








# Assessment of Professional Competence March 2022 Pre-released information Lampros Group (Pty) Ltd

March 2022						
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## Inbox Senior Financial Assistant

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	1	Susan Sibanda	Welcome	Annexure A: Lampros Group (Pty) Ltd Background information	25/03/2022
	2	Susan Sibanda	Disposal of pre-primary schools	Annexure B: Summarised financial and other information for Lampros pre-primary schools	25/03/2022
	3	Jerry Jansen	Review of internal audit reports		25/03/2022
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Lampros Group (Pty) Ltd is a fictitious company, and all events as well as the names of all persons associated with this company, as mentioned in this Assessment of Professional Competence, are purely fictitious in nature and any resemblance to real persons, living or dead, or to an actual business entity, is purely coincidental.

## DOCUMENT 1

### EMAIL FROM CHIEF FINANCIAL OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Susan Sibanda  
**Sent:** Friday 25 March 2022, 07:59 AM  
**To:** Senior Financial Assistant  
**CC:** Jerry Jansen  
**Subject:** Welcome  
**Attachment:**  Annexure A Lampros Group (Pty) Ltd Background information.docx  
23 KB

Hi there

Welcome on your first day at Lampros Group (Pty) Ltd (we just call it Lampros internally). We are very excited to have you join the finance team. You will be reporting to me and will act as my 'right hand' within the finance team. I will ask you to compile budgets, assist in the preparation of the annual financial statements, advise on strategic initiatives, and consider funding options.

Lampros was founded in 1985 and is today a significant player in the private school market in South Africa. The group also has various tertiary education brands. Today, we have 25 schools operating across South Africa and more than 8 200 enrolled learners. The schools include pre-primary, primary and high schools. These schools are branded as either Lampros or Meta.

The Tertiary Division has 11 different campuses delivering various post high school certificate and diploma programmes in fields such as digital marketing, brand management, project management, hospitality and service management, public sector management and data science. Many of these courses are accredited by the South African Department of Higher Education and Training (DHET).

2020 was a tough year for most and we were not spared the consequences of Covid-19 lockdowns. It was difficult to navigate through the stop-start of school and campus closures and re-openings. Fortunately, we were able to move rapidly to online learning, although this is not a strength of Lampros yet. Certain operations, such as our pre-primary schools, were not able to operate online during lockdowns. Things improved in 2021 as we all learnt how to live with lockdowns.

I have attached some PowerPoint slides that outline our vision and strategy as well as some operational and financial information. We use these slides for orientation purposes for new staff members and non-executive directors. These are also useful for planning purposes and bi-annual strategy sessions. Enjoy the read.

Kind regards  
Susan

**CFO:** Lampros Group (Pty) Ltd

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## ATTACHMENT TO EMAIL

### Annexure A: Lampros Group (Pty) Ltd Background information

# Lampros Group

*Academic excellence is our motto*

March 2022

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1. Who we are
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## 1. Who we are

- Founded in 1985, we have grown to operate 25 schools and 11 tertiary campuses, which have all been developed from scratch
- We are a proudly South African group, striving to make a positive impact
- We aim to provide relevant and quality learning to equip our learners and students for operating in a rapidly changing environment
- We believe we have a responsibility to enhance our operating models by focusing on learners and students rather than the pushing down of knowledge by teachers and lecturers
- We strive for excellence in all we do
- We believe we have a responsibility beyond our shareholders by embracing and playing our part in sustainability and climate change

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## 2. Our strategy

- Managing relationships with all our stakeholders, aiming to empower, enable and deliver value
- Intense focus on providing outstanding client service
- Striving for academic excellence
- Driving sustainable growth
- Constantly innovating our product offerings, curricula in our schools and learning offerings in our Tertiary Division
- Embracing transformation by offering learners and students, who come from under-resourced communities and households, opportunities to study at our schools and tertiary campuses

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### 3. Our stakeholders

- Learners and students in our schools and on our tertiary campuses
- Parents
- Shareholders
- Employees and independent contractors
- Regulatory bodies and the government
- Communities
- Alumni
- Lenders/funders
- Suppliers

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### 4. Our shareholders

Shareholder	% shareholding
Genuine Equity Group <sup>#</sup>	60,0
Jerry Jansen (CEO)	10,0
Susan Sibanda (CFO)	5,0
Lampros Employee Share Trust	5,0
RAC Empowerment Fund <sup>*</sup>	20,0
	100,0

<sup>#</sup> Genuine Equity Group is a Stellenbosch-based investment group

<sup>\*</sup> RAC Empowerment Fund is a women-led B-BBEE fund financed by a major South African financial services group

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## 5. Our directors

Director	Responsibility
Shanese Tutu	Independent non-executive director and chairperson
Rose Williams	Independent non-executive director
Katleho Mokoena <sup>#</sup>	Non-executive director
Terryn Mokhale <sup>*</sup>	Non-executive director
Denisa Molofe <sup>*</sup>	Non-executive director
Jerry Jansen	Chief Executive Officer
Susan Sibanda	Chief Financial Officer

<sup>#</sup> Executive employed at RAC Empowerment Fund

<sup>\*</sup> Executives employed at Genuine Equity Group

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## 5. Our directors (cont.)

### Corporate governance

- Lampros prides itself on having world-class levels of governance and strives to comply fully with King IV
- The Board of Directors of Lampros has only two sub-committees, namely the Audit and Risk Committee and the Remuneration Committee
- Rose Williams is the chairperson of the Audit and Risk Committee, the other members being Denisa Molofe and Katleho Mokoena
- Shanese Tutu is invited to attend meetings of the Audit and Risk Committee but only as an observer
- Katleho Mokoena is the chairperson of the Remuneration Committee, the other members being Shanese Tutu and Denisa Molofe
- Susan Sibanda is not a CA(SA) but is highly qualified with masters degrees in Economics and Finance

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## 6. Overview of our Schools Division

	2019	2020	2021
<b>Number of schools</b>			
Lampros pre-primary schools	2	2	2
Lampros primary schools	5	5	5
Meta high schools	6	6	8
Lampros high schools	10	10	10
Total number of schools	23	23	25
Number of paying learners	7 438	6 970	8 040
Bursary students*	152	160	160
Total number of learners	7 590	7 130	8 200

\*The Schools Division provides free education to selected learners who meet qualifying criteria

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## 6. Overview of our Schools Division (cont.)

	2019	2020	2021
Average tuition fee per paying learner	R62 299	R64 389	R65 678
Early settlement discount	4,5%	4,5%	4,0%
Number of learners whose parents opted for early settlement discount	889	915	648
<b>Independent Examinations Board matric results</b>			
Pass rate	100%	98%	100%
Learners achieving university exemption	89%	85%	90%
Learners achieving an overall A aggregate	9%	8%	9%

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## 6. Overview of our Schools Division (cont.)

- Excellent teaching approach and delivery
- Employment of highly qualified teachers, whose skills are continually enhanced through ongoing professional development
- Continuing focus on curriculum development
- Encouraging digital literacy from Grade 8 onwards
- Promoting respect, diversity and inclusion
- Encouraging self-reflection and a growth mindset amongst learners
- Using innovative communication platforms to enable ongoing communication between administrators, teachers, learners and parents

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## 7. Overview of our Tertiary Division

	2019	2020	2021
Number of campuses	10	10	11
Number of paying students	11 108	11 005	11 670
Bursary students*	352	375	375
Total number of students	11 460	11 380	12 045
Average tuition fee per paying student	R42 800	R44 721	R47 101

\* The Tertiary Division provides free education to selected students who meet qualifying criteria

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## 7. Overview of our Tertiary Division (cont.)

- The Tertiary Division does not offer early settlement discounts. Tuition fees are required to be settled quarterly in advance. Many of Lampros' students receive bursaries from third parties, which makes fee collection easier
- In contrast, the Schools Division offers parents the option of settling tuition fees annually in advance. If they pay the full tuition fees on or before 15 January of each year, they currently receive a 4% early settlement discount.
- If tuition fees are not settled in full by the end of the calendar year, the students' results are withheld until they do so
- Lampros does not offer students boarding facilities, hence students need to arrange their own accommodation

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## 7. Overview of our Tertiary Division (cont.)

Lampros has three different brands delivering high quality education to students.

<b>Brand</b>	<b>Certificates and diplomas offered</b>
DMB Institute	Digital marketing and brand management
Brosta College	Hospitality and service management, project management and public sector management
AllA Institute	Data science

Lampros is particularly proud of its data science courses, covering inter alia –

- coding
- artificial intelligence and machine learning
- working with big data and visualising data

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## 8. Summarised financial information

Extracts from AFS	FY2020 Audited	FY2021 Draft
	R'000	R'000
School Division tuition fees	448 791	528 051
Early settlement discount	(2 651)	(1 702)
Tertiary Division tuition fees	492 155	549 669
<b>Total revenue</b>	<b>938 295</b>	<b>1 076 017</b>
Employee costs	(490 728)	(548 769)
Bad debts	(34 015)	(49 600)
Other operating costs	(236 450)	(273 308)
<b>EBITDA</b>	<b>177 101</b>	<b>204 340</b>

Lampros has a December year end

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## 8. Summarised financial information (cont.)

Extracts from AFS	FY2020 Audited	FY2021 Draft
	R'000	R'000
<b>EBITDA</b>	<b>177 101</b>	<b>204 340</b>
Depreciation – property, plant and equipment	(41 202)	(42 867)
Depreciation – right-of-use assets	(10 515)	(10 515)
Amortisation of intangible assets	(2 358)	(2 060)
Impairment of intangible assets	(1 890)	(1 265)
Impairment of land and buildings	(12 750)	(2 500)
<b>Operating profit</b>	<b>108 386</b>	<b>145 133</b>

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## 8. Summarised financial information (cont.)

Extracts from AFS	FY2020 Audited	FY2021 Draft
	R'000	R'000
<b>Operating profit</b>	108 386	145 133
Interest earned	1 714	2 365
Finance costs incurred	(24 750)	(22 500)
Finance costs – lease liabilities	(4 282)	(3 442)
Current taxation	(18 744)	(27 564)
Deferred taxation	(8 715)	(8 102)
<b>Profit for the year</b>	53 610	85 890

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## 8. Summarised financial information (cont.)

Extracts from AFS	FY2020 Audited	FY2021 Draft
	R'000	R'000
<b>Non-current assets</b>	967 182	1 067 531
Land and buildings	822 546	921 332
Furniture and equipment	96 613	109 259
Right-of-use assets	31 545	21 030
Intangible assets	16 479	15 910
<b>Current assets</b>	122 542	118 225
Trade and other receivables	53 815	62 493
Cash and cash equivalents	68 727	55 732

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## 8. Summarised financial information (cont.)

<b>Extracts from AFS</b>	<b>FY2020 Audited</b>	<b>FY2021 Draft</b>
	R'000	R'000
Stated capital	250 000	250 000
Retained earnings	406 041	491 930
<b>Total equity</b>	<b>656 041</b>	<b>741 930</b>
<b>Non-current liabilities</b>	<b>342 385</b>	<b>288 476</b>
Long-term bank loans	250 000	200 000
Deferred taxation liabilities	66 498	74 600
Lease liabilities	25 887	13 876

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## 8. Summarised financial information (cont.)

<b>Extracts from AFS</b>	<b>FY2020 Audited</b>	<b>FY2021 Draft</b>
	R'000	R'000
<b>Current liabilities</b>	<b>91 299</b>	<b>155 349</b>
Current portion of long-term bank loans*	0	50 000
Current portion of lease liabilities	10 340	12 011
Trade and other payables	44 653	57 191
Fees received in advance	34 432	33 391
Taxation	1 874	2 756
<b>Total equity and liabilities</b>	<b>1 089 724</b>	<b>1 185 756</b>

\* Banks gave Lampros a 12-month moratorium on loan repayments in 2020

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## 9. Key risks

- a. Reputational risk: The risk that events (security breaches, incidents of racial, gender and/or sexual discrimination, social media missteps, etc.) damage the reputation of Lampros and its brands
- b. Data privacy and leaks of sensitive information
- c. Hacking of software systems and databases
- d. The inability to attract and retain excellent teachers/lecturers
- e. Lack of access to water and electricity (service delivery issues)
- f. Failure to produce adequate returns on our investments (existing schools, tertiary campuses and new developments)
- g. Failure to accurately forecast financial results

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## 10. Future prospects


- Increase blended learning offerings in the Schools Division by combining face-to-face learning and online learning
- Increase interactive online offerings in the Tertiary Division where students can engage in their own time but still have virtual contact with other students and their lecturers
- Introduce executive education short courses (2 days to 10-week programmes)
- Expansion into Africa through selected acquisitions and/or joint ventures
- More focus on data science programmes and other programmes that can better equip students for the 4<sup>th</sup> Industrial Revolution

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## DOCUMENT 2

### EMAIL FROM CHIEF FINANCIAL OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Susan Sibanda  
**Sent:** Friday 25 March 2022, 08:09 AM  
**To:** Senior Financial Assistant  
**Subject:** Disposal of pre-primary schools  
**Attachment:**  Annexure B Summarised financial and other information for Lampros pre-primary schools.docx 19 KB

Hi again

Hope you are settling in well.

So glad you are part of the team as things are extremely hectic now with all the new developments. Recently, we have been discussing some transactions that we have not dealt with previously. Your up-to-date accounting knowledge will be beneficial as we deliberate the various options with the wider team and the Board.

On that point, you would have seen in the previous email and slides I shared with you earlier, that Lampros has two pre-primary schools.

As you may be aware, Lampros is embarking upon the strategy of increasing blended learning offerings (being the combination of face-to-face learning and online learning) in our Schools Division. The pre-primary schools are primarily face-to-face learning offerings as it is difficult to engage online with toddlers. It is, therefore, more appropriate for Lampros to focus on primary and high schools given the change in strategy.

As a result, one of the recent developments has been that the Board has taken the decision to sell the pre-primary schools. This decision was agreed and approved by the Board during the third quarter of the 31 December 2021 reporting period.

We have to date not entered into such a transaction and I am sure there are numerous accounting and related disclosure consequences. I have attached the summarised financial information for the Pre-primary Schools Division. The accounting impact of the decision to sell the pre-primary schools has not been taken into account in any of the financial information provided. There is no need to concern yourself with any tax implications relating to the disposal – we can always obtain advice from a tax expert at a later stage.

Please give this some consideration and we will talk through your insights early next week.

Kind regards  
Susan

**CFO:** Lampros Group (Pty) Ltd

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## ATTACHMENT TO EMAIL

### Annexure B: Summarised financial and other information for Lampros pre-primary schools

	FY2020	FY2021
<i>December year end</i>		
<b>Pre-primary Schools Division</b>		
Number of schools	2	2
Average number of learners	620	656
Average tuition fees per learner	R54 731	R55 826
Number of bursary learners	0	0
Early settlement discount	4,5%	4,0%
Number of learners who qualified for early settlement discount	80	52

	FY2020 (audited)	FY2021 (draft)
	R'000	R'000
<b>Extracts from the income statements</b>		
<b>Total revenue</b> (net of early settlement discounts)	<b>33 736</b>	<b>36 506</b>
Operating costs (before depreciation and amortisation)	(26 872)	(30 351)
Depreciation – buildings*	(1 016)	(1 124)
Depreciation – furniture, equipment and fittings*	(1 481)	(1 464)
Amortisation of intangible assets*	(143)	(139)
<b>Income before net finance charges and taxation</b>	<b>4 224</b>	<b>3 428</b>
Net finance charges	(1 913)	(2 075)
<b>Profit before taxation</b>	<b>2 311</b>	<b>1 353</b>
Taxation	(687)	(418)
<b>Profit for the year</b>	<b>1 624</b>	<b>935</b>

\* The group accounting policy for all tangible and intangible assets is the cost model.

**Annexure B: Summarised financial and other information for Lampros pre-primary schools (cont.)**

	<b>FY2020 (audited)</b>	<b>FY2021 (draft)</b>
	<b>R'000</b>	<b>R'000</b>
<b>Extracts from the balance sheets</b>		
<b>Non-current assets</b>	<b>57 592</b>	<b>62 479</b>
Land	11 000	11 000
Buildings	39 624	43 916
Furniture, equipment and fittings	5 855	6 436
Intangible assets	1 113	1 127
<b>Current assets</b>	<b>14 340</b>	<b>14 076</b>
Trade receivables	3 241	3 511
Prepayments (deposits)	315	349
Cash and cash equivalents	10 784	10 216
<b>Total assets</b>	<b>71 932</b>	<b>76 555</b>
<b>Non-current liabilities</b>	<b>26 951</b>	<b>30 470</b>
Long-term bank loans	22 970	25 940
Deferred taxation	3 981	4 530
<b>Current liabilities</b>	<b>6 999</b>	<b>7 166</b>
Short-term portion of long-term bank loans	3 030	3 030
Trade and other payables	1 414	1 840
Tuition fees received in advance	2 545	2 271
Taxation	10	25
<b>Total liabilities</b>	<b>33 950</b>	<b>37 636</b>



## DOCUMENT 3

### EMAIL FROM CHIEF EXECUTIVE OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Jerry Jansen  
**Sent:** Friday 25 March 2022, 08:29 AM  
**To:** Senior Financial Assistant  
**Subject:** Review of internal audit reports

Dear Senior Financial Assistant

Welcome to the Lampros Group – I trust that you are settling into your new role. Following my earlier discussions with Susan Sibanda, we agreed that it would be appropriate that I forward this matter to you.

#### Some background

With the expansion of the Lampros Group, the Board decided to establish an internal audit division for the Group in January 2020, under the leadership of Tiny Ndlovu. The aim of the division is to enhance Lampros' ability to monitor the effectiveness of the internal control systems and the adherence thereto across multiple Lampros sites.

Internal audit typically conducts tests on a specific control using a sample of, say, 10 to 12 transactions. They will then calculate what percentage of the sample included control deviations and report on that, together with the details of these control deviations.

#### The concern

While Lampros has invested a fair amount of resources in the Internal Audit Division, we as executive management are not convinced that Lampros is seeing the full benefits from the Internal Audit Division's work. Specifically, when I read the Internal Audit Division's reports, I get the sense that they are just factually reporting their findings, but leave it to the Audit and Risk Committee and/or management to interpret the results and find and implement the required solutions. Moreover, I have not yet seen a decline in our external audit fees as a result of the internal audit work that is being undertaken.

I am waiting for the documentation for the upcoming Audit and Risk Committee meeting, but from the provisional agenda I can see that internal audit will be presenting reports on work done in the following areas:

- General IT controls; and
- The procurement system.

Please book some time in your diary for next week to review these reports. I need you to advise me on the types of questions that I should be asking to ensure that Lampros obtains maximum benefit from these reports. Your review could alert us as to whether further work is needed to provide more meaningful conclusions to the Audit and Risk Committee.

Thanking you in anticipation for your efforts!

Kind regards  
Jerry Jansen

**CEO: Lampros Group (Pty) Ltd**

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## DOCUMENT 4

### EMAIL FROM CHIEF FINANCIAL OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Susan Sibanda  
**Sent:** Friday 25 March 2022, 09:09 AM  
**To:** Senior Financial Assistant  
**Subject:** Africa expansion

Hi there

As you may have seen in those PowerPoint slides I shared with you earlier, Lampros is planning to expand beyond South Africa. It is likely that this expansion would be through acquiring schools on the continent, although we would be more than willing to partner with local entities to build schools from scratch. It would be irresponsible of us not to enter into partnerships initially, since we are not familiar with operating environments in other African countries.

Anyway, I thought I would give you a 'heads up'. Perhaps you could apply your mind to this strategic initiative and do some research on whether other South African educational entities have expanded on the continent. I seem to recall that ADvTECH has schools in Botswana and Kenya, and Curro has operations in Namibia. Also give some thought to the things we need to consider in embarking upon our Africa expansion. I seem to recall that the World Economic Forum issues reports on the global competitiveness of economies which may provide some insights?

I hope your first day at Lampros is going well. Chat later.

Kind regards  
Susan

**CFO:** Lampros Group (Pty) Ltd

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## DOCUMENT 5

### EMAIL FROM CHIEF EXECUTIVE OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Jerry Jansen  
**Sent:** Friday 25 March 2022, 09:30 AM  
**To:** Senior Financial Assistant  
**CC:** Susan Sibanda  
**Subject:** Property development venture

Hi there

I see Susan has sent you our corporate profile which outlines our current operations and strategic focus. If you have any questions in relation to our strategy, please feel free to reach out to me.

As you know, Lampros has a Tertiary Division in addition to the Schools Division, which grew from 10 to 11 campuses in 2021. At present, our Tertiary Division does not offer boarding facilities, and therefore students have historically been required to source their own accommodation.

Strategically, the Board contends that Lampros stands to gain a competitive advantage if it were able to provide quality purpose-built student accommodation (PBSA) to its students. The provision of PBSA is a challenge, as Lampros has historically focused on growing its educational offerings and has no experience in the development and management of PBSA facilities.

At our last board meeting of 2021, the Board resolved that Lampros should approach strategic partners with experience in PBSA with the aim of opening its first PBSA facility for students at the start of the 2023 academic year.

I have had a number of fruitful conversations with a well-known property developer, VarsityPoint, based in Pretoria. VarsityPoint has successfully developed in excess of 15 PBSA facilities located across South Africa to date. VarsityPoint manages its portfolio of PBSA facilities internally and has grown from strength to strength.

Lampros and VarsityPoint have agreed to enter into a strategic partnership in terms of which VarsityPoint will develop and manage a new portfolio of PBSA facilities. These will cater specifically for Lampros' existing and prospective tertiary education facilities. VarsityPoint will be commencing with the development of Lampros' first PBSA facility, to be located in Pretoria, in May 2022. The development is anticipated to be completed by 31 December 2022 and as such will be available to accept students for Lampros' 2023 student intake.

I have summarised the terms of the strategic partnership with VarsityPoint (still to be finalised) below:

- Investment vehicle
  - Lampros VarsityPoint (Pty) Ltd
- Envisaged shareholding
  - Lampros Group (Pty) Ltd – 40%
  - VarsityPoint – 60%

VarsityPoint is in the process of finalising a development feasibility study in respect of the PBSA facility to be constructed in Pretoria – we expect to receive this within a few days. VarsityPoint

has indicated that it has identified an existing commercial office building which it feels would be suitable for conversion to the PBSA facility.

I will need your assistance in reviewing and analysing its proposal. We will need to submit it to the Board for approval, should we opt to participate in the development.

I am incredibly excited about this opportunity and look forward to receiving your insights. Please keep an eye on your emails during the coming days.

Yours faithfully  
Jerry Jansen

**CEO: Lampros Group (Pty) Ltd**

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## DOCUMENT 6

### EMAIL FROM CHIEF FINANCIAL OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Susan Sibanda  
**Sent:** Friday 25 March 2022, 10:08 AM  
**To:** Senior Financial Assistant  
**Subject:** Funding options

Hi again

Another important aspect to consider regarding our expansion into Africa, is how to fund it all. Traditionally, obtaining funding for new academic institutions is not easy given the asset intensity of our business. Banks are reluctant to invest in these businesses. This is a challenge for the entire industry and not unique to Lampros.

The Board has discussed, but decided against listing Lampros on the JSE to raise funds through an initial public offering, as such a move would have big governance implications at Board level. Rather, we have approached Africa Capital Partners Ltd (ACP), an established private equity and venture capital institution, to consider investing in our expansion.

ACP offers a broad range of products to prospective clients and partners. Its offerings include typical loan funding and direct equity investment. ACP has been in operation since 1997 and is a level 1 B-BBEE contributor headquartered in Johannesburg. Its existing investment portfolio consists of assets under management in excess of USD100 million. Its strategic objective is to grow its assets under management by USD50 million over the next 24 months. These funds have been earmarked for investments across the African continent.

Initial indications by ACP are that it may be willing to offer us a USD-denominated term loan at a fair interest rate linked to the Secured Overnight Financing Rate (SOFR) as the benchmark rate. Any investment for which these funds are used would need to maintain a specified Debt Service Coverage Ratio (DSCR) which we expect will be communicated to us in the term sheet.

ACP has also expressed an interest to possibly make an equity investment in the Africa operations. The idea is that a new company be set up to hold the Africa operations (excluding the RSA). Lampros and ACP will then hold shares in the newly formed company (Newco). However, as an exit strategy, ACP wants to have the option to sell its shares in Newco after a period of time has elapsed by having a put option against Lampros.

I have not yet received a term sheet from ACP with more detail, but in the meantime please apply your mind to the above options and we can discuss later. Also, start thinking about the key accounting implications for Lampros of investing in Newco.

Thanks!  
Susan

**CFO:** Lampros Group (Pty) Ltd

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## DOCUMENT 7

### EMAIL FROM CHIEF FINANCIAL OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Susan Sibanda  
**Sent:** Friday 25 March 2022, 11:08 AM  
**To:** Senior Financial Assistant  
**Subject:** Tax matters

Hi there, it's me again 😊

As you might have heard, our tax manager, Suresh Naidoo, recently resigned and we are still in the process of appointing someone to this position. In the interim, I would really appreciate it if you could assist me with some urgent tax technical and tax administration matters. I'm sure your knowledge from your university days will be sufficient to assist me with this matter. I don't want Lampros to miss any deadlines and incur any additional costs.

The imposition of Covid-19 lockdowns has impacted on the ability of some of the parents and students to settle tuition fees. As you saw in the extract of the AFS in the PowerPoint slides, our bad debts increased significantly in FY2021 and our allowance for credit losses in accordance with IFRS 9 is understandably higher than in previous years.

I know that before he left, Suresh was considering the relevant tax provisions and engaging with our tax advisors to find out if there is additional relief available to us in relation to this increase in bad debts and loss provision for our 2021 financial year. If I remember correctly, he was also working on a request to SARS regarding this potential additional relief. However, I never got feedback from him on this before he left. I would therefore appreciate it if you could perhaps assist me with this. I will also try to have a look at the 'handover' file and documents that Suresh prepared before he left to see if there is anything relating to this documented there.

Have a fantastic weekend!

Kind regards  
Susan

**CFO:** Lampros Group (Pty) Ltd

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## DOCUMENT 8

### EMAIL FROM CHIEF FINANCIAL OFFICER TO SENIOR FINANCIAL ASSISTANT

**From:** Susan Sibanda  
**Sent:** Friday 25 March 2022 11:32 AM  
**To:** Senior Financial Assistant  
**Subject:** Land acquisition

Hi there

As you may recall, Lampros opened two new high schools and one new tertiary campus in January 2021. The group is constantly on the lookout for suitable properties on which to build new schools and/or tertiary campuses. We have identified a property in Somerset West in the Western Cape that would be perfect for a new school. Unfortunately, our bankers are not keen to fund the purchase of this property and are not prepared to fund the development of the property either. Our bankers are nervous about the impact that the Covid-19 lockdowns had on the economy and livelihoods. Many parents have moved their children to public schools – and there are plenty of good schools in and around Cape Town. Our bankers have also noted that countrywide enrolments are down because many families are emigrating.

This leaves Lampros in an awkward position, but our chairperson, Shanese Tutu, has suggested that some of Lampros' directors band together to fund the purchase of the land. It is expected that the land will cost R20 million, which is certainly affordable for Shanese and Rose Williams, an independent non-executive director of Lampros. Shanese has suggested that Lampros could either enter into a long-term lease with the directors or purchase the land at fair value at some stage in the future.

I would like you to apply your mind to the legalities of Lampros entering into the above suggested arrangement with some of its directors. Don't worry about the taxation and accounting implications for Lampros, but rather focus on the corporate governance issues and any Companies Act implications. Thanks in advance.

Kind regards  
Susan

**CFO:** Lampros Group (Pty) Ltd

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