



CARTRACK  
HOLDINGS  
LIMITED  
**ANNUAL  
FINANCIAL  
STATEMENTS**

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2018

# GENERAL INFORMATION

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Cartrack Holdings Limited is an investment holding company operating principally within the telematics industry
<b>Directors</b>	IJ Calisto (executive) JR Edmeston (executive) DJ Brown (non-executive) AT Ikalafeng (non-executive) K White (non-executive)
<b>Registered office</b>	Cartrack Corner Corner Jan Smuts & 7th Avenue Rosebank, Johannesburg South Africa 2196
<b>Business address</b>	Cartrack Corner Corner Jan Smuts & 7th Avenue Rosebank, Johannesburg South Africa 2196
<b>Postal address</b>	PO Box 4709 Rivonia 2128
<b>Holding company</b>	One August Holdings Proprietary Limited Incorporated in South Africa
<b>Bankers</b>	Rand Merchant Bank – a division of FirstRand Bank Limited Mercantile Bank Limited Nedbank Limited Standard Bank Limited
<b>Auditors</b>	Grant Thornton Johannesburg Partnership Chartered Accountants (SA) Registered Auditors A South African member firm of Grant Thornton International
<b>Secretary</b>	A De Villiers
<b>Company registration number</b>	2005/036316/06

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## Level of assurance

These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

## Preparer

F Hassim CA(SA)  
Group reporting accountant

## Issued

24 April 2018

# DIRECTORS' RESPONSIBILITIES AND APPROVAL

For the year ended 28 February 2018

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company 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 (IFRS). The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 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 company's cash flow forecast for the year to April 2019 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 9 to 26, which have been prepared on the going concern basis, were approved by the board of directors on 24 April 2018 and were signed on their behalf by:

**IJ Calisto**  
*(Executive)*

Rosebank  
24 April 2018

**JR Edmeston**  
*(Executive)*

# AUDIT COMMITTEE REPORT

For the year ended 28 February 2018

## 1. MANDATE AND TERMS OF REFERENCE

The audit and risk committee ("ARC") operates within the boundaries of a mandate approved and reviewed annually by the board. In accordance with the requirements of the Companies Act, 2008, the members of the ARC are appointed by shareholders at the annual general meeting.

The primary responsibilities of the ARC are to ensure the integrity of the financial reporting and audit processes as well as that of the internal control system and risk management process. The complete terms of reference are available on [www.cartrack.com](http://www.cartrack.com).

## 2. MEMBERSHIP AND MEETINGS

Members: K White (Chair), DJ Brown, AT Ikalafeng. All members are independent, non-executive directors of the Company and collectively have adequate relevant knowledge and experience to effectively discharge their duties.

The chief executive officer and chief financial officer attend the meetings by invitation but do not have a vote. The internal and external auditors have unlimited access to the chair of the ARC and are invited to attend meetings when appropriate. The ARC meets with the external auditors at least once a year without the presence of executive management. During this period the ARC met on five occasions.

## 3. INDEPENDENT EXTERNAL AUDIT

The Audit Committee has reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listing Requirements and confirm that based on the amended requirements for the JSE-accreditation of Auditors, effective 15 October 2017, we were satisfied that:

- (i) the audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle;
- (ii) the auditors have provided to the audit committee, the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels;
- (iii) both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities; and
- (iv) the auditors are independent to the company.

## 4. INTERNAL AUDIT

The group internal audit function reports directly to the chairman of the ARC. The internal audit function is regarded as being sufficiently independent of the activities being audited. The internal audit plan is reviewed and adjusted on a continual basis to ensure effectiveness and is based on the relevant degree of inherent risk of the business.

## 5. ANNUAL REVIEWS

In accordance with the principles and practices of King IV, the ARC confirms that it has considered and satisfied itself that the current global chief financial officer, John R Edmeston, possesses the appropriate qualifications, expertise and experience required to effectively discharge his duties. The ARC has reviewed the Group's system of internal financial controls, risk management and expertise, resources and experience of the company's finance function and concluded that they are adequate and effective.

## 6. ANNUAL FINANCIAL STATEMENTS

The ARC reviewed the consolidated annual financial statements of the Cartrack group for the year ended 28 February 2018, and specifically:

- confirmed the going concern as the basis of preparation of the annual financial statements;
- ensured that the annual financial statements fairly present the financial position of the Group as at the end of the period and the results of operations and cash flows for the financial period;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report;
- reviewed the representation letter relating to the annual financial statements which was signed by management; and
- considered any problems identified that could have a material impact on the annual financial statements.

The ARC is of the view that the annual financial statements comply with the relevant provisions of the Companies Act, JSE Listings Requirements and IFRS in all material respects and fairly presents the financial position at that date, the results of its operations and the cash flows for the year.

The ARC concluded that it had achieved its objectives for the financial year and recommended the consolidated annual financial statements for the year ended 28 February 2018 to the board for approval.

**K White**

*Chair: audit & risk committee*

Rosebank  
24 April 2018

# INDEPENDENT AUDITOR'S REPORT

To the shareholder of Cartrack Holdings Limited



## **Independent Auditor's Report To the Shareholders of Cartrack Holdings Limited**

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### **Report on the audit of the financial statements**

#### **Opinion**

We have audited the financial statements of Cartrack Holdings Limited) as set out on pages 9 to 26, which comprise the statement of financial position as at 28 February 2018, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the 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.

#### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters in respect of these separate financial statements to communicate in our report

#### **Other information**

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon.

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

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

#### **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)



**Report on other legal and regulatory requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of Cartrack Holdings Limited for seven years.

A handwritten signature in purple ink that reads "Grant Thornton".

**GRANT THORNTON**

Registered Auditors  
Practice Number: 903485E

**J Barradas**

Registered Auditor  
Chartered Accountant (SA)

24 April 2018

@Grant Thornton  
Wanderers Office Park  
52 Corlett Drive  
Illovo, 2196



# DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Cartrack Holdings Limited company annual financial statements for the year ended 28 February 2018. The company annual financial statements have not been included as part of the consolidated annual financial statements as the company annual financial statements does not contain significant additional information.

The consolidated annual financial statements are available on the company website: [www.cartrack.com](http://www.cartrack.com).

## 1. NATURE OF BUSINESS

Cartrack Holdings Limited is an investment holding company operating principally within the telematics industry.

There have been no material changes to the nature of the company's business from the prior year.

## 2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

## 3. SHARE CAPITAL

There have been no changes to the authorised or issued share capital during the year under review.

## 4. DIVIDENDS

Dividends paid to shareholders of the group during the year under review amount to R166 042 194.

Management has re-evaluated the dividend policy, presently being a targeted cover of between 1,25 and 2,5 times HEPS. The revised dividend policy provides for a target cover of between two and four times HEPS, to be effective for FY19.

Subsequent to the financial year ended 28 February 2018, a dividend has been declared in the amount of 28 cents per share, which is payable by 9 July 2018.

## 5. DIRECTORATE

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

IJ Calisto (executive)	Global chief executive officer
JR Edmeston (executive)	Global chief financial officer
DJ Brown (Non-executive)	Independent chairperson
AT Ikalafeng (non -executive)	Independent
K White (non-executive)	Independent

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

## 6. DIRECTORS' INTERESTS IN SHARES

The directors' interests in shares are set out below:

### Interests in shares

Shareholders (Indirect shareholding)

	%	Indirect
One August Holdings Proprietary Limited (Director IJ Calisto (executive))	68%	203 980 424
Georgem Holdings Proprietary Limited (Director J Marais (director of associated company))	11,83%	35 500 000
	79,83%	239 480 424

Georgem Holdings Proprietary Limited where J Marais is a director, has sold 5 19 756 shares on 2 February 2018 to the market at a price of R19,25. The interest has decreased from 12% to 11,83%.

The register of interests of directors and others in shares of the company is available to shareholders on request.

J Marais has sold 5 19 756 shares on 2 February 2018 to the market at a price of R19,25. His interest has decreased from 12% to 11,8%.

## 7. RELATED PARTY TRANSACTIONS

The details of related party transactions are set out in note 17 of the annual financial statements.

# DIRECTORS' REPORT (CONTINUED)

## 8. HOLDING COMPANY AND SHAREHOLDING

Onecell Holdings Proprietary Limited has divested its shares in Cartrack to One August Holdings Proprietary Limited and Geogem Holdings Proprietary Limited as at 1 February 2018. One August Holdings Proprietary Limited holds 68% of the company's equity.

### Shareholding analysis

The following table lists the shareholders of the group:

Shareholders spread	No of shareholders	% of shareholders	Number of shares	% of issued capital
<b>Public shareholders (&lt;5%)</b>	<b>767</b>	<b>99,74</b>	<b>60 519 576</b>	<b>20,17</b>
<b>Non-public shareholders:</b>				
One August Holdings (Pty) Ltd (68%)	1	0,13	203 980 424	68,00
Geogem Holdings (Pty) Ltd (11.83%)	1	0,13	35 500 000	11,83
	<b>2</b>	<b>0,26</b>	<b>239 480 424</b>	<b>79,83</b>
<b>Share range:</b>				
1 – 1 000	418	54,36	81 464	0,03
1 001 – 10 000	193	25,10	792 998	0,26
10 001 – 50 000	89	11,57	2 192 502	0,73
50 001 – 100 000	21	2,73	1 629 040	0,54
100 001 – 500 000	23	2,99	4 298 082	1,43
500 001 – 1 000 000	9	1,17	7 278 270	2,43
1 000 001 and over	16	2,08	283 727 644	94,58
	<b>769</b>	<b>100,00</b>	<b>300 000 000</b>	<b>100,00</b>

## 9. LITIGATION STATEMENT

As at the date of this report, the directors are not aware of any existing, pending or threatened litigation proceedings which may have a material effect on the financial position of the company.

## 10. AUDITORS

Grant Thornton Johannesburg Partnership continued in office as auditors for the company for the year ended 28 February 2018.

At the AGM, the shareholder will be requested to reappoint Grant Thornton Johannesburg Partnership as the independent external auditors of the company for the 2019 financial year.

## 11. SECRETARY

The company secretary is Miss A De Villiers  
**Business address:** Cartrack Corner  
 Corner Jan Smuts & 7th Avenue  
 Rosebank, Johannesburg  
 South Africa  
 2196

The board of directors is satisfied that the group company secretary has the qualifications and experience to effectively discharge the duties.

## 12. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The annual financial statements have been authorised for issue by the directors on 23 April 2018. No authority is given to anyone to amend the annual financial statements after the date of issue.

# STATEMENT OF FINANCIAL POSITION

as at 28 February 2018

Figures in rand thousand	Notes	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	3	170 508	166 461
Deferred taxation asset	4	651	–
		171 159	166 461
<b>Current assets</b>			
Loans to related parties	5	65 975	29 305
Trade and other receivables	6	2 271	2 612
Current taxation receivable		120	69
Cash and cash equivalents	7	163	189
		68 529	32 175
<b>Total assets</b>		<b>239 688</b>	<b>198 636</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	8	42 488	42 488
Retained income		117 165	89 680
		159 653	132 168
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	964	397
Loans from related parties	5	79 071	66 071
<b>Total liabilities</b>		<b>80 035</b>	<b>66 468</b>
<b>Total equity and liabilities</b>		<b>239 688</b>	<b>198 636</b>

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 28 February 2018

Figures in rand thousand	Notes	2018	2017
Revenue	10	3 209	3 200
Operating expenses	11	(6 273)	(5 285)
<b>Operating loss</b>		<b>(3 064)</b>	<b>(2 085)</b>
Investment revenue	12	189 856	165 929
<b>Profit before taxation</b>		<b>186 792</b>	<b>163 844</b>
Taxation	13	(307)	(598)
<b>Profit for the year</b>		<b>186 485</b>	<b>163 246</b>
Other comprehensive income		–	–
<b>Total comprehensive income for the year</b>		<b>186 485</b>	<b>163 246</b>

# STATEMENT OF CHANGES IN EQUITY

For the year ended 28 February 2018

Figures in rand thousand	Share capital	Retained income	Total equity
<b>Balance at 1 March 2016</b>	<b>42 488</b>	<b>91 434</b>	<b>133 922</b>
Profit for the year	–	163 246	163 246
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>163 246</b>	<b>163 246</b>
Dividends	–	(165 000)	(165 000)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>–</b>	<b>(165 000)</b>	<b>(165 000)</b>
<b>Balance at 28 February 2017</b>	<b>42 488</b>	<b>89 680</b>	<b>132 168</b>
Profit for the year	–	186 485	186 485
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>186 485</b>	<b>186 485</b>
Dividends	–	(159 000)	(159 000)
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>–</b>	<b>(159 000)</b>	<b>(159 000)</b>
<b>Balance at 28 February 2018</b>	<b>42 488</b>	<b>117 165</b>	<b>159 653</b>

Note

8

# STATEMENT OF CASH FLOWS

For the year ended 28 February 2018

Figures in rand thousand	Notes	2018	2017
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	(2 463)	(27 117)
Interest income	12	5	52
Dividend income		188 442	165 877
Taxation paid	15	(1 008)	(27)
<b>Net cash from operating activities</b>		<b>184 976</b>	138 785
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries*		–	**
<b>Net cash from investing activities</b>		<b>–</b>	–
<b>Cash flows from financing activities</b>			
Dividends paid	16	(159 000)	(165 000)
Increase in loans from related parties		13 000	48 441
Decrease in loans to related parties		(39 002)	(22 766)
<b>Net cash from financing activities</b>		<b>(185 002)</b>	(139 325)
<b>Total cash movement for the year</b>		<b>(26)</b>	(540)
Cash at the beginning of the year		189	729
<b>Total cash at end of the year</b>	6	<b>163</b>	189

\* Cartrack Holdings Limited increased the value of its investment in Cartrack Technologies South East Asia Pte Limited after a group restructuring exercise to improve operational efficiencies. The transaction was executed as a dividend in specie with no cash flows.

\*\* R200 not displaying due to rounding.

# ACCOUNTING POLICIES

## 1. PRESENTATION OF COMPANY FINANCIAL STATEMENTS

### Reporting entity

Cartrack Holdings Limited is a company domiciled in the Republic of South Africa. These annual financial statements are for the year ended 28 February 2018. The company is an investment holding company.

### Statement of compliance

The annual financial statements are prepared in compliance with JSE Listings Requirements, International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board (IASB), the financial reporting pronouncements as issued by the Financial Reporting Standards Council (FRSC) that are relevant to its operations and have been effective for the annual reporting period ending 28 February 2018, and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the South African Companies Act, No 71 of 2008, as amended. The annual financial statements were approved for issue by the board of directors on 23 April 2018 and will be tabled at the annual general meeting of shareholders, on 17 July 2018.

These accounting policies are consistent with the previous period.

### Basis of measurement

The annual financial statements have been prepared on the historical cost basis.

### Functional and presentation currency

These annual financial statements are presented in South African rand (ZAR), which is the company's functional currency. All financial information presented has been rounded off to the nearest thousand ZAR.

### Going concern

The annual financial statements are prepared on the going - concern basis as the directors believe that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## 1.1 Financial instruments

- Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables

Financial liabilities at amortised cost

The classification is dependent on the purpose for which the financial instrument is acquired and the substance of the contractual arrangement. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date.

- Initial recognition and measurement

Financial instruments are recognised on the transaction date when the group becomes a party to the contractual provisions of the instruments and are derecognised when these contractual obligations are discharged, cancelled or expired.

Financial instruments are initially recognised and measured at their fair value.

Loans and receivables comprise of loans, trade receivables, cash and cash equivalents and other receivables and are subsequently stated at amortised cost using the effective interest rate method, less accumulated impairment losses.

Financial liabilities consist of trade and other payables and borrowings. These are subsequently measured at amortised cost using the effective interest rate method.

- Impairment of financial assets

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses are charged to profit or loss and are included in the allowance against trade and other receivables. When a subsequent event causes the impairment loss to decrease, the impairment loss is reversed in the profit or loss. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery.

# ACCOUNTING POLICIES (CONTINUED)

## 1.2 Impairment of non-financial assets

The company's non-financial assets, other than deferred taxation assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment.

The impairment loss charged to profit or loss is the excess of the carrying amount over the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

## 1.3 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company;
- plus any costs directly attributable to the purchase of the subsidiary.

## 1.4 Taxation

- Taxation 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 taxation arises from a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or as equity.

In such cases, current and deferred taxes are charged or credited to other comprehensive income.

Dividend withholding taxation is currently payable at a rate of 20% on dividends distributed to equity holders of the company.

This taxation is not attributable to the company, but is collected by the company and paid to the taxation authorities on behalf of the shareholder.

On receipt of a dividend by a company from an investment held in a taxation jurisdiction outside that of the company, any dividend withholding taxation payable is recognised as part of the current taxation.

- Current taxation assets and liabilities

Current taxation 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 taxation liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the taxation authorities, using the taxation rates (and taxation laws) that have been enacted or substantively enacted by the end of the reporting period. The amount of current taxation payable or receivable is the best estimate of the taxation amount expected to be paid or received that reflects uncertainty relating to income taxes.

- Deferred taxation assets and liabilities

Deferred taxation is provided by using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for taxation purposes.

The provision for deferred taxation is calculated using enacted or substantively enacted taxation rates at the reporting date that are expected to apply when the asset is realised or liability settled. A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realised.



#### 1.4 Taxation (continued)

- Deferred taxation assets and liabilities (continued)

The provision of deferred taxation assets and liabilities reflects the taxation consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred taxation assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

#### 1.5 Revenue

- Management fee

Revenue is measured at the fair value of consideration received or receivable for the sale of goods and services by the company in the ordinary course of its business activities. Revenue includes amounts earned from management service fees provided to companies within the group. Revenue is shown net of value added taxes.

- Interest income

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

- Dividend income

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

## 2. NEW STANDARDS AND INTERPRETATIONS

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

In the current year, the company did not adopt any standards and interpretations as issued by IASB and IFRIC as none of the issued relevant to its operations.

### 2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt standards and interpretations as issued by IASB and IFRIC, which have been published and are mandatory for the company's accounting periods beginning on or after 1 March 2018 or later periods, as none of the issued are relevant to its operations.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 28 February 2018

Name of company	% voting power 2018	% voting power 2017	Carrying amount 2018	Carrying amount 2017
<b>3. INVESTMENTS IN SUBSIDIARIES</b>				
Cartrack Proprietary Limited	100,00	100,00	42 488	42 488
Cartrack Tanzania Limited	60,00	60,00	6 372	6 372
Retriever Limited	85,00	85,00	1 554	1 554
Retriever Rwanda Limited	60,00	60,00	—	10
Cartrack Engineering Technologies Limited	99,99	99,99	658	658
Cartrack Namibia Proprietary Limited	100,00	100,00	*	*
Cartrack Technologies Proprietary Limited	100,00	100,00	*	*
Cartrack Technologies South East Asia Pte. Limited <sup>1</sup>	100,00	100,00	119 436	115 379
Cartrack Manufacturing Proprietary Limited	100,00	100,00	*	*
Cartrack Management Services Proprietary Limited	100,00	100,00	*	*
			<b>170 508</b>	<b>166 461</b>

Investment in Rwanda has been impaired and written down to nil.

\* Amounts less than R200.

1 Cartrack Holdings Limited increased the value of its investment in Cartrack Technologies South East Asia Pte. Limited after a group restructuring exercise to improve operational efficiencies. The transaction was executed as a dividend in specie with no cash flows involved.

Figures in rand thousand	2018	2017
<b>4. DEFERRED TAXATION</b>		
Deferred taxation asset/(liability)	651	—
<b>Reconciliation of deferred taxation asset/(liability)</b>		
At beginning of year	—	(13)
Decrease in accruals	—	10
Increase in prepaid expenses	1	3
Unrealised foreign exchange gains on related party loans	650	—
	<b>651</b>	<b>—</b>
<b>5. LOANS TO/(FROM) RELATED COMPANIES</b>		
Cartrack Proprietary Limited <sup>1</sup>	(79 071)	(66 071)
Cartrack Technologies Proprietary Limited <sup>1</sup>	4 500	4 500
Cartrack Technologies Asia Pte. Limited <sup>2</sup>	59 325	22 448
Cartrack Engineering Technologies Limited <sup>1</sup>	2 149	2 356
Cartrack Executive Incentive Trust <sup>1</sup>	1	1
	<b>(13 096)</b>	<b>(36 766)</b>
1 These loans are unsecured, bear no interest and have no fixed terms of repayment.		
2 The interest on the loan is at a rate of 10.76% and the loan has no fixed terms of repayment.		
Current assets	65 975	29 305
Current liabilities	(79 071)	(66 071)
	<b>(13 096)</b>	<b>(36 766)</b>
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	1 780	2 268
Prepayments	343	193
Value added taxation receivable	148	151
	<b>2 271</b>	<b>2 612</b>

Figures in rand thousand		2018	2017
<b>6. TRADE AND OTHER RECEIVABLES (continued)</b>			
<b>Credit quality of trade and other receivables</b>			
The credit quality of trade and other receivables can be assessed by reference to historical information. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, legal handover, financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired.			
Information on credit risk management is included in note 18.2.a.			
<b>Trade receivables not impaired</b>			
The ageing of amounts not impaired is as follows:			
Not past due	1 780	1 356	
1 month past due	–	456	
2 months past due	–	228	
3 months or more past due	–	228	
	<b>1 780</b>	<b>2 268</b>	
The information for the related parties transaction is included in note 17.			
<b>7. CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of:			
Cash on hand	7	7	
Bank balances	156	182	
	<b>163</b>	<b>189</b>	
Information on cash flow management is included in note 18.2.a.			
<b>8. SHARE CAPITAL</b>			
<b>Authorised</b>			
1 000 000 000 ordinary shares of no par value	1 000 000	1 000 000	
<b>Reconciliation of number of shares issued:</b>			
Reported as at beginning of the year	300 000	300 000	
700 000 000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting on 24 July 2018.			
<b>Issued</b>			
300 000 000 ordinary shares of no par value	42 488	42 488	
The group holds 1 234 000 treasury shares. The equivalent notional units are allocated to beneficiaries of the executive share incentive scheme.			

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

Figures in rand thousand		2018	2017
<b>9.</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Trade payables	–	117
	Accrued expense	964	280
		964	397
	Information on liquidity risk management is included in note 18.2.b.		
<b>10.</b>	<b>REVENUE</b>		
	Management service fees	3 209	3 200
<b>11.</b>	<b>OPERATING EXPENSES</b>		
	Loss on foreign exchange	2 318	988
	Other operating expenses	3 955	4 297
		6 273	5 285
<b>12.</b>	<b>INVESTMENT REVENUE</b>		
	<b>Dividend income</b>		
	Subsidiaries – local	187 657	165 000
	Subsidiaries – foreign	785	877
	<b>Total dividend income</b>	188 442	165 877
	<b>Interest income</b>		
	Bank and other cash	5	52
	Other financial assets	1 409	–
	<b>Total interest income</b>	1 414	52
	<b>Total investment revenue</b>	189 856	165 929
<b>13.</b>	<b>TAXATION</b>		
	<b>Major components of the taxation expense</b>		
	<b>Current</b>		
	Income taxation – current period	957	611
	<b>Deferred</b>		
	Deferred taxation – current year	(305)	3
	Deferred taxation – prior year	(345)	(16)
		(650)	(13)
		307	598
	<b>Reconciliation of the taxation expense</b>		
	Reconciliation between accounting profit and taxation expense.		
	Accounting profit	186 485	163 844
	Taxation at the applicable taxation rate of 28% (2017: 28%)	52 216	45 876
	<b>Taxation effect of adjustments on taxable income</b>		
	Non-taxable income	(52 764)	(46 445)
	Non-deductible expenses	1 200	1 183
	Deferred tax – prior period	(345)	(16)
		307	598

**Taxation**

Judgement is required in determining the provision for taxes. Amounts provided are accrued based on management's interpretation of country specific taxation laws and the likelihood of settlement. Actual liabilities could differ from the amount provided.

Figures in rand thousand		2018	2017
<b>14. CASH USED IN OPERATIONS</b>			
Profit before taxation		186 485	163 844
<b>Adjustments for:</b>			
Dividend income		(188 442)	(165 877)
Interest income		(1 414)	(52)
<b>Changes in working capital:</b>			
Increase/(decrease) trade and other receivables		341	(245)
Decrease/(increase) trade and other payables		567	(24 787)
		(2 463)	(27 117)
<b>15. TAXATION PAID</b>			
Balance at beginning of the year		69	653
Current taxation for the year recognised in profit or loss		(957)	(611)
Balance at end of the year		(120)	(69)
		(1 008)	(27)
<b>16. DIVIDENDS PAID</b>			
Dividends		(159 000)	(165 000)

Management has re-evaluated the dividend policy, presently being a targeted cover of between 1,25 and 2,5 times HEPS. The revised dividend policy provides for a target cover of between two and four times HEPS, to be effective for FY19.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

## 17. RELATED PARTIES

### Relationships

Ultimate holding company

Madeira Calisto Family Holdings Proprietary Limited

Holding company

One August Holdings Proprietary Limited

Related parties

Onecell Community Phones Proprietary Limited  
 Onecell Community Services Proprietary Limited  
 Onecell Data Solutions Proprietary Limited  
 Onecell Namibia Proprietary Limited  
 Onecell Holdings Proprietary Limited  
 Purple Rain Properties No. 444 Proprietary Limited  
 Onecell Proprietary Limited  
 Cartrack Education Fund (NPO)  
 AH Nyimbo (shareholder) (Retriever Rwanda Limited and Retriever Limited)  
 J Marais (shareholder) (Cartrack Holdings Limited)  
 JMPG Marcelino (shareholder) (Autoclub LDA)  
 P Lim (shareholder) (Cartrack Technologies PHL.INC)  
 SM Machel Jr. (shareholder) (Cartrack Limitada)  
 Pro-Fit Fitment Centre Proprietary Limited  
 J De Wet (shareholder) (Cartrack New Zealand Limited)  
 Brick Capitol  
 Georgem Holdings Proprietary Limited  
 Cartrack Mozambique LDA

Subsidiary companies

Cartrack Proprietary Limited  
 Retriever Limited  
 Cartrack Tanzania Limited  
 Retriever Rwanda Limited\*  
 Cartrack Engineering Technologies Limited  
 Cartrack Namibia Proprietary Limited  
 Cartrack Technologies Proprietary Limited  
 Cartrack Technologies Asia Pte. Limited  
 Cartrack Management Services Proprietary Limited  
 Cartrack Manufacturing Proprietary Limited  
 Cartrack North East Proprietary Limited  
 Cartrack Limitada  
 Cartrack Polska.SP.ZO.O  
 Cartrack Fleet Management Proprietary Limited  
 Zonke Bonke Telecoms Proprietary Limited  
 Plexique Proprietary Limited  
 Combined Telematics Services Proprietary Limited  
 Cartrack Investments UK Limited  
 Cartrack Malaysia SDN.BHD  
 Cartrack Technologies PHL.INC  
 Cartrack Technologies South East Asia Pte. Limited  
 Cartrack Technologies (China) Limited  
 Cartrack Europe SGPS, S.A  
 Cartrack Capital SGPS, S.A  
 Cartrack Espana, S.L.  
 Cartrack Portugal S.A (previously Cartrack – Sistema de Controlo e Identificacao de Veiculos, S.A\*)  
 PT. Cartrack Technologies Indonesia  
 Cartrack Technologies (Thailand) Company Limited  
 Cartrack Technologies LLC  
 Cartrack INC.  
 Cartrack Ireland Limited  
 Cartrack New Zealand Limited  
 Auto Club, LDA

\* Cartrack Rwanda deregistered in May 2017.  
 2018 Holdings annual financial statements

**17. RELATED PARTIES (continued)**

Directors	IJ Calisto JR Edmeston DJ Brown AT Ikalafeng K White
Prescribed officers	B Debski A Ittman M Grundhlingh J Marais J Matias E Ong C Sanderson R Schubert M Van Reenen

Figures in rand thousand	2018	2017
<b>Related party balances</b>		
<b>Loan accounts – owing (to)/by related parties</b>		
Cartrack Executive Incentive Trust	1	1
Cartrack Engineering Technologies Limited	2 149	2 356
Cartrack Technologies Asia Pte. Limited	59 325	22 448
Cartrack Technologies Proprietary Limited	4 500	4 500
Cartrack Proprietary Limited	(79 071)	(66 071)
	(13 096)	(36 766)
<b>Amounts included in trade receivable/(trade payable) regarding related parties</b>		
Cartrack Manufacturing Proprietary Limited	1 558	2 268
	1 558	2 268
<b>Related party transactions</b>		
<b>Management fees to related parties</b>		
Cartrack Manufacturing Proprietary Limited	3 202	3 200
Cartrack Technologies (Proprietary) Limited	7	–
	3 209	3 200
<b>Dividends received from related parties</b>		
Cartrack Proprietary Limited	187 657	165 000
Cartrack Tanzania Limited	785	877
	188 442	165 877
<b>Interest received from related parties</b>		
Cartrack Technologies Asia Pte Limited	1 409	–

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

## 18. RISK MANAGEMENT

The board of directors has overall responsibility for the establishment in oversight of the company's risk management framework. The board of directors has established the risk management committee which is responsible for developing and monitoring the company's risk management policies. The committee reports regularly to the board of directors on its activities.

The company's risk management policies are established to identify and analyse the risk faced by the company, to set appropriate risk limits in controls and to monitor risk and adherence to limits.

The audit committee is assisted in its oversight role by internal audit. Internal audit reviews risk of management controls and procedures, the results of which are reported to the audit committee.

### 18.1 Capital risk management

The company's policy is to maintain a strong capital base, so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors return of the capital, as well as level of dividends to shareholder.

The capital structure of the company consists of debt, which includes the borrowings disclosed in notes 5 cash and cash equivalents disclosed in note 7, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

### 18.2 Financial risk management

The company has exposure to the following risks arising from financial instruments: credit risk, liquidity risk and market risk.

#### 18.2.a Credit risk

Credit risk is the risk of financial loss to the company. If a customer fails to meet its contractual obligations, and arises principally from the company's receivables from customer, cash deposits and cash equivalents.

Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

#### Trade receivables

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the country in which the customer operates.

The maximum exposure to credit risk for trade and other receivables by geographic regions are as follows:

Figures in rand thousand	2018	2017
<b>Currencies</b>		
Rand	2 271	2 268

The ageing of trade and other receivables is included in note 6.

#### Cash and cash equivalents

The company held cash and cash equivalents of R162 882 at 28 February 2018 (2017: R189 240). The cash is held with major banks and financial institution which are rated. None of the banks holding deposits show financial strain.



## 18. RISK MANAGEMENT (continued)

### 18.2.b Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the company's 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.

Figures in rand thousand	Less than 1 year
<b>At 28 February 2018</b>	
Trade and other payables	964
Loans from related parties	79 071
<b>At 29 February 2017</b>	
Trade and other payables	397
Loans from related parties	66 071

### 18.2.c Interest rate risk

As the company has no significant interest-bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

Figures in rand thousand	Emoluments	Bonuses	Other benefits	Directors' fees	Total
<b>19. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS</b>					
<b>2018</b>					
<b>Director's name</b>					
IJ Calisto (executive)	3 128	180	21	–	3 329
JR Edmeston (executive)	2 116	1 660	118	–	3 894
DJ Brown (non-executive)	–	–	–	1 163	1 163
AT Ikalafeng (non-executive)	–	–	–	607	607
K White (non-executive)	–	–	–	597	597
	<b>5 244</b>	<b>1 840</b>	<b>139</b>	<b>2 367</b>	<b>9 590</b>
	Emoluments	Bonuses	Other benefits	Directors' fees	Total
<b>Prescribed officers</b>					
B Debski	1 606	124	203	–	1 933
M Grundlingh	1 126	224	–	–	1 350
A Ittman	1 846	154	107	–	2 107
J Marais	1 752	156	168	–	2 076
J Matias	1 446	–	–	–	1 446
E Ong	1 374	115	190	–	1 679
C Sanderson	1 189	233	86	–	1 508
RJ Schubert	1 774	157	109	–	2 040
M Van Reenen	1 272	408	91	–	1 771
	<b>13 385</b>	<b>1 571</b>	<b>954</b>	<b>–</b>	<b>15 910</b>
	Emoluments	Bonuses	Other benefits	Directors' fees	Total
<b>2017</b>					
<b>Director's name</b>					
IJ Calisto (executive)	2 923	170	40	–	3 133
JR Edmeston (executive)	1 990	1 458	122	–	3 570
DJ Brown (non-executive)	–	–	–	1 014	1 014
AT Ikalafeng (non-executive)	–	–	–	572	572
K White (non-executive)	–	–	–	563	563
	<b>4 913</b>	<b>1 628</b>	<b>162</b>	<b>2 149</b>	<b>8 852</b>
	Emoluments	Bonuses	Other benefits	Directors' fees	Total
<b>Prescribed officers</b>					
B Debski	1 144	229	–	–	1 373
J Marais	1 646	147	137	–	1 930
J Matias	1 494	–	–	–	1 494
E Ong	888	148	200	–	1 236
C Sanderson	1 143	378	86	–	1 607
RJ Schubert	1 398	117	89	–	1 604
M Van Reenen	800	50	43	–	893
	<b>8 513</b>	<b>1 069</b>	<b>555</b>	<b>–</b>	<b>10 137</b>

Directors and prescribed officers are considered key management and their emoluments are paid for through subsidiary companies of the group.

## 20. FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT

Figures in rand thousand		Carrying amount		Total
		Loans and receivables	Non-financial instruments	
<b>28 February 2018</b>				
<b>Financial assets</b>				
Loans to related parties	5	65 975	–	65 975
Trade and other receivables	6	1 780	491	2 271
Cash and cash equivalents	7	163	–	163
		<b>67 918</b>	<b>491</b>	<b>68 409</b>
<b>Financial liabilities</b>				
Trade and other payables	9	964	–	964
Loans from related parties	5	79 071	–	79 071
		<b>80 035</b>	<b>–</b>	<b>80 035</b>
<b>29 February 2017</b>				
<b>Financial assets</b>				
Loans to related parties	5	29 305	–	29 305
Trade and other receivables	6	2 268	344	2 612
Cash and cash equivalents	7	189	–	189
		<b>31 762</b>	<b>344</b>	<b>32 106</b>
<b>Financial liabilities</b>				
Trade and other payables	9	397	–	397
Loans from related parties	5	66 071	–	66 071
		<b>66 468</b>	<b>–</b>	<b>66 468</b>

For the 2018 and 2017 years the loans to and from related parties, trade and from related parties, trade and other receivables and trade and other payables are short term in nature. The fair value of these financial instruments approximates the carrying amount as disclosed above.

For all financial instruments carried at amortised cost where the effects of time value of money are not considered to be material, the instruments are not discounted as their face values approximate their amortised cost. The fair value of loans and receivables is estimated at the present value of future cash flows, discounted at the market interest rate at the reporting date for the purpose of disclosure.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 28 February 2018

**21. 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 for the company.

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**22. GOING CONCERN**

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any material changes that may adversely impact the company. 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 company.

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