AGM, the shareholders will be requested to reappoint Rain Chartered Accountants Incorporated as the independent external auditors of the company and to confirm Mr I.E. Pierce as the designated lead audit partner for the 2019 financial year.

Directors' Report

8. Other

The directors have noted that there has been a significant restructuring and recapitalization process at Cell C. The dilutionary effects of the injection of new capital into Cell C has resulted in an effective dilution of Cellsaf's indirect holding in Cell C to approximately 8%. Additionally the historical debt in Cell C and 3C Telecommunications has been restructured in a manner that further reduces Cellsaf's interest in Cell C via 3C Telecommunications.

In light of this and uncertainties around the capital and debt structure of Cell C, the directors have decided to be conservative and accept the audit partners view that the interest in Cell C be impaired to R1.

Statement of Financial Position as at 28 February 2018

		Group		Company	
Figures in Rand	Notes	2018	2017	2018	2017
Assets					
Non-Current Assets					
Investments in subsidiaries		-	-	100	100
Other financial assets	4	1	40 000 250	-	250
		1	**40 000 250**	**100**	**350**
Current Assets					
Loans to group companies	5	-	-	13 529 879	13 529 879
Trade and other receivables	6	254 147	214 163	254 047	214 063
Cash and cash equivalents	7	58 072	42 100	57 972	42 000
		312 219	**256 263**	**13 841 898**	**13 785 942**
Total Assets		**312 220**	**40 256 513**	**13 841 998**	**13 786 292**
Equity and Liabilities					
Equity					
Share capital	9	34 567 572	31 945 572	34 567 572	31 945 572
Reserves		-	34 519 650	-	-
Accumulated loss		(34 363 994)	(27 986 740)	(20 821 012)	(19 924 107)
		203 578	**38 478 482**	**13 746 560**	**12 021 465**
Liabilities					
Current Liabilities					
Trade and other payables	10	20 642	75 190	7 438	61 986
Loans from shareholders	11	-	92 841	-	92 841
Other financial liabilities	12	88 000	1 610 000	88 000	1 610 000
		108 642	**1 778 031**	**95 438**	**1 764 827**
Total Equity and Liabilities		**312 220**	**40 256 513**	**13 841 998**	**13 786 292**

Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Notes	2018	2017	2018	2017
Other operating expenses		(6 377 254)	(658 772)	(896 905)	(658 772)
Operating loss		**(6 377 254)**	**(658 772)**	**(896 905)**	**(658 772)**
Loss before taxation		**(6 377 254)**	**(658 772)**	**(896 905)**	**(658 772)**
Taxation	14	-	-	-	-
Loss for the year		**(6 377 254)**	**(658 772)**	**(896 905)**	**(658 772)**
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Available-for-sale financial assets adjustments		(34 519 650)	-	-	-
Other comprehensive income for the year net of taxation		**(34 519 650)**	**-**	**-**	**-**
Total comprehensive (loss) for the year		**(40 896 904)**	**(658 772)**	**(896 905)**	**(658 772)**

Ubambo Investment Holdings Limited Group

(Registration number 1998/014976/06)
Group Audited Annual Financial Statements for the year ended 28 February 2018

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Fair value adjustment assets-available-for-sale reserve	Accumulated loss	Total equity
Group						
Balance at 01 March 2016	**1 251 104**	**29 134 468**	**30 385 572**	**34 519 650**	**(27 327 968)**	**37 577 254**
Loss for the year	-	-	-	-	(658 772)	(658 772)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(658 772)**	**(658 772)**
Issue of shares	1 560 000	-	1 560 000	-	-	1 560 000
Total contributions by and distributions to owners of company recognised directly in equity	**1 560 000**	**-**	**1 560 000**	**-**	**-**	**1 560 000**
Balance at 01 March 2017	**2 811 104**	**29 134 468**	**31 945 572**	**34 519 650**	**(27 986 740)**	**38 478 482**
Loss for the year	-	-	-	-	(6 377 254)	(6 377 254)
Other comprehensive income	-	-	-	(34 519 650)	-	(34 519 650)
Total comprehensive Loss for the year	**-**	**-**	**-**	**(34 519 650)**	**(6 377 254)**	**(40 896 904)**
Issue of shares	2 622 000	-	2 622 000	-	-	-
Total contributions by and distributions to owners of company recognised directly in equity	**2 622 000**	**-**	**2 622 000**	**-**	**-**	**2 622 000**
Balance at 28 February 2018	**5 433 104**	**29 134 468**	**34 567 572**	**-**	**(34 363 994)**	**203 578**
Note	9	9	9			
Company						
Balance at 01 March 2016	**1 251 104**	**29 134 468**	**30 385 572**	**-**	**(19 265 335)**	**11 120 237**
Loss for the year	-	-	-	-	(658 772)	(658 772)
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(658 772)**	**(658 772)**
Issue of shares	1 560 000	-	1 560 000	-	-	1 560 000
Total contributions by and distributions to owners of company recognised directly in equity	**1 560 000**	**-**	**1 560 000**	**-**	**-**	**1 560 000**
Balance at 01 March 2017	**2 811 104**	**29 134 468**	**31 945 572**	**-**	**(19 924 107)**	**12 021 465**
Loss for the year	-	-	-	-	(896 905)	(896 905)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**-**	**-**	**(896 905)**	**(896 905)**
Issue of shares	2 622 000	-	2 622 000	-	-	2 622 000
Total contributions by and distributions to owners of company recognised directly in equity	**2 622 000**	**-**	**2 622 000**	**-**	**-**	**2 622 000**
Balance at 28 February 2018	**5 433 104**	**29 134 468**	**34 567 572**	**-**	**(20 821 012)**	**13 746 560**
Note	9	9	9			

Statement of Cash Flows

		Group		Company	
Figures in Rand	Notes	2018	2017	2018	2017
Cash flows from operating activities					
Cash used in operations	15	(991 187)	(750 441)	(991 437)	(750 441)
Dividend income		-	-	-	-
Net cash from operating activities		**(991 187)**	**(750 441)**	**(991 437)**	**(750 441)**
Cash flows from investing activities					
Sale of financial assets		-	-	250	-
Net cash from investing activities		**-**	**-**	**250**	**-**
Cash flows from financing activities					
Proceeds on share issue	9	2 622 000	1 560 000	2 622 000	1 560 000
Decrease in other financial liabilities		(1 522 000)	(810 000)	(1 522 000)	(810 000)
Repayment of shareholders loan		(92 841)	-	(92 841)	-
Net cash from financing activities		**1 007 159**	**750 000**	**1 007 159**	**750 000**
Total cash movement for the year		**15 972**	**(441)**	**15 972**	**(441)**
Cash at the beginning of the year		42 100	42 541	42 000	42 441
Total cash at end of the year	7	**58 072**	**42 100**	**57 972**	**42 000**

Accounting Policies

Presentation of group audited financial statements

The consolidated and separate group audited annual financial statements for the year ended 28 February 2018 have been prepared in accordance with Internation Financial Reporting Standard, and the Companies Act No.71 of 2008 of South Africa. The group audited financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate group audited annual financial statements are set out below.

1.1 Consolidation

Basis of consolidation

The consolidated group audited annual financial statements incorporate the group audited annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated group audited annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the group audited annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Trade receivables and Loans receivable

The group assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

1.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Accounting Policies

1.4 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - held for trading
- Loans and receivables

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

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

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to/(from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Accounting Policies

1.4 Financial instruments (continued)

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.5 Tax

Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

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

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

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

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

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Accounting Policies

1.6 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.8 Share capital and equity

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

1.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company’s right to receive payment has been established.

2. New Standards and Interpretations

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's group audited annual financial statements.

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the group are as follows:

Group as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Group as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

Notes to the Group Audited Annual Financial Statements

2. New Standards and Interpretations (continued)

- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The group expects to adopt the standard for the first time in the 2020 group audited annual financial statements.

It is unlikely that the standard will have a material impact on the group's group audited annual financial statements.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021.

The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the amendment for the first time in the 2019 group audited annual financial statements.

It is unlikely that the amendment will have a material impact on the group's group audited annual financial statements.

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions.

The amendment further provides guidance in terms of modifications which convert cash-settled share-based payment transactions to equity -settled share-based payment transactions. For such modifications, the equity-settled share based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share based payment transactions is derecognised on the modification date. Any difference between the two is recognised immediately in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2018.

Notes to the Group Audited Annual Financial Statements

2. New Standards and Interpretations (continued)

The group expects to adopt the amendment for the first time in the 2019 group audited annual financial statements.

It is unlikely that the amendment will have a material impact on the group's group audited annual financial statements.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The group expects to adopt the amendment for the first time in the 2019 group audited annual financial statements.

It is unlikely that the amendment will have a material impact on the group's group audited annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 group audited annual financial statements.

It is unlikely that the standard will have a material impact on the group's group audited annual financial statements.

Notes to the Group Audited Annual Financial Statements

2. New Standards and Interpretations (continued)

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The group expects to adopt the standard for the first time in the 2019 group audited annual financial statements.

It is unlikely that the standard will have a material impact on the group's group audited annual financial statements.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group has adopted the amendment for the first time in the 2018 group audited annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the group:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the group will have sufficient taxable profit in future periods. The group is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

Notes to the Group Audited Annual Financial Statements

2. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 January 2017.

The group has adopted the amendment for the first time in the 2018 group audited annual financial statements.

The impact of the amendment is set out in note Changes in Accounting Policy.

IFRS 9 Financial Instruments

This new standard is the result of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. To date, the standard includes chapters for classification, measurement and derecognition of financial assets and liabilities as well as new hedging requirements. The following are main changes from IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value
- For hybrid contracts, where the host contract is an asset within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the group changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment
- IFRS 9 does not allow for investments in equity instruments to be measured at cost
- The classification categories for financial liabilities remains unchanged. However, where a financial liability is designated as at fair value through profit or loss, the change in fair value attributable to changes in the liabilities credit risk shall be presented in other comprehensive income. This excludes situations where such presentation will create or enlarge an accounting mismatch, in which case, the full fair value adjustment shall be recognised in profit or loss
- The new hedging provisions align hedge accounting more closely with the actual risk management approach
- Certain non-derivative financial instruments are now allowed as hedging instruments
- Additional exposures are allowed as hedged items. These exposures include risk components of non-financial items, net positions and layer components of items, aggregated exposures combining derivative and non-derivative exposures and equity instruments at fair value through other comprehensive income
- The hedge effectiveness criteria have been amended, including the removal of the 80%-125% "bright line test" to qualify for hedge accounting
- The concept of rebalancing has been introduced when the hedging relationship is ineffective because the hedge ratio is no longer appropriate. When rebalancing is required, and provided the risk management objective remains the same, the hedge ratio is adjusted rather than discontinuing the hedging relationship
- Additional disclosure requirements have been introduced for hedging

The effective date has not yet been established as the project is currently incomplete. The IASB has communicated that the effective date will not be before years beginning on or after January 1, 2018. IFRS 9 may be early adopted. If IFRS 9 is early adopted, the new hedging requirements may be excluded until the effective date.

The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations.

It is unlikely that the standard will have a material impact on the group's group audited annual financial statements.

Standards and interpreatations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company’s accounting periods beginning on or after March 1, 2016 or later periods:

- Ammendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Ammortisation (Effective 1 January, 2018)
- IFRS 15 Revenue from Contracts with Customers (Effective 1 January, 2016)

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2018	2017	2018	2017

3. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries:

Group

Name of company	Held by	% voting power 2018	% voting power 2017	Holding 2018	Holding 2017
Ubambo Telecommunications (Proprietary) Limited	Ubambo Investment Holdings Limited	100.00 %	100.00 %	100.00%	100.00%
Isivuno Investments (Proprietary) Limited	Ubambo Telecommunications (Proprietary) Limited	100.00 %	100.00 %	100.00%	100.00%
African Genesis Investment Holdings (Proprietary) Limited	Ubambo Telecommunications (Proprietary) Limited	100.00 %	100.00 %	100.00%	100.00%
Sanco Leisure (Proprietary) Limited	Ubambo Investment Holdings Limited	100.00 %	100.00 %	100.00%	100.00%
				-	-

4. Other financial assets

	Group 2018	Group 2017	Company 2018	Company 2017
At fair value through profit or loss				
Cellsaf (Proprietary) Limited	1	40 000 000	-	-
Ubambo Telecommunications (Proprietary) Limited has approximately 13.4% interest in Cellsaf (Proprietary) Limited. Directors are of the opinion that this value fairly represents the value of the investment as at the end of the year.				
Equity Alliance Company (Proprietary) Limited	100 000	100 000	100 000	100 000
The company has 2.5% shareholding in Equity Alliance Company (Proprietary) Limited				
N17 Toll Operators (Proprietary) Limited	-	250	-	250
The company had a 25% shareholding during the 2017 year, without significant influence, in N17 Toll Operators (Proprietary) Limited which was now liquidated.				
	100 001	40 100 250	100 000	100 250
At fair value through profit or loss (impairments)	(100 000)	(100 000)	(100 000)	(100 000)
	1	**40 000 250**	**-**	**250**

	Group 2018	Group 2017	Company 2018	Company 2017
Non-current assets				
At fair value through profit or loss	1	40 000 250	-	250

The directors have noted that there has been a significant restructuring and recapitalization process at Cell C. The dilutionary effects of the injection of new capital into Cell C has resulted in an effective dilution of Cellsaf's indirect holding in Cell C to approximately 8%. Additionally the historical debt in Cell C and 3C Telecommunications has been restructured in a manner that further reduces Cellsaf's interest in Cell C via 3C Telecommunications.

In light of this and uncertainties around the capital and debt structure of Cell C, the directors have decided to be conservative and accept the audit partners view that the interest in Cell C be impaired to R1

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2018	2017	2018	2017

5. Loans to group companies

Subsidiaries

Ubambo Telecommunications (Proprietary) Limited	-	-	13 529 879	13 529 879

The loan is unsecured, interest free and has no fixed terms of repayment.

The carrying value of the loan to group companies approximates the fair value.

6. Trade and other receivables

VAT	254 047	214 063	254 047	214 063
Other receivable	100	100	-	-
	254 147	**214 163**	**254 047**	**214 063**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	15 206	15 206	15 106	15 106
Bank balances	42 866	26 894	42 866	26 894
	58 072	**42 100**	**57 972**	**42 000**

8. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2018

	Loans and receivables	Fair value through profit or loss - held for trading	Total
Trade and other receivables	254 147	-	254 147
Other financial assets	-	1	1
Cash and cash equivalents	58 072	-	58 072
	312 219	**1**	**312 220**

Group - 2017

	Loans and receivables	Fair value through profit or loss - held for trading	Total
Trade and other receivables	214 063	-	214 063
Other financial assets	-	40 000 250	40 000 250
Cash and cash equivalents	42 100	-	42 100
	256 163	**40 000 250**	**40 256 413**

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2018	2017	2018	2017

8. Financial assets by category (continued)

Company - 2018

	Loans and receivables	At cost	Total
Loans to group companies	13 529 879	-	13 529 879
Trade and other receivables	254 047	-	254 047
Investments in subsidiaries	-	100	100
Cash and cash equivalents	57 972	-	57 972
	13 841 898	**100**	**13 841 998**

Company - 2017

	Loans and receivables	Fair value through profit or loss - held for trading	Total
Trade and other receivables	214 063	-	214 063
Other financial assets	-	40 000 250	40 000 250
Cash and cash equivalents	42 000	-	42 000
	256 063	**40 000 250**	**40 256 313**

9. Share capital

Authorised				
300,000,000 Ordinary shares of R0.01 each	3 000 000	3 000 000	3 000 000	3 000 000

Reconciliation of number of shares issued:				
Reported as at 01 March 2017	132 057 520	125 110 377	132 057 520	125 110 377
Issue of shares – ordinary shares	7 491 429	6 947 143	7 491 429	6 947 143
	139 548 949	**132 057 520**	**139 548 949**	**132 057 520**

Issued				
139 548 949 Ordinary shares	5 433 104	2 811 104	5 433 104	2 811 104
Share premium	29 134 468	29 134 468	29 134 468	29 134 468
	34 567 572	**31 945 572**	**34 567 572**	**31 945 572**

10. Trade and other payables

Trade payables	13 203	13 204	2	-
Accruals	7 436	7 436	7 436	7 436
Accrued audit fees	-	54 550	-	54 550
	20 639	**75 190**	**7 438**	**61 986**

11. Loans to (from) shareholders

M Bawa	-	(92 841)	-	(92 841)

Notes to the Group Audited Annual Financial Statements

	Group		Company	
Figures in Rand	2018	2017	2018	2017

11. Loans to (from) shareholders (continued)

The loan is unsecured, interest free and has no fixed terms of repayment.

The carrying value of the loan from shareholder approximates the fair value.

12. Other financial liabilities

Held at amortised cost				
Inyanga Trading 489 (Proprietary) Limited	88 000	1 610 000	88 000	1 610 000

The loan is unsecured, interest free and have no fixed terms of repayment.

The carrying value of the loan approximates the fair value.

Current liabilities				
At amortised cost	88 000	1 610 000	88 000	1 610 000

13. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2018

	Fair value through profit or loss - held for trading	Total
Other financial liabilities	88 000	88 000
Trade and other payables	20 642	20 642
	108 642	**108 642**

Group - 2017

	Fair value through profit or loss - held for trading	Total
Loans from shareholders	92 841	92 841
Other financial liabilities	1 610 000	1 610 000
Trade and other payables	75 190	75 190
	1 778 031	**1 778 031**

Company - 2018

	Fair value through profit or loss - held for trading	Total
Other financial liabilities	88 000	88 000
Trade and other payables	7 438	7 438
	95 438	**95 438**

Notes to the Group Audited Annual Financial Statements

Figures in Rand	Group 2018	Group 2017	Company 2018	Company 2017

13. Financial liabilities by category (continued)

Company - 2017

	Fair value through profit or loss - held for trading	Total
Loans from shareholders	92 841	92 841
Other financial liabilities	1 610 000	1 610 000
Trade and other payables	61 986	61 986
	1 764 827	**1 764 827**

14. Taxation

Major components of the tax expense

No provision has been made for 2018 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R40 896 905 (2017: R 24 914 085).

15. Cash used in operations

	Group 2018	Group 2017	Company 2018	Company 2017
Loss before taxation	(6 377 254)	(658 772)	(896 905)	(658 772)
Adjustments for:				
Impairment losses	5 480 349	-	-	-
Other non-cash items	250	-	-	-
Changes in working capital:				
Trade and other receivables	(39 984)	(91 669)	(39 984)	(91 669)
Trade and other payables	(54 548)	-	(54 548)	-
	(991 187)	**(750 441)**	**(991 437)**	**(750 441)**

16. Related parties

Relationships	
Subsidiaries	Ubambo Telecommunications (Proprietary) Limited Isivuno Investments (Proprietary) Limited Afican Genesis Investment Holdings (Proprietary) Limited Sanco Leisure (Proprietary) Limited
Directors	G. Harlow S.P Simelane O.F.E Moola
Associates	N17 Till Operators

Related party balances

	Group 2018	Group 2017	Company 2018	Company 2017
Loan accounts - Owing (to) by related parties				
Ubambo Telecommunications (Proprietary) Limited	-	-	13 529 879	13 529 879
M.S.C Bawa	-	(92 841)	-	(92 841)

17. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

18. Risk management

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 28 February 2018	Less than 1 year
Other financial instruments	88 000
Trade and other payables	20 642

At 28 February 2017	Less than 1 year
Loan from shareholder	92 841
Other financial instruments	1 610 000
Trade and other payables	75 190

Company

At 28 February 2018	Less than 1 year
Derivative financial instruments	88 000

At 28 February 2017	Less than 1 year
Borrowings	92 841
Derivative financial instruments	1 610 000

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Detailed Income Statement

		Group		Company	
Figures in Rand	Notes	2018	2017	2018	2017
Other operating expenses					
Administration and management fees		(439 230)	(369 050)	(439 230)	(369 050)
Bank charges		(1 152)	(944)	(1 152)	(944)
Computer expenses		-	(564)	-	(564)
Consulting and professional fees - accounting		(10 477)	(750)	(10 477)	(750)
Entertainment		(6 825)	-	(6 825)	-
Impairment		(5 480 349)	-	-	-
Lease rentals on operating lease		(210 978)	(191 235)	(210 978)	(191 235)
Loss on disposal of investment		(250)	-	(250)	-
Printing and stationery		(124 800)	-	(124 800)	-
Service Fees		(97 551)	(96 029)	(97 551)	(96 029)
Subscriptions		-	(200)	-	(200)
Travel - local		(5 642)	-	(5 642)	-
		(6 377 254)	**(658 772)**	**(896 905)**	**(658 772)**
Loss for the year		**(6 377 254)**	**(658 772)**	**(896 905)**	**(658 772)**