ANNUAL FINANCIAL STATEMENTS

Hosken Consolidated Investments Limited

2023

OPERATING STRUCTURE

AS AT 31 MARCH 2023

LISTED COMPANIES		UNLISTED COMPANIES	
TSOGO SUN	49.7%	HCI Coal (Pty) Ltd	100.0%
FRONTIER Transport Holdings	82.1%	HCI Properties (Division)	100.0%
eMedia Holdings	80.3%	KAROSHOEK	10.0%
DENEB INVESTMENTS LIMITED	84.8%	Impact Oil & Gas	49.9%
Southern Sun	40.8%	GRIPP ADVISORY	75.0%
PLATINUM GROUP METALS	24.8%	alphawave	42.4%
		LA CONCORDE	89.6%

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SHAREHOLDERS' SNAPSHOT

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2023.

	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
Range of holdings				
1 – 1 000	3 162	80.0	481 987	0.6
1 001 – 10 000	505	12.8	1 673 544	2.0
10 001 – 50 000	164	4.2	3 862 257	4.5
50 001 – 100 000	45	1.1	3 241 845	3.8
100 001 – 500 000	53	1.3	11 478 396	13.4
500 001 – 1 000 000	12	0.3	8 552 356	10.0
1 000 001 shares and over	13	0.3	56 330 263	65.7
	3 954	100.0	85 620 648	100.0
Type of shareholder				
Banks and custodians	88	2.2	13 259 442	15.5
Close corporation	15	0.4	25 468	0.0
Individual	2 933	74.2	23 749 430	27.8
Other corporation	199	5.0	5 152 828	6.0
Pension, provident, retirement and other funds	385	9.8	8 585 663	10.0
Private company	124	3.1	29 462 906	34.5
Public company	15	0.4	1 925 767	2.2
Trust	195	4.9	3 459 144	4.0
	3 954	100.0	85 620 648	100.0

Shareholders' diary

Financial year-end	31 March
Annual general meeting	1 September
Reports	
– Provisional report	May
– Annual financial statements	July
– Interim report at 30 September	November

SHAREHOLDINGS GREATER THAN 5%

	2023 %	2022 %
Southern African Clothing and Textile Workers Union	**24.7**	26.0
Chearsley Investments Proprietary Limited	**7.6**	7.6
Squirewood Investments 64 Proprietary Limited*	**5.3**	5.3
	37.6	38.9

* Treasury shares

SHAREHOLDER SPREAD

	Percentage held		Number of shareholders	
	2023 %	2022 %	**2023**	2022
Public	**51.5**	50.2	**3 937**	3 291
Non-public	**48.5**	49.8	**17**	17
Directors	**7.9**	7.9	**6**	6
Associates of directors	**10.3**	10.3	**6**	6
Significant shareholder	**24.7**	26.0	**1**	1
Share trust	**0.2**	0.2	**1**	1
Foundation	**–**	–	**1**	1
Treasury shares	**5.4**	5.4	**2**	2
	100.0	100.0	**3 954**	3 308

Stock exchange performance

Total number of shares traded ('000)	26 589
Total value of shares traded (R'000)	4 501 652
Market price (cents per share)	
– Closing	20 089
– High	20 600
– Low	11 167
Market capitalisation (R'000)	16 246 002

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Hosken Consolidated Investments Limited are responsible for the preparation, integrity and fair presentation of the annual financial statements of the company and of the group and for other information contained therein. The financial statements for the year ended 31 March 2023 have been prepared in accordance with International Financial Reporting Standards, the requirements of the JSE Limited and the Companies Act of South Africa and include amounts based on prudent judgements and estimates by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future based on forecasts and available cash resources. These financial statements support the viability of the company and the group.

The financial statements have been audited by the independent auditing firm, BDO South Africa Incorporated, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate.

The financial statements for the year ended 31 March 2023 were approved by the board of directors on 26 July 2023 and are signed on its behalf by:

VE Mphande	JA Copelyn	JR Nicolella
Chairperson	Chief Executive Officer	Financial Director

Cape Town
26 July 2023

STATEMENTS OF RESPONSIBILITY
FOR THE YEAR ENDED 31 MARCH 2023

DECLARATION BY CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

Each of the directors, whose names are stated below, hereby confirm that:

(a) the consolidated and separate annual financial statements set out on pages 21 to 138, fairly present in all material respects the financial position, financial performance and cash flows of the group and the company in accordance with International Financial Reporting Standards and the requirements of the JSE Limited and Companies Act of South Africa;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would result in the annual financial statements being false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the company and its subsidiaries have been provided to effectively prepare the annual financial statements of the group and the company;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit and risk committee and the external auditor any deficiencies in design and operational effectiveness of the internal financial controls and have remediated the deficiencies; and

(f) we are not aware of any fraud involving directors.

JA Copelyn
Chief Executive Officer

JR Nicolella
Financial Director

Cape Town
26 July 2023

DECLARATION BY COMPANY SECRETARY

Hosken Consolidated Investments Limited (HCI) has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, Act 19 of 2012, and all directives issued by the Financial Sector Conduct Authority.

In terms of section 88 of the Companies Act, Act 71 of 2008, as amended (the Act), I hereby confirm that HCI has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
26 July 2023

REPORT OF THE AUDIT AND RISK COMMITTEE

Chairperson: Mr MH Ahmed
Members: Mr JG Ngcobo and Ms RD Watson

INTRODUCTION

The audit and risk committee (committee) has pleasure in submitting this report in respect of the past financial year of the group, as required by section 94 of the Companies Act 71 of 2008, as amended (the Act). The responsibilities and functions carried out by the committee during the year under review are set out in this report.

The committee is a statutory committee constituted in terms of section 94(7) of the Act to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations. The committee serves as the audit and risk committee for Hosken Consolidated Investments Limited (HCI or the company), HCI Coal Proprietary Limited, HCI Managerial Services Proprietary Limited, HCI's property division, La Concorde Holdings Limited and GRiPP Advisory Proprietary Limited.

The committee's mandate is set out in its terms of reference and includes the following responsibilities:

- monitoring the accuracy and integrity of the group's financial and other reporting;
- monitoring the effectiveness of risk management processes and internal controls;
- reviewing and approving the internal audit plan and scope of work, including the expertise of the internal auditors;
- reviewing the independence of the external auditor;
- recommending the appointment of the external auditor to shareholders on an annual basis;
- reviewing the scope, results and cost-effectiveness of independent accounting and valuation services; and
- reviewing the expertise and experience of the financial director.

COMPOSITION

In terms of the Act shareholders are required to approve audit and risk committee members at the annual general meeting (AGM) of the company. Three independent non-executive directors of the company were approved by shareholders at the 2022 AGM to serve until the next AGM scheduled for 1 September 2023.

Mr MH Ahmed, Mr JG Ngcobo and Ms RD Watson have been nominated to the committee, subject to shareholder approval at the AGM. The election of members of the committee will take place by way of separate resolutions to be considered by shareholders. The content of these ordinary resolutions is set out in the notice of the AGM.

At least two independent non-executive directors are required to form a quorum.

The committee members possess all the required qualifications, skills and experience to ensure that the committee is suitably skilled to perform the role required by the terms of reference of the committee. The chairperson of the board is not a member of the committee. The committee met four times during the year under review.

The attendances of the committee members are presented below:

Committee member	Number of meetings	Attendance of members
MH Ahmed	4	4
JG Ngcobo	4	4
RD Watson	4	4

The financial director, the group's risk officer and the group financial manager attend the meetings as permanent invitees, along with the external and internal auditors. Other directors and members of management attend, as required.

ROLE, PURPOSE AND FUNCTION

Combined assurance

With the assistance of internal audit, external audit, the financial director and the chief risk officer, the committee provides assurance to the board that the risk management process, internal controls and financial reporting processes are integrated into the daily business activities of the business entities in line with the risk appetite of the company.

External auditor

The external auditor for the period under review was BDO South Africa Incorporated and Mr Theunis Schoeman was the designated auditor.

The committee has:

- confirmed the independence of the external auditor as per section 92 of the Act, reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements;
- approved the fees to be paid to the external auditor and their terms of engagement;
- determined the nature and extent of any non-audit services that the external auditor may provide to the company and its wholly-owned subsidiaries;

- pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company and its wholly-owned subsidiaries;
- considered the key audit matters as identified by the external auditor;
- provided for regular confidential meetings between the committee members and the external and internal auditors; and
- considered all entities included in the consolidated financial statements in respect of financial reporting procedures.

Risk management

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group. As HCI is an investment holding company, under of the auspices of the chief risk officer, the risk management process considers the risks and opportunities within the company as well as those inherent in its portfolio of investments.

The committee is an integral component of the risk management process and, specifically, the committee ensures, by enquiry of management, external and internal auditors, that all material corporate risks have been identified, assessed, monitored and effectively managed.

The committee further enables the principle that risk management is also about analysing opportunities and not only guarding against downside possibilities. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed:

- it is management's responsibility to design, implement and monitor the risk management policies;
- risk assessments are performed on a continual basis;
- frameworks and methodologies are implemented to increase probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risks are monitored continuously; and
- the board should receive assurance regarding effectiveness of risk management.

The committee is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. The committee, however, does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

A disciplined and timeous reporting structure enables the committee to be fully apprised of group company activities, risks and opportunities. This is achieved by requiring that subsidiary companies report their key risks and responses to the committee on a biannual basis, with additional exception reporting as required.

The focus of the committee is on those risks which may negatively impact the long-term sustainability of the business or have a material impact on short-term performance.

This continual emphasis on risk management assists the board to foster a culture in the HCI group that emphasises and demonstrates the benefits of a risk-based approach to internal controls and management of the group.

Effective risk management is seen as fundamental to the sustainability of the group's interests.

Material risks

A high-level description of all immediately identifiable material risks which are specific to the group and the industries in which it operates are listed below:

- Risk of deterioration in economic environment in South Africa, including:
  - electricity supply constraints and load shedding with the increased risk of grid collapse which is:
    - affecting business confidence and resulting in additional costs of business for subsidiary companies; and
    - resulting in insurers placing exclusions on policies in respect of damages and losses directly or indirectly relating to the failure of the grid;
  - the negative effects of South Africa having been placed on the grey list of countries by The Financial Action Task Force (FATF) due to its structural deficiencies in combating money laundering, terrorism financing and illicit financial flows; and
  - political tension with the United States of America and European Union countries relating to the war between Russia and Ukraine:
    - the risk of secondary or indirect sanctions being imposed on South Africa as highlighted by the South African Reserve Bank; and
    - the risk of reduction of trade by customers from the United States of America and European Union, coupled with the risk of the removal of access to preferential trading benefits under the African Growth and Opportunity Act (AGOA), for companies operating in the motor manufacturing sector.

- Policy uncertainty/regulatory changes, including with regard to:
  - compliance with changing broad-based black economic empowerment (B-BBEE) and employment equity regulations;
  - compliance with beneficial ownership disclosure regulations in relation to anti-money laundering and combating terrorism financing legislation;
  - finalisation of digital terrestrial television migration;
  - changes in tobacco legislation impacting the casino industry; and
  - oil and gas exploration rights in South Africa.
- Societal and business risks relevant to the group:
  - political and social unrest in South Africa;
  - robberies and assaults on buses;
  - unrest affecting mining operations and bus transport;
  - unreliable and costly utilities due to load shedding and water shortages;
  - commodity price risk for coal, oil and palladium; and
  - cyber and information-related risk.

Internal audit

The group has established an internal audit function at the holding company level. Where appropriate, listed entities have their own internal audit function that perform internal audits in accordance with its agreed internal audit plan.

HCI has a majority shareholding in GRiPP Advisory Proprietary Limited, which is responsible for the internal audit function within the group. The internal audit function reports to the chairperson of the committee, thereby ensuring its independence. The committee is satisfied that the company's internal controls and the internal audit engagements were operating effectively during the year under review, and were predominantly adequate and fit for purpose.

Information technology (IT) governance

The committee receives reports on the IT environment of subsidiary companies on a regular basis.

The HCI executive committee assumes responsibility for IT governance at head office level and reports on the level of preparedness are submitted to the committee for review. IT has limited scope at a group level and the company has therefore substantially outsourced its IT functions to a credible service provider via a service level agreement.

To ensure continuous improvements of cybersecurity at HCI and limit the possibility of cyberthreats, internal audit carries out six-monthly vulnerability tests on the company's IT infrastructure.

Compliance

This committee has oversight responsibility in respect of compliance by HCI of laws and regulations.

The social and ethics committee has oversight of the group's health and safety compliance.

Fraud and whistle-blowing

The committee has oversight of the company's whistle-blowing programme. During the period under review no instances of fraud requiring action at a group level were raised or identified. The committee is satisfied that the company has made adequate and appropriate provision for whistle-blowing.

Corporate governance

HCI is committed to the highest standards of business integrity, ethics and professionalism. The King Report on Corporate Governance™ for South Africa 2016 (King IV™), which is applied on an apply-and-explain basis, became effective for years starting on or after 1 April 2017. King IV™ advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- ethical culture;
- good performance;
- effective control; and
- legitimacy.

HCI has reviewed the practices underpinning the principles promoted in King IV™. Many of these principles are entrenched in the group's internal controls, policies and procedures governing corporate conduct. The committee is satisfied that HCI, in all material aspects, complies with the major recommendations of the King IV™ code to ensure that sound corporate governance and structures are applied within the group.

For the detailed King IV™ application register please visit the company website: www.hci.co.za.

Financial director and finance function

The company employs a full-time financial director who is also an executive director of the company. Mr JR Nicolella holds a CA(SA) qualification and has extensive executive experience. During the period under review, the committee considered the expertise and experience of the financial director and is satisfied that, in terms of paragraph 3.84(g) of the JSE Listings Requirements, Mr JR Nicolella has the appropriate skills, expertise and experience to meet the responsibilities of the position. The committee has also, in terms of King IV™, assessed the expertise of the finance function and the committee is satisfied that the finance team has the required and adequate skills to perform their duties.

Financial statements and going concern

The committee has:

- reviewed the separate and consolidated financial statements of the company for the year ended 31 March 2023 and is satisfied that they comply with International Financial Reporting Standards and the requirements of the Act, that the accounting policies used are appropriate and that all procedures operated effectively in terms of the JSE Listings Requirements;
- reviewed the legal matters that could have a significant impact on the group's financial statements;
- reviewed a documented assessment by management of the going concern premise of the company and has concluded that the HCI group is a going concern and that the consolidated annual financial statements have been prepared in accordance with the going concern concept. The board has accepted the recommendation of the committee that the company is operating as a going concern and has reported that status in the 2023 annual financial statements;
- considered the JSE's most recent report on the proactive monitoring of financial statements, and where necessary, those of previous periods. The committee has taken appropriate action to respond to the findings as highlighted in the JSE's report with regards to the annual financial statements for the year ended 31 March 2023;
- reviewed the establishment of appropriate financial reporting procedures;
- reviewed the areas of focus in the financial statements. The committee is of the view that where significant judgements are involved in the preparation of the financial statements that could have a material impact on those financial statements, the financial director, management and the committee have exercised appropriate care and skill in making those judgements;
- reviewed the key audit matters identified by the external auditor and is satisfied that they have been adequately addressed.

  The following group key audit matters have been detailed in the audit opinion:
  - impairment testing of casino licences and goodwill;
  - valuation of investment properties; and
  - investment in associate – Southern Sun Limited – impairment assessment.

  The following company key audit matter has been detailed in the audit opinion:
  - impairment assessment of investments in subsidiaries.
- confidence that the internal control system and governance structures that have been put in place, have operated effectively during the year.

Sustainability reporting

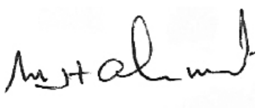
The committee considered the company's sustainability information and has assessed its consistency with operational and other information known to committee members. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

Other matters:

- the committee receives and deals with complaints and concerns from within and outside the company relating to all matters within its terms of reference. No complaints were received during the current or prior year;
- the committee has the right to obtain independent external professional advice to assist with the execution of its duties, at the company's expense;
- the committee has decision-making authority regarding its statutory duties and is accountable in this regard to both the board and the shareholders. On all responsibilities delegated to it by the board, other than its statutory duties, the committee makes recommendations for approval by the board; and
- the chairperson of the committee attends AGMs and is available to answer any questions in relation to matters pertaining to the responsibilities of the committee.

Recommendation of the annual financial statements

The committee has reviewed the annual financial statements of Hosken Consolidated Investments Limited and the group for the period ended 31 March 2023 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.



MH Ahmed
Chairperson: Audit and Risk Committee

26 July 2023

REPORT OF THE INDEPENDENT AUDITOR

TO THE SHAREHOLDERS OF HOSKEN CONSOLIDATED INVESTMENTS LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Hosken Consolidated Investments Limited (the group and company) set out on pages 21 to 138, which comprise the consolidated and separate statements of financial position as at 31 March 2023, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hosken Consolidated Investments Limited as at 31 March 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (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 (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board of Auditors' Code of *Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

CONSOLIDATED FINANCIAL STATEMENTS

Key audit matter	How our audit addressed the key audit matter

Casino licences impairment assessment – included as part of Note 4 to the consolidated financial statements

The group has intangible assets with indefinite useful lives relating to casino licences. International Accounting Standard (IAS) 36 *Impairment of Assets* requires intangible assets with indefinite useful lives to be tested annually for impairment.

These casino licences had a carrying value of R11.4 billion as at 31 March 2023.

The recoverable amount of individual casino licences was determined by management with reference to their value in use as part of the cash-generating units (CGUs) to which it relates. The value in use of individual CGUs was calculated using discounted cash flow projections. Significant estimates and judgements were applied by management in performing these calculations to determine whether any impairment or reversal of impairment was required. The key assumptions and unobservable inputs are disclosed in note 4 to the consolidated financial statements.

Management concluded, based on their assessment, that five licences required a reversal of impairment totalling R2.4 billion, whilst one licence required an impairment totalling R236 million. The reversal of impairment was attributed to the projected cash flows being more positive than anticipated in the previous year, as a result of the continued recovery of revenue and ongoing cost-saving initiatives.

We considered the impairment assessment to be a matter of most significance to our current year audit of the consolidated financial statements, due to the significant judgements and estimation applied by management in the assumptions, as well as the magnitude of the carrying values of the intangible assets to the consolidated financial statements as at 31 March 2023.

We performed the following procedures:

- We evaluated management's calculations for consistency with the prior year methodology.
- We utilised our internal valuation expertise to calculate a discount rate taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We compared our calculated discount rate to the discount rate used by management. We recalculated the discounted cash flow calculations using the internally calculated discount rate, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration.
- We issued instructions addressing the significant audit areas in general, as well as specific information required to be reported on, to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement.
- We assessed the competence, knowledge and experience of the component audit team and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed.
  - o The following procedures were performed at the component auditor level:
    - Management's cash flow forecasts used in the impairment models were agreed to the latest five-year strategic plan approved by the board of directors.
    - In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2023 financial year figures included in the prior year forecast to consider the reasonableness and credibility of management's forecasts.
    - The reasonableness of the cash outflows used in the discounted cash flow analysis were assessed through discussions with management to understand the basis of the assumptions used in respect of cash outflows, and corroboration of their explanations against historic performance as well as other strategic initiatives implemented by management.
    - Assessed the reasonability of the discount rate determined by management for the component, taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies.
- We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Fair value of investment property – Note 2 to the consolidated financial statements	
The group owns a portfolio of investment properties with a carrying value of R5.05 billion as at 31 March 2023. The valuations of the investment properties are performed annually, either by external property valuers or internally by management. The majority of the valuations are performed using either the discounted cash flow method or the income capitalisation method. The current year valuations resulted in upward adjustments of R80.9 million to the value of investment properties. We considered the valuation of the investment properties to be a matter of most significance to our current year audit of the consolidated financial statements, due to the significant judgements and estimates involved in determining the fair value and the magnitude of the carrying value of the investment property to the consolidated financial statements as at 31 March 2023.	We performed the following procedures: • We issued instructions addressing the significant audit areas in general, as well as specific information required to be reported on, to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement. • We assessed the competence, knowledge and experience of the component audit teams and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed. o The following procedures were performed at the component auditor level: – The recognised fair values of properties were agreed to valuation reports from the external and internal valuers, as applicable. – In respect of the external valuers, their objectivity, independence and expertise were considered by inspecting the valuation reports for a statement of independence and compliance with generally accepted valuation standards, and confirmation of their affiliation with the relevant professional body. – In respect of the internal valuations, the expertise of management was considered with reference to their experience in the industry. – Assessed the reasonableness of the growth, exit capitalisation and discount rate used in the valuations by independently calculating a range of rates, making use of relevant market information, which would be considered reasonable. – To assess the reasonability of the valuations, reconciliation of the cash flows used in the models to the management approved budgets were performed for a sample of properties. – The mathematical accuracy of those valuations was also assessed by way of independent recalculation. • We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 40 *Investment Property* and IFRS 13 *Fair Value Measurement*.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment – Note 3 to the consolidated financial statements	
The group has goodwill with a carrying value of R3.82 billion as at 31 March 2023. The majority of the goodwill (R3.73 billion) is allocated to the gaming CGU. IAS 36 *Impairment of Assets* requires goodwill to be tested annually for impairment. The recoverable amount of the CGU was determined by management with reference to its value in use, which was calculated using discounted cash flow projections. Significant estimates and judgements were applied by management in performing these calculations to determine whether any impairment was required. The key assumptions and unobservable inputs are disclosed in note 3 to the consolidated financial statements. Management concluded, based on its assessment, that no impairment of the goodwill allocated to the gaming CGU was required. We considered the impairment assessment to be a matter of most significance to our current year audit of the consolidated financial statements due to the significant judgements and estimation applied by management in the assumptions, and due to the magnitude of the carrying value of goodwill to the consolidated financial statements as at 31 March 2023.	We performed the following procedures: • We evaluated management's calculations for consistency with the prior year methodology. • We utilised our internal valuations expertise to calculate a discount rate taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios, as well as the beta of comparable companies. We compared our discount rate to the discount rate used by management. We furthermore recalculated the discounted cash flow calculation using the internally calculated discount rate, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration. • We issued instructions addressing the significant audit areas in general, as well as specific information required to be reported on, to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement. • We assessed the competence, knowledge and experience of the component audit team and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed. o The following procedures were performed at the component audit team level: – Management's cash flow forecasts used in the impairment models were agreed to the latest five-year strategic plan approved by the board of directors. – In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2023 financial year figures included in the prior year forecast to consider the reasonableness and credibility of management's forecasts. – The reasonableness of the cash outflows used in the discounted cash flow analysis were assessed through discussions with management to understand the basis of the assumptions used in respect of cash outflows, and corroboration of their explanations against historic performance as well as other strategic initiatives implemented by management. • We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Investment in Associate – Southern Sun – valuation assessment – Note 6 to the consolidated financial statements	

The carrying value of the group's investment in Southern Sun (SS) amounted to R3.2 billion at 31 March 2023.
 	
IAS 36 *Impairment of Assets* requires that investments in associates be tested for impairment if impairment indicators or impairment reversal indicators exist.
 	
Trading improved significantly from the prior year which served as an indicator of impairment reversal and the recoverable amount, being the higher of the value in use and the fair value less cost to sell was calculated.
 	
The value in use was calculated as R3.2 billion using a discounted cash flow approach based on the net cash flows of the underlying hotels.
 	
Significant estimates and judgements were applied by management in performing these calculations to determine the value in use. The key assumptions and unobservable inputs are disclosed in note 6 to the consolidated financial statements.
 	
Based on management's calculations an impairment reversal of R755 million was recognised based on the recoverable amount being the value in use. This was attributed to the quicker than previously anticipated improvement in trading from the prior year.
 	
We considered the valuation assessment to be a matter of most significance to our current year audit of the consolidated financial statements due to the significant judgements and estimation applied by management in the assumptions included in the value-in-use calculation, the extent of the impairment reversal recognised, and the magnitude of the carrying value of the investment to the consolidated financial statements as at 31 March 2023.
	We performed the following procedures:
	· We utilised our internal valuation expertise to calculate a discount rate taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We compared our discount rate to the discount rate used by management. In addition, we utilised our internal valuation expertise to assess the reasonableness of the terminal growth rates used by management.
	· We recalculated the discounted cash flow calculation using our internally calculated discount rate, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration.
	· We issued instructions addressing the significant audit areas to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement.
	· We assessed the competence, knowledge and experience of the component audit team and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed.
	  o The following procedures were performed at the component audit team level:
	    – Assessed the reliability of the budgets included in the business plans (which formed the basis of the cash flow forecasts), by comparing prior period budgets to actual results, and evaluated management's budgeting techniques applied.
	· We recalculated the fair value less cost to sell and agreed the share price used in the calculation to market reports.
	· We recalculated the impairment reversal determined by management by comparing the higher of the fair value less cost to sell and the value in use to the carrying amount.
	· We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 36.

SEPARATE FINANCIAL STATEMENTS

Key audit matter	How our audit addressed the key audit matter
Investments in subsidiaries' impairment assessment – Note 8 and Annexure A to the separate financial statements	
At 31 March 2023 the carrying value of investment in subsidiaries amounted to R14.7 billion, which is included in the investments in and amounts owing from subsidiary companies' balance in the separate statement of financial position. IAS 36 *Impairment of Assets* requires that investments in subsidiaries be tested for impairment if impairment or impairment reversal indicators exist. Such indicators were identified and impairment reversals of R2.9 billion were recognised in the current year. Impairment reversals of R2.7 billion relates to the investments in Tsogo Sun and TIH Prefco for which value-in-use calculations were performed by management. The remaining impairment reversals were based on fair value less cost to sell considerations using listed share prices and net asset values. We considered the impairment reversals relating to Tsogo Sun and TIH Prefco to be a matter of most significance to our current year audit of the separate financial statements due to the significant judgements and estimation applied by management in the assumptions, the extent of the impairment reversal recognised, and the magnitude of the carrying values of the investments to the separate financial statements as at 31 March 2023.	Our audit procedures included the following procedures: • We considered indicators of impairment and impairment reversals for all the investments held to assess the completeness of management's assessment. • We reperformed the value-in-use calculations performed by management. • We utilised our internal valuation expertise to calculate the discount rates taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We compared our discount rates to the discount rates used by management. We furthermore recalculated the discounted cash flow calculation using the internally calculated discount rates, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration. • We issued instructions addressing the significant audit areas to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement. • We assessed the competence, knowledge and experience of the component audit team and inspected relevant component audit team working papers and documents to assess the adequacy of the work performed. o The following procedures were performed at the component audit team level as it relates to the value-in-use calculations: – Management's cash flow forecasts used in the valuation models were agreed to the latest five-year strategic plan approved by the board of directors. – In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2023 financial year figures included in the prior year forecast to consider the reasonableness and credibility of management's forecasts. – The reasonableness of the cash outflows used in the discounted cash flow analysis were assessed through discussions with management to understand the basis of the assumptions used in respect of cash outflows and corroborated their explanations against historic performance as well as other strategic initiatives implemented by management. – Assessed the reasonability of the discount rate determined by management for the component, taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. • We considered the adequacy of the disclosure made in the separate financial statements with reference to the disclosure requirements of IAS 36.

Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "Hosken Consolidated Investments Limited Integrated Annual Report 2023" and the "Hosken Consolidated Investments Limited Annual Financial Statements 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

Responsibilities of the directors for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and 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 group's and 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 consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate 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 BDO South Africa Incorporated has been the auditor of Hosken Consolidated Investments Limited for twenty-six years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

T Schoeman
Director
Registered Auditor

31 July 2023

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

1. **Nature of business**

   Hosken Consolidated Investments Limited (HCI) is an investment holding company, incorporated in South Africa and listed on the JSE Limited.

2. **Operations and business**

   The business operations of HCI include investing in opportunities as identified by the board of directors and the adding of value to these investments over time. As such, HCI has itself consciously established and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially-run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them.

   Refer to pages 14 to 33 of the integrated annual report for an overview of operations for the year under review.

3. **Restatement of comparative results**

   Details of the restatement of comparative results are set out in note 48 of the annual financial statements.

4. **Business combinations and changes in the group's shareholding in subsidiaries**

   Details of business combinations and changes in the group's shareholding in subsidiaries are set out in notes 45 and 8 of the annual financial statements, respectively.

5. **Discontinued operations and disposal group assets and liabilities held for sale**

   Details of discontinued operations and disposal group assets and liabilities held for sale are set out in notes 36 and 15 of the annual financial statements, respectively, with the restatement of the prior year results for discontinued operations detailed in note 48.

6. **Share capital**

   Details of the authorised and issued share capital are set out in note 16 of the annual financial statements.

7. **Directorate**

   Details of the directors of the company appear in the Corporate administration section of this report.

   No changes were made to the directorate for the year under review.

8. **Composition of the board**

   The board has assumed responsibility, in line with the board charter, for the composition of the board by ensuring diversity, gender parity, skills, knowledge and resources to effectively discharge its governance role and responsibilities and carry out all its duties.

   At 31 March 2023 the board comprised 11 members which included four executive directors, one non-executive director and six independent non-executive directors. There is a clear balance of power and authority at the board of directors' level.

   The board is chaired by Mr VE Mphande, an independent non-executive director, who is not a former CEO of the company. There is a clear division of responsibilities between the chairperson and chief executive officer. The board does not deem it necessary to appoint a lead independent director.

Board member	Number of board meetings	Attendance of members
MH Ahmed	4	4
JA Copelyn	4	4
TG Govender	4	4
MF Magugu	4	4
L McDonald	4	4
SNN Mkhwanazi-Sigege	4	4
VE Mphande (chair)	4	4
JG Ngcobo	4	4
JR Nicolella	4	4
Y Shaik	4	4
RD Watson	4	4

9. **Dividends**

   An interim dividend of 50 cents per HCI share was paid on 28 December 2022. Due to the company's ongoing funding commitments in relation to its interest in the oil and gas prospects offshore Namibia and the requirement to preserve the company's cash resources, no final dividend was declared for the year under review.

10. **Gender diversity**

    The board of directors has adopted a policy on gender diversity at board level and agreed on voluntary targets. The board has reached its gender target of 25% women.

11. **Race diversity**

    The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people classified as "black". 82% of the members of the board are classified as "black".

12. Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the 12 months ended 31 March 2023. The secretarial department is under the supervision of Cheryl Philip (FCIS) who is empowered, and authorised, to provide corporate governance services to the board and management. The board has evaluated the performance and independence of the company secretary during the period under review and it is satisfied that the company secretary is competent and has the appropriate qualifications and experience required by the group to administer the secretarial obligations of the company. The secretary has an arm's length relationship with the board of directors.

The name, business and postal address of the company secretary are set out in the Corporate administration section of this report.

13. Financial director

Mr JR Nicolella is the full-time executive financial director of the company.

14. Auditor

Subject to shareholder approval, Mazars will be appointed as the company's external auditor for the 2024 financial year in accordance with section 90 of the South African Companies Act, with Yolandie Ferreira as the designated auditor.

15. Auditor's report

The consolidated and separate financial statements have been audited by BDO South Africa Incorporated and their unqualified audit report on the consolidated and separate financial statements is included on pages 10 to 17 of this report.

16. Significant shareholders

The company's shareholders that own more than 5% of the issued shares are the Southern African Clothing and Textile Workers Union, Chearsley Investments Proprietary Limited and Squirewood Investments 64 Proprietary Limited who own 24.7%, 7.6% and 5.3%, respectively. No shareholder has a controlling interest in the company.

17. Special resolutions

The following special resolutions were passed by the company's shareholders at the annual general meeting (AGM) of shareholders held on 29 August 2022:

- granting the directors the authority, subject to the provisions of the Act and the provisions of the JSE Listings Requirements, to allot and issue ordinary shares of the company (or to issue options or securities convertible into ordinary shares) for cash to such person or persons, on such terms and conditions as they may deem fit. The aggregate number of ordinary shares to be allotted and issued for cash is limited as set out in the resolution;
- approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 September 2022 until the next AGM of the company;
- granting the company and the subsidiaries of the company a general authority contemplated in terms of paragraph 5.72 of the JSE Listings Requirements, for the acquisition by the company, or a subsidiary of the company, of ordinary shares issued by the company; and
- general authorisation of financial assistance to the extent required by sections 44 and 45 of the Act, the board of directors of the company may, subject to compliance with the requirements of the company's MOI and the Act, authorise the company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, subject to the provisions as set out in the resolution.

18. Special resolutions of subsidiaries

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the company.

19. Shareholding of directors

The shareholding of directors of the company and their participation in the share incentive scheme of the company as at 31 March 2023 are set out in notes 40 and 39 of the annual financial statements, respectively.

20. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2023 are set out in note 41 of the annual financial statements.

21. Subsidiaries

Details of the company's subsidiaries are set out in annexure A to the annual financial statements.

22. Borrowing powers

There are no limits placed on borrowing in terms of the memorandum of incorporation. Certain companies in the group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the group which may restrict the group's borrowing powers. Details of these covenants and undertakings are set out in note 19 of the annual financial statements.

23. Litigation statement

eMedia has referred its complaint against MultiChoice (in relation to the distribution of the four Openview entertainment channels on the DStv platform) to the Competition Tribunal in terms of section 51(1) of the Competition Act for consideration. At the time of this report the outcome of the referral remains unknown and the channels remain on the DStv platform.

Other than the matter mentioned above, the directors are not aware of any legal or arbitration proceedings (including proceedings which are pending or threatened) that may have a material impact on the financial position of the group for the 12 months after 31 March 2023.

24. Material change

There has been no material change in the financial or trading position of the HCI group since the publication of its provisional results on 25 May 2023.

25. Events subsequent to reporting date

Events that occurred subsequent to the reporting date are set out in note 47 of the annual financial statements.

26. Going concern

The directors have assessed the cash flow forecasts and borrowing profiles of all entities within the group and are of the view that the group has sufficient liquidity to meet its obligations for the foreseeable future. Details of the going concern assessment are set out in accounting policy 2(i).

27. Preparer

These annual financial statements were prepared under the supervision of the financial director, Mr JR Nicolella, CA(SA).

VE Mphande
Chairperson

JA Copelyn
Chief Executive Officer

Cape Town
26 July 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

		Group		Company	
	Notes	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ASSETS					
Non-current assets		**45 666 976**	40 858 036	**18 398 809**	14 633 879
Property, plant and equipment	1	**16 324 722**	16 046 945	**–**	–
Right-of-use assets	26	**299 782**	324 184	**–**	–
Investment properties	2	**5 052 816**	5 067 831	**–**	–
Goodwill	3	**3 824 589**	3 868 505	**–**	–
Intangible assets	4	**11 861 621**	9 558 471	**–**	–
Intangible assets mining	5	**25 218**	18 120	**–**	–
Investments in associates and joint arrangements	6	**6 465 307**	4 458 953	**546 986**	453 736
Other financial assets	7	**1 487 781**	1 089 791	**–**	–
Investments in and amounts owing from subsidiary companies	8	**–**	–	**17 840 791**	14 169 111
Deferred taxation	9	**261 307**	333 566	**–**	–
Finance lease receivables	10	**6 860**	9 743	**–**	–
Non-current receivables	11	**56 973**	81 927	**11 032**	11 032
Current assets		**6 025 551**	6 216 240	**21 964**	19 635
Inventories	12	**1 020 986**	899 661	**–**	–
Programme rights	13	**945 387**	978 651	**–**	–
Other financial assets	7	**–**	92 963	**–**	–
Trade and other receivables	14	**1 883 759**	1 842 038	**21 510**	16 097
Taxation		**83 541**	93 340	**–**	–
Cash and cash equivalents	38.9	**2 091 878**	2 309 587	**454**	3 538
Disposal group assets held for sale	15	**170 396**	147 240	**–**	–
Total assets		**51 862 923**	47 221 516	**18 420 773**	14 653 514
EQUITY AND LIABILITIES					
Capital and reserves		**28 164 962**	22 827 423	**17 474 818**	13 818 163
Equity attributable to equity holders of the parent		**18 168 070**	14 320 224	**17 474 818**	13 818 163
Ordinary share capital	16	**20 218**	20 218	**21 405**	21 405
Share premium	16	**–**	–	**17 158**	17 158
Other reserves	17	**1 064 800**	370 020	**–**	–
Accumulated profits		**17 083 052**	13 929 986	**17 436 255**	13 779 600
Non-controlling interest	8	**9 996 892**	8 507 199	**–**	–
Non-current liabilities		**19 785 601**	17 526 260	**–**	–
Financial liabilities	18	**–**	82 323	**–**	–
Borrowings	19	**13 681 541**	11 974 360	**–**	–
Lease liabilities	26	**381 383**	399 063	**–**	–
Post-retirement benefit liabilities	20	**131 702**	141 524	**–**	–
Long-term incentive plan	21	**39 996**	88 001	**–**	–
Long-term provisions	22	**80 135**	72 431	**–**	–
Deferred revenue and income	23	**94 949**	81 033	**–**	–
Deferred taxation	9	**5 375 895**	4 687 525	**–**	–
Current liabilities		**3 910 595**	6 866 068	**945 955**	835 351
Trade and other payables	24	**2 494 662**	2 709 143	**2 709**	2 649
Deferred revenue and income	23	**65 132**	55 600	**–**	–
Financial liabilities	18	**1 206**	9 697	**848**	–
Amounts owing to subsidiary companies	8	**–**	–	**887 133**	663 047
Current portion of borrowings	19	**804 071**	3 586 404	**54 897**	49 910
Taxation		**47 929**	44 045	**243**	6
Provisions	22	**210 406**	188 071	**–**	–
Long-term incentive plan	21	**139 156**	–	**–**	–
Bank overdrafts	25	**148 033**	273 108	**125**	119 739
Disposal group liabilities held for sale	15	**1 765**	1 765	**–**	–
Total equity and liabilities		**51 862 923**	47 221 516	**18 420 773**	14 653 514

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Group 2023 R'000	Group 2022* R'000	Company 2023 R'000	Company 2022 R'000
Revenue	28	**12 575 559**	10 640 582	**747 579**	333 551
Net gaming win		**9 626 677**	7 778 881	**–**	–
Property rental income		**696 699**	640 725	**–**	–
Income		**22 898 935**	19 060 188	**747 579**	333 551
Depreciation and amortisation		**(1 161 767)**	(1 166 412)	**–**	–
Other operating expenses and income		**(17 259 883)**	(14 049 319)	**(6 944)**	(14 040)
Investment income	29	**299 532**	148 640	**6 894**	2 528
Equity-accounted earnings/(losses) of associates and joint arrangements	6	**198 348**	(93 605)	**–**	–
Investment surplus	30	**152 384**	181 409	**65 500**	51 830
Fair value adjustments on investment properties	2	**80 295**	(26 593)	**–**	–
Impairment reversals	1, 4, 6, 8	**3 163 984**	1 387 175	**2 983 475**	2 045 356
Asset impairments	31	**(398 310)**	(209 357)	**–**	–
Fair value adjustments on financial instruments	7, 18	**(70 843)**	9 395	**(848)**	–
Impairment of goodwill and investments	8, 32	**–**	(4 247)	**(85 065)**	(35)
Finance costs	33	**(1 194 861)**	(1 322 497)	**(9 630)**	(16 577)
Profit before taxation	34	**6 707 814**	3 914 777	**3 700 961**	2 402 613
Taxation	35	**(1 620 042)**	(711 405)	**(1 490)**	(788)
Profit for the year from continuing operations		**5 087 772**	3 203 372	**3 699 471**	2 401 825
Discontinued operations	36	**(9 064)**	(1 150)	**–**	–
Profit for the year		**5 078 708**	3 202 222	**3 699 471**	2 401 825
Attributable to:					
Equity holders of the parent		**3 207 067**	2 078 572		
Non-controlling interest	8	**1 871 641**	1 123 650		
		5 078 708	3 202 222		
Earnings/(losses) per share (cents)	37.1	**3 965.71**	2 570.26		
Continuing operations		**3 973.97**	2 572.30		
Discontinued operations		**(8.26)**	(2.04)		
Diluted earnings/(losses) per share (cents)	37.2	**3 896.66**	2 568.01		
Continuing operations		**3 904.78**	2 570.04		
Discontinued operations		**(8.12)**	(2.03)		

* Restated, refer to details as set out in note 48.1

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Group		Company	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Profit for the year	**5 078 708**	3 202 222	**3 699 471**	2 401 825
Other comprehensive income net of tax:				
Items that will subsequently be reclassified to profit or loss				
Foreign currency translation differences	**596 944**	(66 555)	**–**	–
Fair value adjustments on cash flow hedges	**39 255**	188 530	**–**	–
Share of other comprehensive (losses)/income of equity-accounted investments (refer to note 6)	**(12 996)**	21 154	**–**	–
Equity-accounted foreign currency translation reserves reclassified to profit or loss on disposal and dilution of interests in associates and joint arrangements (refer to note 6)	**–**	1 277	**–**	–
Income tax relating to items that will subsequently be reclassified to profit or loss	**(10 599)**	(52 252)	**–**	–
Items that will not subsequently be reclassified to profit or loss				
Actuarial gains on post-employment benefit liabilities	**13 261**	8 681	**–**	–
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**121 335**	139 844	**–**	–
Share of other comprehensive income/(losses) of equity-accounted investments (refer to note 6)	**432**	(355)	**–**	–
Income tax relating to items that will not subsequently be reclassified to profit or loss	**(3 580)**	(2 348)	**–**	–
Total comprehensive income for the year	**5 822 760**	3 440 198	**3 699 471**	2 401 825
Attributable to:				
Equity holders of the parent	**3 874 154**	2 179 540		
Non-controlling interest	**1 948 606**	1 260 658		
	5 822 760	3 440 198		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

GROUP	Share capital R'000	Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000
Balance at 31 March 2021	20 218	286 483	11 756 563	7 461 032	19 524 296
Current operations					
Total comprehensive income	–	96 008	2 083 532	1 260 658	3 440 198
Equity-settled share-based payments (refer to note 39)	–	23 460	–	–	23 460
Effects of changes in holding (refer to note 8)	–	(15)	(27 508)	(52 191)	(79 714)
Disposal of subsidiaries	–	–	–	(20 848)	(20 848)
Share of direct equity movements of equity-accounted investments (refer to note 6)	–	24 949	56 534	(59 473)	22 010
Dividends to non-controlling shareholders of subsidiaries	–	–	–	(81 979)	(81 979)
Release of revaluation reserve to accumulated profits	–	(23 345)	23 345	–	–
Release of share-based payment reserve to accumulated profits	–	(37 520)	37 520	–	–
Balance at 31 March 2022	20 218	370 020	13 929 986	8 507 199	22 827 423
Current operations					
Total comprehensive income	–	658 640	3 215 514	1 948 606	5 822 760
Equity-settled share-based payments (refer to note 39)	–	28 612	–	–	28 612
Effects of changes in holding (refer to note 8)	–	(542)	(40 904)	4 315	(37 131)
Disposal of subsidiaries (refer to note 45.3)	–	–	–	461	461
Share of direct equity movements of equity-accounted investments (refer to note 6)	–	27 933	(896)	600	27 637
Dividends	–	–	(40 511)	(464 289)	(504 800)
Release of share-based payment reserve to accumulated profits	–	(19 863)	19 863	–	–
Balance at 31 March 2023	20 218	1 064 800	17 083 052	9 996 892	28 164 962
Notes	16	17		8	

COMPANY	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Balance at 31 March 2021	21 405	17 158	11 377 775	11 416 338
Current operations				
Total comprehensive income	–	–	2 401 825	2 401 825
Balance at 31 March 2022	21 405	17 158	13 779 600	13 818 163
Current operations				
Total comprehensive income	–	–	3 699 471	3 699 471
Dividends	–	–	(42 816)	(42 816)
Balance at 31 March 2023	21 405	17 158	17 436 255	17 474 818
Note	16	16		

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
Cash flows from operating activities		2 999 835	2 655 582	693 465	298 623
Cash generated by operating activities		5 639 308	5 055 385	742 177	312 176
Cash generated by operations	38.1	5 940 767	5 148 173	740 635	319 488
Interest income		189 066	78 076	1 936	2 528
Changes in working capital	38.2	(490 525)	(170 864)	(394)	(9 840)
Finance costs	38.5	(1 248 961)	(1 704 233)	(4 643)	(12 695)
Taxation paid	38.3	(891 690)	(619 269)	(1 253)	(858)
Dividends paid	38.6	(498 822)	(76 301)	(42 816)	–
Cash flows from investing activities		(1 843 081)	(420 437)	(576 935)	(201 250)
Business combinations/disposal of subsidiaries	38.4	(276 307)	107 382	–	–
Investment in:					
– Subsidiary companies		–	–	(233)	(800)
– Associates and joint arrangements	6	(525 037)	(144 877)	–	(1 169)
– Financial assets	7	(181 789)	–	–	–
Loans advanced to subsidiary companies		–	–	(645 202)	(251 111)
Loans repaid by associates and joint arrangements		19 987	152	–	–
Dividends received		102 243	81 246	–	–
Long-term receivables					
– Advanced		–	(9 032)	–	–
– Repaid		87 881	8 934	–	–
Proceeds on disposal of investments		68 500	21 236	68 500	51 830
Proceeds from insurance claims for capital assets		18 542	22 698	–	–
Government grants received		12 110	–	–	–
Intangible assets					
– Additions	38.7	(190 989)	(5 824)	–	–
– Disposals		368	922	–	–
Investment properties					
– Additions	2	(118 802)	(160 727)	–	–
– Disposals		35 231	26 698	–	–
Property, plant and equipment					
– Additions	38.8	(1 076 334)	(537 482)	–	–
– Disposals		181 315	168 237	–	–
Cash flows from financing activities		(1 250 453)	(1 539 619)	–	–
Transactions with non-controlling shareholders	8	(34 699)	(87 573)	–	–
Principal paid on lease liabilities	26	(68 344)	(64 086)	–	–
Borrowings					
– Raised	19	3 763 719	467 248	–	–
– Repaid	19	(4 911 129)	(1 855 208)	–	–
Cash and cash equivalents					
Movements		(93 699)	695 526	116 530	97 373
At the beginning of the year		2 036 768	1 341 695	(116 201)	(213 574)
Foreign exchange difference on translation of foreign subsidiaries		1 065	(453)	–	–
At the end of the year	38.9	1 944 134	2 036 768	329	(116 201)

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the separate and consolidated annual financial statements of the company are set out below. These policies have been consistently applied to all the periods presented.

(a) Basis of preparation

The consolidated and separate company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the requirements of the Companies Act of South Africa. The annual financial statements have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments and investment properties as described in the accounting policies below.

(b) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee (Exco), consisting of four executive directors, including the chief executive officer (CEO) and financial director (FD). Reportable segments have been identified based on the principal operating activities of entities within the group.

(c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries, associates and joint arrangements of the group.

(i) Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The company records its investment in subsidiaries at cost less any impairment charges. These interests include any intergroup loans receivable, which represent by nature a further investment in the subsidiary. Intergroup loans receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount immediately in profit or loss.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(ii) Associates and joint arrangements

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost and the carrying value subsequently adjusted for the recognition of the investor's share of changes in the equity of the investee after the date of acquisition, as well as dividends received. Subsequent to initial recognition, the group recognises its share of the investee's profit or loss and other comprehensive income, respectively, in the statement of profit or loss and the statement of other comprehensive income. Other changes in equity recognised by the group's associates and joint arrangements include changes in its share-based payment reserves, transactions with non-controlling shareholders and other direct equity movements. The group accounts for its share in these changes in equity as a direct equity movement in the statement of changes in equity.

The group's investments in associates and joint arrangements include goodwill (net of any accumulated impairment loss) identified on acquisition. When the group increases its shareholding in an investee, the cost of the additional investment is added to the carrying value of the investment. The acquired share in the investee's identifiable net assets, as well as goodwill arising, is calculated using fair value information at the date of acquiring the additional interest. Any excess of the group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment at date of acquisition, is recognised as income in the period in which the investment is acquired and included in equity-accounted earnings of associates and joint arrangements in the statement of profit or loss.

When the group ceases to have control of an entity but continues to exercise significant influence, the retained interest is remeasured to its fair value, with the change in the carrying value recognised in the statement of profit or loss. This fair value is deemed to be the initial carrying value of the retained interest for purposes of its subsequent accounting as an associate. In addition, amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss when the loss of control occurs if the amounts are required to be reclassified in terms of the applicable accounting standard.

Partial disposals of associates and joint arrangements are accounted for as dilutions in shareholding. Gains or losses are calculated on the date that the dilution in shareholding occurs and recognised in profit or loss. The group's proportionate share of equity-accounted gains or losses previously recognised in other comprehensive income is reclassified to profit or loss when a dilution occurs if the gains or losses are required to be reclassified to profit or loss in terms of the applicable accounting standard. Gains or losses on dilutions in shareholding and related reclassifications of other comprehensive income to profit or loss, are included in the investment surplus balance in the statement of profit or loss.

Joint arrangements relating to investment properties are accounted for as joint operations, with the group's share of its assets, liabilities, revenue and expenses incorporated in the financial statements.

The group determines at each reporting date whether there is any objective evidence that its investment in an associate or joint arrangement is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount immediately in profit or loss.

(iii) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment at the end of each year. Additional impairment testing is performed during the course of the year when there are indicators that goodwill may be impaired. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis.

(d) Foreign exchange

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand which is the group's presentation and the company's functional currency.

(ii) Transactions and balances

The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date with the resultant translation differences being recognised in profit or loss. Translation differences on non-monetary assets, such as equity investments designated at fair value through other comprehensive income, are recognised in other comprehensive income.

(iii) Foreign subsidiaries and associates – translation

Once-off items in the statement of profit or loss and statement of cash flows of foreign subsidiaries and associates expressed in currencies other than the South African Rand are translated to South African Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets together with differences between items of profit or loss translated at average and closing rates are recognised as a separate component of equity. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in equity are recycled through profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the rate of exchange at reporting date.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life.

(f) Investment properties

Investment properties are stated at fair value representing estimated market value. Changes in fair value are recognised in profit or loss in the period in which they arise.

Investment properties undergoing construction or improvements and for which fair values cannot be reliably measured, are carried at cost.

If an owner-occupied property becomes an investment property, it is reclassified to investment property. The property is revalued to fair value through other comprehensive income before being transferred, with the fair value becoming its cost at the date of reclassification for subsequent accounting purposes.

(g) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination.

Intangible assets with indefinite lives are not amortised but are subject to annual reviews for impairment.

Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful economic lives and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of an intangible asset is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable and it is probable that economic benefits will flow to the group.

(i) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Direct costs associated with the production of identifiable and unique software products controlled by the group, are capitalised if it is probable that future economic benefits associated with the specific asset will flow to the group. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads.

Internally generated costs associated with maintaining computer software programs are expensed as incurred.

(ii) Casino licences and bid costs

Costs incurred during the bidding process for a casino licence are capitalised to casino licences and bid costs by the individual casino on the successful award of the casino licence as these costs are directly attributable to the award of the licence. Payments made to gaming boards for enhancements of existing casino licences, such as additional gaming positions, are capitalised by the individual casino to the underlying casino licence.

Casino licences without expiry dates are not amortised as they are considered to have indefinite lives and are tested for impairment on the same basis as goodwill (refer to accounting policy 1(c)(iii) above).

(iii) Trademarks

Trademarks are initially recognised at cost and are carried at cost less accumulated amortisation. Trademarks have finite useful lives and are amortised on a straight-line basis over their estimated useful economic lives.

(iv) Distribution rights

Distribution rights represent multi-territory and multi-platform programming rights that the group is able to "onsell" to other content acquirers in the media industry. Distribution rights are initially recognised at cost and subsequently amortised over the products' useful life.

Distribution rights are tested for impairment annually until they are brought into use.

(v) Intangible assets – mining

Capitalised evaluation and exploration expenditure, and capitalised development expenditure with finite lives are amortised over their estimated useful economic life.

Direct attributable expenses relating to mining and other major capital projects, site preparations, and exploration and development are capitalised until the asset is brought to a working condition for its intended use. These costs include dismantling and site restoration costs to the extent that these are recognised as a provision.

Costs capitalised to evaluation and exploration expenditure are transferred to capitalised development costs once the technical feasibility and commercial viability of developing the mine has been established and the decision to develop the mine has been taken by the directors.

(vi) Management contracts

Management contracts are initially recognised at fair value on business acquisitions. Management contracts that do not have an expiry date are not amortised as they are considered to have an indefinite life and are tested annually for impairment on the same basis as goodwill (refer to accounting policy 1(c)(iii) above).

(vii) Programming under development

Programming under development represents the cost of content that is still in the process of being developed and cannot yet be brought into use. Once ready for use, these assets are transferred to programming completed (if the intention is to sell or license the content) or programming rights (if the content will be used for broadcasting purposes).

(viii) Programming completed

Programming completed represents internally produced content that is available to be licensed to broadcasters. The amortisation method is consistent with the amount received for individual titles licensed to these broadcasters.

(h) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(i) Financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

The classification is determined by both the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of financial assets at amortised cost or at FVOCI, transaction costs that are directly attributable to the acquisition of the financial asset.

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model with the objective to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these assets are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The group's cash and cash equivalents, loan receivables as well as trade and most other receivables fall into this category of financial instruments.

(ii) Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL and includes the group's investments in listed equities. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see accounting policy 1(h)(iv) below).

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Dividend income from FVTPL investments is recognised in profit or loss as part of investment income when the group's right to receive payments is established.

(iii) Financial assets at fair value through other comprehensive income (FVOCI)

The group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model with the objective to "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Classification of investments in equity instruments that are not held for trading will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

Where the group has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Dividends on FVOCI equity instruments are recognised in profit or loss as part of investment income when the group's right to receive payments is established.

The group has irrevocably elected to measure its equity investment in SunWest and Worcester Casinos and City Lodge Hotels at FVOCI as these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

(ii) Impairment of financial assets

The group uses forward-looking information to recognise expected credit losses (the "expected credit loss (ECL) model") in accordance with the impairment requirements of IFRS 9. The group's debt instruments carried at amortised cost fall within the scope of these requirements.

The group considers a broad range of information when assessing credit risk and measuring ECLs, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectibility of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- financial instruments that have objective evidence of impairment at the reporting date (Stage 3).

"12-month ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second and third categories.

Measurement of the ECLs is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The group applies a simplified model of recognising lifetime ECLs on trade receivables as these items do not contain a significant financing component. ECLs are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the group uses its historical experience, external indicators and forward-looking information to calculate the ECLs using a provision matrix. Details on the calculation of trade receivable ECLs are presented in note 14.

The balance of the group's financial assets measured at amortised cost comprises cash and cash equivalents, loan receivables and other receivables to which the general model is applied.

Impairment losses are presented in other operating expenses and income due to these losses not being material.

(iii) Financial liabilities

The group's financial liabilities include borrowings, trade and other payables, derivative financial instruments and bank overdrafts.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives, which are subsequently carried at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

(iv) Derivative financial instruments and hedge accounting

Derivative financial assets and liabilities are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

Certain derivative instruments, while providing effective economic hedges under the group's policies, are not designated as hedges; these include forward exchange contracts. Changes in the fair value of any derivative instruments that do not qualify or have not been designated as hedges are recognised immediately in profit or loss. The group does not hold or issue derivative financial instruments for speculative purposes.

The derivative instruments used by the group, which are used solely for hedging purposes, comprise interest rate swaps. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies.

In order to qualify for hedge accounting, the group is required to document the relationship between the hedged item and the hedging instrument. The group is also required to document and demonstrate that the relationship between the hedged item and the hedging instrument will be highly effective. This effectiveness test is reperformed at each period-end to ensure that the hedge has remained and will continue to remain highly effective.

The group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss. Amounts accumulated in other comprehensive income are recycled to the statement of profit or loss in the period in which the hedged item affects profit or loss. If a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

(v) Cash and cash equivalents

Cash and cash equivalents are initially measured at fair value and include cash in hand, bank deposits, other short-term highly liquid investments and bank overdrafts. After initial recognition, these are measured at amortised cost using the effective interest method.

Bank overdrafts are included within cash and cash equivalents in the statement of cash flows as they form an integral part of the group's cash management.

(vi) Fair value

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

(i) Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Operating equipment utilised within 12 months is recognised as an expense based on usage. Allowance is made for slow-moving goods and obsolete materials are written off. Cost is determined on the following basis:

- consumable stores are valued at invoice cost on a first in, first out (FIFO) basis; and
- food and beverage inventories and operating equipment are valued at weighted average cost.

Properties that are in the process of being developed for sale are included in inventory work in progress.

(j) Programming rights

Programming rights acquired or internally produced by the group are initially measured at cost and are amortised over the number of licensed broadcasting runs.

Programming rights classified as features are amortised in line with advertising revenue earned. It is estimated that features will generate advertising revenue over more than two runs and are therefore amortised at a rate of 40% on the first run, 40% on the second run and 20% on the remaining run. For genres other than features the cost is amortised on the first run.

Programming rights are carried at the lower of cost or net realisable value. If, at the end of the licence period, the number of licensed broadcasting runs has not been fully utilised, a write-off is accounted for through the statement of profit or loss.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are included in the share premium account.

Where subsidiaries hold shares in the holding company's equity share capital, the consideration paid to acquire these shares is deducted from total shareholders' equity as treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity. Shares issued to or held by share incentive plans within the group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

(l) Impairments and impairment reversals

This policy covers all assets except financial assets (see accounting policy 1(h)), inventories (see accounting policy 1(i)), deferred tax assets, programming rights (see accounting policy 1(j)) and disposal group assets classified as held for sale (see accounting policy 1(m)). Impairment and impairment reversal reviews are performed by comparing the carrying value of the asset to its recoverable amount, being the higher of the fair value less costs to sell and value-in-use. The fair value less costs to sell is considered to be the amount that could be obtained on disposal of the asset. The value-in-use of the asset is determined by discounting, at a market-based pre-tax discount rate, the expected future cash flows resulting from its continued use, including those arising from its final disposal. When the carrying values of non-current assets are written up or down by any impairment reversal or impairment, the gain or loss is recognised in profit or loss in the period in which it is incurred.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs.

Intangible non-current assets with an indefinite life and goodwill are, as a minimum, tested annually for impairment or impairment reversals. Assets subject to amortisation or depreciation are reviewed for impairment or impairment reversals if circumstances or events change to indicate that the carrying value may need to be adjusted.

(m) Disposal group assets and liabilities held for sale

Items classified as disposal group assets and liabilities held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Such disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use.

(n) Capitalisation of borrowing costs

Financing costs directly associated with the construction or acquisition of qualifying assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of group borrowings was utilised. Capitalisation of borrowing costs ceases when the asset is substantially complete.

(o) Provisions

The group recognises provisions for bonus plans based on rates negotiated with union bargaining councils, the results of the company and the performance of relevant employees or at the discretion of company management. These criteria are only finalised after the group's year-end and payments are dependent upon the employee being in the company's service at the date of payment.

Long-term environmental obligations are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the reporting date. The estimated cost of rehabilitation is reviewed annually and adjusted as appropriate for changes in legislation or technology. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean-up at closure, in view of the uncertainty of estimating the potential future proceeds. Annual contributions are made to the group's Environmental Rehabilitation Trust Fund created in accordance with statutory requirements, to provide for the funding of the estimated cost of pollution control and rehabilitation during and at the end of the life of mines.

A repurchase of service provision is raised in respect of retrenchment costs that will be payable to employees who would be surplus to requirements, should the government award the operating of some public transport routes to other third parties.

(p) Revenue recognition

Revenue mainly arises from the sale of goods by the group's branded products and manufacturing, coal mining, and media and broadcasting operations as well as services rendered by the group, of which the following represents the most significant revenue streams:

- advertising revenue;
- revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services;
- bus ticket revenue;
- hotel room revenue;
- food and beverage revenue;
- licence fees;
- tenant recoveries; and
- facility income from broadcasting and production services.

To determine whether to recognise revenue, the group follows a five-step process:

- identifying the contract with a customer;
- identifying the performance obligations;
- determining the transaction price;
- allocating the transaction price to the performance obligations; and
- recognising revenue when/as the performance obligations are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. The transaction price for a contract excludes any amounts collected on behalf of third parties. The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The group does not have significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenue is based on stand-alone selling prices and predetermined settlement dates.

The group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as deferred revenue in the statement of financial position. Similarly, if the group satisfies a performance obligation before it receives the consideration, the group recognises a receivable in its statement of financial position as only the passage of time is required before payment of these amounts will be due.

The group considers whether there are other promises in contracts with customers that are separable performance obligations, such as customer reward programmes, to which a portion of the transaction price needs to be allocated.

(i) Sale of goods

Revenue from the sale of goods for a fixed fee is recognised when or as the group transfers control of the assets to the customer. For stand-alone sales of goods, control transfers at the point in time the customer takes undisputed delivery of the goods. Revenue from the sale of goods is generally recognised at a point in time, except for the group's tooling supply arrangements where control is transferred over a period of time and revenue is recognised when associated costs can be reliably estimated. When revenue is recognised over time, costs incurred to fulfil the contract to date are effectively recognised immediately, since the revenue recognised represents recovery of costs incurred at zero profit margin.

Some products are sold with volume rebates and trade discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated returns, rebates and discounts to the extent that it is highly probable.

The group does not expect to have any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Rendering of services

Advertising revenue

Advertising revenue is recognised in profit or loss on a straight-line basis over the term of the agreement, net of value-added taxation. The performance obligation is fulfilled when the commercial advert is aired as per the contractual term.

Operational contract revenue

Operational contracts with The Department of Transport and The City of Cape Town relate to contracts for the provision of bus services. Revenue is recognised over time as the kilometres in respect of these services have been travelled.

Bus ticket revenue

Revenue from single-journey bus tickets is recognised at the point in time that the ticket is sold.

Revenue from the sale of multi-journey tickets is recognised as rides are utilised. At year-end, deferred revenue is recognised for unused rides on these tickets.

Hotel room, food and beverage revenue

Hotel room revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer.

Food and beverage revenue is recognised at a point in time.

Licence fees

License fees are recognised on a straight-line basis, net of value-added taxation. The performance obligation is satisfied over time as the customer consumes the benefit of access to channels aired.

Tenant recoveries

Tenant recoveries are recognised over time as the services are provided to the tenant.

Facility income from broadcasting and production services

Facility income from broadcasting and production services is recognised on a straight-line basis over the contract term of the agreement, net of value-added taxation. The performance obligation is satisfied over time as the services are provided to the customer.

(iii) Payment terms

No element of financing is present as sales of the group's goods and services are generally made by cash or negotiated credit terms of up to 45 days.

Revenue other than from contracts with customers

Dividend income

Company dividend income is recognised when the right to receive payment is established.

(q) Net gaming win

Net gaming win comprises the net table and electronic gaming machines win derived by the gaming operations. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and income from gaming operations therefore represents the net position arising from financial instruments. The net gaming win is measured as the net cash received from betting transactions from gaming operations. Due to the short-term nature of the group's gaming operations, all income is recognised in profit or loss immediately, at fair value.

In the gaming industry, where the nature of betting transactions in respect of table games makes it difficult to separate bets placed by customers and winnings paid to customers, it follows that gaming operations experience practical difficulties reflecting output tax separately from input tax. Accordingly, the South African Revenue Service issued Binding General Ruling 59 (BGR 59), in accordance with the revised section 72 of the Value Added Tax (VAT) Act decision process. BGR 59 allows gaming operators to account for VAT, in respect of table games, by applying the tax fraction to the gross gaming revenue as stipulated in the provincial gaming regulations. The gross gaming revenue is defined as the difference between the amount of money wagered by customers, and the amount of money returned to such customers by the gaming operator as direct winnings from the gambling activities in which the customers participated.

In respect of electronic gaming machines, the aggregate amount of bets placed over a time period and the aggregate amount of winnings payouts over the same time period are recorded by a central monitoring system, as approved by the relevant provincial gaming board. Based on this, operators of electronic gaming machines are required to account for output tax on the aggregate bets placed and input tax deductions on the aggregate winnings payouts, for each tax period.

Provincial gaming levies are calculated by applying the tax fraction to the net betting transaction for both table games and electronic gaming machines.

Any change in either the VAT rate or the provincial gaming levies would be borne by the group and would have no impact on customers. VAT and gaming levies are therefore treated as direct costs and are included in net gaming win in the statement of profit or loss.

(r) Investment income

(i) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired the group reduces the carrying amount to its recoverable amount by discounting the estimated future cash flows at the original effective interest rate and continuing to unwind the discount as interest income.

(ii) Dividend income

Dividend income in the group is recognised when the right to receive payment is established.

(s) Leases

The group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- there is an identified asset;
- the group obtains substantially all the economic benefits from use of the asset; and
- the group has the right to direct use of the asset.

The group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the group obtains substantially all the economic benefits from use of the asset, the group considers only the economic benefits that arise from use of the asset and not those incidental to legal ownership or other potential benefits.

In determining whether the group has the right to direct use of the asset, the group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are predetermined due to the nature of the asset, the group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the group applies other applicable IFRSs rather than IFRS 16.

(i) The group is the lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low-value assets; and
- leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined with reference to the rate inherent in the lease unless this is not readily determinable, in which case the group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to exercise that option; and
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except in this instance the revised payments are discounted at the discount rate used on initial measurement of the lease liability. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being depreciated over the remaining (revised) lease term.

When the group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated terms increase the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the group to use an identified asset and require services to be provided to the group by the lessor, the group has elected to account for the entire contract as a lease, i.e. it allocates any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

(ii) The group is the lessor

The group classifies these leases as finance leases or operating leases.

For finance leases the group recognises finance lease receivables in its statement of financial position. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group's net investment in the finance lease.

Assets leased to third parties under operating leases are included in investment properties and property, plant and equipment in the statement of financial position. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term. Contingent (variable) rentals are included in rental income when the amounts can be determined.

(t) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided, using the statement of financial position liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at the reporting date.

(u) Employee benefits

(i) Defined contribution plans

For defined contribution plans, subsidiaries of the group pay contributions to both in-house pension funds managed by employer and employee-nominated trustees and public administered provident plans on a contractual basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. The rules of the funds do not allow for prepaid contributions.

(ii) Other post-employment obligations

Certain subsidiaries of the group operate a defined benefit plan for a portion of the medical aid members. This fund is now closed to new entrants. The assets of the scheme are held separately from those of the group and are administered by trustees. The liability recognised in the statement of financial position in respect of the plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related plan liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full and charged or credited to equity in other comprehensive income in the period in which they arise.

All other costs are recognised immediately in profit or loss.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(iv) Bonus plans

The group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation. An accrual is maintained for the appropriate proportion of the expected bonuses which would become payable at the year-end. Bonuses are treated as provisions if the amount or timing of payment is uncertain (refer to accounting policy 1(o)).

(v) Employee leave entitlement

An accrual is made for the estimated liability to the employees for annual leave up to the reporting date.

(vi) Long-service awards

A subsidiary of the group recognises a liability and an expense for long-service awards where cash is paid to employees at certain milestone dates in their careers with the group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes.

(v) Share-based payments

(i) Equity-settled

The group has granted share options to employees in terms of The HCI Employee Share Scheme. In terms of IFRS 2 these options are fair valued at the date of grant and recognised as an expense over the relevant vesting periods. The fair value of options granted is measured using the Black-Scholes model.

(ii) Cash-settled

Goods or services, including employee services received in exchange for cash-settled share-based payments, are recognised at the fair value of the liability incurred and are expensed when consumed or capitalised as assets, which are depreciated or amortised. The liability is remeasured at each reporting date to its fair value, with all changes recognised immediately in profit or loss.

The fair value of the long-term incentive plan liability is determined at each reporting date with reference to the subsidiary company's share price and expensed over the period services are rendered by the employees.

(w) Earnings per share

Earnings per share is based on the weighted average number of shares in issue, net of treasury shares, during the year and profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 01/2021 issued by SAICA.

(x) Government grants

Government grants are recognised as other income when there is reasonable assurance that the group will comply with the relevant conditions attached to them and that the grant will be received.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the cost that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are recognised as non-current deferred income and credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(y) Insurance and reinsurance contracts

The Tsogo Sun group operates a short-term insurance captive for its own account, and also underwrites short-term insurance business for certain related parties of the group through its subsidiary, Tsogosure Insurance Company Limited (further details are presented in notes 14 and 46.2).

(i) Classification

Insurance contracts are those contracts that transfer significant insurance risk in respect of related parties insured by the group. Such contracts may also transfer financial risk. As a general guideline, the group defines as significant insurance risk the possibility of having to pay benefits in excess of the reinsured benefits recoverable on the occurrence of an insured event.

(ii) Recognition and measurement

For all insurance contracts, earned premiums are recognised as other income proportionally over the period of coverage. The portion of premiums received on in-force contracts that relates to unexpired risks at the statement of financial position date is accounted for as the unearned premium liability. Premiums are shown before deduction of commission.

Provision for claims is made on a prudent basis for the estimated final cost of all claims that had not been settled at the reporting date, less amounts already paid. Provisions are made at each reporting date on the basis of available information for the estimated cost of claims incurred but not settled at the reporting date, including the cost of claims incurred but not yet reported to the company. The estimated cost of claims includes expenses to be incurred in settling claims. The group's own assessors or contracted external assessors individually assess claims. The group takes all reasonable steps to ensure that it has up-to-date reports from brokers regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove different from the original liability raised.

Insurance claims incurred, which are included in other operating expenses, comprise claims and related expenses paid in the year and changes in the provisions for outstanding claims, including provisions for claims incurred but not reported and related expenses, together with any adjustments to claims from previous years.

Provision is made for claims arising from insured events that occurred before the close of the accounting period, but which had not been reported to the group at that date, the "incurred but not reported reserve" (IBNRR). The estimation of the IBNRR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the group, where the information about the claim event is available. IBNRR claims may not become apparent to the insurer until many months after the event which gave rise to the claims incurred.

Contracts with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts (as detailed above), are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Income received from insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) is included with premium income. The benefits to which the group is entitled under its reinsurance contracts held are recognised as assets. These assets consist of short-term balances due from reinsurers on settled claims, as well as estimates (classified as reinsurance assets) that are calculated based on the gross outstanding claims and IBNRR provisions. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectibility. The group assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss.

The recoverability of reinsurance recoveries is assessed having regard to market data on the financial strength of each of the reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in profit or loss when due. Amounts recovered from reinsurers in profit or loss reflect the amounts received or receivable from reinsurers in respect of those claims incurred during the period.

With respect to the insurance arrangement within the group, any insurance claim receivable is recognised and measured using the guidance of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and insurance premiums are expensed as they are incurred.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Judgement also needs to be exercised in applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the group's assets and liabilities within the next financial year are discussed below.

(i) Going concern

The consolidated and separate annual financial statements of the company have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Although the company's current liabilities exceed current assets at 31 March 2023, R887 million of the company's total current liabilities of R946 million was owing to wholly-owned subsidiaries and repayable by mutual agreement of the parties, while the remaining R59 million was owing to third parties. At 31 March 2023 the company owned listed shares with a carrying value of R5 879 million, mitigating the liquidity risk identified through the net current liability position.

The company and other group entities were in compliance with all debt covenants imposed by funders during the current year (refer to note 19). The directors are not aware of any circumstances whereby the company or group will not be able to meet their covenant requirements for the year ending 31 March 2024.

Cash flow forecasts and available cash resources of the group and company were considered by the directors and they are of the view that all entities within the group have access to sufficient resources and liquidity to meet their obligations as they fall due and to continue operations as a going concern for the foreseeable future. The directors are not aware of any material changes that may adversely impact the company or the group.

(ii) Investment properties

Investment properties owned by the group represent a significant proportion of the group's asset base. Estimates made in determining the fair values of these properties in particular, affect the group's financial position and performance.

The fair value of the group's entire investment property portfolio is arrived at on the basis of annual valuations carried out at year-end. External valuations are performed in cycles (not exceeding three years) by independent, professionally qualified valuers with relevant experience in the location and category of the investment properties being valued. Internal valuations are performed by management for the intervening years. Details regarding the significant unobservable inputs used in the valuation of these properties, together with a sensitivity analysis should these significant unobservable inputs change, are presented in note 2.

(iii) Estimated impairment and impairment reversals of goodwill and indefinite lived intangible assets

The group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment, in accordance with the accounting policies stated in paragraphs 1(c)(iv) and 1(g) above. The recoverable amounts of CGUs have been determined based on value-in-use calculations.

These calculations require the use of estimates and significant judgement when evaluating the inputs used as detailed in notes 3 and 4.

(iv) Reversal of impairment of investment in associate

Following indicators of an impairment reversal as detailed in note 6, the group has reversed the impairment of its investment in Southern Sun by R755 million during the current year. The recoverable amount of the investment was based on the higher of its value-in-use and its fair value less costs to sell. These calculations required the use of estimates and judgements as detailed in note 6.

(v) Leases

Determining the discount rates

In calculating lease liabilities, lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate applied to the group's lease commitments ranged between 6.6% and 14.5% (2022: 7.3% and 14.5%).

Determining the lease terms

Extension and termination options are included in a number of leases across the group, as detailed in note 26. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after termination options) have been considered and where reasonably certain, have been included in the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(vi) Deferred tax assets

Management has applied a probability analysis to determine future taxable income against which calculated tax losses will be utilised.

(vii) Fair value of financial instruments that are not traded in an active market

The fair value of financial instruments that are not traded in an active market (for example unlisted investments) is determined by using valuation techniques. The group uses its judgement in selecting a valuation method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

The group used the discounted cash flow valuation method to determine the fair value of its unlisted equity investments in SunWest and Worcester Casinos carried at FVOCI. Refer to note 7 for the significant unobservable inputs used in this fair value measurement together with a sensitivity analysis should any of these inputs change.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of the company's assets and liabilities within the next financial year are as follows:

(i) Impairment reversal assessment of investments in subsidiaries

Following indicators of impairment reversals as detailed in note 8, the company has reversed impairments totalling R2 886 million on several investments in subsidiary company shares during the current year. Further details are provided in note 8.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments adopted as at 1 April 2022

The group has adopted all relevant new or amended accounting pronouncements, as issued by the IASB, during the current year. This included the amendment to the scope of onerous contracts in terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets which was effective for financial years beginning on or after 1 January 2022. None of these pronouncements had a significant impact on the group.

The group will be impacted by the future replacement of JIBAR with a new benchmark rate, but this impact is not expected to be material. Current indications are that the new benchmark rate will not become effective until 2024.

3.2 New standards, interpretations and amendments that are not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are effective in future accounting periods of the group. The most significant of these, which the group has decided not to early adopt, are the following:

Standard	Details of amendment	Annual periods beginning on or after
IFRS 17 Insurance Contracts	IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. In December 2021 the IASB amended IFRS 17 to add a transition option to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17, therefore improving the usefulness of comparative information for users of financial statements. The group does not anticipate a material impact from the application of IFRS 17 due to the insurance captive no longer writing third-party short-term insurance (refer to note 46.2).	The group will apply the amendments to IFRS 17 from annual periods beginning 1 April 2023
IAS 1 Presentation of Financial Statements (Amendment: Disclosure of Accounting Policies)	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can identify material accounting policy information. This will result in fewer accounting policies being disclosed by the group.	The group will apply the amendments to IAS 1 from annual periods beginning 1 April 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment: Definition of Accounting Estimates)	The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of a change in accounting estimate prospectively remain unchanged. These amendments are not expected to have a significant impact on the group.	The group will apply the amendments to IAS 8 from annual periods beginning 1 April 2023
IAS 12 Income Taxes (Amendment: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction)	The amendments introduce an additional criterion for the initial recognition exemption under IAS 12.15 and clarify that the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences. These amendments are not expected to have a significant impact on the group.	The group will apply the amendments to IAS 12 from annual periods beginning 1 April 2023
IAS 1 Presentation of Financial Statements (Amendments: Classification of Liabilities as Current or Non-current; and Non-current Liabilities with Covenants)	In January 2020 the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current, with additional guidance to explain how an entity should disclose information in the notes for a user to understand the risk that non-current liabilities with covenants could become repayable within 12 months. These amendments are not expected to have an impact on the group, since its dates for covenant testing coincide with its year-end and all group entities are expected to be in compliance with their debt covenants for the foreseeable future.	The group will apply the amendments to IAS 1 from annual periods beginning 1 April 2024

		Group	
	2023 R'000	2022 R'000	2021 R'000
1. PROPERTY, PLANT AND EQUIPMENT			
Cost			
Broadcast studios and equipment	623 597	628 027	842 523
Buses	2 073 397	2 066 689	2 106 484
Land and buildings	14 047 932	13 698 377	13 412 776
Leasehold improvements	493 293	485 998	495 442
Mining infrastructure	69 780	69 780	69 820
Other equipment and vehicles	612 161	577 748	622 451
Plant and machinery	7 154 394	6 624 829	6 597 301
Properties under construction	78 071	30 808	338 103
	25 152 625	24 182 256	24 484 900
Accumulated depreciation and impairments			
Broadcast studios and equipment	(483 291)	(460 527)	(705 258)
Buses	(918 006)	(890 894)	(850 229)
Land and buildings	(1 989 728)	(1 760 789)	(1 576 815)
Leasehold improvements	(307 860)	(280 699)	(278 106)
Mining infrastructure	(51 168)	(48 274)	(45 383)
Other equipment and vehicles	(320 432)	(309 303)	(405 441)
Plant and machinery	(4 757 418)	(4 383 647)	(4 013 502)
Properties under construction	–	(1 178)	–
	(8 827 903)	(8 135 311)	(7 874 734)
Carrying value			
Broadcast studios and equipment	140 306	167 500	137 265
Buses	1 155 391	1 175 795	1 256 255
Land and buildings	12 058 204	11 937 588	11 835 961
Leasehold improvements	185 433	205 299	217 336
Mining infrastructure	18 612	21 506	24 437
Other equipment and vehicles	291 729	268 445	217 010
Plant and machinery	2 396 976	2 241 182	2 583 799
Properties under construction	78 071	29 630	338 103
	16 324 722	16 046 945	16 610 166
Movements in property, plant and equipment			
Balance at the beginning of the year			
Broadcast studios and equipment	167 500	137 265	
Buses	1 175 795	1 256 255	
Land and buildings	11 937 588	11 835 961	
Leasehold improvements	205 299	217 336	
Mining infrastructure	21 506	24 437	
Other equipment and vehicles	268 445	217 010	
Plant and machinery	2 241 182	2 583 799	
Properties under construction	29 630	338 103	
	16 046 945	16 610 166	

	Group 2023 R'000	Group 2022 R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Additions		
Broadcast studios and equipment	38 442	38 200
Buses	82 483	12 704
Land and buildings	87 840	71 661
Leasehold improvements	17 661	29 557
Other equipment and vehicles	82 269	71 563
Plant and machinery	769 912	355 106
Properties under construction	78 452	3 833
	1 157 059	582 624
Business combinations/(disposal of subsidiaries)		
Broadcast studios and equipment	(1 378)	–
Land and buildings	342 514	–
Other equipment and vehicles	(1 188)	2 101
Plant and machinery	46 411	3 949
	386 359	6 050
Note	45	
Transfer from disposal group assets held for sale		
Land and buildings	37 496	8 715
	37 496	8 715
Note	15.3	
Disposals		
Broadcast studios and equipment	(680)	–
Buses	(11 988)	(6 271)
Land and buildings	(167 169)	(91)
Leasehold improvements	–	(10 812)
Mining infrastructure	–	(35)
Other equipment and vehicles	(17 563)	(15 571)
Plant and machinery	(19 241)	(58 080)
	(216 641)	(90 860)
Transfers		
Broadcast studios and equipment	–	60 148
Land and buildings	101 818	214 218
Leasehold improvements	(12)	1 610
Other equipment and vehicles	14 135	37 888
Plant and machinery	20 146	1 783
Properties under construction	(30 164)	(313 163)
	105 923	2 484
Notes	2, 12	4

		Group 2023 R'000	Group 2022 R'000
1.	**PROPERTY, PLANT AND EQUIPMENT continued**		
	Depreciation		
	Broadcast studios and equipment	(63 578)	(68 113)
	Buses	(83 303)	(82 214)
	Buildings	(188 385)	(187 725)
	Leasehold improvements	(37 220)	(32 160)
	Mining infrastructure	(2 894)	(2 896)
	Other equipment and vehicles	(50 360)	(43 807)
	Plant and machinery	(623 930)	(641 217)
		(1 049 670)	(1 058 132)
	Impairments		
	Buses	(7 596)	(4 679)
	Land and buildings	(93 498)	(5 151)
	Leasehold improvements	(295)	(232)
	Other equipment and vehicles	(4 012)	(739)
	Plant and machinery	(37 504)	(4 158)
	Properties under construction	–	(1 178)
		(142 905)	(16 137)
	Impairment reversals		
	Other equipment and vehicles	3	–
		3	–
	Borrowing costs capitalised		
	Properties under construction	153	2 035
		153	2 035
	Balances at the end of the year		
	Broadcast studios and equipment	140 306	167 500
	Buses	1 155 391	1 175 795
	Land and buildings	12 058 204	11 937 588
	Leasehold improvements	185 433	205 299
	Mining infrastructure	18 612	21 506
	Other equipment and vehicles	291 729	268 445
	Plant and machinery	2 396 976	2 241 182
	Properties under construction	78 071	29 630
		16 324 722	16 046 945

1. PROPERTY, PLANT AND EQUIPMENT continued

Useful lives
The following useful lives were used in the calculation of depreciation:

Broadcast studios and equipment	5 to 8 years
Buses	8 to 18 years
Buildings	15 to 50 years
Leasehold improvements	Shorter of the lease term or 50 years
Mining infrastructure (refer to note 5)	Life of the mine
Other equipment and vehicles	1 to 15 years
Plant and machinery	2 to 26 years

The group reviews the useful lives and residual values of its property, plant and equipment at each reporting date. Adjustments to depreciation in respect of the reassessed useful lives and residual values are made prospectively. The impact on depreciation was a credit of R34 million (2022: credit of R36 million) for the year. The effect of the change in useful lives in future periods is considered impracticable to estimate, whereas the reassessment of residual values is not expected to have a significant impact on the depreciation charge in future periods.

Impairment of property, plant and equipment
The group recognised impairments of property, plant and equipment to the value of R143 million (2022: R16 million) during the year.

The Tsogo Sun group impaired its property, plant and equipment by R132 million (2022: R10 million) during the current year. These impairments most significantly include an impairment of R108 million in respect of the Hemingways precinct due to its value-in-use being lower than its carrying value (refer to note 4). The group recognised impairments of R17 million in respect of properties at the Goldfields precinct, most significantly as a result of the slower-than-expected recovery of trade at the precinct. The remaining impairments relate to casino and hotel equipment impaired due to obsolescence. Prior-year impairments mainly include write-downs following the assessment of building recoverable amounts and limited payout machines written off due to the riots in KwaZulu-Natal and Gauteng during July 2021.

Buses with a book value of R8 million (2022: R5 million) were impaired by the group as a result of being destroyed in acts of violence during the year.

Operating leases
At the reporting date the group had contracted with tenants for the following future lease payments under non-cancellable operating leases for property, plant and equipment:

	Group	
	2023 R'000	2022 R'000
Future lease payments receivable:		
– within one year	69 098	69 897
– within one to two years	54 548	53 308
– within two to three years	36 244	35 297
– within three to four years	21 308	19 490
– within four to five years	5 156	6 217
– after five years	2 717	–
	189 071	184 209

A register of land and buildings is available for inspection at the registered office of the company.

Encumbrances
Details of the assets that serve as security for borrowings are presented in note 19.

		Group	
		2023 R'000	2022 R'000
2.	INVESTMENT PROPERTIES		
	Investment properties consist of:		
	Investment properties at cost	–	49 006
	Investment properties at fair value	4 928 563	4 894 493
	Non-current operating lease equalisation assets	124 253	124 332
		5 052 816	5 067 831
	Investment properties relate to the group's interests in the following segments:		
	Properties	3 493 471	3 404 351
	Gaming	348 780	345 281
	Branded products and manufacturing	1 063 513	1 125 386
	Other	147 052	192 813
		5 052 816	5 067 831

Properties segment

Investment properties, totalling R3 493.5 million (2022: R3 355.3 million), are carried at fair value at 31 March 2023. Properties totalling R49.0 million were carried at cost at the end of the prior year as they were still undergoing construction or improvements, and fair values could not be reliably measured at 31 March 2022. During the year under review, a fair value gain of R71 million (2022: loss of R19 million) was recognised in the statement of profit or loss in respect of these properties.

The fair values of all properties have been arrived at on the basis of external valuations carried out by Quadrant Properties Proprietary Limited, an independent firm of valuers not related to the group, at 31 March 2023. In the prior year fair values were based on internal valuations carried out by the directors. Details on the valuation methods applied and the significant unobservable inputs used are presented in the tables below:

			Significant unobservable inputs					
			Net cash flows					
Valuation method	Number of properties	Fair value R'000	Income growth %	Expense growth %	Net income growth %	Vacancy %	Terminal capitali-sation rate %	Discount rate %
2023								
Discounted cash flow	11	2 931 230	4.7 – 9.8	5.5 – 8.8	5.5 – 11.4	0 – 11	9.0 – 14.3	14.0 – 18.5
Discounted cash flow[1]	1	158 000	7.7	5.8	9.2	25.3	10.5	15.8
Discounted cash flow[2]	7	195 621	3.7 – 6.5	5.5	7.0	47.8	9.3 – 10.3	14.5 – 15.5
Discounted cash flow[3]	2	141 000	4.8	5.3	5.5	0	9.3	14.3
Direct comparable sales	2	67 620	N/A	N/A	N/A	N/A	N/A	N/A
	23	3 493 471						
2022								
Discounted cash flow	15	3 012 036	4.2 – 8.3	5 – 7	4.5 – 7.0	0 – 11	8.3 – 11.5	13 – 17
Discounted cash flow[1]	1	142 000	4.2	5.2	4.5	27.8	10.0	13.5
Discounted cash flow[2]	6	181 000	5.8	5.8	4.5	13.0	9.8	14.0
Direct comparable sales	2	20 309	N/A	N/A	N/A	N/A	N/A	N/A
	24	3 355 345						

1 Fair value includes R16 million relating to spare bulk (available areas the group may develop based on available land and permission to develop), based on 10 000 m² of land at a bulk rate of R1 600/m².
2 Fair value includes R45 million relating to spare land and spare bulk. The fair value of spare land is based on 143 residential units at R174 000 each and the fair value of spare bulk is based on 7 400 m² of land at a bulk rate of R2 750/m².
3 Fair value includes R16 million relating to spare bulk, based on 6 896 m² of land at a bulk rate of R2 350/m².

The table below indicates the sensitivities of the investment property portfolio by increasing or decreasing value inputs as follows:

	2023		2022	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
5% change in the net cash flows	204 983	(195 082)	150 156	(175 848)
0.25% change in the terminal capitalisation rate	(72 890)	62 554	(69 363)	48 280
0.5% change in the discount rate	(80 449)	68 987	(64 562)	42 492

2. INVESTMENT PROPERTIES continued

Gaming segment

The fair value of investment properties owned by the group's gaming interests, totalling R354.2 million (2022: R349.0 million), has been arrived at on the basis of valuations carried out at 31 March 2023. Fair values are estimated annually by professionally qualified, external valuers not related to the group.

During the year under review the gaming group recognised a loss of R17 million (2022: gain of R10 million) relating to fair value adjustments on investment properties in the statement of profit or loss. The fair values have been determined using capitalised values of the projected rental income together with the assessment of development land. Vacancies have been considered based on historical and current vacancy factors as well as the nature, location, size and popularity of the properties.

Significant unobservable inputs were as follows:

	2023	2022
Capitalisation rate applied to rental income	9.5%	9.3% – 9.5%
Vacancy rate	10.0%	10.0% – 15.0%
Weighted average projected rental income decrease rate	6.8%	13.7%

The table below indicates the sensitivities of the gaming group's investment property portfolio by increasing or decreasing value inputs as follows:

	2023		2022	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
1% change in the capitalisation rate	(30 920)	39 549	(29 351)	36 342
1% change in the vacancy rate	(4 496)	3 800	(4 310)	4 310
1% change in projected rental income	2 547	(3 242)	3 131	(3 131)

Branded products and manufacturing segment

The fair value of investment properties owned by the group's branded products and manufacturing interests, totalling R1 081.0 million at 31 March 2023 (2022: R1 144.4 million), had been arrived at on the basis of external valuations carried out by David Newman Property Management, an independent property valuer not related to the group. The valuation technique applied was the capitalisation of income method. The valuation model considers the net operating income of the rent collected and divides it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next 12 months, the properties' location and structure as well as the rental-producing capacity of similar buildings in similar locations. This segment's investment property portfolio was valued at a weighted average capitalisation rate of 9.7% (2022: 9.6%).

During the year under review the group recognised a gain of R11 million (2022: loss of R17 million) relating to fair value adjustments on this segment's investment properties in its statement of profit or loss.

Significant unobservable inputs were as follows:

	2023	2022
Capitalisation rate	8.0% – 9.8%	8.0% – 9.8%
Occupation rate	97% – 100%	94% – 100%
Projected income	R30/m^2 – R81/m^2 based on 204 998 m^2 lettable area	R28/m^2 – R85/m^2 based on 274 581m^2 lettable area

The table below indicates the sensitivities of the branded products and manufacturing group's investment property portfolio by increasing or decreasing value inputs as follows:

	2023		2022	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
1% change in the capitalisation rate	(100 421)	124 235	(109 102)	135 372
1% change in the projected income	10 516	(10 509)	11 392	(11 270)

A decrease of 1% in the occupation rate would decrease the fair value of the group's investment properties by R15.6 million (2022: R27.5 million).

2. INVESTMENT PROPERTIES continued

Other segment

Investment properties owned by the group's other interests comprise vacant land and commercial buildings. The fair value of these properties, totalling R147 million at 31 March 2023 (2022: R126 million), has been arrived at on the basis of external valuations carried out by Quadrant Properties Proprietary Limited, an independent firm of valuers not related to the group. In the prior year fair values were based on internal valuations carried out by the directors who used valuation methods consistent with those applied during the current year. The fair value of the vacant land, totalling R1 million (2022: R1 million), was determined by applying the direct comparable sales valuation technique while commercial buildings with a fair value of R146 million (2022: R125 million) were valued using the discounted cash flow method. The group did not recognise any fair value adjustments in respect of these properties during the current or prior year.

In the prior year this segment's investment properties also included the Laborie Estate (located in Paarl, Western Cape) at year-end. Laborie became owner-occupied during the year under review and was externally valued by The Valuator Group, an independent firm of valuers not related to the group, before being transferred to property, plant and equipment. The Estate, which includes agricultural land, a villa, restaurants and accommodation buildings, was valued at R92 million (2022: R67 million) by applying the direct comparable sales valuation technique (agricultural land and villa) and the profit-based method (restaurants and accommodation buildings). In the prior year Laborie was valued internally by the directors who applied the direct comparable sales valuation technique (agricultural land and villa) and discounted cash flow valuation method (accommodation buildings). The group recognised a fair value gain of R15 million (2022: Rnil) in respect of the Laborie Estate during the current year.

Significant unobservable inputs were as follows:

	Group	
	2023 %	2022 %
Commercial buildings		
Net cash flows:		
Net income growth rate	**5.9**	6.0
Occupation rate	**100.0**	100.0
Exit capitalisation rate	**8.8**	9.8
Discount rate	**14.0**	14.5
Accommodation buildings and restaurants (profit-based method)		
Net cash flows:		
Apportionment	**50.0 – 100.0**	N/A
Expense ratio	**25.0 – 50.0**	N/A
Perpetual vacancy	**2.0**	N/A
Capitalisation rate	**9.0**	N/A
Accommodation buildings (discounted cash flow method)		
Net cash flows:		
Net income growth rate	**N/A**	6.0
Occupation rate	**N/A**	40.0 – 50.0
Exit capitalisation rate	**N/A**	10.5
Discount rate	**N/A**	16.0

The table below indicates the sensitivities of these investment properties by increasing or decreasing value inputs as follows:

	2023		2022	
	Increase R'000	**Decrease R'000**	Increase R'000	Decrease R'000
5% change in the net cash flows	**7 315**	**(6 967)**	5 703	(8 195)
0.25% change in the terminal capitalisation rate	**(2 724)**	**2 884**	(1 265)	2 331
0.5% change in the discount rate	**(2 629)**	**2 758**	(3 076)	4 797

2. INVESTMENT PROPERTIES continued

	Group	
	2023 R'000	2022 R'000
Reconciliation of carrying value		
At the beginning of the year	5 067 831	5 381 333
Disposal of subsidiaries (refer to note 45.3)	(31 067)	(361 752)
Fair value adjustments	80 915	(26 593)
Transfer to non-current assets held for sale (refer to note 15)	(90 500)	(63 261)
Additions	37 535	137 980
Disposals	–	(20 800)
Improvements	81 267	23 204
Transfer to property, plant and equipment (refer to note 1)	(91 800)	–
Movements in non-current operating lease equalisation assets	(59)	3 139
Amortisation of letting fees capitalised	(1 306)	(5 419)
At the end of the year	5 052 816	5 067 831
Rental income from investment properties (excluding recoveries)	564 108	535 794
Direct operating expenses arising from investment properties that generated rental income during the year	(283 552)	(291 987)
Direct operating expenses arising from investment properties that did not generate rental income during the year	(962)	(1 067)
Fair value of investment properties per valuations carried out	5 075 712	5 041 497
Adjusted for:		
Operating lease equalisation asset		
– non-current portion	(124 253)	(124 332)
– current portion (included in other receivables, refer to note 14)	(17 592)	(18 734)
Capitalised letting fees	(5 304)	(3 938)
Adjusted fair value included in the statement of financial position	4 928 563	4 894 493

Rental relief and grants to lessees

The group granted operating lease concessions totalling R13 million to a number of its tenants during the prior year. These concessions were treated as lease modifications and accounted for as new leases from the date of modification. No lease concessions were granted by the group during the current year.

At the reporting date the group had contracted with tenants for the following future lease payments under non-cancellable operating leases for investment properties:

	Group	
	2023 R'000	2022 R'000
Future lease payments receivable:		
– within one year	469 101	449 021
– within one to two years	343 665	309 546
– within two to three years	263 317	220 816
– within three to four years	168 931	156 820
– within four to five years	105 473	79 540
– after five years	484 861	358 445
	1 835 348	1 574 188

Investment properties are classified as level 3 fair value measurements – refer to note 46.4.

Details of investment properties are available at the registered office of the company.

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

	Group 2023 R'000	Group 2022 R'000
3. GOODWILL		
Arising on obtaining control of subsidiaries	3 824 589	3 868 505
Reconciliation of carrying value		
At the beginning of the year	3 868 505	3 872 534
– Cost	4 131 887	4 131 669
– Accumulated impairment	(263 382)	(259 135)
Business combinations – acquisitions	–	889
– disposals (refer to note 45.3)	(43 916)	(671)
Impairment	–	(4 247)
At the end of the year	3 824 589	3 868 505
– Cost	4 087 971	4 131 887
– Accumulated impairment	(263 382)	(263 382)

Goodwill relates to the group's interests in the following cash-generating units (CGUs):
- gaming (2023: R3 727.9 million; 2022: R3 727.9 million);
- media and broadcasting (2023: R43.1 million; 2022: R86.2 million);
- transport (2023: R31.5 million; 2022: R31.5 million); and
- branded products and manufacturing (2023: R22.1 million; 2022: R22.9 million).

3. GOODWILL continued

Impairment of goodwill

The group continued to achieve strong recoveries in income and EBITDA growth following the COVID-19 pandemic. Eskom's failing infrastructure is having a devastating impact on the South African economy, driving up inflation and unemployment. The ongoing war between Russia and Ukraine continues to aggravate global supply chains and, although the group does not have direct exposure to either country, these negative influences on global economies also impact disposable income in South Africa. These factors were all taken into account in the impairment testing of the group's goodwill and intangibles, specifically casino licences, most of which are indefinite lived. Refer to note 4 for detail on impairment testing performed on the group's casino licences.

The value of each CGU to which goodwill has been allocated, has been determined based on value-in-use calculations using cash flow projections extending over five years as prepared by management. The key assumptions applied and inputs used in these calculations are as follows:

- Income, operating expenses and EBITDA margins were estimated by management based on past and current performance, its expectations of market development following the COVID-19 pandemic and the aforementioned impact of the Eskom power crisis and the Russia/Ukraine conflict on the local economy. Effective 23 June 2022, the National State of Disaster together with all remaining COVID-19 restrictions were lifted by government and as a result the group did not factor any further COVID-19-related impact into its cash flow forecasts. Management continued to focus on previously implemented cost reductions and operational efficiencies during the reporting period, resulting in the group maintaining reduced cost bases and improved margins. Certain expenses, some of which are beyond the group's control (such as high diesel costs incurred due to load shedding), have increased, off-setting some of the saving initiatives achieved. Taking all these factors into account, the group's forecast models assume continued recovery in trading during the 2024 financial year with trading levelling off to normal levels from 2025.
- Cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount. The growth rate estimates consider risks associated with the specific industry in which the CGU operates and are consistent with forecast information included in industry-specific reports, where applicable. Other than for the gaming and transport operations, for which the long-term growth rate was revised upward by 0.3% and downward by 0.5%, respectively, it was not deemed necessary to revise the rate for the remaining CGUs.
- Discount rates are calculated by using the weighted average cost of capital (WACC) of the respective CGUs. WACC is typically calculated using a risk-free bond rate and an equity premium adjusted for specific risks relating to the relevant CGU. The negative impact of the country's electricity crisis on the local economy had been factored into the risk premium for individual CGUs.

Value-in-use calculations were performed for each CGU using inputs within the following ranges:

	Gaming CGU		Other CGUs	
	2023 %	2022 %	**2023 %**	2022 %
Pre-tax discount rate	**18.1**	17.3	**12.4 – 22.2**	11.6 – 22.7
Number of years	**5 years**	5 years	**5 years**	5 years
Cost growth rate	**5.0**	4.0	**4.0 – 10.0**	4.0 – 10.0
Long-term growth rate	**5.0**	4.7	**4.5 – 5.5**	4.5 – 6.0

Goodwill impairments were recognised for CGUs relating to the following segments:

Transport (2022: R4.2 million)

During the prior year the transport group recognised a goodwill impairment of R4.2 million. This resulted from the trading ability of the associated entity being adversely impacted by the prolonged effects of COVID-19 travel restrictions on the tourism industry.

Based on the calculations as detailed above, the group has not identified any impairment to goodwill in its CGUs for the year under review. A sensitivity analysis was performed on the key assumptions used in the value-in-use calculation of the group's gaming CGU and it was concluded that neither an increase of 1% in the discount rate nor a decrease of 1% in the long-term growth rate would result in an impairment to goodwill (2022: R222 million and Rnil).

4. INTANGIBLE ASSETS

Group	Computer software R'000	Distribution rights R'000	Licences and bid costs R'000
2023			
Carrying value at the beginning of the year	17 183	143 087	9 330 375
Business combinations (refer to note 45.2)	426	–	4 692
Disposal of subsidiaries (refer to note 45.3)	(673)	–	–
Additions	8 575	18 564	277
Disposals	(368)	–	–
Amortisation	(8 784)	(2 929)	(9 903)
Impairment	(266)	–	(246 941)
Impairment reversal	–	–	2 409 027
Transfers	–	28 933	308
Carrying value at the end of the year	16 093	187 655	11 487 835
Cost	421 036	377 002	19 237 088
Accumulated amortisation and impairments	(404 943)	(189 347)	(7 749 253)
	16 093	187 655	11 487 835
2022			
Carrying value at the beginning of the year	29 045	154 290	8 894 720
Cost	412 898	329 505	19 230 202
Accumulated amortisation and impairments	(383 853)	(175 215)	(10 335 482)
Additions	1 109	–	1 609
Disposals	(931)	–	–
Amortisation	(11 736)	(5 006)	(9 481)
Impairment	(304)	(6 197)	(186 719)
Impairment reversal	–	–	630 246
Transfer to property, plant and equipment (refer to note 1)	–	–	–
Carrying value at the end of the year	17 183	143 087	9 330 375
Cost	413 076	329 505	19 231 811
Accumulated amortisation and impairments	(395 893)	(186 418)	(9 901 436)
	17 183	143 087	9 330 375

* Internally generated intangible assets

Amortisation expenses relating to distribution rights and completed programming, totalling R10.6 million (2022: R11.2 million), have been included in other operating expenses and income in the statement of profit or loss. All other amortisation expenses relating to intangible assets are included in the depreciation and amortisation line in the statement of profit or loss.

Management contracts R'000	Programming completed* R'000	Programming under development* R'000	Trade-marks R'000	Customer-related intangible assets R'000	Total R'000
396	43 420	–	3 986	20 024	9 558 471
–	–	–	–	–	5 118
–	–	–	–	–	(673)
–	77 163	63 661	97	3 575	171 912
–	–	–	–	–	(368)
–	(7 647)	–	(1 164)	(1 489)	(31 916)
–	–	–	(2 743)	–	(249 950)
–	–	–	–	–	2 409 027
(308)	(25 722)	(3 211)	–	–	–
88	87 214	60 450	176	22 110	11 861 621
88	134 650	60 450	51 686	37 366	20 319 366
–	(47 436)	–	(51 510)	(15 256)	(8 457 745)
88	87 214	60 450	176	22 110	11 861 621
396	49 622	2 484	4 175	21 514	9 156 246
396	83 209	2 484	50 849	33 791	20 143 334
–	(33 587)	–	(46 674)	(12 277)	(10 987 088)
–	–	–	740	–	3 458
–	–	–	–	–	(931)
–	(6 202)	–	(929)	(1 490)	(34 844)
–	–	–	–	–	(193 220)
–	–	–	–	–	630 246
–	–	(2 484)	–	–	(2 484)
396	43 420	–	3 986	20 024	9 558 471
396	83 209	–	51 589	33 791	20 143 377
–	(39 789)	–	(47 603)	(13 767)	(10 584 906)
396	43 420	–	3 986	20 024	9 558 471

4. INTANGIBLE ASSETS continued

Useful lives

The following estimated useful lives were used in the calculation of amortisation:

	Estimated useful life	Average remaining useful life as at 31 March 2023
Bid costs with limited useful lives	10 to 13 years	3 years
Computer software	2 to 10 years	less than 10 years
Distribution rights – factuals*	10 years	6 years
– movies*	Period of economic life**	
Licences with expiry date	12 to 30 years	less than 18 years
Programming completed	Period of economic life**	
Trademarks	5 to 25 years	less than 1 year
Customer-related intangible assets	20 years	13 years

* Distribution rights represent multi-territory and multi-platform programming rights that the group is able to onsell to other content acquirers in the media industry.

** Movie distribution rights and completed programming represent content available to be licensed to broadcasters. The amortisation method is consistent with the amount received for individual titles licensed to broadcasters.

There were no significant changes made to useful lives or residual values of intangible assets during the year.

Impairment of intangible assets

The group recognised impairments totalling R250 million (2022: R193 million) and impairment reversals of R2 409 million (2022: R630 million) on its intangible assets during the year.

Gaming segment

Casino licences and bid costs with a carrying value of R11 377 million (2022: R9 204 million) and management contracts having no expiry dates are considered to have an indefinite life, are not amortised and are tested annually for impairment.

The group recognised net impairment reversals of R2 162 million (2022: R444 million) on its casino licences and bid costs during the year. The recoverable amounts of individual casino licences and bid costs were determined with reference to their value-in-use as part of the cash-generating unit (CGU) to which it relates. The values-in-use of individual CGUs were determined using pre-tax cash flow projections and the following significant unobservable inputs:

- expected gaming win and other income for the respective CGUs increases on average by 7% for the 2024 financial year, 5% for the 2025 financial year and then levels out to normal trading growths of 4% over the following years (2022: expected gaming win and other income increased on average by 3% from 2024);
- operating expenditure increases on average by 10% for the 2024 financial year, 6% for the 2025 financial year and then levels out to normal trading growths of 5% over the following years (2022: expected operating expenditure increased on average by 4% from 2024);
- risk-adjusted discount rate of 18.4% – 20.2%, pre-tax (2022: 18.5% – 21.0%); and
- long-term growth rate of 5% (2022: 4.7%).

The revised assumptions and inputs used, as detailed in note 3 and above, resulted in the group recognising impairment reversals of R2 409 million (2022: R630 million) in respect of five casino precincts. This can mainly be attributed to the projected cash flows for these casino precincts being more positive than anticipated at the end of the previous financial year.

The sale of the gaming group's Emnotweni hotels to Southern Sun resulted in a reduction in forecast profits generated by the precinct and a resultant casino licence impairment of R236 million during the current year. The group recognised further impairments of R124 million in respect of the Hemingways precinct, most significantly as a result of the slower-than-expected recovery of trade at the precinct. This impairment has been recognised on an apportionment basis over the assets of the CGU, since the precinct does not have any intangible assets with indefinite lives allocated to it. The impairment of R124 million was allocated to property, plant and equipment (R108 million), bid costs (R11 million) and right-of-use assets (R5 million). In the prior year the group recognised impairments totalling R187 million in respect of two casino precincts as a result of slower-than-expected recovery of trade at these precincts.

4. INTANGIBLE ASSETS continued

Gaming segment (continued)

Impairment reversals/(impairments) per casino precinct were as follows:

	2023 R'000	2022 R'000
Montecasino	812 768	336 895
Gold Reef City	636 434	151 506
Suncoast	911 757	–
The Ridge	37 165	(79 458)
Garden Route	10 903	–
Emnotweni	(236 375)	(107 261)
Hemingways	(10 566)	–
Silverstar	–	141 845
	2 162 086	443 527

A sensitivity analysis was performed on the key assumptions used in the value-in-use calculations and it was concluded that further impairments may be recognised in respect of certain CGUs, given a possible change in any one assumption. An increase in discount rates of 1% may result in further impairments to casino licences and bid costs of R332 million (2022: R818 million), impairment reversals of only R965 million compared to R2 409 million in reversals recognised (2022: impairment reversals of only R35 million compared to R630 million in reversals recognised), and further impairments of R25 million (2022: Rnil) on property, plant and equipment. A decrease in long-term growth rate of 1% may result in further impairments to casino licences and bid costs of R246 million (2022: R418 million), impairment reversals of only R1 344 million compared to R2 409 million in reversals recognised (2022: impairment reversals of only R66 million compared to R630 million in reversals recognised), and further impairments of R17 million (2022: Rnil) on property, plant and equipment.

Branded products and manufacturing segment

The group impaired trademarks with a book value of R2.7 million in respect of its Oops Global SA subsidiary during the current year. The impairment was driven by historical losses of the subsidiary, compounded by existing challenging trading conditions.

Media and broadcasting segment

Distribution rights with a book value of R6.2 million have been impaired by the group during the prior year. These rights were no longer deemed suitable for the channels due to its expiry dates, it being aged or it no longer serving the strategy of the group.

Impairment losses on intangible assets have been included in asset impairments in the statement of profit or loss.

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

5. INTANGIBLE ASSETS MINING

Group	Evaluation and exploration R'000	Development expenditure R'000	Total R'000
2023			
Carrying value at the beginning of the year	415	17 705	18 120
Amortisation	–	(13 152)	(13 152)
Rehabilitation provision capitalised	–	16 972	16 972
Additions	–	3 278	3 278
Carrying value at the end of the year	415	24 803	25 218
2022			
Carrying value at the beginning of the year	415	21 292	21 707
Amortisation	–	(3 845)	(3 845)
Rehabilitation provision released	–	(1 106)	(1 106)
Additions	–	1 364	1 364
Carrying value at the end of the year	415	17 705	18 120

Additions include capitalised expenses such as geology costs, engineering costs, environmental costs, feasibility costs, consultants' fees and mining staff costs.

Capitalised development assets are amortised over the total expected tons to be produced during the life of the mine. The Palesa Mine produced 5 003 508 (2022: 4 056 875) tons during the current year and is expected to produce a further 47 948 859 tons over its remaining life as at 31 March 2023.

6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS

Set out below are the associates and joint arrangements which, in the opinion of the directors, are material to the group. The entities listed below are all registered in South Africa, which is also their principal place of business, unless otherwise stated. The share capital of these entities consists solely of ordinary shares, which are held directly and indirectly by the group and the proportion of ownership interest is the same as the proportion of voting rights held, unless otherwise stated.

			Group interest		Group		Company	
Name of associate or joint arrangement	**Principal activity**	**Functional currency**	**2023 %**	2022 %	**2023 R'000**	2022 R'000	**2023 R'000**	2022 R'000
Cape Town Film Studios Proprietary Limited (CTFS)	Media	ZAR	**50.00**	44.73	**145 678**	143 035	**–**	–
Impact Oil & Gas Limited (IOG)[1]	Oil and gas exploration	USD	**49.96**	49.97	**2 371 206**	1 620 640	**–**	–
Karoshoek Solar One (RF) Proprietary Limited (KH)[2]	Solar energy	ZAR	**10.00**	10.00	**65 101**	101 689	**–**	–
Platinum Group Metals Limited (PGM)[3]	Mineral properties exploration and development	USD	**24.79**	25.17	**549 649**	454 457	**–**	–
Southern Sun Limited (formerly Tsogo Sun Hotels Limited) (SS)[4]	Hotel and leisure	ZAR	**40.77**	40.50	**3 243 932**	1 999 262	**546 986**	450 736
Other associates and joint arrangements[5]					**89 741**	139 870	**–**	3 000
					6 465 307	4 458 953	**546 986**	453 736
Market valuation (level 1 fair value measurement)								
– Platinum Group Metals Limited					**632 704**	758 353		
– Southern Sun Limited					**2 572 069**	2 021 766		

1 The company is incorporated in the United Kingdom which is also its principal place of business.
2 The group's shareholding combined with its representation on the board of directors are sufficient for the group to exercise significant influence over the entity's strategy and operations.
3 The company is incorporated in Canada and its principal investment is in South Africa.
4 The group has exercisable voting rights of 40.8% (2022: 40.5%) and an economic interest of 37.5% (2022: 37.2%) at year-end.
5 Current-year profits from continuing operations include equity-accounted earnings of R14 million (2022: equity-accounted earnings of R4 million) relating to these entities. A list of these associates and joint arrangements is available for inspection at the company's registered office.

6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS continued

Assessing control (direct and de facto) of associates and joint arrangements
The conclusion regarding control or significant influence relating to associates and joint arrangements is reassessed on an annual basis. In performing this assessment, the directors determine whether or not the group has control over the respective investee based on whether the group has the practical ability to direct the significant activities unilaterally. In making this assessment, the following factors were considered:

- the group's shareholding in the investee relative to other investors;
- the relative size of and concentration of other shareholders;
- the inability of the group to unilaterally appoint the majority of board members of the investee;
- the absence of related key management between the group and the investee;
- composition of the investee's board and board appointees of the group; and
- the lack of any contractual or legal rights conferred upon the group by the investee or any other shareholder of the investee to direct its activities.

After considering the aforementioned factors, it was concluded that the group does not control any of its associates or joint arrangements at the reporting date.

	Group		Company	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
Reconciliation of carrying value				
At the beginning of the year	**4 458 953**	3 573 978	**453 736**	232 586
Additional investment in shares*	**525 037**	144 877	**–**	78 359
Disposals	**(43 102)**	–	**(3 000)**	–
Changes in holdings	**32 567**	117 321	**–**	–
Loans repaid	**(19 987)**	(152)	**–**	–
Equity-accounted earnings/(losses)	**198 348**	(93 605)	**–**	–
Equity-accounted other comprehensive (losses)/income	**(12 564)**	20 799	**–**	–
Equity-accounted changes to equity	**27 637**	22 010	**–**	–
Dividends	**(27 871)**	(27 206)	**–**	–
Foreign exchange differences	**563 838**	(55 998)	**–**	–
Impairment reversals	**754 954**	756 929	**96 250**	142 791
Interest accrued on loans	**11 497**	–	**–**	–
Reclassification to non-current financial assets (refer to note 7)	**(4 000)**	–	**–**	–
At the end of the year	**6 465 307**	4 458 953	**546 986**	453 736

* The company invested an additional R78.4 million in SS shares during the prior year, of which R77.2 million was in respect of shares purchased from one of its subsidiaries. This purchase was funded by way of a loan granted by the subsidiary and did not result in a cash outflow for the company.

Disposal of interest in associates and joint arrangements
The company disposed of its 40% interest in Business Systems Group (Africa) Proprietary Limited on 22 August 2022 for a total consideration of R68.5 million. This resulted in a gain on disposal of R25.4 million and R65.5 million, respectively, being recognised by the group and the company (refer to note 30).

Changes in holdings
During the current year CTFS exercised a put option which allowed the company to buy back shares from one of its shareholders. As a result the group's interest in CTFS increased from 44.7% to 50.0%. Following the increase in the group's shareholding, and based on the terms of CTFS' shareholders' agreement, it was determined that the group's interest has changed to that of exercising joint control over the company. CTFS was consequently classified as a joint venture at 31 March 2023.

The group recognised gains of R32.6 million (2022: R138.6 million) on changes in holdings of associates and joint arrangements during the current year, all of which were included in the investment surplus line in the statement of profit or loss (refer to note 30). These gains most significantly relate to a dilution of 0.4% in the group's interest in PGM following share issues and an increase of 0.3% in the group's interest in SS following share buy-backs. These changes in holdings resulted in gains of R23.8 million and R15.1 million, respectively, being recognised by the group. The gains were off-set by a loss of R6.3 million relating to a small dilution in the group's interest in IOG.

Prior-year gains primarily relate to a dilution of 3.8% in the group's interest in PGM following share issues by the investee, resulting in a gain on dilution of R121.9 million being recognised by the group. The group further sold 294 495 of its shares in PGM for proceeds of R21.2 million, resulting in a dilution of 0.4% in its shareholding and a gain on disposal of R17.1 million being recognised.

As a result of the above dilutions in shareholding, the group reclassified foreign currency translation reserves totalling R1.3 million to the statement of profit or loss in the prior year (refer to notes 17 and 30).

6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS continued

Other comprehensive income and equity of associates and joint arrangements

The group recognised equity-accounted other comprehensive losses totalling R12.6 million (2022: income of R20.8 million) during the current year. Other comprehensive income of associates and joint arrangements primarily relates to movements in its foreign currency translation and hedging reserves, together with actuarial gains or losses recognised on post-employment benefit assets and liabilities.

The group's share of other direct equity movements of associates and joint arrangements, totalling R27.0 million (2022: R81.5 million) during the current year, has been included in the statement of changes in equity. Other equity movements recognised most significantly relate to share-based payment reserves of associates and joint arrangements, together with transactions with non-controlling shareholders.

Impairment reversals

During the current year the group reversed the impairment of its investment in Southern Sun (SS) by R755 million (2022: R757 million), while the company recognised an impairment reversal of R96 million (2022: R143 million) on its investment in SS. SS's trading improved significantly from the prior year, which served as an indicator that the carrying value of the investment should be reassessed for a possible reversal of the impairment previously recognised. Revenue and expenditure growth, as budgeted for the 2024 financial year and used in the current year's forecasting process, were lower than the growth forecasted in the prior year due to the better-than-expected recovery of results during the latter part of the 2023 financial year.

The value-in-use was determined by using the following significant unobservable inputs:

- revenue increases by between 1% and 7% between 2024 and 2028 (2022: income increases by 19% in the 2024 financial year and 9% in the 2025 financial year). The forecasts include conservative assumptions in respect of further recovery in trade;
- operating expenditure increases on average by 5% between 2024 and 2028 (2022: operating expenditure increases by 13% in the 2024 financial year and 7% in the 2025 financial year);
- risk-adjusted discount rate of 17.3% (2022: 15.3%) pre-tax; and
- long-term growth rate of 4.5% (2022: 4.5%).

The fair value less cost of disposal was calculated using the 30-day volume weighted average share price. The former was higher than the fair value less cost of disposal and the investments of both the group and the company were therefore remeasured to the value-in-use, resulting in the impairment reversals as detailed above.

6. INVESTMENTS IN ASSOCIATES AND JOINT ARRANGEMENTS continued

The summarised financial information in respect of the group's principal associates and joint arrangements is set out below:

	Cape Town Film Studios Proprietary Limited As at 31 March/for the period ended 31 March		Impact Oil & Gas Limited As at 31 December/for the period ended 31 December	
	2023 R'000	2022 R'000	2022 R'000	2021 R'000
Summarised statement of financial position				
Total non-current assets	287 854	293 022	2 532 388	1 903 102
Total current assets[1]	21 100	35 997	1 125 268	531 357
Total non-current liabilities[1]	(8 053)	–	(3 687)	(6 251)
Total current liabilities[1]	(243 018)	(264 735)	(280 729)	(200 633)
Non-controlling interest	–	–	–	–
Net assets attributable	57 883	64 284	3 373 240	2 227 575
Reconciliation to carrying amounts:				
Opening net assets	64 284	54 897	2 227 575	2 212 953
Profit/(loss) for the year	23 639	9 387	(454 796)	47 320
Other comprehensive income/(loss)	–	–	493 435	(55 866)
Other equity movements	(30 040)	–	1 107 026	23 168
Dividends paid	–	–	–	–
Closing net assets attributable to owners	57 883	64 284	3 373 240	2 227 575
Group's share in %	50.00	44.73	49.96	49.97
Non-controlling interest's share in %	–	–	–	–
Group's share in R'000	28 942	28 754	1 685 271	1 113 119
Non-controlling interest's share in R'000	–	–	–	–
Loans to associates and joint arrangements[2]	105 280	114 281	–	–
Impairment	–	–	–	–
Goodwill and intangible asset	11 456	–	685 935	507 521
Carrying value of investments in associates and joint arrangements	145 678	143 035	2 371 206	1 620 640
Summarised statement of comprehensive income				
Revenue	87 657	75 266	–	–
Profit/(loss) from operations	23 639	9 387	(454 796)	47 320
Profit/(loss) for the year[3]	23 639	9 387	(454 796)	47 320
Other comprehensive income/(loss)	–	–	493 435	(55 866)
Total comprehensive income/(loss)	23 639	9 387	38 639	(8 546)
Dividends received from associates and joint arrangements	–	–	–	–
Share of associates' and joint arrangements' profits/(losses) for the year	11 652	5 424	(226 852)	23 547

[1] The net assets of CTFS include cash and cash equivalents of R20 million (2022: R31 million), non-current financial liabilities of R8 million (2022: Rnil) and current financial liabilities of R222 million (2022: R240 million).

[2] Loans to CTFS represent by nature a further investment in the entity and are therefore included in the carrying value of the investment. Loans totalling R97 million (2022: R97 million) and R8 million (2022: R17 million), respectively, are secured and have no fixed terms of repayment. The former bears interest at the prime rate whereas the outstanding loan balance of R8 million (2022: R17 million) is interest free. These loans do not expose the group to any credit risk since CTFS has provided properties to serve as security for these borrowings. At year-end a valuation was performed on these properties with the fair value found to exceed the total carrying value of the investment in CTFS. No expected credit losses have therefore been recognised in relation to these loan balances.

[3] CTFS' profit for the year includes depreciation and amortisation of R7 million (2022: R7 million), interest income of R2 million (2022: R1 million), finance costs of R23 million (2022: R17 million) and tax expenses of R8 million (2022: R10 million).

Karoshoek Solar One (RF) Proprietary Limited As at 31 December/for the period ended 31 December		Platinum Group Metals Limited As at 28 February/for the period ended 28 February		Southern Sun Limited (formerly Tsogo Sun Hotels Limited) As at 31 March/for the period ended 31 March	
2022 R'000	2021 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
8 672 609	9 119 416	720 252	633 403	16 729 413	16 865 242
471 466	717 499	190 929	229 575	1 470 517	1 254 197
(8 216 716)	(8 701 771)	(17 939)	(17 755)	(5 204 964)	(6 449 214)
(276 342)	(118 254)	(16 050)	(13 327)	(1 403 556)	(1 095 047)
–	–	(360 126)	(267 198)	17 676	(97 873)
651 017	1 016 890	517 066	564 698	11 609 086	10 477 305
1 016 890	1 161 606	564 698	36 543	10 477 305	10 583 446
(491 947)	(217 983)	(86 899)	(185 063)	1 161 060	(131 304)
236 074	193 267	(12 178)	(8 051)	(7 904)	12 047
–	–	51 445	721 269	(21 375)	13 116
(110 000)	(120 000)	–	–	–	–
651 017	1 016 890	517 066	564 698	11 609 086	10 477 305
10.00	10.00	24.79	25.17	37.49	37.20
–	–	–	–	3.28	3.30
65 101	101 689	128 181	142 134	4 352 246	3 897 557
–	–	–	–	380 778	345 751
–	–	–	–	–	–
–	–	–	–	(1 489 092)	(2 244 046)
–	–	421 468	312 323	–	–
65 101	101 689	549 649	454 457	3 243 932	1 999 262
1 140 834	1 416 383	–	–	5 194 260	2 618 276
(491 947)	(217 983)	(86 899)	(185 063)	1 161 330	(131 331)
(491 947)	(217 983)	(86 899)	(185 063)	1 161 330	(131 331)
236 074	193 267	(12 178)	(8 051)	38 369	11 964
(255 873)	(24 716)	(99 077)	(193 114)	1 199 699	(119 367)
11 000	12 000	–	–	–	–
(49 195)	(21 798)	(21 638)	(51 485)	470 372	(53 123)

	Group 2023 R'000	Group 2022 R'000
7. OTHER FINANCIAL ASSETS		
Financial assets carried at fair value through profit or loss		
Equity securities	209 069	253 189
Financial assets carried at fair value through other comprehensive income		
Equity securities	1 078 626	817 768
Unit trust investments	20 111	18 794
Other	40	40
	1 098 777	836 602
Amortised cost		
Cumulative redeemable preference shares	144 797	92 963
Derivative financial instruments		
Put option	–	–
Interest rate swaps – cash flow hedges	35 138	–
	35 138	–
	1 487 781	1 182 754
Current portion	–	92 963
Non-current portion	1 487 781	1 089 791
	1 487 781	1 182 754

Fair value of equity securities carried at fair value through profit or loss
Equity instruments carried at fair value through profit or loss comprise the group's investment in Montauk Renewables Inc, a company listed on the Nasdaq Capital Market. The fair value of these shares was determined with reference to its quoted price of R138 at 31 March 2023, resulting in fair value losses totalling R70.8 million (2022: gains of R9.4 million) being recognised in profit or loss. These instruments are classified as level 1 fair value measurements, refer to note 46.4. An increase/decrease of 3% in the closing share price would result in an increase/decrease of R6 million in profit or loss.

Fair value of equity securities carried at fair value through other comprehensive income (FVOCI)
Equity instruments carried at FVOCI comprise investments which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments comprising the following:

Listed securities
Listed equity instruments valued at R113 million at year-end (2022: Rnil), comprise the group's investment in City Lodge Hotels Limited, a company listed on the Johannesburg Stock Exchange. The fair value of these shares was determined with reference to its quoted price of R3.98 at 31 March 2023, resulting in fair value losses totalling R25 million being recognised in other comprehensive income. These instruments are classified as level 1 fair value measurements, refer to note 46.4. An increase/decrease of 3% in the closing share price would result in an increase/decrease of R3 million in equity.

The Deneb group holds an investment in listed shares valued at R2 million (2022: Rnil) at 31 March 2023 which is classified as level 1 fair value measurements as detailed in note 46.4.

Unlisted securities
During 2017 the group entered into a transaction with Sun International Limited (SI) and Grand Parade Investments Limited (GPI) for the acquisition of a 20% equity interest in each of SunWest International Proprietary Limited (SunWest) and Worcester Casino Proprietary Limited (Worcester). The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as level 3 fair value measurements, refer to note 46.4.

At the end of each reporting period the investments are remeasured and the increase or decrease recognised in other comprehensive income. The assets have been remeasured to R959 million at 31 March 2023 (2022: R814 million), with discounted cash flow valuation techniques used to estimate the fair values. The valuation model considers the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditures, taking into account expected growth in net gaming win and other revenue generated from non-gaming-related activities. Cash flow forecasts are aligned to the financial reporting periods of the respective entities, being 12 months to December each year. The cash flow forecasts used in the valuation anticipate the recovery in trading to continue for the entities' December 2023 financial year off a base for December 2022 that has not yet reached pre-COVID 19 levels, with relatively high gaming win growth in the December 2023 financial year and reaching normal growth rate levels from the December 2024 financial year. These expected net cash flows are discounted using a post-tax risk-adjusted discount rate. Among other factors, the discount rate estimation considers risks associated with the gaming, hospitality and entertainment industry in which SunWest and Worcester operate. The group recognised a fair value gain of R145 million (2022: gain of R139 million) in respect of these investments during the current year.

7. OTHER FINANCIAL ASSETS continued

The significant unobservable inputs used in the fair value measurement of the group's investment in SunWest and Worcester are as follows (based on the entities' December financial year-ends):

- income increases by 17% for the entities' 2023 financial year, 5% for the 2024 financial year and then levels out to growths of between 4% and 5% over the following years (2022: income increased at 3% for the forecast years from 2023);
- operating expenditure increases by 8% for the entities' 2023 financial year and then levels out to increases of 5% for the following years (2022: operating expenditure levelled out to trading increases of between 3% and 4% for the forecast years from 2023);
- post-tax risk-adjusted discount rate of 14.81% (2022: 14.65%); and
- long-term growth rate of 5.0% (2022: 4.7%).

The table below indicates the sensitivities of the valuation and, consequently, the potential impact on other comprehensive income, should the above inputs be increased or decreased by 1%:

	2023		2022	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
Expected gaming win growth	71 061	(68 757)	78 594	(74 682)
Operating expenditure growth	(51 126)	49 385	(38 947)	37 645
Risk-adjusted discount rate	(88 279)	108 241	(75 652)	92 477
Long-term growth rate	80 678	(65 758)	68 512	(55 996)

Unlisted shares with a fair value of R4 million (2022: R4 million) at 31 March 2023 are held by the Deneb group. These instruments are classified as level 2 fair value measurements as set out in note 46.4.

Unit trust investments carried at fair value through other comprehensive income
Cash which is restricted in terms of the trust deed of the HCI Khusela Rehabilitation Trust to be utilised exclusively for the rehabilitation of the Palesa Mine was invested in unit trusts. The fair values of listed or quoted investments are based on the quoted market price at reporting date. The unit trusts are classified as a level 2 fair value measurement, refer to note 46.4.

Cumulative redeemable preference shares at amortised cost
The group's investment in the preference shares of Retail Africa Fund, totalling R99.8 million (2022: R93.0 million) at year-end, is redeemable on 8 October 2025. The shares had an initial redemption date of 8 October 2022 and was consequently classified as current financial assets at the end of the prior year. The redemption date has subsequently been rescheduled and the shares classified as non-current assets at 31 March 2023. Dividends accrue at 73% of the prime rate of interest and are paid quarterly for periods ending June, September, December and March. The group managed its exposure to credit risk in respect of these receivables by obtaining securities from the issuer of the preference shares. The fair value of these securities exceeds the total carrying value of the investment at year-end and no expected credit losses have therefore been recognised by the group.

The group holds a R45 million investment in the preference shares of one of its associates, Alphawave Golf Proprietary Limited (Alphawave), at year-end. Preference shares with a carrying value of R4 million have been reclassified from investments in associates and joint arrangements during the current year (refer to note 6) with the group making a further investment of R41 million during the course of the year. Preference shares with a carrying value of R30 million are redeemable on 24 February 2025, while the remaining R15 million is redeemable on 24 February 2026. Dividends accrue at the prime rate of interest plus 4% and are paid quarterly for periods ending July, October, January and April. The group is represented on Alphawave's board of directors and senior management are consequently in a position to monitor the cash flows of the investee. It was concluded that the group does not have significant credit risk exposure in respect of these receivables and no expected credit losses were therefore recognised.

Fair value of put option
In terms of the gaming group's acquisition agreement of the SunWest and Worcester interests mentioned above, in the event that any party acquires 35% or more of the issued ordinary shares of SI triggering a change in control of the SI group, the group may elect to put its equity interests in SunWest and Worcester to SI. SI can elect to either settle the put option by the issue of new ordinary shares in SI and/or for a cash consideration, based on the aggregate value of the group's interest in SunWest and Worcester. No derivative has been recognised as the fair value of the option is Rnil at 31 March 2023 (2022: Rnil).

7. OTHER FINANCIAL ASSETS continued

Interest rate swaps

The group's gaming operations manages interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps a portion of them into fixed rates. Loans eligible for hedging are identified based on their profile, predominantly three to five-year term loan facilities with bullet repayments. The difference between fixed contract rates and floating rate interest amounts is calculated with reference to an agreed interest rate applied to agreed notional principal amounts and settled at specified intervals (mainly quarterly). Swaps of R3.5 billion at 31 March 2023 (2022: R3.5 billion) have settlement dates coinciding with the dates on which interest is payable on the underlying debt with settlement occurring on a net basis in February, May, August and November. The group recognised R47 million (2022: R161 million) in finance costs and R57 million (2022: R164 million) in the cash flow statement in respect of interest rate swaps during the year under review, refer to note 38.5. These instruments are classified as level 2 fair value measurements as detailed in note 46.4.

The group's interest rate swaps are classified as non-current financial assets or liabilities if the remaining maturity of the instrument is more than 12 months and as current financial assets or liabilities if the maturity of the instrument is less than 12 months. Interest rate swaps with a fair value of R82 million have been classified as non-current financial liabilities at 31 March 2022 as set out in note 18. The maximum exposure to credit risk is the fair value of these derivatives as reported in the statement of financial position at the reporting date.

Hedge accounting is applied to the group's interest rate swaps, with the effectiveness of the hedges determined at inception of the hedge relationship and at each reporting date (mainly half-yearly and annually). For effective hedges, gains and losses are recognised in the hedging reserve directly in other comprehensive income (after tax) while gains and losses on ineffective hedges are recognised immediately in profit or loss. The group recognised a credit of R78 million (2022: Rnil) in finance costs in respect of ineffective hedges during the current year, refer to note 38.5. This was as a result of increased interest rates causing ineffectiveness in the hedging relationship.

As at 31 March 2023, 38% (2022: 36%) of consolidated gross borrowings and 43% (2022: 41%) of consolidated net borrowings (gross borrowings net of cash and cash equivalents) were in fixed rates taking into account interest rate swaps.

Fixed interest rate swaps ranged from 7.095% to 7.145% as at 31 March 2023 referenced against the three-month JIBAR of 7.450% (2022: fixed interest rate swaps ranged from 7.095% to 7.145% referenced against the three-month JIBAR of 4.367%).

The notional amounts of the group's outstanding interest rate swap contracts at 31 March were:

	Group	
	2023 R'000	2022 R'000
Tsogo Sun Proprietary Limited linked to the three-month JIBAR rate		
With a fixed rate of 7.135% maturing 31 May 2024	700 000	700 000
With a fixed rate of 7.095% maturing 31 May 2024	560 000	560 000
With a fixed rate of 7.145% maturing 31 May 2024	2 240 000	2 240 000
	3 500 000	3 500 000

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

	Company 2023 R'000	2022 R'000
8. SUBSIDIARY COMPANIES		
Shares at cost less impairment	14 739 943	11 597 075
Amounts owing from subsidiary companies (net of impairment) – non-current	3 100 848	2 572 036
	17 840 791	14 169 111
Amounts owing to subsidiary companies	(887 133)	(663 047)
	16 953 658	13 506 064

Investments in subsidiary company shares

The company recognised impairment reversals totalling R2 886 million (2022: R1 600 million) and impairments of R0.01 million (2022: R0.02 million) on its investments in subsidiary company shares during the current year. Indicators of impairment reversals included significant improvements in market conditions, combined with a steady rise in share prices. Where an indicator of impairment or impairment reversal was identified, the recoverable amount of the investment in the subsidiary was determined.

The company recognised the following impairment reversals/(impairments) on subsidiary company shares during the year:

Name of subsidiary	Company 2023 R'000	2022 R'000
TIH Prefco (RF) Proprietary Limited[1]	2 327 724	1 114 345
Tsogo Sun Limited[2]	406 162	199 532
HCI Treasury Proprietary Limited[3]	83 786	85 097
Deneb Investments Limited[4]	29 888	57 052
Frontier Transport Holdings Limited[4]	38 173	143 701
HCI Sun Energy Three Proprietary Limited	(9)	–
HCI Invest 6 Holdco Proprietary Limited	–	(24)
	2 885 724	1 599 703

1. The recoverable amount was based on the net asset value of the entity, which includes an indirect interest in Tsogo Sun at fair value as determined per note 2 below, and an indirect interest in Southern Sun at fair value which was calculated with reference to its value-in-use and by applying the inputs as detailed in note 6.
2. The recoverable amount was based on the value-in-use and determined by applying the inputs applicable to the gaming segment as disclosed in note 3.
3. The recoverable amount was based on the net asset value of the entity. This was considered appropriate since the assets and liabilities of the entity are carried at their respective fair values.
4. The recoverable amounts were calculated with reference to the 30-day volume weighted average share price.

There were no other indicators of impairment for the remaining investments at the reporting date.

8. SUBSIDIARY COMPANIES continued

Loans granted to subsidiaries

Amounts owing from subsidiary companies are interest free and have no set repayment dates. At the date of reporting the company had no intention of calling on any of its subsidiaries to settle their outstanding loan balances within the next 12 months.

A loan is considered to be in default when there is evidence that the borrower is in significant financial difficulty, such that it will have insufficient funds to repay the loan on demand. This is assessed based on a number of factors, including various liquidity and solvency ratios.

A significant increase in credit risk (SICR) assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the subsidiary will default on an on-demand loan depends on whether it has sufficient cash or other liquid assets to repay the loan immediately, resulting in the risk of default being assessed as either low (possibly close to 0% and classified as stage 1) or high (possibly close to 100% and classified as stage 3). At 31 March 2023 the company had gross subsidiary loan receivables totalling R2 919 million (2022: R2 444 million) classified as stage 1 loans, R559 million (2022: R426 million) classified as stage 2 loans and R207 million (2022: R222 million) classified as stage 3 loans.

A loan is considered to be credit-impaired if it meets the definition of a defaulted loan. Loans to subsidiary companies are written off (i.e. derecognised) when there is no reasonable expectation of recovery. The group's intention to liquidate an entity or when an entity no longer has any assets available to settle its debt, amongst others, are considered indicators of no reasonable expectation of recovery.

In terms of the impairment requirements of IFRS 9, the company uses forward-looking information to recognise expected credit losses (ECLs) on loans receivable, resulting in ECLs of R585 million (2022: R520 million) being recognised on specific amounts owing from subsidiaries as at 31 March 2023. These loans were considered to have a higher credit risk profile and were therefore provided for on a one-on-one basis. Forward-looking information used in the assessment of ECLs included the budgets of individual subsidiaries. The remaining balances owing from subsidiaries do not expose the company to significant credit risk and any ECLs on these balances are considered to be immaterial.

The company reversed the ECLs on two subsidiary loans, totalling R1 million (2022: R303 million), during the current year. These loans were impaired in the prior year, but following improved market conditions the company is no longer exposed to significant credit risk in respect of these loan balances.

Movements in the allowance for ECLs on loans to subsidiary companies (all classified as stage 3) are as follows:

	Company	
	2023 R'000	2022 R'000
Loss allowance as at 1 April	520 431	829 625
Loss allowance recognised on specific loan balances during the year	85 056	11
Loss allowance unused and reversed during the year	(1 492)	(302 838)
Loans to subsidiary companies written off during the year	(24 122)	(6 367)
Loss allowance recognised on loans that originated credit-impaired	5 489	–
Loss allowance as at 31 March	585 362	520 431

Interests in subsidiaries

Set out below are the group's principal subsidiaries at year-end. Unless otherwise stated the subsidiaries have share capital consisting solely of ordinary shares, which are held directly and indirectly by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Country of incorporation/ Place of business	Effective interest held by the group 2023 %	Effective interest held by the group 2022 %	Exercisable voting rights 2023 %	Exercisable voting rights 2022 %
Tsogo Sun Limited (formerly Tsogo Sun Gaming Limited)*	Gaming	South Africa	49.7	49.7	49.7	49.7
eMedia Investments Proprietary Limited**	Media and broadcasting	South Africa	54.4	54.4	67.7	67.7
Deneb Investments Limited	Branded products and manufacturing	South Africa	84.8	85.3	84.8	85.3
Frontier Transport Holdings Limited**	Transport	South Africa	82.1	82.2	82.3	82.4

* The group controls the board of directors and the non-controlling shareholding is sufficiently fragmented for the group to exercise control over the entity's strategy and operations.

** Investments held through various intermediary companies controlled by the group, resulting in exercisable voting rights being in excess of effective economic interest.

8. SUBSIDIARY COMPANIES continued

Changes in shareholding

The table below represents the amounts included in the statement of changes in equity and statement of cash flows resulting from changes in the HCI group's shareholding in the following subsidiaries (including changes in subsidiary holdings as reported by these respective subsidiaries):

	Statement of changes in equity				Statement of cash flows
Name of subsidiary	Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000	Transactions with non-controlling shareholders R'000
2023					
Tsogo Sun Limited (Tsogo)[1]	(40)	(12 669)	(16 223)	(28 932)	(26 500)
Deneb Investments Limited (Deneb)[2]	(502)	(17 631)	9 043	(9 090)	(9 090)
Frontier Transport Holdings Limited (Frontier)[3]	–	(10 676)	10 676	–	–
Other[6]	–	72	819	891	891
	(542)	(40 904)	4 315	(37 131)	(34 699)
2022					
Kalahari Village Mall Proprietary Limited (KVM)[4]	–	(14 675)	(36 695)	(51 370)	(51 370)
Permasolve Investments Proprietary Limited (Permasolve)[5]	–	(17 311)	(19 717)	(37 028)	(37 028)
Other[6]	(15)	4 478	4 221	8 684	825
	(15)	(27 508)	(52 191)	(79 714)	(87 573)

[1] Changes in holdings of the Tsogo group most significantly relate to additional shares purchased in various Galaxy and Vukani businesses for a total cash consideration of R26.5 million during the year.

[2] The Deneb group repurchased shares for a total cash consideration of R9.1 million during the year, ahead of share options being exercised in terms of its employee share option scheme. The net effect of these changes in Deneb's issued share capital was a dilution of the HCI group's shareholding from 85.3% to 84.8%.

[3] The HCI group's shareholding in Frontier was diluted by 0.1% during the year as a result of shares issued by Frontier in terms of its employee share option scheme. The Frontier group obtained additional shares in one of its subsidiaries, Eljosa Travel and Tours Proprietary Limited (Eljosa), for no consideration during the year. The group's shareholding in Eljosa increased from 76% to 93% as a result.

[4] During May 2021 KVM repurchased all shares issued to its non-controlling shareholder for a cash consideration of R51.4 million, resulting in an increase in the group's effective shareholding in KVM from 44.8% to 60.1%.

[5] The group's shareholding in Permasolve increased from 60% to 71% during May 2021, following Permasolve's repurchase of shares from its non-controlling shareholder for a cash consideration of R37 million.

[6] Changes in subsidiary shareholding that are not considered to be significant on an individual basis.

Non-controlling interests

The group includes the following subsidiaries with non-controlling interests (NCIs) that are material to the group:

	Effective interest held by NCIs		Profit allocated to NCI for the year		Accumulated NCI	
Name of subsidiary	2023 %	2022 %	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Tsogo Sun Limited	50.3	50.3	1 546 862	820 815	7 771 074	6 475 611
eMedia Investments Proprietary Limited	45.6	45.6	184 397	204 856	1 074 866	971 125
Deneb Investments Limited	15.2	14.7	21 349	19 073	276 541	250 629
Frontier Transport Holdings Limited	17.9	17.8	50 061	42 197	382 240	348 075
HCI Foundation[1]	100.0	100.0	41 607	31 690	292 885	249 811
Other non-material NCIs			27 365	5 019	199 286	211 948
			1 871 641	1 123 650	9 996 892	8 507 199

[1] The group has effective control of the trust based on the terms of the trust deed, without any economic interest therein.

8. SUBSIDIARY COMPANIES continued

Non-controlling interests continued

Set out below is summarised financial information for each subsidiary with NCIs that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Tsogo Sun Limited		eMedia Investments Proprietary Limited	
	2023 R'000	2022 R'000	2023 R'000	2022* R'000
Summarised statement of financial position				
Non-current assets	29 530 286	27 260 736	1 671 478	1 594 826
Current assets	1 121 458	1 388 187	1 788 416	1 785 493
Disposal group assets held for sale	–	45 573	4 896	4 896
Non-current liabilities	(13 395 081)	(11 969 307)	(485 901)	(372 927)
Current liabilities	(1 294 333)	(3 371 383)	(562 685)	(752 539)
Disposal group liabilities held for sale	–	–	(1 765)	(1 765)
Net assets	15 962 330	13 353 806	2 414 439	2 257 984
Summarised statement of comprehensive income				
Revenue (including net gaming win)	11 145 666	8 721 352	3 125 051	3 144 982
Profit/(loss) for the year	3 042 972	1 603 249	403 661	448 308
Other comprehensive income/(loss)	149 006	275 274	–	(6 501)
Total comprehensive income/(loss) for the year	3 191 978	1 878 523	403 661	441 807
Dividends paid to non-controlling interests	310 081	21 680	79 483	–
Summarised cash flows				
Cash flows from operating activities	1 863 037	1 681 177	44 308	539 308
Cash flows from investing activities	(777 454)	(157 828)	(202 987)	(95 917)
Cash flows from financing activities	(1 315 628)	(1 201 408)	102 885	(302 666)

* Restated, refer to details as set out in note 48.1.

Significant restrictions

There are no significant statutory, contractual or regulatory restrictions on the group's ability to access or use its assets and settle its liabilities.

There are no contractual arrangements in place for the provision of financial support to any of the principal subsidiaries, nor has there been any financial or other support provided to these entities during the reporting period. There is no current intention of providing financial or other support to these entities.

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

Full details of subsidiary companies are provided in annexure A.

Deneb Investments Limited 2023 R'000	Deneb Investments Limited 2022* R'000	Frontier Transport Holdings Limited 2023 R'000	Frontier Transport Holdings Limited 2022 R'000	HCI Foundation 2023 R'000	HCI Foundation 2022 R'000
2 164 232	2 049 272	1 613 690	1 626 129	316 822	329 330
1 318 570	1 239 658	796 606	699 181	2 048	3 928
132 500	43 010	–	–	–	–
(1 105 541)	(782 523)	(444 301)	(491 967)	–	–
(728 609)	(870 515)	(423 225)	(419 490)	(976)	(1 030)
–	–	–	–	–	–
1 781 152	1 678 902	1 542 770	1 413 853	317 894	332 228
3 148 963	2 835 888	2 393 841	2 080 002	–	–
135 101	124 393	277 459	256 777	(15 458)	54 453
7 307	3 219	5 833	3 995	–	–
142 408	127 612	283 292	260 772	(15 458)	54 453
5 750	4 438	27 619	23 416	–	–
79 746	102 632	229 201	244 770	(35 649)	(27 409)
(218 836)	(34 761)	(9 496)	(10 276)	(94)	76 868
110 544	(50 769)	(119 324)	(154 035)	33 877	(54 684)

	Group 2023 R'000	Group 2022 R'000
9. DEFERRED TAXATION		
Movements in deferred taxation		
At the beginning of the year	(4 353 959)	(4 237 162)
Property, plant and equipment	(65 608)	(86 300)
Intangible assets	(533 033)	(46 943)
Investment properties	(41 174)	(45 854)
Fair value remeasurements	(29 420)	(40 114)
Provisions and accruals	3 452	41 854
Assessed losses	(68 210)	(106 809)
Business combinations and disposal of subsidiaries:		
Property, plant and equipment	(38 545)	–
Investment properties	3 759	24 961
Provisions and accruals	(192)	(177)
Operating lease equalisation assets	–	5 498
Assessed losses	3 390	(17 966)
Other	1 069	–
Operating lease equalisation assets	16	(888)
Deferred revenue and income	5 921	(4 911)
Right-of-use assets and lease liabilities (net)	16 339	5 235
Change in corporate tax rate	–	162 318
Other	(18 393)	(6 701)
At the end of the year	(5 114 588)	(4 353 959)
Analysis of deferred taxation		
Property, plant and equipment	(3 127 772)	(2 985 294)
Intangible assets	(2 209 260)	(1 676 227)
Investment properties	(280 083)	(247 942)
Fair value remeasurements	(229 862)	(202 092)
Provisions and accruals	335 486	297 697
Operating lease equalisation assets	(33 378)	(33 398)
Deferred revenue and income	52 210	46 315
Assessed losses	405 459	471 931
Right-of-use assets and lease liabilities (net)	52 147	35 046
Other	(79 535)	(59 995)
	(5 114 588)	(4 353 959)
Composition of deferred taxation		
Deferred taxation assets	261 307	333 566
Deferred taxation liabilities	(5 375 895)	(4 687 525)
	(5 114 588)	(4 353 959)

Deferred tax assets of R261.3 million (2022: R333.6 million) have been recognised for tax losses carried forward and other temporary differences relating to certain subsidiaries within the group. These assets have been recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable and are therefore considered fully recoverable. An assessment of future taxable profits has been performed at a relevant subsidiary level based on its business plans and budgets.

	Group		
	Undiscounted lease payments R'000	Unearned finance income R'000	Net investment in leases R'000
10. FINANCE LEASE RECEIVABLES			
2023			
Lease payments receivable:			
– within one year*	6 758	1 873	4 885
– within one to two years	4 057	1 458	2 599
– within two to three years	1 837	730	1 107
– within three to four years	1 266	444	822
– within four to five years	730	231	499
– after five years	3 789	1 956	1 833
	18 437	6 692	11 745
2022			
Lease payments receivable:			
– within one year*	11 646	3 263	8 383
– within one to two years	6 442	1 624	4 818
– within two to three years	3 042	728	2 314
– within three to four years	931	343	588
– within four to five years	401	214	187
– after five years	3 981	2 145	1 836
	26 443	8 317	18 126

* Current finance lease receivables with a net carrying value of R4.9 million (2022: R8.4 million) have been included in other receivables – refer to note 14. The group recognised expected credit losses of R1.3 million (2022: Rnil) on current finance lease receivables with a gross value of R6.2 million (2022: R8.4 million) during the current year.

Finance lease receivables mainly relate to the group's branded products and manufacturing interests. These finance lease arrangements are for electronic equipment and are all denominated in South African Rands. The average term of finance leases entered into is four to five years.

Interest is charged at rates of up to 25%.

There were no contingent rents recognised as income during the year.

Fair value of finance lease receivables
The carrying value approximates fair value as market-related rates have been applied to discount the receivables.

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
11. NON-CURRENT RECEIVABLES				
Financial instruments				
Loan to HCI Employee Share Trust (2001)	–	–	11 032	11 032
Amounts due by share scheme participants	3 500	4 867	–	–
Other loans – net carrying value	47 575	70 229	–	–
Gross	52 758	72 153	–	–
Allowance for expected credit losses	(5 183)	(1 924)	–	–
Non-financial instruments				
Operating lease equalisation assets	5 898	6 831	–	–
	56 973	81 927	11 032	11 032

Loans to share scheme participants incur fringe benefit tax on interest at 8.25% (2022: 5%) as the loans are interest free.

Limited payout machine (LPM) site operator loans with a carrying value of R26.3 million (2022: R31.3 million) are included in other loans, with the group recognising expected credit losses of R1 million (2022: R2 million), as presented in the matrix below, in respect of these loans. Refer to note 14 for disclosures relating to LPM site operator loans.

Other loans further include receivables with a total carrying value of R14.6 million (2022: R24.1 million) from non-controlling interests. Loans with a carrying value of R10.4 million (2022: R13.6 million) bear interest at prime less 0.5% and have no fixed terms of repayment. This loan was individually considered for impairment due to its higher credit risk profile and expected credit losses totalling R4.5 million have been recognised in respect of the receivable. Loans with a carrying value of R2.7 million (2022: R10.5 million) bear no interest and are repayable from dividends from the relevant Galaxy and Vukani entities.

The remaining loans are due within two to ten years and bear interest at rates ranging from 0% to the prime rate of interest per annum (2022: due within two to five years, bearing interest at rates ranging from 7% to 11% per annum). These loans do not contain significant credit risk and no significant losses from non-performance by these counterparties are expected by the group.

Expected credit loss allowances for non-current receivables as at 31 March 2023 are as follows:

	Group Stage 1 Performing R'000	Group Stage 2 Under-performing R'000	Group Stage 3 Non-performing R'000	Group Total R'000
2023				
Financial instruments				
Carrying value of non-current receivables with no expected credit losses recognised	14 371	–	–	14 371
Carrying value of non-current receivables with specific credit losses recognised	–	10 378	–	10 378
Gross amount	–	14 906	–	14 906
Specific credit losses	–	(4 528)	–	(4 528)
Carrying value of LPM site operator loans with expected credit losses recognised	23 531	2 795	–	26 326
Gross amount	23 858	3 123	–	26 981
Expected credit loss rate	1%	11%	–	2%
Expected credit loss	(327)	(328)	–	(655)
Non-financial instruments included in non-current receivables				5 898
				56 973

	Group			
	Stage 1 Performing R'000	Stage 2 Under-performing R'000	Stage 3 Non-performing R'000	Total R'000
2022				
Financial instruments				
Carrying value of non-current receivables with no expected credit losses recognised	43 776	–	–	43 776
Carrying value of LPM site operator loans with expected credit losses recognised	28 139	3 181	–	31 320
Gross amount	28 904	3 454	886	33 244
Expected credit loss rate	3%	8%	100%	6%
Expected credit loss	(765)	(273)	(886)	(1 924)
Non-financial instruments included in non-current receivables				6 831
				81 927

Allowance for expected credit losses on non-current receivables
Movements in the allowance for expected credit losses on non-current receivables are as follows:

	Group	
	2023 R'000	2022 R'000
Loss allowance as at 1 April	**1 924**	3 499
Loss allowance recognised on specific receivables during the year	**4 528**	886
Lifetime expected credit loss allowance recognised during the year:		
– receivables with significant increase in credit risk but not credit impaired	**328**	273
Loss allowance unused and reversed during the year	**(1 597)**	(2 734)
Loss allowance as at 31 March	**5 183**	1 924

Fair value of long-term loans and receivables
The fair value of long-term interest-bearing receivables approximates the carrying value as market-related rates of interest are charged on these outstanding amounts.

Foreign currency exposure
All non-current receivables are denominated in South African Rand.

	Group 2023 R'000	Group 2022 R'000
12. INVENTORIES		
Raw materials	232 170	307 392
Work in progress	81 274	71 468
Finished goods	566 173	380 220
Consumables and spares	100 516	91 191
Coal	24 511	25 753
Operating equipment	17 437	24 619
Allowance for obsolete inventory	(1 095)	(982)
	1 020 986	899 661

Inventory with a carrying value of R680 million (2022: R397 million) is stated at net realisable value.

Inventories totalling R14.123 million (2022: Rnil) have been transferred to property, plant and equipment and included in the other equipment and vehicles category during the year (refer to note 1).

Encumbrances
Details of the assets that serve as security for borrowings are presented in note 19.

	Group 2023 R'000	Group 2022 R'000
13. PROGRAMME RIGHTS		
Television programmes (including video on demand rights)		
– International	415 781	610 863
– Local	529 606	367 788
	945 387	978 651
Reconciliation of carrying value		
At the beginning of the year	978 651	1 074 631
Additions	840 669	756 477
Amortised through other operating expenses	(873 082)	(832 597)
Written off through other operating expenses	(851)	(19 860)
At the end of the year	945 387	978 651

Programmes with a carrying value of R1 million (2022: R20 million) were written off in the current year. These programmes were no longer deemed suitable for the channels due to expiry dates, being aged or no longer serving the strategy of the group.

	Group		Company	
	2023 R'000	2022 R'000	**2023 R'000**	2022 R'000
14. TRADE AND OTHER RECEIVABLES				
Trade receivables – net carrying value	**1 221 237**	1 205 104	**–**	–
Gross	**1 269 210**	1 252 000	**–**	–
Allowance for expected credit losses	**(47 973)**	(46 896)	**–**	–
Prepayments	**199 628**	227 697	**–**	–
Reinsurance recoveries	**878**	10 314	**–**	–
Other receivables – net carrying value	**462 016**	398 923	**21 510**	16 097
Gross	**532 893**	468 595	**21 510**	16 097
Allowance for expected credit losses	**(70 877)**	(69 672)	**–**	–
	1 883 759	1 842 038	**21 510**	16 097

The carrying value approximates fair value because of the short period to maturity of these instruments.

Trade receivables

The group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

Trade receivables comprise a widespread customer base within various sectors. Credit sales mainly have negotiated credit terms of up to 45 days and are therefore all classified as current.

The group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers having credit facilities. These reviews include evaluating previous relations the customer has had with the group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits are regularly monitored by reviewing the ageing analysis of these debtors on an ongoing basis. At year-end no customer (2022: none) had debt in excess of 10% of the total trade receivables balance of the group. The group's trade receivables are of a strong credit quality. Credit limits exceeded during the year under review were closely monitored and management does not expect any losses from non-performance by these counterparties that have not been provided for.

The group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS 9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customers' ability to settle the amounts outstanding include the ongoing energy crisis in South Africa, gross domestic product (GDP) and the aftermath of COVID-19 on the South African economy as well as the financial vulnerability of state-owned enterprises, all of which have been considered by the group in its assessment of expected credit losses.

Debtors that are long outstanding and generally are slow payers are considered to have a higher credit risk profile and are managed and provided for on a one-on-one basis. In determining the loss allowance the group also considered, inter alia, disputes with customers, untraceable debtors, long-overdue account balances, customers handed over to attorneys for collection and customers placed under liquidation.

Certain trade receivables do not expose the group to significant credit risk and no significant losses from non-performance by these counterparties are expected by the group.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within the credit terms and failure to engage with the group on alternative payment arrangements, amongst others, are considered indicators of no reasonable expectation of recovery.

14. TRADE AND OTHER RECEIVABLES continued

Trade receivables continued

On the above basis the expected credit loss allowance for trade receivables as at 31 March 2023 was determined as follows:

	Trade receivables days past due				
Group	Current R'000	> 30 days R'000	> 60 days R'000	> 90 days R'000	Total R'000
2023					
Carrying value of debtors with no expected credit losses recognised					638 109
Carrying value of debtors with specific credit losses recognised					72 857
Gross amount					89 520
Specific credit losses					(16 663)
Carrying value of debtors with expected credit losses	336 373	128 143	28 508	17 247	510 271
Gross amount	340 161	130 291	30 414	40 715	541 581
Expected credit loss rate	1%	2%	6%	58%	6%
Lifetime expected credit loss	(3 788)	(2 148)	(1 906)	(23 468)	(31 310)
					1 221 237
2022					
Carrying value of debtors with no expected credit losses recognised					637 828
Carrying value of debtors with specific credit losses recognised					71 556
Gross amount					93 753
Specific credit losses					(22 197)
Carrying value of debtors with expected credit losses	338 119	96 662	44 273	16 666	495 720
Gross amount	342 943	97 456	44 913	35 107	520 419
Expected credit loss rate	1%	1%	1%	53%	5%
Lifetime expected credit loss	(4 824)	(794)	(640)	(18 441)	(24 699)
					1 205 104

Allowance for expected credit losses on trade receivables

Movements in the allowance for expected credit losses on trade receivables are as follows:

	Group	
	2023 R'000	2022 R'000
Loss allowance as at 1 April	46 896	74 547
Business combinations	2 203	–
Disposal of subsidiaries	–	(779)
Loss allowance recognised during the year	25 331	28 158
Receivables written off during the year	(8 115)	(23 065)
Loss allowance unused and reversed during the year	(18 342)	(31 965)
Loss allowance as at 31 March	47 973	46 896

Collateral

The group holds no collateral over trade receivables, which can be sold or repledged to a third party.

14. TRADE AND OTHER RECEIVABLES continued

Reinsurance recoveries

The gaming group operates a short-term insurance captive for its own account and also underwrites short-term insurance business for certain related parties, most significantly the Southern Sun (SS) group. The SS business is only covered to the extent of the remaining run-off business as, subsequent to the prior year-end, SS and its subsidiaries exited the group's insurance captive for their insurance requirements.

Reinsurance recoveries are the reinsurers' portion of insurance claims that have been provided for. No reinsurance assets are past due or impaired at the reporting date and the group expects no significant losses from non-performance by these counterparties.

Reinsurance assets and insurance liabilities are reconciled as follows:

Group	Gross claims[1] R'000	Reinsurance recoveries R'000	Net R'000
2023			
Total at the beginning of the year	7 384	(10 314)	(2 930)
Cash paid for claims settled in the year	(4 453)	9 470	5 017
Increase/(decrease) in net liabilities			
– arising from current-year claims	5 879	–	5 879
– arising from prior-year claims	(2 774)	(34)	(2 808)
Total at the end of the year	6 036	(878)	5 158
Notified claims	6 036	(878)	5 158
2022			
Total at the beginning of the year	191 360	(183 483)	7 877
Cash paid for claims settled in the year	(184 930)	174 392	(10 538)
Decrease/(increase) in net assets			
– arising from prior-year claims	954	(1 223)	(269)
Total at the end of the year	7 384	(10 314)	(2 930)
Notified claims	6 576	(10 314)	(3 738)
Incurred but not reported	808	-	808
	7 384	(10 314)	(2 930)

[1.] Refer to note 24

14. TRADE AND OTHER RECEIVABLES continued

Other receivables

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Other receivables comprise the following:				
Financial instruments				
Loans receivable (including amounts due from gaming site operators)*	186 229	163 130	7 729	6 972
Deposits	107 904	97 245	–	–
Other sundry receivables	70 747	73 478	1 143	17
Interest receivable	15 939	13 025	12 638	9 108
Working capital facility**	–	15 019	–	–
Deferred proceeds on disposal of subsidiary (refer to note 45.3)	5 873	–	–	–
Contract assets	24 511	19 503	–	–
Finance lease receivables (refer to note 10)	6 205	8 383	–	–
Accrued income	43 591	2 882	–	–
Insurance claims receivable	4 392	–	–	–
Non-financial instruments				
VAT receivable	40 056	35 615	–	–
Operating lease equalisation assets				
– owner-occupied properties	8 406	10 599	–	–
– investment properties (refer to note 2)	17 592	18 734	–	–
Deferred expenses	–	8 345	–	–
Other sundry debtors	1 448	2 637	–	–
	532 893	468 595	21 510	16 097

* Company loan receivables with a carrying value of R7.7 million (2022: R7.0 million) comprise a loan granted to the Southern African Clothing and Textile Workers Union (SACTWU). The loan is secured, bears interest at the prime interest rate plus 1% and is repayable on demand. No expected credit losses have been recognised by the company as the risk of default is not considered to be significant.

** In the prior year the group had a working capital loan facility with a manufacturing partner, CZ Electronics Manufacturing, to manufacture Openview HD satellite boxes. The loan was settled in full during the current year.

The IFRS 9 expected credit loss model requires the classification and measurement of expected credit losses using the general model for loans and advances measured at amortised cost. The general model is a three-stage model with the stages being performing (stage 1), underperforming (stage 2) and non-performing (stage 3). Impairments of loans in stage 1 are measured based on a 12-month expected credit loss and loans in stages 2 and 3 are based on a lifetime expected credit loss. In terms of IFRS 9, all loans and advances are assessed on a regular basis to determine whether there has been a significant increase in credit risk. In cases where the significant increase in credit risk has occurred, an impairment equal to the lifetime expected credit loss is recognised. The three-stage model has been developed by making use of judgement and past default experience of loans but also incorporating forward-looking information such as the inflationary impact of the Eskom power crisis and the ongoing Russia/Ukraine conflict on the local economy, GDP and the after effects of COVID-19, the vulnerability of state-owned enterprises and municipalities, and the high unemployment rate.

The key inputs used for measuring expected credit losses are the probability of default, loss given the default and the exposure at default. Probability of default is an estimate of the likelihood of default over a given time horizon. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact the probability of default. Loss given the default is an estimate of the loss arising on default. The time of recovery and the recovery rate is taken into account when the loss given the default is estimated. Exposure at default is an estimate of the exposure at a future default date, which is the total balance outstanding at default.

Expected credit losses of R70 million (2022: R69 million) have been recognised on gaming site operator loans totalling R140 million (2022: R150 million) and included in the matrix below. These loans comprise amounts due from LPM site owners resulting from initial costs incurred to obtain gaming site approval from the gambling board, as well as funding requirements for maintaining and expanding their operations. The loans are unsecured, interest free, repayable in weekly instalments over periods ranging from three to 36 months and discounted at the prevailing prime interest rate. Interest income from these loans is recognised in the statement of profit or loss using the effective interest rate method (refer to note 29). Also included in loans are amounts incurred by the group and paid on behalf of site owners to enable them to apply for licences with the gambling board.

The group considers the following to be significant increase in credit risk events:

- sites generating a monthly average gross gaming win below R135 000 (2022: R135 000); and
- amounts outstanding for more than 52 weeks.

Specific receivables that have stand-alone characteristics have been considered individually for expected credit losses. The expected credit loss on these receivables is based on the use of judgement, historical experience and future expectations, and information affecting the debtor.

A portion of other receivables do not contain significant credit risk and no significant losses from non-performance by these counterparties are expected by the group.

14. TRADE AND OTHER RECEIVABLES continued

Other receivables continued

On the above basis the expected credit loss allowance for other receivables as at 31 March 2023 was determined as follows:

Group	Other receivables Stage 1 Performing R'000	Stage 2 Under-performing R'000	Stage 3 Non-performing R'000	Total R'000
Financial instruments				
2023				
Carrying value of other receivables with no expected credit losses recognised	319 294	–	–	319 294
Carrying value of other receivables with specific credit losses recognised	–	–	–	–
Gross amount	–	–	6 606	6 606
Specific credit losses	–	–	(6 606)	(6 606)
Carrying value of other receivables with expected credit losses recognised	51 008	24 212	–	75 220
Gross amount	54 091	85 400	–	139 491
Expected credit loss rate	6%	72%	–	46%
Expected credit loss	(3 083)	(61 188)	–	(64 271)
Non-financial instruments included in other receivables				67 502
				462 016
2022				
Carrying value of other receivables with no expected credit losses recognised	233 602	–	–	233 602
Carrying value of other receivables with specific credit losses recognised	–	–	–	–
Gross amount	–	–	5 372	5 372
Specific credit losses	–	–	(5 372)	(5 372)
Carrying value of other receivables with expected credit losses	56 577	32 814	–	89 391
Gross amount	58 996	94 695	–	153 691
Expected credit loss rate	4%	65%	–	42%
Expected credit loss	(2 419)	(61 881)	–	(64 300)
Non-financial instruments included in other receivables				75 930
				398 923

Allowance for expected credit losses on other receivables

Movements in the allowance for expected credit losses on other receivables are as follows:

	Group 2023 R'000	2022 R'000
Loss allowance as at 1 April	69 672	72 366
Loss allowance recognised on specific receivables during the year	3 006	2 104
Twelve-month expected credit loss allowance recognised during the year	2 970	8 764
Lifetime expected credit loss allowance recognised during the year:		
– receivables with significant increase in credit risk but not credit impaired	2 188	12 381
Receivables written off during the year	(3 852)	(5 494)
Loss allowance unused and reversed during the year	(3 107)	(20 449)
Loss allowance as at 31 March	70 877	69 672

For both trade and other receivables the creation and release of the allowance for credit losses have been included in other operating expenses and income in the statement of profit or loss.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above.

Foreign currency exposure

The carrying values of trade and other receivables denominated in foreign currencies are detailed in note 46.1.1.

Encumbrances

Details of assets that serve as security for borrowings are presented in note 19.

	Group 2023 R'000	2022 R'000
15. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE		
Disposal group assets classified as held for sale	170 396	147 240
Liabilities associated with the disposal group assets held for sale	(1 765)	(1 765)
	168 631	145 475

15.1 Deneb Investments Limited

During the current financial year the Deneb group resolved to dispose of two of its investment properties, located in Cape Town and Durban, respectively. The properties, with a fair value of R90.5 million were reclassified from investment properties and included in assets held for sale, with the disposal process still ongoing at 31 March 2023. The investment property that was classified as held for sale in the prior year is still on the market due to a protracted negotiation process between those party to the sales transaction. These sales are expected to be completed within the next six months.

Assets and liabilities associated with Deneb Investments Limited classified as held for sale included in branded products and manufacturing

	2023 R'000	2022 R'000
Investment properties	132 500	43 010

15.2 eMedia Holdings Limited

During the 2020 financial year the eMedia board of directors resolved to discontinue the operations of Crystal Brook Distribution Proprietary Limited and Niveus 13 Proprietary Limited with a further decision made in the 2021 financial year to also discontinue the operations of Silverline Studios Proprietary Limited. The results of these operations are included in discontinued operations in the statement of profit or loss and its assets and liabilities included in disposal groups held for sale in the statement of financial position.

Assets and liabilities associated with eMedia Holdings Limited classified as held for sale included in media and broadcasting

	2023 R'000	2022 R'000
Property, plant and equipment	435	435
Intangible assets	975	975
Deferred tax asset	1 058	1 058
Trade and other receivables	2 130	2 130
Taxation receivable	9	9
Cash and cash equivalents	289	289
Trade and other payables	(1 765)	(1 765)
	3 131	3 131

Refer to note 36.2 for details of operations related to the above assets and liabilities that have been classified as discontinued.

15. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE continued

	Group 2023 R'000	2022 R'000
15.3 Tsogo Sun Limited (formerly Tsogo Sun Gaming Limited)		
During the 2021 financial year the Tsogo Sun directors undertook to dispose of identified non-core business properties owned by the group by way of sale. During the year under review property to the value of R8 million was sold for proceeds of R15 million (including costs to sell), realising a gain on disposal of R6 million. The remaining properties with a carrying value of R38 million were all reclassified to property, plant and equipment as it is not highly probable that these properties will be disposed of within 12 months from the reporting date.		
Assets associated with Tsogo Sun Gaming Limited classified as held for sale included in gaming		
Property, plant and equipment	–	45 573
15.4 HCI Properties		
During the year under review an investment property with a carrying value of R20 million was sold for proceeds of R34 million, realising a gain on disposal of R14 million. During the 2020 financial year the directors of the group's property interests resolved to sell a section of one of its investment properties, with a carrying value of R33 million, to the Southern African Clothing and Textile Workers Union (SACTWU). The group entered into an agreement with SACTWU and the sale will conclude once the building is sectionalised and the section transferred to SACTWU. This process is ongoing at year-end.		
Assets associated with the group's property interests classified as held for sale		
Investment properties	33 000	53 415
15.5 La Concorde Holdings Limited		
During the year under review the La Concorde group disposed of its investment property classified as held for sale for proceeds of R0.4 million.		
Assets associated with La Concorde Holdings Limited classified as held for sale included in other		
Investment properties	–	346

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 19.

16. ORDINARY SHARE CAPITAL

	Number of shares			
	2023 ’000	2022 ’000	2023 R’000	2022 R’000
Authorised				
Ordinary shares of 25 cents each	450 000	450 000	112 500	112 500
Issued				
In issue in the company	85 620	85 620	21 405	21 405
Treasury shares held by company subsidiaries and employee share trust	(4 750)	(4 750)	(1 187)	(1 187)
On consolidation	80 870	80 870	20 218	20 218

Details of share premium are as follows:

	2023 R’000	2022 R’000
Company share premium at 31 March	17 158	17 158
Share premium in respect of treasury shares held by company subsidiaries and employee share trust	(17 158)	(17 158)
On consolidation	–	–

There were no changes to the issued share capital or share premium during the current or prior year.

Details of options over shares are set out in note 39.

The unissued shares are under the control of the directors until the next annual general meeting.

17. OTHER RESERVES

Group	Foreign currency translation R'000	Share-based payments R'000	Hedging R'000	Revaluation R'000	Other R'000	Total R'000
2023						
At the beginning of the year	436 659	35 232	28 630	(127 243)	(3 258)	370 020
Exchange differences on translation of foreign subsidiaries	596 216	–	–	–	–	596 216
Equity-settled share-based payments	–	28 612	–	–	–	28 612
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	–	–	–	60 877	–	60 877
Fair value gains on cash flow hedges	–	–	14 251	–	–	14 251
Share of other comprehensive losses of equity-accounted investments	–	–	–	–	(12 704)	(12 704)
Share of direct equity movements to other reserves of equity-accounted investments	–	–	–	–	27 933	27 933
Effects of changes in subsidiary shareholding	(28)	–	4	(505)	(13)	(542)
Release of share-based payment reserve to accumulated profits	–	(19 863)	–	–	–	(19 863)
At the end of the year	1 032 847	43 981	42 885	(66 871)	11 958	1 064 800
2022						
At the beginning of the year	500 299	49 292	(39 127)	(173 855)	(50 126)	286 483
Exchange differences on translation of foreign subsidiaries	(63 625)	–	–	–	–	(63 625)
Equity-settled share-based payments	–	23 460	–	–	–	23 460
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	–	–	–	69 957	–	69 957
Fair value gains on cash flow hedges	–	–	67 490	–	–	67 490
Share of other comprehensive income of equity-accounted investments	–	–	–	–	20 642	20 642
Share of direct equity movements to other reserves of equity-accounted investments	–	–	–	–	24 949	24 949
Foreign currency translation reserves recycled on changes in holding of equity-accounted investments (refer to note 6)	–	–	–	–	1 277	1 277
Effects of changes in subsidiary shareholding	(15)	–	–	–	–	(15)
Effects of change in corporate tax rate on deferred taxation recognised	–	–	267	–	–	267
Release of revaluation reserve to accumulated profits	–	–	–	(23 345)	–	(23 345)
Release of share-based payment reserve to accumulated profits	–	(37 520)	–	–	–	(37 520)
At the end of the year	436 659	35 232	28 630	(127 243)	(3 258)	370 020

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
18. FINANCIAL LIABILITIES				
Derivative financial instruments				
Foreign exchange contracts	1 206	9 697	848	–
Interest rate swaps – cash flow hedges (refer to note 7)	–	82 323	–	–
	1 206	92 020	848	–
Current portion	1 206	9 697	848	–
Non-current portion	–	82 323	–	–
	1 206	92 020	848	–

Foreign exchange contracts

The group's and company's foreign exchange contracts are not traded in active markets and are classified as level 2 fair value measurements – refer to note 46.4. These instruments have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign exchange contracts.

	Group 2023 R'000	Group 2022 R'000
19. BORROWINGS		
Bank borrowings	**4 005 465**	5 085 100
Bank mortgages	**2 578 102**	2 487 734
Instalment sale liabilities	**186 507**	218 414
Loans from non-controlling interests	**251 944**	115 433
Corporate bonds	**5 310 997**	5 538 083
Other borrowings	**36 597**	–
Redeemable preference shares	**2 116 000**	2 116 000
	14 485 612	15 560 764
Current portion of borrowings	**(804 071)**	(3 586 404)
	13 681 541	11 974 360
Secured	**14 201 223**	15 434 567
Unsecured	**284 389**	126 197
	14 485 612	15 560 764

Loans from non-controlling interests most significantly include R160 million of funding provided by the acquiring non-controlling interests in respect of the group's acquisition of Emerald Safari Resort Proprietary Limited (refer to note 45.2). These loans are unsecured, bear interest at the prime interest rate and have no fixed terms of repayment. Loans from non-controlling interests further include R55 million (2022: R50 million) owing to the Southern African Clothing and Textile Workers Union. The loan is unsecured, bears interest at the prime interest rate plus 1% and is repayable on demand. All other loans from non-controlling interests are unsecured, bear no interest and have no fixed terms of repayment.

Maturity dates for the corporate bonds vary between 30 November 2024 and 28 February 2027. The bonds are secured and bear interest at the three-month JIBAR plus a margin varying between 1.30% and 1.70% (2022: three-month JIBAR plus a margin varying between 1.30% and 1.70%). Interest is payable in arrears on a quarterly basis.

Other borrowings mainly comprise loans totalling R30 million (2022: Rnil) from the Industrial Development Corporation of South Africa to certain subsidiaries of the Deneb group. These loans are unsecured, interest free and repayable over a period of 60 months, with the first payment due on 31 January 2024.

The redeemable preference shares are secured and have redemption dates varying from 30 September 2024 to 1 October 2026, as they will be redeemed in tranches. Preference shares with a carrying value of R561 million (2022: R561 million) have variable dividend rates ranging between 74% and 76% of the prime rate (2022: 70% of the prime rate), while the remaining preference shares with a carrying value of R1 555 million (2022: R1 555 million) are fixed rate instruments with rates varying between 7.66% and 8.05% (2022: dividend rates varied between 7.30% and 8.68%).

	Group 2023 R'000	Group 2022 R'000
The interest rate profile of the group's interest-bearing borrowings, including the effect of interest rate swaps, is as follows:		
Fixed rates	**5 452 704**	5 562 331
Floating rates	**9 032 908**	9 998 433
	14 485 612	15 560 764
Weighted average effective interest rates	**8.03%**	7.34%
Maturity of these borrowings is as follows:		
Due within one year	**804 071**	3 586 404
Due within one to two years	**6 262 770**	3 552 832
Due within two to five years	**7 241 262**	8 053 532
Due after five years	**177 509**	367 996
	14 485 612	15 560 764
Borrowings analysed by currency:		
South African Rand	**14 483 803**	15 560 764
Swiss Franc	**1 809**	–
	14 485 612	15 560 764

19. BORROWINGS continued

Movements in the carrying value of borrowings are as follows:

Group	Long-term borrowings R'000	Short-term borrowings R'000	Total R'000
2023			
Carrying value at the beginning of the year	11 974 360	3 586 404	15 560 764
Cash flows:			
Raising of new debt	3 702 541	61 178	3 763 719
Debt repayments	(436 345)	(4 474 784)	(4 911 129)
Interest paid (refer to note 38.5)	(6 215)	(866 602)	(872 817)
Non-cash:			
Effect of changes in foreign exchange rates	–	377	377
Reclassification	(2 606 236)	2 606 236	–
Disposal of subsidiaries (refer to note 45.3)	(23 261)	–	(23 261)
New instalment sale agreements	71 934	–	71 934
Interest capitalised (refer to note 38.5)	–	891 203	891 203
Borrowing facilities raised/(settled)*	1 000 000	(1 000 000)	–
Other	4 763	59	4 822
Carrying value at the end of the year	13 681 541	804 071	14 485 612
2022			
Carrying value at the beginning of the year	13 665 381	3 919 533	17 584 914
Cash flows:			
Raising of new debt	466 060	1 188	467 248
Debt repayments	(195 887)	(1 659 321)	(1 855 208)
Interest paid (refer to note 38.5)	–	(1 165 966)	(1 165 966)
Business combination contingent consideration paid (refer to note 38.4)	–	(13 560)	(13 560)
Non-cash:			
Transfer to trade and other payables	–	(13 172)	(13 172)
Reclassification	(1 744 726)	1 744 726	–
Disposal of subsidiaries	(230 847)	–	(230 847)
New instalment sale agreements	12 764	–	12 764
Interest capitalised (refer to note 38.5)	–	772 399	772 399
Other	1 615	577	2 192
Carrying value at the end of the year	11 974 360	3 586 404	15 560 764

* On 28 February 2023 and at completion of the gaming group's debt refinancing process, borrowings of R1 billion were off-set by the same lender. As a result, there was no cash flow through the group's bank accounts at the time the new borrowing facility of R1 billion was received.

At 31 March 2023 the carrying value of borrowings approximates their fair value as market-related rates have been applied to discount the instruments where applicable.

19. **BORROWINGS continued**

Collateral

The following represents the carrying value of assets that serve as security for these borrowings:

	Group	
	2023 R'000	2022 R'000
Property, plant and equipment	6 634 569	7 021 330
Investment properties	4 786 579	4 749 792
Inventory	37 396	20 762
Trade and other receivables	691 928	628 455
Pledge of cash in bank accounts	315 781	567 579
	12 466 253	12 987 918

The above securities are inclusive of securities pledged for bank overdrafts – refer to note 25.

The group's shareholding in:

- Frontier Transport Holdings Limited (excluding those held by La Concorde Holdings Limited);
- eMedia Holdings Limited;
- Tsogo Sun Limited (formerly Tsogo Sun Gaming Limited);
- Southern Sun Limited (formerly Tsogo Sun Hotels Limited);
- Deneb Investments Limited;
- Platinum Group Metals Limited;
- La Concorde Holdings Limited;
- Deepkloof Limited (foreign holding company of the group's interests in Impact Oil & Gas Limited and Platinum Group Metals Limited);
- Niveus AG;
- HCI Coal Proprietary Limited;
- HCI Sun Energy Three Proprietary Limited (holding company of the group's interest in Karoshoek Proprietary Limited);
- all holding companies of HCI Properties' property investments;
- TIH Prefco (RF) Proprietary Limited;
- HCI – Treasury Proprietary Limited; and
- various intermediate holding companies of the group's investment interests

have been pledged as security for various debt facilities.

For further information on guarantees issued and suretyships provided for group and company debt facilities, refer to note 44.

Debt covenants

The company's central borrowings are subject to the following covenants, which were renegotiated during the year under review:

- combined Tsogo Sun and Southern Sun investment cover ratio of no less than 2.25;
- total investment cover ratio of no less than 3.5;
- total investment cover ratio, including holding company guarantees, of no less than 2.1; and
- debt service cover ratio in respect of holding company income of no less than 2.

The company was in compliance with its debt covenants in respect of central borrowings during the period under review and as at the reporting date.

The group's gaming operations were in compliance with its original covenants during the current year and dividends from these operations have normalised.

20. RETIREMENT BENEFIT INFORMATION

20.1 Pension and provident funds

Certain subsidiaries of the group operate pension and provident funds. These are defined contribution funds, governed by the Pension Funds Act, Act 24 of 1956, which provide retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund. Refer to note 34 for contributions paid during the year.

	Group 2023 R'000	Group 2022 R'000
20.2 Medical aid		
Non-current post-retirement benefit liabilities	131 702	141 524
Current portion of post-retirement benefit liabilities*	12 842	12 666
	144 544	154 190

20.2.1 A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund (MBF). The fund uses the grant to cover the outgoings not financed from member contributions. The administrators of the MBF are the Metropolitan Health Group. The subsidiary also makes contributions to Discovery Health.

The calculation of the accrued service liability in respect of post-retirement healthcare is performed annually by Willis Towers Watson Actuaries and Consultants.

Movements in the liability recognised in the statement of financial position are as follows:

	2023 R'000	2022 R'000
Balance at the beginning of the year	71 616	74 172
Net expense recognised in the statement of profit or loss	3 811	2 917
Actuarial gains	(7 990)	(5 473)
	67 437	71 616
Less: Current portion*	(5 172)	(5 066)
Balance at the end of the year	62 265	66 550
The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	1 480	1 477
Interest cost	7 789	7 899
Pensioner subsidy	(5 458)	(6 459)
Total included in employee costs	3 811	2 917

* Included in other payables, refer to note 24

	Group 2023 %	Group 2022 %
20. RETIREMENT BENEFIT INFORMATION continued		
20.2 Medical aid continued		
20.2.1 The principal actuarial assumptions used for the valuation were:		
Discount rate	12.20	11.10
Medical aid subsidy increase rate	8.75	8.45
Normal retirement age (years)	65	65
Continuation of membership at retirement	55.00	55.00

	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
As at 31 March					
Present value of obligations	67 437	71 616	74 172	60 394	69 029

Contributions of R77.1 million (2022: R73.5 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2023.

	Group 2023 R'000	Group 2022 R'000
As at 31 March the effects of a 0.5% and 1% movement in the discount rate and subsidy rate, respectively, would change the post-retirement medical aid liability to the following:		
Upward movement		
Discount rate increased by 0.5%	64 369	68 145
Subsidy increase rate increased by 1%	74 439	79 543
Downward movement		
Discount rate decreased by 0.5%	70 780	75 415
Subsidy increase rate decreased by 1%	61 461	64 906
20.2.2 A subsidiary of the group subsidises certain past employees who participate in the Discovery Medical Aid Scheme and who joined before 1 July 1996. These past employees are eligible for a 50% retirement subsidy of the total medical scheme contributions.		
Movements in the liability recognised in the statement of financial position are as follows:		
Balance at the beginning of the year	82 574	85 458
Net expense recognised in the statement of profit or loss	7 770	7 817
Contributions	(7 966)	(7 493)
Actuarial gains	(5 271)	(3 208)
	77 107	82 574
Less: Current portion*	(7 670)	(7 600)
Balance at the end of the year	69 437	74 974

* Included in other payables, refer to note 24

	Group 2023 R'000	Group 2022 R'000
20. RETIREMENT BENEFIT INFORMATION continued		
20.2 Medical aid continued		
20.2.2 The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	28	136
Interest on obligation	7 742	7 681
	7 770	7 817

	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	10.99	9.85
Medical aid subsidy increase rate	8.06	8.09
Normal retirement age (years)	65	65

	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
As at 31 March					
Present value of obligations	77 107	82 574	85 458	87 457	98 019
Experience adjustments on plan liabilities	(5 271)	(3 208)	(3 301)	(12 030)	(10 623)

There is no surplus or deficit in the plan as there are no plan assets.

Contributions of R8.1 million (2022: R7.9 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2023.

	Group 2023 R'000	Group 2022 R'000
As at 31 March a 1% movement in the assumed medical cost trend rate would change the current service cost and interest cost, and the post-retirement medical aid liability to the following:		
Upward movement		
Current service cost and interest cost	8 449	8 491
Post-retirement medical aid liability	83 257	89 622
Downward movement		
Current service cost and interest cost	7 168	7 221
Post-retirement medical aid liability	71 662	76 176

	Group 2023 R'000	Group 2022 R'000
21. LONG-TERM INCENTIVE PLAN		
Tsogo Sun Share Appreciation Bonus Plan	179 152	88 001
Less: Current portion	(139 156)	–
Non-current portion	39 996	88 001

Cash-settled – Tsogo Sun Share Appreciation Bonus Plan

The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the company's share price. Allocations of notional shares are discretionary and administered in terms of the rules of the scheme. These vest and are available to be settled on the third anniversaries of the allocations.

Liabilities equal to the current fair values are recognised at each reporting date and the fair values expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the seven-day volume weighted average trading price of the company's share prior to the determination of the fair value of the long-term incentive bonus.

The liability is calculated using a binomial lattice model (2022: Black-Scholes model) as it allows for a better estimation of the liability. The following assumptions and inputs were used:

- respective strike prices as shown in the table below;
- volatility of 46% (2022: 78%) based on market prices since the June 2019 unbundling of Southern Sun Limited (formerly Tsogo Sun Hotels Limited);
- forward dividend yield of 0% as the scheme allows for the receipt of dividends (2022: 5%); and
- a risk-free rate of 7.8% to 7.9% (2022: 10.3%) taken from the South African swap curve as at the valuation dates and based on the expected term to expiry.

During the current year the group recognised an expense of R92.7 million (2022: R63.4 million) relating to this plan.

The following is pertinent to this bonus plan:

Grant date	Total appreciation units granted 2023	Total appreciation units granted 2022	Appreciation units granted and not vested 2023	Appreciation units granted and not vested 2022	Strike price R
1 April 2016[1]	–	153 376	–	–	22.82
1 April 2017[1]	125 004	125 004	–	–	28.00
1 April 2018[1]	124 584	124 584	–	–	24.08
12 December 2019	970 425	970 425	–	970 425	10.82
18 December 2020	17 200 000	18 200 000	17 200 000	18 200 000	5.20
16 March 2022	14 550 000	14 450 000	14 550 000	14 450 000	9.61
1 March 2023	11 900 000	–	11 900 000	–	10.67
At 31 March	44 870 013	34 023 389	43 650 000	33 620 425	

Grant date	Appreciation units vested and still outstanding 2023	Appreciation units vested and still outstanding 2022	Expiry date	Liability 2023 R'000	Liability 2022 R'000
1 April 2016[1]	–	153 376	31 March 2022	–	–
1 April 2017[1]	125 004	125 004	31 March 2023	–	–
1 April 2018[1]	124 584	124 584	31 March 2024	–	–
12 December 2019	970 425	–	11 December 2025	4 721	5 798
18 December 2020	–	–	17 December 2026	134 436	80 411
16 March 2022	–	–	15 March 2026[2]	37 540	1 792
1 March 2023	–	–	28 February 2027[2]	2 455	–
At 31 March	1 220 013	402 964		179 152	88 001
Average share price utilised to value the liability				R12.11	R12.04

[1] As a result of the share price collapse due to COVID-19, the liability in respect of these appreciation units was reduced to Rnil.
[2] The scheme rules were amended in the prior year. Appreciation units allocated from the 2022 financial year expire four years after grant date. All other terms and conditions remain unchanged.

	Group 2023 R'000	2022 R'000
22. PROVISIONS		
Rehabilitation provision		
Balance at the beginning of the year	62 511	62 751
Raised during the year	21 362	2 086
Utilised during the year (refer to note 38.7)	(15 791)	(2 326)
Balance at the end of the year	68 082	62 511
Staff bonuses		
Balance at the beginning of the year	42 967	38 916
Raised during the year	113 625	67 147
Utilised during the year	(101 211)	(59 303)
Reclassified from trade and other payables	11 773	–
Unused amounts reversed	(4 575)	(3 793)
Balance at the end of the year	62 579	42 967
Repurchase of service		
Balance at the beginning of the year	38 770	38 770
Raised during the year	1 128	1 128
Unused amounts reversed	(1 128)	(1 128)
Balance at the end of the year	38 770	38 770
Restructuring		
Balance at the beginning of the year	–	6 818
Utilised during the year	–	(6 623)
Unused amounts reversed	–	(195)
Balance at the end of the year	–	–
Third-party claims		
Balance at the beginning of the year	13 106	11 786
Raised during the year	6 217	7 417
Utilised during the year	(6 012)	(4 799)
Unused amounts reversed	(4 851)	(1 298)
Balance at the end of the year	8 460	13 106
Jackpot provisions		
Balance at the beginning of the year	1 647	1 647
Unused amounts reversed	(1 647)	–
Balance at the end of the year	–	1 647
Incentives		
Balance at the beginning of the year	79 008	50 633
Raised during the year	72 709	56 075
Utilised during the year	(64 016)	(27 700)
Business combination (refer to note 45.2)	5 020	–
Balance at the end of the year	92 721	79 008

	Group	
	2023 R'000	2022 R'000
22. PROVISIONS continued		
Long-service awards		
Balance at the beginning of the year	11 693	18 758
Utilised during the year	(1 286)	(371)
Unused amounts reversed	(4 355)	(6 694)
Balance at the end of the year	6 052	11 693
Other		
Balance at the beginning of the year	10 800	10 064
Raised during the year	3 361	1 635
Utilised during the year	(284)	(853)
Transfer to trade and other payables	–	(46)
Balance at the end of the year	13 877	10 800
Total provisions	290 541	260 502
Non-current	80 135	72 431
Current	210 406	188 071
	290 541	260 502

Rehabilitation provision

Rehabilitation provisions are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the rehabilitation of coal mining sites.

The net present value of the provision has been determined using a discount rate of 7.8% per annum (2022: 5%) and an annual inflation rate of 6.9% (2022: 5%). The period used for discounting was the Palesa Mine's expected remaining life of 126 months (2022: 192 months) and estimated settlement dates of the rehabilitation costs.

Staff bonuses

Provisions for staff bonuses are based on rates negotiated with union bargaining councils, the results of the relevant company or at the discretion of company management. In all cases, payment of such bonus is dependent upon the employee being in the company's service at the date of payment. The gaming group reclassified its staff bonuses from accruals to provisions during the year under review due to the terms and conditions of the scheme changing from that of being guaranteed to that of being at the discretion of management.

Repurchase of service

Government indicated in 1997 its long-term objective to open public passenger transport services to competitive tendering. Past experience has shown where government has followed this course of action, the resulting tendered cost to government has been considerably higher than the cost under the existing regime, which has delayed the future roll-out of this model.

The repurchase of service provision is raised in respect of retrenchment costs that will be payable to employees who would be surplus to requirements should the operating of some routes be awarded to third parties.

The amount provided for is based on management's best estimate of the maximum costs payable in accordance with the employees' current conditions of employment. Assumptions have been made in respect of the timing of the service being put out to tender and the extent of the services that would be awarded to third parties.

A Bus Industry Restructuring Fund was set up in 1999 to compensate employers for these retrenchment costs. As it is currently impracticable to calculate a reliable estimate of the amount, reference has been made to the existence of a contingent asset in note 44.

22. PROVISIONS continued

Third-party claims
Third-party claims are legal claims resulting from traffic accidents. The timing and extent of claims settled remain uncertain until settlement occurs. Where the group is virtually certain to be reimbursed under an insurance contract, the reimbursement is recognised as a separate asset.

Incentives
This is a provision for bonus plans based on a formula that takes into consideration the profit attributable to the subsidiary company's shareholders after certain adjustments and the performance of the respective employees. These criteria are only finalised after the subsidiary's year-end.

Long-service awards
This provision relates to long-service benefits provided by the group's gaming operations with related benefits paid when employees reach predetermined years of service. The scheme is in the process of being discontinued at year-end with the group recognising a credit of R4 million (2022: R7 million) in current-year profit or loss. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The remaining balance is not considered significant and no further disclosures are therefore provided in this regard.

23. DEFERRED REVENUE AND INCOME

23.1 The Tsogo Sun Gaming group's contract liabilities consist of its customer reward programmes. The group accounts for these reward programmes in terms of IFRS 9 Financial Instruments with the liability allocated to deferred income in the statement of financial position.

	Group	
	2023 R'000	2022 R'000
Deferred income		
At 1 April	**18 349**	15 061
Business combinations (refer to note 45.2)	**2 127**	–
Created during the year	**234 474**	173 654
Forfeitures during the year	**(10 633)**	(9 150)
Utilised during the year	**(218 540)**	(161 216)
At 31 March	**25 777**	18 349

The expected timing of the recognition of the deferred income is within one year and is considered current.

23.2 Government grants receivable by the Deneb group relate to funding arrangements and programmes such as the Production Incentive Programme (PIP), the Manufacturing Competitiveness Enhancement Programme (MCEP) and the Automotive Investment Scheme (AIS) established by the Department of Trade, Industry and Competition. These incentives are offered to qualifying companies operating within the industrial manufacturing industry.

	Group	
	2023 R'000	2022 R'000
Deferred income		
At 1 April	**95 007**	118 085
Created during the year	**22 110**	–
Utilised during the year	**(12 065)**	(23 078)
At 31 March	**105 052**	95 007
The expected timing of the recognition of the deferred income is within 15 to 20 years as follows:		
Non-current	**94 949**	81 033
Current	**10 103**	13 974
	105 052	95 007

	Group 2023 R'000	2022 R'000
23. DEFERRED REVENUE AND INCOME continued		
23.3 Deferred revenue by the Gallagher group relates to deposits received in advance for conferences and exhibitions contracted.		
Deferred revenue		
At 1 April	7 465	9 705
Created during the year	87 477	3 880
Forfeitures during the year	(290)	(4 972)
Utilised during the year	(83 845)	(1 148)
At 31 March	10 807	7 465
The expected timing of the recognition of the deferred income is within one year and is considered current.		
23.4 Deferred revenue by the Frontier Transport group relates to transportation fees received in advance:		
Deferred revenue		
At 1 April	15 812	9 903
Created during the year	18 445	15 812
Utilised during the year	(15 812)	(9 903)
At 31 March	18 445	15 812
The expected timing of the recognition of the deferred income is within one year and is considered current.		
Total deferred revenue and income		
Non-current	94 949	81 033
Current	65 132	55 600
	160 081	136 633

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
24. TRADE AND OTHER PAYABLES				
Trade payables	1 049 316	1 162 914	–	–
Accruals	379 295	454 119	–	–
Advance deposits	51 280	47 011	–	–
Lease liabilities (refer to note 26)	68 328	67 128	–	–
Insurance claims payable (refer to note 14)	6 036	7 384	–	–
Other payables*	940 407	970 587	2 709	2 649
	2 494 662	2 709 143	2 709	2 649
* Other payables comprise the following:				
Financial instruments				
Tenant deposits	26 089	22 328	–	–
Capital expenditure creditors	90 740	83 343	–	–
Interest accruals on interest rate swaps	–	8 954	–	–
Smartcard gaming credits due to customers	45 082	40 073	–	–
Gaming chip liability	30 243	23 752	–	–
Other sundry payables	157 856	197 247	407	347
Dividends payable – ordinary shares (refer to note 38.6)	31 934	25 956	2 302	2 302
– preference shares	26 728	30 649	–	–
Claims relating to litigation proceedings (refer to note 44)	19 902	36 340	–	–
Unclaimed gaming credits	9 937	10 432	–	–
Gaming player deposits	11 189	20 740	–	–
Non-financial instruments				
Payroll-related payables	72 437	77 502	–	–
Leave pay accruals	120 052	112 235	–	–
Bonus accruals	91 382	105 224	–	–
Post-retirement benefit liabilities (refer to note 20.2)	12 842	12 666	–	–
Royalty tax	–	20 468	–	–
VAT payable	108 518	101 064	–	–
Gaming levies	40 208	37 921	–	–
Other creditors	45 268	3 693	–	–
	940 407	970 587	2 709	2 649

Foreign currency exposure
The carrying values of trade and other payables denominated in foreign currencies are detailed in note 46.1.1.

Fair value of trade and other payables
The carrying value approximates fair value because of the short period to settlement of these obligations.

	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
25. BANK OVERDRAFTS				
Balance outstanding at 31 March	148 033	273 108	125	119 739

Overdrafts of R148.0 million (2022: R273.1 million) are secured by assets as part of the group's general borrowings. Refer to note 19.

Fair value of bank overdrafts
The carrying value of bank overdrafts approximates fair value due to the short-term maturity of these instruments.

26. LEASES

In the capacity as lessee

Nature of leasing activities

The group leases various properties in the jurisdictions from which it operates, including the Golden Horse Casino land, various properties at the bingo business sites, land, offices, warehouses and retail stores. These lease agreements are typically concluded for fixed periods of three to 30 years, but may have extension options as described below. Most of the group's property lease contracts provide for fixed payments over the term of the lease while a small number of these contracts provide for annual inflationary increases in lease payments or variable payments as detailed below.

The group also leases certain items of machinery, vehicles and casino gaming equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Variable lease payments

Some of the gaming segment's property and gaming equipment leases contain variable payment terms that are linked to indices and gross gaming win, respectively. For property, the Golden Horse Casino land lease includes variable lease payments that are included in the lease liability. The variable lease payment terms comprise the annual consumer price index (CPI) increase which is included in the lease liability, and 4.5% (2022: 4.5%) of gross operating profit of the Golden Horse precinct not included in the lease liability. A 10% increase in the variable lease liability (CPI) would increase lease payments by less than R1 million (2022: increase lease payments by less than R1 million). A 5.0% increase in the gross operating profit of the Golden Horse precinct would increase lease payments by less than R1 million (2022: by less than R1 million).

Bingo gaming machine lease agreements contain variable payment terms that are linked to gross gaming win generated by the respective machines. These variable lease payments are not included in the measurement of lease liabilities, but are recognised in profit or loss in the period in which the event or condition that triggers those payments, occurs. A 10% increase in gross gaming win across all sites in the group with such variable lease contracts would increase total lease payments by approximately R10 million (2022: R8 million).

Variable lease payments that are not taken into account in the measurement of lease liabilities are included in other operating expenses and income in the statement of profit or loss (refer to note 34).

The current proportion of fixed and variable lease payments included in the group's lease liability is presented in the table below. The sensitivity analysis indicates the impact on the carrying amount of lease liabilities and right-of-use assets if there was a 5% increase in variable lease payments at the statement of financial position date.

	Group			
	Number of lease contracts	Fixed lease payments R'000	Variable lease payments R'000	Sensitivity R'000
2023				
Property leases with payments linked to inflation	2	–	4 906	237
Property leases with fixed payments	69	97 211	–	–
Leases of plant and machinery	8	970	–	–
Leases of other equipment and vehicles	53	9 456	–	–
	132	107 637	4 906	237
2022				
Property leases with payments linked to inflation	3	–	4 726	229
Property leases with fixed payments	69	88 313	–	–
Leases of plant and machinery	6	1 073	–	–
Leases of other equipment and vehicles	51	8 668	–	–
	129	98 054	4 726	229

26. LEASES continued

Options to extend or terminate lease terms

Options to extend or terminate lease terms are included in certain property leases across the group. These are used to maximise operational profitability in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable by the group only and not by the respective lessor.

The following options are held by the group's gaming interests in respect of property leases:

- the Golden Horse Casino land and Hemingways Casino cinema have lease contracts with extension options effective 1 September 2030 and 21 August 2024, respectively. The group is reasonably certain to exercise these options and extend the lease terms; and
- bingo property lease contracts are reasonably certain to be extended (or not terminated) by the group when a gaming licence term exceeds the initial property lease term. The group is reasonably certain not to extend a bingo property lease contract when a more suitable property for its operations has been identified. At the reporting date all extension options included in these property leases were reasonably certain to be exercised by the group and have consequently been capitalised.

Extension options are included in a number of property lease contracts across the Deneb group, mainly relating to its factory buildings. The group's most significant lease contracts include extension options allowing the group to extend the term of the lease for five years, with an effective date of 1 July 2027. The group is reasonably certain to exercise these options and extend the lease terms.

Rent concessions

The group's gaming interests received rent concessions totalling R2 million (2022: R14 million) as disclosed below, all of which were in the form of forgiveness of rentals. This had the effect of reducing lease liabilities as follows:

	Group	
	2023 R'000	2022 R'000
Land and building rentals	–	3 590
Gaming equipment rentals	2 200	10 280
	2 200	13 870

	Group			
	Land and buildings R'000	Plant and machinery R'000	Other equipment and vehicles R'000	Total R'000
Reconciliation of carrying value: right-of-use assets				
2023				
Carrying value as at 1 April 2022	310 758	2 062	11 364	324 184
Depreciation	(67 237)	(722)	(8 986)	(76 945)
Additions	40 520	1 677	15 517	57 714
Remeasurement of lease	2 610	–	(177)	2 433
Termination of lease	(7 339)	(27)	(1 607)	(8 973)
Business combinations	–	–	293	293
Effect of modification to lease terms	6 531	–	–	6 531
Impairments (refer to note 4)	(5 455)	–	–	(5 455)
Carrying value as at 31 March 2023	280 388	2 990	16 404	299 782
2022				
Carrying value as at 1 April 2021	330 197	1 323	21 730	353 250
Depreciation	(65 738)	(771)	(13 650)	(80 159)
Additions	65 705	1 581	3 249	70 535
Remeasurement of lease	(16 071)	–	35	(16 036)
Termination of lease	(3 335)	(71)	–	(3 406)
Carrying value as at 31 March 2022	310 758	2 062	11 364	324 184

	Group			
	Land and buildings R'000	Plant and machinery R'000	Other equipment and vehicles R'000	Total R'000
26. LEASES continued				
Reconciliation of carrying value: lease liabilities				
2023				
Carrying value as at 1 April 2022	446 776	2 241	17 174	466 191
Finance costs	42 669	232	1 298	44 199
Lease payments*	(102 812)	(970)	(8 761)	(112 543)
Additions	40 520	1 677	15 517	57 714
Remeasurement of lease	2 456	–	(190)	2 266
Termination of lease	(6 091)	–	(6 674)	(12 765)
Business combination	–	–	318	318
Effect of modification to lease terms	6 531	–	–	6 531
Rent concessions (refer to note 34)	–	–	(2 200)	(2 200)
Carrying value as at 31 March 2023	430 049	3 180	16 482	449 711
Less: Current portion (included in trade and other payables – refer to note 24)	(59 797)	(484)	(8 047)	(68 328)
Non-current portion	370 252	2 696	8 435	381 383
2022				
Carrying value as at 1 April 2021	445 616	1 526	29 072	476 214
Finance costs	45 992	207	2 081	48 280
Lease payments*	(93 039)	(1 073)	(8 668)	(102 780)
Additions	65 705	1 581	3 249	70 535
Remeasurement of lease	(9 908)	–	1 720	(8 188)
Termination of lease	(4 000)	–	–	(4 000)
Rent concessions (refer to note 34)	(3 590)	–	(10 280)	(13 870)
Carrying value as at 31 March 2022	446 776	2 241	17 174	466 191
Less: Current portion (included in trade and other payables – refer to note 24)	(55 238)	(916)	(10 974)	(67 128)
Non-current portion	391 538	1 325	6 200	399 063

* Total lease payments of R112.5 million include R68.3 million of principal repayments and R44.2 million of finance costs (2022: total lease payments of R103 million include R59 million of principal repayments and R44 million of finance costs). The difference between principal repayments disclosed in this note and those disclosed in the prior year cash flow statement relates to principal repayments on lease liabilities included in disposal groups held for sale.

The table below analyses the group's lease liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than one year R'000	Between one and five years R'000	Over five years R'000	Total R'000
2023				
Lease liabilities	105 484	359 666	187 972	653 122
2022				
Lease liabilities	110 140	400 566	289 467	800 173

Lease commitments
As at 31 March 2023 the group had outstanding commitments totalling R7 million (2022: R4 million) under non-cancellable leases which are not capitalised in terms of IFRS 16, being short-term leases and leases of low-value assets (comprising mainly small items of office equipment and furniture). Refer to note 34 for lease expenses recognised in profit or loss in respect of these leases. The group has not committed to any lease contracts which had not commenced by the reporting date.

Residual value guarantees
None of the group's lease contracts contains residual value guarantees.

Encumbrances
Lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

27. COMMITMENTS

Investment in Impact Oil & Gas Limited (IOG)
The group invested R376 million in IOG during April 2023 through a subscription for shares. It has committed to invest a further US$27 million in August 2023. These investments have been agreed to fund the accelerated appraisal programme in respect of the Venus and Venus West oil prospects offshore Namibia.

Signal distribution
The group has a contracted commitment for its signal distribution as at 31 March 2023 amounting to R37 million within one year (2022: R36 million), R169 million after one to five years (2022: R166 million) and Rnil after five years (2022: R40 million) with the contract ending on 31 July 2028. The contracted commitments will be funded from the group's available bank facilities and retained profits.

	Group	
	2023 R'000	2022 R'000
Capital expenditure		
Authorised by directors and contracted to be expended		
– Investment property	69 553	39 143
– Property, plant and equipment	618 034	302 780
– Intangible assets	2 033	–
– Other financial assets	30 000	–
	719 620	341 923

It is intended that this expenditure will be funded from bank finance and operating cash flows.

	Group		Company	
	2023 R'000	2022* R'000	2023 R'000	2022 R'000
28. REVENUE				
Sale of goods	5 487 635	4 553 167	–	–
Provision of services	7 087 924	6 087 415	–	–
Dividends received**				
– Subsidiaries	–	–	744 414	327 553
– Associates and joint arrangements	–	–	3 165	5 998
	12 575 559	10 640 582	747 579	333 551

* Restated, refer to details as set out in note 48.1
** Company dividends were received from subsidiaries, associates and joint arrangements incorporated in South Africa and recognised as revenue when the right to receive payment was established.

The group's revenue streams per segment are as follows:

	Group			
	2023		2022*	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised at a point in time				
Media and broadcasting				
Revenue from the sale of Openview boxes	180 147	–	240 638	–
Gaming				
Food and beverage revenue	–	589 233	–	364 891
Transport				
Revenue from the sale of vehicles, spares, tyres and retreads	43 235	–	28 631	–
Single-journey bus ticket revenue	–	353 827	–	293 603
Revenue from charter hire services	–	99 035	–	31 365
Revenue from automotive repair services	–	11 896	–	1 488
Other revenue	–	15 392	–	5 670
Properties				
Convention and exhibition revenue	–	93 327	–	31 302

* Restated, refer to details as set out in note 48.1

28. REVENUE continued

	Group			
	2023		2022*	
	Sale of goods R'000	Provision of services R'000	Sale of goods R'000	Provision of services R'000
Revenue recognised at a point in time continued				
Coal mining				
Revenue from the sale of coal	2 115 290	–	1 439 356	–
Other revenue	–	–	8 654	–
Branded products and manufacturing				
Revenue from the sale of:				
– Toys, electronic games and sports goods	948 490	–	894 003	–
– Woven, knitted and non–woven products	875 512	–	776 309	–
– Pressed, roll–formed steel products	723 266	–	588 824	–
– Stationery, publishing and office supplies	378 900	–	293 165	–
– Speciality chemicals	142 869	–	218 170	–
Other				
Food and beverage revenue	–	19 934	–	–
Revenue recognised over time				
Media and broadcasting				
Advertising revenue	–	2 278 025	–	2 262 585
Licence fees	–	350 000	–	445 400
Facility income from broadcasting and production services	–	261 965	–	175 960
Content sales	–	54 914	–	20 399
Gaming				
Hotel room revenue	–	501 473	–	303 244
Theme Park entrance fees	–	183 538	–	110 076
Tenant recoveries	–	69 104	–	55 279
Cinema revenue	–	47 769	–	28 788
Venue hire revenue	–	22 804	–	8 279
Parking fees	–	12 083	–	6 733
Other revenue**	–	92 588	–	65 181
Transport				
Revenue from operational contracts with the Department of Transport and the City of Cape Town for the provision of bus services	–	1 288 191	–	1 273 431
Multi-journey bus ticket revenue	–	578 305	–	441 793
Other revenue	–	1 867	–	2 748
Properties				
Tenant recoveries	–	135 397	–	130 026
Other revenue	–	5 202	–	6 530
Branded products and manufacturing				
Revenue from the sale of pressed, roll-formed steel products	79 926	–	65 417	–
Other				
Internal audit fees	–	15 204	–	11 884
Tenant recoveries	–	5 870	–	3 546
Other revenue	–	981	–	7 214
	5 487 635	7 087 924	4 553 167	6 087 415

* Restated, refer to details as set out in note 48.1

** Other gaming revenue recognised over time most significantly includes entrance fees and other sundry revenue.

28. REVENUE continued

In the current year R23.3 million (2022: R16.0 million) of the deferred revenue balance of R23.3 million (2022: R19.6 million) at the beginning of the year was recognised as revenue.

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 31 March:

	Group		
	2023 R'000	2024 R'000	Total R'000
2023			
Revenue expected to be recognised	–	29 252	29 252
2022			
Revenue expected to be recognised	23 277	–	23 277

The group does not have any significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenue is based on stand-alone selling prices and predetermined settlement dates.

	Group		Company	
	2023 R'000	2022* R'000	2023 R'000	2022 R'000
29. INVESTMENT INCOME				
Dividends				
Listed investments	1 427	–	–	–
Unlisted investments	72 945	58 664	–	–
	74 372	58 664	–	–
Interest income				
Banks	121 533	58 720	226	32
Deemed interest on interest-free loans to LPM site owners (refer to note 14)	9 328	4 418	–	–
Other**	94 299	26 838	6 668	2 496
	225 160	89 976	6 894	2 528
	299 532	148 640	6 894	2 528

* Restated, refer to details as set out in note 48.1

** Other interest most significantly includes R52 million relating to the settlement of the Jindal (BVI) Limited (Jindal) loan (refer to note 30), interest on loans to associates and joint arrangements (R13 million), dividends on redeemable preference shares (R11 million), interest from the South African Revenue Service (R5 million) and interest on tenant loans (R2 million). In the prior year other interest included interest on loans to associates and joint arrangements (R9 million), interest on a loan to the non-controlling shareholder of one of the group's subsidiaries (R6 million), interest received on the purchase price of the Mbali Mine for the duration that it remained outstanding (R6 million) and interest on tenant loans (R2 million).

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
30. INVESTMENT SURPLUS				
Gain on disposal of investment properties (refer to note 15)	14 080	5 526	–	–
Gains on changes in holdings of equity-accounted investments (refer to note 6)	32 567	138 557	–	–
Foreign currency translation reserves recycled on changes in holdings of equity-accounted investments (refer to note 6)	–	(1 277)	–	–
Gain on disposal of subsidiaries (refer to note 45.3)	339	38 603	–	51 830
Gain on disposal of associates and joint arrangements (refer to note 6)	25 398	–	65 500	–
Gain on settlement of litigation proceedings*	80 000	–	–	–
	152 384	181 409	65 500	51 830

* The group had previously advanced a loan equivalent to US$5 million to Jindal, a company incorporated in the British Virgin Islands. This investment was subsequently impaired in full. At 31 March 2022 the group was engaged in arbitration proceedings with the previous holding company of Jindal, Jindal Steel & Power (Mauritius) Limited, with regard to the validity of the funding arrangements. The parties subsequently entered into a settlement agreement whereby the group received R132 million as settlement of the loan, interest thereon (refer to note 29) and legal costs incurred by the group.

	Group 2023 R'000	Group 2022 R'000
31. ASSET IMPAIRMENTS		
Impairment of property, plant and equipment (refer to note 1)	142 905	16 137
Impairment of right-of-use assets (refer to note 26)	5 455	–
Impairment of intangible assets (refer to note 4)	249 950	193 220
	398 310	209 357

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
32. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill (refer to note 3)	–	4 247	–	–
Impairment of investments in subsidiaries (refer to note 8)	–	–	85 065	35
	–	4 247	85 065	35

	Group 2023 R'000	Group 2022* R'000	Company 2023 R'000	Company 2022 R'000
33. FINANCE COSTS				
Interest	1 031 798	1 147 965	9 630	16 577
Day one loss on loans to LPM site owners (refer to note 38.5)	8 058	4 346	–	–
Preference dividends	155 005	170 186	–	–
	1 194 861	1 322 497	9 630	16 577

* Restated, refer to details as set out in note 48.1

	Group 2023 R'000	Group 2022* R'000	Company 2023 R'000	Company 2022 R'000
34. PROFIT BEFORE TAXATION				
The following items have been included in arriving at profit before taxation:				
Auditor's remuneration				
– Audit fees – current year	48 435	46 114	–	–
– Audit fees – prior year	678	725	–	–
– Other services	3 785	3 769	–	–
Consultancy fees	92 837	66 113	115	58
Expected credit loss allowance, net of reversals	15 305	(2 582)	–	–
Foreign exchange losses/(gains)	16 591	(15 980)	–	–
Gaming levies	974 188	787 360	–	–
Government grant income	(22 952)	(24 244)	–	–
Cost of sales				
– Branded products and manufacturing	2 502 994	2 180 782	–	–
– Coal mining	1 456 703	1 056 412	–	–
– Media and broadcasting	175 441	231 276	–	–
– Transport	58 865	26 665	–	–
Leases				
– Short-term lease expenses	38 581	34 274	–	–
– Low-value lease expenses	7 552	6 527	–	–
– Expenses relating to variable lease payments not included in the measurement of lease liabilities	111 092	90 734	–	–
– Rent concessions (refer to note 26)	(2 200)	(13 870)	–	–
Net insurance premiums from insurance business	–	(4 251)	–	–
Premium income from insurance underwriting business	–	(11 755)	–	–
Reinsurance premiums	–	7 504	–	–
Net insurance claims from insurance business	5 542	1 591	–	–
Insurance claims expense	3 106	2 813	–	–
Reinsurance claims adjustments, net of recoveries	2 436	(1 222)	–	–
Pension fund contributions	100 310	56 974	–	–
Loss/(profit) on disposal of property, plant and equipment	33 808	(17 857)	–	–
Research and development	2 588	3 440	–	–
Secretarial fees	26	102	–	–
Share-based payments	121 290	86 891	–	–
Staff costs	3 604 362	3 212 379	–	–
VAT on net gaming win	1 140 598	920 244	–	–

* Restated, refer to details as set out in note 48.1

	Group 2023 R'000	Group 2022* R'000	Company 2023 R'000	Company 2022 R'000
35. TAXATION				
South African taxes				
Current normal tax	918 371	639 452	1 490	788
Prior-year normal tax	(11 013)	(1 720)	–	–
Deferred normal tax	713 395	250 404	–	–
Deferred tax – prior-year over provision	(711)	(15 058)	–	–
Deferred tax – change in corporate tax rate	–	(161 698)	–	–
Foreign withholding tax	–	25	–	–
	1 620 042	711 405	1 490	788

* Restated, refer to details as set out in note 48.1

35. TAXATION continued

	Group 2023 %	Group 2022 %	Company 2023 %	Company 2022 %
Reconciliation of tax rate				
Normal tax rate	27	28	27	28
Exempt income/credits				
Dividend income	–	–	(5)	(4)
Share of profits of associates and joint arrangements	(1)	–	–	–
Impairment reversals	(3)	(6)	(22)	(24)
Foreign profits not taxable in South Africa	–	(1)	–	–
Expenses/debits not deductible for tax purposes				
Share of losses of associates and joint arrangements	–	1	–	–
Non-deductible preference dividends accrued	1	1	–	–
Other				
Deferred tax asset not recognised on assessed losses	–	1	–	–
Raising of deferred tax assets	–	(2)	–	–
Change in corporate tax rate	–	(4)	–	–
Effective tax rate	24	18	–	–

The income tax relating to each component of other comprehensive income is set out below:

	R'000	R'000
Cash flow hedges	(10 599)	(52 252)
Actuarial gains on post-employment benefit liabilities	(3 580)	(2 348)
	(14 179)	(54 600)

Various subsidiaries have incurred operating losses which result in losses for tax purposes. Losses for tax purposes available for set-off against future taxable income and for which deferred tax assets have not been raised are estimated at:

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
– Normal tax	650 993	509 693	–	–
– Capital gains tax	408 577	583 571	70 751	125 976
Tax relief at current rates:				
– Normal tax	175 768	137 617	–	–
– Capital gains tax	88 253	126 051	15 282	27 211

	Group 2023 R'000	Group 2022* R'000
36. DISCONTINUED OPERATIONS		
Loss from discontinued operations	(9 064)	(1 150)

36.1 During the current year the directors of the group's branded products and manufacturing operations resolved to dispose of one of its subsidiaries, CLM Home Proprietary Limited (CLM Home). The disposal was effective on 1 March 2023 (refer to note 45.3) and the results of CLM Home were consequently included in discontinued operations in the current and prior year. Prior-year discontinued operations further included the Deneb group's Frame Knitting Manufacturers business which was disposed of during the 2022 financial year.

Loss from discontinued operations relating to Deneb Investments Limited	2023 R'000	2022* R'000
Revenue	21 548	24 942
Other operating expenses and income	(27 256)	(20 575)
Investment income	–	124
Depreciation and amortisation	–	(437)
Asset impairments	–	(7 352)
Loss before taxation	(5 708)	(3 298)
Taxation	–	–
Loss after taxation	(5 708)	(3 298)
Cash flows from discontinued operations		
Cash flows from operating activities	15 464	6 570
Cash flows from investing activities	815	9 598
Cash flows from financing activities	–	88
	16 279	16 256

36.2 During the current year the directors of the group's media and broadcasting operations resolved to dispose of three of its subsidiaries, namely Searle Street Post Production Proprietary Limited, Moonlighting Films Proprietary Limited and Reel Pay Proprietary Limited. These disposals were all effective during the current year (refer to note 45.3) and the results of these entities consequently included in discontinued operations in the current and prior year. The eMedia group's discontinued operations for both reporting periods also include the results of Silverline Studios Proprietary Limited as well as its Crystal Brook Distribution and Niveus 13 operations, following a decision by the eMedia board of directors to discontinue the operations of these entities.

(Loss)/profit from discontinued operations relating to eMedia Holdings Limited	2023 R'000	2022* R'000
Revenue	24 347	50 746
Other operating expenses and income	(16 883)	(40 381)
Investment income	244	209
Depreciation and amortisation	(646)	(6 268)
Finance costs	–	(195)
Loss on disposal of subsidiaries (refer to note 45.3)	(3 896)	–
Profit before taxation	3 166	4 111
Taxation	(6 522)	(1 963)
(Loss)/profit after taxation	(3 356)	2 148
Cash flows from discontinued operations		
Cash flows from operating activities	(2 789)	(270)
Cash flows from financing activities	7 182	(5 276)
	4 393	(5 546)

* Restated, refer to details as set out in note 48.1

Refer to note 15.2 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

	Group 2023 R'000	Group 2022 R'000
37. EARNINGS PER SHARE		
37.1 Earnings per share as presented on the statement of profit or loss is based on the weighted average number of 80 870 140 ordinary shares in issue (2022: 80 870 140).		
37.2 Diluted earnings per share is based on the weighted average number of 82 303 289 ordinary shares in issue (2022: 80 940 813). 378 412 share options issued in terms of The HCI Employee Share Scheme (2022: 1 981 138) have not been included due to the options being anti-dilutive.		
Reconciliation of weighted average number of shares:		
Used in calculation of earnings per share	80 870 140	80 870 140
Options outstanding in employee share scheme	1 433 149	70 673
Used in calculation of diluted earnings per share	82 303 289	80 940 813
37.3 Headline earnings/(losses) per share (cents)	2 050.67	1 321.28
– Continuing operations	2 056.31	1 315.56
– Discontinued operations	(5.64)	5.72
Diluted headline earnings/(losses) per share (cents)	2 014.97	1 320.12
– Continuing operations	2 020.51	1 314.40
– Discontinued operations	(5.54)	5.72

	2023 Gross R'000	2023 Net R'000	2022 Gross R'000	2022 Net R'000
37. EARNINGS PER SHARE continued				
37.3 Headline earnings/(losses) per share (cents) (continued)				
Reconciliation of headline earnings:				
Earnings attributable to equity holders of the parent		3 207 067		2 078 572
Impairment of goodwill	–	–	4 247	3 491
Losses/(gains) on disposal of property	33 410	6 880	(10 762)	(4 087)
Losses/(gains) on disposal of plant and equipment	398	(123)	(7 095)	(3 005)
Impairment of property, plant and equipment	142 905	50 616	23 489	14 146
Losses/(gains) on disposal of subsidiaries	3 557	1 780	(38 603)	(38 603)
Gains on disposal of interests in associates and joint arrangements	(25 398)	(25 398)	–	–
Gains on changes in holdings of equity-accounted investments	(32 567)	(31 353)	(138 557)	(138 557)
Foreign currency translation reserves recycled on changes in holdings of equity-accounted investments	–	–	1 277	1 277
Reversal of impairment of associates and joint arrangements	(754 954)	(694 222)	(756 929)	(696 929)
Reversal of impairment of assets	(2 409 030)	(874 548)	(630 246)	(233 495)
Losses on disposal of intangible assets	–	–	9	8
Impairment of intangible assets	249 950	91 130	193 220	70 306
Gains on disposal of investment properties	(14 080)	(11 001)	(5 526)	(4 286)
Fair value adjustments on investment properties	(80 295)	(54 091)	26 593	15 392
Impairment of right-of-use assets	5 455	1 268	–	–
Insurance claims for capital assets	(22 934)	(13 567)	(22 698)	(8 812)
Remeasurements included in equity-accounted earnings of associates and joint arrangements	(10 447)	3 940	13 698	13 104
– Gains on disposal of subsidiaries	(166 867)	(153 438)	–	–
– Impairment of associates and joint arrangements	82 148	82 148	–	–
– Impairment of intangible assets	71 530	71 377	–	–
– Impairment of property, plant and equipment	–	–	35 875	32 364
– Fair value adjustments on investment properties	(1 380)	(1 269)	(17 249)	(15 560)
– Other	4 122	5 122	(4 928)	(3 700)
Headline earnings		1 658 378		1 068 522

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
38. NOTES TO THE CASH FLOW STATEMENT				
38.1 Cash generated by operations				
Profit for the year	5 078 708	3 202 222	3 699 471	2 401 825
Taxation	1 626 564	713 368	1 490	788
Depreciation and amortisation	1 162 413	1 173 117	–	–
Share-based payments	28 612	23 460	–	–
Losses/(gains) on disposal of property, plant and equipment	33 808	(17 857)	–	–
Impairment of goodwill and investments	–	4 247	85 065	35
Other impairments	398 310	216 709	–	–
Equity-accounted (gains)/losses of associates and joint arrangements	(198 348)	93 605	–	–
Forex translation	8 719	(13 557)	–	–
Fair value adjustments on investment properties	(80 295)	26 593	–	–
Fair value adjustments on financial instruments	70 843	(9 395)	848	–
Investment income	(299 776)	(148 973)	(6 894)	(2 528)
Finance costs	1 194 861	1 322 692	9 630	16 577
Non-cash dividends received	–	–	–	(23)
Investment surplus	(152 384)	(181 409)	(65 500)	(51 830)
Movement in provisions	77 678	53 769	–	–
Operating equipment usage	38 189	35 448	–	–
Post-retirement medical aid benefits (refer to note 20)	11 581	3 241	–	–
Long-term incentive charges (refer to note 21)	92 678	63 431	–	–
Loss on disposal of discontinued operations (refer to note 36.2)	3 896	–	–	–
Operating lease equalisation asset	3 835	3 022	–	–
Impairment reversals	(3 163 984)	(1 387 175)	(2 983 475)	(2 045 356)
Amortisation of intangible assets through operating expenses (refer to note 4)	10 576	11 208	–	–
Inventory write-down/(write-back)	3 369	(3 307)	–	–
Rent concessions (refer to note 26)	(2 200)	(13 870)	–	–
Expected credit loss allowance, net of reversals	15 305	(2 582)	–	–
Proceeds from insurance claims for capital assets	(22 934)	(22 698)	–	–
Other non-cash items	743	2 864	–	–
	5 940 767	5 148 173	740 635	319 488
38.2 Changes in working capital				
Inventory	(166 177)	(295 207)	–	–
Programming rights	33 264	95 980	–	–
Trade and other receivables	26 368	(95 894)	(455)	(8 912)
Trade and other payables	(383 980)	124 257	61	(928)
	(490 525)	(170 864)	(394)	(9 840)

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
38. NOTES TO THE CASH FLOW STATEMENT continued				
38.3 Taxation paid				
Receivable/(payable) at the beginning of the year	49 304	67 413	(6)	(76)
Charges to the statement of profit or loss	(907 358)	(638 892)	(1 490)	(788)
Business combinations/disposal of subsidiaries (refer to notes 45.2 and 45.3)	1 985	1 539	–	–
Foreign withholding tax	–	(25)	–	–
(Receivable)/payable at the end of the year	(35 621)	(49 304)	243	6
	(891 690)	(619 269)	(1 253)	(858)
38.4 Business combinations/disposal of subsidiaries				
Net cash outflow from acquisitions (refer to note 45.2)*	(319 558)	(20 060)	–	–
Net cash inflow from disposals (refer to note 45.3)	43 251	127 442	–	–
	(276 307)	107 382	–	–
38.5 Finance costs paid				
Finance costs per statement of profit or loss				
– Continuing operations	(1 194 861)	(1 322 497)	(9 630)	(16 577)
– Discontinued operations (refer to note 36)	–	(195)	–	–
Fair value gains on ineffective cash flow hedges (refer to note 7)	(78 206)	–	–	–
Net finance costs on interest-bearing debt capitalised/(repaid) (refer to note 19)	18 386	(393 567)	4 987	3 882
Deemed finance costs on interest-free loans (refer to note 33)	8 058	4 346	–	–
Amortisation of finance raising fees capitalised to borrowings	3 065	7 021	–	–
Net swap interest paid (refer to note 7)	(9 805)	(2 534)	–	–
Imputed interest on rehabilitation provision	4 402	3 193	–	–
	(1 248 961)	(1 704 233)	(4 643)	(12 695)
38.6 Ordinary dividends paid				
Unclaimed dividends at 1 April	(25 956)	(20 278)	(2 302)	(2 302)
Dividends declared	(504 800)	(81 979)	(42 816)	–
Unclaimed dividends at 31 March (refer to note 24)	31 934	25 956	2 302	2 302
	(498 822)	(76 301)	(42 816)	–
38.7 Intangible asset additions				
Additions to intangible assets (refer to note 4)	(171 912)	(3 458)	–	–
Additions to mining intangible assets (refer to note 5)	(3 278)	(1 364)	–	–
Utilisation of mining rehabilitation provision (refer to note 22)	(15 791)	(2 326)	–	–
Capital expenditure creditors (repaid)/raised	(8)	1 324	–	–
	(190 989)	(5 824)	–	–

* Prior-year cash outflow includes R13.560 million relating to the payment of contingent consideration resulting from the previous acquisition of a business by the group's media interests.

	Group 2023 R'000	Group 2022 R'000	Company 2023 R'000	Company 2022 R'000
38. NOTES TO THE CASH FLOW STATEMENT continued				
38.8 Property, plant and equipment additions				
Additions to property, plant and equipment (refer to note 1)	(1 157 059)	(582 624)	–	–
Additions included in disposal group assets held for sale	–	(2 860)	–	–
New instalment sale agreements (refer to note 19)	71 934	12 764	–	–
Capital expenditure creditors raised	8 791	35 238	–	–
	(1 076 334)	(537 482)	–	–
38.9 Cash and cash equivalents				
Bank balances and deposits	2 091 878	2 309 587	454	3 538
Bank overdrafts	(148 033)	(273 108)	(125)	(119 739)
Cash in disposal group assets held for sale (refer to note 15)	289	289	–	–
	1 944 134	2 036 768	329	(116 201)

Foreign currency exposure
The carrying values of cash and cash equivalents denominated in foreign currencies are detailed in note 46.1.1.

Fair value of cash and cash equivalents
The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

Encumbrances
Details of the assets that serve as security for borrowings are presented in note 19.

39. HCI EMPLOYEE SHARE OPTION SCHEME

The group operates a share option scheme, The HCI Employee Share Scheme (the Scheme), in terms of which shares in the group are offered on a share option basis to participants, provided they remain in the group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

Options must be exercised within six months of the vesting date, whereafter the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors.

Share options granted to eligible participants that have not yet become unconditional:

	2023		2022	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Balance at the beginning of the year	3 347 526	65.28	3 535 677	77.39
Options granted	365 497	158.39	1 226 753	69.44
Options that became unconditional	(699 129)	88.22	(830 705)	117.78
Options forfeited	–	–	(584 199)	72.64
Balance at the end of the year	3 013 894	71.25	3 347 526	65.28

The fair value of options granted is measured using the Black-Scholes model. Share options granted in the current year were fair valued using a volatility indicator of 56% (2022: 45%) and an annual discount rate of 7.00% (2022: 3.75%). The cost relating to options is recognised by allocating the fair value over the vesting period on a straight-line basis. The group recognised an expense of R29 million (2022: R23 million) relating to the Scheme in its profit or loss for the year.

The volume weighted average share price during the current year was R169.30 (2022: R80.00).

	Number of share options	Exercise price R
The options issued in terms of the Scheme and outstanding at 31 March 2023 become unconditional between the following dates:		
28 August 2023 and 28 February 2024	11 804	117.78
29 August 2023 and 29 February 2024	16 271	87.71
29 August 2024 and 28 February 2025	16 270	87.71
13 December 2024 and 13 June 2025	401 064	69.44
18 December 2024 and 18 June 2025	700 445	49.30
1 December 2025 and 1 June 2026	8 107	158.39
13 December 2025 and 13 June 2026	401 059	69.44
18 December 2025 and 18 June 2026	700 435	49.30
1 December 2026 and 1 June 2027	349 284	158.39
13 December 2026 and 13 June 2027	401 049	69.44
1 December 2027 and 1 June 2028	8 106	158.39
	3 013 894	

A maximum number of 2 152 190 (2022: 2 313 172) shares may be issued in respect of 3 013 894 (2022: 3 347 526) options issued in terms of the Scheme.

The maximum number of shares that may be utilised for the purposes of the Scheme is 10 500 000 shares. In addition to the options in issue at the reporting date and shares already delivered to participants, a further 7 733 763 (2022: 7 572 781) shares may be utilised by the Scheme. 365 497 (2022: 1 226 753) options were issued in terms of the Scheme during the year and no shares were delivered to participants (2022: nil).

	2023 Number of share options	2023 Weighted average exercise price R	2022 Number of share options	2022 Weighted average exercise price R
39. HCI EMPLOYEE SHARE OPTION SCHEME continued				
Options granted to executive directors:				
JA Copelyn				
Balance at the beginning of the year	860 194	64.60	820 039	79.12
Options granted	81 255	158.39	290 379	69.44
Options expired	(190 451)	87.71	(250 224)	117.78
Balance at the end of the year	750 998	68.89	860 194	64.60
Unconditional between the following dates:				
29 August 2022 and 28 February 2023	–	–	190 451	87.71
13 December 2024 and 13 June 2025	96 793	69.44	96 793	69.44
18 December 2024 and 18 June 2025	189 682	49.30	189 682	49.30
13 December 2025 and 13 June 2026	96 793	69.44	96 793	69.44
18 December 2025 and 18 June 2026	189 682	49.30	189 682	49.30
1 December 2026 and 1 June 2027	81 255	158.39	–	–
13 December 2026 and 13 June 2027	96 793	69.44	96 793	69.44
JR Nicolella				
Balance at the beginning of the year	464 560	65.47	430 678	78.30
Options granted	42 233	158.39	150 925	69.44
Options expired	(116 459)	87.71	(117 043)	117.78
Balance at the end of the year	390 334	68.89	464 560	65.47
Unconditional between the following dates:				
29 August 2022 and 28 February 2023	–	–	116 459	87.71
13 December 2024 and 13 June 2025	50 309	69.44	50 309	69.44
18 December 2024 and 18 June 2025	98 588	49.30	98 588	49.30
13 December 2025 and 13 June 2026	50 308	69.44	50 308	69.44
18 December 2025 and 18 June 2026	98 588	49.30	98 588	49.30
1 December 2026 and 1 June 2027	42 233	158.39	–	–
13 December 2026 and 13 June 2027	50 308	69.44	50 308	69.44
TG Govender				
Balance at the beginning of the year	406 410	66.49	364 232	77.27
Options granted	35 250	158.39	125 970	69.44
Options expired	(115 866)	87.71	(83 792)	117.78
Balance at the end of the year	325 794	68.89	406 410	66.49
Unconditional between the following dates:				
29 August 2022 and 28 February 2023	–	–	115 866	87.71
13 December 2024 and 13 June 2025	41 990	69.44	41 990	69.44
18 December 2024 and 18 June 2025	82 287	49.30	82 287	49.30
13 December 2025 and 13 June 2026	41 990	69.44	41 990	69.44
18 December 2025 and 18 June 2026	82 287	49.30	82 287	49.30
1 December 2026 and 1 June 2027	35 250	158.39	–	–
13 December 2026 and 13 June 2027	41 990	69.44	41 990	69.44

	2023 Number of share options	2023 Weighted average exercise price R	2022 Number of share options	2022 Weighted average exercise price R
39. HCI EMPLOYEE SHARE OPTION SCHEME continued				
Options granted to executive directors:				
Y Shaik				
Balance at the beginning of the year	366 902	64.38	352 194	79.32
Options granted	34 985	158.39	125 026	69.44
Options expired	(78 536)	87.71	(110 318)	117.78
Balance at the end of the year	323 351	68.89	366 902	64.38
Unconditional between the following dates:				
29 August 2022 and 28 February 2023	–	–	78 536	87.71
13 December 2024 and 13 June 2025	41 676	69.44	41 676	69.44
18 December 2024 and 18 June 2025	81 670	49.30	81 670	49.30
13 December 2025 and 13 June 2026	41 675	69.44	41 675	69.44
18 December 2025 and 18 June 2026	81 670	49.30	81 670	49.30
1 December 2026 and 1 June 2027	34 985	158.39	–	–
13 December 2026 and 13 June 2027	41 675	69.44	41 675	69.44

40. DIRECTORS' SHAREHOLDINGS

	Direct beneficial Number	Direct beneficial Percentage holding %	Indirect beneficial Number	Indirect beneficial Percentage holding %	Associates Number	Associates Percentage holding %
2023						
Executive directors						
JA Copelyn*	–	–	6 490 077	7.6	7 906 901	9.2
JR Nicolella	152 097	0.2	–	–	13 235	–
TG Govender	–	–	17 250	–	915 534	1.1
Y Shaik	66 755	0.1	–	–	–	–
Non-executive directors						
L McDonald	1 100	–	–	–	–	–
JG Ngcobo	1 750	–	–	–	–	–
	221 702	0.3	6 507 327	7.6	8 835 670	10.3
2022						
Executive directors						
JA Copelyn	–	–	6 490 077	7.6	7 906 901	9.2
JR Nicolella	152 097	0.2	–	–	13 235	–
TG Govender	–	–	17 250	–	915 534	1.1
Y Shaik	75 475	0.1	–	–	–	–
Non-executive directors						
L McDonald	1 100	–	–	–	–	–
JG Ngcobo	1 750	–	–	–	–	–
	230 422	0.3	6 507 327	7.6	8 835 670	10.3

* An associate of JA Copelyn acquired 590 000 shares in the company on 1 June 2023.

There were no other changes in directors' shareholdings between 31 March 2023 and the date of issue of this report.

41. DIRECTORS' EMOLUMENTS

	Note	Board fees R'000	Salary R'000	Other benefits R'000	Share-based payment expense R'000	Bonus R'000	Total R'000
2023							
Executive directors							
JA Copelyn		–	8 623	–	7 045	6 467	22 135
JR Nicolella		–	5 276	102	3 733	3 496	12 607
TG Govender		–	2 244	–	3 193	1 459	6 896
Y Shaik		–	4 455	–	3 019	2 896	10 370
Non-executive directors							
MH Ahmed	1	808	–	–	–	–	808
MF Magugu	2	447	–	–	–	–	447
L McDonald		354	–	–	–	–	354
SNN Mkhwanazi-Sigege		354	–	–	–	–	354
VE Mphande	3	1 415	–	–	–	–	1 415
JG Ngcobo	4	651	–	–	–	–	651
R Watson	5	1 494	–	–	–	–	1 494
		5 523	20 598	102	16 990	14 318	57 531

1. Includes R177 042 audit and risk committee fees and R277 000 board fees paid by subsidiary companies.
2. Includes R93 092 remuneration committee fees.
3. Includes R1 061 000 board fees paid by subsidiary companies.
4. Includes R66 621 audit and risk committee fees, R66 621 remuneration committee fees, R43 800 social and ethics committee fees and R120 000 board fees paid by subsidiary companies.
5. Includes R66 621 audit and risk committee fees, R66 621 remuneration committee fees, R43 800 social and ethics committee fees and R963 000 board fees paid by subsidiary companies.

	Note	Board fees R'000	Salary R'000	Other benefits R'000	Share-based payment expense R'000	Bonus R'000	Total R'000
2022							
Executive directors							
JA Copelyn		–	8 158	–	7 075	4 589	19 822
JR Nicolella		–	4 986	102	3 776	2 480	11 344
TG Govender		–	2 123	–	3 257	1 035	6 415
Y Shaik		–	4 215	–	3 027	2 055	9 297
Non-executive directors							
MH Ahmed	1	765	–	–	–	–	765
MF Magugu	2	423	–	–	–	–	423
L McDonald		335	–	–	–	–	335
SNN Mkhwanazi-Sigege		335	–	–	–	–	335
VE Mphande	3	824	–	–	–	–	824
JG Ngcobo	4	502	–	–	–	–	502
R Watson	5	1 222	–	–	–	–	1 222
		4 406	19 482	102	17 135	10 159	51 284

1. Includes R167 458 audit and risk committee fees and R263 000 board fees paid by subsidiary companies.
2. Includes R87 875 remuneration committee fees.
3. Includes R489 000 board fees paid by subsidiary companies.
4. Includes R63 029 audit and risk committee fees, R63 029 remuneration committee fees and R41 400 social and ethics committee fees.
5. Includes R63 029 audit and risk committee fees, R63 029 remuneration committee fees, R41 400 social and ethics committee fees and R720 000 board fees paid by subsidiary companies.

42. SEGMENT INFORMATION

The following are the summarised results for the various reportable operating segments:

	Revenue		Net gaming win	
	2023 R'000	2022* R'000	2023 R'000	2022 R'000
Continuing operations				
Media and broadcasting	3 125 051	3 144 982	–	–
Gaming	1 518 592	942 471	9 626 677	7 778 881
Transport	2 391 748	2 078 729	–	–
Properties	233 926	167 858	–	–
Coal mining	2 115 290	1 448 010	–	–
Branded products and manufacturing	3 148 963	2 835 888	–	–
Other	41 989	22 644	–	–
	12 575 559	10 640 582	9 626 677	7 778 881
Discontinued operations				
Media and broadcasting	24 347	50 746	–	–
Branded products and manufacturing	21 548	24 942	–	–
	45 895	75 688	–	–

	Property rental income		Interest income	
	2023 R'000	2022 R'000	2023 R'000	2022* R'000
Continuing operations				
Media and broadcasting	17 124	15 394	21 323	12 441
Gaming	155 849	102 922	60 466	25 508
Transport	–	–	32 583	15 975
Properties	369 344	378 971	6 669	4 318
Coal mining	–	–	18 507	10 877
Branded products and manufacturing	140 824	132 267	1 624	1 574
Other	13 558	11 171	83 988	19 283
	696 699	640 725	225 160	89 976

* Restated, refer to details as set out in note 48.1

42. SEGMENT INFORMATION continued

	Finance costs 2023 R'000	Finance costs 2022* R'000	Segment result (profit/(loss) before tax) 2023 R'000	Segment result (profit/(loss) before tax) 2022* R'000
Continuing operations				
Media and broadcasting	45 614	28 457	569 357	571 063
Gaming	666 313	792 101	4 168 409	2 017 614
Hotels	–	–	1 225 326	703 806
Transport	16 469	19 880	387 995	357 286
Properties	179 482	201 023	197 015	62 204
Coal mining	4 402	3 193	433 490	230 516
Branded products and manufacturing	89 884	65 470	204 942	183 999
Oil and gas prospecting	–	–	(226 852)	23 547
Palladium prospecting	–	–	(21 638)	(51 485)
Other	192 697	212 373	(230 230)	(183 773)
	1 194 861	1 322 497	6 707 814	3 914 777
Discontinued operations				
Media and broadcasting	–	195		

	Segment result ((loss)/profit after tax) 2023 R'000	Segment result ((loss)/profit after tax) 2022* R'000
Discontinued operations		
Coal mining	(3 356)	2 148
Branded products and manufacturing	(5 708)	(3 298)
	(9 064)	(1 150)

* Restated, refer to details as set out in note 48.1

42. SEGMENT INFORMATION continued

	Assets		Liabilities	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Media and broadcasting	3 434 748	3 385 313	1 050 365	1 115 412
Gaming	30 651 744	28 694 496	14 688 845	15 339 539
Hotels	3 243 932	1 999 262	–	–
Transport	2 270 941	2 185 955	829 901	873 832
Coal mining	967 395	746 824	372 991	341 385
Properties	3 887 681	3 764 327	2 360 907	2 252 737
Branded products and manufacturing	3 531 039	3 243 070	1 811 556	1 628 972
Oil and gas prospecting	2 371 206	1 620 640	–	–
Palladium prospecting	549 649	454 457	–	–
Other	954 588	1 127 172	2 583 396	2 842 216
	51 862 923	47 221 516	23 697 961	24 394 093

	Property, plant and equipment additions		Depreciation and amortisation	
	2023 R'000	2022 R'000	2023 R'000	2022* R'000
Media and broadcasting	93 895	82 014	106 947	108 299
Gaming	541 229	286 868	804 880	841 367
Transport	104 000	25 167	99 788	92 028
Properties	3 930	1 526	8 536	9 529
Coal mining	168 347	35 279	61 653	42 392
Branded products and manufacturing	239 168	146 074	76 882	69 439
Other	6 490	5 696	3 081	3 358
	1 157 059	582 624	1 161 767	1 166 412

* Restated, refer to details as set out in note 48.1

Amounts applicable to associates and joint arrangements included above:

	Equity-accounted earnings/(losses)		Investment in associates and joint arrangements	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Media and broadcasting	11 286	4 986	155 414	152 618
Gaming	9 596	2 214	26 676	27 081
Hotels	470 372	(53 123)	3 243 932	1 999 262
Transport	7 239	1 364	5 982	1 743
Properties	(5)	(1 931)	70	75
Oil and gas prospecting	(226 852)	23 547	2 371 206	1 620 640
Palladium prospecting	(21 638)	(51 485)	549 649	454 457
Other	(51 650)	(19 177)	112 378	203 077
	198 348	(93 605)	6 465 307	4 458 953

42. SEGMENT INFORMATION continued

	Net impairment reversals/ (impairments)[1]		Fair value (losses)/gains on investment properties	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Media and broadcasting	3	(6 609)	–	–
Gaming	2 024 806	433 682	(16 711)	9 893
Hotels	754 954	756 929	–	–
Transport	(7 946)	(9 253)	–	–
Properties	–	(1 178)	71 056	(19 353)
Branded products and manufacturing	(6 143)	(7 352)	10 682	(17 133)
Other	–	–	15 268	–
	2 765 674	1 166 219	80 295	(26 593)

	Investment surplus		Fair value adjustments on financial instruments	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Properties	13 827	11 415	–	–
Branded products and manufacturing	199	–	–	–
Other	138 358	169 994	(70 843)	9 395
	152 384	181 409	(70 843)	9 395

	Group	
	2023 R'000	2022* R'000
Group income is attributable to the following geographical areas:		
South Africa	22 783 980	18 933 758
Other African countries and Middle East	107 818	115 237
Europe and United Kingdom	7 137	11 193
	22 898 935	19 060 188
Non-current assets[2] of the group are held in the following geographical areas:		
South Africa	40 939 080	37 270 929
Other African countries and Middle East	–	20
Europe and United Kingdom	2 371 224	1 624 434
Canada	549 649	454 457
	43 859 953	39 349 840

* Restated, refer to details as set out in note 48.1
1. Includes impairments and impairment reversals in discontinued operations.
2. Excludes financial instruments, deferred tax assets and post-employment benefit assets.

43. RELATED PARTY TRANSACTIONS

The company's most significant shareholder is Southern African Clothing and Textile Workers Union (SACTWU) which, at the reporting date, directly owned 24.7% (2022: 26.0%) of the company's issued share capital (excluding treasury shares).

Tsogo Sun (TS) is a subsidiary of the group (refer to note 8) while the group exercises significant influence over Southern Sun (SS) – refer to note 6. A number of TS's hotel properties, which are situated at certain casino precincts, were managed by SS up to September 2022. SS charged management fees and royalties to TS, together with administration fees for these services rendered. During September 2022 the TS group concluded a separation agreement with SS in respect of the cancellation of the management agreement of 15 of its hotels for a cost of R399 million, and the disposal of its two hotels to Hospitality Property Fund (a subsidiary of SS) for a total consideration of R142 million. These two hotel properties had a carrying value of R187 million at date of disposal, resulting in a loss of R45 million being recognised by the group. Following the conclusion of the separation agreement, TS incorporated the 15 hotels previously managed by SS into its own management and operational structure, with all service and rental agreements with SS being terminated by the reporting date.

The TS group operates a short-term insurance captive which underwrites its own business, including that of the SS group. The SS business is only covered to the extent of the run-off business remaining as, subsequent to the prior year-end, SS and its subsidiaries exited the group's insurance captive for their insurance requirements.

Other transactions between TS and SS included management fees being charged between these two groups for certain departments that were shared following the split of the Tsogo Sun Holdings group, as well as premises comprising office space leased by TS to SS.

Transactions and balances between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Related party transactions and balances are presented below:

		Group		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
43.1	Dividend income from:	–	–	747 579	333 551
	– Subsidiaries	–	–	744 414	327 553
	– Associates and joint arrangements	–	–	3 165	5 998
	Insurance premium income earned from SS	–	9 953	–	–
	Insurance claims expense in respect of SS	(2 313)	(2 466)	–	–
	Hotel management fees and royalties paid to SS	(31 197)	(28 580)	–	–
	Fees paid to SS for hotel administration services	(15 105)	(15 242)	–	–
	Management fees charged to SS for shared services	1 466	1 927	–	–
	Management fees paid to SS for shared services	(5 980)	(3 782)	–	–
	Tenant recoveries charged to SS	4 764	4 121	–	–
43.2	Key management compensation was paid as follows:				
	Salaries and other short-term employee benefits	196 450	152 504	–	–
	Post-employment benefits	2 516	925	–	–
	Other long-term benefits	465	462	–	–
	Termination benefits	728	–	–	–
		200 159	153 891	–	–
	Details of directors' remuneration are disclosed in note 41.				
43.3	Related party balances included in trade and other receivables, current borrowings and trade and other payables are as follows:				
	Loans (including accrued interest) to SACTWU[1]	7 729	6 972	7 729	6 972
	Loans (including accrued interest) from SACTWU[2]	(54 897)	(49 910)	(54 897)	(49 910)
	Insurance claims payable to SS	–	(6 493)	–	–
	Net trading account balance (owing to)/ receivable from SS	(2 000)	6 238	–	–

1. The terms of the loan to SACTWU are set out in note 14.
2. The terms of the loan from SACTWU are set out in note 19.

Details of investments in and loans to and from associates, joint arrangements and subsidiaries are set out in notes 6, 8 and annexure A.

44. CONTINGENCIES

Group

The group has established bank guarantees totalling R54.2 million (2022: R41.4 million) in favour of the Department of Mineral Resources and Energy against the future rehabilitation of its operations at Palesa Colliery. A Rehabilitation Trust Fund has been registered for this purpose into which an amount of R14.5 million was deposited in the financial year ended 31 March 2012.

The group sold its interest in Mbali Coal Proprietary Limited (Mbali) to Kunolwazi Resources Proprietary Limited during the 2021 financial year. The sale agreement excluded certain liabilities of Mbali, with specific reference to its South African Revenue Service (SARS) and Diesel Power (DP) litigation proceedings as detailed below:

- During the year ended 31 March 2018 Mbali received a letter of demand from SARS with regards to an investigation conducted by them on diesel refunds claimed under the South African Customs and Excise Act, Act 91 of 1964. As per the notification, the SARS Commissioner has disallowed diesel refunds in the amount of R21 million (excluding interest) for the period February 2015 to May 2017. Interest calculated on this amount totalled R11.3 million (2022: R10.4 million) at 31 March 2023. The group has disputed the disallowance of diesel refunds and believes it has a defendable case. However, an amount of R19.9 million (2022: R19.9 million) has been included in trade and other payables in consideration of SARS's view of non-primary activities (refer to note 24). SARS has not refunded any subsequent VAT claims submitted by Mbali in an attempt to off-set any refunds against the disallowed diesel refunds. VAT claims totalling R22 million (2022: R20 million) are outstanding and have been included in trade and other receivables (refer to note 14).
- At the beginning of the 2020 financial year DP brought an application to court for the liquidation of Mbali on the basis that it was deemed unable to pay DP's claim for R16.5 million relating to mining work done before the termination of its contract. The matter had been referred to arbitration and was concluded on 2 December 2022 with the group paying DP R16.4 million as full and final settlement of its claim. An amount of R16.5 million had been included in the group's trade and other payables at the end of the prior year in respect of this claim (refer to note 24).

The group has entered into various agreements with its bankers and the respective gambling boards whereby the bank has guaranteed agreed capital amounts not exceeding R120 million (2022: R107 million) for gambling board taxes and working capital. The group has also entered into various agreements with its bankers and respective utility boards, suppliers and municipalities whereby the bank has guaranteed agreed capital amounts not exceeding R24 million (2022: R25 million) for utility expenses. Landlord rental guarantees totalling R9 million (2022: R9 million) have also been provided through bank guarantees.

In terms of the 90-year Notarial Deed of Lease entered into with the Khara Hais Municipality, a subsidiary, Kalahari Village Mall Proprietary Limited, will have an obligation to pay rent to the lessor, monthly in arrears, from the date of commencement of trade of the Kalahari Village Mall shopping centre. The monthly rent payable will be calculated as per the following formula:

- for the first 15 years after commencement of trade: 5% of income after deduction of operating expenses; and
- for the remaining 75 years of the lease period: 8% of income after deduction of operating expenses.

A repurchase of service provision was raised, as set out in note 22, in respect of retrenchment costs that will be payable to employees should the government open public passenger transport services to competitive tendering in future. A Bus Industry Restructuring Fund was set up in 1999 to compensate employers for said retrenchment costs, however, a reliable estimate of the amount receivable cannot be made at the reporting date.

Company

- Guarantees in favour of The Standard Bank of South Africa Limited and Rand Merchant Bank Limited in respect of the obligations of a subsidiary, HCI Coal Proprietary Limited. The amount of the guarantees is limited to R54 million (2022: R77 million).
- A guarantee in favour of Sasol Oil Proprietary Limited in respect of obligations of a subsidiary, Palesa Coal Proprietary Limited. The amount of the guarantee is limited to R12 million (2022: R12 million).
- A guarantee in favour of The Standard Bank of South Africa Limited in respect of the obligations of a subsidiary, HCI Sun Energy Three Proprietary Limited, to Karoshoek Solar One (RF) Proprietary Limited. The amount of the guarantee is limited to R10.6 million (2022: R10.6 million).

44. CONTINGENCIES continued

Company continued

- Guarantees and suretyships to Investec Bank Limited, ABSA Bank Limited, First Rand Bank Limited and The Standard Bank of South Africa Limited for the preference share debt granted to TIH Prefco (RF) Proprietary Limited. At 31 March 2023 an amount of R878 million (2022: R878 million) remained owing to First Rand Bank Limited in respect of preference share debt, with a further R683 million (2022: R683 million) owing to ABSA Bank Limited. At 31 March 2023, R200 million (2022: R200 million) and R355 million (2022: R355 million) in respect of preference share debt remained owing to Investec Bank Limited and The Standard Bank of South Africa Limited, respectively.
- Guarantees and suretyships to Investec Bank Limited and ABSA Bank Limited for a term loan and short-term facilities granted to HCI Treasury Proprietary Limited. At 31 March 2023 an amount of R190 million (2022: R190 million) remained owing to Investec Bank Limited and R30 million (2022: R67 million) to ABSA Bank Limited.
- Guarantees and suretyships to Investec Bank Limited, First Rand Bank Limited and The Standard Bank of South Africa Limited for certain short-term facilities granted to the company during the prior year. At 31 March 2022 an amount of R78 million was owing to Investec Bank Limited, R26 million to First Rand Bank Limited and R19 million to The Standard Bank of South Africa Limited in respect of these facilities.

The company has issued guarantees in favour of a number of financial institutions in respect of the obligations of subsidiaries for the purchase and/or development of investment properties. Guarantees issued are limited to the following amounts:

		Company	
Financial institution	**Subsidiary**	**2023 R'000**	**2022 R'000**
Investec Bank Limited	Permasolve Investments Proprietary Limited	69 300	69 300
	Kalahari Village Mall Proprietary Limited	46 600	46 600
	Lynnridge Shopping Centre Proprietary Limited	100 000	100 000
	HCI – Sydney Road Proprietary Limited	31 000	31 000
	HCI – The Palms Proprietary Limited	36 000	36 000
	HCI – Whale Coast Village Proprietary Limited	141 400	141 400
	HCI – Shell House Proprietary Limited	85 000	85 000
	GE Property and Marketing Proprietary Limited	33 250	33 250
	HCI Solly Sachs House Proprietary Limited	125 000	125 000
	HCI Auckland Park Proprietary Limited	–	6 877
The Standard Bank of South Africa Limited	HCI Monte Precinct Proprietary Limited	74 800	74 800
First Rand Bank Limited	Highland Night Investments 93 Proprietary Limited	50 000	50 000
Nedbank Limited	HCI Cecilia Precinct Proprietary Limited	28 000	28 000
	La Concorde Builders Precinct Proprietary Limited	18 600	18 600
	HCI – Rand Daily Mail Proprietary Limited	5 500	5 500
		844 450	851 327

No expected credit loss allowances have been recognised for guarantees as all parties are performing and have sufficient assets to cover their liabilities at year-end.

45. BUSINESS COMBINATIONS AND DISPOSAL OF SUBSIDIARIES

45.1 Subsidiaries acquired

	Principal activity	Date of acquisition	Proportion of shares acquired %
Gaming			
Emerald Safari Resort Proprietary Limited (Emerald) During September 2022 the group acquired a 55% interest in the issued share capital of Emerald, resulting in the group obtaining control over the company's strategy and operations.	Casino and hospitality	12 September 2022	55%

45.2 Cost of acquisition, net cash flow on acquisition and analysis of assets and liabilities acquired

	Gaming R'000
Non-current assets	
Property, plant and equipment (refer to note 1)	388 925
Right-of-use assets (refer to note 26)	293
Intangible assets (refer to note 4)	5 118
Current assets	
Trade and other receivables	7 519
Loans receivable from related parties	14 803
Inventory	3 000
Current income tax assets (refer to note 38.3)	1 946
Cash and cash equivalents	62 288
Non-current liabilities	
Deferred tax liability (refer to note 9)	(30 319)
Current liabilities	
Trade and other payables	(49 777)
Deferred revenue and income (refer to note 23.1)	(2 127)
Provisions (refer to note 22)	(5 020)
Cost of acquisition	396 649
Cash balances acquired	(62 288)
Loans receivable from related parties off-set against purchase consideration	(14 803)
Net cash outflow on acquisition (refer to note 38.4)	319 558

Non-controlling interests did not arise on the acquisition as the group, together with the acquiring non-controlling interests, funded the acquisition with debt in accordance with their pro-rata shareholding percentages (refer to note 19).

No goodwill arose on the acquisition since the fair value of the purchase consideration equalled the fair value of the net assets acquired.

Acquisition-related costs of R9 million have been incurred of which R3 million were expensed during the reporting period under review, and the remaining R6 million during the prior year. Acquisition costs are recognised in other operating expenses in profit or loss.

45. BUSINESS COMBINATIONS AND DISPOSAL OF SUBSIDIARIES continued

45.3 Proceeds on disposal, net cash flow on disposal and analysis of assets and liabilities disposed

	Media and broadcasting R'000	Properties R'000	Branded products and manu-facturing R'000	Total R'000
Non-current assets				
Property, plant and equipment (refer to note 1)	(2 424)	–	(142)	(2 566)
Investment properties (refer to note 2)	–	(31 067)	–	(31 067)
Goodwill (refer to note 3)	(43 067)	–	(849)	(43 916)
Intangible assets (refer to note 4)	–	–	(673)	(673)
Deferred tax asset (refer to note 9)	(200)	–	–	(200)
Current assets				
Trade and other receivables	(13 241)	(34)	(974)	(14 249)
Inventory	–	–	(5 152)	(5 152)
Current income tax assets (refer to note 38.3)	(195)	–	–	(195)
Cash and cash equivalents	(26 615)	(139)	(771)	(27 525)
Non-current liabilities				
Interest-bearing borrowings (refer to note 19)	–	23 261	–	23 261
Current liabilities				
Trade and other payables	21 561	54	688	22 303
Current income tax liabilities (refer to note 38.3)	234	–	–	234
	(63 947)	(7 925)	(7 873)	(79 745)
Non-controlling interests	1 173	(1 634)	–	(461)
Deferred disposal proceeds*	–	–	5 873	5 873
Loss/(gain) on disposal of subsidiary (refer to notes 36.2 and 30)	3 896	(339)	–	3 557
Cash and cash equivalents disposed of	26 615	139	771	27 525
Net cash inflow on disposal (refer to note 38.4)	(32 263)	(9 759)	(1 229)	(43 251)

* The group disposed of its interest in CLM Home with effect from 1 March 2023 for a total consideration equal to the net asset value on date of disposal. In terms of the agreement the purchase consideration is payable in monthly instalments from 6 March 2023, with the final payment on or before 7 July 2023. Deferred proceeds of R5.9 million are included in current other receivables at year-end (refer to note 14). This balance does not expose the group to significant credit risk and no expected credit losses were therefore raised.

45.4 Impact of the acquisition on the results of the group

The business acquired during the year contributed revenues of R193 million and net profits after tax of R18 million to the group for the period from date of effective control. Had the acquisition been effective on 1 April 2022 the contribution to revenue would have been R350 million and net profits of R20 million would have been the contribution to profits after tax.

46. FINANCIAL AND INSURANCE RISK MANAGEMENT

46.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other market price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments to hedge foreign currency and interest rate risk exposures.

Risk management is carried out by the treasury departments of the major operating units under policies approved by their boards of directors. Their boards provide principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is also managed at an entity level for trade receivables.

46.1.1 Market risk

Currency risk

The group is exposed to foreign exchange risk arising from various currencies, but primarily with respect to the US Dollar as detailed below. Foreign exchange risk arises from exposure in foreign operations due to trading transactions denominated in currencies other than the functional currency. Foreign currency imports and exports within the group are managed using forward exchange contracts. The company did not have significant exposure to currency risk at the end of the current or prior year.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
	2023 R	2022 R	**2023 R**	2022 R
United States Dollar	**17.02**	14.85	**17.81**	14.47

A 10% strengthening of the functional currency against the US Dollar at 31 March would have increased profit or loss by R7 million (2022: R26 million), with a 10% weakening of the functional currency against the US Dollar having the equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rates, remain constant and was performed on a basis that is consistent with 2022.

The following carrying amounts were exposed to foreign currency exchange risk:

	2023 R'000	2022 R'000
Trade and other receivables		
British Pound	**–**	476
Euro	**221**	1 014
Swiss Franc	**19**	16
United States Dollar	**125 735**	21 737
Trade and other payables		
British Pound	**–**	193
Euro	**20 363**	3 104
Swiss Franc	**311**	63
United States Dollar	**232 781**	309 589
Cash and cash equivalents		
Australian Dollar	**125**	116
British Pound	**267**	259
Euro	**401**	207
Hong Kong Dollar	**–**	898
Swiss Franc	**3 965**	3 766
United States Dollar	**32 700**	25 363

46. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

46.1 Financial risk factors continued

46.1.1 Market risk continued

Interest rate risk
The group's and company's primary interest rate risk arises from borrowings and bank overdrafts. Borrowings at variable rates expose the group and company to cash flow interest rate risk and borrowings at fixed rates expose the group to fair value interest rate risk. Where appropriate, the group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated with reference to an agreed interest rate calculated on agreed notional principal amounts.

At 31 March the interest rate profile of interest-bearing financial instruments, including the effect of interest rate swaps and bank overdrafts, was:

	Carrying amount			
	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Fixed rate instruments				
Financial liabilities	(5 452 704)	(5 562 331)	–	–
	(5 452 704)	(5 562 331)	–	–
Variable rate instruments				
Financial assets	1 997 353	2 197 028	454	3 538
Financial liabilities	(9 180 941)	(10 271 541)	(55 022)	(169 649)
	(7 183 588)	(8 074 513)	(54 568)	(166 111)

Fair value sensitivity analysis for fixed rate instruments
A change of 100 basis points in interest rates would have increased or decreased the group's equity by R40 million (2022: R40 million).

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates would have increased or decreased the group's profit or loss by R52 million (2022: R58 million) and the company's profit or loss by less than R1 million (2022: R1 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2022.

Other price risk
The group was exposed to other price risk in respect of its investments in Montauk Renewables Inc and City Lodge Hotels Limited, companies listed on the Nasdaq Capital Market and JSE, respectively. Refer to details as set out in note 7.

46.1.2 Credit risk

Neither the group nor the company has significant concentrations of credit risk. Overall credit risk is managed at entity level and arises most significantly from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, loans receivable and credit exposure to the group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only group audit committee-approved parties are accepted on behalf of the board. The group has policies that limit the amount of credit exposure to any bank and financial institution, including setting credit limits based on their credit ratings and generally only dealing with reputable financial institutions with strong credit ratings. Trade receivables comprise a large, widespread customer base and the group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer to note 14 for further credit risk analysis in respect of trade and other receivables. Credit limits exceeded during the year under review were closely monitored and management does not expect any losses from non-performance by these counterparties that have not been provided for.

The table below shows the maximum exposure to credit risk by class of asset:

	Carrying amount			
	Group		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Derivatives used for hedging	35 138	–	–	–
Receivables	2 090 178	1 987 110	3 718 752	3 119 596
Cash and cash equivalents	2 091 878	2 309 587	454	3 538
	4 217 194	4 296 697	3 719 206	3 123 134

46. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

46.1 Financial risk factors continued

46.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses the treasury functions of the major subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the group's and company's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year-end for five years into the future in terms of the group's long-term planning process.

The table below analyses the group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, inclusive of capital and interest. The company's financial liabilities are all current and no maturity analysis has therefore been provided.

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
2023				
Bank and other borrowings	**2 177 570**	**7 357 730**	**8 206 813**	**177 509**
Foreign exchange contracts	**1 206**	**–**	**–**	**–**
Trade and other payables	**1 929 592**	**–**	**–**	**–**
	4 108 368	**7 357 730**	**8 206 813**	**177 509**
2022				
Bank and other borrowings	4 763 546	4 780 238	8 217 912	376 092
Foreign exchange contracts	9 697	–	–	–
Interest rate swaps – cash flow hedges	68 317	16 040	1 018	–
Trade and other payables	2 163 858	–	–	–
	7 005 418	4 796 278	8 218 930	376 092

Details on the company's exposure to financial guarantees, totalling R3 257 million (2022: R3 447 million) at 31 March 2023, are set out in note 44. In the event of a default the related financial guarantee can be called up immediately by the debt provider. The company's full exposure to financial guarantees is consequently included in the "less than one year" maturity grouping when analysing its exposure to liquidity risk.

Defaults and breaches on loans
There were no breaches or defaults on the repayment of any loans payable during the current or prior year.

46. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

46.2 Insurance and reinsurance risk

Insurance risk arises from fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations, including inaccurate pricing of risks when underwritten or other risk transfer techniques and inadequate reserves.

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that premium provisions turn out to be insufficient to compensate expected future claims, that the claims provisions raised for both reported and unreported claims are inadequate as well as the risk resulting from the volatility of expense payments.

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the group's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. The group obtains third-party reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or the group's insurance subsidiary's capital adequacy requirements (refer to note 46.3).

The group manages its insurance risk through regular board meetings, where the group's exposures are reviewed and the insurance risks assessed. The group's insurance company (Tsogosure) is managed by independent insurance managers and has appointed third-party brokers who act as claims handlers, all of which review the claims data on a regular basis. The board of Tsogosure is provided with management accounts, solvency calculations and underwriting charts at each board meeting for their review.

Tsogosure writes property damage and business interruption, commercial crime, group personal accident and peripheral liability business for its own account and up to 31 July 2021, for that of Southern Sun (SS, formerly Tsogo Sun Hotels) and its subsidiaries, related parties of the group (refer to note 43). The SS group's business is only covered to the extent of the run-off business remaining as they exited the group's insurance captive for their insurance requirements.

46.3 Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The group's debt capacity and optimal gearing levels are determined by its cash flow profile and are measured through applicable ratios such as net debt to adjusted EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the group's approach to capital management during the year.

Other than insurance regulations applicable to the group's short-term insurance business, neither the company nor any of its other subsidiaries are subject to externally imposed capital requirements. As a class 12 licence holder under Isle of Man Insurance Regulations, Tsogosure is required to maintain shareholders' funds in excess of £50 000 together with 10% of net written premium up to £2 million and 5% of net written premium in excess of £2 million. The group considers this, together with a calculation of capital adequacy, on a regular basis. Tsogosure complied with all externally imposed requirements during the period and held funds of R34 million (2022: R52 million) in excess of the regulatory minimum solvency margin at the reporting date.

46. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

46.4 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities

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

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data

The following items are measured at fair value:

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2023				
ASSETS				
Financial assets at fair value through profit or loss				
Equity securities	209 069	–	–	209 069
Financial assets carried at fair value through other comprehensive income				
Equity securities	115 893	3 957	958 776	1 078 626
Unit trust investments	–	20 111	–	20 111
Other	–	–	40	40
Derivative financial instruments				
Interest rate swaps – cash flow hedges	–	35 138	–	35 138
Non-financial assets at fair value through profit or loss				
Investment property	–	–	5 052 816	5 052 816
Total assets	324 962	59 206	6 011 632	6 395 800
LIABILITIES				
Derivative financial instruments				
Foreign exchange contracts	–	1 206	–	1 206
Total liabilities	–	1 206	–	1 206
2022				
ASSETS				
Financial assets at fair value through profit or loss				
Equity securities	253 189	–	–	253 189
Financial assets carried at fair value through other comprehensive income				
Equity securities	–	4 237	813 531	817 768
Unit trust investments	–	18 794	–	18 794
Other	–	–	40	40
Non-financial assets at fair value through profit or loss				
Investment property	–	–	5 067 831	5 067 831
Total assets	253 189	23 031	5 881 402	6 157 622
LIABILITIES				
Derivative financial instruments				
Foreign exchange contracts	–	9 697	–	9 697
Interest rate swaps – cash flow hedges	–	82 323	–	82 323
Total liabilities	–	92 020	–	92 020

46. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

46.4 Fair value estimation continued

The following table presents the changes in level 3 assets for the year:

Group	Equity securities R'000	Other R'000	Investment property R'000	Total R'000
2023				
ASSETS				
Carrying value at the beginning of the year	813 531	40	5 067 831	5 881 402
Additions	–	–	37 535	37 535
Improvements	–	–	81 267	81 267
Transfer to non-current assets held for sale	–	–	(90 500)	(90 500)
Transfer to property, plant and equipment	–	–	(91 800)	(91 800)
Movements in non-current operating lease equalisation assets	–	–	(59)	(59)
Fair value adjustments	145 245	–	80 915	226 160
Disposal of subsidiaries and businesses	–	–	(31 067)	(31 067)
Amortisation of letting fees capitalised	–	–	(1 306)	(1 306)
Carrying value at the end of the year	958 776	40	5 052 816	6 011 632
2022				
ASSETS				
Carrying value at the beginning of the year	674 534	40	5 381 333	6 055 907
Additions	–	–	137 980	137 980
Improvements	–	–	23 204	23 204
Disposals	–	–	(20 800)	(20 800)
Transfer to non-current assets held for sale	–	–	(63 261)	(63 261)
Movements in non-current operating lease equalisation assets	–	–	3 139	3 139
Fair value adjustments	138 997	–	(26 593)	112 404
Disposal of subsidiaries and businesses	–	–	(361 752)	(361 752)
Amortisation of letting fees capitalised	–	–	(5 419)	(5 419)
Carrying value at the end of the year	813 531	40	5 067 831	5 881 402
Notes	7		2	

47. EVENTS SUBSEQUENT TO REPORTING DATE

Other than as mentioned below, the directors are not aware of any matter or circumstance arising since the statement of financial position date and up to the date of these consolidated financial statements, not otherwise dealt with within the financial statements, that would significantly affect the operations or results of the group.

Investment in Impact Oil & Gas Limited (IOG)
The group invested R376 million in IOG during April 2023 through a subscription for shares. It has committed to invest a further US$27 million in August 2023. These investments have been agreed to fund the accelerated appraisal programme in respect of the Venus and Venus West oil prospects offshore Namibia.

Disposal of associate
Subsequent to the reporting date the group concluded an agreement to sell its 10% interest in the Karoshoek concentrated solar plant near Upington for R350 million. The transaction remains subject to various conditions precedent.

Acquisition of listed shares by Tsogo Sun
Subsequent to the reporting date the Tsogo Sun group acquired additional shares in City Lodge Hotels Limited for a consideration of R181 million. The total holding of the Tsogo Sun group is less than 15%.

48. PRIOR-PERIOD RESTATEMENT

48.1 Discontinued operations

The group has disclosed the results of discontinued operations separately on the face of the statement of profit or loss, with the detailed results of these operations presented in note 36. The prior-year results for the branded products and manufacturing, and media and broadcasting segments have been restated in compliance with the disclosure requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The effect of the restatement on the annual financial statements for the year ended 31 March 2022 is as follows:

	Previously reported 2022 R'000	Restatement 2022 R'000	Restated 2022 R'000
STATEMENT OF PROFIT OR LOSS			
Revenue	10 710 621	(70 039)	10 640 582
Net gaming win	7 778 881	–	7 778 881
Property rental income	640 725	–	640 725
	19 130 227	(70 039)	19 060 188
Depreciation and amortisation	(1 168 081)	1 669	(1 166 412)
Other operating expenses and income	(14 107 702)	58 383	(14 049 319)
Investment income	148 973	(333)	148 640
Equity-accounted losses of associates and joint arrangements	(93 605)	–	(93 605)
Investment surplus	181 409	–	181 409
Fair value adjustments on investment properties	(26 593)	–	(26 593)
Impairment reversals	1 387 175	–	1 387 175
Asset impairments	(209 357)	–	(209 357)
Fair value adjustments on financial instruments	9 395	–	9 395
Impairment of goodwill and investments	(4 247)	–	(4 247)
Finance costs	(1 322 528)	31	(1 322 497)
Profit before taxation	3 925 066	(10 289)	3 914 777
Taxation	(713 368)	1 963	(711 405)
Profit for the year from continuing operations	3 211 698	(8 326)	3 203 372
Discontinued operations	(9 476)	8 326	(1 150)
Profit for the year	3 202 222	–	3 202 222
Attributable to:			
Equity holders of the parent	2 078 572	–	2 078 572
Non-controlling interest	1 123 650	–	1 123 650
	3 202 222	–	3 202 222

This restatement had no impact on the group's statement of financial position, its cash flows or earnings per share for the prior year.

49. FINANCIAL INSTRUMENTS

An analysis of the group's assets and liabilities, classified by financial instrument, is set out below.

Group	Amortised cost 2023 R'000	Amortised cost 2022 R'000	Non-financial instruments 2023 R'000	Non-financial instruments 2022 R'000
ASSETS				
Non-current assets	**202 732**	84 839	**44 121 260**	39 683 406
Property, plant and equipment	–	–	16 324 722	16 046 945
Right-of-use assets	–	–	299 782	324 184
Investment properties	–	–	5 052 816	5 067 831
Goodwill	–	–	3 824 589	3 868 505
Intangible assets	–	–	11 861 621	9 558 471
Intangible assets mining	–	–	25 218	18 120
Investments in associates and joint arrangements	–	–	6 465 307	4 458 953
Other financial assets	144 797	–	–	–
Deferred taxation	–	–	261 307	333 566
Finance lease receivables	6 860	9 743	–	–
Non-current receivables	51 075	75 096	5 898	6 831
Current assets	**3 707 629**	3 922 264	**2 317 922**	2 293 976
Inventories	–	–	1 020 986	899 661
Programme rights	–	–	945 387	978 651
Other financial assets	–	92 963	–	–
Trade and other receivables	1 615 751	1 519 714	268 008	322 324
Taxation	–	–	83 541	93 340
Cash and cash equivalents	2 091 878	2 309 587	–	–
Disposal group assets held for sale	2 419	2 419	167 977	144 821
Total assets	**3 912 780**	4 009 522	**46 607 159**	42 122 203
LIABILITIES				
Non-current liabilities	**13 681 541**	11 974 360	**6 104 060**	5 469 577
Financial liabilities	–	–	–	–
Borrowings	13 681 541	11 974 360	–	–
Lease liabilities	–	–	381 383	399 063
Post-retirement benefit liabilities	–	–	131 702	141 524
Long-term incentive plan	–	–	39 996	88 001
Long-term provisions	–	–	80 135	72 431
Deferred revenue and income	–	–	94 949	81 033
Deferred taxation	–	–	5 375 895	4 687 525
Current liabilities	**2 907 473**	6 041 719	**1 001 916**	814 652
Trade and other payables	1 929 592	2 163 858	565 070	545 285
Deferred revenue and income	25 777	18 349	39 355	37 251
Financial liabilities	–	–	–	–
Current portion of borrowings	804 071	3 586 404	–	–
Taxation	–	–	47 929	44 045
Provisions	–	–	210 406	188 071
Long-term incentive plan	–	–	139 156	–
Bank overdrafts	148 033	273 108	–	–
Disposal group liabilities held for sale	1 765	1 765	–	–
Total liabilities	**16 590 779**	18 017 844	**7 105 976**	6 284 229

Fair value through other comprehensive income		Fair value through profit or loss		Derivative financial instruments		Total	
2023 R'000	2022 R'000	**2023 R'000**	2022 R'000	**2023 R'000**	2022 R'000	**2023 R'000**	2022 R'000
1 098 777	836 602	**209 069**	253 189	**35 138**	–	**45 666 976**	40 858 036
–	–	**–**	–	**–**	–	**16 324 722**	16 046 945
–	–	**–**	–	**–**	–	**299 782**	324 184
–	–	**–**	–	**–**	–	**5 052 816**	5 067 831
–	–	**–**	–	**–**	–	**3 824 589**	3 868 505
–	–	**–**	–	**–**	–	**11 861 621**	9 558 471
–	–	**–**	–	**–**	–	**25 218**	18 120
–	–	**–**	–	**–**	–	**6 465 307**	4 458 953
1 098 777	836 602	**209 069**	253 189	**35 138**	–	**1 487 781**	1 089 791
–	–	**–**	–	**–**	–	**261 307**	333 566
–	–	**–**	–	**–**	–	**6 860**	9 743
–	–	**–**	–	**–**	–	**56 973**	81 927
–	–	**–**	–	**–**	–	**6 025 551**	6 216 240
–	–	**–**	–	**–**	–	**1 020 986**	899 661
–	–	**–**	–	**–**	–	**945 387**	978 651
–	–	**–**	–	**–**	–	**–**	92 963
–	–	**–**	–	**–**	–	**1 883 759**	1 842 038
–	–	**–**	–	**–**	–	**83 541**	93 340
–	–	**–**	–	**–**	–	**2 091 878**	2 309 587
–	–	**–**	–	**–**	–	**170 396**	147 240
1 098 777	836 602	**209 069**	253 189	**35 138**	–	**51 862 923**	47 221 516
–	–	**–**	–	**–**	82 323	**19 785 601**	17 526 260
–	–	**–**	–	**–**	82 323	**–**	82 323
–	–	**–**	–	**–**	–	**13 681 541**	11 974 360
–	–	**–**	–	**–**	–	**381 383**	399 063
–	–	**–**	–	**–**	–	**131 702**	141 524
–	–	**–**	–	**–**	–	**39 996**	88 001
–	–	**–**	–	**–**	–	**80 135**	72 431
–	–	**–**	–	**–**	–	**94 949**	81 033
–	–	**–**	–	**–**	–	**5 375 895**	4 687 525
–	–	**–**	–	**1 206**	9 697	**3 910 595**	6 866 068
–	–	**–**	–	**–**	–	**2 494 662**	2 709 143
–	–	**–**	–	**–**	–	**65 132**	55 600
–	–	**–**	–	**1 206**	9 697	**1 206**	9 697
–	–	**–**	–	**–**	–	**804 071**	3 586 404
–	–	**–**	–	**–**	–	**47 929**	44 045
–	–	**–**	–	**–**	–	**210 406**	188 071
–	–	**–**	–	**–**	–	**139 156**	–
–	–	**–**	–	**–**	–	**148 033**	273 108
–	–	**–**	–	**–**	–	**1 765**	1 765
–	–	**–**	–	**1 206**	92 020	**23 697 961**	24 394 093

49. FINANCIAL INSTRUMENTS continued

Company	Amortised cost 2023 R'000	Amortised cost 2022 R'000	Non-financial instruments 2023 R'000	Non-financial instruments 2022 R'000
ASSETS				
Non-current assets	**3 111 880**	2 583 068	**15 286 929**	12 050 811
Investments in associates and joint arrangements	**–**	–	**546 986**	453 736
Investments in and amounts owing from subsidiary companies	**3 100 848**	2 572 036	**14 739 943**	11 597 075
Non-current receivables	**11 032**	11 032	**–**	–
Current assets	**21 964**	19 635	**–**	–
Trade and other receivables	**21 510**	16 097	**–**	–
Cash and cash equivalents	**454**	3 538	**–**	–
Total assets	**3 133 844**	2 602 703	**15 286 929**	12 050 811
LIABILITIES				
Current liabilities	**944 864**	835 345	**243**	6
Trade and other payables	**2 709**	2 649	**–**	–
Financial liabilities	**–**	–	**–**	–
Amounts owing to subsidiary companies	**887 133**	663 047	**–**	–
Current portion of borrowings	**54 897**	49 910	**–**	–
Taxation	**–**	–	**243**	6
Bank overdrafts	**125**	119 739	**–**	–
Total liabilities	**944 864**	835 345	**243**	6

Fair value through other comprehensive income		Fair value through profit or loss		Derivative financial instruments		Total	
2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000	2023 R'000	2022 R'000
–	–	–	–	–	–	18 398 809	14 633 879
–	–	–	–	–	–	546 986	453 736
–	–	–	–	–	–	17 840 791	14 169 111
–	–	–	–	–	–	11 032	11 032
–	–	–	–	–	–	21 964	19 635
–	–	–	–	–	–	21 510	16 097
–	–	–	–	–	–	454	3 538
–	–	–	–	–	–	18 420 773	14 653 514
–	–	–	–	848	–	945 955	835 351
–	–	–	–	–	–	2 709	2 649
–	–	–	–	848	–	848	–
–	–	–	–	–	–	887 133	663 047
–	–	–	–	–	–	54 897	49 910
–	–	–	–	–	–	243	6
–	–	–	–	–	–	125	119 739
–	–	–	–	848	–	945 955	835 351

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2023

	Issued share capital R'000	Effective interest %	2023 Shares R'000	2023 Loans R'000	2022 Shares R'000	2022 Loans R'000
SHARES AND LOANS STATED AT COST LESS IMPAIRMENT						
Investment holding						
Deepkloof Limited[1]	2 254 222	100	**	–	**	–
Fulela Trade and Invest 81 Proprietary Limited	*	100	**	–	**	–
HCI Central Investments Proprietary Limited	*	100	*	–	*	–
HCI Invest 14 Holdco Proprietary Limited	181 600	100	181 600	2 916 007	181 600	2 348 090
Johnnic Holdings Limited	16 647	100	**	–	**	–
Niveus-La Concorde Holdings Proprietary Limited	*	100	*	127 786	*	127 788
TIH Prefco (RF) Proprietary Limited	11 779 570	100	8 365 155	(115 728)	6 037 431	(274 781)
TIHC Investments (RF) Proprietary Limited	12 039 448	100	**	–	**	–
HCI Sun Energy Three Proprietary Limited	256 911	100	256 901	–	*	–
Niveus Invest 20 Proprietary Limited	*	100	*	53 592	*	96 143
Gaming						
Tsogo Sun Limited***	3 287	50	1 977 702	–	1 571 540	–
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	30	50	**	–	**	–
Galaxy Gaming and Entertainment Proprietary Limited	*	50	**	801	**	–
Vukani Gaming Corporation Proprietary Limited	3 052 468	50	**	–	**	–
Tsogo Sun Alternative Gaming Investments Proprietary Limited	4 754 851	50	**	–	**	–
Financial and management services						
HCI Managerial Services Proprietary Limited	*	100	*	(13 117)	*	(36 515)
HCI Treasury Proprietary Limited	*	100	250 536	(756 586)	166 751	(322 979)
Transport						
Frontier Transport Holdings Limited***	1 800 083	82	1 135 388	–	1 097 215	–
Eljosa Travel and Tours Proprietary Limited	*	76	**	–	**	–
Golden Arrow Bus Services Proprietary Limited	*	82	**	–	**	–
HPL and R Investments Proprietary Limited	1 770 000	82	**	–	**	–
Hollyberry Props 12 Proprietary Limited	*	82	**	–	**	–
Table Bay Area Rapid Transit Proprietary Limited	330	82	**	–	**	–
Sibanye Bus Services Proprietary Limited	*	82	**	–	**	–
Shuttle Up Proprietary Limited	*	74	**	–	**	–
Alpine Truck and Bus Proprietary Limited	*	42	**	–	**	–
Frontier Tyres Proprietary Limited	*	82	**	–	**	–

[1] Company registered In Jersey (Channel Islands)
* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies

	Issued share capital R'000	Effective interest %	2023 Shares R'000	2023 Loans R'000	2022 Shares R'000	2022 Loans R'000
Media and broadcasting						
eMedia Holdings Limited***	6 762 797	80	1 622 232	–	1 622 232	–
Crystal Brook Distribution Proprietary Limited	*	54	**	–	**	–
e.Sat.tv Proprietary Limited	*	54	**	–	**	–
e.tv Proprietary Limited	108	54	**	–	**	–
Longkloof Limited[1]	*	54	**	–	**	–
eMedia Investments Proprietary Limited	55	54	**	–	**	–
Sabido Properties Proprietary Limited	*	54	**	–	**	–
Yired Proprietary Limited	*	54	**	–	**	–
HCI Invest 3 Holdco Proprietary Limited	5 291 604	80	**	–	**	–
Silverline 360 Proprietary Limited	*	54	**	–	**	–
Coal mining						
HCI Coal Proprietary Limited	*	100	6 794	–	6 794	–
Branded products and manufacturing						
Deneb Investments Limited***	1 462 143	85	597 026	–	567 138	–
Formex Industries Proprietary Limited	100	85	**	–	**	–
Sargas Proprietary Limited	2 500	85	**	–	**	–
Seartec Trading Proprietary Limited	1	85	**	–	**	–
Properties						
Lynnridge Shopping Centre Proprietary Limited	80 141	80	**	–	**	–
Gallagher Estate Holding Proprietary Limited	19 295	100	**	–	**	–
Highland Night Investments 93 Proprietary Limited	33 358	52	**	–	**	–
Kalahari Village Mall Proprietary Limited	59 665	60	**	–	**	–
Permasolve Investments Proprietary Limited	*	71	*	–	*	–
Mironetix Proprietary Limited	296 425	80	237 139	–	237 139	–
Curagen Investments Proprietary Limited	59 665	60	**	–	**	–
HCI Monte Precinct Proprietary Limited	*	100	*	–	*	–
HCI – Sydney Road Proprietary Limited	41 727	82	34 305	–	34 305	–
HCI – Rand Daily Mail Proprietary Limited	*	100	*	–	*	–
HCI – Shell House Proprietary Limited	*	75	*	–	*	–
HCI – Whale Coast Village Proprietary Limited	120 698	80	**	–	**	–
HCI – The Palms Proprietary Limited	*	60	*	–	*	–
HCI Cecilia Precinct Proprietary Limited	*	51	*	400	*	–

[1] Company registered In Jersey (Channel Islands)
* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2023 (CONTINUED)

	Issued share capital R'000	Effective interest %	2023 Shares R'000	2023 Loans R'000	2022 Shares R'000	2022 Loans R'000
Other						
HCI Invest 15 Holdco Proprietary Limited	*	100	*	–	*	–
Squirewood Investments 64 Proprietary Limited	*	100	*	–	*	–
IGI Investment Company Limited	37 546	55	*	(1 702)	*	(1 702)
La Concorde Holdings Limited***	*	90	58 736	–	58 501	–
Niveus AG[1]	1 000	100	**	–	**	–
Merilyn Investments Proprietary Limited	10 002	100	*	–	*	–
The HCI Foundation****	N/A	0	–	2 258	–	(27 067)
Tsogo Investment Holding Company Proprietary Limited	960 134	90	**	–	**	–
Tuffsan 88 Proprietary Limited	654	100	*	–	*	–
Tylon Holdings Proprietary Limited	*	100	16 429	–	16 429	–
HCI Invest 6 Holdco Proprietary Limited	4 229 481	100	*	–	*	–
Niveus Investments Limited	925 399	100	*	–	*	–
Niveus Invest 14 Proprietary Limited	*	100	*	–	*	11
Niveus Invest 3 Proprietary Limited	*	100	*	–	*	1
Niveus Managerial Services 2 Proprietary Limited	*	100	*	–	*	–
GRiPP Advisory Proprietary Limited	*	75	*	–	*	–
HCI Niveus Holdco 1 Proprietary Limited	134 465	100	*	4	*	–
			14 739 943	2 213 715	11 597 075	1 908 989

[1] Company registered in Switzerland
* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies
**** The group has effective control of the trust based on the terms of the trust deed, without any economic interest therein

Subsidiaries whose financial position or results are not material are excluded.

Details of excluded subsidiaries are available from the company secretary.

	2023 R'000	2022 R'000
Profits and losses attributable to consolidated subsidiary companies		
Aggregate profits after tax	12 175 482	7 728 646
Aggregate losses after tax	(562 118)	(158 914)

Subsidiaries are incorporated in South Africa unless otherwise shown.

Encumbrances
Shares having a total carrying value of R37 477 million (2022: R26 465 million) have been pledged as security for certain loans owing to loan funders of the group. Refer to note 19.

CORPORATE ADMINISTRATION

COMPANY REGISTRATION NUMBER:	1973/007111/06
SHARE CODE:	HCI ISIN: ZAE000003257
REGISTERED OFFICE:	Suite 801, 76 Regent Road, Sea Point, Cape Town 8005 PO Box 5251, Cape Town, 8000 Telephone: 021 481 7560
WEBSITE ADDRESS:	www.hci.co.za
COMPANY SECRETARY:	HCI Managerial Services Proprietary Limited
DIRECTORS:	*Executive Directors* John Anthony Copelyn (Chief Executive Officer) James Robert Nicolella (Financial Director) Theventheran Govindsamy Govender [Kevin) Yunis Shaik *Independent Non-Executive Directors* Mohamed Haroun Ahmed Mimi Freddie Magugu Sinqumile Nqobani Njongwe Mkhwanazi-Sigege Velaphi Elias Mphande (Chairman) Jabulani Geffrey Ngcobo Rachel Doreen Watson *Non-Executive Directors* Laurelle McDonald
AUDITOR:	BDO South Africa Incorporated Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 Private Bag X10046, Sandton, 2146
BANKERS:	First National Bank of Southern Africa Limited
TRANSFER SECRETARIES:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa Private Bag X9000, Saxonwold, 2132
SPONSOR:	Investec Bank Limited 100 Grayston Drive, Sandton, Sandown, 2196

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BETTERSALTED

Hosken Consolidated Investments Limited

ANNUAL FINANCIAL STATEMENTS

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