EOH Holdings Limited
(Incorporated in the Republic of South Africa)
(Registration number 1998/014669/06)
JSE share code: EOH
ISIN: ZAE000071072
("**EOH**" or the "**Company**")

HISTORICAL FINANCIAL INFORMATION OF THE INFORMATION SERVICES GROUP IN RESPECT OF THE YEARS ENDED 31 JULY 2021 AND 31 JULY 2020

Sponsor

Overall strategic and lead advisor to EOH

Legal Advisors

Independent reporting accountants

Date of issue: Thursday, 7 April 2022

COMBINED HISTORICAL FINANCIAL INFORMATION OF THE INFORMATION SERVICES GROUP FOR THE YEARS ENDED 31 JULY 2021 AND 31 JULY 2020

Background to the combined financial information

The combined financial information of the Information Services Group consists of the assets, liabilities, revenue and expense transactions of four legal entities within the EOH Group, collectively comprising the group of companies identified for disposal ("**the Information Services Group**"). Further details on the nature of operations of the Information Services Group entities can be found in Note 1. The Information Services Group did not historically consolidate into a separate legal holding entity. Accordingly, the combined financial information for the Information Services Group was derived from the accounting records of the four individual businesses for the years ended 31 July 2021 and 31 July 2020, which were prepared in accordance with International Financial Reporting Standards ("**IFRS**"), except for the deviation permitted by the JSE in respect of the exclusion of financial guarantee contracts (refer to details of deviation from IFRS as set out in the "Basis of Preparation" on page 8). The combined financial information has been prepared for the purpose of presenting the aggregated financial position, results of operations and cash flows of the Information Services Group. The combined financial information contains certain intangible assets and goodwill balances that have been allocated from the ultimate holding company, while the remaining assets, liabilities, revenue and expenses are directly attributable to the Information Services Group.

The board of directors of each of the four legal entities described above are responsible for the preparation and fair presentation of these entities' financial statements in accordance with IFRS, and for such internal controls 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.

The directors of EOH are responsible for the preparation, contents and presentation of the circular and are responsible for ensuring that EOH complies with the JSE Listings Requirements.

The combined financial information of the Information Services Group for the year ended 31 July 2020 was reviewed by PricewaterhouseCoopers Inc., and for the year ended 31 July 2021 was audited by PricewaterhouseCoopers Inc., in accordance with the International Standards on Auditing. PricewaterhouseCoopers Inc. issued unqualified opinions on this financial information.

The independent reporting accountant's reports on the combined financial information are included in **Annexure 3** to this circular.

Commentary on the combined financial information

The Information Services Group originally comprised five entities that had, over time, been separately acquired by EOH Mthombo (a wholly owned subsidiary of EOH), and which had been brought together as an operational cluster as the entities all had a core offering that was largely centred around data. One of the entities within the Information Services Group cluster, Afiswitch Proprietary Limited (a wholly-owned subsidiary of EOH Mthombo) has been sold in a separate disposal transaction, leaving the remaining four entities described above as part of the Information Services Group. Over the past three years the Information Services Group has been working towards aligning its strategies and where possible consolidating its operations to best and more efficiently service its customers. The Information Services Group has also been working on diversifying its core, traditional and transactional credit bureau and employment verification products to include a range of data driven technology solutions. The business operates predominantly from offices based in Gauteng, South Africa and largely services customers in South Africa, with limited services being offered to customers in the rest of Africa.

The combined financial information for the past two years can be described as follows:

Results in 2020 were significantly impacted by the COVID-19 pandemic, with the prolonged impact of the pandemic still adversely impacting the Information Services Group's customers and employees. Revenue for this period dropped by 19% year on year and necessitated significant cost cuts to ensure that the Information Services Group remained profitable in the short to medium term. The cost cuts have largely been carried forward into the 2021 financial year.

Given the adverse impact to revenue due to COVID-19, particularly in the last quarter of the 2020 financial year, the focus for the 2021 financial year has been on maintaining our core revenue streams, with investment in new technology-based solutions largely being deprioritised. The second half of the 2021 financial year saw the business largely returning to pre-COVID levels of performance, with increases in both revenue and profits as a result.

COMBINED STATEMENT OF FINANCIAL POSITION
as at 31 July

	Notes	2021 (Audited) R	2020 (Reviewed) R
ASSETS			
Property, plant and equipment and right of use assets	4	12 456 412	16 755 583
Intangible assets	5	89 983 858	104 592 123
Goodwill	6	208 100 627	208 100 627
Investment in associate	29	-	-
Deferred taxation	7	2 245 668	1 975 296
NON-CURRENT ASSETS		**312 786 565**	**331 423 629**
Loans to related parties	8	21 409 585	61 037 285
Other financial assets	9	59 565	892 795
Current tax receivables		1 618 567	4 924 789
Inventories	10	474 196	337 700
Trade and other receivables	11	71 015 336	53 575 182
Cash and cash equivalents	12	13 359 069	15 498 372
CURRENT ASSETS		**107 936 318**	**136 266 123**
TOTAL ASSETS		**420 722 883**	**467 689 752**
EQUITY AND LIABILITIES			
Net parent investment		343 977 027	330 723 315
TOTAL EQUITY		**343 977 027**	**330 723 315**
Other financial liabilities	13	1 172 063	523 561
Lease liabilities	14	1 575 089	4 734 636
Deferred taxation	7	13 250 971	18 115 443
NON-CURRENT LIABILITIES		**15 998 123**	**23 373 640**
Loans from related parties	8	2 647	58 914 356
Current tax payable		-	7
Other financial liabilities	13	305 085	-
Lease liabilities	14	3 011 724	4 690 527
Trade and other payables	15	52 490 679	39 724 729
Provisions	16	4 200 000	10 000 000
Contract liabilities	17	737 598	263 178
CURRENT LIABILITIES		**60 747 733**	**113 592 797**
TOTAL LIABILITIES		**76 745 856**	**136 966 437**
TOTAL EQUITY AND LIABILITIES		**420 722 883**	**467 689 752**

The accompanying notes on pages 8 to 55 are an integral part of this combined financial information

COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 July

	Notes	2021 (Audited) R	2020 (Reviewed) R
Revenue	18	383 066 094	336 842 653
Cost of Sales	19	(191 433 926)	(177 829 136)
Gross Profit		**191 632 168**	**159 013 517**
Operating expenses	20	(149 447 512)	(161 475 270)
Impairment of financial assets	21	(1 340 640)	(4 717 508)
Operating Profit / (Loss)		**40 844 016**	**(7 179 261)**
Other income - derecognition of financial liabilities	22	50 435 286	1 000 000
Share of equity accounted losses	29	-	-
Interest income	23	1 981 658	793 282
Finance costs	24	(603 109)	(977 496)
Profit / (Loss) Before Taxation		**92 657 851**	**(6 363 475)**
Taxation	25	(13 572 937)	(7 073 702)
Profit / (Loss) for the year		**79 084 914**	**(13 437 177)**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		**79 084 914**	**(13 437 177)**

The accompanying notes on pages 8 to 55 are an integral part of this combined financial information.

COMBINED STATEMENT OF CHANGES IN NET PARENT INVESTMENT
for the year ended 31 July

	Contribution from parent R	Other reserves R	Total equity R
Balance at 31 July 2019	**421 492 427**	**5 810 733**	**427 303 160**
Loss for the year	(13 437 177)	-	(13 437 177)
IFRS 16 adoption adjustment	116 757	-	116 757
Dividends declared*	(85 556 072)	-	(85 556 072)
Share-based payments	-	2 296 647	2 296 647
Balance at 31 July 2020	**322 615 935**	**8 107 380**	**330 723 315**
Profit for the period	79 084 914	-	79 084 914
Dividends declared**	(66 362 733)	-	(66 362 733)
Share-based payments	-	531 531	531 531
Balance at 31 July 2021	**335 338 116**	**8 638 911**	**343 977 027**
		Note 30	

* The R85 556 072 relates to dividends in specie arising from derecognition of a receivable with a related party and the recognition of a dividend in specie in 2020.

** Included within the dividends declared of R 66 362 733 is a dividend in specie of R 138 277 arising from the derecognition of a receivable with a related party. Also refer to note 28 for dividends paid to related parties.

The accompanying notes on pages 8 to 53 are an integral part of this combined financial information.

COMBINED STATEMENT OF CASH FLOWS

for the year ended 31 July

	Notes	2021 (Audited) R	2020 (Reviewed) R
Cash flows from operating activities			
Cash generated from operations	26	79 619 082	15 034 293
Interest received	23	97 608	792 563
Interest paid	24	(560 341)	(977 495)
Taxation paid	27	(15 281 403)	(2 353 956)
Net cash inflow from operating activities		**63 874 946**	**12 495 405**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2 476 013)	(854 173)
Purchase of intangible assets	5	(27 709 404)	(37 037 459)
Sale of property, plant and equipment and intangible assets		768 446	39 945
Loans advanced to related parties	33.1	(499 501 308)	(217 296 579)
Loan repayments from related parties	33.1	541 839 791	252 953 490
Loans advanced to other parties	33.1	(102 100)	(127 894)
Loan repayments from other parties	33.1	1 250 711	238 547
Net cash inflow / (outflow) from investing activities		**14 070 123**	**(2 084 123)**
Cash flows from financing activities			
Loans received from related parties	33.2	97 629	103 360 036
Loans repaid to related parties	33.2	(10 185 017)	(107 865 374)
Loans received from other parties		-	59 923
Loans repaid to other parties		(59 923)	-
Principal elements of lease payments	14	(3 712 604)	(6 290 130)
Dividends paid		(66 224 456)	-
Net cash (outflow) / inflow from financing activities		**(80 084 372)**	**(10 735 545)**
Net decrease in cash and cash equivalents		**(2 139 303)**	**(324 263)**
Cash and cash equivalents at the beginning of the year		15 498 372	15 822 635
Cash and cash equivalents at the end of the year		**13 359 069**	**15 498 372**

The accompanying notes on pages 8 to 55 are an integral part of this combined financial information

Notes to Combined Financial Information

1. Statement of Compliance

Background

EOH Mthombo, a wholly owned subsidiary of EOH, is in the process of finalising an agreement to dispose of four of its subsidiaries, collectively referred to as the Information Services Group.

The combined financial information of the Information Services Group represents the activities, assets and liabilities of four separate legal entities within the EOH Group. While these businesses have historically operated as a combined cluster, there are other subsidiaries that are also held by EOH Mthombo and that do not form part of the Information Services Group, and accordingly:

- The Information Services Group entities have not previously existed as a separate reporting group or segment, as defined by International Financial Reporting Standards ("**IFRS**");
- No separate consolidated financial statements have previously been prepared for the Information Services Group entities; and
- The parent company, EOH Mthombo, will not form part of the disposal transaction.

Further details on the Information Services Group entities have been included below:

Company	**Nature of operations**	**EOH Mthombo's shareholding as at 31 July 2021**
Xpert Decision Systems Proprietary Limited	The company is a credit bureau, providing credit bureau services and in addition provides a range of smart information solutions, delivered through software maintenance and software support services agreements, that help businesses minimise risk and enable growth. As the need arises the company also provides ad hoc project related services.	100%
Managed Integrity Evaluations Proprietary Limited	The company is engaged in the business of background screening of employees.	100%
Hoonar Tekwurks Consulting South Africa Proprietary Limited	The company is engaged in information technology and data analytics. Revenue is primarily derived from the delivery of software support services and consulting services.	100%
Zenaptix Proprietary Limited	The company is engaged in the business of software development and the provision of system integration services. The company largely provides services within the Information Services Group and as such the revenues relating to this company has largely been eliminated in the combined financial statements.	100%

Basis of preparation

IFRS Compliance

The combined financial statements of the Information Services Group are prepared by aggregating the historical financial information of the entities listed above, as disclosed in the annual financial statements of each of the respective entities, together with attributable goodwill and intangible assets, previously recognised in the ultimate holding company at time of acquisition, as at and for the years ended 31 July 2021 and 31 July 2020 ("**the Reporting Periods**").

These combined financial statements are presented in accordance with, and comply with IFRS, as issued by the International Accounting Standards Board ("**IASB**"), except for the deviation permitted by the JSE on request for dispensation and further described below. The combined financial information complies with the South African

Institute of Chartered Accountants ("**SAICA**") Financial Reporting Guides as issued by the Accounting Practices Committee ("**APC**"), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("**FRSC**"), the JSE Listings Requirements and the requirements of the South African Companies Act, No 71 of 2008 ("**the Companies Act**").

The combined financial statements are prepared using the historical cost basis apart from cash-settled share-based payment scheme liabilities stated at fair-value.

IFRS does not provide specific guidance for the preparation of combined financial statements, and accordingly in preparing the combined financial statements, certain accounting conventions commonly used in the preparation of combined historical financial statements for inclusion in circulars, have been applied in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ("**IAS 8**"), which are discussed in more detail below. The combined financial statements have consequently been prepared as a combination of the historic financial information recognised in each of the four separate legal entities listed above, adjusted by eliminating intra-group balances and transactions. The recognised assets of the Information Services Group includes goodwill and intangible assets previously only recognised in the books of the ultimate holding company.

The combined financial statements are presented in South African Rand (ZAR). The combined financial statements were authorised for issue by the board of directors of EOH Group on 30 March 2022.

Deviation from IFRS

Although the underlying financial statements from which the combined financial statements were prepared are in compliance with IFRS, the combined financial statements exclude accounting for financial guarantee contracts due to the circumstances set out below.

Two of the Information Services Group entities have issued financial guarantees to certain EOH Group lenders, in terms of which the entities would be liable to these lenders to the extent that EOH Group companies, to which the funding has been provided, is not in a position to make payments to the lenders when due in terms of the EOH Group loan agreements. In accordance with IFRS 9 Financial Instruments ("**IFRS 9**"), such financial guarantees should be recognised as a financial liability in the respective entity's annual financial statements. However, in the 2020 financial year, when the Information Services Group was identified as being held for sale, the value of these financial guarantee contracts was assessed to be nil, as the probability of the EOH Group's lenders calling on the pledged assets in favour of the more tangible realisation of the sale proceeds from this transaction, was assessed to be nil.

To provide users with a more comparable view of the financial position and performance across the two-year reporting period, the financial guarantee liabilities that were raised in profit and loss and reflected as "Remeasurement of financial guarantee liability" on the face of the statement of profit and loss in the stand-alone entity annual financial statements at the end of 2019 and reversed through profit and loss in 2020 was not accounted for in the combined financial statements i.e. the effect of the financial guarantee liability being raised in prior year financial statements and the subsequent reversal in 2020 was treated as an eliminating adjustment in the preparation of the combined financial statements.

Accordingly, the combined financial statements do not comply in all respects with IFRS and is therefore not described as being in compliance with IFRS. Instead, the combined financial statements have been prepared on a 'basis of preparation' basis, notwithstanding the fact that all other recognition, measurement and disclosure principles in IFRS have been applied in the combined financial statements.

Limitations inherent to carve-out

As the combined financial statements of the Information Services Group have been prepared on a combined basis, it may not be indicative of the future performance of the Information Services Group and does not necessarily reflect what its results of operations, financial position and cash flows would have been, had the Information Services Group operated as an independent entity during the periods presented.

The following principles were applied in the preparation of the combined financial statements:

Equity

- Share capital and earnings per share – As the Information Services Group did not historically constitute a combined legal group there is no issued share capital. The information on earnings per share for the

Information Services Group, pursuant to IAS 33 Earnings per share - has not been presented, as these entities do not have publicly traded shares.

- Contribution from parent – The contribution from EOH Mthombo is recognised at the carrying value of the net assets contributed to the Information Services Group at the beginning of the earliest comparative period presented. This contribution represents the aggregated combined share capital and retained earnings of the entities included in the combined financial statements of the Information Services Group at the beginning of the earliest comparative period presented. The opening balance and movements in aggregated combined share capital and retained earnings of the entities included in the combined financial information of the Information Services Group has been described as 'Contribution from parent' in the combined statement of changes in net parent investment of the Information Services Group.
- Other reserves – Other reserves relates mainly to share based payment reserves. Share based payment reserves reflects the value of equity settled share options issued to certain employees of the Information Services Group through participation in EOH Group share options schemes.

Goodwill and intangible assets

Goodwill and intangible assets (comprising customer relationships, customer contracts and intellectual property) included in the combined financial statements reflect goodwill and amortised intangible assets balances that arose when EOH Mthombo acquired control of the entities comprising the Information Services Group.

During the reporting periods presented such goodwill and intangible assets were tested for impairment at the level of the cash-generating unit, which in respect of the Information Services Group was the combination of all of the four legal entities noted above. The combined goodwill and intangible assets for these four entities were regarded by EOH Holdings as an appropriate level for testing of goodwill and intangible assets impairment.

Impairments

EOH Information Services have adopted the following approach with respect to impairment of assets:

- Impairment of financial assets - The loss allowance for estimated credit losses (ECLs) is based on assumptions about risk of default and expected loss rates. The Information Services Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, which is based on past history, existing market conditions and forward-looking estimates at the end of each reporting period. Financial assets are assessed for impairment at an individual asset level.
- Impairment of non-financial assets (excluding goodwill) - Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the asset may be impaired. Intangible assets not subject to amortisation are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.
- Impairment of non-financial assets (goodwill) – Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use. Goodwill is allocated to cash-generating units ("**CGUs**") for the purpose of impairment testing. For goodwill impairment testing, the Information Services Group is regarded as the lowest level at which these businesses are managed and monitored and is therefore the lowest level CGU. Information Services Group reviews and tests the carrying values of goodwill for the CGU in relation to the recoverable amount of such goodwill. The recoverable amount of goodwill is measured as fair value less costs to sell.

  The approach for assessing impairment of financial and non-financial assets did not change as a result of preparing combined financial information.

Intercompany and related party transactions and balances

The EOH Group runs a group Treasury function ("**EOH Treasury**") in which group cash balances are centrally controlled and movements of cash from the Information Services Group entities to fellow subsidiaries, in addition to cash swept to the EOH Treasury bank accounts, have been accounted for as Loans to / (from) related parties. Loans with EOH Treasury are interest bearing and repayable on demand. Loans provided to or received from the holding company and fellow subsidiaries are also disclosed as loans to/ (from) related parties. Such loans are generally interest free and repayable on demand.

In the ordinary course of business the Information Services Group also provided services to and received goods and services from the holding company and fellow subsidiaries.

Transactions and balances with EOH Group companies have been disclosed in Note 28 Related Parties as related party transactions and balances. All intra-group transactions and balances between the entities comprising the Information Services Group, have been eliminated.

Taxation

The Information Services Group entities have historically filed separate tax returns with the South African Revenue Services in South Africa, where these legal entities are a tax resident. The income taxes have been accounted for using the separate tax return method by aggregating the tax positions of the individual entities of the Information Services Group.

In accordance with IAS 12 Income Taxes the Information Services Group entities have not raised deferred taxes on assessed losses historically, unless it was probable that future taxable profit will be available against which the assessed losses can be utilised. Despite the preparation of combined financial statements, the tax status of the entities continues to be assessed at an individual legal entity level and accordingly the treatment of deferred tax balances in the combined financial statements is consistent with what is followed in the stand-alone annual financial statements of the respective entities.

Allocation of corporate costs

The Information Services Group entities have historically been charged a corporate fee in respect of corporate functions performed at a holding company level. These fees included corporate overhead allocations relating to head office functions such as Risk, Legal, Compliance, Group Reporting, Group Treasury, Tax, Head Office Finance, Central Human Resources, Central Learning and Development, Investor Relations, Chief Executive Office, Finance Director Office as well as Mergers and Acquisitions. In addition, centrally funded costs such as insurance, corporate social investment and audit fees were also charged to the individual subsidiary entities as part of a central costs allocation charge.

Historically the allocation basis for these costs were approved by EOH Group Exco on an annual basis and assigned on a percentage of revenue basis. Corporate costs charged are disclosed within Operating Expenses on the face of the Statement of Profit or Loss and Other Comprehensive Income (refer also to note 20). The total value of corporate costs charged to the Information Services Group entities for 2020 and 2021 was R 18 528 652 and R 15 588 680 respectively.

Management accepts that the attribution method of allocation used by EOH Group is a fair basis of allocation for a group of its size and complexity and has not made any adjustments to or reallocations of such costs in preparing the combined financial statements.

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Share-based compensation schemes

Certain employees within the Information Services Group entities are entitled to share based compensation based on the shares of the ultimate holding company, EOH. The EOH Group has two share option incentive schemes, the EOH Share Trust and the Mthombo Trust, as well as a share ownership scheme. The schemes allow directors, executive management and employees to benefit from the EOH's share price performance. For the two share option incentive schemes, EOH ultimately bears the obligation to settle awards in terms of these schemes with the employee.

In terms of IFRS the share option schemes are defined as equity settled and obligations relating to participation in these schemes are accounted for as equity, whereas the share ownership scheme is defined as cash settled and related obligations are accounted for as liabilities.

Management is satisfied that the circumstances of the disposal transaction does not change the nature of share-based compensation schemes during the reporting period and accordingly the classification of the obligations as being either equity-based or cash-based, does not change as a result of preparing combined financial information.

Segments

Segment reporting has not been included in the combined financial statements because the Information Services Group equity and debt instruments are not currently, or planned in the future, to be traded in a public market.

Going concern

The IFRS Conceptual Framework states that going concern is an underlying assumption in the preparation of IFRS financial statements. Therefore, the financial statements presume that an entity will continue in operation in the foreseeable future or, if that presumption is not valid, disclosure and a different basis of reporting are required. The board of directors ("**Board**") believes that, as of the date of this report, the going concern presumption is still appropriate and accordingly the combined financial statements of the Information Services Group have been prepared on the going concern basis.

IAS 1 Preparation of Financial Statements ("**IAS 1**") requires management to perform an assessment of the Information Services Group's ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the Information Services Group's ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

In conducting this assessment, the Board has taken into consideration the Information Services Group's cash flow forecasts and profit projections, taking account of reasonably possible changes in trading performance, which show that the Information Services Group should be able to operate within its current funding levels into the foreseeable future. Where appropriate, specific consideration has been given to the impact of the COVID-19 outbreak on the annual financial statements. Refer to note 2.1 for further details on the impact and assessment of COVID-19.

Based on the Board's review of cash flow forecasts and profit projections, and in light of the current financial position in which current assets exceeds the current liabilities, the directors have a reasonable expectation that the Information Services Group has adequate resources to continue in operational existence for the foreseeable future and are not aware of any new material changes that may adversely affect the Information Services Group. The Information Services Group therefore continues to adopt the going concern basis in preparing the combined financial information.

2. Accounting Policies

2.1. Significant judgements and sources of estimation uncertainty

In preparing the combined financial statements, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts presented in the combined financial statements and related disclosures. Use of available information, historical experience and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the combined financial statements. 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 period affected.

Where relevant, the Information Services Group has provided sensitivity analyses demonstrating the impact of changes in key estimates and assumptions on reported results. In the process of applying the Information Services Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the combined financial statements:

	Judgement relates to:	**Notes**
Deferred taxation assets	Judgement around future financial performance	2.6, 7 and 25
Revenue	Judgement in principal vs agent consideration	2,7
Revenue	Judgement in recognition of revenue at a point in time or over time	2.7 and 18
Going concern	Judgement of the Information Services Group's ability to continue as a going concern	1

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

	Estimate relates to:	**Notes**
Impairment of non-financial assets	Estimates in determining the recoverable amount of the asset or cash-generating unit	5 and 6
Impairment of financial assets	Estimates in calculating the expected credit loss provision of financial assets	3
Provisions	Estimates in determining the amount and timing of the provisions	16
Taxation liability	Estimation in determining the taxation liability	25

COVID-19

COVID-19 has had and continues to have a significant impact across the world, adversely affecting the lives of the Information Services Group's customers and its employees. The Information Services Group reacted swiftly at the onset of COVID-19 by implementing business continuity plans and adopting a cost-conscious mindset and focus on liquidity. Although the Information Services Group's businesses were initially hit hard during the first lockdown, they have all bounced back strongly and performed well over the past financial year.

The aftermath of the virus and a weak global economy has had a negative impact on many of the Information Services Group's major customers. Weaker currencies, liquidity shortages, higher levels of unemployment, reduced consumer spending and supply chain interruptions are all expected to impact the financial performance of the Information Services Group in the medium term. Based on the magnitude of the pandemic and its potential impact on the annual financial statements, management has conducted a review of all possible financial effects COVID-19 could have on the measurement, presentation and disclosure provided. This review concluded that there had been limited disruption to operations and that over the past year significant progress has been made to improve the financial performance of the Information Services Group. Accordingly, the Information Services Group continues to operate and report as a going concern and no material provisions have been raised or write-offs processed related to COVID-19 customer impacts.

2.2. Property, plant and equipment

Property, plant and equipment are tangible assets which the Information Services Group holds for its own use and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Information Services Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition, including the capitalisation of borrowing costs on qualifying assets, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Information Services Group and the cost can be measured reliably. Day-to-day servicing costs are included in the statement of profit or loss and other comprehensive income in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Information Services Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	10 years
Motor vehicles	Straight-line	5 years
Office equipment	Straight-line	3 to 6 years
IT equipment	Straight-line	2 to 5 years
Leasehold improvements	Straight-line	Shorter of useful life of period of lease
Right-of-use assets	Straight-line	Shorter of useful life of period of lease

The Information Services Group has presented right-of-use assets within property plant and equipment.

Right-of-use assets are initially measured at cost. The cost consists of the initial measurement of the lease liability value and any initial direct costs. The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease term on a straight-line basis.

The useful life of each asset is reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each year is recognised in the statement of profit or loss and comprehensive income.

Impairment tests are performed on property, plant and equipment as described in note 2.4 Impairment of non-financial assets.

2.3. Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Information Services Group; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Impairment tests are performed on intangible assets as described in note

2.4. Impairment of non-financial assets

a) Internally generated software

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Information Services Group are recognised as an intangible asset when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probably future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. Research expenditure, in the form of time spent by the development team to evaluate and select an appropriate technical solution, and development expenditure that does not meet the above criteria, are recognised as an expense as incurred.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. However, costs that are associated with an identifiable system, which is controlled by the Information Services Group and has a probable benefit exceeding the cost, are recognised as an asset. These costs comprise all directly attributable costs necessary to create, produce and prepare the asset for its intended use.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

b) Acquired computer software and other intangible assets

Acquired computer software and other intangible assets are measured at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

c) Amortisation methods and periods

The amortisation period for intangible assets, are reviewed on an annual basis and adjustments where applicable are accounted for as a change in accounting estimate. Amortisation charged to the statement of profit or loss and other comprehensive income is provided to write down the intangible assets on a straight-line basis over the finite useful life of the asset as follows:

Item	**Amortisation method**	**Average useful life**
Computer software	Straight-line	2 to 5 years
Databases	Straight-line	5 to 10 years
Customer Relationships	Straight-line	2 to 15 years
Intellectual Property	Straight-line	2 to 10 years
Customer Contracts	Straight-line	2 to 5 years
Internally generated software	Straight-line	3 to 15 years

Goodwill and intangible assets not subject to amortisation are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the asset may be impaired. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("**CGUs**").

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Information Services Group estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.5. Financial instruments

Financial assets

a) *Classification*

The Information Services Group classifies its financial assets in the following measurement categories:

- Those to be measured at amortised cost: i.e. trade and other receivables, loans to related parties, other financial assets and cash and cash equivalents.

The Information Services Group does not hold any financial asset classified at fair value through profit or loss ("**FVPL**") or fair value through other comprehensive income ("**FVOCI**").

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

For a financial asset to be classified and measured at amortised cost it needs to give rise to cash flows that are 'solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Information Services Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Financial assets are not reclassified unless the Information Services Group changes its business model, which it has not done in the current or previous financial years.

b) Recognition and Measurement

Financial assets are recognised when the Information Services Group becomes a party to the contractual provisions of the transaction.

At initial recognition the Information Services Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent to initial recognition financial assets are measured at:

- Amortised cost – using the effective interest method less expected credit losses ("**ECLs**"). ECLs are presented as a separate line item in the statement of profit and loss and other comprehensive income as "net financial asset impairment losses".

c) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Information Services Group has transferred substantially all the risks and rewards of ownership.

d) Impairment

The Information Services Group assesses on a forward-looking basis the ECLs associated with its debt instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Information Services Group expects to receive discounted at the original effective interest rate.

The Information Services Group recognises a loss allowance for ECLs on other financial assets using the general approach. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition. Refer to note 3 for further details on the methodology applied for calculating ECLs. The Information Services Group considers there to have been a significant increase in credit risk when contractual payments are more than 30 days past due. For credit exposures for which there has not been a significant increase in credit risk since initial recognition ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure irrespective of the timing of the default (a lifetime ECL).

The Information Services Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Information Services Group may also consider a financial asset to be in default when internal or external information indicates that the Information Services Group is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables the Information Services Group applies the simplified approach permitted by IFRS 9 which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The Information Services Group calculated an expected loss that is based on historical credit loss experience adjusted for risk factors specific to the debtors and the economic environment.

The Information Services Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases the Information Services Group may also consider a financial asset to be in default when internal or external information indicates that the Information Services Group is unlikely to receive the outstanding contractual amounts in full.

e) Write-off policy

Receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, when the counterparty has been placed under liquidation or, has entered into bankruptcy proceedings or, the failure of a debtor to engage in a repayment plan with the Information Services Group. Receivables written off may still be subject to enforcement activities under the Information Services Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit or loss and other comprehensive income.

f) 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. Cash and cash equivalents are subsequently measured at amortised cost.

Financial liabilities

a) Classification

Financial liabilities classified as and held at amortised cost include trade and other payables and loans from related parties.

b) Recognition and measurement

Financial liabilities are recognised when the Information Services Group becomes a party to the contractual provisions of the transaction and are measured at initial recognition at its fair value less, in the case of a financial liability not at FVPL, directly attributable transaction costs. Transaction costs of financial liabilities carried at FVPL are expensed in the statement of profit or loss and other comprehensive income.

Financial liabilities at amortised cost are measured using the effective interest method.

c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. This difference between the carrying value of the derecognised liability and the fair value of the new liability at initial recognition is recognised in the statement of profit or loss and other comprehensive income.

2.6. 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 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.

Taxation assets and liabilities

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.

Tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or 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 unless the deferred tax liability arises from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction which:

- is not a business combination; and
- at the time of the transaction, affects neither account profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are adjusted if recovery is no longer probable.

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.

2.7. Revenue

Revenue is recognised based on the completion of performance obligations and an assessment of when control is transferred to the customer.

The following indicators are used by the Information Services Group in determining when control has passed to the customer:

- The Information Services Group has a right to payment for the product or service;
- The customer has legal title to the product;

- The Information Services Group has transferred physical possession of the product to the customer;
- The customer has significant risk and rewards of ownership of the product;
- The customer has accepted the product or service.

Contracts are assessed individually to determine whether the products and services are distinct i.e. the product or service is separately identifiable from other items in the contract with the customer and whether the customer can benefit from the goods or services either on its own or together with other resources that are readily available. The consideration is allocated between the goods and services in a contract based on management's best estimate of the standalone selling prices of the goods and services.

The Information Services Group primarily generates revenue from providing the following goods and services:

Hardware and software sales: The Information Services Group sells biometric devices which includes preloaded software. The biometric devices cannot be used without the software component and the software is device specific and cannot be used on other devices, and therefore the device and related software are not considered to be distinct and the sale of the device and related software thus constitutes a single performance obligation. Revenue from the sale of the hardware and related software is recognised at a point in time, when control of the product has transferred, being when the product is delivered to the customer and the customer has accepted the products in accordance with the sales contract. Revenue on the sale of these goods is measured at the effective selling price of the items sold. Payment terms are between COD and 30 days. The payment terms do not constitute a significant financing component.

Services: The Information Services Group provides various credit enquiry and employment verification services. In line with its strategy to shift from transactional to solution-based services, the businesses also provides a number of software-as-a-service offerings as well as software maintenance, software support, consulting and ad hoc project services. All services are provided at an agreed fee based on defined service level agreements. Revenue is recognised over time as the customer benefits and the Information Services Group performs. The Information Services Group invoices customers monthly in arrears and generally services are sold to customers on delayed payment terms of 30 days and in certain cases receives short-term advances from its customers. Using the practical expedient in IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**"), the Information Services Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The Information Services Group further disaggregates revenue based on subscription type, being:

- Fixed subscription – This subscription type relates to contracts for which customers pay a fixed fee per month for access to a range of different services with the Information Services Group. Revenue from the fixed fee contracts is recognised on a monthly basis as the performance obligation is satisfied
- Pay per use – This subscription type allows customers to pay for services as they are consumed based on an agreed price per service. For the pay per use subscription revenue is recognised in the accounting period in which the services are rendered, being the completion of the specified credit or verification enquiry. Revenue on the sale of this service is measured at the fee earned per credit and verification enquiry
- Non-subscription – This subscription type generally relates to software maintenance, software support, consulting and ad hoc project related services. Irrespective of the type of service being delivered, revenue is recognised on a monthly basis as the performance obligation is satisfied. All hardware and software sales are classified as non-subscription revenue and recognised at a point in time.

The following table provides an explanation of the Information Services Group's performance obligations:

Revenue type	Recognition drive	Transfer of control	Measurement of transaction price	Duration of contract
Hardware and software sales	Upon delivery	At a point in time	Contracted amounts	< 1 year
Services	Monthly / costs incurred	Over time	Contracted amounts	< 1 year

The Information Services Group has not entered into any agency agreements and therefore generally concludes that it is acting as the principal in its revenue arrangements. The Information Services Group evaluates the following control indicators among others when determining whether it is acting as a principal or agent in the transactions with customers and recording revenue on a gross, or net, basis:

- The Information Services Group is primarily responsible for fulfilling the promise to provide the specified goods or service;
- The Information Services Group has inventory risk before the specified goods or services has been transferred to a customer or after the transfer of control to the customer;
- The Information Services Group has discretion in establishing the price for the specified goods or services.

Significant financing component

Generally, the Information Services Group receives short-term advances from its customers and in certain cases there are delayed payment terms of generally 30 days. Using the practical expedient in IFRS 15 Revenue from Contracts with Customers ("**IFRS 15**"), the Information Services Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Trade receivables

A receivable represents the Information Services Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies on financial assets for further detail.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Information Services Group has received consideration from the customer. If a customer pays consideration before the Information Services Group transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Information Services Group performs under the contract.

2.8. Cost of sales

Cost of sales comprises costs directly relates to the rendering of services and sale of goods and includes:

- The carrying amount of inventories sold during the period;
- Direct costs paid to third parties for the provision of services on-sold to Information Services Group customers;
- Amortisation costs relating to internally generated software developed specifically for a customer or group of customers;
- Employee costs relating to staff employed within the Information Services Group and involved directly in the delivery of services to customers.

Where applicable, the cost of inventories sold may include, as an expense in the period the write-down or loss occurs, the amount of any write-down of inventories to net realisable value and all losses of inventories. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.9. Dividends payable

Dividends are accounted for on the date of declaration and are not accrued as a liability in the annual financial statements until declared.

2.10. Employee benefits

Employee share plans

The EOH Group has three share schemes; the EOH Share Trust Share Option Scheme, the Mthombo Trust Share Option Scheme and the EOH Share Ownership Plan; under which share-based compensation benefits are provided to employees through issue of share options or shares. Share ownership schemes are cash settled and share option schemes are equity settled. The share ownership scheme is cash settled as the Information Services entities carry the liability to settle for movements between the issued price and the price at time of vesting. The share options are equity settled and are considered to be an equity contribution from the holding company as there is no requirement to reimburse the holding company when these shares are issued.

The fair value of the share options granted under the two share option schemes i.e. the EOH Share Trust and Mthombo Share Trust, is measured at grant date using the Binomial model and recognised as an employee benefit expense with a corresponding increase in equity over the vesting period. The EOH Share Ownership Plan is cash settled and accordingly any corresponding increase gives rise to a liability, rather than equity. The fair value of the EOH Share Ownership Plan is determined at the end of each reporting period taking into account the traded share price compared to the grant price and considering the number of shares expected to vest. The share options/ shares are only conditional on employees remaining in service and have no other performance conditions attached. The impact of any service condition is excluded in determining the fair value of the options.

At the end of each period the Information Services Group revises its estimates of the number of options/ shares that are expected to vest based on the service conditions. The Information Services Group recognises the impact of the revision to original estimates in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity for the two share option schemes and liability for the share ownership plan.

Short-term obligations

Liabilities for wages and salaries, compensated absences as well as profit sharing and bonus payments are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service and are recognised as current liabilities in the statement of financial position. The liabilities are recognised in the period in which the service is rendered and are measured at the amounts expected to be paid when the liabilities are settled. The impact of discounting is immaterial and as a result these are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or in the case of non-accumulating absences, when the absence occurs. The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

2.11. Fair value

Fair value is applied as defined in IFRS 13 Fair value measurement ("**IFRS 13**"). It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Information Services Group primarily considers fair value in relation to share-based payment schemes (refer to note 2.10) or in determining recoverable amounts of non-financial assets, which are being assessed for impairment based on the whether the recoverable amount exceeds the carrying value of the asset. Recoverable amounts are generally determined based on value in use or fair value less costs to sell.

IFRS 13 requires disclosure of fair value measurements by level according to the following fair value hierarchies:

- Level 1 - values are determined using readily and regularly available quoted prices in an active market for identical assets or liabilities. These prices would primarily originate from the Johannesburg Stock Exchange, the Bond Exchange of South Africa or an international stock or bond exchange.

- Level 2 - Values are determined using valuation techniques or models, based on assumptions supported by observable market prices or rates either directly (that is, as prices) or indirectly (that is, derived from prices) prevailing at the financial position date. The valuation techniques or models are periodically reviewed and the outputs validated.
- Level 3 – Values are estimated indirectly using valuation techniques or models for which one or more of the significant inputs are reasonable assumptions (i.e., unobservable inputs), based on market conditions.

Assets held by the Information Services Group which are subject to assessments at fair value are classified at Level 3 and there were no transfers between levels during the reporting period.

2.12. Leases as lessee

The Information Services Group primarily has property leases.

At inception of a contract, the Information Services Group assesses whether a contract is, or contains a lease.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Information Services Group recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the Information Services Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and for short-term leases. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short- term leases have a term of 12 months or less. Low-value assets comprise leases such as IT equipment (tablets and personal computers), office furniture or telephones.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of the lease liability
- any initial direct costs.

The lease liability is initially measured at the net present value of lease payments. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used. Generally, the Information Services Group uses the interest rate implicit in the lease and makes adjustments, where necessary, to reflect changes in financing conditions and those specific to the lease e.g. term and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the statement of profit or loss and other comprehensive income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to extend the lease term.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease term on a straight-line basis.

The Information Services Group presents right-of-use assets as part of property, plant and equipment in the statement of financial position. Lease liabilities are shown separately in the statement of financial position.

2.13. Inventories

Inventories consist of biometric devices and are measured at the lower of cost and net realisable value on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories are based on the weighted average cost method and comprises of all costs of purchase costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.14. Investment in associate

The Information Services Group has investments in associates. An associate is an entity over which the Information Services Group has significant influence and which is neither a subsidiary or a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between more than 20% and less than 50% of the voting rights.

Under the equity method of accounting, investments are initially recognised in the consolidated statement of financial position at cost and adjusted subsequently to recognise the Information Services Group's share of the profit or loss and other comprehensive income of the associate.

When the Information Services Group's share of losses in an associate exceeds its interest in that associate the Information Services Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the other entity.

When an Information Services Group entity transacts with an associate of the Information Services Group, profits and losses resulting from the transactions with the associate are recognised in the Information Services Group's combined financial statements only to the extent of interests in the associate that are not related to the Information Services Group.

Investments in associates are carried at cost less accumulated impairment losses in the combined financial statements. The carrying amount of equity-accounted investments is tested for impairment in accordance with the impairment of non-financial assets policy.

2.15. New standards and interpretations

2.15.1. Adoption of new standards, amendments to standards and interpretations

Certain amendments to accounting standards became effective from 1 August 2020. These did not have a material impact on the results of the Information Services Group. The Information Services Group adopted COVID-19-related rent concessions – Amendments to IFRS 16 as issued by the IASB, with effect from 1 August 2019 in the prior year. The Group did not make use of the optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification and accordingly, the modification guidance within IFRS 16 was applied to such rent concessions.

2.15.2. Standards issued but not yet effective.

Certain new accounting standards and interpretations have been published that are not effective for 31 July 2021 reporting periods. These standards are not expected to have a material impact on the Information Services Group in the current or future reporting periods and on foreseeable future transactions.

2.15.3 Standards issued but not yet effective

The Information Services Group has chosen not to early adopt any new standards or interpretations.

3. Risk Management

3.1. Financial Instruments and Risk Management

The overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Risk management is carried out centrally and management identifies, evaluates and analyses financial risks where necessary in close co-operation with the operating units. The risk committee overseas how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Information Services Group.

Notes to Combined Financial Information (continued)

The normal operations expose it to the following financial risks from its use of financial instruments:

- Capital risk;
- Liquidity risk;
- Credit risk; and
- Market risk (currency risk and interest rate risk).

The following table shows the carrying amounts and fair values of financial assets and financial liabilities at 31 July:

Categories of financial instruments

Categories of financial assets	Notes	2021 (Audited) R	2020 (Reviewed) R
Carrying amounts at amortised cost			
Loans to related parties	8	21 409 585	61 037 285
Other financial assets	9	59 565	892 795
Trade and other receivables	11	64 758 033	48 178 255
Cash and cash equivalents	12	13 359 069	15 498 372
		99 586 252	**125 606 707**

Categories of financial liabilities	Notes	2021 R	2020 R
Carrying amounts at amortised cost			
Loans from related parties	8	2 647	58 914 356
Other financial liabilities	13	-	59 923
Lease liabilities	14	4 586 813	9 425 163
Trade and other payables	15	24 228 698	17 317 379
		28 818 158	**85 716 821**

The Information Services Group does not have any financial instruments that are subject to offsetting. All cash and cash equivalents, short-term receivables and short-term payables carrying amounts approximate their fair values due to their short-term nature.

3.2. Capital Risk Management

The objective is to safeguard the Information Services Group's ability to continue as a going concern and to maintain an appropriate capital structure while growing the businesses. This is consistent with previous years.

In order to maintain or adjust the capital structure of the Information Services Group, the board of directors may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Security

Xpert Decision Systems Proprietary Limited and Managed Integrity Evaluations Proprietary Limited, two entities within the Information Services Group, have provided security for the debts of the EOH Group. Interest-bearing bank loans held by entities within the EOH Group are secured through a Security SPV which require that all the South African wholly owned subsidiaries of the EOH Group provide a pledge and cession of:

- all shares in, and claims on loan account against, any member of the Group incorporated in South Africa;
- cash;
- cash equivalents;
- bank accounts;
- investments;
- claims;

- disposal proceeds;
- any other amounts, of any nature whatsoever, now or from time to time in the future owing to that Obligor by any third person arising out of any cause of action whatsoever, including, without limitation, all amounts owing or becoming payable to that Obligor by any of its debtors; and
- related rights.

These entities are not subject to any loan covenants on loans issued at an EOH Group level.

3.3. Financial Risk Management

Credit risk

Credit risk is the risk of financial loss to the Information Services Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the trade and other receivables, cash and cash equivalents and loans to related parties.

Risk management

Trade receivables comprise a widespread customer base, spread across diverse industries and geographical areas. The Information Services Group has a general policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. Management evaluates credit risk relating to customers on an ongoing basis, taking into account its financial position, past experience and other relevant factors. If customers are independently rated, these ratings are also considered.

Impairment of financial assets

The carrying amounts of financial assets represent the maximum credit exposure. At the reporting date the Information Services Group did not consider there to be any significant concentration of credit risk which has not been adequately provided for. The financial assets exposed to credit risk at year end were as follows:

		2021		
	Notes	**Gross Carrying Amount R**	**Credit loss allowance R**	**Amortised cost / fair value R**
Loans to related parties	8	21 943 294	(533 709)	21 409 585
Other financial assets	9	2 633 723	(2 574 158)	59 565
Trade and other receivables	11	70 689 303	(5 931 270)	64 758 033
Cash and cash equivalents	12	13 359 069	-	13 359 069
		108 625 389	**(9 039 137)**	**99 586 252**

		2020		
	Notes	**Gross Carrying Amount R**	**Credit loss allowance R**	**Amortised cost / fair value R**
Loans to related parties	8	61 037 285	-	61 037 285
Other financial assets	9	3 782 334	(2 889 539)	892 795
Trade and other receivables	11	53 703 529	(5 525 274)	48 178 255
Cash and cash equivalents	12	15 498 372	-	15 498 372
		134 021 520	**(8 414 813)**	**125 606 707**

Expected credit losses (ECL)

a) Loans to related parties

Loans to related parties are individually assessed for impairment using the general approach under IFRS 9 raising a lifetime expected credit loss. Management evaluates the credit worthiness of counterparties on an ongoing basis, taking into account their financial position, past default experience and other relevant factors that may indicate whether there is a significant increase in credit risk.

Allowances have been raised considering the probability of default of each related party. Exposures to credit risk on related party loan balances is influenced mainly by the individual characteristics and circumstances of counterparties within the EOH Group. These receivable balances are assessed for impairment on a specific basis considering the individual counterparties available cash, practical ability to pay and historical payment trends as well as forward-looking information specifically affecting the counterparties' economic environment.

Movements in expected credit loss allowance in respect of loans to related parties:

	2021 (Audited) R	**2020 (Reviewed) R**
Opening balance	-	(105 880)
Expected credit loss recognised	(533 709)	-
Expected credit loss allowance reversed	-	105 880
Closing balance	**(533 709)**	**(105 880)**

b) Trade and other receivables

The Information Services Group's exposure to credit risk is influenced 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 industry in which customers operate.

The average credit period on sales of goods and services ranges from 30 to 90 days. In determining the recoverability of a trade and other receivables the Information Services Group considers any change in the credit quality of a trade and other receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Customers are grouped according to their credit characteristics. The customers grouped in a particular industry segment share similar credit risk characteristics and are assessed for impairment on a collective basis. The Information Services Group does not have trade receivables for which no loss is recognised because of collateral.

ECL assessment for trade and other receivables

For trade and other receivables the Information Services Group applies the simplified approach permitted by IFRS 9 which requires expected lifetime credit losses to be recognised from initial recognition of the receivables. The allowance for impairment of trade and other receivables is created to the extent required based upon the expected collectability of accounts receivables.

Loss rates are considered by tracing collections related to invoices raised and the resulting unpaid balance as a proportion of the initial invoice balance is the loss rate. Loss rates are calculated separately for exposures in different industry segments based on the common credit risk characteristics The expected loss rate by industry is based on payment profiles of sales over a 12-month period respectively and the corresponding historical credit losses up until the reporting date, which is considered to be representative of the collection cycle. These loss rates are adjusted to reflect a deterioration in the risk of the customer and macro-economic overlay affecting the ability of the customers to settle the receivables. The macro-economic overlay is derived based on the country risk index from Fitch and applied based on the debtor's country of business.

The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events current conditions and forecasts of future economic conditions. Trade receivables are written off when there is no reasonable expectation of recovery.

Movements in expected credit loss allowance in respect of trade and other receivables:

	2021 (Audited) R	**2020 (Reviewed) R**
Opening balance	(5 525 274)	(5 045 987)
Expected credit loss recognised	(1 122 312)	(4 823 388)
Amounts written off during the year as uncollectable	716 316	4 344 101
Closing balance	**(5 931 270)**	**(5 525 274)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 July 2021:

	Gross Carrying Amount R	**Expected credit loss allowance R**	**Weighted average loss rate R**
Agriculture, Environment, Forestry and Fisheries	378 817	17 027	4.49%
Automotive	514 315	30 072	5.85%
Business & Professional Services	2 023 144	118 302	5.85%
Constitutional & Regulatory Body	225 722	6 672	2.96%
Construction, Real Estate, Facilities & Property Management	633 785	60 071	9.48%
Education	290 127	24 062	8.29%
Electricity, Gas, Water, Energy & Utilities	715 280	42 115	5.89%
Environmental	55 659	2 221	3.99%
Financial Services	10 102 433	830 350	8.22%
Food and Beverage	118 483	11 702	9.88%
Health and Pharmaceuticals	402 683	21 202	5.27%
Human Capital and Resourcing	85 771	3 600	4.20%
Industrial Services	110 323	5 779	5.24%
Information Technology	2 559 662	208 042	8.13%
Legal Services	1 527 177	92 873	6.08%
Local Government	1 646 889	85 850	5.21%
Manufacturing & FMCG	1 068 050	68 025	6.37%
Marketing & Advertising	357 820	41 943	11.72%
Metro & Municipalities	137 665	19 646	14.27%
Mining & Quarrying	1 649 390	144 767	8.78%
National Government	877 660	58 658	6.68%
Provincial Government	213 697	27 686	12.96%
Public Benefit and Membership Organisations	50 202	2 211	4.40%
Public Institutions & Agencies	146 638	13 108	8.94%
Retail and Wholesale Trade	3 534 285	500 121	14.15%
Security Services	5 568	340	6.10%
State Owned Entities	445 483	28 092	6.31%
Telecommunications	16 122 426	2 398 713	14.88%
Tourism, Hospitality, Food & Beverage	803 520	75 084	9.34%
Transport, Supply Chain, Logistics and Storage	119 784	6 648	5.55%
Other*	21 060 804	986 288	4.45%
Related Party Balances	2 706 040	-	0.00%
Total	**70 689 303**	**5 931 270**	**8.39%**

*Other includes a number of individuals trade and other receivable balances for which an industry has not been defined within our current ECL models and accordingly these customers are collectively assessed for impairment.

Industries have been refined in the current year to more accurately reflect the groups of the industries of trade receivables.

This has not had an impact on the ECLs recognised.

Notes to Combined Financial Information (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 July 2020:

	Gross Carrying Amount R	Expected credit loss allowance R	Weighted average loss rate R
Automotive	122 975	14 848	12.07%
Central Government	302 856	16 941	5.59%
Construction, Real Estate, Facilities & Property Management	203 043	22 718	11.19%
Education	436 813	56 788	13.00%
Electricity, Gas, Water, Energy & Utilities	244 757	12 215	4.99%
Environmental	143 926	11 499	7.99%
Financial Services	13 199 008	900 411	6.82%
Food and Beverage	895 587	60 032	6.70%
Health and Pharmaceuticals	5 595 663	288 370	5.15%
Hospitality	275 450	45 914	16.67%
Human Capital and Resourcing	966 094	105 291	10.90%
Information Technology	1 626 740	109 998	6.76%
Legal Services	55 255	7 495	13.56%
Local Government	235 779	22 846	9.69%
Manufacturing & FMCG	899 118	79 739	8.87%
Marketing & Advertising	52 498	9 616	18.32%
Membership Organisations	20 942	1 779	8.49%
Mining & Quarrying	1 339 164	115 984	8.66%
Pharmaceuticals	135 888	17 194	12.65%
Professional Business Advisory	381 416	69 225	18.15%
Property & Facilities Management	5 563	1 042	18.72%
Provincial Government	899 762	135 723	15.08%
Public Benefit and Membership Organisations	18 601	1 772	9.53%
Reseller	69 817	4 574	6.55%
Retail and Wholesale Trade	4 593 672	2 245 896	48.89%
Security Services	144 998	17 415	12.01%
State Owned Entities	3 806 664	306 247	8.05%
Telecommunications	11 394 953	535 244	4.70%
Transport, Supply Chain, Logistics and Storage	1 000	377	37.70%
Other*	5 044 327	308 085	6.17%
Related Party Balances	591 201	-	0.00%
Total	**53 703 529**	**5 525 274**	**10.33%**

*Other includes a number of individuals trade and other receivable balances for which an industry has not been defined within our current ECL models and accordingly these customers are collectively assessed for impairment.

c) *Cash and cash equivalents*

The Information Services Group maintains its cash and cash equivalents with banks and financial institutions having a good reputation, good past track record and high-quality credit rating and also reviews their creditworthiness on an on-going basis. Impairment on cash and cash equivalents has been measured on the 12-month expected credit loss basis and reflects the short-term maturities of the exposures. The Information Services Group considers that its cash and cash equivalents have immaterial credit risk based on the external credit ratings of the counterparties.

As at 31 July 2021, the Information Services Group held the majority of its cash and cash equivalents, with the local banks with a ‘A3’ credit rating or higher. The credit standings of counterparties that are used by the Information Services Group are evaluated on a continuous basis and is disclosed below:

	Notes	2021 (Audited) R	2020 (Reviewed) R
Aaa – A3	12	13 341 616	15 478 072
Other	12	17 453	20 300
		13 359 069	**15 498 372**

ECL assessment for cash and cash equivalents

As required by IFRS 9, cash balances have been assessed for expected credit losses. This has been performed through assessment of the counter-party risk of the related financial institutions where cash is held.

The majority of the cash in the Information Services Group is held with financial institutions guaranteed by the South African Reserve Bank, which further reduces credit risk. No expected credit losses have been provided for in the current or previous financial years as these were immaterial.

d) Other financial assets

Other financial assets are assessed individually for expected credit losses, using the general approach under IFRS 9 and raising a lifetime expected credit loss. The expected credit loss model of IFRS 9 requires the classification and measurement of expected credit losses using the general model which is a three-stage model. The three stages are performing (stage 1), underperforming (stage 2) and non-performing (stage 3). Other financial assets are considered to be in stage 3. Management evaluates the credit worthiness of counterparties on an ongoing basis, taking into account their financial position, past experience and other relevant factors that may indicate whether there is a significant increase in credit risk.

Allowances have been raised considering the probability of default by the borrower.

Movements in expected credit loss allowance in respect of other financial assets:

	2021 (Audited) R	2020 (Reviewed) R
Opening balance	(2 889 539)	(5 483 543)
Expected credit loss recognised	-	-
Amounts written off during the year as uncollectable	-	2 594 004
Expected credit loss allowance reversed	315 381	-
Closing balance	**(2 574 158)**	**(2 889 539)**

Liquidity risk

Liquidity risk is the risk that the Information Services Group will not be able to meet its financial obligations as they fall due. The Information Services Group manages liquidity risk by reviewing future commitments and credit facilities to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Information Services Group’s reputation.

The table below analyses the Information Services Group's financial liabilities into relevant maturity groups based on the remaining period from the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		2021			
	Notes	**Less than 1 year R**	**2 to 5 years R**	**Total R**	**Carrying amount R**
Non-current liabilities					
Lease liabilities	14	-	1 612 149	**1 612 149**	1 575 089
Current liabilities					
Trade and other payables	15	24 228 698	-	**24 228 698**	24 228 698
Loans from related parties	8	2 647	-	**2 647**	2 647
Lease liabilities	14	3 271 359	-	**3 271 359**	3 011 724
		27 502 704	**1 612 149**	**29 114 853**	**28 818 158**

		2020			
	Notes	**Less than 1 year R**	**2 to 5 years R**	**Total R**	**Carrying amount R**
Non-current liabilities					
Lease liabilities	14	-	5 070 575	**5 070 575**	4 734 636
Current liabilities					
Trade and other payables	15	17 317 379	-	**17 317 379**	17 317 379
Loans from related parties	8	58 914 356	-	**58 914 356**	58 914 356
Lease liabilities	14	5 237 695	-	**5 237 695**	4 690 527
		81 469 430	**5 070 575**	**86 540 005**	**85 656 898**

The expected maturity of financial liabilities is not expected to differ from the contractual maturities as disclosed above.

Market risk

Market risk is the risk of adverse financial impact resulting directly or indirectly, from fluctuations in equity prices, interest rates, credit spreads, foreign currency exchange rates and inflation as well as any changes in the implied volatility assumptions associated with these variables.

The key components of market risk are as follows:

- Interest rate risk
- Currency risk

The entity is exposed to interest rate risk as detailed below.

Interest rate risk

The cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate owing to changes in the market interest rate. The fair value interest rate risk is the risk that the value of the financial instrument will fluctuate because of changes in the market interest rates. The Information Services Group assumes exposure to the effects of the fluctuations in the prevailing levels if the market interest rates on both the fair value and cash flow risks fluctuate.

Interest rate risk arises from investments and borrowings issued at variable rates and expose the Information Services Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Information Services Group to fair value interest rate risk. The Information Services Group policy is to maintain most of its borrowings in variable rate instruments. The variable rates are influenced by movements in the prime borrowing rates. During the reporting period, the Information Services Group's borrowings were denominated in Rand.

The Information Services Group analyses its interest rate exposure on an ongoing basis. The Information Services Group does not hedge against fluctuations in interest rates.

As at 31 July 2021, if the interest rate on Rand-denominated borrowings had been 0.5% higher, with all other variables held constant, pre-tax profit for the year would have been R1.7 million (2020: Rnil), higher, mainly as a result of higher interest income on Treasury loans.

Currency risk

The Information Services Group has limited exposure to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from trade and other payables that are denominated in foreign currency that is not the entities' functional currency. The Information Services Group analyses its currency risk exposure on an on-going basis.

The table below reflects the Rand value equivalent of financial liabilities denominated in foreign currency:

	Finance liabilities Trade and Other Payables	
	2021 (Audited) R	**2020 (Reviewed) R**
British pound (GBP)	133 309	152 141
US Dollar (USD)	1 784 919	1 228 411
Zambian Kwacha (ZMK)	18 720	33 294
Namibian Dollar (NAD)	23 000	12 640
Lesotho Loti (LSL)	355	-
	1 960 303	**1 426 486**

A fluctuation of 10% in each of the respective exchange rates would increase / decrease the outstanding trade and other payables balances, as well as impacting the combined statement of profit or loss and other comprehensive income, by R 196 030 as at 31 July 2021 (2020: R 142 649).

4. Property, Plant and Equipment and Right of Use Assets

	Buildings	Buildings - ROU Asset*	Leasehold Improvements	IT Equipment	IT Equipment - ROU Asset	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
	R	R	R	R	R	R	R	R	R
Balance at 31 July 2019	**3 283 249**	**-**	**44 774**	**3 595 830**	**1 562 843**	**3 391 353**	**138 355**	**668 625**	**12 685 029**
Additions	-	-	-	825 102	-	24 264	-	4 807	854 173
Adoption of IFRS 16 on 1 August 2019*	-	12 112 104	-	-	-	-	-	-	12 112 104
Disposals	-	-	-	(28 198)	-	(222 832)	-	-	(251 030)
Transfers	80 521	(80 521)	-	-	-		-	-	-
Depreciation	(42 011)	(4 039 754)	(15 113)	(1 185 112)	(1 562 843)	(1 585 301)	(37 333)	(177 226)	(8 644 693)
Balance at 31 July 2020	**3 321 759**	**7 991 829**	**29 661**	**3 207 622**	**-**	**1 607 484**	**101 022**	**496 206**	**16 755 583**
Additions	228 711	-	-	2 045 611	151 806	80 448	-	121 243	2 627 819
Lease modification**	-	(1 277 551)	-	-	-	-	-	-	(1 277 551)
Disposals	(7 059)	-	(19 136)	(347 499)	-	(5 798)	-	(109 210)	(488 702)
Transfers	(309 233)	309 233	-	-	-	-	-	-	-
Depreciation	(69 635)	(3 249 261)	(10 525)	(1 315 962)	(15 181)	(309 913)	(19 714)	(170 546)	(5 160 737)
Balance at 31 July 2021	**3 164 543**	**3 774 250**	**-**	**3 589 772**	**136 625**	**1 372 221**	**81 308**	**337 693**	**12 456 412**

* On adoption of IFRS 16 Leases a ROU asset of R 12.1 million was recognised in relation to buildings leased. The IFRS adjustment of R 1.3 million in the 2021 year relates to a lease modification in this year.

** During the current year the lease terms with respect to a building leased by Managed Integrity Evaluations (Pty) Ltd was modified, resulting in an adjustment of R 1.3 million to ROU asset previously recognised. The modification related to a reduction in the monthly rental to Management Integrity Evaluations (Pty) Ltd, resulting from part of the occupied building space being shared with a fellow subsidiary.

Property, Plant and Equipment and Right of Use Assets (continued)

	Buildings	Buildings - ROU Asset	Leasehold Improvements	IT Equipment	IT Equipment - ROU Asset	Furniture & Fittings	Motor Vehicles	Office Equipment	Total
	R	R	R	R	R	R	R	R	R
As at 31 July 2019	**3 283 249**	**-**	**44 774**	**3 595 830**	**1 562 843**	**3 391 353**	**138 355**	**668 625**	**12 685 029**
As at 31 July 2020									
Cost	3 921 775	12 112 105	78 244	18 391 657	-	3 450 912	506 201	1 445 511	39 906 405
Accumulated Depreciation	(600 016)	(4 120 276)	(48 583)	(15 184 035)	-	(1 843 428)	(405 179)	(949 305)	(23 150 822)
	3 321 759	**7 991 829**	**29 661**	**3 207 622**	**-**	**1 607 484**	**101 022**	**496 206**	**16 755 583**
As at 31 July 2021									
Cost	3 921 775	9 301 752	-	18 442 352	151 806	3 347 685	506 201	1 246 122	36 917 693
Accumulated Depreciation	(757 232)	(5 527 502)	-	(14 852 580)	(15 181)	(1 975 464)	(424 893)	(908 429)	(24 461 281)
	3 164 543	**3 774 250**	**-**	**3 589 772**	**136 625**	**1 372 221**	**81 308**	**337 693**	**12 456 412**

The cost and accumulated depreciation of IT Equipment - ROU asset was reduced to zero in 2020 as a result of the lease in respect of these assets being concluded.

5. Intangible Assets

	Computer Software R	Databases R	Customer Relationships* R	Intellectual Property* R	Customer Contracts R	Internally Generated Software R	Total R
Balance at 31 July 2019	**26 249 226**	**43 456 075**	**1 757 657**	**18 366 008**	**-**	**17 957 463**	**107 786 429**
Additions	14 998 195	14 023 036	-	-	-	8 016 228	37 037 459
Amortisation	(14 036 623)	(15 535 663)	(765 144)	(9 857 291)	-	(37 044)	(40 231 765)
Balance at 31 July 2020	**27 210 798**	**41 943 448**	**992 513**	**8 508 717**	**-**	**25 963 647**	**104 592 123**
Additions	2 796 417	20 690 121	-	-	-	4 222 866	27 709 404
Disposals	(6)	-	-	-	-	(312 673)	(312 679)
Impairments *	(5 515 449)	-	-	-	-	(60 165)	(5 575 614)
Amortisation	(9 057 779)	(15 268 250)	(765 144)	(8 508 717)	-	(2 829 486)	(36 429 376)
Balance at 31 July 2021	**15 433 981**	**47 365 319**	**227 369**	**-**	**-**	**26 957 189**	**89 983 858**

* The Information Services Group performed a review of individual computer software, database and internally generated software intangible assets for impairment, which highlighted impairments of R 5.6 million (2020: Rnil).

Impairments in the current year arose largely due to contract renegotiations, as the useful life of certain computer software assets have been linked to the contract period of customers who predominantly utilise such assets. A decrease in the contract period associated with these assets accordingly resulted in a decrease of the asset's value in use, giving rise to an assessment of the asset being impaired.

In total the recoverable amount of impaired intangible assets was calculated as being R 12.0 million, while the carry amount was R 17.6 million. This recoverable amount was determined using a value in use calculation with a discount rate of 7%.

In performing the impairment test for computer software, database and internally generated software intangible assets, the Information Services Group considered the sensitivity in assumptions around the discount rate. Applying a 1 percentage point increase / decrease in discount rates would result in a R 0.2 million change in the impairment value.

Refer also to note 6 for details of customer relationships, intellectual property and customer contacts intangible asset impairments, performed at a CGU level rather than an individual asset level.

	Computer Software R	Databases R	Customer Relationships R	Intellectual Property R	Customer Contracts R	Internally Generated Software R	Total R
As at 31 July 2020							
Cost	70 651 222	118 048 802	27 494 501	60 450 007	12 188 373	27 034 440	315 867 345
Accumulated Amortisation	(43 440 424)	(76 105 354)	(26 501 988)	(51 941 290)	(12 188 373)	(1 097 793)	(211 275 222)
	27 210 798	**41 943 448**	**992 513**	**8 508 717**	**-**	**25 936 647**	**104 592 123**
As at 31 July 2021							
Cost	54 878 962	94 751 118	27 494 501	60 450 007	12 188 373	30 804 338	280 576 299
Accumulated Impairment	(5 515 449)	-	-	-	-	(60 163)	(5 575 612)
Accumulated Amortisation	(33 929 532)	(47 385 799)	(27 267 132)	(60 450 007)	(12 188 373)	(3 786 986)	(185 007 829)
	15 433 981	**47 365 319**	**227 369**	**-**	**-**	**26 957 189**	**89 983 858**

6. Goodwill

	2021 (Audited) R	2020 (Reviewed) R
Balance at beginning of year	208 100 627	208 100 627
Additions	-	-
Impairments	-	-
Transfers	-	-
Balance at end of year	**208 100 627**	**208 100 627**

Goodwill represents the excess of purchase costs over the net identifiable tangible and intangible assets acquired when the Information Services Group's holding company purchased the underlying entities comprising the Information Services Group. This asset, that was originally recorded in the books of EOH, has for purposes of preparing combined financial information, been fully allocated to these combined financial statements.

For the purposes of impairment testing, goodwill and intangibles are allocated to a CGU which currently comprises of the four Information Services Group entities earlier identified as being the target entities for this disposal transaction, with the recoverable amount being determined as the fair value less costs to sell, which was compared to the carrying value of the CGU for potential impairment.

The fair value was determined primarily with reference to advanced offers from potential acquirers less estimated disposal costs. These fair values are categorised as Level 3 based on inputs used. Using this valuation basis there have been no impairments highlighted for this CGU for the current or prior years.

In assessing sensitivity for the Information Services Group CGU, the advanced offer was adjusted down by 5% and sufficient headroom remained.

7. Deferred Taxation

	2021 (Audited) R	2020 (Reviewed) R
At beginning of year	**(16 140 147)**	(22 377 110)
Temporary differences	**4 457 545**	2 760 868
Prior period under provision	**677 299**	3 476 095
	(11 005 303)	(16 140 147)
Analysis of deferred tax balances:		
Property, plant and equipment	**(380 044)**	(369 818)
Intangible assets	**(19 370 476)**	(22 094 335)
Trade and other receivables - expected credit loss allowances	**1 122 935**	942 895
Other financial assets - expected credit loss allowances	**720 764**	809 071
Prepayments	**(329 797)**	(381 407)
Payroll accruals	**4 858 662**	2 246 376
Provision for audit fees	**-**	189 000
Right of use assets and lease liabilities	**174 374**	131 261
Debtors overpayment	**916 704**	912 485
Assessed loss	**1 543 731**	14 860 356
Deferred income	**206 527**	-
Other accrued expenses	**1 075 048**	1 258 897
	(9 461 572)	(1 495 219)
Deferred taxation assets not recognised in respect of assessed losses	**(1 543 731)**	(14 644 928)
	(11 005 303)	(16 140 147)
Deferred tax asset	**2 245 668**	1 975 296
Deferred tax liability	**(13 250 971)**	(18 115 443)
	(11 005 303)	(16 140 147)

Notes to Combined Financial Information (continued)

Deferred tax assets have been recognised to the extent that the realisation of the related tax through future taxable profits is probable. An assessment of the future taxable profits has been performed against budgets and to the extent that the budgets reflects a possible future loss deferred tax assets are not recognised. Unrecognised tax losses in respect of assessed losses are as set out below. There were no unrecognised tax assets in respect of deductible temporary differences.

	2021 (Audited) R	**2020 (Reviewed) R**
Unrecognised tax losses available to be set off against future taxable profits	**5 513 325**	52 303 314

The deductible temporary differences do not expire under the current tax legislation.

In 2021, R 46.8 million (2020: R nil) of previously unrecognised tax losses were utilised.

8. Loans to (from) related parties

	2021 (Audited) R	**2020 (Reviewed) R**
Fellow subsidiaries		
Loans to fellow subsidiaries		
Afiswitch Proprietary Limited	-	1 200 000
EOH Treasury Proprietary Limited	21 943 294	59 837 285
Loans from fellow subsidiaries		
Afiswitch Proprietary Limited*	-	(58 914 356)
Employers Mutual Protection Services Proprietary Limited	(2 647)	-
	21 940 647	**2 122 929**
Allowance for expected credit losses **	**(533 709)**	-
	21 406 938	**2 122 929**

The EOH Treasury Proprietary Limited Loan is unsecured, interest bearing and is repayable on demand.
All other loans are unsecured, interest free and have no fixed terms of repayment.

* Refer to note 22 for further details on the current year movement in loan balances between Zenaptix Proprietary Limited and this related party.
** Refer also to Note 3 for further details on movements in expected credit losses.

	2021 (Audited) R	**2020 (Reviewed) R**
Current assets	21 409 585	x 037 285
Current liabilities	(2 647)	(58 914 356)
	21 406 938	**2 122 929**

9. Other financial assets

	2021 (Audited) R	**2020 (Reviewed) R**
Financial Assets at amortised cost		
V Pather	-	857 795

The loan is interest free. Any profit share that becomes due and payable to Mr Pather, net of tax, will first be applied to the outstanding balance of the loan. To the extent that the loan is not fully

settled through profit share payments, any balance owing on the loan shall be settled by no later than 31 October 2020.		
Xpert Decision Systems Ghana	2 574 158	2 889 539
Other loans and receivables	59 565	35 000
The above loans are unsecured, bear no interest and are repayable on demand		
	2 633 723	3 782 334
Allowance for expected credit losses ***	(2 574 158)	(2 889 539)
	59 565	**892 795**

	2021 (Audited) R	**2020 (Reviewed) R**
Current assets		
Other financial assets	**59 565**	**892 795**

*** Refer also to Note 3 for further details on movements in expected credit losses.

10. Inventories

	2021 (Audited) R	**2020 (Reviewed) R**
Finished goods	**474 196**	337 700

Inventories recognised as cost of sales during the year ended 31 July 2021 amounted to R 3 245 319 (2020: R 2 334 713).

11. Trade and Other Receivables

	2021 (Audited) R	**2020 (Reviewed) R**
Financial instruments	**64 758 033**	**48 178 255**
Trade receivables	59 888 066	44 022 690
Gross trade receivables	63 113 296	48 956 763
Gross trade receivables - related parties	2 706 040	591 201
Allowance for expected credit losses ***	(5 931 270)	(5 525 274)
Other receivables	4 869 967	4 155 565
Non-financial instruments	**6 257 303**	**5 396 927**
Prepayments	4 050 213	3 739 046
Other receivables	120 028	-
VAT receivable	2 087 062	1 657 881
	71 015 336	53 575 182

*** Refer also to Note 3 for further details on movements in expected credit losses.

12. Cash and cash equivalents

	2021 (Audited) R	2020 (Reviewed) R
Cash and cash equivalents consist of:		
Cash on hand	17 453	20 300
Bank balances and short term deposits	13 341 616	15 478 072
	13 359 069	**15 498 372**

The bank balances of Xpert Decision Systems Proprietary Limited and Managed Integrity Evaluations Proprietary Limited have been provided as unlimited surety in respect of all loans from Standard Bank Limited and its subsidiaries at an EOH Group level. There are no restrictions on bank balances and there are no loans from Standard Bank that has been entered into by the Information Services Group. As at 31 July 2021 these bank balances were R 10.6 million and R 2.7 million respectively.

As at 31 July 2021, the Information Services Group entities held the majority of their cash and cash equivalents with local banks with a 'Aaa' credit rating or higher. The credit standing of counterparties that are used by the Information Services Group is evaluated on a continuous basis.

13. Other Financial Liabilities

	2021 (Audited) R	2020 (Reviewed) R
Non-current financial liabilities		
Share based payments liability (refer also to note 29)	1 172 063	463 638
Staff contribution liability	-	59 923
	1 172 063	**523 561**
Current financial liabilities		
Share based payments liability (refer also to note 29)	305 085	-
	305 085	**-**
At fair value through profit and loss (IFRS 2)	1 477 148	463 638
At amortised cost	-	59 923
	1 477 148	**523 561**

14. Lease liabilities

	2021 (Audited) R	2020 (Reviewed) R
Minimum lease payments due		
– within one year	3 271 359	5 237 695
– within two to five years	1 612 149	5 070 575
	4 883 508	**10 308 270**
Less future finance charges	(296 695)	(883 107)
Present value of minimum lease payments	**4 586 813**	9 425 163
Present value of minimum lease payments due		
– within one year	3 011 724	4 690 527
– within two to five years	1 575 089	4 734 636
	4 586 813	**9 425 163**
Lease liabilities relate to		
Buildings	4 459 169	9 214 622
IT equipment	127 644	210 541
	4 586 813	**9 425 163**
Lease liabilities reconciliation		
Opening balance	9 425 163	3 603 189
Accrued interest	554 219	976 810

Lease payments - interest	(554 219)	(976 810)
Lease payments - capital	(3 712 605)	(6 290 130)
Other movements *	(1 125 745)	12 112 104
Closing balances	**4 586 813**	**9 425 163**

* Other movements relates to IFRS 16 adjustments as noted below:

The adjustment of R 12.1 million in the 2020 year relates to the adoption of amendments to IFRS 16. The movement of R 1.1 million in the 2021 year relates to a lease modification in this year. The lease liability was reduced due to sharing of the occupied leased space with a fellow subsidiary and replaced with a new lease asset based on the reduced monthly rental.

	2021 (Audited) R	2020 (Reviewed) R
Lease liabilities		
Current	**3 011 724**	4 690 527
Non-current	**1 575 089**	4 734 636
	4 586 813	9 425 163

The lease on premises of Managed Integrity Evaluations Proprietary Limited matures on 30 November 2021 and bears interest at 9.3%. The lease on premises of Xpert Decision Systems Proprietary Limited matures on 31 January 2023 and bears interest at 9.3%.

The lease term of leased IT equipment ranges from 2020 to 2024 and bears interest up to 13%.

There are no short-term leases. Low value asset leases are disclosed in profit or loss. During the current year the expense incurred in relation to low value equipment leases was R 180 099 (2020: R 149 909).

	2021 (Audited) R	2020 (Reviewed) R
Future lease commitments with respect to low value asset leases is as follows:		
Within one year	R 179 430	
Within two to five years	R 152 295	
	331 725	

The total cash outflow for leases, including low value leases amounted to R 4.4 million (2020: R 7.4 million).

15. Trade and other payables

	2021 (Audited) R	2020 (Reviewed) R
Financial instruments	**24 228 698**	**17 317 379**
Trade payables	16 935 937	16 442 987
Trade payables - related parties	6 951 854	850 153
Other payables	340 907	24 239
Non-financial instruments	**28 261 981**	**22 407 350**
Other accrued expenses	5 597 391	4 913 434
VAT payable	1 863 447	1 661 995
Payroll accruals	20 801 143	15 831 921
	52 490 679	**39 724 729**

In the ordinary course of business the Information Services Group incurs expenditure with external suppliers. When the related goods or services are delivered the amount due to the supplier is raised as accrued expenses. Once the invoice matching this accrual is received the accrual is reversed and a trade payable balance is raised. Other accrued expenses related to such expenses that are delivered but not yet invoiced as at the reporting date, and is separately disclosed from payroll accruals which related to costs directly related to employment of the Information Services Group personnel.

16. Provisions

	2021 (Audited) R	2020 (Reviewed) R
NCR Provision	4 200 000	10 000 000
Reconciliation of provision		
Balance at the beginning of the year	10 000 000	-
Provisions (released) / raised	(5 800 000)	10 000 000
	4 200 000	**10 000 000**

Imposition of a fine from National Credit Regulator ("NCR")

In February 2019 a client of XDS laid a charge against a fraudster found guilty of trying to open an account and was subsequently arrested by the police. The fraudster had on their person a XDS credit report that was accessed by a call centre agent employed by the XDS client. XDS appointed an independent cyber security expert to investigate this matter and it was concluded that an abuse of user credentials had occurred whereby some of the client's call centre agents were sharing their user access credentials with criminal syndicates to access credit reports. Based on the findings of the independent cyber security expert, XDS upgraded several of its information security controls and implemented additional controls to prevent collusion between users and syndicates and to proactively monitor the usage of clients.

The abuse of user credentials is a wide-spread industry issue and the NCR, who is the regulator of credit bureaus, is aware of this matter and has recognised this to be an industry issue affecting all credit bureaus. The above-mentioned matter was also investigated by the NCR and XDS was drawn in as a Respondent to the matter. XDS fully cooperated with the NCR, however, despite this cooperation the NCR proposed a fine of R 10 million against XDS.

XDS sought legal advice on the matter and based on this advice has challenged the NCR on both the rationale and quantum of the proposed fine. To date no payment has been made, no further action has been taken by the NCR and there has been no final resolution. Based on more recent information received regarding administrative penalties imposed on other companies for similar transgressions, management has revised their estimate regarding the probable fine that would be imposed from R10 million in the prior year to R 4.2 million as at 31 July 2021.

17. Contract liabilities

	2021 (Audited) R	2020 (Reviewed) R
Reconciliation of contract liabilities		
Balance at the beginning of the year	263 178	-
Net increase in contract liabilities for the year	474 420	263 178
Balance at the end of the year	**737 598**	**263 178**

Contract liabilities primarily relate to the advance consideration received from customers for services. Revenue is recognised from the contract liability amounts as and when services are delivered and related performance obligations satisfied. Balances at year end are expected to be recognised as revenue within the next 12 months.

18. Revenue

	2021 (Audited) R	2020 (Reviewed) R
Hardware and software sales	8 544 072	9 040 471
Services - Credit bureau services	165 141 359	159 380 195

Services - Employment verification services	162 330 443	142 702 862
Services - Software maintenance services	554 472	-
Services - Software support services	28 742 501	17 516 275
Services - Consulting services	7 499 851	7 602 360
Services - Adhoc project related services	10 253 396	600 490
Total	**383 066 094**	**336 842 653**
Subscription type		
Fixed subscription	54 146 994	60 416 695
Pay per use	273 324 808	241 666 362
Non-subscription	55 594 292	34 759 596
Total	**383 066 094**	**336 842 653**
Type of customer		
Public Sector	25 470 668	25 768 085
Private Sector	357 595 426	311 074 568
Total	**383 066 094**	**336 842 653**
Timing of revenue recognition		
Point in time	8 544 072	9 040 471
Over time	374 522 022	327 802 182
Total	**383 066 094**	**336 842 653**

Details regarding the classification and performance obligations related to revenue transactions have been provided in note 2.7.

Significant judgement was also applied in assessing whether the Group is an agent or principal. Refer to note 2.7 for additional information.

The Information Services Group classifies a customer as being a Public Sector company where the customer when it is a state-owned enterprise or where it delivered services to the public on behalf of the state.

The Information Services Group has applied the practical expedient allowed for contracts expected to be less than one year and is not separating the significant financing component out of the transaction price.

Remaining performance obligations

Revenue to be recognised in future related to performance obligations that are unsatisfied (or partially satisfied) are recognised as contract liabilities (Refer to note 17).

	2021 (Audited) R	**2020 (Reviewed) R**
Within one year	737 598	263 178
More than one year	-	-
	737 598	**263 178**

19. Cost of Sales

	2021 (Audited) R	**2020 (Reviewed) R**
Cost of goods sold	3 245 319	2 334 713
Cost of rendering of services	101 822 786	79 001 892
Amortisation costs	24 191 836	29 341 046
Employee costs	62 173 985	67 151 485
	191 433 926	**177 829 136**

20. Operating expenses

	2021 (Audited) R	2020 (Reviewed) R
Advisory costs	6 253 069	9 534 618
Amortisation of intangible assets	12 237 540	10 890 719
Audit fees	233 543	1 619 384
Corporate overhead costs	15 588 680	18 528 652
Depreciation of property, plant and equipment	5 160 737	8 644 693
Dues and subscriptions	2 688 337	2 460 901
Employee costs	72 102 814	73 612 902
Facilities costs	5 786 364	6 209 406
Foreign exchange profit- realised	(208 587)	791 715
Foreign exchange loss – unrealised	444 386	(1 376 178)
Impairment of intangible assets	5 575 614	-
IT services	18 955 297	11 243 336
Lease charge – equipment	180 099	149 909
Legal fees	666 729	703 454
Loss / (profit) on disposal of property, plant and equipment and intangible assets	32 935	211 085
Marketing costs	679 514	996 866
Provisions raised	-	10 000 000
Provisions released	(5 800 000)	-
Share based payment expense	1 545 041	2 064 140
Telephony costs	2 553 413	2 223 043
Other operating expenses *	4 771 986	2 966 061
	149 447 512	**161 475 270**

* Other operating expenses largely comprises costs for insurance expenses, office supplies, travel and allocated EOH Group overheads in relation to corporate social investment.

21. Net financial asset impairment losses

	2021 (Audited) R	2020 (Reviewed) R
Movements in impairment losses recognised in profit or loss were as follows:		
Impairment loans to related parties	533 709	(105 880)
Impairment loss on trade receivables	1 122 312	4 823 368
Impairment (reversal) / loss on other financial assets	(315 381)	-
	1 340 640	**4 717 508**

22. Other income – derecognition of financial liabilities

	2021 (Audited) R	2020 (Reviewed) R
Waiver of related party loans *	50 435 286	-
Waiver of employee loan	-	1 000 000
	50 435 286	**1 000 000**

* As part of related party loan consolidation exercise, Zenaptix Proprietary Limited agreed to repay an amount of R 8.5 million to a fellow subsidiary, Afiswitch Proprietary Limited, in full and final settlement of an outstanding inter-company loan balance of R58.9 million. The difference of R50.4 million was waived by the fellow subsidiary and recognised as income in the Combined statement of profit or loss and other comprehensive income. Refer to note 8 and note 28 for details of the loan balances.

23. Interest Income

	2021 (Audited) R	2020 (Reviewed) R
Bank	97 608	55 860
Treasury interest	1 728 622	-
SARS	155 428	737 422
	1 981 658	**793 282**

24. Finance Costs

	2021 (Audited) R	2020 (Reviewed) R
Bank	6 122	685
Lease liabilities	554 219	976 810
Treasury interest	7 505	1
SARS	35 263	-
	603 109	**977 496**

25. Taxation

	2021 (Audited) R	2020 (Reviewed) R
Current taxation		
Local income taxation - current year	18 640 303	10 355 314
Local income taxation - adjustment for prior years	67 478	2 955 351
	18 707 781	**13 310 665**
Deferred taxation		
Deferred taxation - current temporary differences	(4 457 545)	(2 760 868)
Deferred taxation - adjustment to prior years	(677 299)	(3 476 095)
	(5 134 844)	**(6 236 693)**
Taxation Total	**13 572 937**	**7 073 702**
Reconciliation of rate of taxation		
South African normal rate of taxation	25 944 198	(1 781 772)
Exempt income - NCR Provision reversal	(1 623 384)	-
Exempt income - SARS interest income	(43 520)	-
Exempt income - Learnership agreement - S12H	-	(112 000)
Exempt income - Reversal of impairment	(648 801)	(13 417)
Disallowable charges - Research and development	(1 416 978)	(3 166 167)
Disallowable charges -Travel expenses disallowed	1 522	-
Disallowable charges - Share based payments	681 454	642 693
Disallowable charges - SARS interest	10 906	-
Disallowable charges - Capital expenditure	-	944
Disallowable charges - NCR Provisions	-	2 800 000
Disallowable charges - Legal fees	4 296	119 404
Disallowable charges - Related party loan write-off	3 698 438	-
Disallowable charges - Impairment of asset	16 845	-
Disallowable charges - Depreciation on leasehold improvements	22 445	14 524
Disallowable charges - Consulting and advisory fees	55 068	-
Disallowable charges - Impairment of loan	44 006	1 256 868
Capital gains tax	519 336	594 857

Tax Rate Reconciliation (continued)

	2021 (Audited) R	2020 (Reviewed) R
Deferred tax asset not raised in respect of assessed losses	-	7 536 395
Assessed loss utilised on deferred tax asset not previously raised	(13 316 625)	(348 940)
Prior period adjustments	(609 821)	(520 744)
Other	233 552	51 057
	13 572 937	**7 073 702**

26. Cash generated from operations

	2021 (Audited) R	2020 (Reviewed) R
Profit / (loss) before taxation	92 657 851	(6 363 475)
Adjustments for:		
Amortisation of intangible assets	36 429 376	40 231 765
Depreciation of property, plant and equipment	5 160 737	8 644 693
Unrealised foreign exchange loss	444 386	(1 376 178)
Movement in expected credit losses	1 340 640	4 717 508
Movement in NCR provisions	(5 800 000)	10 000 000
Loss / (profit) on disposal of property, plant and equipment and intangible assets	32 935	211 085
Share -based payment expense	1 545 041	2 064 140
Impairments of intangible assets	5 575 614	-
Waiver of inter-company loans	(50 435 286)	-
Waiver of shareholder loan	-	(1 000 000)
Other non-cash items	(50 685)	48 887
Interest income	(1 981 658)	(793 282)
Finance costs	603 109	977 496
Changes in working capital:		
(Increase) in inventories	(136 496)	(187 523)
(Increase) / decrease in trade and other receivable	(18 562 465)	11 253 616
Increase / (decrease) in trade and other payables	12 321 563	(53 657 617)
Increase in contract liabilities	474 420	263 178
Cash generated from operations	**79 619 082**	**15 034 293**

27. Taxation paid

Balance at the beginning of the year	4 924 782	15 860 826
Current tax for the year recognised in profit or loss	(18 707 781)	(13 310 665)
Accrued interest payable	120 164	20 665
Balance at the end of the year	(1 618 568)	(4 924 782)
Taxation paid	**(15 281 403)**	**(2 353 956)**

28. Related parties

The Information Services Group entities entered into various transactions with related parties.

Relationships

Ultimate holding company:	EOH Holdings Limited
Holding Company:	EOH Mthombo Proprietary Limited

All other companies listed below are fellow subsidiaries of the Information Services Group entities.

	2021 (Audited) R	2020 (Reviewed) R
Loan accounts - Owing (to) / by related parties		
Afiswitch Proprietary Limited*	-	(58 914 356)
Afiswitch Proprietary Limited	-	1 200 000
Employers Mutual protection services Proprietary limited	(2 647)	-
EOH Treasury Proprietary Limited	21 943 294	59 837 285
Related Party Trade Receivables / (Trade Payables)		
Afiswitch Proprietary Limited	1 803 173	26 093
Afiswitch Proprietary Limited	(3 183 590)	(4 750)
CA Southern Africa Proprietary Limited	-	(964)
Coastal and Environmental Systems Proprietary Limited	5 043	-
Compu-Power Proprietary Limited	301	-
Cortez Trading Proprietary Limited	8 288	266
Deixis Proprietary Limited	-	393
Dental information System Proprietary Limited	-	2 103
Digital Industries Proprietary Limited	2 414	-
Dihlase Consulting Engineers Proprietary Limited	568	-
Emid Proprietary Limited	(837)	-
Emid Proprietary Limited	-	837
Enterprise Softworks Proprietary Limited	-	148
EOH Abantu Proprietary Limited	(197)	(197)
EOH Consulting Proprietary Limited	273 803	58 633
EOH Consulting Proprietary Limited	(1 160 579)	-
EOH Mthombo Proprietary Limited	483 749	290 774
EOH Mthombo Proprietary Limited	(488 770)	(810 266)
EOH Network Solutions Proprietary Limited	2 661	79
EOH Network Solutions Proprietary Limited	(133 153)	-
EOH Technology Solutions Proprietary Limited	278	75 321
Exigo Sustainability Proprietary Limited	(864)	-
Flent pay Proprietary Limited	(54 022)	-
Freethinking Business Consultants Proprietary Limited	1 237	265
GLS Consulting Proprietary Limited	(1 266)	206
Impact Human Resources Proprietary Limited	18 079	38 305
EOH Mthombo Proprietary Limited		
Impression Signatures Proprietary Limited	(34 758)	206
IMQS Software Proprietary Limited	(43 015)	-
Integrators of Systems Technology Proprietary Limited	1 709	-
IOCO Digital Proprietary Limited	(19 322)	-
IOCO Software Distribution Proprietary Limited	(674)	-
Isilumko Staffing Proprietary Limited	54 840	7 621
Joat Sales and Services Proprietary Limited	-	170
Medical Services Organisation Proprietary Limited	1 009	-
MPC Recruitment Proprietary Limited	18 352	50
MPC Recruitment Proprietary Limited	(19 579)	-
NEXTEC Advisory Proprietary Limited	-	46 056
NEXTEC Industrial Technologies Proprietary Limited	12 954	5 445
NEXTEC Security & Building Technology Proprietary Limited	8 981	-
PCI Africa Proprietary Limited	(1 327)	-
Regro Technology Proprietary Limited	-	1 182
Rosstone Consulting Proprietary Limited	4 071	5 133

	2021 (Audited) R	2020 (Reviewed) R
SCAN RF Projects Proprietary Limited	302	-
Syntell Proprietary Limited	-	32 327
Sybrin Systems Proprietary Limited	2 430	-
Sybrin Systems Proprietary Limited	(1 799 847)	(34 388)
Triclinium Clinical Development Proprietary Limited	1 798	-
Purchases from (Sales to) related parties		
2Identify Proprietary Limited	-	-
Afiswitch Proprietary Limited	(9 683 327)	(767 983)
Afiswitch Proprietary Limited	35 096 636	2 396 344
Aptronics Proprietary Limited	146 079	158 145
CA Southern Africa Proprietary Limited	2 094	(964)
Coastal and Environmental Systems Proprietary Limited	(4 385)	-
Compu-Power Proprietary Limited	(262)	-
Cornerstone Proprietary Limited	(739)	-
Cortez Trading Proprietary Limited	(53 629)	(266)
Deixis Proprietary Limited	56 363	162 806
Dental Information System Proprietary Limited	(6 155)	(2 103)
Digital Industries Proprietary Limited	(18 176)	-
Dihlase Consulting Engineers Proprietary Limited	(494)	-
Emid Proprietary Limited	18 306	(837)
Enterprise Softworks Proprietary Limited	-	(148)
EOH Abantu Proprietary Limited	(54 099)	-
EOH Abantu Proprietary Limited	-	261 037
EOH Consulting Proprietary Limited	23 678 506	8 098 267
EOH Infrastructure Technologies Proprietary Limited	-	(324 080)
EOH Microsoft Coastal Proprietary Limited	-	52 438
EOH Mthombo Proprietary Limited	10 370 112	1 225 722
EOH Mthombo Proprietary Limited	(42 329)	(150 264)
EOH Network Solutions Proprietary Limited	2 161 815	(112 010)
EOH Technology Solutions Proprietary Limited	944 453	-
EOH Treasury Proprietary Limited	-	(593 345)
Exigo Sustainability Proprietary Limited	(518)	-
Faculty Training Proprietary Limited	107 997	-
Flent pay Proprietary Limited	609 502	-
Freethinking Business Consultants Proprietary Limited	(4 439)	(265)
GLS Consulting Proprietary Limited	(339)	(66 781)
Hospitality Professionals South Africa Proprietary Limited	(2 085)	-
Impact Human Resources Proprietary Limited	(134 106)	(38 305)
Impression Signatures Proprietary Limited	121 518	120 914
IMQS Software Proprietary Limited	82 535	-
Intergrators of System Technology Proprietary Limited	(2 960)	-
IOCO Digital Proprietary Limited	187 436	-
IOCO Software Distribution Proprietary Limited	24 756	-
Isilumko Staffing Proprietary Limited	(139 008)	(7 621)
Joat Sales and Services Proprietary Limited	-	(170)
LSD Information Technology Proprietary Limited	-	228 000
Medical Service Organisation Proprietary Limited	(2 629)	-
MPC Recruitment Proprietary Limited	80 973	(50)
NEXTEC Advisory Proprietary Limited	-	(46 056)
NEXTEC Holdings Proprietary Limited	1 434	-

	2021 (Audited) R	2020 (Reviewed) R
NEXTEC Industrial Technologies Proprietary Limited	(10 796)	(5 445)
NEXTEC Security & Building Technology Proprietary Limited	(10 820)	-
PCI Africa Proprietary Limited	(3 693)	-
Regro Technology Proprietary Limited	-	(1 182)
Rosstone Consulting Proprietary Limited	(60 452)	(5 133)
SCAN RF Projects Proprietary Limited	(786)	-
Siyaya Skills Institute Proprietary Limited	(4 433)	-
SULT Proprietary Limited	(1 124)	-
Sybrin SA Proprietary Limited	4 719 446	-
Sybrin Systems Proprietary Limited	1 382 477	1 093 439
Syntell Proprietary Limited	(197 186)	(565 955)
Triclinium Clinical Development Proprietary Limited	(4 901)	-
Umbane Proprietary Limited	(447)	-
XTND Proprietary Limited	(67 240)	(109 348)

* Refer to note 22 for further details on the current year movement in loan balances between Zenaptix Proprietary Limited and this related party.

Corporate overhead costs paid to related parties		
EOH Mthombo Proprietary Limited	15 588 680	18 528 652
Dividends paid to related parties		
EOH Mthombo Proprietary Limited	66 362 733	85 556 072
Treasury interest income / (cost)		
EOH Treasury Proprietary Limited	1 721 117	(1)
Loans to directors		
V Pather	-	857 795

29. Investment in associate

	2021 (Audited) R	2020 (Reviewed) R
Xpert Decision Systems Proprietary Limited has a 36% interest in Xpert Decision Systems Data Ghana Limited (“**XDS Ghana**”), a company incorporated in the Republic of Ghana	-	-
Xpert Decision Systems Proprietary Limited has a 49% interest in Xpert Decision Systems Zimbabwe Private) Ltd (“**XDS Zimbabwe**”), a company incorporated in the Republic of Zimbabwe	-	-

Both XDS Ghana and XDS Zimbabwe are in an accumulated loss position as at 31 July 2021 and 31 July 2020. The Information Services Group has historically not accounted for its share of losses in relation to these associates as the losses have exceed the original cost of these investments.

	As at 31 July 2021		As at 31 July 2020	
	XDS Ghana	XDS Zimbabwe	XDS Ghana	XDS Zimbabwe
	R	R	R	R
Shareholding	36%	49%	36%	49%

30. Share based compensation

Certain employees are entitled to share based compensation based on the shares of the ultimate holding company, EOH. The EOH Group has two share option incentive schemes, the EOH Share Trust and the Mthombo Trust as well as a share ownership scheme. The three share incentive schemes allow directors, executive management and employees to benefit from the EOH share price performance.

For the share trusts, the participant needs to be in the employ of the EOH Group in order to exercise vested options. The Mthombo Trust restricts participation to qualifying previously disadvantaged directors, executive management and employees. For both trusts, the participant needs to be in the employment of the EOH Group in order to exercise vested options. Under the terms of the current schemes, EOH Group reserved up to 18 000 000 of issued shares for share options for any affiliated EOH entities. The share options are equity-settled and there is no requirement to reimburse the holding company when the shares are issued.

The EOH Share Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike price is equal to the share price at the date of the offer less 40% discount. The share options will lapse 10 years after the grant date. Shares granted vest in tranches from the date of award as set out below:

- 25% after two years
- 25% after three years
- 25% after four years
- 25% after five years

A reconciliation of the movement of all share options relative to the Information Services Group in is detailed below:

Number of options	**The EOH Share Trust**	
	2021 (Audited)	**2020 (Reviewed)**
Opening balance	2 875	3 875
Granted during the year	-	-
– to management	-	-
– to directors	-	-
Forfeited during the year	(1 000)	(1 000)
Shares granted but not issued up to the end of the year	**1 875**	**2 875**
Vesting of shares		
Number of shares exercisable at year end	1 875	2 875

Weighted average share price (cents)	**2021 (Audited)**	**2020 (Reviewed)**
Opening balance	46.22	80.28
Granted during the year	-	-
– to management	-	-
– to directors	-	-
Forfeited during the year	56.65	72.08
Shares granted but not issued up to the end of the year	**46.51**	**46.22**
Vesting of shares		

	2021 (Audited)	2020 (Reviewed)
Price of shares exercisable at year end	57.51	46.22

There were no new share options granted during 2021 for The EOH Share Trust.

The after-tax risk-free rate applied was the zero-swaps curve at the grant date of the option.

The Mthombo Trust

The scheme is governed by a trust deed approved by shareholders and the JSE Limited. The option strike price is equal to the share price at date of the offer less 40% discount. The share options will lapse eight years after the grant date. Shares granted vest in tranches from the date of award as set out below:

- 33.33% after three years
- 33.33% after four years
- 33.33% after five years

A reconciliation of the movement of all share options relative to the Information Services Group is detailed below:

Number of options	The Mthombo Trust	
	2021 (Audited)	**2020 (Reviewed)**
Opening balance	97 000	103 000
Granted during the year	-	-
– to management	-	-
– to directors	-	-
Forfeited during the year	-	(6 000)
Shares granted but not issued up to the end of the year	**97 000**	**97 000**
Vesting of shares		
Number of shares exercisable at year end	21 333	5 667
Vesting date within one year	75 667	15 666
Vesting date between two and five years	-	75 667
	97 000	97 000

Weighted average share price (cents)	**2021 (Audited)**	**2020 (Reviewed)**
Opening balance	55.55	57.71
Granted during the year	-	-
- to management	-	-
- to directors	-	-
Forfeited during the year	-	51.28
Shares granted but not issued up to the end of the year	**62.27**	**55.55**
Vesting of shares		
Price of shares exercisable at year end	66.92	55.55

There were no new share options granted during 2021 for The Mthombo Trust.

The after-tax risk-free rate applied was the zero-swaps curve at the grant date of the option.

Notes to Combined Financial Information (continued)

Balances in respect of the share option schemes are accounted for as share based payment reserves. Changes in the valuation of share-based payment reserves are recognised in the statement of profit or loss and other comprehensive income.

	2021 (Audited)	2020 (Reviewed)
Reconciliation of share-based payment reserve:		
Opening balance	8 107 380	5 810 733
Equity contribution from EOH	531 531	2 296 647
Closing balance	**8 638 911**	**8 107 380**

The Share Ownership Plan was adopted in 2018. The scheme awards participants with shares and is determined to be cash settled. Shares awards granted vest in tranches from the date of award as set out below.

- 25% after two years
- 25% after three years
- 25% after four years
- 25% after five years

An additional award was made to qualifying employees in June 2020 who had taken salary cuts as a result of COVID-19. Acceptance and granting of shares took place in 2021. Shares granted vest 100% after two years.

Number of shares	**The Share Ownership Plan**	
	2021 (Audited)	**2020 (Reviewed)**
Opening balance	184 167	202 787
Granted during the year*	335 240	-
- to management	335 240	-
- to directors	-	-
Forfeited during the year	(129 930)	(18 620)
Exercised during the year	(45 961)	-
Shares granted but not issued up to the end of the year	**343 516**	**184 168**
Vesting of shares		
Number of shares exercisable at year end	34 552	5 176
Vesting date within one year	209 192	46 042
Vesting date between two and five years	99 772	132 949
	343 516	**184 167**

Weighted average share price (cents)	**2021 (Audited)**	**2020 (Reviewed)**
Opening balance	23.86	34.83
Granted during the year	6.13	-
- to management	6.13	-
- to directors	-	-

	2021 (Audited)	2020 (Reviewed)
Forfeited during the year	10.26	34.83
Exercised during the year	25.76	-
Shares granted but not issued up to the end of the year	**11.74**	**23.86**
Price of shares exercisable at year end	21.60	21.02

The volatility of the share price at the grant date was determined using the share trading history of EOH prior to the grant date.

The Share Ownership Plan does not grant employees options, therefore a binomial option pricing model is not used.

Balances in respect of the share ownership plan are accounted for as share based payment liabilities. Changes in the valuation of share based payment liabilities are recognised in the statement of profit or loss and other comprehensive income.

	2021 (Audited)	2020 (Reviewed)
Reconciliation of share based payment liability:		
Opening balance	463 638	696 145
Share based payment expenses	1 013 510	(232 507)
Closing balance	**1 477 148**	**463 638**

* Relates to grant date fair value in terms of The Share Ownership Plan.

31. Key management compensation

The Information Services Group considers the key management for the 2021 and 2020 financial years to be the Chief Executive Officer, Chief Financial Officer and the Chief Operating Officer of the combined entity as a single CGU, who are considered to be the management tasked with the authority and responsibility for planning, directing and controlling activities of the combined entity. Directors emoluments have been excluded due to the Information Services Group not constituting a combined legal group for the historical reporting periods and not having a separate board of directors.

The compensation in respect of these members of Key Management is represented below:

	2021 (Audited) R	2020 (Reviewed) R
Short-term (ST) employee benefits (Salary and ST incentives)	7 001 109	8 591 882
Post employment benefits	-	-
Long-term employment benefits	-	-
Termination benefits	-	-
Share-based payments	775 254	2 260 157
Total	**7 776 363**	**10 852 039**

32. Subsequent events

The combined financial statements were authorised for issue on 30 March 2022. Subsequent events have been considered from 31 July 2021 up to the date that the combined financial information was authorised for issuance. Apart from the disposal of the Information Services Group entities from the EOH Group, which is the subject of this circular, there have been no events other than those noted below, subsequent to the reporting date that have been considered for separate reporting in the combined financial information.

In the recent national budget speech, held on 23 February 2022, the South African Finance Minister announced a proposed decrease in the corporate taxation rate from 28% to 27%. This change is a non-adjusting subsequent event and is expected to result in a decrease in the taxation charge going forward. The Finance Minister also announced the future limitation of the utilisation of assessed losses to 80% of taxable income. It was indicated in the 2022 budget speech that this amendment would come into effect for years of assessment ending on or after 31 March 2023. This change is a non-adjusting subsequent event and is expected to result in an increase in the taxation charge going forward.

33. Changes in assets / liabilities arising from investing and financing activities

33.1 Changes in assets arising from investing activities

Reconciliation of assets – 2021

Figures in Rand	Note	Opening Balance	Advances	Repayments	Total investing cash flows	Non-cash movement in credit losses	Other non-cash movements	Closing balance
Loans to related parties	8	61 037 285	499 501 308	(541 839 791)	(42 338 483)	(533 709)	3 244 492	21 409 585
Other financial assets	9	892 795	102 100	(1 250 711)	(1 148 611)	315 381	-	59 565
		61 930 080	**499 603 408**	**(543 090 502)**	**(43 487 094)**	**(218 328)**	**3 244 492**	**21 469 150**

Reconciliation of assets – 2020

Figures in Rand	Note	Opening Balance	Advances	Repayments	Total investing cash flows	Non-cash movement in credit losses	Other non-cash movements	Closing balance
Loans to related parties	8	70 723 131	217 296 579	(252 953 490)	(35 656 911)	105 880	25 865 185 *	61 037 285
Other financial assets	9	1 003 448	127 894	(238 547)	(110 653)			892 795
		71 726 579	**217 424 473**	**(253 192 037)**	**(35 767 564)**	**105 880**	**(25 865 185)**	**61 930 080**

*During the 2020 financial year the Information Services Group moved a loan receivable that was previously held between the combined group and its immediate holding company, EOH Mthombo, to a newly formed treasury company, EOH Treasury, resulting in a non-cash movement of R 26.1 million to Loans to related parties from Trade receivables – related parties.

33.2 Changes in liabilities arising from financing activities

Reconciliation of liabilities – 2021

Figures in Rand	Note	Opening Balance	Repayments	Proceeds	Total financing cash flows	IFRS 16 non-cash adjustments (Refer note 14)	Interest paid - operating cash flows	Other non-cash movements	Closing balance
Loans from related parties*	8	58 914 356	(10 185 017)	97 629	(10 087 388)	-	-	(48 824 321)	2 647
Other financial liabilities	13	523 561	(59 923)	-	(59 923)	-	-	1 013 510	1 477 148
Lease liabilities	14	9 425 163	(3 712 605)	-	(3 712 605)	(1 125 745)	(554 219)	554 219	4 586 813
		68 863 080	**(13 805 739)**	**97 629**	**(13 859 916)**	**(1 125 745)**	**(554 219)**	**(47 256 592)**	**6 066 608**

Reconciliation of- liabilities – 2020

Figures in Rand	Note	Opening Balance	Repayments	Proceeds	Total financing cash flows	IFRS 16 non-cash adjustments (Refer note 14)	Interest paid - operating cash flows	Other non-cash movements	Closing balance
Loans from related parties	8	63 698 750	(107 865 374)	103 360 036	(4 505 338)	-	-	(279 056)	58 914 356
Other financial liabilities	13	1 696 145	-	59 923	59 923	-	-	(1 232 507)	523 561
Lease liabilities	14	3 603 189	(6 290 130)	-	(6 290 130)	12 112 104	(976 810)	(976 810)	9 425 163
		68 998 084	**(114 155 504)**	**103 419 959**	**(10 735 545)**	**12 112 104**	**(976 810)**	**(534 735)**	**68 863 080**

During the current year interest of R 554 219 (2020: R 976 810) was accrued and paid with respect to Lease liabilities. These interest movements are disclosed under “Other non-cash movements” and “Interest paid - operating cash flows” respectively.

	2021 (Audited) R	2020 (Reviewed) R
Other non-cash movements includes the following significant movements:		
* Waiver of related party loans (refer note 22)	**50 435 286**	-
Waiver of employee loans (refer note 22)	**-**	1 000 000