Adcorp Holdings Limited

Annual Financial Statements

for the year ended 28 February 2019

adcorp

Connecting Potential

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Group has subsidiaries that carry on business in South Africa and Australia. Areas of activities include the permanent recruitment and flexible staffing sectors, professional IT services, as well as the provision of business process outsourcing, training and financial services.
Directors	CJ Kujenga GT Serobe P Minganga GP Dingaan I Dutiro H Singh SN Mabaso-Koyana C Maswanganyi TP Moeketsi ME Mthunzi FS Mufamadi S Sithole MW Spicer MM Nkosi
Business address	Adcorp Head Office Nicolway Bryanston Cnr William Nicol and Wedgewood Link Bryanston 2191
Postal address	PO Box 70635 Bryanston 2021
Bankers	First National Bank
Auditor	Deloitte & Touche
Secretary	Kevin Fihrer (Resigned effective 31 May 2019) Fluidrock Governance Group (Appointed effective 25 June 2019)
Company registration number	1974/001804/06
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Ernst & Young Advisory Services Proprietary Limited Gisela Pieterse CA(SA)
Supervised by	The annual financial statements were compiled under the direction and supervision of Lebohang Storom CA(SA), Group Finance Manager.
Issued	28 June 2019

Contents

Directors' responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended in conformity with International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the annual financial statements.

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

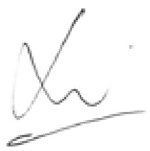
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities the Board of Directors sets standards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

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

The directors have reviewed the Company's cash flow forecast for the year to 29 February 2020 and in light of this review and the current financial position they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Company's annual financial statements. The annual financial statements have been examined by the Company's external auditor and their report is presented on pages 9 to 11.

The annual financial statements set out on pages 12 to 39 which have been prepared on the going concern basis were approved by the Board of Directors on 28 June 2019 and were signed on their behalf by:



Innocent Dutiro
Chief Executive Officer

Johannesburg

28 June 2019

Cheryl-Jane Kujenga
Chief Financial Officer

Johannesburg

28 June 2019

Company Secretary compliance statement

I certify that to the best of my knowledge and belief the Company has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public Company in terms of the Companies Act No 71 of 2008 as amended in respect of the year ended 28 February 2019 and that all such returns appear to be true correct and up to date.

Fluidrock Governance Group
Company Secretary

Johannesburg
28 June 2019

Directors' report

The directors have pleasure in submitting their report on the annual financial statements of Adcorp Holdings Limited for the year ended 28 February 2019.

1. Nature of business

The Company is an investment holding Company and has subsidiaries that carry on business in South Africa and Australia. Areas of activities include the permanent recruitment and flexible staffing sectors professional IT services as well as the provision of business process outsourcing training and financial services. There have been no material changes to the nature of the Company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year. Full details of the financial position results of operations and cash flows of the Company are set out in these annual financial statements.

3. Share capital

	Number of shares 2019	Number of shares 2018
Authorised		
Ordinary shares of 2,5 cents each	**183 177 151**	183 177 151
Class B ordinary shares of 2,5 cents each	**16 822 849**	16 822 849

	2019 R'000	2018 R'000	Number of shares 2019	Number of shares 2018
Issued				
Ordinary shares of 2,5 cents each	**2 749**	2 749	**109 954 675**	109 954 675
Class B ordinary shares of 2,5 cents each	**421**	421	**16 822 849**	16 822 849
	3 170	3 170	**126 777 524**	126 777 524

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

4. Dividends

A final dividend of 96,10 cents per share (2018: nil) was approved by the Board of Directors on Friday, 17 May 2019, in South Africa currency in respect of the year ended 28 February 2019. The dividend payment date is Monday, 19 August 2019 to shareholder recorded in the register of the Company.

5. Directorate

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

Directors	Office	Changes
CJ Kujenga		
GT Serobe		
P Minganga		Appointed 6 September 2018
GP Dingaan		
I Dutiro		
H Singh		Appointed 6 September 2018
SN Mabaso-Koyana		
C Maswanganyi		
TP Moeketsi		
ME Mthunzi		
FS Mufamadi		
S Sithole		
MW Spicer		
MM Nkosi	Alternate Director	Appointed 19 October 2018
JA Boggenpoel		Resigned 20 July 2018
MA Jurgens		Resigned 6 September 2018
RM Ramaite		Resigned 2 January 2019

Directors' report continued

6. Auditors

Deloitte & Touche continued in office as auditors for the Company for 2019.

7. Secretary

Kevin Fihrer is the Company Secretary and resigned from office effective 31 May 2019.

Fluidrock Governance Group is appointed effective 25 June 2019 as the Company Secretary to fulfil the Company's secretarial duties.

Postal address:	PO Box 70635 Bryanston 2021
Business address:	Adcorp Office Park Nicolway Bryanston Cnr William Nicol Drive and Wedgewood link Bryanston 2021

8. The Audit Committee's responsibility

The Audit and Risk Committee has reviewed the scope as well as the independence and objectivity of the external auditors. The Committee has satisfied itself that the external auditor is independent as defined by the Companies Act 71 of 2008 and that the Audit Committee has approved the audit fees for the period.

9. Going concern

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

10. Events after the reporting period

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

11. Compilation of annual financial statements

The compiler was responsible for the compilation of the annual financial statements based on the information provided by management and worked under the supervision of management. Management is responsible for these annual financial statements and a copy of the compilation report is available on request from management.

12. Financial support

The shareholders of the Company have passed a special resolution at the annual general meeting (AGM) (held on 30 July 2018). The special resolution authorises the directors in terms of and subject to the provision of section 45 of the Companies Act to cause the Company to provide direct or indirect financial assistance to any Company or corporation or future Company or corporation which is related or interrelated to the Company for such amounts and on such terms and conditions as the Board of the Company may determine.

Audit and Risk Committee's report

The Company's independent Audit and Risk Committee (the Committee or ARC) presents its report for the financial year ended 28 February 2019. The Committee's duties and objectives as mandated by the Board allow it to discharge its statutory and other Board delegated duties in keeping with its terms of reference. These duties are briefly set out in this report. Further information can be found in the transparency and accountability section.

1. Composition meetings and assessment

The four members of the ARC were recommended by the Board to the shareholders and were formally appointed at the previous AGM held on 30 July 2018.

Closed sessions are arranged with key relevant parties and private sessions of members are held from time to time to ensure confidential assessments and discussions can occur. Four Committee meetings are held during the year.

In line with King IV™* the Board and its Committee should be assessed once every two years and this was performed during the 2019 financial year following the assessment of 2017.

2. Roles and responsibilities

The Committee is satisfied that it has executed its responsibilities in keeping with the requirements of the Companies Act of South Africa the JSE Listings Requirements and the recommendations of King IV as well as additional requirements prescribed by its terms of reference which have been endorsed by the Board of Directors. Its key areas of responsibilities are to:

- perform its statutory duties as prescribed by the Companies Act of South Africa including the appointment and the assessment of the independence of the external auditors;
- oversee the integrated reporting process and assess disclosures made to all stakeholders which included the financial statements for the year under review;
- oversee and evaluate the governance of risk and the related internal control environment and consider the recommendation of the Chief Audit Executive (CAE) in respect of the effectiveness of the system of internal controls;
- monitor and assess all internal and external assurance providers;
- assess key audit matters;
- assess the expertise and experience of the Chief Financial Officer (CFO) and the resources within the financial function; and
- recommend the financial statements for report for approval by the Board.

In order to execute her responsibilities the Chairperson of the Committee met separately during the course of the year with the CFO, CAE, the Company Secretary, the Chief Risk Officer, management and the external auditor.

3. External auditor appointment and independence

The Committee has satisfied itself that the external auditor of the Company is independent. The requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The Committee in consultation with Executive management agreed to the engagement letter terms audit plan and budgeted audit fees for the year under review. There is a formal procedure and policy that governs the process whereby the auditor is considered for non-audit services.

The Committee continuously assesses the impact of the overall audit professional environment and current challenges. The external auditor shared its risk management priorities and its response thereto. The Committee thus satisfied itself of the continued independence and competence of the external auditor.

The Committee has nominated for election at the annual general meeting Deloitte & Touche as the external audit firm for the 2020 financial year with Mr MLE Tshabalala as the designated partner. The Committee has satisfied itself that the audit firm and designated auditor are accredited as such on the JSE Limited list of auditors and advisers. In addition the Committee received the required letters from the Independent Regulatory Board for Auditors (IRBA) as to the satisfactory standing of the audit firm and the designated partner.

4. Financial statements and accounting policies

The Committee has assessed the Company's accounting policies and the financial statements for the year ended 28 February 2019 and is satisfied that they are appropriate and comply in all respects with IFRS. The Committee supports the opinion of the Board and the external auditor with regard to the financial statements which have been approved by the Board and will be presented to shareholders at the Annual General Meeting to be held on 30 July 2019.

Audit and Risk Committee's report continued

Based on the information and explanations given by directors and the internal and external auditors the Committee is of the opinion that the accounting and internal controls including the internal financial controls are adequate and that the financial records may be relied upon for preparing the financial statements in accordance with IFRS and maintaining accountability for the Company's assets and liabilities.

5. Integrated annual report

The Committee fulfils an oversight role regarding the integrated reporting process.

Accordingly the Committee:

- has considered the 2019 integrated annual report and has assessed the consistency with operational financial and other information known to the Committee members and for consistency with the financial statements;
- is satisfied that the 2019 integrated annual report is materially accurate complete and reliable and consistent with the financial statements; and
- recommended on 9 May 2019 the financial statements for the year ended 28 February 2019 for approval by the Board.
- recommended on 28 June 2019 the integrated annual report for the year ended 28 February 2019.

6. Governance of risk

The Committee is responsible for overseeing the governance of risk across the Company. During the year the Committee revisited the risk management framework and determined how to ensure effective cascading of integrated assurance across the various Board Committees. The Committee also provided oversight on the working Company set up by management to review combined assurance for Adcorp. Designing and implementing robust risk management structures in the Company will remain a key focus area for the Committee in FY2020.

Nothing has come to the attention of the Committee to indicate that any material breakdown in the functioning of internal controls resulting in material loss to the Company has occurred during the year and up to the date of this report.

7. Internal audit

The Committee is mandated to ensure that the internal audit function is independent properly resourced and effective within the Company. Effective 1 April 2019 Ernst & Young (EY) was appointed as the lead firm in a co-sourcing arrangement for our internal audit led by Mrs H Lamprecht the internal CAE. To maintain independence, the CAE along with EY, our internal audit function reports functionally to the Committee and, however, from an administrative perspective they report to the CFO.

8. Significant areas of judgement

In arriving at the figures disclosed in the financial statements there are certain areas where judgement is needed. The ARC has considered the quantum of the assets and liabilities on the statement of financial position and other items that require significant judgement and decided to expand on the following:

- Property and equipment goodwill and intangible assets.
- Trade receivables.
- Tax.
- Impairments.
- Revenue.
- Other financial assets (Angola bond).
- Reserves (equity settled share-based payment).

Trade receivables

IFRS 9 was adopted for the first time in the financial year beginning 1 March 2018. Management has elected to apply the simplified approach to impairment of trade receivables where a specific identification and provision matrix process is used to identify and measure the expected credit losses on the trade receivables.

Revenue

As of 1 March 2018 the Company adopted the requirements of IFRS 15 *Revenue from Contracts with Customers*. The new standard requires that revenues from the provision of services recognition can only take place once "performance obligations" are satisfied. The adoption of the standard did not have an impact on revenue recognition in the Company.

Audit and Risk Committee's report continued

9. Evaluation of the expertise and experience of the CFO and the finance function

The Committee has considered and is satisfied with the appropriateness of the expertise and experience of the CFO, Ms CJ Kujenga. The Committee is supportive of the process under way to continue to strengthen the finance function.

10. Going concern

Based on the results of the directors' assessment of the solvency and liquidity and the applicability of the going concern assertion as to the affairs of the Company the Committee concluded to the Board that Adcorp shall be a going concern for the foreseeable future.

The Committee is satisfied that it has met the requirements of its terms of reference.

SN Mabaso-Koyana
Chairperson of the Audit and Risk Committee

Johannesburg
28 June 2019

Independent auditor's report

To the shareholders of Adcorp Holdings Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Adcorp Holdings Limited set out on pages 12 to 39 which comprise the statement of financial position as at 28 February 2019 and the statement of profit or loss and other comprehensive income the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements including a summary of significant accounting policies.

In our opinion the financial statements present fairly in all material respects the financial position of Adcorp Holdings Limited as at 28 February 2019 and its financial performance and cash flows for the year then ended in accordance with IFRS and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018) parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

We have not identified any key audit matters relating to Adcorp Holdings Limited during our audit of the financial statements of the current period.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Adcorp Holdings Limited financial statements, which includes the Directors' report the Audit and Risk Committee's report and the Company Secretary's certificate of compliance as required by the Companies Act of South Africa. The other information does not include the separate financial statements and our auditor's reports thereon.

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

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

Independent auditor’s report continued

To the shareholders of Adcorp Holdings Limited

Report on the audit of the financial statements (continued)

Responsibilities of the directors for the financial statements

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

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

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

Independent auditor's report continued

To the shareholders of Adcorp Holdings Limited

Report on the audit of the financial statements (continued)

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

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015 we report that Deloitte & Touche has been the auditor of Adcorp Holdings Limited for 18 years.

Deloitte & Touche

Deloitte & Touche
Registered Auditor

Per: MLE Tshabalala
Partner

28 June 2019

Statement of financial position

as at 28 February 2019

Assets	Notes	2019 R'000	2018 R'000
Non-current assets		**1 005 025**	**1 103 441**
Investment in subsidiaries	3	989 778	1 083 944
Investment	4	15 247	13 244
Deferred taxation	5	–	6 253
Current assets		**3 010 731**	**2 923 797**
Amounts due by subsidiary companies	6	2 882 187	2 799 413
Trade and other receivables	7	1 771	1 549
Cash and cash equivalents	8	126 773	122 835
Total assets		**4 015 756**	4 027 238
Equity and liabilities			
Equity		**2 148 587**	**2 202 217**
Share capital	9	1 741 279	1 741 279
Reserves		281 692	256 117
Retained income		125 616	204 821
Liabilities			
Non-current liabilities		**655 090**	**925 000**
Long-term loans – interest-bearing	12	650 000	925 000
Deferred taxation	5	5 090	–
Current liabilities		**1 212 079**	**900 021**
Trade and other payables	13	2 890	4 242
Amounts due to subsidiary companies	14	1 208 461	892 990
Current tax payable		728	2 789
Total liabilities		**1 867 169**	1 825 021
Total equity and liabilities		**4 015 756**	4 027 238

The accounting policies on pages 17 to 20 and the notes on pages 21 to 37 form an integral part of the annual financial statements.

Statement of profit or loss and other comprehensive income

as at 28 February 2019

	Notes	2019 R'000	2018 R'000
Other operating expenses		**(16 129)**	(31 168)
Operating loss	15	**(16 129)**	(31 168)
Finance income	16	**103 126**	5 021
Finance costs	17	**(103 207)**	(143 438)
Impairments of loans and investments	3	**(94 166)**	(142 172)
Fair value gain on investment	4	**2 003**	3 243
Loss before taxation		**(108 373)**	(308 514)
Taxation	18	**–**	–
Loss for the year		**(108 373)**	(308 514)
Other comprehensive income:			
Items that will be reclassified to profit or loss:			
Exchange differences arising on the net investment of a foreign operation		**29 168**	(30 967)
Other comprehensive income for the year net of taxation		**29 168**	(30 967)
Total comprehensive loss for the year		**(79 205)**	(339 481)

Statement of changes in equity

for the year ended 28 February 2019

Figures in Rand thousand	Share capital	Share premium	Total share capital	Share-based payments reserve	Non-distributable reserve	Total reserves	Retained income	Total equity
Balance at 1 March 2017	**3 170**	**1 738 109**	**1 741 279**	**128 993**	**119 918**	**248 911**	**544 302**	**2 534 492**
Loss for the year	–	–	–	–	–	–	(308 514)	(308 514)
Other comprehensive income	–	–	–	–	–	–	(30 967)	(30 967)
Recognition of BBBEE and staff share-based payments	–	–	–	7 206	–	7 206	–	7 206
Balance at 1 March 2018	**3 170**	**1 738 109**	**1 741 279**	**136 199**	**119 918**	**256 117**	**204 821**	**2 202 217**
Loss for the year	–	–	–	–	–	–	(108 373)	(108 373)
Other comprehensive income	–	–	–	–	–	–	29 168	29 168
Recognition of BBBEE and staff share-based payments	–	–	–	7 206	–	7 206	–	7 206
Equity settled share-based payment recorded at a subsidiary level	–	–	–	18 369		18 369		18 369
Balance at 28 February 2019	**3 170**	**1 738 109**	**1 741 279**	**161 774**	**119 918**	**281 692**	**125 616**	**2 148 587**
Notes	9	9	9	10	11			

Statement of cash flows

for the year ended 28 February 2019

Figures in Rand thousand	Notes	2019	2018
Cash flows from operating activities			
Cash generated from operations	19	**281 080**	517 476
Finance income		**103 126**	5 021
Finance costs		**(103 207)**	(143 438)
Tax paid	20	**(2 061)**	–
Net cash from operating activities		**278 938**	379 059
Cash flows from financing activities			
Proceeds from loans		**695 000**	275 771
Repayment of loans		**(970 000)**	(272 387)
Net cash from financing activities		**(275 000)**	3 384
Total cash movement for the year		**3 938**	382 443
Cash at the beginning of the year		**122 835**	(259 608)
Total cash at end of the year	8	**126 773**	122 835

Accounting policies

for the year ended 28 February 2019

Accounting framework

The Company applies all applicable International Financial Reporting Standards (IFRS) in preparation of the annual financial statements.

Consequently, all IFRS statements that were effective at 28 February 2019 and are relevant to its operations have been applied.

The principal accounting policies applied in the preparation of these annual financial statements are set in each of the respective notes. Any accounting policies that are general in nature and are applicable to more than one specific note have been disclosed below.

1. Significant accounting policies

1.1 Statement of compliance

The annual financial statements have been prepared in accordance with IFRS.

1.2 Basis of preparation

The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In all material respects, these policies have been followed by all companies in the Company and are consistent with the prior year.

The annual financial statements have been prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and Companies Act of South Africa.

The reports and statements as set out in the annual financial statements are presented to the shareholders in terms of section 61.7 of the South African Companies Act.

1.3 Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the South African Companies Act. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability. The principal accounting policies are set out below.

IAS 21 Foreign Exchange Transactions

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Accounting policies (continued)

for the year ended 28 February 2019

IFRS 9 Financial Instruments

The IFRS foundation published IFRS 9 *Financial Instruments* in July 2014. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 is mandatorily effective for financial periods commencing on or after 1 January 2018. IFRS 9 is built on a logical, single classification and measurement approach for financial instrument that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss (ECL) model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting.

At each reporting date the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. The objective of the impairment requirements is to recognise lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition – whether assessed on an individual or collective basis – considering all reasonable and supportable information, including that which is forward looking.

The impact of this transition difference is not considered material to the Company and hence comparative values and opening retained earnings at 1 March 2018 have not been restated.

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company has become party to contractual provisions of the instrument.

The Company adopted IFRS 9 as of 1 March 2018.

Trade receivables

Trade receivables are classified as financial instruments held at amortised cost as the business model is to collect payment of principal and interest. Trade receivables are subsequently measured at amortised cost.

The Company is following the simplified approach for impairment as an alternative available in IFRS 9 with impairment losses measured at lifetime expected credit loss (ECL) for trade receivables as there is no significant financing component to trade receivables. The Company uses a specific identification and provision matrix when measuring ECL on the trade receivables.

The simplified approach is forward looking and takes into account historical credit losses experience, time value of money and future economic factors including inflation. Losses are recognised in the statement of profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of profit or loss.

No fair value adjustment is made for the effect of time value of money where receivables have a short-term profile.

The provision is recognised through the use of an allowance account for losses. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off.

Impairment of financial assets

Where the recoverable amount is the higher of its fair value less cost to sell and its value in use, an impairment loss is recognised in profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in the prior years. A reversal of an impairment loss is recorded in profit or loss.

Financial asset or liability

Amounts accumulated in the statement of other comprehensive income (equity) are recycled to profit or loss in the period in which the hedged item will affect the profit or loss. Where the forecast transaction subsequently results in the recognition of a financial asset or liability, the gains or losses deferred in equity are transferred from the statement of other comprehensive income (equity) when the financial asset or liability is sold or impaired.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

Accounting policies (continued)

for the year ended 28 February 2019

The Company has an investment in unlisted shares that are not traded in an active market but are classified as a financial asset and stated at fair value at the end of each reporting period.

Investments in securities are recognised on a trade date basis and are initially measured at fair value. Investments are classified as held at fair value through profit or loss, and are measured at subsequent reporting dates at fair value.

Deferred taxation
Deferred tax is recognised on the temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition of goodwill or from the initial recognition (other than in a business combination) of the other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of the deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Taxation
Our income tax expense, deferred tax assets and liabilities and unrecognised tax benefits reflect management's best estimate of current and future taxes to be paid. We are subject to income taxes in the South African and numerous foreign jurisdictions. Significant judgements and estimates are required in the determination of the consolidated income tax expense. Deferred income taxes arise from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, which will result in taxable or deductible amounts in the future.

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Investments in subsidiaries
All investments in subsidiaries are carried at cost.

For the purposes of impairment testing. The cost of each of the subsidiaries is compared to the value in use, and where the values in use is lower than the cost, an impairment is recognised in profit or loss. The value in use is determined at each reporting date or when an impairment indicator exists.

1.4 Liability at amortised cost

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Notes to the annual financial statements

for the year ended 28 February 2019

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 *Financial Instruments*	1 January 2018	See accounting policy for impact assessment
• IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	The impact of the standard is not material
• Amendments to IFRS 15: Clarifications to IFRS 15 *Revenue from Contracts with Customers*	1 January 2018	The impact of the standard is not material

2.2 Standards and interpretations not yet effective

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Company's accounting periods beginning on or after 1 March 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• *Long-term Interests in Associates and Joint Ventures* – amendments to IAS 28	1 January 2019	Not material
• *Prepayment Features with Negative Compensation* – amendment to IFRS 9	1 January 2019	Not material
• Annual Improvements to IFRS Standards 2015 to 2017 Cycle	1 January 2019	Not material
• IFRIC 23 *Uncertainty over Income Tax Treatments*	1 January 2019	Not material
• IFRS 16 *Leases*	1 January 2019	Not material

3. Investment in subsidiaries

Shares at cost less amounts written off:

	2019 R'000	2018 R'000
Adcorp Flexible Staffing Solutions Proprietary Limited	**209**	209
DAV Personnel Proprietary Limited	**7 269**	7 269
Employrite Proprietary Limited	**41 478**	41 478
Funerary Management Services Proprietary Limited	**231 363**	231 363
Premier Personnel Proprietary Limited	**1 946**	1 946
Research Surveys Proprietary Limited	**6 726**	6 726
Paracon SA Proprietary Limited	**636 698**	636 698
Paxus Holdings	**284 875**	284 875
	1 210 564	1 210 564
Impairment of investment in subsidiaries	**(220 786)**	(126 620)
	989 778	1 083 944

Notes to the annual financial statements

for the year ended 28 February 2019

3. Investment in subsidiaries (continued)

Impairment of assets

A reorganisation is taking place throughout the Adcorp Group of companies in the financial year ended 28 February 2018. As a result, Employrite Proprietary Limited, Premier Personnel Proprietary Limited and Research Surveys Proprietary Limited have been identified as entities from whom future cash flows are expected to be underperforming. As a result of the restructuring, the investments were partially impaired. No additional impairments were recognised as a result of the restructuring in the financial year ended 28 February 2019 (2018: R44m).

Impairment testing on investments in subsidiaries was performed. Management understood the impairment of the subsidiary companies as an indicator of impairment. The recoverable amounts were based on the value in use assessments taking into account the projected earnings and cash flows from each of the subsidiaries. The cash flow projections were then adjusted to take the following elements into account:

- Entity specific business risk
- Estimates of future cash flows expected to be derived from the investments
- Expectations about possible variations in the amount and timing of the future cash flows
- The time value of money, represented by the current market risk free rate
- The price for bearing the uncertainty in the asset
- Other factors, such as illiquidity, that market participants would reflect in the pricing the future cash flows the entity

The determination of the value in use resulted in the following impairments:

Funerary Management Services Proprietary Limited

The projected cash flows used in the value-in-use calculation were based on the five-year financial plan. The post-tax discount rate applied was 16,56% (FY2018: 20,3%) and a terminal growth rate of 3%. An impairment loss of R1,5m was recognised (2018: R76,5m).

Paracon SA Proprietary Limited

The projected cash flows used in the value-in-use calculation were based on the five-year financial plan. The post-tax discount rate applied was 16,56% (FY2018 20,3%) and cash flows beyond five years were extrapolated based on a terminal growth rate of 6%. An impairment loss of R92,7m (2018: Rnil) was recognised.

Key estimates and assumptions

Key assumptions include the discount rate and cash flows used to determine the value in use. Future cash flows are estimated based on the most recent budgets and forecasts approved by management covering periods between three to five years and are extrapolated over the useful life of the asset to reflect the long-term plans for the Company using the estimated growth rate for the specific business.

Sensitivity analysis

The value in use calculations are most sensitive to the following assumptions:

- Anticipated earnings growth
- Discount rates.

Anticipated earnings

Directors recognise the ongoing uncertainty with regard to certain aspects of the legislative environment within which the industrial services segment cash-generating units (CGUs) operate. The continued positive engagement with clients provides management with confidence that the inputs to the Discounted Cash Flow (DCF) calculation are appropriate.

Discount rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

A 1% change in the discounted rate used would have the following impact on the value in use calculated:

- Funerary Management Services Proprietary Limited: increase/decrease of R2,3m
- Paracon SA Proprietary Limited: increase/decrease of R5,6m.

Notes to the annual financial statements

for the year ended 28 February 2019

	2019 Carrying amount	2018 Carrying amount
4. Investment		
Guardrisk	**15 247**	13 244
The investment in Guardrisk represents an investment in a cell captive whereby the Group owns a special class of shares that entities in the Group to participate in the administration, risk and economic result of the agreed insurance business introduced to the insurance company.		
Investment		
Opening balance	**13 244**	10 000
Fair value gain	**2 003**	3 244
Closing balance	**15 247**	13 244
Adcorp has invested in a cell captive arrangement which is housed within an insurance company. Under this arrangement Adcorp is insured against future adverse events by investing in shares issued by the insurer. The insurer utilises the capital received from Adcorp to purchase a portfolio of income generating assets. Claims initiated by Adcorp against the insurer are settled from the portfolio of assets and are typically limited to the funds available from the portfolio.		
Adcorp Holdings has determined that it does not have control over its insurance cell captive as the assets and liabilities are controlled by the insurer.		
5. Deferred taxation		
Deferred tax (liability) asset		
Deferred tax on fair value adjustment of foreign loan	**(5 090)**	6 253
Reconciliation of deferred tax (liability) asset		
At beginning of year	**6 253**	(5 788)
Fair value adjustment on foreign loan	**(11 343)**	12 041
	(5 090)	6 253

Notes to the annual financial statements

for the year ended 28 February 2019

	2019 Carrying amount	2018 Carrying amount
6. Amounts due by subsidiary companies		
Subsidiaries		
Adcorp Flexible Staffing Solutions Proprietary Limited	**1 251**	1 251
Adcorp Fulfilment Services Proprietary Limited	**731 694**	712 377
Adcorp Workforce Solutions Proprietary Limited	**370 804**	369 813
Adcorp Staffing Solutions Proprietary Limited	**458 087**	456 051
Fortress Administration Proprietary Limited	**–**	498
Paxus	**493 742**	453 231
Paracon Holdings Proprietary Limited	**848 887**	828 470
Expected credit losses	**(22 278)**	(22 278)
	2 882 187	2 799 413

During the current year intragroup facilities bear interest at 8,25% and received interest at 4,83%. No interest is levied on current payables and receivables.

The Company has subordinated loans receivable from subsidiary companies until such time that the subsidiary company's assets fairly valued exceeds its liabilities. The subordination agreements were in favour of the following subsidiaries:

- Adcorp Staffing Solutions Proprietary Limited
- Adcorp Fulfilment Services Proprietary Limited.

Loans to and from the group companies are generally unsecured and not subject to any fixed terms of repayment.

Key estimates and judgements

The Company measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. There has been a significant improvement in the financial performance and position of the subsidiaries with outstanding intercompany loan balances to the Company. As a result, the credit risk associated with the loans to subsidiary has not increased significantly in the financial year ending 28 February 2019. Having assessed the reduced credit risk, no adjustments have been made to the future expected credit losses previously provided. As a result no additional credit losses were recognised against loans provided to subsidiaries (2018: R22m).

Notes to the annual financial statements

for the year ended 28 February 2019

		2019 Carrying amount	2018 Carrying amount
7.	**Trade and other receivables**		
	Financial instruments:		
	Interest accrued	**892**	1 115
	Other receivables	**121**	119
	Non financial instruments:		
	Prepayments	**258**	19
	Deposits	**500**	296
	Total trade and other receivables	**1 771**	1 549
	Categorisation of trade and other receivables		
	Trade and other receivables are categorised as follows in accordance with IFRS 9 *Financial Instruments:*		
	At amortised cost	**1 013**	1 530
	Non-financial instruments	**758**	19
		1 771	1 549

Fair value of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amounts is considered to be the same as their fair value.

Exposure to credit risk

Trade receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 *Financial Instruments*, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation.

The Company measures the loss allowance for trade receivables and other receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward-looking information and general economic conditions of the industry as at the reporting date. Forward-looking information available does not indicate impairment of receivables. Furthermore, there have been no defaults experienced in the past. As a result, the expected credit losses recognised on outstanding trade and other receivables amounts to Rnil (2018: Rnil).

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

Notes to the annual financial statements

for the year ended 28 February 2019

		2019 Carrying amount	2018 Carrying amount
8.	**Cash and cash equivalents**		
	Cash and cash equivalents consist of:		
	Bank balances	**126 773**	122 835
9.	**Share capital**		
	Authorised		
	183 177 151 ordinary shares of 2,5c each (2018:183 177 151)	**4 579**	4 579
	16 822 849 Ordinary Type B shares of 2,5c each (2018: 16 822 849)	**421**	421
	Closing balance	**5 000**	5 000
	Issued		
	109 954 675 ordinary shares of 2,5c (2018: 109 954 675)	**2 749**	2 749
	16 822 849 B ordinary shares of 2,5c each (2018: 16 822 849)	**421**	421
	Share premium	**1 738 109**	1 738 109
	Closing balance	**1 741 279**	1 741 279
10.	**Share-based payment reserve**		
	A reconciliation of the share-based payment reserve (per share scheme) is provided below:		
	Share-based payment reserve		
	Opening balance		
	Adcorp employee benefit trust and BBBEE shareholder's trust	**136 199**	128 993
	Equity settled share-based payment recorded at a subsidiary level		
	Senior management long-term incentive scheme	**18 368**	–
	Expense charge arising from equity settled share-based schemes		
	Adcorp employee benefit trust and BBBEE shareholders' trust	**7 206**	7 206
	Closing balance		
	Senior management long-term incentive scheme	**18 369**	–
	Adcorp employee benefit trust and BBBEE shareholders' trust	**143 404**	136 199
		161 773	136 199
	The expense recognised for share-based payment transactions during the year is shown in the following table:		
	Adcorp Employee Benefit Trust and BBBEE shareholders' interest		
	Adcorp employee benefit trust and BBBEE shareholders' trust	**7 206**	7 206
	Total expense arising from equity settled share-based payments transactions	**7 206**	7 206

Key estimates and judgements

The assessed fair value at grant date of options granted during the 28 February 2019 financial year is disclosed below.

The fair value of the share appreciation rights at grant date are independently determined using binomial model. Retention shares and the performance shares at grant date are independently determined present value of future expected dividends discounted at a risk free rate. The valuation models take into account the exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer Group companies.

Notes to the annual financial statements

for the year ended 28 February 2019

10. Share-based payment reserve (continued)

Senior management long-term incentive scheme

The Company awards shares under the scheme as part of their retention and to align management remuneration with the achievement of short and long-term strategic and financial performance targets. The plan includes three types of awards:

- Performance shares (PS): a conditional right to Adcorp shares, the vesting of which is subject to the fulfilment of service conditions as well as performance conditions. As specified in the award letter, participants will not be entitled to dividends or having any voting rights on the PS until the awards vest. Vesting periods are three years from date of award.
- Retention shares (RS): these are similar to PS but are not conditional on performance of the Group.
- Share appreciation rights (SARs): a conditional right that entitles participants to such number of Adcorp shares that are equal to the growth in the Adcorp share price above the allocation price, calculated on the exercise date. Once vested, participants will be entitled to exercise SARs up to the sixth anniversary of the allocation date (the maximum period).

The following reconciles the outstanding share options granted under the senior management long-term incentive scheme at the end of the financial year:

Senior management long-term incentive scheme

	2019 Number of share options	**2019 Weighted average exercise price (R)**	2018 Number of share options	2018 Weighted average exercise price (R)
Outstanding balance at the beginning of the year	**4 238 599**	**16,0**	3 085 100	33,0
Lapsed during the year	**–**		–	
Granted during the year	**1 781 136**	**18,1**	3 698 599	14,0
Exercised during the year	**(540 000)**	**20,0**	(2 545 100)	14,0
Outstanding at the end of the year	**5 479 735**	**16,3**	4 238 599	16
Exercisable at the end of the year	**–**		540 000	32,0

The following options were issued under the senior management long-term incentive scheme in the current and prior financial years:

Issued in FY2018	1 562 999	2018/02/02	2021/02/02	2024/02/02	RS	17,99
Issued in FY2018	500 000	2018/02/02	2021/02/02	2023/02/02	SAR	17,67
Issued in FY2018	500 000	2018/02/02	2022/02/02	2023/02/02	SAR	8,09
Issued in FY2018	500 000	2018/02/02	2023/02/02	2023/02/02	SAR	8,46
Issued in FY2018	635 600	2018/02/02	2021/02/02	2024/02/02	PS	17,99
Issued in FY2019	116 308	2018/05/18	2021/05/18	2024/05/18	PS	17,96
Issued in FY2019	57 581	2018/06/20	2021/06/20	2024/06/20	PS	18,1
Issued in FY2019	1 574 655	2018/06/21	2021/06/20	2024/06/20	PS	18,1
Issued in FY2019	32 592	2019/01/22	2022/06/20	2025/06/20	PS	20,25
	5 479 735	18 163	18 193	18 214	–	14,5

- The fair value of the SARs at grant date are independently determined using a binomial model.
- The RS and the PS at grant date are independently determined based on present value of future expected dividends discounted at a risk free rate.

Notes to the annual financial statements

for the year ended 28 February 2019

10. Share-based payment reserve (continued)

The inputs to the model determining the fair value of the options at grant date are set out below:

	2019	2018
Weighted average share price (R)	**R18,10 – R25,25**	R17,99
Weighted average exercise price (R)		
Expected volatility (%)	**36,1 – 42,4%**	33,7 – 45,7%
Expected life (years)	**3 – 6 years**	3 – 6 years
Risk free rate (%)	**7,76%**	7,00%
Expected dividend yield (%)	**0,00%**	0,00%

Adcorp Employee Benefit Trust and BBBEE shareholders' interest

In terms of the BEE transaction in 2013 (2013 BBBEE transaction), Adcorp has created and issued a total of 16 822 849 B ordinary shares (2015: 16 822 849) to its empowerment shareholders at a par value of 2,5 cents per share:

- 6 729 140 (2018: 6 729 140) are owned by a trust called the Adcorp Employee Benefit Trust 2 (AEBT2).
- 5 887 997 (2018: 5 887 997) participation has been allocated to women's empowerment group, WIPHOLD and,
- 4 205 712 (2018: 4 205 712) participation has been allocated to an empowerment business, Simeka Group. At the end of 10 years, the 'B' ordinary shares convert into Adcorp ordinary shares based on the value of the notional debt that is paid down at the time.

	2019 R'000	2018 R'000
Issued		
'B' class shares		
16 822 849 'B' ordinary shares of 2,5 cents per share (2018: 16 822 849)	**421**	421
'A' class shares in subsidiaries		
400 'A' ordinary shares of no par value in Quest Staffing Solutions Proprietary Limited (2018: 400)	**25**	25
450 'A' ordinary shares of no par value in Fortress Administration Proprietary Limited (2018: 450)	**230**	230
	676	676

In respect of the 2013 BBBEE deal, the fair value of the cancelled options and new options issued on the date of modification were calculated using the Black Scholes option pricing model. The inputs to the model are set out below:

	2014
Weighted average share price (R)	34,86
Weighted average exercise price (R)	42,17
Expected volatility (%)	24,47
Expected life (years)	10,00
Risk free rate (%)	7,99
Expected dividend yield (%)	4,07

Using the modification cost principles under IFRS 2 *Share-Based Payments*, the total modified cost of the option is R145,6 million. The total value to be amortised over the 10-year period is the aggregate of (a) 40% of the modification option cost plus (b) the unamortised option value relating to the 2007 BBBEE deal.

Using the modification cost principles under IFRS 2, the total modified cost of the option is R145,6 million.

The total value to be amortised over the 10-year period is the aggregate of (a) 40% of the modified option cost plus (b) the unamortised option value relating to the 2007 BBBEE deal, as above.

Notes to the annual financial statements

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10. Share-based payment reserve (continued)

Details of the amount expensed over the 10-year period are as follows:

	2019 R'000	2018 R'000
One year	**7 206**	7 206
Year two to five	**28 824**	28 824
More than five years	**–**	7 206
	36 030	43 236

The following reconciles the outstanding share options granted under the Adcorp Employee Benefit Trust at the beginning and end of the financial year:

			2018 Number of share options	2018 Weighted average exercise price (R)
Adcorp Employee Benefit Fund Trust 2				
'B' Ordinary shares	–	–		
Outstanding balance at the beginning of the year	6 729 140	42,17	6 729 140	42,17
Issued during the year	–			–
	6 729 140	42,17	6 729 140	42,17

At the commencement of the share scheme in 2013, the following parameters were used in determining the option valuation:

	2014
Weighted average share price (R)	34,86
Weighted average exercise price (R)	42,17
Expected volatility (%)	24,47
Expected life (years)	10,00
Risk free rate (%)	7,99

	2019	2018
11. Non-distributable reserve		
Unrealised profit arising on sale of BEE companies into new entity during 2004	**119 918**	119 918

Notes to the annual financial statements

for the year ended 28 February 2019

			2019	2018
12. Long-term loans – interest-bearing				
Secured – at amortised cost less amount capitalised				
Long-term loans – non-current portion			**650 000**	925 000
Details of movement				
Long-term loan – non-current portion	Interest rate	Maturity		
Amortising term loan	JIBAR + 340	Six equal instalments on the last of each of the five months prior to 30 November 2020	**200 000**	200 000
Amortising revolving loan	JIBAR + 340	Six equal instalments on the last of each of the five months prior to 30 November 2020	**450 000**	725 000
		–	**650 000**	925 000

Security

As security for the South Africa loan facility granted to Adcorp Holdings, a shared security agreement was entered into that holds a cession over the trade receivables between the following operating subsidiaries of the Adcorp Group:

- All About Project Management Proprietary Limited
- Adcorp Staffing Solutions Proprietary Limited
- Adcorp Fulfilment Services Proprietary Limited
- Adcorp Management Services Proprietary Limited
- Adcorp Support Services Proprietary Limited
- Quest Staffing Solutions Proprietary Limited
- Paracon SA Proprietary Limited
- Mondial IT Solutions Proprietary Limited
- Production Management Institute of Southern Africa Proprietary Limited
- Adcorp Workforce Solutions Proprietary Limited
- Adcorp Workforce Management Solutions Proprietary Limited
- Comsel Eighteen Proprietary Limited
- Talentcru Proprietary Limited
- Torque Technical Computer Training Proprietary Limited
- Adcorp Contracting Proprietary Limited
- Adcorp Technical Training Proprietary Limited
- Adfusion Contract Management Services Proprietary Limited
- Adcorp Advantage Proprietary Limited
- M Squared Consulting MSP Proprietary Limited
- Zest Hospitality Proprietary Limited
- Fortress Administration Proprietary Limited
- Kelly Corporate Finance Proprietary Limited
- AllAboutXpert Proprietary Limited
- Innstaff Proprietary Limited

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for the year ended 28 February 2019

	2019	2018
13. Trade and other payables		
Trade payables	–	88
Accruals	2 890	4 154
	2 890	4 242
Average credit period on trade and other payables is 30 days (2018: 30 days).		
No interest is incurred on trade and other payables unless payment is not affected timeously.		
14. Amounts due to subsidiary companies		
Subsidiaries		
Adcorp Support Services Proprietary Limited	**–**	2 553
Adcorp Management Services Proprietary Limited	**1 177 872**	855 024
Production Management Institute of SA Proprietary Limited	**–**	5 939
Quest Staffing Solutions Proprietary Limited	**–**	9 238
Research Surveys Proprietary Limited	**17 867**	17 867
TalentCru Proprietary Limited	**–**	2 369
Capital Outsourcing Group Proprietary Limited – Africa	**12 722**	–
	1 208 461	892 990
During the current year intragroup facilities bear interest at 8,25% and received interest at 4,83%. No interest is levied on current payables and receivables.		
Loans to and from the Group companies are generally unsecured and not subject to any fixed terms of repayment.		
Split between non-current and current portions		
Current liabilities	**1 208 461**	892 990
Fair value of amounts due to subsidiaries		
The fair value of amounts due to subsidiaries approximates their carrying amounts.		
15. Operating loss		
Operating loss for the year is stated after charging (crediting) the following, among others:		
Auditor's remuneration – external		
Audit fees	**403**	468
Other consultation services	**24**	80
	427	548
Remuneration, other than to employees		
Administrative and managerial services	**218**	7
Consulting and professional services	**408**	4 901
Share-based payments expense	**7 206**	7 206
	7 832	12 114
Other		
Entertainment	**5 999**	2 424
Subscriptions	**1 673**	13 721
Other expenses	**198**	2 361
Total	**16 129**	31 168

Notes to the annual financial statements

for the year ended 28 February 2019

	2019	2018
16. Finance income		
Investments in financial assets:		
Bank and other cash	**14 514**	5 021
Loans to Group companies:		
Subsidiaries	**88 612**	–
	103 126	5 021

Investment income on financial instruments which are available for sale or held to maturity are only presented for comparative purposes for financial instruments held in the prior reporting period but which were disposed of prior to the beginning current reporting period, which is the date of adoption of IFRS 9 *Financial Instruments*. Investment income on all other financial assets has been reclassified in compliance with IFRS 9.

	2019	2018
17. Finance costs		
Group treasury loans	**14 508**	37 870
Long-term loans	**88 612**	90 426
Bank overdraft	**87**	15 142
Total finance costs	**103 207**	143 438
18. Taxation		
Income tax recognised in other comprehensive income		
Exchange differences of net investment of foreign operations	**(11 343)**	12 042
Reconciliation of the tax expense		
Reconciliation between loss before taxation and tax expense		
Loss before taxation	**(108 373)**	(153 620)
Tax at the applicable tax rate of 28% (2018: 28%)	**(30 344)**	(43 014)
Tax effect of adjustments on taxable income		
Non-deductible expenses	**28 930**	45 418
Share-based payments	**2 018**	2 018
Other permanent differences	**(604)**	(860)
Other income	**–**	(3 562)
	–	–

No provision has been made for 2019 tax as the Company has no taxable income.

Notes to the annual financial statements

for the year ended 28 February 2019

	2019	2018
19. Cash generated from operations		
Loss before taxation	**(108 373)**	(308 514)
Adjustments for:		
Fair value gain	**(2 003)**	(3 243)
Interest income	**(103 126)**	(5 021)
Finance costs	**103 207**	143 438
Impairment of loans	**94 166**	142 172
Share-based payment expenses	**7 206**	7 206
Changes in working capital:		
Increase trade and other receivables	**(222)**	(1 102)
Decrease trade and other payables	**(1 353)**	(1 573)
Movement in intercompany accounts	**291 578**	544 113
	281 080	517 476
The movement in the intercompany accounts is adjusted for the impact of non-cash movements relating to:		
Foreign exchange difference relating to translation of foreign operation	**40 512**	(43 009)
Share-based payment scheme at subsidiary recognised in equity	**18 369**	–
Intercompany balances	**232 697**	587 122
Net movement in intercompany accounts	**291 578**	544 113
20. Tax paid		
Balance at beginning of the year	**(2 789)**	(2 789)
Balance at end of the year	**728**	2 789
	(2 061)	–

Notes to the annual financial statements

for the year ended 28 February 2019

21. Directors' and prescribed officers' emoluments (continued)

Executive directors	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share options R'000	Total R'000
2019						
I Dutiro	**4 846**	**5 575**	**957**	**11 378**	**–**	**11 378**
CJ Kujenga	**3 209**	**2 101**	**351**	**5 661**	**–**	**5 661**
	8 055	**7 676**	**1 308**	**17 039**	**–**	**17 039**

Executive directors	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share options R'000	Total R'000
2018						
I Dutiro	1 914	1 833	377	4 124	–	4 124
MA Jurgens	5 500	2 713	289	8 502	1 078	9 580
CJ Kujenga	2 029	891	220	3 140	–	3 140
RL Pike	2 764	–	5 712	8 476	12 222	20 698
BE Bulunga	3 169	–	453	3 622	–	3 622
PC Swart	2 318	–	4 593	6 911	11 204	18 115
	17 694	5 437	11 644	34 775	24 504	59 279

Prescribed officers	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share options R'000	Total R'000
2019						
M Jurgens*	**5 604**	**–**	**202**	**5 806**	**105**	**5 911**
R de Grooth	**1 838**	**1 233**	**550**	**3 621**	**35**	**3 656**
K Vittee	**2 364**	**998**	**350**	**3 712**	**105**	**3 817**
U Fear**	**165**	**500**	**18**	**683**	**–**	**683**
H Weyers	**1 061**	**210**	**264**	**1 535**	**–**	**1 535**
	11 032	**2 941**	**1 384**	**15 357**	**245**	**15 602**

** M Jurgens resigned on 1 February 2019.*
***U Fear was appointed Managing Executive: Training on 1 January 2019. She received a R500 000 sign-on bonus.*

Prescribed officers	Salary R'000	Bonus R'000	Employee benefits R'000	Sub-total R'000	Realised gains on share options R'000	Total R'000
2018						
J Botha	2 472	1 000	429	3 901	–	3 901
R de Grooth	1 403	1 000	511	2 914	411	3 325
K Vittee	2 133	950	441	3 524	1 297	4 821
M Pitman	3 208	1 500	164	4 872	–	4 872
H Weyers	1 024	400	243	1 667	–	1 667
	10 240	4 850	1 788	16 878	1 708	18 586

Notes to the annual financial statements

for the year ended 28 February 2019

21. Directors' and prescribed officers' emoluments (continued)

Directors' shareholding as at 28 February 2019	Number of unexercised options 28 as at 28 February 2018	Number of options granted	Number of options exercised	Number of options forfeited	Number of unexercised options 28 as at 28 February 2019	Vesting date
Executive Directors						
I Dutiro	–	**316 698**	**–**	**–**	**316 698#**	**20/06/2021**
	930 533	**–**	**–**	**–**	**930 533***	**02/02/2021**
	500 000	**–**	**–**	**–**	**500 000****	**02/02/2021**
	500 000	**–**	**–**	**–**	**500 000****	**02/02/2022**
	500 000	**–**	**–**	**–**	**500 000****	**02/02/2023**
CJ Kujenga	–	**116 568**	**–**	**–**	**116 568***	**20/06/2021**
	241 000	**–**	**–**	**–**	**241 000#**	**02/02/2021**
Prescribed officers						
M Jurgens	105 000	**–**	**(105 000)**	**–**	**–#**	**27/05/2018**
	139 650	**–**	**–**	**(139 650)**	**–#**	**01/03/2020**
	–	**189 346**	**–**	**(189 346)**	**–#**	**20/06/2021**
	391 466	**–**	**–**	**(391 466)**	**–***	**02/02/2021**
R de Grooth	35 000	**–**	**(35 000)**	**–**	**–#**	**27/05/2018**
	35 000	**–**	**–**	**–**	**35 000#**	**01/03/2020**
	–	**68 671**	**–**	**–**	**68 671#**	**6/20/2021**
K Vittee	105 000	**–**	**(105 000)**	**–**	**–#**	**27/05/2018**
	139 650	**–**	**–**	**–**	**139 650#**	**3/1/2020**
	–	**74 132**	**–**	**–**	**74 132#**	**6/20/2021**
H Weyers	–	**36 478**		**–**	**36 478#**	**20/06/2021**
J Botha	53 200	**–**	**(40 000)**	**(13 200)**	**–#**	**02/02/2020**
M Pitman	35 000	**–**	**–**	**(35 000)**	**–#**	**27/02/2017**
	35 000	**–**	**(35 000)**	**–**	**–#**	

 # Performance shares.
** Sign-on-shares.*
*** Share appreciation rights (SARs). Vesting in three equal tranches 2021; 2022; 2023. Refer to Directors' report (page 4) for resignations and appointments. The share appreciation rights have a strike price of R17,67.*

Directors' fees	2019 R'000
Non-executive directors	
GT Serobe	**1 071**
JA Boggenpoel (resigned 20 July 2018)	**145**
GP Dingaan	**366**
SN Mabaso-Koyana	**640**
C Maswanganyi	**397**
TP Moeketsi	**282**
ME Mthunzi	**354**
FS Mufamadi	**400**
P Mnganga (appointed 6 September 2018)	**203**
H Singh (appointed 6 September 2018)	**250**
S Sithole	**425**
MW Spicer	**580**
	5 113

Notes to the annual financial statements

for the year ended 28 February 2019

21. Directors' and prescribed officers' emoluments (continued)

Directors' fees	2018 R'000
Non-executive directors	
GT Serobe (appointed 11 July 2017)	669
JB Boggenpoel	557
GP Dingaan	365
SN Mabaso-Koyana	704
C Maswanganyi	579
TP Moeketsi (appointed 5 February 2018)	90
ME Mthunzi	523
FS Mufamadi (appointed 11 July 2017)	290
NS Ndhlazi (resigned 11 July 2017)	173
MJN Njeke (resigned 11 July 2017)	374
N Nogogo (appointed 4 July 2017 and resigned 13 October 2017)	72
TDA Ross (resigned 11 July 2017)	290
S Sithole (appointed 4 July 2017)	391
MW Spicer	840
	5 917

Schedule of directors' interests – Adcorp Holdings Limited

	2019			2018		
	Direct	**Indirect**	**Total**	Direct	Indirect	Total
Directors' names						
I Dutiro	**18 000**	**–**	**18 000**	18 000	–	18 000
TP Moeketsi*	**–**	**25 355 569**	**25 355 569**	–	17 899 084	17 899 084
S Sithole*	**–**	**25 355 569**	**25 355 569**	–	17 899 084	17 899 084
MW Spicer	**–**	**48 000**	**48 000**	–	48 000	48 000
Alternate directors						
MM Nkosi* (appointed 19 October 2018)	**–**	**25 355 569**	**25 355 569**	–	–	–
JA Boggenpoel (resigned 20 July 2018)	**–**	**–**	**–**	–	–	–
MA Jurgens (resigned September 2017)	**54 628**	**–**	**54 628**	133 471	–	133 471
RM Ramaite (resigned 2 January 2019)	**15 000**	**–**	**15 000**	15 000	–	15 000
RL Pike (resigned July 2017)	**–**	**–**	**–**	735 431	–	735 431
AM Sher (resigned Jan 2017)	**–**	**–**	**–**	–	115 000	115 000
PC Swart (resigned July 2017)	**–**	**–**	**–**	–	697 125	697 125
	87 628	**76 114 707**	**76 202 335**	901 902	36 658 293	37 560 195
Less double counting for Value Capital Partners (VCP)	**–**	**(50 711 138)**	**(50 711 138)**	–	(17 899 084)	(17 899 084)
	87 628	**25 403 569**	**25 491 197**	901 902	18 759 209	19 661 111

** Interest held through Value Capital Partners (VCP).*

Notes to the annual financial statements

for the year ended 28 February 2019

22. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

	Notes	Fair value through profit or loss – designated	Amortised cost	Total	Fair value
2019					
Investments in financial asset	**4**	**15 247**	**–**	**15 247**	**15 247**
Amounts due by subsidiary companies	**6**	**–**	**2 882 187**	**2 882 187**	**–**
Trade and other receivables	**7**	**–**	**1 513**	**1 513**	**–**
Cash and cash equivalents	**8**	**–**	**126 773**	**126 773**	**–**
		15 247	**3 010 473**	**3 025 720**	**15 247**

	Notes	Fair value through profit or loss – designated	Amortised cost	Total	Fair value
2018					
Investments in financial asset	4	13 244	–	13 244	13 244
Amounts due by subsidiary companies	6	–	2 799 413	2 799 413	–
Trade and other receivables	7	–	1 530	1 530	–
Cash and cash equivalents	8	–	122 835	122 835	–
		13 244	2 923 778	2 937 022	13 244

Categories of financial liabilities

	Notes	Amortised cost	Total	Fair value
2019				
Trade and other payables	**13**	**2 890**	**2 890**	**–**
Amounts due to subsidiary companies	**14**	**1 208 461**	**1 208 461**	**–**
Other financial liabilities at amortised cost	**12**	**650 000**	**650 000**	**–**
		1 861 351	**1 861 351**	**–**

	Notes	Amortised cost	Total	Fair value
2018				
Trade and other payables	13	4 242	4 242	–
Amounts due to subsidiary companies	14	892 990	892 990	–
Other financial liabilities at amortised cost	12	925 000	925 000	–
		1 822 232	1 822 232	–

Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Company is exposed to credit risk on the loans to fellow subsidiaries as the loans are non-interest-bearing.

Notes to the annual financial statements

for the year ended 28 February 2019

22. Financial instruments and risk management continued

The maximum exposure to credit risk is presented in the table below:

		2019			2018		
	Notes	Gross carrying amount	Credit loss allowance	Amortised cost/fair value	Gross carrying amount	Credit loss allowance	Amortised cost/fair value
Loans to Group companies	6	**2 904 465**	**(22 278)**	**2 882 187**	2 821 691	(22 278)	2 799 413
Trade and other receivables	7	**1 513**	**–**	**1 513**	1 530	–	1 530
Cash and cash equivalents	8	**126 773**	**–**	**126 773**	122 835	–	122 835
		3 032 751	**(22 278)**	**3 010 473**	2 946 056	(22 278)	2 923 778

23. Fair value information

Some of the Group's financial assets and financials liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used):

Financial assets/financial liabilities

	2019 R'000	2018 R'000	Valuation technique(s) and key inputs	Fair value hierarchy	Significant observable input(s)	Relationship of unobservable inputs to fair value
Investment	**15 247**	13 244	Fair value – market valuation	Level 2	Aggregated publicly traded unit trusts at fair market value	A significant increase in the fair value of invested unit trusts would result in a significant increase in fair value

24. Commitments

Contingent liabilities and commitments

The bank has issued lease guarantees to the value of	7 250	6 000

25. Events after the reporting period

No material transactions or events subsequent to the end of the financial year ended 28 February 2019 and prior to the approval of these financial statements took place.

Annexure A: Details of subsidiaries and associates

for the year ended 28 February 2019

Name of subsidiary	Nature of business/ status	Share type	Authorised share capital of subsidiary/associate February 2019	February 2018
Investments in subsidiaries				
Adcorp Flexible Staffing Solutions Proprietary Limited	Dormant	Ordinary	**20 000**	20 000
DAV Professional Placement Group Proprietary Limited	Dormant	Ordinary	**1 000 000**	1 000 000
Paracon SA Proprietary Limited	Supplier of IT services	Ordinary	**1 000**	1 000
Research Surveys Proprietary Limited	Dormant	Ordinary	**100 000**	100 000
Employrite Proprietary Limited	Dormant	Ordinary	**100**	100
Funerary Management Services Proprietary Limited	Dormant	Ordinary	**100**	100
Premier Personnel Proprietary Limited	Dormant	Ordinary	**100**	100
Adcorp Holdings Australia	Holding company	Ordinary	**30 000 100**	30 000 100
Amounts due to subsidiary companies				
Adcorp Support Services Proprietary Limited	Financial services	Ordinary	**1 000**	1 000
Adcorp Management Services Proprietary Limited	Shared services	Ordinary	**4 000**	4 000
Production Management Institute of Southern Africa Proprietary Limited	Training	Ordinary	**4 000 000**	4 000 000
Quest Staffing Solutions Proprietary Limited	Flexible staffing	Ordinary	**1 000 000**	1 000 000
Talentcru Proprietary Limited	Emergent business	Ordinary	**1 000 000**	1 000 000
Capital Outsourced Solutions Proprietary Limited	Flexible staffing	Ordinary	**1 000 000**	1 000 000
Adcorp Fulfilment Services Proprietary Limited	Holding company	Ordinary	**20 000**	20 000
Adcorp Workforce Solutions Proprietary Limited	Flexible staffing	Ordinary	**1 000 000**	1 000 000
Adcorp Staffing Solutions Proprietary Limited	Holding company	Ordinary	**4 000**	4 000
Fortress Administration Proprietary Limited	Outsourcing solutions	Ordinary	**550**	550
Total cost of investment held by Adcorp Holdings Limited (before impairment)				
Total indebtedness (to) the subsidiary to Adcorp Holdings Limited				
Total indebtedness by the subsidiary to Adcorp Holdings Limited				

Annexure A: Details of subsidiaries and associates (continued)

for the year ended 28 February 2019

Name of subsidiary	Issued share capital of subsidiary/associate		Number of shares held by Adcorp	
	February 2019	February 2018	**February 2019**	February 2018
Investments in subsidiaries				
Adcorp Flexible Staffing Solutions Proprietary Limited	**10 000**	10 000	**10 000**	10 000
DAV Professional Placement Group Proprietary Limited	**100 000**	100 000	**100 000**	100 000
Paracon SA Proprietary Limited	**700**	700	**700**	700
Research Surveys Proprietary Limited	**200**	200	**200**	200
Employrite Proprietary Limited	**100**	100	**100**	100
Funerary Management Services Proprietary Limited	**100**	100	**100**	100
Premier Personnel Proprietary Limited	**100**	100	**100**	100
Adcorp Holdings Australia	**30 000 100**	30 000 100	**30 000 100**	30 000 100
Amounts due to subsidiary companies				
Adcorp Support Services Proprietary Limited	**100**	100	**Indirect holding**	Indirect holding
Adcorp Management Services Proprietary Limited	**400**	400	**Indirect holding**	Indirect holding
Production Management Institute of Southern Africa Proprietary Limited	**100 000**	100 000	**Indirect holding**	Indirect holding
Quest Staffing Solutions Proprietary Limited	**600 000**	600 000	**Indirect holding**	Indirect holding
Talentcru Proprietary Limited	**100 000**	100 000	**Indirect holding**	Indirect holding
Capital Outsourced Solutions Proprietary Limited	**100 000**	100 000	**Indirect holding**	Indirect holding
Adcorp Fulfilment Services Proprietary Limited	**9 000**	9 000	**Indirect holding**	Indirect holding
Adcorp Workforce Solutions Proprietary Limited	**1 000 000**	1 000 000	**Indirect holding**	Indirect holding
Adcorp Staffing Solutions Proprietary Limited	**100**	100	**Indirect holding**	Indirect holding
Fortress Administration Proprietary Limited	**550**	550	**Indirect holding**	Indirect holding

Total cost of investment held by Adcorp Holdings Limited (before impairment)	
Total indebtedness (to) the subsidiary to Adcorp Holdings Limited	
Total indebtedness by the subsidiary to Adcorp Holdings Limited	

Annexure A: Details of subsidiaries and associates (continued)

for the year ended 28 February 2019

Name of subsidiary	Cost of investment held by Adcorp Holdings Limited (before impairment)		Indebtedness (to)/by the subsidiary to Adcorp Holdings Limited		Attributable profit/(loss) before tax of the subsidiary/associate	
	February 2019	February 2018	**February 2019**	February 2018	**February 2019**	February 2018
Investments in subsidiaries						
Adcorp Flexible Staffing Solutions Proprietary Limited	**209**	209	**1 251**	1 251	**–**	–
DAV Professional Placement Group Proprietary Limited	**7 269**	7 269	**–**	–	**–**	–
Paracon SA Proprietary Limited	**636 698**	636 698	**848 887**	828 470	**28 445**	35 144
Research Surveys Proprietary Limited	**6 726**	6 726	**(17 866)**	(17 867)	**–**	–
Employrite Proprietary Limited	**41 478**	41 478	**–**	–	**–**	–
Funerary Management Services Proprietary Limited	**231 363**	231 363	**–**	–	**–**	–
Premier Personnel Proprietary Limited	**1 946**	1 946	**–**	–	**–**	–
Adcorp Holdings Australia	**284 875**	284 875	**493 742**	453 230	**66 814**	(68 427)
Amounts due to subsidiary companies						
Adcorp Support Services Proprietary Limited	**–**	–	**–**	(2 553)	**59 396**	13 161
Adcorp Management Services Proprietary Limited	**–**	–	**(807 069)**	(855 024)	**(76 236)**	(267 356)
Production Management Institute of Southern Africa Proprietary Limited	**–**	–	**–**	(5 939)	**(6 755)**	(48 161)
Quest Staffing Solutions Proprietary Limited	**–**	–	**–**	(9 238)	**10 986**	(15 801)
Talentcru Proprietary Limited	**–**	–	**–**	(2 369)	**20 946**	34 085
Capital Outsourced Solutions Proprietary Limited	**–**	–	**(12 722)**	–	**–**	–
Adcorp Fulfilment Services Proprietary Limited	**–**	–	**731 694**	712 376	**29 775**	(6 166)
Adcorp Workforce Solutions Proprietary Limited	**–**	–	**370 804**	369 812	**80 005**	50 118
Adcorp Staffing Solutions Proprietary Limited	**–**	–	**458 087**	456 051	**44 416**	(32 353)
Fortress Administration Proprietary Limited	**–**	–	**–**	498	**(3 224)**	(159 693)
			(22 278)			
Total cost of investment held by Adcorp Holdings Limited (before impairment)	**1 210 564**	**1 210 564**				
Total indebtedness (to) the subsidiary to Adcorp Holdings Limited			**(837 657)**	**(892 990)**		
Total indebtedness by the subsidiary to Adcorp Holdings Limited			**2 882 187**	**2 821 688**		