Hosken Consolidated Investments Limited

ANNUAL FINANCIAL STATEMENTS

2020

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HCI

Hosken Consolidated Investments Limited

CONTENTS

SHAREHOLDERS' SNAPSHOT

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2020.

	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
Range of holdings				
1 – 1 000	2 352	68.9	751 782	0.9
1 001 – 10 000	713	20.9	2 309 382	2.7
10 001 – 50 000	201	5.9	4 432 507	5.2
50 001 – 100 000	57	1.7	4 177 120	4.9
100 001 – 500 000	63	1.8	12 457 941	14.5
500 001 – 1 000 000	12	0.4	8 358 806	9.8
1 000 001 shares and over	12	0.4	53 133 110	62.0
	3 410	100.0	85 620 648	100.0

	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
Type of shareholder				
Banks	37	1.1	5 253 460	6.1
Close corporation	71	2.1	3 121 677	3.6
Individual	2 591	76.0	24 399 593	28.6
Other corporation	77	2.3	32 132 432	37.5
Pension fund	55	1.6	2 068 383	2.4
Private company	79	2.3	10 609 553	12.4
Public company	35	1.0	5 181 285	6.1
Trust	465	13.6	2 854 265	3.3
	3 410	100.0	85 620 648	100.0

Shareholders' diary

Financial year-end	31 March
Annual general meeting	15 October
Reports	
– Provisional report	June
– Annual financial statements	September
– Interim report at 30 September	November

SHAREHOLDINGS GREATER THAN 5%

	2020 %	2019 %
Southern African Clothing and Textile Workers Union	**28.5**	32.3
Ronaldgate Proprietary Limited	**7.5**	7.2
Squirewood Investments 64 Proprietary Limited*	**5.3**	5.6
	41.3	45.1

* Treasury shares

SHAREHOLDER SPREAD

	Percentage held		Number of shareholders	
	2020 %	2019 %	2020	2019
Public	**57.2**	53.4	**3 398**	3 865
Non-public	**42.8**	46.6	**12**	9
Directors	**7.6**	7.6	**5**	4
Associates of directors	**1.1**	0.8	**3**	1
Significant shareholder	**28.5**	32.3	**1**	1
Share trust	**0.2**	0.2	**1**	1
Treasury shares	**5.4**	5.7	**2**	2
	100.0	100.0	**3 410**	3 874

Stock exchange performance

Total number of shares traded ('000)	17 067
Total value of shares traded (R'000)	1 524 296
Market price (cents per share)	
– Closing	2 746
– High	12 000
– Low	1 999
Market capitalisation (R'000)	2 220 694

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The directors of Hosken Consolidated Investments Limited are responsible for the preparation, integrity and fair presentation of the financial statements of the company and of the group and for other information contained therein. The annual financial statements for the year ended 31 March 2020 have been prepared in accordance with International Financial Reporting Standards 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 annual financial statements for the year ended 31 March 2020 were approved by the board of directors on 24 August 2020 and are signed on its behalf by:

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

Cape Town
24 August 2020

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Consolidated Investments Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2020, all such returns as are required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
24 August 2020

REPORT OF THE AUDIT AND RISK COMMITTEE

Members: Mr MSI Gani [chairman], Mr JG Ngcobo, Ms RD Watson.

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 HCI audit and risk committee is a formal committee of the board, appointed by the shareholders, and functions within its documented terms of reference. The terms of reference were reviewed and updated during the year and approved by the board. All members of the committee act independently. The financial director, the group's risk officer and the group financial manager attend the meetings as permanent invitees, along with external audit and internal audit. Other directors and members of management attend as required.

The committee met four times during the year under review. At least two members are required to form a quorum.

Please see the table below for attendances at these meetings:

Committee member	Number of meetings	Attendance of members
MSI Gani (chair)	4	4
ML Molefi*	1	1
JG Ngcobo	4	4
RD Watson**	3	3

* Resigned 22 May 2019
** Appointed 22 May 2019

Role, purpose and function

The committee fulfils an independent oversight role regarding the group's financial statements and the reporting process, including the system of internal financial control, with accountability to both the board and to shareholders.

The committee assists the board in discharging its responsibilities. It also considers reports and information generated by the subsidiary companies' audit or finance committees to their respective boards. Each group company has its own board of directors responsible for the management, including risk management and internal control, of that company and its business.

The committee's responsibilities include the statutory duties prescribed by the Companies Act 71 of 2008, as amended and the Listings Requirements of the Johannesburg Stock Exchange, recommendations by King IV and additional responsibilities assigned by the board. The committee is satisfied that, in respect of the financial period under review, it has performed all the functions required by law to be performed by an audit and risk committee, as set out by section 94 of the Act and in terms of the committee's terms of reference.

Combined assurance

The Combined Assurance Forum (incorporating internal audit, external audit, the financial director and the chief risk officer) provides assurance to the board that the risk management process is integrated into the daily business activities of the company and that the appropriate levels of assurance are obtained.

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;
- 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. Mr D Levin holds the position of group risk officer. As HCI is an investment holding company, the risk management process takes into account 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 particular 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, the industries in which it operates and/or its issued ordinary shares are listed below:

Channels through which South Africa and the group have been affected by COVID-19:

- negative market sentiment compounded by slowing economic recovery;
- substantial disruption to international and domestic travel and tourism;
- slowing down and changes to consumer spending;
- disruptions to global supply chains and domestic production; and
- increased risk of employees being put on short-time or retrenched due to lack of demand.

Reforms which remain relevant to the group:

- policy uncertainty/regulatory authorities, including:
  - changing BBBEE regulations;
  - finalisation of digital migration;
  - SA mining rights – Department of Mineral Resources discontinued negotiations on a revised Mineral and Petroleum Resources Development Act, in 2018; and
  - government land expropriation policy.

Societal and business risks relevant to the group:

- robberies and assaults on buses;
- unrest affecting mining operations and bus transport;
- unreliable and costly utilities – load-shedding and water shortages;
- commodity price risk including 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, subsidiaries have their own internal audit departments that perform the internal audit function for the relevant subsidiary in accordance with the subsidiary's agreed internal audit plan.

HCI has a majority shareholding in Gripp Advisory Services Proprietary Limited which is responsible for the internal audit function within the group.

IT governance

As an investment holding company with limited technology needs, HCI has not deemed it necessary to focus on IT at a group level. The company has outsourced its IT operations to a credible service provider via a service level agreement. The committee considers all the reports from the subsidiary companies, as included in the risk report.

Due to the increasing possibility of cyberthreats, the company engaged PricewaterhouseCoopers Incorporated to assess the security maturity and vulnerability of the company's IT infrastructure during the 2019 financial year. The committee has reviewed the recommendations and monitored the implementation thereof to improve the cybersecurity posture at HCI. Subsequent to year-end further vulnerability tests have been carried out by internal audit to ensure continuous improvements of the cybersecurity posture at HCI.

Compliance

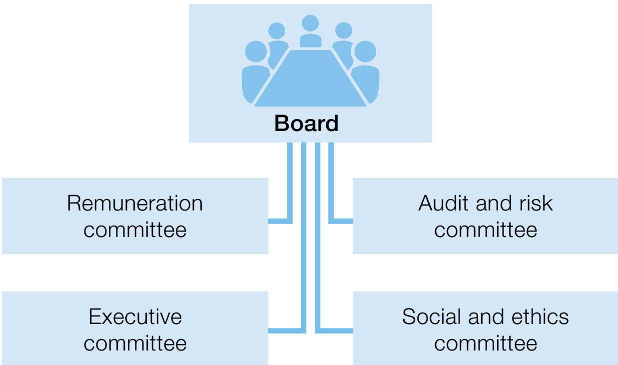
The social and ethics committee has oversight of the group's compliance programme. It is the responsibility of this committee to review the matters that pertain specifically to audit and risk committees, such as tax compliance.

Whistle-blowing

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

Corporate governance

Corporate governance structure as at 31 March 2020:



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, is 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 board 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

During the period under review the committee considered the expertise and experience of the financial director (FD), Mr JR Nicolella, and is satisfied that, in terms of paragraph 3.84(g) of the JSE Listings Requirements, the FD 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 and is satisfied that they comply with International Financial Reporting Standards and the requirements of the Companies Act, and that the accounting policies used are appropriate.

The review of the financial statements include a review of the legal matters that could have a significant impact on the group's financial statements and the key audit matters contained in the external audit report.

The committee has also reviewed a documented assessment by management of the going concern premise of the company before recommending to the board that the company will be a going concern in the foreseeable future.

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.

Recommendation of the annual financial statements

The committee has evaluated the annual financial statements of Hosken Consolidated Investments Limited and the group for the period ended 31 March 2020 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

Mr MSI Gani
Chairperson: Audit and risk committee

24 August 2020

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 17 to 130, which comprise the consolidated and separate statements of financial position as at 31 March 2020, and the consolidated and separate statements of profit or loss and 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 2020, 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 and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the 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 – Notes 4 and 51	
The group has recognised intangible assets with indefinite useful lives relating to casino licences as a result of business combinations undertaken in prior years. International Accounting Standard (IAS) 36 Impairment of Assets requires intangible assets with indefinite useful lives to be tested annually for impairment. These casino licences have a carrying value of R8.57 billion as at 31 March 2020. To determine the recoverable amounts of the cash-generating units (CGUs), management has used the value-in-use methodology. Management used a discounted cash flow analysis for each of the individual CGUs, being the individual casinos. Significant estimates and judgements were applied by management when performing these calculations to determine whether any impairment is required. The key assumptions and unobservable inputs are disclosed in note 4 to the consolidated financial statements. Management concluded, based on its assessment, that ten licences required an impairment, totalling R9.17 billion as at 31 March 2020. As disclosed in note 51 to the consolidated financial statements, the gaming and hospitality industry has been significantly impacted by the recent COVID-19 outbreak that resulted in the closure of all of the casino precincts in the group during the initial stages of lockdown. Furthermore, the uncertain economic outlook is anticipated to have a material adverse effect on the casinos' ability to generate cash flows in the short to medium term. The impairment assessment is considered to be a key audit matter due to the significant judgements and estimation applied by management in the assumptions, the extent of the impairment recognised, and the magnitude of the carrying values of the intangible assets to the consolidated financial statements.	The casino licences originate in one of the significant components of the group. At group level, we performed the following procedures, amongst others: • We reviewed management's calculations for consistency with the prior year methodology. • We utilised our internal valuation expert to independently 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. This was compared to the discount rates used by management. We furthermore recalculated the discounted cash flow calculation using the internally calculated discount rate and compared the outcome to that of management and followed up on any significant differences. • Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the group audit team relating to intangible assets was issued to the component auditor. We held various planning, execution and completion meetings and discussions with the component auditor throughout the engagement. • We assessed the competence, knowledge and experience of the component audit team and performed a review of the significant audit areas to assess the adequacy of the work performed. o The following procedures, amongst others, were performed by the component auditor: – Management's cash flow forecasts used in the impairment models were agreed to the latest director-approved five-year strategic plan, which was adjusted for the impact of COVID-19 containment measures on the business. – In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2020 financial year figures included in the prior year forecast to consider the reasonableness and accuracy of management's forecasts. – The reasonableness of the adjustments arising from COVID-19 containment measures applied by management in their cash flow forecasts were assessed. This assessment included critically evaluating management's assessment of the lockdown period and the evaluation of management's expected impact of COVID-19 on their forecasted cash flows, taking into account the economic forecast for the hospitality and tourism sector. In addition, the reasonableness of the cost containment measures were assessed by performing an independent calculation, which took into account costs that are fixed and variable in nature, and comparing these costs to management's calculation. – 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 and completeness of the disclosure made in the 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	
The group owns a portfolio of investment properties with a carrying value of R9.2 billion as at 31 March 2020. The valuations of the investment properties are performed annually, either by external property valuers or internally by management, as disclosed in note 2 to the consolidated financial statements. 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 a downward valuation of R993 million to the investment properties. R888 million of this downward valuation related to the investment properties in the hotels segment which is dependent on the operating results of the respective hotel operations and the inputs into the valuation model. Factors such as prevailing market conditions and country-specific risks directly impact fair values, and are taken into account in the calculation of the discount rate by use of a risk premium. The impact of COVID-19 and the associated impact on the hospitality industry has resulted in changes to the expected growth rate and cash flows. Cash flows are expected to decrease significantly in years one and two. These have resulted in a decrease in the fair value of the hotel properties. These valuations are considered to be a key audit matter 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.	Investment properties are present in four significant components of the group. At group level, we performed the following procedures, amongst others: • Reviewed in detail the work performed by the various component auditors on the valuations of investment properties. • Assessed the various inputs and assumptions used for reasonableness and consistency across the group. • Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the group audit team relating to the investment properties were issued to the component auditors. We held numerous planning, execution and completion meetings and discussions with the various component auditors throughout the engagement. • We assessed the competence, knowledge and experience of the component audit teams and performed a review of the audit areas relating to investment properties to assess the adequacy of the work performed. o The following procedures, amongst other, were performed by the various component auditors: – The recognised fair values of properties were agreed to valuation reports from both external and internal valuers. – In respect of the external valuers, considered their objectivity, independence and expertise by inspecting the valuation reports for a statement of independence and compliance with generally accepted valuation standards and confirmed their affiliation with the relevant professional body. – Assessed the reasonableness of the growth, exit capitalisation and discount rate used in the valuations by independently calculating a range of rates which would be considered reasonable against similar properties. – In order to assess the reasonability of the valuations, reconciled the cash flows used in the models to management-approved budgets for a sample of properties and independently recalculated the accuracy of the calculation. – In respect of the hotel properties, evaluated the cash flows in years one and two of the valuations. The cash flows were expected to be significantly affected by the restrictions as a result of COVID-19. • We considered the adequacy and completeness of the disclosure made in the 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	

The group recognised goodwill arising from business combinations undertaken in prior years, with a carrying value of R3.9 billion as at 31 March 2020.
 	
The majority of the goodwill is allocated to the gaming (R3.7 billion) and hotels (R80 million) CGUs.
 	
The gaming and hospitality industry was significantly impacted by the recent COVID-19 outbreak that resulted in the closure of all of the casino precincts in the group during lockdown as well as most of its hotels. Furthermore, the uncertain economic outlook is anticipated to have a material adverse effect on the industry's ability to generate cash flows in the short to medium term.
 	
IAS 36 Impairment of Assets requires goodwill to be tested annually for impairment.
 	
To determine the recoverable amounts of the CGUs, management has used the value-in-use methodology. Management used a discounted cash flow analysis for each of the individual CGUs. Significant estimates and judgements were applied by management when performing these calculations to determine whether any impairment is required. The key assumptions and unobservable inputs are disclosed in note 3 to the consolidated financial statements.
 	
Management concluded, based on its assessment, that goodwill to the value of R820 million required impairment, of which R810 million was related to the hotels segment.
 	
The impairment assessment is considered to be a key audit matter due to the significant judgements and estimation applied by management in the assumptions, the extent of the impairment recognised, and the magnitude of the carrying values of goodwill to the consolidated financial statements.
	At group level, we performed the following procedures, amongst others:
	
	• We reviewed management's calculations for consistency with the prior year methodology.
	• We utilised our internal valuation expert to independently 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. This was compared to the discount rates used by management. We furthermore recalculated the discounted cash flow calculation using the internally calculated discount rate and compared the outcome to that of management and followed up on any significant differences.
	• Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the group audit team relating to the impairment testing was issued to the component auditors. We held various planning, execution and completion meetings and discussions with the component auditors throughout the engagement.
	• We assessed the competence, knowledge and experience of the component audit teams and performed a review of the significant audit areas to assess the adequacy of the work performed.
	  o The following procedures, amongst others, were performed by the component auditors:
	    – Management's cash flow forecasts used in the impairment models were agreed to the latest director-approved five-year strategic plan, which was adjusted for the impact of COVID-19 containment measures on the business.
	    – In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2020 financial year figures included in the prior year forecast to consider the reasonableness and accuracy of management's forecasts.
	    – The reasonableness of the adjustments arising from COVID-19 containment measures applied by management in their cash flow forecasts were assessed. This assessment included critically evaluating management's assessment of the lockdown period and the evaluation of management's expected impact of COVID-19 on their forecasted cash flows, taking into account the economic forecast for the hospitality and tourism sector. In addition, the reasonableness of the cost containment measures were assessed by performing an independent calculation, which took into account costs that are fixed and variable in nature, and comparing these costs to management's calculation.
	    – 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 and completeness of the disclosure made in the financial statements with reference to the disclosure requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Hotels segment: land and building impairment assessment – Note 1 and Brands impairment assessment – Note 4. The carrying value of the group's land and buildings related to the hotels segment amounted to R11.3 billion, while the carrying amount of the brands amounted to R335 million as at 31 March 2020. IAS 36 Impairment of Assets requires that land and buildings be tested for impairment if impairment indicators exist and it requires intangible assets with indefinite useful lives to be tested annually for impairment. The value of the impairment is determined as the difference between the recoverable amount of an asset, being the higher of the value-in-use and the fair value less cost to sell, and the carrying amount of the asset. The recoverable amount for each hotel has been determined by calculating the value-in-use. The value-in-use was calculated using a discounted cash flow (DCF) approach based on the net cash flows of the underlying hotels. The value-in-use of the brands were calculated by applying a relief from royalty method to the forecasted cash flows using an appropriate discount rate. The following key assumptions were applied in the valuations: • Net cash flows and terminal growth rates: Net cash flows were forecasted, taking into account expected changes in the trading environment due to the COVID-19 outbreak and recovery thereafter, with appropriate terminal growth rates applicable to the various hotel operations. • Discount rates: Factors such as prevailing market conditions and country-specific risks are taken into account in calculation of the discount rates by use of the risk premium. Based on management's impairment assessments the hotel properties were impaired by R822 million while the brands were impaired by R33 million. The impairment assessment is considered to be a key audit matter due to the significant judgements and estimation applied by management in the assumptions, the extent of the impairment recognised, and the magnitude of the carrying values of the hotel properties and brands to the consolidated financial statements.	The hotels segment is one of the significant components of the group. At group level, we performed the following procedures, amongst others: • We reviewed management's calculations for consistency with the prior year methodology. • We utilised our internal valuation expert to independently 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. This was compared to the discount rates used by management. We furthermore recalculated the discounted cash flow calculation using the internally calculated discount rate and compared the outcome to that of management and followed up on any significant differences. • Group audit instructions addressing the significant audit areas in general as well as specific information required to be reported on to the group audit team relating to impairment testing was issued to the component auditor. We held various planning, execution and completion meetings and discussions with the component auditor throughout the engagement. • We assessed the competence, knowledge and experience of the component audit team and performed a review of the significant audit areas to assess the adequacy of the work performed. o The following procedures, amongst others, were performed by the component auditor: – Assessed the reliability of the group's budgets included in the business plans (which form the basis of the cash flow forecasts), by comparing prior period budgets to actual results, and accepted management's budgeting techniques applied. – Tested the reasonability of the COVID-19-related and other adjustments made to the approved budgets by evaluating the adjusted prices and expected demand, taking into account the trading environment and regulatory requirements at the time and based on discussions held with management. – Assessed whether there were any impairment indicators for all items of personal protective equipment (PPE) in terms of IAS 36. For PPE items that had indicators of impairment we performed the following procedures: • Assessed the appropriateness of the valuation methodology against industry practice and IAS 36 requirements. • Tested the cash flows in years one and two of the valuation. The cash flows were expected to be significantly affected by the restrictions as a result of COVID-19. • Evaluated the cash flows in the valuations from year three to assess the reasonableness of the expected cash flows with reference to historical cash flows. – Utilising their valuation expertise, tested the reasonableness of management's assumptions for the terminal growth rates and discount rates by performing the following procedures: • Assessed the reasonableness of the terminal growth rates by independently determining a range of rates comparable to forecasted CPI growth in the hotel industry. Compared the rates applied by management to their independently determined rates. • Assessed the reasonableness of the discount rates used in the valuations by independently calculating a range of rates which would be considered reasonable against comparable companies in the hotel industry, adjusted for the group's target capital structure. • Compared their range of rates to the rates applied by management for reasonableness. • Recalculated each of the recoverable amounts determined by management, as well as the impairment loss recognised for mathematical accuracy. • We considered the adequacy and completeness of the disclosure made in the 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
Recoverability of investments in subsidiaries – Note 9 and Annexure A	
At 31 March 2020, the carrying value of investment in subsidiaries amounts to R10.2 billion, which is included in the investments in and amounts owing from subsidiary companies' balance on the statement of financial position. The company is required to consider indicators of impairment with respect to the recoverability of its interests in subsidiary companies. Indicators of impairment that were considered in the current year included the net asset deficiency of the relevant entity's statement of financial position, deteriorating market conditions and subdued share prices. A net impairment of R6.2 billion was recognised in the current year. The impairment assessment is considered to be a key audit matter due to the significant judgements and estimation applied by management in the assumptions, the extent of the impairment recognised, and the magnitude of the carrying values of the investment to the separate financial statements.	Our audit procedures included the following, amongst others: • Considered indicators of impairments for the investments held. • Assessed the impairment calculations performed by management for reasonableness. • We utilised our internal valuation expert to independently 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. This was compared to the discount rates used by management. We furthermore recalculated the discounted cash flow calculation using the internally calculated discount rate and compared the outcome to that of management and followed up on any significant differences. We considered the adequacy and completeness of the disclosure made in the 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 2020" and the "Hosken Consolidated Investments Limited Annual Financial Statements 2020", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Declaration by the Company Secretary 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, 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, related safeguards.

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 two years.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

T Schoeman
Director
Registered Auditor

14 September 2020

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

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 the making of investments 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 35 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 52 of the annual financial statements.

4. Business combinations

Details of business combinations are set out in note 48 of the annual financial statements.

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 39 and 16 of the annual financial statements, respectively.

6. Dividends

Ordinary dividend number 60, in the amount of fifty-five cents per share, was paid to shareholders on 17 December 2019.

7. Share capital

Details of the authorised and issued share capital are set out in note 17 of the annual financial statements.

8. Directorate

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

The following changes were made to the directorate:

Director	Date of appointment	Date of resignation
ML Molefi	–	22/05/2019
CC September	–	22/05/2019
L McDonald	19/03/2020	–
SNN Mkhwanazi-Sigege	02/09/2019	–
JR Nicolella	22/05/2019	–

9. 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 2020 the board was comprised of 11 members which included four executive directors, two non-executive directors and five 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 chairman 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
JA Copelyn	4	4
MSI Gani	4	4
TG Govender	4	4
MF Magugu	4	4
L McDonald	1	1
SNN Mkhwanazi-Sigege	2	2
ML Molefi	1	1
VE Mphande (chair)	4	4
JG Ngcobo	4	4
JR Nicolella	3	3
CC September	1	1
Y Shaik	4	4
RD Watson	4	4

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 of colour. 73% of the members of the board are people of colour.

12. Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the twelve months ended 31 March 2020. The secretarial department is under the supervision of Ms 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. He succeeded Mr TG Govender on 1 August 2019 as financial director.

14. Auditor

Subject to shareholder approval, BDO South Africa Incorporated will continue in office in accordance with section 90 of the South African Companies Act for the 2021 financial year, with Mr Theunis Schoeman as the designated auditor.

15. Auditor's report

The consolidated and separate annual financial statements have been audited by BDO South Africa Incorporated and their unqualified audit report on the consolidated and separate annual financial statements is included on pages 8 to 14 of this report.

16. Significant shareholders

The company's shareholders that own more than 5% of the issued shares are Southern African Clothing and Textile Workers Union, Ronaldgate Proprietary Limited and Squirewood Investments 64 Proprietary Limited who own 28.5%, 7.5% 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 of shareholders held on 12 September 2019:

- 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 October 2019 until the next annual general meeting of the company; and
- 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.

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 2020 are set out in notes 43 and 42 of the annual financial statements, respectively.

20. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2020 are set out in note 44 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 available from the registered office of the company.

23. Litigation statement

Other than the Ithuba litigation proceedings, details of which are set out in note 50 of the annual financial statements, there are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of HCI are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of HCI.

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 17 June 2020.

25. Events subsequent to reporting date

Events that occurred subsequent to the reporting date are set out in note 50 of the annual financial statements.

26. Going concern

The recent outbreak of COVID-19 has severely affected the South African economy and the group's operations, specifically those of its hotel and gaming interests.

In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the group's operations and liquidity was considered. The directors have assessed these cash flow forecasts together with the other actions taken or proposed and are of the view that the group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

Details of the impact of COVID-19 on the group's operations and liquidity are presented in note 51 of the annual financial statements.

27. Preparer

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

VE Mphande
Chairman

JA Copelyn
Chief Executive Officer

Cape Town
24 August 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
ASSETS					
Non-current assets		**54 304 599**	63 692 254	**13 471 592**	19 244 302
Property, plant and equipment	1	**25 686 739**	25 693 836	**–**	–
Right-of-use assets	29	**1 172 047**	–	**–**	–
Investment properties	2	**9 229 722**	10 053 377	**–**	–
Goodwill	3	**3 943 166**	4 744 030	**–**	–
Intangible assets	4	**9 388 213**	18 672 653	**–**	–
Intangible assets mining	5	**36 587**	37 041	**–**	–
Investments in associates	6	**2 842 162**	2 284 357	**3 000**	3 000
Investments in joint arrangements	7	**135 610**	185 385	**–**	–
Other financial assets	8	**1 036 987**	1 367 737	**–**	–
Investments in and amounts owing from subsidiary companies	9	**–**	–	**13 457 560**	19 230 270
Deferred taxation	10	**467 886**	428 711	**–**	–
Operating lease equalisation asset		**121 338**	122 474	**–**	–
Finance lease receivables	11	**25 113**	27 483	**–**	–
Post-retirement benefit assets	21	**4 045**	1 330	**–**	–
Non-current receivables	12	**214 984**	73 840	**11 032**	11 032
Current assets		**10 206 306**	8 458 552	**8 708**	8 177
Inventories	13	**1 054 443**	995 207	**–**	–
Programme rights	14	**845 355**	792 611	**–**	–
Other financial assets	8	**37 823**	15 425	**–**	–
Trade and other receivables	15	**2 441 634**	2 386 424	**8 473**	5 033
Taxation		**142 019**	88 267	**–**	–
Cash and cash equivalents	41.5	**5 685 032**	4 180 618	**235**	3 144
Disposal group assets held for sale	16	**381 371**	436 100	**–**	–
Total assets		**64 892 276**	72 586 906	**13 480 300**	19 252 479
EQUITY AND LIABILITIES					
Capital and reserves		**26 651 453**	35 333 734	**12 094 088**	18 273 084
Equity attributable to equity holders of the parent		**12 347 962**	16 162 393	**12 094 088**	18 273 084
Ordinary share capital	17	**20 218**	21 219	**21 405**	22 532
Share premium	17	**–**	–	**17 158**	17 158
Other reserves	18	**1 122 790**	620 145	**–**	–
Accumulated profits		**11 204 954**	15 521 029	**12 055 525**	18 233 394
Non-controlling interest	9	**14 303 491**	19 171 341	**–**	–
Non-current liabilities		**25 396 676**	25 441 006	**–**	–
Operating lease equalisation liability		**–**	233 175	**–**	–
Financial liabilities	19	**274 770**	72 975	**–**	–
Borrowings	20	**18 169 392**	16 788 127	**–**	–
Lease liabilities	29	**1 424 481**	–	**–**	–
Post-retirement benefit liabilities	21	**135 407**	154 945	**–**	–
Long-term incentive plan	22	**–**	9 702	**–**	–
Long-term provisions	23	**218 324**	265 327	**–**	–
Deferred revenue and income	24	**121 235**	118 013	**–**	–
Deferred taxation	10	**5 035 017**	7 762 592	**–**	–
Other non-current liabilities	25	**18 050**	36 150	**–**	–
Current liabilities		**12 738 104**	11 655 863	**1 386 212**	979 395
Trade and other payables	26	**2 933 215**	3 054 866	**3 877**	4 144
Deferred revenue and income	24	**133 529**	132 808	**–**	–
Financial liabilities	19	**4 876**	–	**–**	–
Amounts owing to subsidiary companies	9	**–**	–	**902 122**	547 904
Current portion of borrowings	20	**5 195 377**	4 933 280	**–**	–
Taxation		**203 030**	167 845	**1 101**	5 193
Provisions	23	**311 194**	391 285	**–**	–
Long-term incentive plan	22	**–**	68 272	**–**	–
Bank overdrafts	27	**3 956 883**	2 907 507	**479 112**	422 154
Disposal group liabilities held for sale	16	**106 043**	156 303	**–**	–
Total equity and liabilities		**64 892 276**	72 586 906	**13 480 300**	19 252 479

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Group 2020 R'000	Group 2019* R'000	Company 2020 R'000	Company 2019** R'000
Revenue	31	**14 924 170**	14 325 992	**989 192**	1 830 912
Net gaming win		**9 846 472**	9 827 869	**–**	–
Property rental income		**1 023 944**	970 655	**–**	–
		25 794 586	25 124 516	**989 192**	1 830 912
Depreciation and amortisation		**(1 675 268)**	(1 446 839)	**–**	–
Other operating expenses and income		**(19 032 879)**	(18 535 460)	**(23 811)**	(15 046)
Investment income	32	**524 354**	264 908	**4 310**	5 647
Share of losses of associates and joint arrangements		**(176 689)**	(169 479)	**–**	–
Investment surplus	33	**29 524**	14 275	**–**	–
Fair value adjustment on associate on gaining control		**9 163**	–	**–**	–
Fair value adjustments on investment properties	2	**(993 218)**	(530 339)	**–**	–
Impairment reversals	4, 9	**–**	111 319	**715 511**	–
Asset impairments	34	**(10 261 318)**	(152 694)	**–**	–
Fair value adjustments on financial instruments		**(2 122)**	7 140	**–**	–
Impairment of goodwill and investments	35	**(847 970)**	–	**(7 175 894)**	(1 053 668)
Finance costs	36	**(2 310 645)**	(1 898 104)	**(36 330)**	(29 585)
(Loss)/profit before taxation	37	**(8 942 482)**	2 789 243	**(5 527 022)**	738 260
Taxation	38	**1 750 053**	(1 001 024)	**(1 157)**	(5 280)
(Loss)/profit for the year from continuing operations		**(7 192 429)**	1 788 219	**(5 528 179)**	732 980
Discontinued operations	39	**(132 595)**	(123 809)	**–**	–
(Loss)/profit for the year		**(7 325 024)**	1 664 410	**(5 528 179)**	732 980
Attributable to:					
Equity holders of the parent		**(3 805 278)**	707 984		
Non-controlling interest	9	**(3 519 746)**	956 426		
		(7 325 024)	1 664 410		
(Losses)/earnings per share (cents)	40	**(4 591.53)**	826.16		
Continuing operations		**(4 460.67)**	926.33		
Discontinued operations		**(130.86)**	(100.17)		
Diluted (losses)/earnings per share (cents)	40	**(4 591.53)**	821.49		
Continuing operations		**(4 460.67)**	921.09		
Discontinued operations		**(130.86)**	(99.60)		

* Restated, refer to details as set out in note 52

** The company's comparative figures have been restated for the reclassification of dividend and investment-related income to revenue

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
(Loss)/profit for the year	**(7 325 024)**	1 664 410	**(5 528 179)**	732 980
Other comprehensive (loss)/ income net of tax:				
Items that will subsequently be reclassified to profit or loss				
Foreign currency translation differences	**780 591**	410 067	**–**	–
Reclassification of foreign currency translation differences on disposal	**–**	(1 005)	**–**	–
Cash flow hedges:				
– Fair value adjustments	**(211 608)**	65 013	**–**	–
– Reclassified to profit or loss	**135 921**	–	**–**	–
Share of other comprehensive losses of equity-accounted investments	**(16 308)**	(21 125)	**–**	–
Income tax relating to items that will subsequently be reclassified to profit or loss	**21 193**	(18 203)	**–**	–
Items that will not subsequently be reclassified to profit or loss				
Actuarial gains on post-employment benefit assets and liabilities	**27 376**	10 647	**–**	–
Revaluation of owner-occupied land and buildings on transfer to investment properties	**34 619**	46 073	**–**	–
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**(367 252)**	(7 572)	**–**	–
Income tax relating to items that will not subsequently be reclassified to profit or loss	**67 697**	(11 199)	**–**	–
Total comprehensive (loss)/income for the year	**(6 852 795)**	2 137 106	**(5 528 179)**	732 980
Attributable to:				
Equity holders of the parent	**(3 306 816)**	1 048 592		
Non-controlling interest	**(3 545 979)**	1 088 514		
	(6 852 795)	2 137 106		

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

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 2018	21 470	271 043	14 963 435	20 383 170	35 639 118
Share capital and premium					
Treasury shares released	5	–	1 963	–	1 968
Shares repurchased	(256)	–	(124 597)	–	(124 853)
Current operations					
Total comprehensive income	–	334 763	713 829	1 088 514	2 137 106
Equity-settled share-based payments	–	16 048	–	–	16 048
Effects of changes in holding	–	11 367	163 640	(740 904)	(565 897)
Disposal of subsidiaries	–	–	–	(23 083)	(23 083)
Dividends	–	–	(210 317)	(1 536 356)	(1 746 673)
Transfers	–	4 630	(4 630)	–	–
Release of share-based payment reserve to accumulated profits	–	(17 706)	17 706	–	–
Balance at 31 March 2019	21 219	620 145	15 521 029	19 171 341	35 333 734
Restated for the adoption of IFRS 16	–	–	(77 755)	(77 837)	(155 592)
Restated balance at 1 April 2019	21 219	620 145	15 443 274	19 093 504	35 178 142
Share capital and premium					
Shares repurchased	**(1 001)**	**–**	**(372 871)**	**–**	**(373 872)**
Current operations					
Total comprehensive loss	**–**	**482 606**	**(3 789 422)**	**(3 545 979)**	**(6 852 795)**
Equity-settled share-based payments	**–**	**20 681**	**–**	**–**	**20 681**
Acquisition of subsidiaries	**–**	**–**	**(722)**	**4 648**	**3 926**
Effects of changes in holding (note 9)	**–**	**16 478**	**129 057**	**(545 339)**	**(399 804)**
Disposal of subsidiaries	**–**	**–**	**–**	**4 879**	**4 879**
Dividends	**–**	**–**	**(221 482)**	**(708 222)**	**(929 704)**
Release of share-based payment reserve to accumulated profits	**–**	**(17 120)**	**17 120**	**–**	**–**
Balance at 31 March 2020	**20 218**	**1 122 790**	**11 204 954**	**14 303 491**	**26 651 453**
Notes	17	18		9	

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

COMPANY	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Balance at 31 March 2018	22 532	17 158	17 720 784	17 760 474
Current operations				
Total comprehensive income	–	–	732 980	732 980
Dividends	–	–	(220 370)	(220 370)
Balance at 31 March 2019	22 532	17 158	18 233 394	18 273 084
Share capital and premium				
Shares repurchased	**(1 127)**	**–**	**(411 172)**	**(412 299)**
Current operations				
Total comprehensive loss	**–**	**–**	**(5 528 179)**	**(5 528 179)**
Dividends	**–**	**–**	**(238 518)**	**(238 518)**
Balance at 31 March 2020	**21 405**	**17 158**	**12 055 525**	**12 094 088**
Note	17	17		

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019* R'000
Cash flows from operating activities		**2 727 273**	2 211 232	**233 885**	1 320 668
Cash generated by operating activities		**6 625 675**	6 706 520	**513 982**	1 570 775
Cash generated by operations	41.1	**7 104 797**	7 052 328	**513 379**	1 567 730
Investment income		**226 754**	162 239	**4 310**	5 647
Changes in working capital	41.2	**(705 876)**	(508 047)	**(3 707)**	(2 602)
Finance costs		**(2 097 052)**	(1 883 331)	**(36 330)**	(29 585)
Taxation paid	41.3	**(871 646)**	(867 910)	**(5 249)**	(152)
Dividends paid		**(929 704)**	(1 744 047)	**(238 518)**	(220 370)
Cash flows from investing activities		**(2 260 022)**	(3 125 952)	**118 547**	(1 560 613)
Business combinations/disposals	41.4	**13 345**	(25 903)	**–**	–
Investment in:					
– Subsidiary companies*		**–**	–	**(130 626)**	(487 864)
– Associated companies and joint arrangements		**(443 225)**	(753 038)	**–**	–
– Financial assets		**–**	(14 630)	**–**	–
Dividends received		**160 909**	120 053	**–**	–
Short-term loans (advanced)/repaid		**(20 400)**	4 000	**–**	–
Long-term receivables repaid/(advanced)*		**13 483**	267 440	**249 173**	(1 072 749)
Proceeds on disposal of investments		**101 612**	14 275	**–**	–
Intangible assets					
– Additions		**(68 080)**	(26 125)	**–**	–
– Disposals		**5**	3	**–**	–
Investment properties					
– Additions		**(353 214)**	(591 237)	**–**	–
– Disposals		**11 405**	234	**–**	–
Property, plant and equipment					
– Additions		**(1 761 876)**	(2 201 384)	**–**	–
– Disposals		**86 014**	80 360	**–**	–
Cash flows from financing activities		**(123 068)**	427 688	**(412 299)**	–
Ordinary shares repurchased		**(373 872)**	(124 853)	**(412 299)**	–
Other liabilities (repaid)/raised		**(6 388)**	1 258	**–**	–
Transactions with non-controlling shareholders	9	**(449 451)**	(160 664)	**–**	–
Principal paid on lease liabilities		**(391 331)**	–	**–**	–
Borrowings raised	20	**11 066 832**	2 261 386	**–**	–
Borrowings repaid	20	**(9 968 858)**	(1 549 439)	**–**	–
Cash and cash equivalents					
Movements		**344 183**	(487 032)	**(59 867)**	(239 945)
At the beginning of the year		**1 282 652**	1 721 499	**(419 010)**	(179 065)
Foreign exchange difference on translation of foreign subsidiaries		**113 414**	48 185	**–**	–
At the end of the year	41.5	**1 740 249**	1 282 652	**(478 877)**	(419 010)

* The company's comparative figures have been restated for the reclassification of subsidiary loan cash flows from investment in subsidiary companies to long-term receivables. This reclassification had no impact on the total cash flows from investing activities

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 except for changes to the group's accounting policies relating to the adoption of IFRS 16 Leases (IFRS 16) and IFRIC 23 Uncertainty Over Income Tax Treatments (IFRIC 23) (refer to Accounting policies note 3.1), or where otherwise stated.

(a) Basis of preparation

The consolidated and separate company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and 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 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, associated entities and joint arrangement entities owned by the group.

(i) Subsidiaries

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.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Associates

Investments in associates 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 amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investments in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

(iii) Joint arrangements

Investments in joint arrangements are initially recognised at cost and its post-acquisition results incorporated in the financial statements using the equity method of accounting. Joint arrangements relating to investment properties are accounted for on a proportionally consolidated basis. Joint arrangements' accounting policies have been changed, where necessary, to ensure consistency with the policies adopted by the group. The group's investments in joint arrangements include goodwill (net of any accumulated impairment loss) identified on acquisition.

(iv) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. 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.

The carrying amount of goodwill in respect of associates and joint arrangements is included in the carrying value of the investment in the respective associate and joint arrangement.

(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 statements 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 the reporting date.

(e) Property, plant and equipment

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

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 intangible assets 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 internally generated software products controlled by the group that will probably generate future economic benefits are capitalised. 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) Bid costs and casino licences

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 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.

Costs associated with unsuccessful casino licence applications are immediately impaired.

(iii) Trademarks

Trademarks are recognised initially at cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Trademarks 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) Capitalised evaluation and exploration expenditure, and capitalised development expenditure

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 have been established and the decision to develop the mine has been taken by the directors.

(vi) Management contracts

Hotel 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.

(vii) Programming under development

Programming under development represents costs relating to programming that is still in the process of development and cannot yet be brought into use. Once brought into use, these assets will be transferred to programming rights and amortised.

(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 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. 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 below).

This category also contains investments in listed equities and an equity fund for which the group did not make the irrevocable election to account for the investments at FVOCI.

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 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); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2).

"Stage 3" covers financial assets that have objective evidence of impairment at the reporting date.

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

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 have 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 ECLs are presented in note 15.

The balance of the group's financial assets measured at amortised cost comprises loan receivables and cash and cash equivalents 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 unless the group designated a financial liability at FVTPL. 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).

Financial liabilities are analysed between current and non-current liabilities on the face of the statement of financial position, depending on when the obligation to settle will be realised.

(iv) Derivative financial instruments and hedge accounting

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the statement of financial position, depending on when they are expected to mature. Derivatives 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. 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 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 was estimated that the genre of features acquired during the 2018 financial year would generate advertising revenue over more than two runs and these features are therefore amortised at a rate of 60% on the first run, 30% on the second run and 10% on the remaining run. During the 2019 financial year, the amortisation rate for new features acquired was changed to 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.

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. Programming rights are tested on an annual basis for impairment.

(k) Share capital

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

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) Impairment

This policy covers all assets except financial assets (see accounting policy (h)), inventories (see accounting policy (i)) and disposal group assets classified as held for sale (see accounting policy (m)). Impairment 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 down by any impairment amount, the 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 tested annually for impairment. Assets subject to amortisation or depreciation are reviewed for impairment if circumstances or events change to indicate that the carrying value may not be fully recoverable.

(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 the 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

Restructuring provisions comprise lease termination penalties and employee termination payments.

Provision is made for wide area progressives and is based on the meter readings.

The group also recognises a provision for bonus plans based on rates negotiated with union bargaining councils, the results of the relevant company 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.

A provision for long-service awards is recognised in respect of cash to be paid to employees at certain milestone dates in their careers with the group. The actuarial valuation to determine the liability is performed annually.

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.

(p) Revenue recognition

Revenue arises mainly from the sale of goods by the group's branded products and manufacturing and mining operations, and rendering of the following services by the group:

- hotel services;
- theme park services and banqueting and venue hire;
- royalty and management fees;
- advertising services;
- bus transport services; and
- operational contracts with The Department of Transport and the City of Cape Town.

The group's hotels segment operates a customer reward programme.

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 trade 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.

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. It is not the group's policy to sell products to the end-customer with a right of return.

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*

Hotel revenue

Revenue from hotel rooms 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.

Theme park revenue and banqueting and venue hire

Revenue from theme park entrance fees, banqueting and venue hire, parking, ticket sales and other non-net gaming win are recognised over time as the customer receives and consumes the economic benefits.

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

Royalty and management fee income

Royalty and management fee income are recognised on an accrual basis in accordance with the relevant agreements as and when royalties become due and when services are provided.

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.

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.

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 when the kilometres in respect of these services have been travelled.

Payment terms

No element of financing is deemed present as sales of the group's services are generally made by cash or negotiated credit terms of 30 to 45 days.

Customer reward programmes

The group's hotels segment operates a customer reward programme. Customers using their facilities may enter this reward programme and earn rewards that are redeemable against future purchases of the group's hotel rooms. The group allocates a portion of the consideration received to the reward programme based on stand-alone selling prices. The amount allocated to the reward programme is deferred and recognised as revenue when rewards are redeemed. When recognising revenue from the rewards, the group considers the likelihood that the customer will redeem the points based on historical usage and forfeiture rates and any adjustments to the contract liability are allocated to revenue.

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 slot machine win derived by casino operations, net slot machine win derived by limited pay-out route operations and net bingo winnings derived from gambling patrons. 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. VAT and other taxes, including gaming levies, that are charged on gaming operations are included in net gaming win and are treated as direct costs as these are borne by the group and not customers.

(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

IFRS 16 was adopted on 1 April 2019 without restatement of comparative figures. Refer to Accounting policies note 3.1 for an explanation of the transition method and practical expedients applied on the date of adoption. The following policies apply subsequent to the date of initial application, 1 April 2019:

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 same discount rate that applied on lease commencement. 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. 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 lessee under IAS 17 (comparative periods)

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases.

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

(iii) The group is the lessor

The lessor accounting requirements of IFRS 16 are significantly carried forward from the requirements under IAS 17 (comparative periods). Accordingly, the group continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The group recognises finance lease receivables on 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 reliably measured.

(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. 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 in full 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 the 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

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 the terms of the related plan liability.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full as they arise outside the statement of profit or loss and are 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 that do not meet the definition of a liability are treated as provisions, refer to accounting policy (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

Subsidiaries of the group recognise 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. The actuarial valuation to determine the liability is performed annually.

(vii) Other long-term employee benefits

A subsidiary of the group provides death-in-service benefits, permanent and temporary disability benefits, together with funeral cover to qualifying employees. The liability for benefits payable that are not linked to a service condition is recognised as and when a claim arises and is expensed in full in the statement of profit or loss at that point. The liability for benefits that are linked to an employee's service period is recognised through the statement of profit or loss over the estimated service period of the employee up to the estimated date of a claim occurring while in service. The method of accounting for benefits linked to service is similar to that 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 by reference to the company's share price. This is adjusted for management's best estimates of the appreciation, bonus and performance units expected to vest and management's best estimate of the performance criteria assumptions on the performance units.

(w) Earnings per share

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 01/2019 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 included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

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 assets and liabilities within the next financial year are discussed below.

(i) Going concern

The annual financial statements 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.

The board of directors evaluated the going concern assumption as at 31 March 2020 by considering the current financial position of the group and their best estimate of cash flow forecasts for the group, after taking into account the impact of the COVID-19 pandemic on the group's operations and liquidity. The directors are of the view that the group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year. Details of the impact of COVID-19 on the group's operations and liquidity have been presented in note 51.

(ii) Investment properties

Investment properties owned by the group represents a significant proportion of the group's asset base. The judgements made in determining the classification and fair values of investment properties in the group's hotels segment, in particular, affect the group's financial position and performance.

In determining the classification of the properties as investment properties, the group considered its exposure to the risks of running the hotel business and its associated exposure to the variability of the cash flows of the underlying operations. The group took the following factors into account:

- intention to hold land and buildings for rental income and capital appreciation and its role as a passive investor;
- the duration of the lease agreements;
- control over the decision-making powers of the relevant hotel operations;
- the present value of the minimum lease payments in relation to the fair value of the investment properties; and
- various financial ratios to determine its exposure to the variability in cash flows of the hotel operations.

Based on the above, the group concluded that these properties meet the definition of investment property.

The group makes use of independent professionally qualified valuers. Valuations are currently performed on an annual basis on the entire portfolio of the hotels segment's investment properties. For more details regarding the estimates and judgements involved in the valuation of these investment properties, refer to note 2.

(iii) Estimated impairment 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 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 as noted in notes 3 and 4.

(iv) 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 weighted average rates applied to the group's lease commitments ranged between 9.0% and 12.6%.

Determining the lease terms

Extension and termination options are included in a number of leases across the group , as detailed in note 29. 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 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.

(v) Income taxes

The group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(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 8 for the significant unobservable inputs used in this fair value measurement, together with a sensitivity analysis should any of these inputs change.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments adopted as at 1 April 2019

The group adopted the following applicable new and amended accounting pronouncements, as issued by the IASB, during the current year:

- IFRS 16 Leases (IFRS 16);
- IFRIC 23 Uncertainty over Income Tax Treatments;
- IFRS 9 Prepayment Features with Negative Compensation;
- IAS 19 Plan Amendment, Curtailment or Settlement;
- IAS 28 Long-term Interests in Associates and Joint Ventures; and
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle.

Other than the impact of IFRS 16 as detailed below, the adoption of these accounting pronouncements had no material impact on the group.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases except where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating and finance leases being retained.

Transition method and practical expedients utilised

The group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (1 April 2019) in opening retained earnings and without restating comparative figures. The group elected to apply the practical expedient to not reassess whether a contract is, or contains, a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- a single discount rate was applied to a portfolio of leases with reasonably similar characteristics;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date; and
- the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application was applied.

The group has further elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets based on the value of the underlying asset when new.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	R'000
Right-of-use assets	1 110 684
Disposal group assets held for sale	10 432
Transfer of IAS 17 finance lease assets from property, plant and equipment at 1 April 2019	(6 085)
Deferred tax assets	51 832
Lease liabilities	(1 594 655)
Disposal group liabilities held for sale	(16 301)
Transfer of IAS 17 finance lease liabilities from borrowings at 1 April 2019	6 492
Lease smoothing accrual reversal	282 009
Restatement of equity as at 1 April 2019	(155 592)
Equity restated as follows:	
Retained earnings	(77 755)
Non-controlling interest	(77 837)
	(155 592)

Right-of-use assets were measured at the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the group's incremental borrowing rates as at 1 April 2019. The group's incremental borrowing rates are the rates at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted average rates applied ranged between 9.0% and 12.6%.

The following table reconciles the minimum lease commitments disclosed in the group's annual financial statements for the year ended 31 March 2019 to the amount of lease liabilities recognised on 1 April 2019:

	R'000
Minimum operating lease commitment at 31 March 2019	2 577 188
Less: short-term leases not recognised under IFRS 16	(46 668)
Less: low-value leases not recognised under IFRS 16	(6 699)
Less: intangibles not capitalised	(11 520)
Less: other sundry adjustments	(7 559)
Plus: lease modifications	28 765
Plus: effect of extension options reasonably certain to be exercised	226 435
Plus: effect of options to purchase reasonably certain to be exercised	31 313
Undiscounted lease payments	2 791 255
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(1 186 791)
Lease liabilities recognised at 1 April 2019	1 604 464
Plus: transfer of IAS 17 finance lease liabilities from borrowings at 1 April 2019	6 492
Lease liabilities at 1 April 2019	1 610 956

Included in profit or loss for the year are R151.9 million of depreciation on right-of-use assets and R167.7 million of finance costs on lease liabilities. Short-term and low-value leases included in other operating expenses and income for the year were R62.5 million and R18.1 million, respectively. Lease payments of R559.0 million were recognised in respect of lease liabilities.

Refer to note 29 for more detail on the group's leases and reconciliations between the opening and closing carrying values of right-of-use assets and lease liabilities.

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

3.2.1 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
IAS 1 Presentation of Financial Statements; and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors	*Definition of Material:* The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in International Financial Reporting Standards.	The group will apply the amendments to IAS 1 and IAS 8 from annual periods beginning 1 April 2020
IFRS 3 Business Combinations	*Definition of a Business:* The amendments: • confirmed that a business must include inputs and a process, and clarified that: – the process must be substantive; and – the inputs and process must together significantly contribute to creating outputs; • narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and • added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.	The group will apply the amendments to IFRS 3 from annual periods beginning 1 April 2020
IFRS 7 Financial Instruments: Disclosures; IFRS 9 Financial Instruments; and IAS 39 Financial Instruments: Recognition and Measurement	*Interest Rate Benchmark Reform* resulted in amendments to IFRS 7, IFRS 9 and IAS 39 requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting: • the amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform; and • in addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.	The group will apply the amendments to IFRS 7, IFRS 9 and IAS 39 from annual periods beginning 1 April 2020

The group has concluded that, other than the possible effect on disclosures and the increased likelihood of more acquisitions being accounted for as asset acquisitions, the above amendments to existing standards are not expected to have a material effect on the results of the group.

3.2.2 ***Revised Conceptual Framework for Financial Reporting***

The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. No changes will be made to any of the current accounting standards. However, entities that rely on the Framework in determining their accounting policies for transactions, events or conditions that are not otherwise dealt with under the accounting standards, will need to apply the revised Framework from 1 January 2020. These entities will need to consider whether their accounting policies are still appropriate under the revised Framework.

The revised Conceptual Framework for Financial Reporting will be applied by the group from 1 April 2020.

		Group	
		2020 R'000	2019 R'000
1.	**PROPERTY, PLANT AND EQUIPMENT**		
	Cost		
	Broadcast studios and equipment	**815 259**	760 818
	Buses	**2 115 240**	1 898 948
	Land and buildings	**21 512 747**	20 737 722
	Leasehold improvements	**1 159 856**	1 182 590
	Mining infrastructure	**228 441**	227 482
	Other equipment and vehicles	**880 310**	869 904
	Plant and machinery	**9 766 114**	9 146 431
	Properties under construction	**180 475**	53 702
		36 658 442	34 877 597
	Accumulated depreciation and impairments		
	Broadcast studios and equipment	**(652 904)**	(577 651)
	Buses	**(791 339)**	(717 820)
	Land and buildings	**(2 844 996)**	(1 717 340)
	Leasehold improvements	**(522 479)**	(497 346)
	Mining infrastructure	**(192 174)**	(183 732)
	Other equipment and vehicles	**(387 406)**	(358 638)
	Plant and machinery	**(5 580 405)**	(5 131 234)
		(10 971 703)	(9 183 761)
	Carrying value		
	Broadcast studios and equipment	**162 355**	183 167
	Buses	**1 323 901**	1 181 128
	Land and buildings	**18 667 751**	19 020 382
	Leasehold improvements	**637 377**	685 244
	Mining infrastructure	**36 267**	43 750
	Other equipment and vehicles	**492 904**	511 266
	Plant and machinery	**4 185 709**	4 015 197
	Properties under construction	**180 475**	53 702
		25 686 739	25 693 836
	Movements in property, plant and equipment		
	Balance at the beginning of the year		
	Broadcast studios and equipment	**183 167**	150 199
	Buses	**1 181 128**	1 068 706
	Land and buildings	**19 020 382**	18 245 420
	Leasehold improvements	**685 244**	744 462
	Mining infrastructure	**43 750**	56 762
	Other equipment and vehicles	**511 266**	457 860
	Plant and machinery	**4 015 197**	3 507 912
	Properties under construction	**53 702**	681 867
		25 693 836	24 913 188

	Group 2020 R'000	2019 R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Additions		
Broadcast studios and equipment	**54 524**	51 818
Buses	**179 943**	196 013
Land and buildings	**216 767**	129 577
Leasehold improvements	**29 646**	27 567
Mining infrastructure	**959**	3 370
Other equipment and vehicles	**114 309**	150 755
Plant and machinery	**975 173**	969 841
Properties under construction	**274 634**	811 718
	1 845 955	2 340 659
Business combinations/(disposal of subsidiaries and businesses)		
Buses	**60 700**	–
Land and buildings	**(1 140)**	–
Leasehold improvements	**(2 955)**	–
Other equipment and vehicles	**32**	(136)
Plant and machinery	**(324)**	(109)
	56 313	(245)
Transfer to disposal group assets held for sale		
Broadcast studios and equipment	**–**	65 456
Leasehold improvements	**–**	8 292
Other equipment and vehicles	**–**	(5 085)
Plant and machinery	**–**	(116 235)
	–	(47 572)
Disposals and operating equipment usage		
Broadcast studios and equipment	**–**	(933)
Buses	**(2 242)**	(1 737)
Land and buildings	**(1 794)**	(25 298)
Leasehold improvements	**(109)**	(2 143)
Other equipment and vehicles	**(41 867)**	(52 934)
Plant and machinery	**(57 025)**	(14 312)
	(103 037)	(97 357)
Transfers		
Land and buildings	**229 512**	630 874
Leasehold improvements	**–**	(83)
Mining infrastructure	**–**	(5 276)
Other equipment and vehicles	**(58 151)**	1 844
Plant and machinery	**74 882**	515 828
Properties under construction	**(140 791)**	(1 482 767)
	105 452	(339 580)

	Group 2020 R'000	Group 2019 R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Depreciation		
Broadcast studios and equipment	**(75 336)**	(80 236)
Buses	**(84 149)**	(70 951)
Land and buildings	**(258 945)**	(247 518)
Leasehold improvements	**(71 064)**	(78 449)
Mining infrastructure	**(8 442)**	(11 106)
Other equipment and vehicles	**(40 828)**	(48 472)
Plant and machinery	**(883 298)**	(845 066)
	(1 422 062)	(1 381 798)
Impairments		
Broadcast studios and equipment	**–**	(3 137)
Buses	**(11 479)**	(10 903)
Land and buildings	**(965 936)**	(30 793)
Leasehold improvements	**(3 385)**	(14 402)
Other equipment and vehicles	**(2 797)**	(812)
Plant and machinery	**(19 680)**	(50 911)
Properties under construction	**(14 127)**	–
	(1 017 404)	(110 958)
Currency translation		
Land and buildings	**394 286**	272 047
Other equipment and vehicles	**10 940**	8 246
Plant and machinery	**80 784**	48 249
Properties under construction	**55**	41 329
	486 065	369 871
Borrowing costs capitalised		
Properties under construction	**7 002**	1 555
	7 002	1 555
Revaluation on transfer to investment properties		
Land and buildings	**34 619**	46 073
	34 619	46 073
Balances at the end of the year		
Broadcast studios and equipment	**162 355**	183 167
Buses	**1 323 901**	1 181 128
Land and buildings	**18 667 751**	19 020 382
Leasehold improvements	**637 377**	685 244
Mining infrastructure	**36 267**	43 750
Other equipment and vehicles	**492 904**	511 266
Plant and machinery	**4 185 709**	4 015 197
Properties under construction	**180 475**	53 702
	25 686 739	25 693 836

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	Life of the mine
Other equipment and vehicles	2 to 15 years
Plant and machinery	2 to 50 years
Operating equipment*	2 to 3 years

* Gaming and hotel operating equipment that meets the definition of property, plant and equipment (which includes gaming chips, kitchen utensils, crockery, cutlery, linen and uniforms) is recognised as an expense based on usage and included in disposals and operating equipment usage in the reconciliation above

The group's gaming and hotel interests reassessed the useful lives and residual values of its property, plant and equipment during the year. Changes in useful lives and residual values are not considered significant estimates and judgements as any changes have historically been gradual and any adjustments made, where necessary, have not been significant. The impact on depreciation was a credit of R52 million (2019: credit of R41 million) for the year.

Impairment of property, plant and equipment

The group recognised impairments of property, plant and equipment to the value of R1 017 million (2019: R111 million) during the year.

Hotels segment

During the current year the hotels group impaired its land and buildings by R822 million as a result of the impact of COVID-19 on the global economic environment and the uncertainty of medium-term trading conditions for the hotels group. Recoverable amounts have been determined by calculating the value-in-use for each property using the discounted cash flow model.

Significant unobservable inputs used in these calculations are as follows:

- a 96% reduction in revenue for the first six months of the 2021 financial year. Cash flows for the second half of 2021 and the first half of 2022 reflect a slow recovery in both occupancy and rate with the group's entire portfolio assumed to be fully operational by September 2022 and trading at similar levels achieved in the 2019 financial year. The annual growth rate applied to the cash flow forecasts for the 2023 to 2025 financial years ranged between 4.5% and 5.5%;
- risk-adjusted post-tax discount rate of 14% for South African properties and between 9% and 13.5% for offshore properties; and
- long-term growth rate of 5% for South African properties and 2.1% for offshore properties.

During the prior year the Garden Court Nelson Mandela Boulevard Hotel was impaired by R20 million as a result of a single year remaining on the lease agreement.

Gaming segment

During the current year the gaming group impaired its property, plant and equipment by R180 million. Current year impairments most significantly include R103 million and R33 million on casino building shells at Hemingways and The Caledon Casinos, respectively, following the reassessment of the value-in-use of the precincts (refer to note 4 for inputs used in these calculations). Other impairments include plant and equipment with a book value of R15 million (2019: R11 million) at various casino properties due to refurbishment projects and a R13 million impairment on the Sandton Convention Centre, mainly due to the uncertain economic outlook as a result of the COVID-19 national lockdown.

Prior year impairments include R23 million on land and buildings at the Kuruman Casino and R12 million on land and buildings and plant and equipment at Suncoast Casino due to a redevelopment project.

A sensitivity analysis was performed on the key assumptions used in the value-in-use calculations of casino precinct cash-generating units (CGUs) which contain land and buildings. 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 post-tax discount rates of 1% may result in further impairments to land and buildings of R176 million and a decrease in long-term growth rate of 1% in further impairments of R119 million.

Buses with a book value of R11 million (2019: R11 million) were impaired by the group during the current year, while in the prior year the group's branded products and manufacturing segment recognised impairments of R31 million on plant and machinery due to valuations done in terms of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Impairment losses on property, plant and equipment have been included in the asset impairments and discontinued operations line items in the statement of profit or loss.

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 20.

	Group 2020 R'000	Group 2019 R'000
2. INVESTMENT PROPERTIES		
Investment properties consist of:		
Investment properties at cost	**28 470**	250 317
Investment properties at fair value	**9 201 252**	9 803 060
	9 229 722	10 053 377
Investment properties relate to the group's interests in the following segments:		
Properties	**3 404 808**	3 493 555
Gaming	**387 227**	456 678
Hotels	**4 161 284**	4 893 149
Branded products and manufacturing	**1 086 964**	1 056 095
Other	**189 439**	153 900
	9 229 722	10 053 377

Properties segment

Properties totalling R28.5 million (2019: R250.3 million) are carried at cost as they were still undergoing construction or improvements, and fair values could not be reliably measured at year-end.

The remaining investment properties, totalling R3 376.3 million at 31 March 2020, are carried at fair value. During the year under review a credit of R11 million relating to fair value adjustments on the properties, as detailed below, was recognised in the statement of profit or loss (2019: R22 million credit). The fair value of all properties have been arrived at on the basis of external valuations carried out at 31 March 2020 by Quadrant Properties Proprietary Limited, an independent firm of valuers not related to the group, unless otherwise stated. The impact of COVID-19 on the fair value of investment properties was accounted for by adjusting the free cash flows for the 2021 and 2022 financial years for increased levels of bad debts, as well as increasing exit capitalisation rates in valuations carried out. Details on the valuation methods applied and the significant unobservable inputs used are presented in the table below:

Valuation method	Number of properties	Fair value (R'000)	Significant unobservable inputs: Income growth %	Expense growth %	Net income growth %	Vacancy %	Capitalisation rate %	Discount rate %
Discounted cash flow	11	2 722 209	5.3 – 7.8	6.9 – 8.6	5.5 – 5.8	0.8 – 5.0	8.3 – 10.5	14.0 – 16.3
Discounted cash flow	1	334 887*	6.7	7.8	5.5	2.0	8.0	13.5
Income capitalisation	1	99 726	7.7	7.5	N/A	3.8	13.0	N/A
Income capitalisation	1	177 416**	7.0	8.0	N/A	7.5	9.0	N/A
Direct comparable sales	2	42 100	N/A	N/A	N/A	N/A	N/A	N/A
	16	3 376 338						

* Fair value includes R13 million relating to spare bulk (available areas the group may develop based on available land and permission to develop). The fair value was based on 16 250 m² of land at a bulk rate of R800/m²

** Valuation was carried out by Norman Griffiths and Associates CC, independent valuers not related to the group. Fair value includes R57 million relating to spare bulk, based on 20 000 m² of land at a bulk rate of R3 500/m², discounted at 15% over two years

In the prior year, with the exception of one property that was externally valued, all fair values of properties were arrived at on the basis of internal valuations carried out by the directors and by applying the income capitalisation valuation method. As a result, the significant unobservable inputs used in the 2019 valuations, as listed below, are not directly comparable to inputs used in the current year:

Income growth:	6% – 8%
Expense growth:	6% – 8%
Vacancy factor:	0% – 8%
Capitalisation rate:	7% – 13%

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

	2020 Increase R'000	**2020 Decrease R'000**	2019 Increase R'000	2019 Decrease R'000
5% change in the net cash flows	**177 277**	**(176 223)**	173 843	(173 843)
0.25% change in the terminal capitalisation rate	**(60 273)**	**63 777**	(94 075)	99 580
0.5% change in the discount rate	**(63 500)**	**66 500**	–	–

2. INVESTMENT PROPERTIES continued

Gaming segment

The fair value of investment properties owned by the group's gaming interests at 31 March 2020, totalling R387.2 million, has been arrived at on the basis of valuations carried out at 31 March 2020 by professionally qualified, external valuers not related to the group.

During the year under review, the gaming group recognised a debit of R81 million (2019: debit of R8 million) relating to fair value adjustments on investment properties in the statement of profit or loss. The fair value has 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. The recent outbreak of COVID-19 and its significant adverse impact on the gaming and hospitality industry had been taken into account by increasing capitalisation and vacancy rates, as appropriate, when determining the fair value of the group's investment properties.

Significant unobservable inputs were as follows:

	2020	2019
Capitalisation rate applied to rental income	**9% – 10%**	9%
Vacancy rate	**0% – 20%**	0% – 10%

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

	2020		2019	
	Increase R'000	**Decrease R'000**	Increase R'000	Decrease R'000
1% change in the capitalisation rate	**(41 750)**	**45 200**	(41 000)	51 000
1% change in the vacancy rate	**(3 550)**	**4 250**	(5 000)	5 000

Hotels segment

At 31 March 2020, investment properties owned by the group's hotel interests, totalling R4 161.3 million, were independently valued by professionally qualified valuers having recent experience in the location and category of the group's investment properties being valued. Independent external valuations are performed on an annual basis on the entire portfolio of investment properties.

During the year under review, the hotels group recognised a debit of R888 million (2019: debit of R445 million) relating to fair value adjustments on investment properties in the statement of profit or loss. Fair values were determined by using the discounted cash flow method by discounting the rental income (based on expected net cash flows of the underlying hotels) after considering capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core discount rate is calculated using the South African bond yield 10Y at the time of valuation, to which premiums are added for market risk and equity and debt costs. The discount rate takes into account a risk premium associated with the local economy as well as that specific to the local property market and the hotel industry.

The impact of COVID-19 and the associated impact on the hospitality industry has had a significant impact on the fair value of hotel properties at 31 March 2020. Due to the uncertainty of future trading conditions, forecasts were reduced with 75% in year one and with 25% in year two when compared to actuals as at 31 March 2020. The South African bond yield 10Y increased by 1.9 percentage points from 31 March 2019 (8.61%) to 31 March 2020 (10.51%). The group used a risk-free rate of 8.65% in 2019, compared to 10.50% in 2020, resulting in higher exit yields and higher discount rates across the portfolio.

Significant unobservable inputs were as follows:

	2020	2019
Weighted average rental growth rate	**5.19%**	5.25%
Terminal capitalisation rate (only five properties exceed 11% in the current year)	**9.00% – 13.50%**	7.25% – 7.75%
Risk-adjusted discount rate (only one property lower than 13% in the current year)	**12.00% – 14.50%**	12.50% – 13.00%

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

	2020		2019	
	Increase R'000	**Decrease R'000**	Increase R'000	Decrease R'000
5% change in the net cash flows	**202 600**	**(202 000)**	274 000	(247 000)
0.25% change in the terminal capitalisation rate	**(54 570)**	**57 800**	(114 000)	123 000
0.5% change in the discount rate	**(135 400)**	**142 600**	(91 000)	94 000

2. INVESTMENT PROPERTIES continued

Branded products and manufacturing segment

The fair value of investment properties owned by the group's branded products and manufacturing interests, totalling R1 087.0 million at 31 March 2020, 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.

The external property valuations, as detailed above, were carried out shortly before year-end and did not consider the impact of COVID-19 on the portfolio. The group has therefore analysed its investment properties portfolio on a property-by-property basis and adjusted the valuations to reflect its best estimate of the impact of the pandemic on the portfolio. As a result of this, the group recognised a R28 million debit (2019: R13 million credit) relating to fair value adjustments on investment properties in its statement of profit or loss in the current year. In summary, after all adjustments, the segment's investment properties portfolio was valued at a weighted average capitalisation rate of 10.5% (2019: 9.6%).

Significant unobservable inputs were as follows:

	2020	2019
Capitalisation rate	**10.00% – 12.25%**	7.00% – 12.00%
Occupation rate	**95% – 100%**	98% – 100%
Projected income	**R10/m² – R85/m² based on 274 581 m² lettable area**	R15/m² – R80/m² based on 231 400 m² lettable area

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

	2020		2019	
	Increase R'000	**Decrease R'000**	Increase R'000	Decrease R'000
1% change in the capitalisation rate	**(97 611)**	**118 994**	(181 450)	21 603

Other segment

Investment properties owned by the group's other interests comprise vacant land, the Picardi Farm and Laborie Estate (both located in Paarl, Western Cape) and commercial buildings. The fair value of these properties, totalling R189.4 million at 31 March 2020, has been arrived at on the basis of internal valuations carried out by the directors. The directors referred to external valuations that were carried out in the prior year by Quadrant Properties Proprietary Limited and The Valuator Group Proprietary Limited, independent firms of valuers not related to the group. The impact of COVID-19 on the fair value of investment properties was accounted for by adjusting the rental growth and vacancy rates for affected periods as well as increasing capitalisation rates, as appropriate, in valuations carried out.

During the year under review, a debit of R7 million relating to fair value adjustments on the properties, as detailed above, was recognised in the statement of profit or loss (2019: R112 million debit). The fair value of the vacant land and Picardi Farm, totalling R24 million, was determined by applying the direct comparable sales valuation technique. The Laborie Estate, which include agricultural land, a villa and accommodation buildings, was valued at R60 million by the directors by applying the direct comparable sales valuation technique (agricultural land and villa) and free cash flow valuation method (accommodation buildings). Commercial buildings with a fair value of R105 million were valued using the free cash flow method.

2. INVESTMENT PROPERTIES continued

Other segment continued
Significant unobservable inputs were as follows:

	Group 2020 %	Group 2019 %
Accommodation buildings		
Rental growth rate	**6.0**	6.0
Cost growth rate	**8.0**	8.0
Net income growth rate	**5.5**	–
Occupation rate	**50.0 – 55.0**	60.0
Entry capitalisation rate	**10.0**	–
Exit capitalisation rate	**10.5**	10.0
Discount rate	**15.5**	–
Commercial buildings		
Rental growth rate	**6.0**	7.0
Recoveries growth rate	**6.0 – 8.5**	8.5
Cost growth rate	**8.0**	8.0
Net income growth rate	**5.5**	6.0
Occupation rate	**88.0 – 97.0**	98.0
Entry capitalisation rate	**9.8 – 10.5**	10.8
Exit capitalisation rate	**10.0 – 12.0**	12.0
Discount rate	**15.0 – 16.0**	17.0

In the prior year accommodation buildings were fair valued by applying the income capitalisation valuation method, whereas current year commercial buildings include a property that was still under construction in the prior year and therefore not fair valued. As a result, the significant unobservable inputs used in the 2019 valuations, as listed above, are not directly comparable to inputs used in the current year.

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

	2020 Increase R'000	**2020** Decrease R'000	2019 Increase R'000	2019 Decrease R'000
5% change in the net cash flows	**6 256**	**(7 381)**	2 785	(2 785)
0.25% change in the terminal capitalisation rate	**(667)**	**698**	(700)	700
0.5% change in the discount rate	**(1 355)**	**1 270**	(1 326)	1 336

	Group 2020 R'000	Group 2019 R'000
Reconciliation of carrying value		
At the beginning of the year	**10 053 377**	9 587 532
Fair value adjustments	**(993 218)**	(530 339)
Transfer from property, plant and equipment	**12 987**	339 580
Transfer (to)/from non-current assets held for sale	**(185 811)**	65 601
Additions	**97 825**	139 471
Disposals	**(11 454)**	(234)
Improvements	**256 016**	451 766
At the end of the year	**9 229 722**	10 053 377
Rental income from investment property (excluding recoveries)	**874 102**	851 012
Direct operating expenses arising from investment property that generated rental income during the year	**(281 742)**	(256 016)
Direct operating expenses arising from investment property that did not generate rental income during the year	**(1 015)**	(185)

Investment properties are classified as level 3 fair value measurements – refer to note 49.3 Fair value estimation.

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 20.

		Group	
		2020 R'000	2019 R'000
3.	**GOODWILL**		
	Arising on obtaining control of subsidiaries	**3 943 166**	4 744 030
	Reconciliation of carrying value		
	At the beginning of the year	**4 744 030**	4 673 735
	– Cost	**5 009 317**	4 922 418
	– Accumulated impairment	**(265 287)**	(248 683)
	Business combinations – acquisitions	**18 847**	13 747
	– disposals	**–**	(10 416)
	Transfer from disposal group assets held for sale	**–**	83 568
	Impairment	**(819 711)**	(16 604)
	At the end of the year	**3 943 166**	4 744 030
	– Cost	**5 028 164**	5 009 317
	– Accumulated impairment	**(1 084 998)**	(265 287)

Goodwill relates to the group's interests in the following segments/cash-generating units (CGUs):

- gaming (2020: R3 718.8 million)*;
- hotels (2020: R79.8 million)*;
- media and broadcasting (2020: R86.2 million; 2019: R87.8 million);
- transport (2020: R34.9 million; 2019: R16.1 million); and
- branded products and manufacturing (2020: R23.5 million; 2019: R31.4 million).

* The group accounted for goodwill of R4 608.7 million in respect of Tsogo Sun Holdings Limited (TSH) at 31 March 2019. Following TSH's unbundling and separate listing of its hotel interests during June 2019, the results of Tsogo Sun Gaming Limited (previously TSH) and Tsogo Sun Hotels Limited have been reported separately under gaming and hotels, respectively. As a result, TSH's goodwill had been allocated between gaming and hotels with reference to the relative fair values of these two CGUs at the date of separation of the entities

Goodwill arising on acquisition of subsidiaries
The group recognised goodwill on the acquisition of two subsidiaries by its transport interests amounting to R18.8 million during the current year.

The purchase price of the businesses acquired included amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits were not recognised separately from goodwill as the future economic benefits arising from them could not be reliably measured. Refer to note 48 for detail on these business combinations.

3. GOODWILL continued

Impairment of goodwill

The recent outbreak of COVID-19 has significantly affected the South African economy and the group's operations, specifically those of its hotel and gaming interests as explained in note 51. The closure of the group's hotels and casino precincts during the national lockdown and the uncertain economic outlook once all trading restrictions are eventually lifted, is anticipated to have a significant adverse effect on their operations and ability to generate cash flows in the short to medium term. This uncertainty is factored into the impairment testing of the group's goodwill and intangible assets, 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 three to five years as prepared by management. In light of the impact of COVID-19 on the group, the key assumptions applied and inputs used in value-in-use calculations were reviewed at year-end and are as follows:

- Income, operating expenses and Ebitdar margins (trading assumptions) were estimated by management based on past performance and its expectations of market development. Due to the national lockdown, it is anticipated that group revenues and net gaming win will be significantly lower during the 2021 financial year, offset by a reduction in variable and fixed costs. The group's forecast models assume a recovery in trading for its operations most severely impacted by COVID-19 during the 2022 and 2023 financial years and reaching a new normal trading level one year's growth behind what the group anticipated pre-COVID-19 levels to be.
- Cash flows beyond the first three to 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 forecasts included in industry-specific reports, where applicable. Other than for the hotel operations, it was not deemed necessary to revise the rate for specific CGUs and it has therefore been left unchanged from the prior year.
- 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. Discount rates have increased from the prior year due to the economic downturn and technical recession resulting from COVID-19 being factored into the risk premium for individual CGUs.

With the exception of the group's hotel and gaming operations, for which significant unobservable inputs are disclosed below and in note 4, respectively, value-in-use calculations were performed for each CGU using inputs within the following ranges:

Pre-tax discount rate:	16.5% – 20.1%
Number of years:	3 to 5 years
Cost growth rate:	4.5% – 8.0%
Long-term growth rate:	5.0% – 6.5%

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

Hotels (2020: R810.1 million; 2019: Rnil)

The group impaired goodwill of R810.1 million in respect of its hotel operations during the current year, significantly as a result of the negative impact of COVID-19 on the hotel industry as explained above.

The following significant unobservable inputs were used in the group's goodwill impairment calculations:

- hotel revenue declines by 71% in the 2021 financial year and increases to pre-COVID-19 levels by mid-2023, thereafter increases by 8% and 7% over the following years;
- hotel operating expenditure declines by 38% in the 2021 financial year and increases to pre-COVID-19 levels by mid-2023, thereafter increases by 7% and 6% over the following years;
- post-tax risk-adjusted discount rate of 14%; and
- long-term growth rate of 5.1%.

Branded products and manufacturing (2020: R8.0 million; 2019: Rnil)

During the current year under review, the Deneb group recognised a goodwill impairment of R8.0 million relating to its Swiss-based subsidiary, Oops Global SA. The impairment was driven by pre-existing challenging trading conditions, compounded by the negative impact of the COVID-19 pandemic on the worldwide economic outlook.

Media and broadcasting (2020: R1.6 million; 2019: R16.6 million)

During the year ended 31 March 2019, a decision was made by the eMedia Holdings board of directors to close all loss-making entities within the Silverline Three Sixty Proprietary Limited group. This resulted in the group recognising a goodwill impairment of R16.6 million relating to the closure of The Refinery (Johannesburg) during the prior year. The current year goodwill impairment of R1.6 million relates to Silverline Studios, a profit-making entity included within the group's continuing operations.

Based on the above calculations, the group has not identified any impairment to goodwill in the remaining CGUs during the current year under review.

4. INTANGIBLE ASSETS

Group	Bid costs R'000	Computer software R'000	Distribution rights R'000	Licences R'000
2020				
Carrying value at the beginning of the year	**–**	**68 327**	**187 612**	**17 915 231**
Business combinations/(disposal of subsidiaries and businesses)	**–**	**2**	**–**	**–**
Additions	**–**	**14 844**	**–**	**1 909**
Disposals	**–**	**(5)**	**–**	**–**
Amortisation	**–**	**(23 260)**	**(12 820)**	**(26 579)**
Impairment	**–**	**(8 508)**	**–**	**(9 186 608)**
Transfers	**–**	**150**	**–**	**–**
Transfer to disposal group assets held for sale	**–**	**–**	**(2 396)**	**–**
Carrying value at the end of the year	**–**	**51 550**	**172 396**	**8 703 953**
Cost	**–**	**457 395**	**339 929**	**19 029 671**
Accumulated amortisation and impairments	**–**	**(405 845)**	**(167 533)**	**(10 325 718)**
	–	**51 550**	**172 396**	**8 703 953**
2019				
Carrying value at the beginning of the year	1 572	73 884	210 963	17 854 849
Business combinations/(disposal of subsidiaries and businesses)	–	–	–	49 096
Additions	–	24 379	11	6 821
Foreign exchange differences	–	–	(1 033)	–
Disposals	–	(4)	–	–
Amortisation	–	(23 677)	(7 750)	(21 570)
Impairment	–	(57)	–	(82 267)
Impairment reversals	–	–	–	111 319
Amounts written off	–	–	(14 579)	–
Transfers	–	–	–	–
Transfer to disposal group assets held for sale	(1 572)	(6 198)	–	(3 017)
Carrying value at the end of the year	–	68 327	187 612	17 915 231
Cost	–	442 404	342 325	19 027 762
Accumulated amortisation and impairments	–	(374 077)	(154 713)	(1 112 531)
	–	68 327	187 612	17 915 231

Amortisation expenses amounting to R19.0 million (2019: R9.5 million) have been included in the line item other operating expenses and income in the statement of profit or loss.

Brands R'000	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
368 535	**17 344**	**62 026**	**–**	**25 389**	**28 189**	**18 672 653**
–	**–**	**–**	**–**	**10 911**	**–**	**10 913**
–	**–**	**191**	**2 484**	**278**	**128**	**19 834**
–	**–**	**–**	**–**	**–**	**–**	**(5)**
–	**–**	**(6 203)**	**–**	**(3 877)**	**(1 688)**	**(74 427)**
(33 355)	**–**	**–**	**–**	**(6 263)**	**(3 625)**	**(9 238 359)**
–	**–**	**–**	**–**	**(150)**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**(2 396)**
335 180	**17 344**	**56 014**	**2 484**	**26 288**	**23 004**	**9 388 213**
368 535	**17 344**	**83 399**	**2 484**	**86 329**	**33 791**	**20 418 877**
(33 355)	**–**	**(27 385)**	**–**	**(60 041)**	**(10 787)**	**(11 030 664)**
335 180	**17 344**	**56 014**	**2 484**	**26 288**	**23 004**	**9 388 213**
368 535	17 344	84 735	8 997	21 535	30 216	18 672 630
–	–	–	–	–	–	49 096
–	–	5 942	–	10 079	259	47 491
–	–	–	–	–	–	(1 033)
–	–	(36 148)	–	(346)	(304)	(36 802)
–	–	(1 500)	–	(2 478)	(1 982)	(58 957)
–	–	–	–	–	–	(82 324)
–	–	–	–	–	–	111 319
–	–	–	–	–	–	(14 579)
–	–	8 997	(8 997)	–	–	–
–	–	–	–	(3 401)	–	(14 188)
368 535	17 344	62 026	–	25 389	28 189	18 672 653
368 535	17 344	83 208	–	75 290	33 663	20 390 531
–	–	(21 182)	–	(49 901)	(5 474)	(1 717 878)
368 535	17 344	62 026	–	25 389	28 189	18 672 653

4. INTANGIBLE ASSETS continued

Useful lives

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

	Estimated useful life	Remaining useful life as at 31 March 2020
Bid costs with limited useful lives	10 to 13 years	6 to 11 years
Computer software	2 to 10 years	less than 4 years
Trademarks	5 to 25 years	7 to 8 years
Licences with expiry date	12 to 15 years	less than 9 years
Programming under development	*	
Programming completed	Period of economic life	
Distribution rights – factuals**	10 years	9 years
– movies**	Period of economic life	
Brands	Indefinite	
Management contracts	Indefinite	
Customer-related intangible assets	20 years	16 years

* Programming under development has not yet been brought into use. Once brought into use the assets are transferred to programming completed

** 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

During the current year, the eMedia group revised the estimated useful life for factual distribution rights to 10 years to best reflect the future benefits that would be generated from these assets. The previous amortisation method was based on sales, but factual distribution rights are now also being used internally by the group which necessitated a review of the estimated useful life of these assets. This resulted in an amortisation increase of R11 million in the current year. There were no other significant changes made to useful lives or residual values of other intangible assets during the year.

Impaiment of intangible assets

The group recognised impairments amounting to R9 238 million (2019: R82 million) on its intangible assets during the year. This is most significantly as a result of the COVID-19 outbreak and its material adverse impact on the economy and the group's operations, specifically those of its hotel and gaming interests, as detailed in note 51.

Gaming segment

Casino licences with a carrying value of R8 574 million (2019: R17 659 million) and management contracts having no expiry dates are considered to have an indefinite life, are not amortised and are tested annually for impairment. Casino licences with expiry dates and a carrying value of R99 million as at 31 March 2019, were amortised over the exclusivity period of the respective licence and impaired in full during the current year.

The group recognised impairments of R9 170 million (2019: R72 million) on its casino licences during the year. The recoverable amounts of individual casino licences were determined with reference to their value-in-use as part of the CGU to which it relates. The values-in-use of individual CGUs were determined using post-tax cash flow projections and the following significant unobservable inputs, all of which were adjusted for the impact of COVID-19 on the group's operations, as detailed in note 3:

- expected gaming win declines by 40% in the 2021 financial year and increases by 67% the next year, thereafter 8% and 3% over the following years;
- operating expenditure declines by 22% in the 2021 financial year and increases by 33% the next year, thereafter 4% over the following years;
- post-tax risk-adjusted discount rate of 14.3% (2019: 11.6%); and
- long-term growth rate of 5.3% (2019: 5.3%).

4. INTANGIBLE ASSETS continued

Gaming segment continued

Impairments per casino precinct were as follows:

	2020 R'm	2019 R'm
Gold Reef City	1 401	–
Silverstar	1 451	–
Goldfields	130	–
Montecasino	2 212	–
Suncoast	2 953	–
Garden Route	45	–
Hemingways	86	–
The Ridge	437	–
Emnotweni	346	72
Blackrock	109	–
	9 170	72

In the prior year an impairment reversal of R111 million was recognised in respect of the Goldfields casino licence due to improved trading conditions.

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 post-tax discount rates of 1% may result in further impairments to casino licences of R1 624 million and a decrease in long-term growth rate of 1% in further impairments to casino licences of R1 201 million.

Hotels segment

Hotel brands with a carrying value of R335 million (2019: R369 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 an impairment of R33 million (2019: Rnil) on its hotel brands during the year. The recoverable amounts of individual brands were determined with reference to their value-in-use by applying a royalty model and using post-tax cash flow projections.

Significant unobservable inputs used in these calculations were as follows:

- term of 5 years (2019: 5 years);
- post-tax risk-adjusted discount rate of 14% (2019: 12%);
- long-term growth rate of 5.1% (2019: 6%); and
- royalty rates of 1.1% – 1.6% (2019: 1.1% – 1.6%).

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 hotel brands, given a possible change in any one assumption. An increase in post-tax discount rates of 1% may result in further impairments of R35 million and a decrease in long-term growth rate of 1% in further impairments of R26 million.

Branded products and manufacturing segment

Impairment losses on licences with a book value of R17 million, trademarks of R6 million and customer-related intangible assets of R4 million have been recognised by the group during the current year, all relating to its Oops Global SA and New Just Fun subsidiaries. These impairments were recognised as a result of the lower than previously anticipated projected cash flows of the businesses, driven by pre-existing challenging trading conditions and compounded by the negative impact of the COVID-19 pandemic on the worldwide economic outlook.

In the prior year the group recognised impairment losses of R9 million on licences relating to its branded sporting goods' local operations which were accounted for as discontinued operations.

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

Encumbrances

Details of the assets that serve as security for borrowings are presented in note 20.

5. INTANGIBLE ASSETS MINING

Group	Evaluation and exploration R'000	Development expenditure R'000	Total R'000
2020			
Carrying value at the beginning of the year	**346**	**36 695**	**37 041**
Amortisation	**–**	**(45 946)**	**(45 946)**
Rehabilitation provision capitalised	**–**	**40 717**	**40 717**
Additions	**56**	**4 719**	**4 775**
Carrying value at the end of the year	**402**	**36 185**	**36 587**
2019			
Carrying value at the beginning of the year	321	53 621	53 942
Amortisation	–	(26 300)	(26 300)
Rehabilitation provision capitalised	–	9 359	9 359
Additions	25	15	40
Carrying value at the end of the year	346	36 695	37 041

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

Capitalised development assets are amortised over the total expected tons to be produced during the life of the mine. The total expected tons to be produced for the Palesa and Mbali Mines are 60 182 814 and 1 376 358 tons, respectively, and the actual tons produced during the year were 3 597 220 (2019: 3 529 827) tons which included parting mined at Palesa, whereas the actual tons produced during the year at Mbali were 870 472 (2019: 1 344 027) tons.

Capitalised development expenditure is tested annually for impairment in accordance with IAS 36. The recoverable amount of the CGUs, being each separate mine, has been determined with reference to a discounted cash flow valuation of the mines. An inflation rate of 6% (2019: 6%) has been applied on cash flows that have been discounted at 12.25% (2019: 12.25%) for Mbali Coal Proprietary Limited and 16% (2019: 16%) for Palesa Proprietary Limited.

The following assumptions have been applied when reviewing capitalised development expenditure for impairment:

- future expected profits have been estimated using budgeted projected cash flows extending over the remaining life of 216 months for the Palesa Mine (including Rooipoort Reserve) and 14 months for the Mbali Mine, respectively;
- sales growth and gross margins were based on expected sales prices and sales volumes for export and inland coal. Sales and sales prices were assumed to grow in line with expansion and expected inflation as well as taking prices per agreements into account; and
- costs were assumed to grow in line with expansion and expected inflation.

The recoverable amount of the CGUs was determined to exceed the net asset value of the mines as at 31 March 2020 and no impairment was therefore deemed necessary.

As a sensitivity test for the Palesa projected cash flows, a 5% increase in operating costs per year and a 5% decrease in yield did not indicate that an impairment was required.

As a sensitivity test for the Mbali projected cash flows, a 5% decrease in the API4 price and/or a 5% decrease in the exchange rate did not indicate that an impairment was required.

6. INVESTMENTS IN ASSOCIATES

Set out below are the associates which, in the opinion of the directors, are material to the group. The entities listed below 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 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	Country of incorporation/ Place of business	Principal activity	**2020 %**	2019 %	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
Cape Town Film Studios Proprietary Limited	South Africa	Media	**42.5**	42.5	**134 048**	107 837	**–**	–
Impact Oil & Gas Limited	United Kingdom	Oil and gas exploration	**48.5**	49.0	**1 574 415**	1 218 787	**–**	–
RBH Hotel Group Limited	United Kingdom	Hotel management	**26.4**	25.0	**128 761**	153 330	**–**	–
International Hotel Properties Limited	British Virgin Islands	Hotel and leisure	**25.9**	25.9	**316 635**	333 761	**–**	–
Karoshoek Solar One RF Proprietary Limited[1]	South Africa	Solar energy	**10.0**	10.0	**183 274**	233 424	**–**	–
Platinum Group Metals Limited[2]		Mineral properties exploration and development	**31.4**	19.9	**380 057**	93 600	**–**	–
Other associates[3]					**124 972**	143 618	**3 000**	3 000
					2 842 162	2 284 357	**3 000**	3 000
Market valuation of investment in Platinum Group Metals Limited (level 1 fair value measurement)					**440 159**	190 775		

1. 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
2. The company is incorporated in Canada and its principal investment is in South Africa
3. Current year losses from continuing operations include equity-accounted earnings of R9.2 million (2019: R22.2 million) relating to these entities. A list of these associates is available for inspection at the company's registered office

6. INVESTMENTS IN ASSOCIATES continued

The summarised financial information in respect of the group's principal associates 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		RBH Hotel Group Limited As at 31 March/ for the period ended 31 March	
	2020 R'000	2019 R'000	**2019 R'000**	2018 R'000	**2020 R'000**	2019 R'000
Summarised statement of financial position						
Total non-current assets	**293 261**	302 915	**1 031 171**	973 709	**41 499**	58 106
Total current assets	**12 735**	6 383	**998 012**	606 673	**160 519**	189 521
Total non-current liabilities	**–**	(38 096)	**(27 639)**	(29 340)	**–**	–
Total current liabilities	**(257 250)**	(281 311)	**(79 409)**	(41 324)	**(227 093)**	(209 048)
Net assets/(liabilities)	**48 746**	(10 109)	**1 922 135**	1 509 718	**(25 075)**	38 579
Reconciliation to carrying amounts:						
Opening net (liabilities)/assets at 1 April	**(10 109)**	(17 378)	**1 509 718**	892 198	**38 579**	70 844
Profit/(loss) for the year	**58 855**	7 269	**(324 587)**	(363 866)	**35 648**	65 964
Other comprehensive income/(loss)	**–**	–	**280 184**	187 993	**50 564**	(54 970)
Other equity movements	**–**	–	**456 820**	793 393	**(65 477)**	–
Dividends paid	**–**	–	**–**	–	**(84 389)**	(43 259)
Closing net assets/(liabilities) attributable to owners	**48 746**	(10 109)	**1 922 135**	1 509 718	**(25 075)**	38 579
Group's share in %	**42.5%**	42.5%	**48.5%**	49.0%	**26.4%**	25.0%
Group's share in R'000	**20 717**	(4 296)	**932 235**	739 762	**(6 615)**	9 645
Loans to associates	**113 331**	112 133	**–**	–	**–**	–
Impairment*	**–**	–	**–**	–	**(17 273)**	–
Translation	**–**	–	**499 696**	149 201	**34 235**	25 271
Goodwill and intangible asset	**–**	–	**142 484**	329 824	**118 414**	118 414
Carrying value of investments in associates	**134 048**	107 837	**1 574 415**	1 218 787	**128 761**	153 330
Summarised statement of comprehensive income						
Revenue	**56 587**	47 115	**–**	–	**1 404 604**	1 362 168
Profit/(loss) from operations	**58 855**	7 269	**(324 587)**	(363 866)	**35 648**	65 964
Profit/(loss) for the year	**58 855**	7 269	**(324 587)**	(363 866)	**35 648**	65 964
Other comprehensive income/(loss)	**–**	–	**280 184**	187 993	**50 564**	(54 970)
Total comprehensive income/(loss)	**58 855**	7 269	**(44 403)**	(175 873)	**86 212**	10 994
Dividends received from associates	**–**	–	**–**	–	**22 262**	10 815
Group's share of associates' profits/(losses) for the year	**25 013**	3 089	**(159 080)**	(171 927)	**9 404**	16 491

* In the current year, the group impaired its investment in RBH Hotel Group Limited by R17.3 million. This impairment was recognised as a result of the lower than previously anticipated projected cash flows of the business, due to the negative impact of COVID-19 on the UK economy

6. INVESTMENTS IN ASSOCIATES continued

	International Hotel Properties Limited As at 31 March/ for the period ended 31 March		Karoshoek Solar One RF Proprietary Limited As at 31 December/ for the period ended 31 December		Platinum Group Metals Limited As at 29/28 February/ for the period ended 29/28 February	
	2020 R'000	2019 R'000	**2019 R'000**	2018 R'000	**2020 R'000**	2019 R'000
Summarised statement of financial position						
Total non-current assets	**3 059 234**	2 223 182	**10 049 619**	10 099 771	**683 431**	533 017
Total current assets	**125 779**	74 494	**405 598**	852 088	**56 356**	51 410
Total non-current liabilities	**(1 343 572)**	(890 642)	**(8 544 771)**	(7 964 565)	**(651 243)**	(269 763)
Total current liabilities	**(423 177)**	(139 004)	**(77 711)**	(653 059)	**(66 300)**	(693 348)
Net assets/(liabilities)	**1 418 264**	1 268 030	**1 832 735**	2 334 235	**22 244**	(378 684)
Reconciliation to carrying amounts:						
Opening net assets/(liabilities) at 1 April	**1 268 030**	1 080 765	**2 334 235**	136 730	**(378 684)**	–
Acquisition of associate	**–**	–	**–**	–	**–**	(346 470)
(Loss)/profit for the year	**(66 128)**	21 700	**(274 497)**	(59 853)	**(145 969)**	(293 401)
Other comprehensive income/(loss)	**216 362**	165 565	**(82 248)**	(169 703)	**(155 200)**	(78 102)
Other equity movements	**–**	–	**245**	2 427 061	**702 097**	339 289
Dividends paid	**–**	–	**(145 000)**	–	**–**	–
Closing net assets/(liabilities) attributable to owners	**1 418 264**	1 268 030	**1 832 735**	2 334 235	**22 244**	(378 684)
Group's share in %	**25.9%**	25.9%	**10.0%**	10.0%	**31.4%**	19.9%
Group's share in R'000	**367 330**	328 420	**183 274**	233 424	**6 985**	(75 358)
Translation	**(91 655)**	(35 619)	**–**	–	**94 817**	15 789
Goodwill and intangible asset	**40 960**	40 960	**–**	–	**278 255**	153 169
Carrying value of investments in associates	**316 635**	333 761	**183 274**	233 424	**380 057**	93 600
Summarised statement of comprehensive income						
Revenue	**159 163**	155 590	**931 759**	1 799	**–**	–
(Loss)/profit from operations	**(66 128)**	21 700	**(274 497)**	(59 853)	**(145 969)**	(293 401)
(Loss)/profit for the year	**(66 128)**	21 700	**(274 497)**	(59 853)	**(145 969)**	(293 401)
Other comprehensive income/(loss)	**216 362**	165 565	**(82 248)**	(169 703)	**(155 200)**	(78 102)
Total comprehensive income/(loss)	**150 234**	187 265	**(356 745)**	(229 556)	**(301 169)**	(371 503)
Dividends received from associates	**–**	–	**14 500**	–	**–**	–
Group's share of associates' (losses)/ profits for the year	**(17 127)**	5 620	**(27 450)**	(5 985)	**(39 937)**	(36 798)

7. INVESTMENTS IN JOINT ARRANGEMENTS

Set out below are the joint arrangements which, in the opinion of the directors, are material to the group:

Name of joint arrangement	Country of incorporation/ Place of business	Principal activity	Group interest 2020 %	Group interest 2019 %	Group 2020 R'000	Group 2019 R'000
Clare Developments Proprietary Limited	South Africa	Property	–	50	–	59 127
United Resorts and Hotels Limited	Seychelles	Hotels	50	50	124 226	120 141
Other joint arrangements[1]					11 384	6 117
					135 610	185 385
Cost					135 610	185 385
Accumulated impairment					–	–
Carrying value					135 610	185 385

[1.] A list of these is available for inspection at the company's registered office

The group disposed of its investment in Clare Developments Proprietary Limited for a consideration of R102 million during the current year, resulting in a gain on disposal of R29 million being recognised and included in the investment surplus line item in the statement of profit or loss.

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

	Clare Developments Proprietary Limited 2020 R'000	Clare Developments Proprietary Limited 2019 R'000	United Resorts and Hotels Limited 2020 R'000	United Resorts and Hotels Limited 2019 R'000
Current assets	–	2 876	95 684	62 726
Non-current assets	–	235 154	511 104	495 152
Current liabilities	–	(17 185)	(48 048)	(33 509)
Non-current liabilities	–	(93 695)	–	–
Income	–	32 167	149 027	125 877
Expenses	–	(20 221)	(140 854)	(109 974)
Group's share of joint arrangements' profits/(losses) for the year	13 959	5 704	4 086	(7 879)

	Group 2020 R'000	Group 2019 R'000
8. OTHER FINANCIAL ASSETS		
Financial assets carried at fair value through profit or loss		
Equity securities	35 340	13 453
Financial assets carried at fair value through other comprehensive income		
Equity securities	902 167	1 269 908
Unit trust investments	16 601	15 806
Other	40	40
	918 808	1 285 754
Amortised cost		
Cumulative redeemable preference shares	82 839	77 042
Derivative financial instruments		
Put option	–	–
Foreign currency exchange contracts	37 823	1 972
Interest rate swaps – cash flow hedges	–	4 941
	37 823	6 913
	1 074 810	1 383 162
Current portion	37 823	15 425
Non-current portion	1 036 987	1 367 737
	1 074 810	1 383 162

8. OTHER FINANCIAL ASSETS continued

Fair value of equity securities carried at fair value through profit or loss
The fair value of the listed equity instruments was determined using the quoted price available for the instruments.

Fair value of equity securities carried at fair value through other comprehensive income
During 2017, aligned with the gaming group's desire to increase its exposure in the Western Cape province, it 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 a level 3 fair value measurement and has been classified as a financial asset designated at fair value through other comprehensive income – refer to note 49.3 Fair value estimation.

At the end of each reporting period, the investment is remeasured and the increase or decrease recognised in other comprehensive income. The asset has been remeasured to R897.9 million at 31 March 2020 (2019: R1 265.7 million). A discounted cash flow valuation was used to estimate the fair value. The valuation model considers the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditure, taking into account expected growth in gaming win and other revenue generated from non-gaming-related activities. The expected net cash flows are discounted using a risk-adjusted post-tax discount rate. Among other factors, the discount rate estimation considers risks associated with the gaming and hospitality industry in which SunWest and Worcester operates. The current year fair value loss of R367.8 million was recognised as a result of the recent outbreak of COVID-19, which has significantly affected the South African economy. As discussed in note 3, it is anticipated that revenues in the gaming and hospitality industry will be significantly lower during the 2021 financial year, offset by a reduction in variable and fixed costs, with an assumption of a recovery in trading during the 2022 financial year and reaching a new normal trading level one year's growth below pre-COVID-19 forecasts.

The significant unobservable inputs used in the fair value measurement of the group's investment in SunWest and Worcester as at 31 March 2020 are as follows:

- expected gaming win declines by 40% in the 2021 financial year and increases by 67% the next year, thereafter 8% and 3% over the following years;
- operating expenditure declines by 22% in the 2021 financial year and increases by 33% the next year, thereafter 4% over the following years;
- post-tax risk-adjusted discount rate of 14.3% (2019: 11.6%); and
- long-term growth rate of 5.3% (2019: 5.3%).

The table below indicates the sensitivities for the valuation by increasing or decreasing the above inputs by 1%:

	2020		2019	
	Increase R'000	**Decrease R'000**	Increase R'000	Decrease R'000
Expected gaming win growth	**109 564**	**(105 616)**	501 959	(439 247)
Operating expenditure growth	**(83 712)**	**80 776**	(223 988)	206 589
Risk-adjusted discount rate	**(99 495)**	**124 486**	(189 363)	262 741
Long-term growth rate	**93 406**	**(74 627)**	149 793	(108 200)

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 and have been classified as a financial asset designated at fair value through other comprehensive income – refer to note 49.3 Fair value estimation.

Cumulative redeemable preference shares at amortised cost
The preference shares issued by Retail Africa Fund to the group have a redemption date of 8 October 2022. Dividends accrue at 72% of the prime rate of interest and are paid quarterly for periods ending June, September, December and March. These receivables do not contain significant credit risk and no expected credit losses are therefore raised on these balances.

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 2020 (2019: Rnil).

Fair value of interest rate swaps
The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets and liabilities in the statement of financial position.

For effective hedges, gains and losses are recognised in the hedging reserve directly in other comprehensive income (after tax). The ineffective portion recognised in the statement of profit or loss from cash flow hedges amounted to Rnil (2019: R2 million) for the year.

Encumbrances
Details of the assets that serve as security for borrowings are presented in note 20.

		Company	
		2020 R'000	2019 R'000
9.	**SUBSIDIARY COMPANIES**		
	Shares at cost less impairment	**10 188 896**	15 797 890
	Amounts owing from subsidiary companies – non-current (net of impairment)	**3 268 664**	3 432 380
		13 457 560	19 230 270
	Amounts owing to subsidiary companies	**(902 122)**	(547 904)
		12 555 438	18 682 366

The company recognised net impairments of R6 235 million (2019: R940 million) on investments in subsidiaries with pre-impaired carrying values totalling R14 586 million (2019: R1 892 million), including a reversal of impairment of R217 million (2019: Rnil). Indicators of impairment included net asset deficiency of the relevant entity's statement of financial position and deteriorating market conditions, combined with subdued share prices. The impairments and reversal were determined based on the fair value adjusted net asset carrying value of these entities. There were no further indicators of impairment at reporting date for the remaining investments.

Amounts owing from subsidiary companies are interest free and have no set repayment dates. The company has 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%) or high (possibly close to 100%).

A loan is considered to be credit impaired if it meets the definition of a defaulted loan.

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 R339 million (2019: R113 million) being recognised on specific amounts owing from subsidiaries as at 31 March 2020. 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, all of which had been adjusted for the impact of COVID-19 on its operations. The remaining balances owing from subsidiaries do not expose the company to significant credit risk and no ECLs were therefore recognised on these balances.

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 by the group. The country of incorporation or registration is also their principal place of business.

Name of subsidiary	Principal activities	Place of business/ Country of incorporation	% of effective interest held by the group 2020 %	2019 %	% exercisable voting rights 2020 %	2019 %
Tsogo Sun Gaming Limited (previously Tsogo Sun Holdings Limited) [1] *	Gaming	South Africa	**49.8**	49.3	**49.8**	49.3
Tsogo Sun Hotels Limited (previously Southern Sun Hotels Proprietary Limited) [1] *	Hotels	South Africa	**49.2**	–	**49.2**	–
Niveus Investments Limited	Investment holding	South Africa	**93.0**	52.3	**93.0**	52.3
eMedia Investments Proprietary Limited**	Media and broadcasting	South Africa	**42.6**	42.5	**67.7**	67.7
Deneb Investments Limited	Branded products and manufacturing	South Africa	**85.5**	83.2	**85.5**	83.2
Hosken Passenger Logistics and Rail Limited**	Transport	South Africa	**82.1**	76.2	**82.5**	77.6

[1] During June 2019, Tsogo Sun Holdings Limited (TSH) was separated into two independent, publicly traded companies. The separation was achieved by way of TSH unbundling its hotel interests to its shareholders, the subsequent listing of Tsogo Sun Hotels Limited on the JSE and TSH changing its name to Tsogo Sun Gaming Limited. The group's effective shareholding in these two companies did not change as a result of the unbundling

* 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

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

9. 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 group's shareholding in the following subsidiaries during the year:

Name of subsidiary	Statement of changes in equity: Other reserves R'000	Accumulated profits R'000	Non-controlling interest R'000	Total R'000	Statement of cash flows: Transactions with non-controlling shareholders R'000
Table Bay Area Rapid Transit Proprietary Limited	–	(25 916)	(52 564)	(78 480)	(78 480)
Sibanye Bus Services Proprietary Limited	–	(5 357)	(21 226)	(26 583)	(26 583)
Tsogo Sun Gaming Limited	–	–	(99 843)	(99 843)	(99 843)
Niveus Investments Limited	15 559	62 168	(194 529)	(116 802)	(116 802)
Deneb Investments Limited	919	15 081	(38 375)	(22 375)	(22 375)
Hosken Passenger Logistics and Rail Limited	–	57 897	(112 960)	(55 063)	(55 063)
La Concorde Holdings Limited	–	9 081	(52 383)	(43 302)	(43 302)
Other*	–	16 103	26 541	42 644	(7 003)
	16 478	129 057	(545 339)	(399 804)	(449 451)

* 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:

Name of subsidiary	Effective interest held by NCIs 2020 %	2019 %	(Loss)/profit allocated to NCI for the year 2020 R'000	2019 R'000	Accumulated NCI 2020 R'000	2019 R'000
Tsogo Sun Gaming Limited (previously Tsogo Sun Holdings Limited)[1]	50.2	50.7	(2 747 028)	890 444	5 703 038	17 126 492
Tsogo Sun Hotels Limited (previously Southern Sun Hotels Proprietary Limited)[1]	50.8	–	(947 692)	–	6 855 976	–
Niveus Investments Limited	7.0	47.7	(27 307)	(63 805)	109 778	322 885
eMedia Investments Proprietary Limited	57.4	57.5	142 610	66 420	886 040	749 621
Deneb Investments Limited	14.5	16.8	(20 953)	(9 335)	212 009	267 525
Hosken Passenger Logistics and Rail Limited	17.9	23.8	54 955	71 389	324 958	461 530
Other non-material NCIs			25 669	1 313	211 692	243 288
			(3 519 746)	956 426	14 303 491	19 171 341

[1] During June 2019, Tsogo Sun Holdings Limited (TSH) was separated into two independent, publicly traded companies. The separation was achieved by way of TSH unbundling its hotel interests to its shareholders, the subsequent listing of Tsogo Sun Hotels Limited on the JSE and TSH changing its name to Tsogo Sun Gaming Limited. The group's effective shareholding in these two companies did not change as a result of the unbundling

9. SUBSIDIARY COMPANIES continued

Non-controlling interests continued

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

	Tsogo Sun Gaming Limited (previously Tsogo Sun Holdings Limited)[1]		Tsogo Sun Hotels Limited (previously Southern Sun Hotels Proprietary Limited)[1]	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Summarised statement of financial position				
Non-current assets	**28 062 973**	52 554 665	**14 392 060**	–
Current assets	**3 749 754**	4 078 087	**1 795 853**	–
Disposal group assets held for sale	**–**	–	**–**	–
Non-current liabilities	**(15 787 997)**	(20 661 783)	**(5 566 028)**	–
Current liabilities	**(4 170 252)**	(6 143 950)	**(1 369 428)**	–
Disposal group liabilities held for sale	**–**	–	**–**	–
Net assets	**11 854 478**	29 827 019	**9 252 457**	–
Summarised statement of comprehensive income				
Revenue (including net gaming win)	**11 494 988**	15 922 493	**4 143 834**	–
(Loss)/profit for the year	**(5 515 856)**	1 663 563	**(2 070 025)**	–
Other comprehensive (loss)/income	**(303 833)**	313 701	**222 932**	–
Total comprehensive (loss)/income for the year	**(5 819 689)**	1 977 264	**(1 847 093)**	–
Dividends paid to non-controlling interests	**466 556**	1 388 143	**244 685**	–
Summarised cash flows				
Cash flows from operating activities	**1 124 578**	751 236	**600 973**	–
Cash flows from investing activities	**(1 045 823)**	(1 871 060)	**(406 402)**	–
Cash flows from financing activities	**(187 957)**	854 379	**282 727**	–

* Restated

[1] During June 2019, Tsogo Sun Holdings Limited (TSH) was separated into two independent, publicly traded companies. The separation was achieved by way of TSH unbundling its hotel interests to its shareholders, the subsequent listing of Tsogo Sun Hotels Limited on the JSE and TSH changing its name to Tsogo Sun Gaming Limited. The group's effective shareholding in these two companies did not change as a result of the unbundling

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.

Full details of subsidiary companies are provided in annexure A.

Niveus Investments Limited		eMedia Investments Proprietary Limited		Deneb Investments Limited		Hosken Passenger Logistics and Rail Limited	
2020 R'000	2019 R'000	2020 R'000	2019* R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000
272 145	269 225	1 503 413	1 412 969	2 111 358	2 011 141	1 786 707	1 610 505
256 943	264 960	1 581 930	1 397 898	1 087 067	1 251 473	576 927	609 825
50 163	36 777	24 008	6 342	107 200	392 981	–	–
(67 610)	(17 529)	(370 581)	(283 717)	(693 091)	(916 538)	(695 780)	(633 272)
(18 277)	(65 216)	(1 046 590)	(1 077 731)	(1 070 053)	(985 795)	(441 266)	(428 355)
(24 792)	(14 743)	(1 897)	(3 049)	(79 353)	(138 511)	–	–
468 572	473 474	1 690 283	1 452 712	1 463 128	1 614 751	1 226 588	1 158 703
8 298	25 934	2 506 160	2 356 255	2 732 839	2 788 795	2 048 402	1 779 849
(18 055)	(91 731)	248 462	111 725	(129 340)	(53 771)	262 910	244 917
41 071	21 828	(5 013)	(3 312)	4 673	30 768	9 150	(1 966)
23 016	(69 903)	243 449	108 413	(124 667)	(23 003)	272 060	242 951
–	351 317	–	–	2 182	2 130	23 997	116 702
(37 749)	7 257	319 364	204 071	382 303	(100 626)	276 403	(92 705)
(8 867)	(20 959)	(184 698)	(106 401)	(95 831)	(150 442)	(9 584)	404 038
24 948	(7 414)	15 564	(167 180)	(45 579)	43 142	(298 153)	(98 506)

		Group 2020 R'000	Group 2019 R'000
10.	**DEFERRED TAXATION**		
	Movements in deferred taxation		
	At the beginning of the year	**(7 333 881)**	(7 115 681)
	Asset revaluations	**40 812**	(2 962)
	Accelerated tax allowances	**335 553**	(213 948)
	Fair value remeasurements	**2 355 374**	–
	Provisions and accruals	**59 865**	10 686
	Assessed losses	**(60 338)**	36 667
	Business combinations: Provisions and accruals	**(5 270)**	90
	Accelerated tax allowances	**–**	(17 460)
	Other	**(3 303)**	3 623
	Transfer from/to disposal groups held for sale	**16 506**	(33 224)
	Other	**27 551**	(1 672)
	At the end of the year	**(4 567 131)**	(7 333 881)
	Analysis of deferred taxation		
	Accelerated tax allowances	**(2 348 108)**	(2 763 097)
	Fair value remeasurements	**(3 391 510)**	(5 659 323)
	Provisions and accruals	**706 140**	643 014
	Deferred revenue	**64 399**	78 046
	Asset revaluations	**(90 008)**	(126 340)
	Assessed losses	**482 346**	524 150
	Other	**9 610**	(30 331)
		(4 567 131)	(7 333 881)
	Composition of deferred taxation		
	Deferred taxation assets	**467 886**	428 711
	Deferred taxation liabilities	**(5 035 017)**	(7 762 592)
		(4 567 131)	(7 333 881)

There are tax losses in respect of certain subsidiary companies. The directors have considered the future profitability of these entities and to the extent that they are projected to produce taxable income in the foreseeable future, deferred tax assets have been recognised and are considered fully recoverable.

		Group 2020 R'000	Group 2019 R'000
11.	**FINANCE LEASE RECEIVABLES**		
	Gross investment in leases	**57 834**	89 723
	– within one year	**23 782**	38 875
	– in second to fifth year	**34 052**	50 848
	Unearned finance income	**(15 907)**	(21 453)
	Present value of minimum lease payments	**41 927**	68 270
	– within one year (included in trade and other receivables)	**16 814**	40 787
	– in second to fifth year	**25 113**	27 483

Finance lease receivables mainly relate to the group's branded products and manufacturing interests. These finance lease arrangements are for copiers, faxes and point-of-sale equipment. All leases are 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. These balances do not expose the group to significant credit risk and no expected credit losses were therefore raised in the current or prior year.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
12. NON-CURRENT RECEIVABLES				
Financial instruments				
Loan to HCI Employee Share Trust (2001)	**–**	–	**11 032**	11 032
Prepayments	**–**	4 355	**–**	–
Amounts due by share scheme participants	**2 620**	7 745	**–**	–
Other loans	**237 964**	62 109	**–**	–
Non-financial instruments				
Prepayments	**–**	586	**–**	–
	240 584	74 795	**11 032**	11 032
Less: Current portion (included in trade and other receivables)	**(25 600)**	(955)	**–**	–
	214 984	73 840	**11 032**	11 032

Loans to share scheme participants incur fringe benefit tax on interest at 7.5% (2019: 7.75%) as the loans are interest free.

Other loans include a receivable of R191 million from Ithuba Holdings (RF) Proprietary Limited. The loan is unsecured and repayable in annual instalments of R50 million on 29 April 2021, 29 April 2022 and 29 April 2023. It bears interest at a rate of 38.99%, calculated as a 25% nominal annual interest rate compounded monthly, accrued daily, and grossed up for the income tax rate of 28% applicable to companies.

Limited payout machine (LPM) site operator loans with a carrying value of R14.8 million (2019: R11.3 million) are included in other loans, with the group recognising expected credit losses of R0.7 million (2019: R1.9 million), as presented in the matrix below, in respect of these loans. Refer to note 15 for disclosures relating to LPM site operator loans.

Other loans are due within one to ten years and bear interest at rates ranging from 0% to 12.5% per annum.

	Group			
	Stage 1 Performing R'000	**Stage 2 Under-performing R'000**	**Stage 3 Non-performing R'000**	**Total R'000**
2020				
Carrying value of LPM site operator loans with expected credit losses	**11 659**	**2 978**	**188**	**14 825**
Gross amount	**12 061**	**3 241**	**270**	**15 572**
Expected credit loss rate	**3%**	**8%**	**30%**	**5%**
Expected credit loss	**(402)**	**(263)**	**(82)**	**(747)**
2019				
Carrying value of LPM site operator loans with expected credit losses	6 160	435	4 718	11 313
Gross amount	6 872	456	5 922	13 250
Expected credit loss rate	10%	5%	20%	15%
Expected credit loss	(712)	(21)	(1 204)	(1 937)

The remaining balance of non-current receivables does not contain significant credit risk and no expected credit losses are therefore raised on these balances.

12. NON-CURRENT RECEIVABLES continued

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	
	2020 R'000	2019 R'000
Loss allowance as at 1 April	**1 937**	–
Loss allowance recognised during the year	**665**	2 252
Receivables written off during the year	**–**	(55)
Loss allowance unused and reversed during the year	**(1 855)**	(260)
Loss allowance as at 31 March	**747**	1 937

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.

Non-current receivables are denominated in the following currencies:

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
South African Rand	**214 984**	69 485	**11 032**	11 032
United States Dollar	**–**	4 355	**–**	–
	214 984	73 840	**11 032**	11 032

	Group	
	2020 R'000	2019 R'000
13. INVENTORIES		
Raw materials	**158 303**	141 803
Work in progress	**335 863**	219 870
Finished goods	**373 921**	467 128
Consumables and spares	**116 501**	126 821
Coal	**38 804**	14 040
Operating equipment	**32 313**	26 753
Allowance for obsolete inventory	**(1 262)**	(1 208)
	1 054 443	995 207

Inventories stated at net realisable value – R510 million (2019: R541 million).

Encumbrances
Details of the assets that serve as security for borrowings are presented in note 20.

	Group	
	2020 R'000	2019 R'000
14. PROGRAMME RIGHTS		
Television programmes		
– International	**779 530**	706 845
– Local	**65 825**	85 766
	845 355	792 611
Reconciliation of carrying value		
At the beginning of the year	**792 611**	870 674
Additions	**766 775**	564 393
Amortised through other operating expenses	**(707 915)**	(641 518)
Written off through other operating expenses	**(6 116)**	(938)
At the end of the year	**845 355**	792 611

International programming with a carrying value of R6 million was written off in the current year. These programmes no longer served the strategy of the group and due to the instability of the series, a decision has been made to stop the telenovela.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
15. TRADE AND OTHER RECEIVABLES				
Trade receivables	**1 569 787**	1 607 914	**–**	–
Prepayments	**275 640**	269 172	**–**	–
Other receivables	**775 074**	662 716	**8 473**	5 033
Allowance for expected credit losses on trade and other receivables	**(178 867)**	(153 378)	**–**	–
	2 441 634	2 386 424	**8 473**	5 033

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 who have 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 only one customer had debt in excess of 10% of the total trade receivables balance of the group. At 31 March 2020, Eskom Holdings Proprietary Limited (Eskom) owed the group's coal mining business R281 million (2019: R117 million), of which R131 million was repaid on 1 April 2020. Eskom's remaining debt of R150 million was all current at year-end and included as such in the matrix presented below. 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 incorporates 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, GDP and the significant adverse impact 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 expected credit losses are therefore raised on these balances.

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.

15. TRADE AND OTHER RECEIVABLES continued

Trade receivables continued

On the above basis the expected credit loss allowance for trade receivables as at 31 March 2020 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**
2020					
Carrying value of debtors with no expected credit losses					**735 989**
Carrying value of debtors with specific credit losses recognised					**52 429**
Gross amount					**90 914**
Specific credit losses					**(38 485)**
Carrying value of debtors with expected credit losses	**367 529**	**164 911**	**56 788**	**76 747**	**665 975**
Gross amount	**384 137**	**180 426**	**62 736**	**115 585**	**742 884**
Expected credit loss rate	**4%**	**9%**	**9%**	**34%**	**10%**
Lifetime expected credit loss	**(16 608)**	**(15 515)**	**(5 948)**	**(38 838)**	**(76 909)**
					1 454 393
Gross amount of trade receivables					**1 569 787**
Allowance for expected credit losses					**(115 394)**
Net carrying value of trade receivables					**1 454 393**
2019					
Carrying value of debtors with no expected credit losses					563 277
Carrying value of debtors with specific credit losses recognised					33 090
Gross amount					65 111
Specific credit losses					(32 021)
Carrying value of debtors with expected credit losses	657 573	113 869	28 919	99 625	899 986
Gross amount	664 872	117 216	32 645	164 793	979 526
Expected credit loss rate	1%	3%	11%	40%	8%
Lifetime expected credit loss	(7 299)	(3 347)	(3 726)	(65 168)	(79 540)
					1 496 353
Gross amount of trade receivables					1 607 914
Allowance for expected credit losses					(111 561)
Net carrying value of trade receivables					1 496 353

15. TRADE AND OTHER RECEIVABLES continued

Collateral

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

Other receivables

Other receivables balances relate mainly to loans receivable (including amounts due from gaming site operators), municipal deposits, recoveries, straight-lining of operating leases, finance lease receivables and other sundry receivables.

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. In essence, the general model is a three-stage model. The three stages are 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 impact of the COVID-19 pandemic on the South African economy.

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.

Lifetime expected credit losses of R59.8 million (2019: R39.2 million) have been recognised on gaming site operator loans 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 and repayable in weekly instalments over periods ranging from 3 to 36 months. The group considers the following to be significant increase in credit risk events:

- site owners that have closed/discontinued their operations who have not defaulted; and
- sites generating a monthly average gross gaming win below R100 000 over a period of six months (R100 000 being the average monthly gross gaming win generated by sites).

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, future expectations and information affecting the debtor, together with historical experience.

A portion of other receivables do not contain significant credit risk and no expected credit losses are therefore raised on these balances.

15. TRADE AND OTHER RECEIVABLES continued

On the above basis the expected credit loss allowance for other receivables as at 31 March 2020 was determined as follows:

Group	Other receivables (R'000) Stage 1 Performing	Stage 2 Under-performing	Stage 3 Non-performing	Total
2020				
Financial instruments				
Carrying value of other receivables with no expected credit losses	547 455	–	–	547 455
Carrying value of other receivables with specific credit losses recognised	–	–	–	–
Gross amount	–	–	1 015	1 015
Specific credit losses	–	–	(1 015)	(1 015)
Carrying value of other receivables with expected credit losses	85 795	4 924	9 544	100 263
Gross amount	93 133	10 869	58 719	162 721
Expected credit loss rate	8%	55%	84%	38%
Lifetime expected credit loss	(7 338)	(5 945)	(49 175)	(62 458)
Non-financial instruments included in other receivables				63 883
				711 601
Gross amount of other receivables				775 074
Allowance for expected credit losses				(63 473)
Net carrying value of other receivables				711 601
2019				
Financial instruments				
Carrying value of other receivables with no expected credit losses	416 504	–	–	416 504
Carrying value of other receivables with specific credit losses recognised	–	39 393	2 598	41 991
Gross amount	–	40 787	3 785	44 572
Specific credit losses	–	(1 394)	(1 187)	(2 581)
Carrying value of other receivables with expected credit losses	58 237	3 815	18 689	80 741
Gross amount	62 224	4 131	53 622	119 977
Expected credit loss rate	6%	8%	65%	33%
Lifetime expected credit loss	(3 987)	(316)	(34 933)	(39 236)
Non-financial instruments included in other receivables				81 663
				620 899
Gross amount of other receivables				662 716
Allowance for expected credit losses				(41 817)
Net carrying value of other receivables				620 899

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

15. TRADE AND OTHER RECEIVABLES continued

Allowance for expected credit losses on trade and other receivables

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

	Group	
	2020 R'000	2019 R'000
Loss allowance as at 1 April	**153 378**	138 724
Disposal of subsidiaries	**–**	(411)
Currency translation	**1 914**	1 744
Transfer (to)/from disposal group assets	**(95)**	3 273
Loss allowance recognised during the year	**88 468**	52 604
Receivables written off during the year	**(32 562)**	(17 953)
Loss allowance unused and reversed during the year	**(32 236)**	(24 603)
Loss allowance as at 31 March	**178 867**	153 378

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 carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
British Pound	**23 955**	443	**–**	–
Euro	**3 020**	5 763	**–**	–
Kenyan Shilling	**1 869**	7 229	**–**	–
Mozambican Metical	**11 435**	16 899	**–**	–
Nigerian Naira	**7 534**	22 215	**–**	–
South African Rand	**2 329 721**	2 240 510	**8 473**	5 033
Seychelles Rupee	**5 661**	9 016	**–**	–
Swiss Franc	**16 480**	3 411	**–**	–
Tanzanian Shilling	**1 402**	7 242	**–**	–
United Arab Emirates Dirham	**1 725**	1 717	**–**	–
United States Dollar	**27 188**	65 946	**–**	–
Zambian Kwacha	**11 644**	6 033	**–**	–
	2 441 634	2 386 424	**8 473**	5 033

Encumbrances

Details of assets that serve as security for borrowings are presented in note 20.

	Group 2020 R'000	Group 2019 R'000
16. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE		
Disposal group assets classified as held for sale	**381 371**	436 100
Liabilities associated with the disposal group assets held for sale	**(106 043)**	(156 303)
	275 328	279 797

16.1 Deneb Investments Limited

During the prior year the Deneb board of directors resolved to dispose of its interests in Winelands Textiles, Frame Knitting Manufacturers, First Factory Shops and Brand ID. The results of these operations were reclassified to discontinued operations in the statement of profit or loss and its assets and liabilities reclassified to disposal groups held for sale in the statement of financial position. All of these businesses, other than Frame Knitting Manufacturers, were disposed of during the current financial year.

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

	2020 R'000	2019 R'000
Property, plant and equipment	**30 934**	96 979
Right-of-use assets	**64**	–
Intangible assets	**–**	6 411
Deferred tax asset	**–**	28 144
Inventories	**34 726**	148 974
Trade and other receivables	**41 476**	112 149
Taxation receivable	**–**	324
Lease liabilities	**(3 560)**	–
Deferred tax liability	**–**	(810)
Trade and other payables	**(51 137)**	(99 075)
Deferred revenue and income	**(24 637)**	(38 261)
Provisions	**(19)**	(365)
	27 847	254 470

Refer to note 39.1 for details of operations related to the above assets and liabilities that have been classified as discontinued.

16.2 eMedia Holdings Limited

During the current year the eMedia board of directors resolved to discontinue the operations of Crystal Brook Distribution and Niveus 13. The results of these operations were reclassified to 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

	2020 R'000	2019 R'000
Property, plant and equipment	**4**	–
Intangible assets	**1 417**	–
Deferred tax asset	**1 058**	–
Other financial assets	**12 687**	–
Trade and other receivables	**8 693**	6 342
Taxation receivable	**45**	–
Cash and cash equivalents	**104**	–
Trade and other payables	**(1 863)**	(3 049)
Taxation payable	**(34)**	–
	22 111	3 293

Refer to note 39.2 for details of operations related to the above assets and liabilities that have been classified as discontinued.

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

	Group 2020 R'000	Group 2019 R'000
16.3 Niveus Investments Limited		

During the year ended 31 March 2019 the Niveus board of directors resolved to dispose of the group's online and retail sports betting interests. The results of these operations were 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 in the current and prior year.

Assets and liabilities associated with Niveus Investments Limited classified as held for sale included in gaming	2020 R'000	2019 R'000
Property, plant and equipment	**8 178**	7 991
Right-of-use assets	**11 268**	–
Goodwill	**9 156**	8 214
Intangible assets	**7 680**	7 688
Deferred tax asset	**138**	–
Other financial assets	**304**	715
Trade and other receivables	**1 443**	2 628
Cash and cash equivalents	**11 996**	9 541
Lease liabilities	**(4 586)**	–
Deferred tax liability	**(638)**	(638)
Financial liabilities	**–**	(3 773)
Trade and other payables	**(19 569)**	(10 332)
	25 370	22 034

Refer to note 39.3 for details of operations related to the above assets and liabilities that have been classified as discontinued.

16.4 Gallagher Estate Holdings Limited and HCI Properties

During the current year the directors of the group's property interests resolved to dispose of three of its investment properties. This process is ongoing at year-end, resulting in the properties being included in non-current assets held for sale in the statement of financial position at 31 March 2020.

Assets associated with the group's property interests classified as held for sale	2020 R'000	2019 R'000
Investment properties	**200 000**	–

Encumbrances
Details of the assets that serve as security for borrowings are presented in note 20.

17. ORDINARY SHARE CAPITAL

	Number of shares			
	2020 ’000	2019 ’000	**2020 R’000**	2019 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**	90 128	**21 405**	22 532
Treasury shares held by company subsidiaries and employee share trust	**(4 750)**	(5 253)	**(1 187)**	(1 313)
On consolidation	**80 870**	84 875	**20 218**	21 219

Details of the issued share capital and share premium and changes during the current and prior year are as follows:

	Number of shares ’000	Share capital R’000	Share premium R’000
In issue at 31 March 2018	90 128	22 532	17 158
Treasury shares held by company subsidiaries and employee share trust	(5 253)	(1 313)	(17 158)
In issue at 31 March 2019	84 875	21 219	–
In issue at 31 March 2019	**90 128**	**22 532**	**17 158**
Shares repurchased	**(4 508)**	**(1 127)**	**–**
Treasury shares held by company subsidiaries and employee share trust	**(4 750)**	**(1 187)**	**(17 158)**
In issue at 31 March 2020	**80 870**	**20 218**	**–**

	2020	2019
The following shares were repurchased by the group:		
Held as treasury shares by a subsidiary	**4 004 447**	1 023 000

The weighted average price paid for these shares was R93.36 (2019: R121.39) per share.

Details of options over shares are set out in note 42.

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

18. 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
2020						
At the beginning of the year	**588 230**	**20 820**	**(15 173)**	**54 531**	**(28 263)**	**620 145**
Exchange differences on translation of foreign subsidiaries	**635 419**	**–**	**–**	**–**	**–**	**635 419**
Equity-settled share-based payments	**–**	**20 681**	**–**	**–**	**–**	**20 681**
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**–**	**–**	**–**	**(140 225)**	**–**	**(140 225)**
Revaluation of owner-occupied land and buildings on transfer to investment properties	**–**	**–**	**–**	**23 320**	**–**	**23 320**
Fair value losses on cash flow hedges	**–**	**–**	**(67 856)**	**–**	**–**	**(67 856)**
Cash flow hedges recycled to profit or loss	**–**	**–**	**48 256**	**–**	**–**	**48 256**
Share of other comprehensive losses of equity-accounted investments	**–**	**–**	**–**	**–**	**(16 308)**	**(16 308)**
Effects of changes in holding	**6 527**	**(202)**	**–**	**10 015**	**138**	**16 478**
Release of share-based payment reserve to accumulated profits	**–**	**(17 120)**	**–**	**–**	**–**	**(17 120)**
At the end of the year	**1 230 176**	**24 179**	**(34 773)**	**(52 359)**	**(44 433)**	**1 122 790**
2019						
At the beginning of the year	265 342	22 478	(37 490)	27 534	(6 821)	271 043
Exchange differences on translation of foreign subsidiaries	313 461	–	–	–	–	313 461
Reclassification of foreign currency differences on disposal of subsidiaries	(427)	–	–	–	–	(427)
Equity-settled share-based payments	–	16 048	–	–	–	16 048
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	–	–	–	(2 161)	–	(2 161)
Revaluation of owner-occupied land and buildings on transfer to investment properties	–	–	–	22 564	–	22 564
Fair value gains on cash flow hedges	–	–	22 451	–	–	22 451
Share of other comprehensive losses of equity-accounted investments	–	–	–	–	(21 125)	(21 125)
Effects of changes in holding	9 854	–	(134)	1 964	(317)	11 367
Transfer from accumulated profits	–	–	–	4 630	–	4 630
Release of share-based payment reserve to accumulated profits	–	(17 706)	–	–	–	(17 706)
At the end of the year	588 230	20 820	(15 173)	54 531	(28 263)	620 145

	Group 2020 R'000	Group 2019 R'000
19. FINANCIAL LIABILITIES		
Derivative financial instruments		
Interest rate swaps – cash flow hedges	**279 646**	72 975
Current portion	**4 876**	–
Non-current portion	**274 770**	72 975
	279 646	72 975

Interest rate swaps

The fair value of the group's interest rate swaps used as cash flow hedges, is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year. The full fair value is classified as a non-current liability if the remaining maturity of the instrument is more than 12 months and as a current liability if the maturity of the instrument is less than 12 months. The maximum exposure to credit risk at the reporting date is the fair value of these derivative liabilities in the statement of financial position.

The group's gaming and hotel operations manage its 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 them into fixed rates in terms of group intervals (mainly quarterly). The difference between fixed contract rates and floating rate interest amounts are calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts.

Hedge accounting is applied to the group's interest rate swaps, with the effectiveness of the hedges tested at inception and thereafter 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 no gains or losses from ineffective cash flow hedges in the statement of profit or loss for the year (2019: R2 million). On refinancing the group's debt during the current year, all cash flow hedges relating to debt that was repaid, were derecognised. This resulted in losses amounting to R136 million being recycled from the cash flow hedge reserve to finance costs in the statement of profit or loss.

As at 31 March 2020, 60% (2019: 38%) of consolidated gross borrowings and 65% (2019: 40%) of consolidated net borrowings were in fixed rates taking into account interest rate swaps.

Fixed interest rate swaps ranged from 6.69% to 8.09% as at 31 March 2020 referenced against the three-month JIBAR of 5.61% (2019: fixed interest rate swaps ranged from 6.93% to 8.09% referenced against the three-month JIBAR of 7.15%).

	Group 2020 R'000	Group 2019 R'000
The notional amounts of the group's outstanding effective interest rate swap contracts at 31 March were:		
Tsogo Sun Proprietary Limited linked to the three-month JIBAR rate		
With a fixed rate of 6.93% maturing 30 June 2020	**1 500 000**	1 500 000
With a fixed rate of 8.045% maturing 30 June 2021	**1 000 000**	1 000 000
With a fixed rate of 8.09% maturing 30 June 2021	**2 000 000**	2 000 000
With a fixed rate of 7.80% maturing 30 June 2021	**500 000**	500 000
With a fixed rate of 7.82% maturing 30 June 2021	**500 000**	500 000
With a fixed rate of 6.89% maturing 31 May 2024	**3 500 000**	–
Hospitality Property Fund linked to the three-month JIBAR rate		
With a fixed rate of 7.24% maturing 30 June 2022	**500 000**	500 000
With a fixed rate of 7.42% maturing 31 March 2022	**300 000**	300 000
With a fixed rate of 7.16% maturing 31 March 2023	**300 000**	300 000
With a fixed rate of 6.69% maturing 30 September 2024	**500 000**	–
	10 600 000	6 600 000

	Group	
	2020 R'000	2019 R'000
20. BORROWINGS		
Bank borrowings	**9 197 289**	15 431 870
Bank mortgages	**2 718 170**	2 400 770
Instalment sale liabilities	**504 323**	453 409
Loans from non-controlling interests	**1 033 821**	914 171
Corporate bonds	**7 542 606**	908 728
Other borrowings	**213 560**	228 459
Redeemable preference shares	**2 155 000**	1 384 000
	23 364 769	21 721 407
Current portion of borrowings	**(5 195 377)**	(4 933 280)
	18 169 392	16 788 127
Secured	**22 069 085**	20 432 423
Unsecured	**1 295 684**	1 288 984
	23 364 769	21 721 407

Loans from non-controlling interests, which includes an amount of R853 million (2019: R708 million) owing to Southern African Clothing and Textile Workers Union, are unsecured, bear no interest and have no fixed terms of repayment.

Maturity dates for the corporate bonds vary between 30 November 2022 and 30 November 2025. The bonds bear interest at the three-month JIBAR plus a margin varying between 1.30% and 1.95% (2019: three-month JIBAR plus a margin varying between 1.95% and 3.00%) and interest is payable in arrears on a quarterly basis. Corporate bonds amounting to R43 million (2019: R80 million) are unsecured.

Other borrowings include a loan of R200 million (2019: R211 million) from Southern African Clothing and Textile Workers Union. This unsecured loan bore interest at rates varying between 4.75% and 6.25% (2019: 6.00% and 6.25%) during the year and was repaid, together with accrued interest, on 22 May 2020.

The redemption dates for the preference shares vary between 3 October 2022 and 1 October 2024, as they will be redeemed in tranches. The dividend rate for preference shares with variable rates is 70% of the prime rate, while the dividend rates for preference shares with fixed rates vary between 7.11% and 7.50% (2019: dividend rates varied between 69% and 71.48% of the prime rate). Following the breach of certain security cover ratios in respect of the company's central borrowings, as detailed below, these borrowings have been classified as current in the statement of financial position.

	Group	
	2020 R'000	2019 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	**14 134 942**	8 232 263
Floating rates	**9 229 827**	13 489 144
	23 364 769	21 721 407
Weighted average effective interest rates	**8.48%**	8.86%
Maturity of these borrowings is as follows:		
Due within one year	**5 195 377**	4 933 280
Due within two to five years	**17 281 295**	16 119 025
Due after five years	**888 097**	669 102
	23 364 769	21 721 407
Borrowings analysed by currency:		
Mozambican Metical	**32 124**	46 000
South African Rand	**21 934 916**	20 497 407
United States Dollar	**1 397 729**	1 178 000
	23 364 769	21 721 407

20. 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
2020			
Carrying value at the beginning of the year	**16 788 127**	**4 933 280**	**21 721 407**
Cash flows:			
Raising of new debt	**8 597 439**	**2 469 393**	**11 066 832**
Debt repayments	**(7 178 784)**	**(2 790 074)**	**(9 968 858)**
Non-cash:			
Borrowing facilities received offset between previous lenders[1]	**5 343 594**	**–**	**5 343 594**
Borrowing facilities settled offset between previous lenders[1]	**(4 272 000)**	**(1 071 594)**	**(5 343 594)**
Transfer of IAS 17 finance lease liabilities to lease liabilities on adoption of IFRS 16	**(6 492)**	**–**	**(6 492)**
Effect of changes in foreign exchange rates	**268 325**	**–**	**268 325**
Reclassification	**(1 406 769)**	**1 406 769**	**–**
Business combinations	**30 078**	**11 584**	**41 662**
Changes in fair value	**(3 415)**	**–**	**(3 415)**
New instalment sale agreements	**6 526**	**160 272**	**166 798**
Other	**2 763**	**75 747**	**78 510**
Carrying value at the end of the year	**18 169 392**	**5 195 377**	**23 364 769**
2019			
Carrying value at the beginning of the year	16 275 305	3 857 154	20 132 459
Cash flows:			
Raising of new debt	2 234 903	26 483	2 261 386
Debt repayments	(31 135)	(1 518 304)	(1 549 439)
Non-cash:			
Effect of changes in foreign exchange rates	230 000	–	230 000
Transfer from disposal group liabilities held for sale	31 887	22 160	54 047
Reclassification	(1 946 911)	1 946 911	–
Disposal of subsidiaries	(219)	–	(219)
Purchase of shares in subsidiary from non-controlling shareholders	–	408 397	408 397
New instalment sale agreements	11 064	145 315	156 379
Other	(16 767)	45 164	28 397
Carrying value at the end of the year	16 788 127	4 933 280	21 721 407

[1] At the time of the gaming group's debt refinancing, certain borrowings in place were settled by lenders offsetting between themselves, resulting in cash not flowing through the group's bank accounts at the time the group received the new borrowing facilities and likewise the existing borrowings were settled

At 31 March 2020 the carrying value of borrowings approximates their fair value as market-related rates have been applied to discount the instruments.

20. BORROWINGS continued

Collateral

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

	Group 2020 R'000	Group 2019 R'000
Property, plant and equipment	**8 720 606**	7 251 777
Investment properties*	**14 614 012**	16 515 442
Equity investments in SunWest and Worcester Casinos	**897 930**	1 265 671
Investments in associates	**2 307**	–
Inventory	**373 302**	258 108
Intangible assets	**56 244**	41 399
Operating lease equalisation asset	**112 496**	103 195
Pledge of cash in bank accounts	**1 018 465**	2 336 713
Trade and other receivables	**814 189**	707 327
Cession of Tsogo Sun shares (treasury shares)	**–**	440 829
Non-current assets held for sale	**148 000**	–
	26 757 551	28 920 461

* Investment properties with a carrying value of R9 979 million (2019: R12 023 million) relates to Hospitality Property Fund (HPF) properties over which collateral has been registered in favour of HPF's debt funding providers. On consolidation, however, some of these properties leased and managed by Tsogo Sun Hotels Limited (previously Southern Sun Hotels Proprietary Limited) are accounted for as property, plant and equipment (both companies being subsidiary companies of the group)

The above securities are inclusive of securities pledged for bank overdrafts, refer to note 27.

The group's shareholding in:

- Hosken Passenger Logistics and Rail Limited;
- eMedia Holdings Limited (ordinary shares);
- Tsogo Sun Gaming Limited (previously Tsogo Sun Holdings Limited);
- Tsogo Sun Hotels Limited (previously Southern Sun Hotels Proprietary Limited);
- Deneb Investments Limited;
- TIH Prefco (RF) Proprietary Limited; and
- HCI – Treasury Proprietary Limited

has 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 47.

Impact of the COVID-19 pandemic

The outbreak of the COVID-19 pandemic, resulting in initial trade restrictions being placed on businesses and followed up by a national lockdown on 27 March 2020, has had a severe impact on the cash flows of the group's hotel and gaming operations and ability to meet the covenant requirements in terms of its funding agreements, as detailed in note 51.

The share prices of Tsogo Sun Gaming and Tsogo Sun Hotels deteriorated significantly in the period leading up to the trade restrictions noted above. As a result, the security cover ratio covenants relating to certain central borrowings were breached and long-term borrowings totalling R2 355 million as at the reporting date, were classified as current borrowings. However, the company and its funders agreed to pursue remedial action and no default occurred. Expected dividends from the group's gaming and hotel operations have also been severely impacted, resulting in the possible breach of future debt service cover ratio covenants (these have not been breached at the time of release of this report), although management expects debt service obligations on these central borrowings to be complied with for the foreseeable future.

The funders of the group's central debt and at the relevant subsidiaries have remained supportive and have, inter alia, agreed in principle to the following measures:

- the waiver of hotel operations' covenant requirements for the measurement period ending 30 September 2020 and the capitalisation of bank funding interest to revolving credit facilities until 30 September 2020;
- the waiver of gaming operations' covenant requirements for the measurement period ending 30 September 2020 and the capitalisation of bank funding interest for three quarters, repayable over a three-year period thereafter;
- the granting of additional facilities to the properties division to assist with cash flow deficits occasioned by tenant defaults and extended rental payment terms; and
- in respect of the company's central borrowings, the pledge of further security and collateralising of additional facilities, the permanent reconstitution of certain security cover ratios and the waiver of certain security cover ratios until 31 December 2020. Applicable security cover ratios will be mutually agreed during December 2020 for a period of one year from 1 January 2021, whereafter sustainable prospective security cover ratios will be agreed, taking into account market conditions at the time. During the period to 31 December 2021, the debt service cover ratio has been waived, subject to the achieving of certain agreed cash flows and borrowings levels.

21. RETIREMENT BENEFIT INFORMATION

21.1 Pension funds

Certain subsidiaries of the group operate pension funds. These are defined contribution funds, governed by the Pension Funds 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.

Provident funds

Certain subsidiaries of the group also operate provident funds. All are defined contribution funds, governed by the Pension Funds 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.

	Group	
	2020 R'000	2019 R'000
21.2 Medical aid		
Non-current post-retirement benefit assets	**4 045**	1 330
Non-current post-retirement benefit liabilities	**135 407**	154 945
Current portion of post-retirement benefit liabilities*	**12 444**	12 103
	147 851	167 048

21.2.1 A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund (MBF). The fund uses the grant to cover the expenses 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 accrued service liability in respect of post-retirement healthcare was performed by Willis Towers Watson Actuaries and Consultants as at 31 March 2020.

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

	2020 R'000	2019 R'000
Balance at the beginning of the year	**69 029**	62 722
Net expense recognised in the statement of profit or loss	**4 074**	3 577
Actuarial (gains)/losses	**(12 709)**	2 730
	60 394	69 029
Less: Current portion*	**(4 559)**	(4 354)
Balance at the end of the year	**55 835**	64 675
The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	**1 709**	1 626
Interest cost	**6 719**	5 745
Pensioner subsidy	**(4 354)**	(3 794)
Total included in employee costs	**4 074**	3 577

* Included in trade and other payables

	Group 2020 %	Group 2019 %
21. RETIREMENT BENEFIT INFORMATION continued		
21.2 Medical aid continued		
21.2.1 The principal actuarial assumptions used for the valuation were:		
Discount rate	**12.80**	9.80
Medical aid subsidy increase rate	**9.05**	8.10
Normal retirement age (years)	**65**	65
Continuation of membership at retirement	**55.00**	55.00

	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
As at 31 March					
Present value of obligations	**60 394**	69 029	62 722	72 416	62 716

Contributions of R74.9 million (2019: R69.9 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2020.

	Group 2020 R'000	Group 2019 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%	**57 657**	64 595
Subsidy increase rate increased by 1%	**66 646**	77 320
Downward movement		
Discount rate decreased by 0.5%	**63 372**	73 021
Subsidy increase rate decreased by 1%	**55 046**	62 076
21.2.2 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	**98 019**	106 516
Net expense recognised in the statement of profit or loss	**9 836**	10 076
Contributions	**(8 368)**	(7 950)
Actuarial gains	**(12 030)**	(10 623)
	87 457	98 019
Less: Current portion*	**(7 885)**	(7 749)
Balance at the end of the year	**79 572**	90 270

* Included in trade and other payables

	Group 2020 R'000	Group 2019 R'000
21. RETIREMENT BENEFIT INFORMATION continued		
21.2 Medical aid continued		
21.2.2 The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	**284**	367
Interest on obligation	**9 552**	9 709
	9 836	10 076

	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	**10.79**	9.77
Medical aid subsidy increase rate	**8.38**	8.49
Normal retirement age (years)	**65**	65

	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
As at 31 March					
Present value of obligations	**87 457**	98 019	106 516	98 992	97 592
Experience adjustments on plan liabilities	**(12 030)**	(10 623)	5 110	(1 307)	(14 387)

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

Contributions of R8.3 million (2019: R8.1 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2020.

	Group 2020 R'000	Group 2019 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	**10 705**	11 068
Post-retirement medical aid liability	**95 240**	107 634
Downward movement		
Current service cost and interest cost	**9 083**	9 222
Post-retirement medical aid liability	**80 696**	89 715

21. **RETIREMENT BENEFIT INFORMATION continued**

21.2 Medical aid continued

21.2.3 A subsidiary of the group operates a closed fund defined benefit plan for a portion of the medical aid members. The assets of the funded plans are held independently of the group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

	Present value of obligation R'000	Fair value of plan assets R'000	Total R'000
The movement in the defined benefit net (asset)/obligation is as follows:			
2020			
At 1 April 2019	**30 644**	**(31 974)**	**(1 330)**
Other post-retirement benefits – medical aid	**287**	**(365)**	**(78)**
Current service cost	**67**	**–**	**67**
Expected return on plan assets	**–**	**(2 978)**	**(2 978)**
Expected benefit payments from plan assets	**(2 613)**	**2 613**	**–**
Interest expense	**2 833**	**–**	**2 833**
Remeasurements:	**(2 378)**	**(259)**	**(2 637)**
Gain from change in financial assumptions	**(1 645)**	**–**	**(1 645)**
Return on plan assets	**–**	**(259)**	**(259)**
Experience gains	**(733)**	**–**	**(733)**
At 31 March 2020	**28 553**	**(32 598)**	**(4 045)**
2019			
At 1 April 2018	32 534	(31 260)	1 274
Other post-retirement benefits – medical aid	324	(174)	150
Current service cost	80	–	80
Expected return on plan assets	–	(2 702)	(2 702)
Expected benefit payments from plan assets	(2 528)	2 528	–
Interest expense	2 772	–	2 772
Remeasurements:	(2 214)	(540)	(2 754)
Gain from change in financial assumptions	(1 660)	–	(1 660)
Return on plan assets	–	(540)	(540)
Experience gains	(554)	–	(554)
At 31 March 2019	30 644	(31 974)	(1 330)

	Group 2020 %	Group 2019 %
21. RETIREMENT BENEFIT INFORMATION continued		
21.2 Medical aid continued		
21.2.3 The principal actuarial assumptions used for the valuation were:		
Discount rate	**9.90**	9.70
Healthcare cost inflation	**7.30**	7.90
Expected return on plan assets	**9.90**	9.70
Remuneration inflation	**6.80**	7.40

	R'000	R'000
At 31 March the effects of a 1% movement in the assumed medical cost trend rate would be as follows:		
Upward movement		
Effect on the current service cost and interest cost	**230**	261
Effect on the post-retirement medical aid liability	**2 328**	2 690
Downward movement		
Effect on the current service cost and interest cost	**203**	228
Effect on the post-retirement medical aid liability	**2 050**	2 347

The fund is actively managed and returns are based on both the expected performance of the asset class and the performance of the fund managers. The assets of the medical aid scheme comprise cash only.

The expected long-term rate of return on medical aid assets of 9.9% (2019: 9.7%) is determined by using a standard 0% margin on the assumed rate of discount as per the revised IAS 19 Employee Benefits. The discount rate of 9.9% (2019: 9.7%) per annum is based on current bond yields of appropriate term gross of tax as required by IAS 19. South Africa does not have a deep market in high-quality corporate bonds. The discount rate is therefore determined by reference to current market yields on government bonds.

No contributions are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2020 (2019: Rnil).

	Group	
	2020 **R'000**	2019 R'000
22. LONG-TERM INCENTIVE PLAN		
Tsogo Sun Gaming Share Appreciation Bonus Plan	**–**	77 974
Less: Current portion	**–**	(68 272)
Non-current portion	**–**	9 702

Cash-settled – Tsogo Sun Gaming Share Appreciation Bonus Plan

The Tsogo Sun Gaming 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. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. Allocations vest in full three years after the date of allocation.

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.

In the current year, and following the unbundling of Tsogo Sun Holdings' hotel interests to its shareholders, certain appreciation units were settled in cash. The group further recognised a credit of R37.3 million (2019: R6.6 million expense) related to this bonus plan in the statement of profit or loss, being a reversal of the full liability due to the decline in the company's share price.

The following is pertinent to this bonus plan:

	2020	2019
Average share price utilised to value the liability	**R5.00**	R23.50
Number of appreciation units granted and outstanding ('000)	**28 279**	39 488
Number of appreciation units vested and outstanding ('000)	**3 614**	19 547

		Group	
		2020 R'000	2019 R'000
23.	**PROVISIONS**		
	Rehabilitation provision		
	Balance at the beginning of the year	**88 322**	77 002
	Raised during the year	**44 383**	12 523
	Utilised during the year	**(42 375)**	(1 203)
	Balance at the end of the year	**90 330**	88 322
	Leave pay		
	Balance at the beginning of the year	**52 461**	48 905
	Raised during the year	**–**	15 271
	Utilised during the year	**–**	(15 997)
	Reclassification	**–**	471
	Transfer from disposal group liabilities held for sale	**–**	3 811
	Transfer to trade and other payables	**(52 461)**	–
	Balance at the end of the year	**–**	52 461
	Staff bonuses		
	Balance at the beginning of the year	**62 133**	44 271
	Raised during the year	**71 552**	80 006
	Utilised during the year	**(63 771)**	(63 644)
	Business combinations	**212**	–
	Transfer from disposal group liabilities held for sale	**–**	1 500
	Unused amounts reversed	**(183)**	–
	Transfer to trade and other payables	**(24 042)**	–
	Balance at the end of the year	**45 901**	62 133
	Repurchase of service		
	Balance at the beginning and end of the year	**37 643**	37 643
	Restructuring		
	Balance at the beginning of the year	**–**	3 991
	Raised during the year	**–**	1 715
	Disposal of subsidiaries	**–**	(960)
	Transfer to disposal group liabilities held for sale	**–**	(365)
	Unused amounts reversed	**–**	(4 381)
	Balance at the end of the year	**–**	–
	Third-party claims		
	Balance at the beginning of the year	**20 201**	20 692
	Raised during the year	**6 774**	4 624
	Utilised during the year	**(1 536)**	(5 115)
	Unused amounts reversed	**(10 080)**	–
	Balance at the end of the year	**15 359**	20 201
	Jackpot provisions		
	Balance at the beginning of the year	**2 184**	6 370
	Utilised during the year	**(461)**	(4 186)
	Balance at the end of the year	**1 723**	2 184
	Incentives		
	Balance at the beginning of the year	**188 967**	188 870
	Raised during the year	**193 234**	177 971
	Utilised during the year	**(191 500)**	(177 874)
	Balance at the end of the year	**190 701**	188 967

	Group 2020 R'000	Group 2019 R'000
23. PROVISIONS continued		
Long-service awards		
Balance at the beginning of the year	**193 283**	201 628
Raised during the year	**22 202**	22 328
Utilised during the year	**(15 275)**	(30 673)
Unused amounts reversed	**(62 100)**	–
Balance at the end of the year	**138 110**	193 283
Royalty		
Balance at the beginning of the year	**719**	2 556
Raised during the year	**1 034**	784
Utilised during the year	**(1 453)**	(2 621)
Transfer to trade and other payables	**(300)**	–
Balance at the end of the year	**–**	719
Other		
Balance at the beginning of the year	**10 699**	11 991
Raised during the year	**5 847**	3 953
Utilised during the year	**(1 967)**	(836)
Reclassification	**–**	(471)
Transfer from disposal group liabilities held for sale	**–**	53
Unused amounts reversed	**(2 243)**	(3 991)
Transfer to trade and other payables	**(2 585)**	–
Balance at the end of the year	**9 751**	10 699
Total provisions	**529 518**	656 612
Non-current	**218 324**	265 327
Current	**311 194**	391 285
	529 518	656 612

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 for rehabilitation has been determined using a discount rate of 5% per annum (2019: 4.5% per annum) and an inflation rate of 4.1% per annum (2019: 5.0% per annum) and has been discounted over the expected lives of the Palesa and Mbali Mines and estimated settlement dates of the rehabilitation costs.

The periods used for discounting were (remaining life of mine):
Mbali Coal Proprietary Limited – 14 months
Palesa Coal Proprietary Limited – 18 years

Staff bonuses
Staff bonuses are based on rates negotiated with union bargaining councils, the results of the relevant company or at the discretion of company management. These criteria are finalised after year-end and payments are dependent upon the employee being in the company's service at the date of payment.

23. PROVISIONS continued

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 47 Contingencies.

Restructuring
The group's branded products and manufacturing segment discontinued a division of its winelands textiles business and announced its intention to dispose of the outlaying branches of its office automation business during the 2018 financial year. These provisions related to the remaining restructure and retrenchment costs associated with the discontinuation and disposal of the operations.

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

Jackpot provisions
Provision is made for wide area progressives and is based on the meter readings. Due to the nature of the jackpot provisions the timing of their utilisation is uncertain; however, it is not expected to be longer than 12 months.

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 and hotel operations. The benefit is paid when employees reach predetermined years of service. During the year, in order to reduce costs, the group's gaming interests amended its policy, allowing only certain qualifying employees to remain on the plan. This resulted in a reversal of R62.1 million in respect of the non-qualifying staff portion of the provision.

The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually by independent actuaries using the projected unit credit method. The principal actuarial assumptions used, are as follows:

	2020 %	2019 %
Discount rate	**8.7**	9.2
Inflation rate	**4.2**	5.4
Salary increase rate	**4.7**	5.9
Pre-retirement mortality rate	**SA 85 – 90 (Light) table**	SA 85 – 90 (Light) table

Royalty
This provision was raised based on a judgement by the Supreme Court of Appeal regarding royalties payable by radio broadcasters to the South African Music Performance Rights Association (SAMPRA). The judgement indicated that royalties of 3% of revenue should be paid in relation to performance royalties.

24. DEFERRED REVENUE AND INCOME

24.1 The Tsogo Sun Hotels group's contract liabilities consist of its customer reward programmes. The group accounts for these reward programmes in terms of IFRS 15 Revenue from Contracts with Customers with the liability allocated to deferred revenue in the statement of financial position.

	Group 2020 R'000	Group 2019 R'000
Deferred revenue		
At 1 April	**103 896**	94 925
Created during the year	**139 840**	142 276
Forfeitures during the year	**(36 271)**	(33 664)
Utilised during the year	**(95 101)**	(99 641)
At 31 March	**112 364**	103 896
The expected timing of the recognition of the deferred revenue is within two years as follows:		
Non-current	**37 080**	34 286
Current	**75 284**	69 610
	112 364	103 896

24.2 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 2020 R'000	Group 2019 R'000
Deferred income		
At 1 April	**20 228**	18 632
Created during the year	**159 588**	159 958
Forfeitures during the year	**(12 352)**	(7 441)
Utilised during the year	**(147 001)**	(150 921)
At 31 March	**20 463**	20 228

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

24.3 Government grants receivable by the Deneb group relates to the Production Incentive Programme (PIP) established by the Department of Trade and Industry. The programme is an incentive offered to qualifying companies operating within the clothing and textile manufacturing industry.

	Group 2020 R'000	Group 2019 R'000
Deferred income		
At 1 April	**99 829**	162 014
Created during the year	**18 929**	7 488
Transfer to disposal group liabilities held for sale	**–**	(38 261)
Utilised during the year	**(19 889)**	(31 412)
At 31 March	**98 869**	99 829
The expected timing of the recognition of the deferred income is within 12 years as follows:		
Non-current	**84 155**	83 727
Current	**14 714**	16 102
	98 869	99 829

	Group 2020 R'000	2019 R'000
24. DEFERRED REVENUE AND INCOME continued		
24.4 Deferred revenue by the Gallagher group relates to deposits received in advance for conferences and exhibitions contracted.		
Deferred revenue		
At 1 April	**19 076**	20 144
Created during the year	**14 305**	19 076
Utilised during the year	**(19 076)**	(20 144)
At 31 March	**14 305**	19 076
The expected timing of the recognition of the deferred revenue is within one year and is considered current.		
24.5 Deferred revenue by the Hosken Passengers Logistics and Rail group relates to transportation fees received in advance:		
Deferred revenue		
At 1 April	**7 792**	5 506
Created during the year	**8 763**	7 792
Utilised during the year	**(7 792)**	(5 506)
At 31 March	**8 763**	7 792
The expected timing of the recognition of the deferred revenue is within one year and is considered current.		
Total deferred revenue and income		
Non-current	**121 235**	118 013
Current	**133 529**	132 808
	254 764	250 821
25. OTHER NON-CURRENT LIABILITIES		
Capital creditors	**15 759**	21 676
Gross	**26 728**	31 305
Less: Current portion*	**(10 969)**	(9 629)
Share-based payment to non-controlling interests	**2 291**	14 474
Non-current portion	**18 050**	36 150

* Included in trade and other payables

Capital creditors is the deferred portion of the purchase price relating to agreements that the group concluded with TAB-Austria (TAB) in the prior year to acquire the intellectual property rights to the Golden Island Casino LPMs for Africa. This included the processes, formulae, methods and information controlled and owned by TAB, currently being manufactured by TAB.

The share-based payment liability relates to the fair value of portions of shareholding to be transferred, in terms of the gaming licence conditions of Leitlho SPV (Kuruman Casino) (20%), to BBBEE shareholders by December 2034. The prior year share-based payment liabilities in relation to Galaxy Bingo Tonga and Galaxy Bingo Hazyview vested in the current financial year. A fair value share-based payment credit of R12 million (2019: R9 million charge) was recognised in other operating expenses and income during the year.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
26. TRADE AND OTHER PAYABLES				
Trade payables	**1 235 246**	1 346 772	**–**	–
Accruals	**621 534**	539 528	**–**	–
Advance deposits	**116 593**	140 340	**–**	–
Operating lease liabilities	**–**	52 496	**–**	–
Lease liabilities	**141 611**	–	**–**	–
Other payables*	**818 231**	975 730	**3 877**	4 144
	2 933 215	3 054 866	**3 877**	4 144

* Other payables mainly comprise VAT payable, payroll-related payables, gaming levies, tenant deposits, unallocated deposits, smartcard gaming credits due to customers and capital creditors

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	
27. BANK OVERDRAFTS				
Balance outstanding at 31 March	**3 956 883**	2 907 507	**479 112**	422 154

Overdrafts of R3 262.2 million (2019: R2 585.7 million) are secured by assets as part of the group's general borrowings. Refer to note 20.

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

	Group	
	2020 R'000	2019 R'000
28. GOVERNMENT GRANTS		
Receivable balance for government grants brought forward	**29 720**	47 768
Total income from government grants, recognised as deferred income during the year	**18 929**	7 488
Total cash received from government grants during the year	**(48 649)**	(25 536)
Amount outstanding as at year-end	**–**	29 720

Government grants in the group relates to the Production Incentive Programme established by the Department of Trade and Industry. The programme is an incentive offered to qualifying companies operating within the clothing and textile manufacturing industry.

Amounts outstanding at year-end are included in other receivables (refer to note 15).

There are no unfulfilled conditions or contingencies relating to the government assistance recognised.

29. LEASES

Nature of leasing activities (in the capacity as lessee)

The group leases various properties in the jurisdictions from which it operates, including the Sandton Convention Centre, the Golden Horse Casino land, various properties at the bingo business sites, hotel properties, land, offices, warehouses and retail stores. These lease agreements are typically concluded for fixed periods of three to 99 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 lease payment terms, in addition to the annual consumer price index increase, are based on 4.5% of gross operating profit. A 5% increase in the variable lease payments at the statement of financial position date would increase the lease liability by less than R2 million.

Bingo gaming machine lease agreements contain variable payment terms that are linked to gross gaming income 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 R12 million.

Some of the group's hotel property lease agreements contain variable payment terms that are linked to the gross revenue or Ebitdar generated by the property, with a minimum lease payment based on a percentage of the budgeted Ebitdar in the year that the lease commences. All minimum future lease payments have been included in the measurement of lease liabilities whereas the variable payments, that are linked to gross revenue or Ebitdar, are recognised in profit or loss in the period in which the event or condition that triggers those payments, occurs. A 10% increase in Ebitdar across all hotel properties in the group with such variable lease payment contracts would increase total lease payments by approximately R5 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.

The group's current proportion of fixed and variable lease payments 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
2020				
Property leases with payments linked to inflation and/or gross operating profits	2	–	4 276	1 712
Property leases with fixed payments	87	328 069	–	–
Leases of plant and machinery	14	1 082	–	–
Leases of other equipment and vehicles	58	17 164	–	–
	161	346 315	4 276	1 712

29. LEASES continued

Options to extend or terminate lease terms

Options to extend or terminate lease terms are included in certain property and equipment 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 and equipment 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;
- 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; and
- the group has the option to terminate casino gaming equipment lease contracts without penalties.

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 periods ranging from two to seven years, with effective dates to excercise these options ranging from 1 May 2020 to 1 July 2027. The group is reasonably certain to exercise these options and extend the lease terms.

Options to purchase leased properties

The group's transport business holds an option to purchase a property at the end of the lease term for R22.5 million. The option expires on 28 February 2022 and is reasonably certain to be exercised by the group.

Sandton Hotels lease agreement

During the year under review the hotels group entered into a new arrangement, effective 1 November 2019, with the owners of the Sandton Sun, Garden Court Sandton City and the InterContinental Sandton Towers (the Sandton Hotels). The group classified this arrangement as a lease contract and accounted for it in terms of the requirements of IFRS 16. Significant judgement was applied regarding the assessment of economic benefits between the different parties and control over the relevant activities, being the day-to-day operations of the hotels.

In exercising judgement, the following facts were considered:

- on the face of it the agreements entered into provide for 98% of Ebitdar after management fees to flow to the lessors. However, where the lessee directs all cash flow generated from the asset and pays the lessor a percentage of such flows, paragraph B23 of IFRS 16 provides for such cash flows to be included in the benefit received by the lessee;
- the group has sole use of the hotels and brands;
- the group retains the majority of turnover and the return made by the group on these hotels is consistent with owner-managed hotels;
- the group has a downside risk in the event of an economic downturn as a minimum basic rental is still payable; and
- the key differences between the previous management agreements and the current agreements is that the group now has the ability to direct the relevant activities of the hotels because the group makes decisions on the pricing of the hotel services, manages the costs of the hotel and engages with suppliers and distribution channels.

Based on the above the hotel lease agreements, in our assessment, do contain a lease. The group used a 20% minimum rental as stipulated in the agreements to calculate the lease liability and right-of-use asset. The remaining lease payments, based on a percentage of Ebitdar, are considered to be variable lease payments. The discount rate applied has been determined in a manner that is consistent with that of the other leases within the hotels group where IFRS 16 has been applied.

	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				
Carrying value as at 1 April 2019 (on adoption of IFRS 16)	1 055 997	2 183	52 504	1 110 684
Transfer to finance lease assets	(1 672)	–	–	(1 672)
Depreciation	(136 313)	(857)	(14 686)	(151 856)
Additions	276 950	513	2 909	280 372
Remeasurement of lease	(1 608)	–	(2 845)	(4 453)
Termination of lease	(4 136)	–	(4 437)	(8 573)
Disposal of subsidiary	(6 836)	–	–	(6 836)
Transfer to property, plant and equipment on acquision of leased property	(138 593)	–	–	(138 593)
Effect of modification to lease terms	97 627	–	–	97 627
Impairments	(5 555)	–	–	(5 555)
Currency translation	902	–	–	902
Carrying value as at 31 March 2020	1 136 763	1 839	33 445	1 172 047

	Group			
	Land and buildings R'000	Plant and machinery R'000	Other equipment and vehicles R'000	Total R'000
29. LEASES continued				
Reconciliation of carrying value: lease liabilities				
Carrying value as at 1 April 2019 (on adoption of IFRS 16)	1 531 778	2 416	60 461	1 594 655
Finance costs	161 017	261	4 891	166 169
Lease payments	(332 345)	(1 082)	(17 164)	(350 591)
Additions	276 950	513	2 909	280 372
Remeasurement of lease	576	–	(3 515)	(2 939)
Termination of lease	(149)	–	(5 032)	(5 181)
Disposal of subsidiary	(8 469)	–	–	(8 469)
Derecognition of lease liability on acquision of leased property	(200 000)	–	–	(200 000)
Effect of modification to lease terms	92 076	–	–	92 076
Carrying value as at 31 March 2020	1 521 434	2 108	42 550	1 566 092
Less: Current portion (included in trade and other payables)	(125 455)	(876)	(15 280)	(141 611)
Non-current portion	1 395 979	1 232	27 270	1 424 481

For leases previously classified as finance leases, the group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date and resulted in no measurement adjustments.

The group entered into an agreement with Ozmik Property Investments Proprietary Limited, effective 1 October 2019, to acquire the Southern Sun Pretoria Hotel building for R200 million. The Southern Sun Pretoria Hotel was operated by the group and the property leased, and as such fell within the scope of IFRS 16 on the date of adoption. The lease liability that was raised on transition has now been settled and the building acquired has been recognised in property, plant and equipment.

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
2020				
Lease liabilities	276 667	838 711	1 757 444	2 872 822

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

Committed leases not yet commenced
The group has not committed to any lease contracts which had not commenced by the reporting date.

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.

		Group	
		2020 R'000	2019 R'000
30.	**COMMITMENTS**		
	IAS 17 operating lease arrangements where the group is a lessee		
	Future leasing charges:		
	– Payable within one year	-	361 077
	– Payable within two to five years	-	811 868
	– Payable after five years	-	1 404 243
		-	2 577 188

IAS 17 operating lease commitments in the prior year relate mainly to leases of property within the group's portfolio of hotels, as well as the head offices of various subsidiaries.

As at 31 March 2020, the group had outstanding commitments under non-cancellable operating leases which are not capitalised in terms of IFRS 16, being variable lease payments, short-term leases and leases of low-value assets (comprising mainly small items of office equipment and furniture). The aggregate commitments for these leases amount to R127 million at 31 March 2020.

	2020 R'000	2019 R'000
Operating lease arrangements where the group is a lessor		
Future leasing charges:		
– Receivable within one year	792 905	724 972
– Receivable within two to five years	1 652 670	1 891 077
– Receivable after five years	1 423 528	1 919 579
	3 869 103	4 535 628

Operating leases relate to the investment property owned by the group with lease terms of between one and 30 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessees do not have an option to purchase the property at expiry of the lease period. A portion of the rental is contingent and based on the turnover of a lessee.

The group has a contracted commitment for its signal distribution as at 31 March 2020 amounting to R34 million within one year (2019: R34 million), R185 million after one year to five years (2019: R182 million) and R93 million after five years (2019: R131 million) with the contract date ending on 31 July 2028. The contracted commitments will be funded from the group's available bank facilities and retained profits.

	2020 R'000	2019 R'000
Capital expenditure		
Authorised by directors but not yet contracted for:		
– Investment property	117 470	270 391
– Property, plant and equipment	323 707	1 978 552
– Intangible assets	36 632	23 312
– Programming rights	313 472	385 812
– Investments in associates	260 688	–
	1 051 969	2 658 067
Authorised by directors and contracted to be expended:		
– Investment property	34 530	338 470
– Property, plant and equipment	416 704	358 816
– Intangible assets	4 463	3 772
– Programming rights	73 809	–
	529 506	701 058

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

	Group		Company	
	2020 R'000	2019* R'000	**2020 R'000**	2019** R'000
31. REVENUE				
Sale of goods	**4 365 085**	4 299 137	**–**	–
Provision of services	**10 559 085**	10 026 855	**–**	–
Dividends received***				
– Subsidiaries	**–**	–	**981 366**	1 828 941
– Associates	**–**	–	**7 826**	1 971
	14 924 170	14 325 992	**989 192**	1 830 912

The group's revenue disaggregated by primary geographical markets is as follows:

	South Africa R'000	Other African countries and Middle East R'000	Europe and United Kingdom R'000	Total R'000
2020				
Media and broadcasting	**2 506 160**	**–**	**–**	**2 506 160**
Gaming	**1 648 516**	**–**	**–**	**1 648 516**
Hotels	**3 530 674**	**563 057**	**–**	**4 093 731**
Transport	**2 045 158**	**–**	**–**	**2 045 158**
Properties	**253 709**	**–**	**–**	**253 709**
Coal mining	**1 631 936**	**–**	**–**	**1 631 936**
Branded products and manufacturing	**2 623 182**	**49 281**	**60 376**	**2 732 839**
Other	**12 121**	**–**	**–**	**12 121**
	14 251 456	**612 338**	**60 376**	**14 924 170**
2019*				
Media and broadcasting	2 356 255	–	–	2 356 255
Gaming	1 623 201	–	–	1 623 201
Hotels	3 385 441	599 541	–	3 984 982
Transport	1 779 849	–	–	1 779 849
Properties	267 618	–	–	267 618
Coal mining	1 472 734	–	–	1 472 734
Branded products and manufacturing	2 666 540	60 821	102 644	2 830 005
Other	11 348	–	–	11 348
	13 562 986	660 362	102 644	14 325 992

* Restated, refer to note 52
** The company's comparative figures have been restated for the reclassification of dividend and investment-related income to revenue
*** Company dividends were received from subsidiaries and associates incorporated in South Africa and recognised as revenue when the right to receive payment was established

31. REVENUE continued

The group's revenue disaggregated by pattern of revenue recognition is as follows:

	Revenue recognised over time R'000	Revenue recognised at a point in time R'000	Total R'000
2020			
Provision of services			
Media and broadcasting	**2 472 874**	**33 286**	**2 506 160**
Gaming	**1 000 757**	**647 759**	**1 648 516**
Hotels	**3 030 570**	**1 063 161**	**4 093 731**
Transport	**1 688 748**	**356 100**	**2 044 848**
Properties	**121 282**	**132 427**	**253 709**
Other	**12 121**	**–**	**12 121**
Sale of goods			
Transport	**–**	**310**	**310**
Coal mining	**–**	**1 631 936**	**1 631 936**
Branded products and manufacturing	**16 739**	**2 716 100**	**2 732 839**
	8 343 091	**6 581 079**	**14 924 170**
2019*			
Provision of services			
Media and broadcasting	2 341 123	15 132	2 356 255
Gaming	975 442	647 759	1 623 201
Hotels	2 994 470	990 512	3 984 982
Transport	1 553 350	225 831	1 779 181
Properties	106 186	161 432	267 618
Branded products and manufacturing	–	4 270	4 270
Other	11 348	–	11 348
Sale of goods			
Transport	–	668	668
Coal mining	–	1 472 734	1 472 734
Branded products and manufacturing	19 800	2 805 935	2 825 735
	8 001 719	6 324 273	14 325 992

* Restated, refer to note 52

In the current period, R122.0 million (2019: R92.7 million) of the deferred revenue balance at the beginning of the period 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			
	2020 R'000	2021 R'000	2022 R'000	Total R'000
2020				
Revenue expected to be recognised	**–**	**98 352**	**37 080**	**135 432**
2019				
Revenue expected to be recognised	96 478	34 286	–	130 764

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

	Group		Company	
	2020 R'000	2019* R'000	**2020 R'000**	2019 R'000
32. INVESTMENT INCOME				
Dividends				
Unlisted investments	**115 798**	99 329	**–**	–
	115 798	99 329	**–**	–
Interest				
Bank	**139 116**	109 507	**231**	285
Other	**269 440**	56 072	**4 079**	5 362
	408 556	165 579	**4 310**	5 647
	524 354	264 908	**4 310**	5 647
33. INVESTMENT SURPLUS				
Loss on disposal of investment property	**(49)**	–		
Gain on disposal of associates and joint arrangements	**28 524**	14 275		
Gain on disposal of subsidiary	**1 049**	–		
	29 524	14 275		
34. ASSET IMPAIRMENTS				
Impairment of property, plant and equipment (note 1)	**1 017 404**	79 618		
Impairment of right-of-use assets (note 29)	**5 555**	–		
Impairment of intangible assets (note 4)	**9 238 359**	73 076		
	10 261 318	152 694		
35. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill	**819 711**	–	**–**	–
Impairment of investments in subsidiaries	**–**	–	**7 175 894**	1 053 668
Impairment of investments in associates	**28 259**	–	**–**	–
	847 970	–	**7 175 894**	1 053 668
36. FINANCE COSTS				
Interest	**2 181 351**	1 791 599	**36 330**	29 585
Preference dividends	**129 294**	106 505	**–**	–
	2 310 645	1 898 104	**36 330**	29 585

* Restated, refer to note 52

	Group 2020 R'000	Group 2019* R'000	Company 2020 R'000	Company 2019 R'000
37. (LOSS)/PROFIT BEFORE TAXATION				
The following items have been included in arriving at (loss)/profit before taxation:				
Auditor's remuneration				
– Audit fees – current year	**64 802**	64 816	**–**	–
– Other services	**7 618**	3 682	**–**	–
Consultancy fees	**100 538**	112 720	**65**	544
Foreign exchange losses	**31 429**	18 365	**–**	–
Gaming levies	**994 448**	990 498	**–**	–
Government grant income	**(21 904)**	(10 109)	**–**	–
Cost of sales				
– Manufacturing	**2 147 350**	2 245 283	**–**	–
– Coal mining	**1 214 680**	923 402	**–**	–
Operating lease charges				
– Premises	**–**	392 038	**–**	–
– Plant and equipment	**–**	179 128	**–**	–
Lease expenses				
– Short-term leases	**60 239**	–	**–**	–
– Low-value leases	**17 844**	–	**–**	–
– Expenses relating to variable lease payments not included in the measurement of lease liabilities	**226 338**	–	**–**	–
Pension fund contributions	**263 136**	262 633	**–**	–
(Profit)/loss on disposal of property, plant and equipment	**(18 886)**	5 523	**–**	–
Research and development	**4 873**	3 223	**–**	–
Secretarial fees	**409**	152	**–**	–
Share-based payments	**(28 767)**	30 522	**–**	–
Staff costs	**5 111 774**	4 889 227	**–**	–
VAT on net gaming win	**1 153 838**	1 154 549	**–**	–
Discount on sale of promissory note	**–**	1 781	**–**	–
38. TAXATION				
South African taxes				
Current normal tax	**848 117**	871 306	**1 157**	1 702
Prior year normal tax	**7 980**	(45 631)	**–**	3 578
Deferred normal tax	**(2 631 304)**	170 113	**–**	–
Deferred tax – under/(over) provision prior year	**21 881**	(1 206)	**–**	–
Withholding tax	**3 273**	6 442	**–**	–
	(1 750 053)	1 001 024	**1 157**	5 280

* Restated, refer to note 52

Various subsidiaries have incurred operating losses which result in losses for tax purposes.

	Group 2020 R'000	Group 2019* R'000	Company 2020 R'000	Company 2019 R'000
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:				
– Normal tax	**585 403**	346 723	**–**	–
– Capital gains tax	**219 827**	219 827	**219 827**	219 827
Tax relief at current rates:				
– Normal tax	**163 913**	97 082	**–**	–
– Capital gains tax	**49 241**	49 241	**49 241**	49 241

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
38. TAXATION continued				
Reconciliation of tax rate				
Normal tax rate	**(28)**	28	**28**	28
Deferred tax not raised on losses	**1**	2	**–**	–
Capital losses and non-deductible expenses	**7**	13	**6**	42
Non-taxable income including share of associates' income	**–**	(5)	**(34)**	(69)
Prior year charges	**–**	(2)	**–**	–
Effective rate	**(20)**	36	**–**	1

	R'000	R'000
The income tax relating to each component of other comprehensive income is set out below:		
Cash flow hedges	**21 193**	(18 203)
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**82 374**	1 959
Revaluation of owner-occupied land and buildings on transfer to investment properties	**(7 012)**	(10 178)
Actuarial gains on post-employment benefit assets and liabilities	**(7 665)**	(2 980)
	88 890	(29 402)

	Group 2020 R'000	2019* R'000
39. DISCONTINUED OPERATIONS		
Loss from discontinued operations for the year	**(132 595)**	(123 809)

39.1 During the prior year the Deneb board of directors resolved to dispose of its interests in Winelands Textiles, First Factory Shops, Frame Knitting Manufacturers and Brand ID.

All of the above businesses, other than Frame Knitting Manufacturers, were disposed of during the last quarter of the current financial year. Negotiations to dispose of Frame Knitting Manufacturers were ongoing at year-end and subject to the conclusion of a due-diligence process. Subsequent to year-end, negotiations have ceased and the business was substantially wound down by the end of May 2020. The Deneb board of directors is looking to dispose of the remainder of the business during the 2021 financial year.

Loss from discontinued operations relating to Deneb Investments Limited	2020 R'000	2019* R'000
Revenue	**344 540**	390 835
Other operating expenses and income	**(417 604)**	(421 337)
Investment income	**5**	–
Depreciation and amortisation	**–**	(6 221)
Asset impairments	**(43 932)**	(39 754)
Finance costs	**(9 134)**	(7 936)
Gain on disposal of subsidiaries	**3 392**	955
Loss before taxation	**(122 733)**	(83 458)
Taxation	**(1 652)**	(740)
Loss after taxation	**(124 385)**	(84 198)
Cash flows from discontinued operations		
Cash flows from operating activities	**40 895**	(44 246)
Cash flows from investing activities	**(5 890)**	1 500
Cash flows from financing activities	**(2 138)**	–
	32 867	(42 746)

Refer to note 16.1 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

* Restated, refer to note 52

	Group 2020 R'000	Group 2019* R'000
39. DISCONTINUED OPERATIONS continued		

39.2 During the prior year the eMedia board of directors resolved to close all loss-making entities within the Silverline Three Sixty group, including The Refinery (Johannesburg) and MovieMart, and to dispose of the group's interest in Strika Entertainment, Coleske Artists and Afrikaans is Groot. These subsidiaries were all disposed of during the prior year.

During the year ended 31 March 2020 the group disposed of its interest in Jacana Media and a decision was made by the board of directors to discontinue the operations of Crystal Brook Distribution and Niveus 13.

	2020 R'000	2019* R'000
Loss from discontinued operations relating to eMedia Holdings Limited		
Revenue	**11 058**	100 516
Other operating expenses and income	**(16 991)**	(114 554)
Investment income	**130**	83
Depreciation and amortisation	**–**	(747)
Impairment of goodwill and investments	**–**	(16 604)
Finance costs	**(40)**	(208)
Loss on disposal of subsidiaries	**(4 187)**	(386)
Foreign currency translation reserves reclassified to profit or loss on disposal	**–**	1 005
Loss before taxation	**(10 030)**	(30 895)
Taxation	**(672)**	(4 726)
Loss after taxation	**(10 702)**	(35 621)
Cash flows from discontinued operations		
Cash flows from operating activities	**(2 713)**	(14 882)

Refer to note 16.2 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

* Restated, refer to note 52

39. DISCONTINUED OPERATIONS continued

39.3 The Niveus group disposed of its interests in Slots and Keno Limited during the year ended 31 March 2019. During the prior year a further decision was made by the Niveus board of directors to also dispose of its online and retail sports betting interests. This process was ongoing at 31 March 2020.

	Group 2020 R'000	Group 2019 R'000
Profit/(loss) from discontinued operations relating to Niveus Investments Limited		
Revenue	**–**	572
Net gaming win	**75 821**	70 217
Other operating expenses and income	**(71 980)**	(73 025)
Investment income	**721**	376
Depreciation and amortisation	**–**	(3 716)
Asset impairments	**(1 275)**	(834)
Finance costs	**(933)**	–
Gain on disposal of subsidiaries	**–**	2 420
Profit/(loss) before taxation	**2 354**	(3 990)
Taxation	**138**	–
Profit/(loss) after taxation	**2 492**	(3 990)
Cash flows from discontinued operations		
Cash flows from operating activities	**6 331**	5 617
Cash flows from investing activities	**460**	(1 434)
Cash flows from financing activities	**(4 336)**	–
	2 455	4 183

Refer to note 16.3 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

	Group 2020 R'000	Group 2019 R'000
40. EARNINGS PER SHARE		
40.1 Earnings per share as presented on the statement of profit or loss is based on the weighted average number of 82 875 887 ordinary shares in issue (2019: 85 695 734).		
40.2 Diluted earnings per share is based on the weighted average number of 82 875 887 ordinary shares in issue (2019: 86 182 564).		
Reconciliation of weighted average number of shares		
Used in calculation of earnings per share	**82 875 887**	85 695 734
Options outstanding in employee share scheme	**–**	486 830
Used in calculation of diluted earnings per share	**82 875 887**	86 182 564
40.3 Headline earnings per share (cents)*	**1 263.22**	1 200.20
– Continuing operations	**1 352.17**	1 265.18
– Discontinued operations	**(88.95)**	(64.98)
Diluted headline earnings per share (cents)*	**1 263.22**	1 193.42
– Continuing operations	**1 352.17**	1 258.04
– Discontinued operations	**(88.95)**	(64.62)

* Restated

	2020 Gross R'000	2020 Net R'000	2019 Gross R'000	2019 Net R'000
Reconciliation of headline earnings:				
(Losses)/earnings attributable to equity holders of the parent		**(3 805 278)**		707 984
Fair value adjustment on deemed disposal of associate	**(9 163)**	**(5 691)**	–	–
Impairment of goodwill	**819 711**	**637 713**	16 604	7 057
(Gains)/losses on disposal of plant and equipment	**(18 821)**	**(10 815)**	6 195	2 117
Impairment of property, plant and equipment	**1 053 239**	**425 908**	110 958	63 232
Foreign currency translation reserve recycled	**–**	**–**	(1 005)	(427)
Gains from disposal of subsidiaries	**(254)**	**(1 599)**	(2 989)	(1 899)
Gains on disposal of associates and joint arrangements	**(28 524)**	**(12 400)**	(14 275)	(6 067)
Impairment of associates and joint arrangements	**28 259**	**14 523**	–	–
Reversal of impairment of assets	**–**	**–**	(111 319)	(39 394)
Impairment of intangible assets	**9 245 979**	**3 292 624**	82 324	31 421
Losses on disposal of investment properties	**49**	**89**	–	–
Fair value adjustments on investment properties	**993 218**	**352 749**	530 339	133 375
Impairment of right-of-use assets	**7 307**	**3 361**	–	–
Write-off of intangible assets	**–**	**–**	14 579	4 633
Insurance claims for capital assets	**(6 828)**	**(3 815)**	(10 291)	(5 764)
Remeasurements included in equity-accounted earnings of associates and joint arrangements	**170 137**	**159 539**	137 309	132 255
Headline profit		**1 046 908**		1 028 523

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
41. NOTES TO THE CASH FLOW STATEMENT				
41.1 Cash generated by operations				
(Loss)/profit for the year	**(7 325 024)**	1 664 410	**(5 528 179)**	732 980
Taxation	**(1 747 867)**	1 006 490	**1 157**	5 280
Depreciation and amortisation	**1 675 268**	1 457 523	**–**	–
Share-based payments	**20 681**	16 048	**–**	–
(Profit)/loss on disposal of plant and equipment	**(18 821)**	6 195	**–**	–
Impairment of goodwill and investments	**847 970**	16 604	**7 175 894**	1 053 668
Other impairments	**10 306 525**	193 282	**–**	–
Fair value adjustment on associate on change of control	**(9 163)**	–	**–**	–
Equity-accounted losses retained in subsidiaries	**176 689**	169 479	**–**	–
Forex translation	**48 518**	10 353	**–**	–
Fair value adjustments on investment properties	**993 218**	530 339	**–**	–
Fair value adjustments on financial instruments	**2 122**	(7 140)	**–**	–
Investment income	**(525 210)**	(265 367)	**(4 310)**	(5 647)
Preference dividends and interest	**2 320 752**	1 906 248	**36 330**	29 585
Non-cash dividends received	**–**	–	**(452 002)**	(248 039)
Investment surplus	**(29 524)**	(14 275)	**–**	–
Movement in provisions	**306 297**	376 921	**–**	–
Operating equipment usage	**63 399**	86 000	**–**	–
Post-retirement medical aid benefits	**13 832**	13 803	**–**	–
Long-term incentive charges	**(37 265)**	6 568	**–**	–
Loss/(profit) on disposal of discontinued operations	**795**	(3 994)	**–**	–
Operating lease equalisation asset	**(23 577)**	(38 623)	**–**	–
Impairment reversals	**–**	(111 319)	**(715 511)**	–
Other non-cash items	**45 182**	32 783	**–**	(97)
	7 104 797	7 052 328	**513 379**	1 567 730
41.2 Changes in working capital				
Inventory	**(7 132)**	(235 879)	**–**	–
Programming rights	**(52 744)**	78 063	**–**	–
Trade and other receivables	**218 780**	184 445	**(3 440)**	(3 723)
Trade and other payables	**(864 780)**	(534 676)	**(267)**	1 121
	(705 876)	(508 047)	**(3 707)**	(2 602)
41.3 Taxation paid				
Unpaid at the beginning of the year	**(79 254)**	(111 109)	**(5 193)**	(65)
Charged to the statement of profit or loss	**(856 770)**	(828 761)	**(1 157)**	(5 280)
Business combinations/disposal of subsidiaries	**(652)**	–	**–**	–
Foreign exchange difference	**7 303**	(852)	**–**	–
Withholding tax	**(3 273)**	(6 442)	**–**	–
Unpaid at the end of the year	**61 000**	79 254	**1 101**	5 193
	(871 646)	(867 910)	**(5 249)**	(152)

	Group 2020 R'000	Group 2019 R'000
41. NOTES TO THE CASH FLOW STATEMENT continued		
41.4 Business combinations/disposals		
Net cash inflow/(outflow) from acquisitions	5 217	(18 069)
Net cash inflow/(outflow) from disposals	8 128	(7 834)
	13 345	(25 903)
41.4.1 Acquisitions		
Property, plant and equipment	(60 977)	–
Intangible assets	(10 913)	(49 096)
Other non-current assets	(35 050)	–
Trade and other receivables	(6 790)	–
Inventory	(746)	–
Cash and cash equivalents	(42 176)	–
Deferred tax liability	8 573	13 747
Interest-bearing borrowings	30 078	–
Interest-bearing borrowings – current	11 584	–
Trade and other payables	7 535	–
Current income tax liabilities	627	–
Provisions – current	212	–
Bank overdrafts	9	–
Other current liabilities	48 700	–
	(49 334)	(35 349)
Non-controlling interest	4 648	–
Fair value of existing interest	26 583	–
Goodwill on acquisition	(18 847)	(13 747)
Cash and cash equivalents at date of acquisition	42 167	–
Asset – deferred payments (fair value)	–	31 027
Net cash inflow/(outflow)	5 217	(18 069)
41.4.2 Disposals		
Property, plant and equipment	37 396	245
Right-of-use assets	6 836	–
Goodwill	–	10 416
Deferred tax asset	2 463	–
Other non-current assets	2 247	–
Trade and other receivables	32 117	41 729
Inventory	45 953	903
Current income tax assets	25	–
Cash and cash equivalents	5 388	23 325
Other current assets	–	9 985
Interest-bearing borrowings	–	(219)
Lease liabilities	(8 469)	–
Trade and other payables	(44 577)	(12 730)
Provisions – current	–	(960)
Bank overdrafts	(1 699)	–
Other current liabilities	(3 996)	(12 648)
	73 684	60 046
Non-controlling interest	4 879	(23 083)
Deferred disposal proceeds	(67 000)	(24 461)
Gain on disposal of subsidiary	254	2 989
Cash and cash equivalents at date of disposal	(3 689)	(23 325)
Net cash inflow/(outflow)	8 128	(7 834)

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
41. NOTES TO THE CASH FLOW STATEMENT continued				
41.5 Cash and cash equivalents				
Bank balances and deposits	**5 685 032**	4 180 618	**235**	3 144
Bank overdraft and loans	**(3 956 883)**	(2 907 507)	**(479 112)**	(422 154)
Cash in disposal group assets held for sale	**12 100**	9 541	**–**	–
	1 740 249	1 282 652	**(478 877)**	(419 010)

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 20.

42. 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:

	2020		2019	
	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	**1 444 068**	**118.14**	956 391	123.47
Options granted	**889 356**	**87.71**	978 118	117.78
Options that became unconditional	**(441 030)**	**118.83**	(490 441)	127.82
Options forfeited	**(51 936)**	**112.54**	–	–
Balance at the end of the year	**1 840 458**	**103.43**	1 444 068	118.14

The fair value of options granted is measured using the Black-Scholes model. Share options granted in the current year were fairly valued using a volatility indicator of 23% (2019: 25%) and an annual interest rate of 6.5% (2019: 6.5%). The cost relating to options is recognised by allocating the fair value over the vesting period on a straight-line basis.

The volume weighted average share price during the current year was R89.31 (2019: R127.98).

	Number of share options	Exercise price R
The options issued in terms of the Scheme and outstanding at 31 March 2020 become unconditional between the following dates:		
26 September 2020 and 26 March 2021	4 614	117.03
28 August 2021 and 28 February 2022	919 270	117.78
26 September 2021 and 26 March 2022	4 614	117.03
28 August 2022 and 28 February 2023	16 900	117.78
29 August 2022 and 28 February 2023	845 621	87.71
28 August 2023 and 28 February 2024	16 898	117.78
29 August 2023 and 29 February 2024	16 271	87.71
29 August 2024 and 28 February 2025	16 270	87.71
	1 840 458	

A maximum number of 1 103 330 (2019: 875 664) shares may be issued in respect of 1 840 458 (2019: 1 444 068) 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 8 782 623 (2019: 9 010 289) shares may be utilised by the Scheme. 878 162 (2019: 978 118) options were issued in terms of the Scheme during the year and nil shares were delivered to participants (2019: 15 333).

	2020 Number of share options	2020 Weighted average exercise price R	2019 Number of share options	2019 Weighted average exercise price R
42. HCI EMPLOYEE SHARE OPTION SCHEME continued				
Options granted to executive directors:				
JA Copelyn				
Balance at the beginning of the year	374 180	117.53	299 262	123.86
Options granted	190 451	87.71	250 224	117.78
Options expired	(123 956)	117.03	–	–
Options vested and shares delivered	–	–	(175 306)	128.69
Balance at the end of the year	440 675	104.78	374 180	117.53
Unconditional between the following dates:				
26 September 2019 and 26 March 2020	–	–	123 956	117.03
28 August 2021 and 28 February 2022	250 224	117.78	250 224	117.78
29 August 2022 and 28 February 2023	190 451	87.71	–	–
JR Nicolella*				
Balance at the beginning of the year	161 049	117.58		
Options granted	116 459	87.71		
Options expired	(44 006)	117.03		
Balance at the end of the year	233 502	102.78		
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	117 043	117.78		
29 August 2022 and 28 February 2023	116 459	87.71		
TG Govender				
Balance at the beginning of the year	162 484	117.42	117 955	122.13
Options granted	115 866	87.71	83 792	117.78
Options expired	(78 692)	117.03	–	–
Options vested and shares delivered	–	–	(39 263)	132.37
Balance at the end of the year	199 658	100.33	162 484	117.42
Unconditional between the following dates:				
26 September 2019 and 26 March 2020	–	–	78 692	117.03
28 August 2021 and 28 February 2022	83 792	117.78	83 792	117.78
29 August 2022 and 28 February 2023	115 866	87.71	–	–
Y Shaik				
Balance at the beginning of the year	158 382	119.55	95 113	124.20
Options granted	78 536	87.71	110 318	117.78
Options expired	(48 064)	123.63	–	–
Options vested and shares delivered	–	–	(47 049)	144.61
Balance at the end of the year	188 854	105.28	158 382	119.55
Unconditional between the following dates:				
19 March and 19 September 2019	–	–	39 695	125.02
26 September 2019 and 26 March 2020	–	–	8 369	117.03
28 August 2021 and 28 February 2022	110 318	117.78	110 318	117.78
29 August 2022 and 28 February 2023	78 536	87.71	–	–

* Appointed 22 May 2019

43. DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial		Associates	
	Number	Percentage holding %	Number	Percentage holding %	Number	Percentage holding %
2020						
Executive directors						
JA Copelyn	–	–	6 468 177	7.5	–	–
JR Nicolella*	52 097	0.1	–	–	13 235	–
TG Govender	–	–	17 250	–	915 534	1.1
Y Shaik	8 808	–	–	–	–	–
	60 905	0.1	6 485 427	7.5	928 769	1.1
2019						
Executive directors						
JA Copelyn	149 051	0.2	6 468 177	7.2	–	–
TG Govender	216 706	0.2	17 250	–	698 828	0.8
Y Shaik	8 808	–	–	–	–	–
	374 565	0.4	6 485 427	7.2	698 828	0.8

* Appointed 22 May 2019

Other than as noted there were no changes in directors' shareholdings between 31 March 2020 and the date of issue of this report.

44. DIRECTORS' EMOLUMENTS

	Note	Board fees R'000	Salary R'000	Other benefits R'000	IFRS 2 expense R'000	Total R'000
2020						
Executive directors						
JA Copelyn		–	7 696	–	5 397	13 093
JR Nicolella*		–	4 000	–	2 152	6 152
TG Govender		–	1 965	–	2 373	4 338
Y Shaik		–	3 976	–	2 017	5 993
Non-executive directors						
JG Ngcobo	1	1 302	–	–	–	1 302
MF Magugu	2	397	–	–	–	397
ML Molefi**	3	142	–	–	–	142
MSI Gani	4	1 113	–	–	–	1 113
R Watson	5	1 318	–	–	–	1 318
VE Mphande	6	1 207	–	–	–	1 207
CC September**		51	–	–	–	51
SNN Mkhwanazi-Sigege***		187	–	–	–	187
L McDonald****	7	–	201	38	45	284
		5 717	17 838	38	11 984	35 577

* Appointed 22 May 2019
** Resigned 22 May 2019
*** Appointed 2 September 2019
**** Appointed 19 March 2020

1. Includes R106 345 audit and risk committee fees, R25 445 remuneration committee fees, R25 445 social and ethics committee fees and R830 000 board fees paid by subsidiary companies
2. Includes R82 508 remuneration committee fees
3. Includes R19 084 audit and risk committee fees, R19 084 social and ethics committee fees and R27 000 board fees paid by subsidiary companies
4. Includes R143 795 audit and risk committee fees and R655 000 board fees paid by subsidiary companies
5. Includes R80 900 audit and risk committee fees, R40 058 remuneration committee fees and R883 000 board fees paid by subsidiary companies
6. Includes R893 000 board fees paid by subsidiary companies
7. Paid by subsidiary companies

	Note	Board fees R'000	Salary R'000	Other benefits R'000	IFRS 2 expense R'000	Bonus R'000	Total R'000
2019							
Executive directors							
JA Copelyn		–	7 330	198	4 310	3 573	15 411
TG Govender		–	1 908	67	1 854	806	4 635
Y Shaik		–	3 787	–	2 146	1 600	7 533
Non-executive directors							
JG Ngcobo	1	1 073	–	–	–	–	1 073
MF Magugu	2	375	–	–	–	–	375
ML Molefi*	3	588	–	–	–	–	588
MSI Gani	4	1 099	–	–	–	–	1 099
NM Mhlangu**		199	–	–	–	–	199
R Watson	5	871	–	–	–	–	871
VE Mphande	6	1 213	–	–	–	–	1 213
CC September***		–	–	–	–	–	–
		5 418	13 025	265	8 310	5 979	32 997

* Appointed 22 May 2019
** Resigned 5 December 2018
*** Appointed 25 March 2019; resigned 22 May 2019

1. Includes R49 477 audit and risk committee fees, R49 477 remuneration committee fees, R49 477 social and ethics committee fees and R628 000 board fees paid by subsidiary companies
2. Includes R77 790 remuneration committee fees
3. Includes R74 215 audit and risk committee fees, R74 215 social and ethics committee fees and R143 000 board fees paid by subsidiary companies
4. Includes R122 296 audit and risk committee fees and R617 000 board fees paid by subsidiary companies
5. Includes R25 574 remuneration committee fees and R549 000 board fees paid by subsidiary companies
6. Includes R916 000 board fees paid by subsidiary companies

45. SEGMENT INFORMATION

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

	Revenue		Net gaming win	
	2020 R'000	2019* R'000	**2020 R'000**	2019 R'000
Continuing operations				
Media and broadcasting	**2 506 160**	2 356 255	**–**	–
Gaming**	**1 648 516**	1 623 201	**9 846 472**	9 827 869
Hotels**	**4 093 731**	3 984 982	**–**	–
Transport	**2 045 158**	1 779 849	**–**	–
Properties	**253 709**	267 618	**–**	–
Coal mining	**1 631 936**	1 472 734	**–**	–
Branded products and manufacturing	**2 732 839**	2 830 005	**–**	–
Other	**12 121**	11 348	**–**	–
	14 924 170	14 325 992	**9 846 472**	9 827 869
Discontinued operations				
Media and broadcasting	**11 058**	100 516	**–**	–
Branded products and manufacturing	**344 540**	390 835	**–**	–
Gaming	**–**	572	**75 821**	70 217
	355 598	491 923	**75 821**	70 217

	Property rental income		Segment result (profit/(loss) before tax)	
	2020 R'000	2019* R'000	**2020 R'000**	2019* R'000
Continuing operations				
Media and broadcasting	**14 288**	13 314	**345 846**	226 293
Gaming**	**148 083**	136 888	**(7 520 723)**	2 127 509
Hotels**	**331 092**	357 089	**(2 093 399)**	272 206
Transport	**–**	–	**384 643**	349 363
Properties	**378 864**	327 198	**180 161**	138 158
Coal mining	**–**	–	**142 017**	294 809
Branded products and manufacturing	**138 760**	125 831	**(8 582)**	65 460
Oil and gas prospecting	**–**	–	**(159 080)**	(171 927)
Palladium prospecting	**–**	–	**(39 937)**	(36 798)
Other***	**12 857**	10 335	**(173 428)**	(475 830)
	1 023 944	970 655	**(8 942 482)**	2 789 243

	Segment result ((loss)/profit after tax)	
	2020 R'000	2019* R'000
Discontinued operations		
Media and broadcasting	**(10 702)**	(35 621)
Branded products and manufacturing	**(124 385)**	(84 198)
Gaming	**2 492**	(3 990)
	(132 595)	(123 809)

* Restated, refer to details as set out in note 52

** Results for the prior year restated following the separation of Tsogo Sun Holdings Limited into two independent companies, Tsogo Sun Gaming Limited and Tsogo Sun Hotels Limited. The results of these two companies are reported under gaming and hotels, respectively

*** Results for the prior year restated for reclassification of oil and gas prospecting and palladium prospecting segments

45. SEGMENT INFORMATION continued

	Assets		Liabilities	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Media and broadcasting	**3 109 449**	2 792 606	**1 190 706**	1 019 781
Gaming**	**31 864 890**	40 090 473	**19 972 370**	21 768 218
Hotels**	**16 160 141**	16 364 074	**6 937 022**	5 034 823
Transport	**2 224 279**	2 080 975	**1 097 995**	1 021 875
Coal mining	**760 840**	728 032	**328 769**	341 149
Properties	**4 357 282**	4 541 687	**2 658 244**	2 619 004
Branded products and manufacturing	**3 187 472**	3 484 647	**1 738 192**	1 908 521
Oil and gas prospecting	**1 574 415**	1 218 787	**–**	–
Palladium prospecting	**380 057**	93 600	**–**	–
Other***	**1 273 451**	1 192 025	**4 317 525**	3 539 801
	64 892 276	72 586 906	**38 240 823**	37 253 172

	Property, plant and equipment additions		Depreciation and amortisation	
	2020 R'000	2019 R'000	**2020 R'000**	2019* R'000
Media and broadcasting	**177 720**	99 561	**117 446**	108 586
Gaming**	**1 049 652**	1 455 492	**934 818**	784 052
Hotels**	**264 708**	301 939	**337 883**	310 474
Transport	**198 859**	212 707	**93 411**	81 471
Properties	**12 110**	10 704	**9 704**	7 403
Coal mining	**53 098**	126 367	**112 618**	100 203
Branded products and manufacturing	**88 720**	125 391	**66 313**	50 528
Other	**1 088**	8 498	**3 075**	4 122
	1 845 955	2 340 659	**1 675 268**	1 446 839

Amounts applicable to associates and joint arrangements included above:

	Equity-accounted earnings/(losses)		Investment in associates and joint arrangements	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Media and broadcasting	**24 676**	2 774	**143 550**	117 316
Gaming**	**9 718**	7 054	**40 957**	35 239
Hotels**	**(3 429)**	14 880	**570 599**	608 003
Transport	**436**	10 999	**3 358**	22 342
Properties	**19 160**	5 676	**10 962**	64 888
Oil and gas prospecting	**(159 080)**	(171 927)	**1 574 415**	1 218 787
Palladium prospecting	**(39 937)**	(36 798)	**380 057**	93 600
Other***	**(28 233)**	(2 137)	**253 874**	309 567
	(176 689)	(169 479)	**2 977 772**	2 469 742

* Restated, refer to details as set out in note 52
** Results for the prior year restated following the separation of Tsogo Sun Holdings Limited into two independent companies, Tsogo Sun Gaming Limited and Tsogo Sun Hotels Limited. The results of these two companies are reported under gaming and hotels, respectively
*** Results for the prior year restated for reclassification of oil and gas prospecting and palladium prospecting segments

45. SEGMENT INFORMATION continued

	Impairments[1]	
	2020 R'000	2019 R'000
Media and broadcasting	**3 939**	20 209
Gaming**	**9 362 785**	118 425
Hotels**	**1 682 757**	20 501
Transport	**13 151**	10 903
Branded products and manufacturing	**80 877**	39 754
Other	**10 986**	94
	11 154 495	209 886

	Group	
	2020 R'000	2019* R'000
Group income is attributable to the following geographical areas:		
South Africa	**25 085 960**	24 362 305
Other African countries and Middle East	**699 062**	745 607
Europe and United Kingdom	**9 564**	16 604
	25 794 586	25 124 516
Non-current assets[2] of the group are held in the following geographical areas:		
South Africa	**47 570 401**	57 564 783
Other African countries and Middle East	**2 606 588**	2 442 966
Europe and United Kingdom	**2 023 651**	1 719 287
Canada	**380 057**	93 600
	52 580 697	61 820 636

* Restated, refer to details as set out in note 52

** Results for the prior year restated following the separation of Tsogo Sun Holdings Limited into two independent companies, Tsogo Sun Gaming Limited and Tsogo Sun Hotels Limited. The results of these two companies are reported under gaming and hotels, respectively

1 Includes impairments in discontinued operations

2 Excludes financial instruments, deferred tax assets and post-employment benefit assets

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
46. RELATED PARTY TRANSACTIONS				
46.1 The group entered into transactions in the ordinary course of business with various owned subsidiaries and associated companies.				
Dividends received are as follows:	**–**	–	**989 192**	1 830 912
– Subsidiaries	**–**	–	**981 366**	1 828 941
– Associates	**–**	–	**7 826**	1 971
Details of loans to and from these entities are set out in note 6 and annexure A.				
46.2 Key management compensation was paid as follows:				
Salaries and other short-term employee benefits	**203 140**	201 194	**–**	–
Details of directors' remuneration are disclosed in note 44 of the financial statements.				
46.3 Related party balances included in borrowings and trade and other payables are as follows:				
Loans (including accrued interest) from Southern African Clothing and Textile Workers Union	**1 063 329**	918 976	**–**	–

The terms of these loans are set out in note 20.

47. CONTINGENCIES

Group

The group has established bank guarantees in favour of the Department of Mineral Resources against the future rehabilitation of its operations as follows:

- Mbali Coal Proprietary Limited – R35.4 million
- Palesa Coal Proprietary Limited – R41.4 million

The group has registered a Rehabilitation Trust Fund into which an amount of R14.5 million was transferred in the financial year ended 31 March 2012 for the purposes of rehabilitation at Palesa Colliery.

During the year ended 31 March 2018, Mbali Coal Proprietary Limited (Mbali) received a letter of demand from the South African Revenue Service (SARS) with regards to an investigation conducted by them on diesel refunds claimed under the South African Customs and Excise 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 the above amount as at 31 March 2020 amounts to R8.8 million. The group has disputed the disallowance of diesel refunds and believes it has a defendable case. However, an amount has been included in trade and other payables in consideration of SARS's view of non-primary activities. During the current year SARS has not refunded any VAT claims submitted in an attempt to offset any refunds against the disallowed diesel refunds. All VAT claims not refunded have been included in trade and other receivables.

During the current year, Diesel Power (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. Mbali has opposed the matter with reference to a counterclaim of R40 million relating to DP's backlog on rehabilitation, ROM coal shortage, mining rates differences (between DP and the new contractor) and inefficient blasting practices. Subsequent to year-end, Mbali has deposited R16.5 million in its attorney's trust account while the matter has been referred to arbitration. DP was placed in voluntary liquidation on 18 October 2019 and, although a liquidator has been appointed, there has been no progress on the arbitration matter. An amount of R16.5 million relating to this claim has been included in the group's trade and other payables.

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 R187 million (2019: R185 million) for gambling board taxes and working capital. The group has also entered into various agreements with its bankers and respective utility boards and municipalities whereby the bank has guaranteed agreed capital amounts not exceeding R23 million (2019: R20 million) for utility expenses. Landlord rental guarantees amounting to R4 million (2019: R4 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 23, 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.

47. CONTINGENCIES continued

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 R79 million (2019: R105 million).
- Guarantees in favour of Sasol Oil Proprietary Limited in respect of obligations of subsidiaries, Palesa Coal Proprietary Limited and Mbali Coal Proprietary Limited. The amounts of the guarantees are limited to R12 million (2019: R12 million) for each subsidiary.
- 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 (2019: R142.1 million).
- A guarantee in favour of ABSA Bank Limited in respect of a short-term facility of R250 million (2019: R250 million) granted to a subsidiary, HCI Treasury Proprietary Limited.
- An indemnity in favour of The Standard Bank of South Africa Limited in respect of a short-term facility of R150 million (2019: R135 million) granted.
- 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 and certain short-term facilities. At 31 March 2020 an amount of R900 million (2019: R700 million) and R100 million (2019: R400 million) remained owing to First Rand Bank Limited in respect of preference share debt and short-term facilities, respectively, with a further R700 million (2019: R484 million) and Rnil million (2019: R200 million) owing to ABSA Bank Limited in respect of preference share debt and short-term facilities, respectively. At 31 March 2020, R200 million (2019: R200 million) and R355 million (2019: Rnil) in respect of preference share debt remained owing to Investec Bank Limited and The Standard Bank of South Africa Limited, respectively.
- The company has issued guarantees and suretyships to Investec Bank Limited for a term loan granted to HCI Treasury Proprietary Limited. At 31 March 2020 the total amount owing in respect of this term loan amounted to R200 million (2019: R200 million).
- Guarantees and suretyships have been issued by the company to Investec Bank Limited for a term loan granted to Formex Industries Proprietary Limited in the amount of R95 million (2019: R95 million).
- A guarantee of R20 million in favour of Investec Bank Limited in connection with the proposed offer by HCI Niveus Holdco 1 Proprietary Limited to acquire the remaining issued ordinary shares of Niveus Investments Limited, not already held by the company and Johnnic Holdings Management Services Proprietary Limited, by way of a scheme of arrangement in terms of section 114 of the Companies Act or failing which, a general offer in terms of section 117(1)(c)(vi) of the Companies Act.
- A guarantee in favour of Investec Bank Limited in respect of the obligations of a joint arrangement, Regal Holdings Proprietary Limited. The amount of the guarantee is limited to R116 million (2019: R116 million) and relates to facilities for the redevelopment of investment property.

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**	**2020 R'000**	2019 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
	Olympus Village Proprietary Limited	**31 000**	31 000
	HCI – The Palms Proprietary Limited	**36 000**	36 000
	HCI – Whale Coast Village Proprietary Limited	**141 400**	232 600
	HCI – Shell House Proprietary Limited	**85 000**	85 000
	K2013204008 Proprietary Limited	**133 800**	120 000
	GE Property and Marketing Proprietary Limited	**20 000**	25 000
	HCI Solly Sachs House Proprietary Limited	**165 000**	165 000
	HCI Auckland Park Proprietary Limited	**5 785**	–
The Standard Bank of South Africa Limited	HCI – Rand Daily Mail Proprietary Limited	**24 600**	24 600
	HCI Monte Precinct Proprietary Limited	**74 900**	74 900
First Rand Bank Limited	Highland Night Investments 93 Proprietary Limited	**50 000**	50 000
Nedbank Limited	HCI Westlake Properties Proprietary Limited	**75 700**	75 700
	HCI Cecilia Precinct Proprietary Limited	**19 000**	–
	La Concorde Builders Precinct Proprietary Limited	**2 700**	–
		1 111 785	1 166 700

48. BUSINESS COMBINATIONS

48.1 Subsidiaries and businesses acquired

	Principal activity	Date of acquisition	Proportion of shares acquired %
Transport			
Sibanye Bus Services Proprietary Limited (Sibanye) At 31 March 2019 the group held 33.33% of the issued share capital of Sibanye. On 1 April 2019 the group increased its holding by a further 33.33% in order to obtain control over the company's strategy and operations. The remaining 33.34% of Sibanye's issued share capital was acquired on 31 July 2019, resulting in the group increasing its holding in the company to 100%.	Transport	1 April 2019	33.33
K2019623129 Proprietary Limited (K2019) The acquisition was facilitated through the purchase of K2019's issued share capital. The group concluded an agreement to acquire a 90% interest in K2019, trading as Shuttle Up, in order to expand its interests in the transport sector.	Transport	1 March 2020	90
Hotels			
Riverside Conference Centre The hotels group concluded an agreement with Riverside Conference Centre Proprietary Limited to acquire its conferencing business, in line with the directors' strategy to expand the group's interests in the conferencing sector.	Conferencing business	1 May 2019	
Other			
HCI Foundation The trust deed of the HCI Foundation was amended effective 28 May 2019, resulting in the group gaining effective control of the trust. No consideration was paid in respect of this business combination.	Corporate social investment arm of HCI	28 May 2019	

48. BUSINESS COMBINATIONS continued

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

	Transport R'000	Hotels R'000	Other R'000
Non-current assets			
Property, plant and equipment	60 898	–	79
Intangible assets	2	10 911	–
Other non-current assets	–	–	35 050
Current assets			
Trade and other receivables	6 098	–	692
Inventory	546	200	–
Cash and cash equivalents	42 006	–	170
Non-current liabilities			
Deferred tax liability	(5 462)	(3 111)	–
Interest-bearing borrowings	(30 078)	–	–
Current liabilities			
Interest-bearing borrowings	(11 584)	–	–
Trade and other payables	(7 381)	–	(154)
Current income tax liabilities	(627)	–	–
Provisions	(212)	–	–
Bank overdrafts	–	–	(9)
Other current liabilities	–	–	(48 700)
	54 206	8 000	(12 872)
Non-controlling interests	(17 520)	–	12 872
Fair value of existing interest	(26 583)	–	–
Goodwill on acquisition	18 847	–	–
Cost of acquisition	28 950	8 000	–
Cash balances acquired	(42 006)	–	(161)
Net cash (inflow)/outflow on acquisition	(13 056)	8 000	(161)

Measurement of fair values

The assets and liabilities acquired by the hotels segment have been measured on a provisional basis. If new information is obtained within one year of the date of acquisition about the facts and circumstances that existed at the date of acquisition, the accounting for the acquisition will be revised.

48. BUSINESS COMBINATIONS continued

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

	Media and broadcasting R'000	Gaming R'000	Branded products and manufacturing R'000
Non-current assets			
Property, plant and equipment	(1 385)	(3 279)	(32 732)
Right-of-use assets	–	(6 836)	–
Deferred tax asset	–	–	(2 463)
Other non-current assets	(2 247)	–	–
Current assets			
Trade and other receivables	(9 057)	(75)	(22 985)
Inventory	(7 519)	(53)	(38 381)
Current income tax assets	(25)	–	–
Cash and cash equivalents	–	(254)	(5 134)
Non-current liabilities			
Lease liabilities	–	8 469	–
Current liabilities			
Trade and other payables	6 269	58	38 250
Bank overdrafts	1 699	–	–
Other current liabilities	3 996	–	–
	(8 269)	(1 970)	(63 445)
Non-controlling interests	(149)	(4 730)	–
Deferred disposal proceeds*	2 000	–	65 000
Loss/(gain) on disposal of subsidiary	4 187	(1 049)	(3 392)
Cash and cash equivalents disposed of	(1 699)	254	5 134
Net cash (inflow)/outflow on disposal	(3 930)	(7 495)	3 297

* The Deneb group has sold its interest in Winelands Textiles for a total consideration of R65 million. In terms of the agreement, R25 million was due at year-end with the remainder repayable in bi-monthly instalments commencing on 1 July 2020 (interest accrues at the prime rate plus 1%). As at 31 March 2020, the purchaser was in breach of the contract having defaulted on payments due by that date. Accordingly, the group has claimed immediate payment of the full consideration from the purchaser and the guarantor. The full consideration has been included in other receivables under current assets reflecting management's expectation that this will be received in the next financial year. The value of the underlying security held is significantly more than the receivable outstanding and it was therefore concluded that no provision for non-recovery of the receivable is required.

48.4 Goodwill arising on acquisition

The purchase price of the business acquired includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

48.5 Impact of the acquisitions on the results of the group

The businesses acquired during the year contributed revenues of R99.3 million and net losses after tax of R3.2 million to the group for the periods from dates of effective control to 31 March 2020. Had the acquisitions been effective on 1 April 2019 the contribution to revenue would have been R100.3 million and net losses of R23.7 million would have been the contribution to losses after tax.

49. FINANCIAL RISK MANAGEMENT

49.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate 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 certain 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.

49.1.1 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. The group secures, where cost effective, its debt denominated in US Dollar in the offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars). As a result, no forward cover contracts are required in respect of this debt. Foreign currency imports and exports within the group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate		**Reporting date**	
	2020 R	2019 R	**2020 R**	2019 R
British Pound	**18.79**	18.04	**22.18**	19.00
Euro	**16.44**	15.91	**19.77**	16.39
United States Dollar	**14.79**	13.75	**17.98**	14.60

49. FINANCIAL RISK MANAGEMENT continued

49.1 Financial risk factors continued

49.1.1 Market risk continued

A 10% strengthening of the functional currency against the following currencies at 31 March would have (decreased)/increased profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis as for 2019.

	2020 R'000	2019 R'000
Effect on profit or loss		
Local currency:		
British Pound	**(2 411)**	91
Euro	**(755)**	(330)
United States Dollar	**28 110**	19 362

A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on profit or loss to the amounts shown above, on the basis that all other variables remain constant.

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

	2020 R'000	2019 R'000
Non-current receivables		
United States Dollar	**–**	4 355
Trade and other receivables		
British Pound	**23 955**	443
Euro	**3 020**	5 763
Kenyan Shilling	**1 869**	7 229
Mozambican Metical	**11 435**	16 899
Nigerian Naira	**7 534**	22 215
Seychelles Rupee	**5 661**	9 016
Swiss Franc	**16 480**	3 411
Tanzanian Shilling	**1 402**	7 242
United Arab Emirates Dirham	**1 725**	1 717
United States Dollar	**27 188**	65 946
Zambian Kwacha	**11 644**	6 033
Trade and other payables		
British Pound	**348**	1 354
Euro	**2 014**	5 165
Kenyan Shilling	**3 293**	22 270
Mozambican Metical	**24 638**	20 864
Nigerian Naira	**25 918**	21 831
Seychelles Rupee	**11 339**	13 262
Swiss Franc	**5 628**	22
Tanzanian Shilling	**10 313**	9 739
United Arab Emirates Dirham	**955**	1 215
United States Dollar	**422 424**	325 917
Zambian Kwacha	**11 764**	6 519
Cash and cash equivalents		
British Pound	**507**	–
Euro	**6 539**	2 702
Kenyan Shilling	**321**	–
Mozambican Metical	**8 613**	9 700
Nigerian Naira	**16 622**	19 618
Seychelles Rupee	**1 381**	–
Swiss Franc	**7**	–
United Arab Emirates Dirham	**2 608**	–
United States Dollar	**114 134**	61 992

49. FINANCIAL RISK MANAGEMENT continued

49.1 Financial risk factors continued

49.1.1 Market risk continued

Interest rate risk

The group's primary interest rate risk arises from long-term borrowings. It is exposed to a lesser extent to interest rate changes on loans to non-controlling interest of subsidiary companies. Borrowings at variable rates expose the group to cash flow interest rate risk. 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 by reference to an agreed interest rate calculated on agreed notional principal amounts.

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

	Carrying amount	
	2020 R'000	2019 R'000
Fixed rate instruments		
Financial assets	**190 504**	-
Financial liabilities	**(14 134 942)**	(8 232 263)
	(13 944 438)	(8 232 263)
Variable rate instruments		
Financial assets	**5 806 743**	4 329 310
Financial liabilities	**(13 186 710)**	(16 396 651)
	(7 379 967)	(12 067 341)

Fair value sensitivity analysis for fixed rate instruments

A change of 100 basis points in interest rates would have increased or decreased equity by R100.4 million (2019: R59.2 million).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased profit or loss by R53.1 million (2019: R86.9 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 2019.

Other price risk

The group was not exposed to commodity price risk other than the API4 price of export-quality coal. The group does not hedge its exposure to fluctuations in the price of export-quality coal. A change of 1% in the API4 price would have increased/decreased post-tax profits by R4.4 million (2019: R5.7 million). The analysis assumes that all other variables remain constant.

49.1.2 Credit risk

The group has no significant concentrations of credit risk. Overall credit risk is managed at entity level and arises from cash and cash equivalents, derivative financial instruments, deposits with banks and financial institutions, and credit exposure to the group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only group audit and risk 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 15 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.

49. FINANCIAL RISK MANAGEMENT continued

49.1 Financial risk factors continued

49.1.2 Credit risk continued

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

	Carrying amount	
	2020 R'000	2019 R'000
Derivatives used for hedging	**–**	4 941
Receivables	**2 668 284**	2 417 526
Cash and cash equivalents	**5 685 032**	4 180 618
	8 353 316	6 603 085

49.1.3 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 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. Although current liabilities exceed current assets at 31 March 2020, the group generates sufficient cash flows during the period to meet all current liability obligations, refer to note 51 for more detail.

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. 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 5 years R'000	Over 5 years R'000
2020			
Bank and other borrowings	**11 080 301**	**20 252 712**	**1 662 674**
Interest rate swaps – cash flow hedges	**4 876**	**274 770**	**–**
Trade and other payables	**2 533 732**	**–**	**–**
Other non-current liabilities	**10 969**	**4 790**	**–**
	13 629 878	**20 532 272**	**1 662 674**
2019			
Bank and other borrowings	9 515 377	17 838 402	789 053
Interest rate swaps – cash flow hedges	–	72 975	–
Trade and other payables	2 600 297	–	–
Other non-current liabilities	–	21 676	–
	12 115 674	17 933 053	789 053

Defaults and breaches on loans

There were no breaches or defaults on the repayment of any loans payable during the current or prior year.

49.2 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 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. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

49. FINANCIAL RISK MANAGEMENT continued

49.3 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
2020				
ASSETS				
Financial assets at fair value through profit or loss				
Equity securities	**35 340**	**–**	**–**	**35 340**
Financial assets carried at fair value through other comprehensive income				
Equity securities	**–**	**4 237**	**897 930**	**902 167**
Unit trust investments	**–**	**16 601**	**–**	**16 601**
Other	**–**	**–**	**40**	**40**
Derivative financial instruments				
Foreign exchange contracts	**–**	**37 823**	**–**	**37 823**
Non-financial assets at fair value through profit or loss				
Investment property	**–**	**–**	**9 229 722**	**9 229 722**
Total assets	**35 340**	**58 661**	**10 127 692**	**10 221 693**
LIABILITIES				
Derivative financial instruments				
Interest rate swaps – cash flow hedges	**–**	**279 646**	**–**	**279 646**
Total liabilities	**–**	**279 646**	**–**	**279 646**
2019				
ASSETS				
Financial assets at fair value through profit or loss				
Equity securities	13 453	–	–	13 453
Financial assets carried at fair value through other comprehensive income				
Equity securities	–	4 238	1 265 670	1 269 908
Unit trust investments	–	15 806	–	15 806
Other	–	–	40	40
Derivative financial instruments				
Foreign exchange contracts	–	1 972	–	1 972
Interest rate swaps – cash flow hedges	–	4 941	–	4 941
Non-financial assets at fair value through profit or loss				
Investment property	–	–	10 053 377	10 053 377
Total assets	13 453	26 957	11 319 087	11 359 497
LIABILITIES				
Derivative financial instruments				
Interest rate swaps – cash flow hedges	–	72 975	–	72 975
Total liabilities	–	72 975	–	72 975

49. FINANCIAL RISK MANAGEMENT continued

49.3 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
2020				
ASSETS				
Carrying value at the beginning of the year	**1 265 670**	**40**	**10 053 377**	**11 319 087**
Additions	**–**	**–**	**97 825**	**97 825**
Improvements	**–**	**–**	**256 016**	**256 016**
Disposals	**–**	**–**	**(11 454)**	**(11 454)**
Transfer from property, plant and equipment	**–**	**–**	**12 987**	**12 987**
Transfer to non-current assets held for sale	**–**	**–**	**(185 811)**	**(185 811)**
Fair value adjustments	**(367 740)**	**–**	**(993 218)**	**(1 360 958)**
Carrying value at the end of the year	**897 930**	**40**	**9 229 722**	**10 127 692**
2019				
ASSETS				
Carrying value at the beginning of the year	1 275 418	40	9 587 532	10 862 990
Additions	–	–	139 471	139 471
Improvements	–	–	451 766	451 766
Disposals	–	–	(234)	(234)
Transfer from property, plant and equipment	–	–	339 580	339 580
Transfer from non-current assets held for sale	–	–	65 601	65 601
Fair value adjustments	(9 748)	–	(530 339)	(540 087)
Carrying value at the end of the year	1 265 670	40	10 053 377	11 319 087
Notes	8		2	

50. 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.

COVID-19 pandemic

Subsequent to year-end, the full impact of COVID-19 continues to be experienced globally and by the group's operations, as set out in note 51. South Africa, like many countries around the world, implemented restrictive governmental measures to control the spread of the virus, which included a national lockdown commencing on 27 March 2020 and ending end of April 2020. Certain sectors of the economy and the group's operations reopened in a phased manner from 1 May 2020; however, the group's gaming and hotel operations have only been allowed to resume trading, under very restrictive trading conditions, during June. The group's operations will continue to be affected by the country's response to the ongoing pandemic.

The impact of COVID-19 is considered to be an adjusting post-balance sheet event in terms of IAS 10 Events After the Reporting Period and was therefore taken into account in producing the group's results as presented in these financial statements. In particular, the impact of COVID-19 was considered when calculating the values-in-use for the impairment testing of owner-occupied land and buildings (refer to note 1), goodwill (refer to note 3), intangible assets (refer to note 4), financial assets held at fair value through other comprehensive income (refer to note 8), as well as valuations carried out on the group's investment properties (refer to note 2), by adjusting cash flow forecasts, discount rates and capitalisation rates as appropriate. Sensitivity analyses are provided in these notes, as appropriate, indicating the impact on the financial statements should the situation deteriorate further.

At the date of these financial statements, the situation continues to evolve with changes in governmental regulations and business and consumer reactions thereto, resulting in the directors being unable to reasonably estimate the full financial impact of COVID-19 on the group.

50. EVENTS SUBSEQUENT TO REPORTING DATE continued

Delisting of Niveus Investments Limited (Niveus)

Niveus announced on 13 May 2020 that the scheme of arrangement, whereby HCI Niveus Holdco 1 Proprietary Limited would acquire all remaining shares in Niveus not held by the group, had become unconditional and would be implemented effective 25 May 2020. Niveus consequently delisted from the main board of the JSE Limited on 26 May 2020.

Acquisition of HCI Invest 6 Holdco Proprietary Limited (HCI Invest 6) shares by the company

The company announced on 26 June 2020 that it had agreed to acquire the Southern African Clothing and Textile Workers Union's (SACTWU) shares in and loan claims against HCI Invest 6. In terms of the transaction, the company will acquire 30% of the issued share capital of HCI Invest 6 and all claims owing by HCI Invest 6 to SACTWU, such that immediately after implementation of the transaction, HCI will hold 100% of the shares in and shareholder loan claims against HCI Invest 6.

The consideration payable by HCI to SACTWU is the aggregate of:

- R154 million in cash; plus
- 20 000 000 eMedia Holdings Limited N ordinary shares.

The transaction remains subject to shareholder approval.

Litigation against Ithuba Holdings (RF) Proprietary Limited (Ithuba)

At 31 March 2020, litigation proceedings were pending in the Johannesburg High Court against Ithuba and related parties relating to the premature repayment of a loan granted to Ithuba by the group. The loan was repaid, being a purported premature repayment, by Ithuba on 28 September 2016 and reinstated on 29 October 2019. On 7 August 2020, HCI and various of its wholly-owned subsidiaries, together with Zamani, Ithuba, the Mabuza trusts and various of their associates announced that they had reached an agreement to their mutual satisfaction to settle all issues arising from agreements between them. The parties have consequently agreed to abandon all judgments and outstanding litigation in relation thereto, and to cancel all other agreements between them in exchange for payment of R400 million.

Disposal of United Resorts and Hotels Limited

The hotels group has entered into a sale of shares and loans agreement with MH Limited, part of the Minor Hotels Group, dated 13 July 2020 in terms of which the group will dispose of its entire 50% beneficial interest comprising shares and loan claims against United Resorts and Hotels Limited for aggregate proceeds of US$27.8 million, being approximately R465 million.

Acquisition of additional shares in Hospitality Property Fund (HPF) by Tsogo Sun Hotels Limited (TSH)

An ordinary resolution was proposed in terms of section 60 of the Companies Act to allow the TSH board of directors to acquire assets in exchange for ordinary shares in the company. On 10 July 2020, this resolution was duly approved by the company's shareholders entitled to exercise more than 50% of the voting rights exercisable thereon. As a result, the company concluded share-for-share agreements with a number of HPF shareholders during July 2020 to acquire, in aggregate, 46 137 907 shares in HPF. The shares, constituting 7.98% of HPF's issued share capital, were acquired in exchange for the issue and allotment of 81 664 082 TSH ordinary shares at an exchange ratio of 1.77 TSH shares for every 1 HPF share acquired.

The company also concluded share-for-share agreements with the trustees of the HCI Foundation and with Elsitime Proprietary Limited to acquire, in aggregate, 33 367 919 HPF shares. These shares, constituting 5.8% of HPF's issued share capital, were acquired in exchange for the issue and allotment of 59 061 217 TSH ordinary shares at an exchange ratio of 1.77 TSH shares for every 1 HPF share acquired, which was the same exchange ratio as applied to previous transactions concluded with other HPF shareholders since 3 July 2020, including the transactions notified to shareholders on SENS on 20 July 2020. Marcel von Aulock and Laurelle McDonald, who are executive directors of TSH, hold 75% and 25%, respectively, of the issued share capital of Elsitime Proprietary Limited. Following the finalisation of these transactions, TSH's shareholding in HPF increased to 75% and the HCI group's effective shareholding in TSH was diluted to 47.5%.

51. IMPACT OF COVID-19 PANDEMIC AND GOING CONCERN

Trading

The outbreak of the COVID-19 pandemic and subsequent lockdown of the economy on 27 March 2020, particularly the gaming and hospitality sectors, has had a profound impact on the group. While the majority of the group's media and broadcasting, transport and coal mining operations were designated as essential services under the lockdown regulations, the group's gaming, hotel and branded products and manufacturing operations have not been able to trade during the initial stages of the lockdown. Most of the group's manufacturing business was allowed to reopen when the lockdown regulations were relaxed with effect from 1 May 2020 and a further relaxation on 1 June 2020 meant that all businesses within the branded products and manufacturing group could reopen. The group's gaming and hotel operations have only been allowed to resume trading, under very restrictive trading conditions, during June.

Even though it was designated as essential services, the group's transport and media interests have seen a significant reduction in revenues during the first quarter of the 2021 financial year due to a decrease in demand for public passenger transport services during the national lockdown and the loss of advertising revenue from some key industries such as fast foods, alcohol and the motor industry. The group's properties division has been impacted by the reduced ability of its tenant base to comply with its rent obligations as a significant portion of its tenants have not been able to trade during the period of lockdown restrictions.

The group anticipates the phased approach to the opening of the economy to continue which would pose a severe short-term challenge for trading by some businesses in the group due to elements like social distancing, restrictions of numbers of gatherings, continued closure of restaurants and bars, and the general impact of the weak economy on customers' disposable incomes. The measures taken by government to limit the spread of COVID-19 and the resultant inability for travellers to travel internationally and inter-provincially will limit the demand for hotel rooms, which will impact the hotel group's revenue streams significantly for the 2021 financial year. Hotel trading is therefore expected to remain under pressure until the outlook on the South African economy improves. Similarly, the gaming group's net gaming win is expected to remain under pressure due to the restrictions mentioned above, which will prevent its casinos from operating at full capacity.

It is expected that the recovery of the gaming and hospitality industry will be slow due to the uncertainties around the health of travellers and the negative economic impact on government, corporates and individuals to spend on hotel accommodation, conferences and leisure. The group's forecast models assume a recovery in trading for its operations most severely impacted by COVID-19 during the 2022 and 2023 financial years and reaching a new normal trading level one year's growth behind what the group anticipated pre-COVID-19 levels to be.

Liquidity and funding

The group's main focus was to preserve cash and maintain financial liquidity during the period its businesses were prevented from trading or only allowed to trade on a limited basis. This was primarily achieved by eliminating variable operating costs as quickly as possible, reducing fixed costs and cancelling non-essential and uncommitted capital expenditure. Steps taken by some of the group's subsidiaries included laying off employees on a temporary basis, reducing payroll, seeking rent relief from landlords for the period of the lockdown and subsequent low-demand periods, negotiating reduced or extended payment terms with major suppliers of fixed cost services and the deferral of dividends. The group's transport business entered into a Section 189 retrenchment process, resulting in the retrenchment of approximately 12.5% of its workforce in July 2020 at a total termination cost of approximately R9.2 million.

Based on the inability to generate revenue during the lockdown period, together with the expected slow recovery once the group's hotels and casino precincts could open and operate, it became evident that the group's hotel and gaming businesses would not be able to meet the covenant requirements in terms of its funding agreements for the September 2020 measurement period. This would result in the lenders requiring immediate repayment of its interest-bearing borrowings (excluding bank overdrafts) at the date of breach. Management of these operations entered into negotiations with its lenders with the subsequent measures, as detailed in note 20, being agreed.

There is a further possibility that the funding covenants for the March 2021 measurement period will be breached by both the hotel and gaming businesses. Although the relevant lenders are not able to provide waivers for this measurement period at the date of the annual financial statements, they have agreed to consider additional waivers post September 2020, if required.

The group has interest-bearing borrowings amounting to R23.4 billion as at 31 March 2020, of which R11.7 billion relates to its gaming interests. Based on cash flow projections prepared by the gaming group, its liquidity is expected to be adequate even if it was not able to commence trade until January 2021. In the event that the gaming group is not generating positive cash from operations for each month subsequent to December 2020, it will seek to agree a capital structure and liquidity plan with its lenders.

The share prices of Tsogo Sun Gaming and Tsogo Sun Hotels deteriorated significantly in the period leading up to the trade restrictions noted above. As a result, the security cover ratio covenants relating to certain central borrowings were breached. The company and its funders agreed to pursue remedial action with the subsequent measures, as detailed in note 20, being agreed.

Going concern

The consolidated financial statements are prepared on the going concern basis. Based on the group's cash flow forecasts, available cash resources and the other actions taken or proposed by management to mitigate the financial and operational impact of COVID-19, the directors are of the view that the group has sufficient resources to continue operations as a going concern in a sustainable manner. In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the group's operations and liquidity was considered.

52. PRIOR PERIOD RESTATEMENT

52.1 Media and broadcasting

The group has disclosed the results of discontinued operations separately on the face of the statement of profit or loss and in the discontinued operations note and, where practical, the prior year results have been restated in compliance with the disclosure requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

52.2 Reclassification of property-related income to revenue

Certain property-related income that meets the definition of revenue in terms of IFRS 15 has been reclassified from property rental income to revenue. The impact on the comparative results as presented in the statement of profit or loss, is as follows:

- renenue increased by R123.7 million; and
- property rental income decreased by R123.7 million.

This reclassification had no impact on the group's profits or its earnings per share for the prior year.

53. FINANCIAL INSTRUMENTS

An analysis of the group's assets and liabilities, classified by financial instrument, is set out below.

	Amortised cost		Non-financial instruments	
Group	2020 R'000	2019 R'000	2020 R'000	2019 R'000
ASSETS				
Non-current assets	297 823	150 296	53 052 628	62 251 263
Property, plant and equipment	–	–	25 686 739	25 693 836
Right-of-use assets	–	–	1 172 047	–
Investment properties	–	–	9 229 722	10 053 377
Goodwill	–	–	3 943 166	4 744 030
Intangible assets	–	–	9 388 213	18 672 653
Intangible assets mining	–	–	36 587	37 041
Investments in associates	–	–	2 842 162	2 284 357
Investments in joint arrangements	–	–	135 610	185 385
Other financial assets	82 839	77 042	–	–
Deferred taxation	–	–	467 886	428 711
Operating lease equalisation asset	–	–	121 338	122 474
Finance lease receivables	–	–	25 113	27 483
Post-retirement benefit assets	–	–	4 045	1 330
Non-current receivables	214 984	73 254	–	586
Current assets	7 787 143	6 216 207	2 381 340	2 226 920
Inventories	–	–	1 054 443	995 207
Programme rights	–	–	845 355	792 611
Other financial assets	–	–	–	–
Trade and other receivables	2 102 111	2 035 589	339 523	350 835
Taxation	–	–	142 019	88 267
Cash and cash equivalents	5 685 032	4 180 618	–	–
Disposal group assets held for sale	64 016	131 375	304 668	304 725
Total assets	8 148 982	6 497 878	55 738 636	64 782 908
LIABILITIES				
Non-current liabilities	18 185 151	16 809 803	6 936 755	8 558 228
Operating lease equalisation liability	–	–	–	233 175
Financial liabilities	–	–	–	–
Borrowings	18 169 392	16 788 127	–	–
Lease liabilities	–	–	1 424 481	–
Post-retirement benefit liabilities	–	–	135 407	154 945
Long-term incentive plan	–	–	–	9 702
Long-term provisions	–	–	218 324	265 327
Deferred revenue and income	–	–	121 235	118 013
Deferred taxation	–	–	5 035 017	7 762 592
Other non-current liabilities	15 759	21 676	2 291	14 474
Current liabilities	11 706 455	10 461 312	1 026 773	1 194 551
Trade and other payables	2 533 732	2 600 297	399 483	454 569
Deferred revenue and income	20 463	20 228	113 066	112 580
Financial liabilities	–	–	–	–
Current portion of borrowings	5 195 377	4 933 280	–	–
Taxation	–	–	203 030	167 845
Provisions	–	–	311 194	391 285
Long-term incentive plan	–	–	–	68 272
Bank overdrafts	3 956 883	2 907 507	–	–
Disposal group liabilities held for sale	72 569	116 229	33 474	40 074
Total liabilities	29 964 175	27 387 344	7 997 002	9 792 853

	Fair value through other comprehensive income		Fair value through profit or loss		Derivative financial instruments		Total	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000	**2020 R'000**	2019 R'000
	918 808	1 285 754	**35 340**	–	**–**	4 941	**54 304 599**	63 692 254
	–	–	**–**	–	**–**	–	**25 686 739**	25 693 836
	–	–	**–**	–	**–**	–	**1 172 047**	–
	–	–	**–**	–	**–**	–	**9 229 722**	10 053 377
	–	–	**–**	–	**–**	–	**3 943 166**	4 744 030
	–	–	**–**	–	**–**	–	**9 388 213**	18 672 653
	–	–	**–**	–	**–**	–	**36 587**	37 041
	–	–	**–**	–	**–**	–	**2 842 162**	2 284 357
	–	–	**–**	–	**–**	–	**135 610**	185 385
	918 808	1 285 754	**35 340**	–	**–**	4 941	**1 036 987**	1 367 737
	–	–	**–**	–	**–**	–	**467 886**	428 711
	–	–	**–**	–	**–**	–	**121 338**	122 474
	–	–	**–**	–	**–**	–	**25 113**	27 483
	–	–	**–**	–	**–**	–	**4 045**	1 330
	–	–	**–**	–	**–**	–	**214 984**	73 840
	–	–	**–**	13 453	**37 823**	1 972	**10 206 306**	8 458 552
	–	–	**–**	–	**–**	–	**1 054 443**	995 207
	–	–	**–**	–	**–**	–	**845 355**	792 611
	–	–	**–**	13 453	**37 823**	1 972	**37 823**	15 425
	–	–	**–**	–	**–**	–	**2 441 634**	2 386 424
	–	–	**–**	–	**–**	–	**142 019**	88 267
	–	–	**–**	–	**–**	–	**5 685 032**	4 180 618
	–	–	**12 687**	–	**–**	–	**381 371**	436 100
	918 808	1 285 754	**48 027**	13 453	**37 823**	6 913	**64 892 276**	72 586 906
	–	–	**–**	–	**274 770**	72 975	**25 396 676**	25 441 006
	–	–	**–**	–	**–**	–	**–**	233 175
	–	–	**–**	–	**274 770**	72 975	**274 770**	72 975
	–	–	**–**	–	**–**	–	**18 169 392**	16 788 127
	–	–	**–**	–	**–**	–	**1 424 481**	–
	–	–	**–**	–	**–**	–	**135 407**	154 945
	–	–	**–**	–	**–**	–	**–**	9 702
	–	–	**–**	–	**–**	–	**218 324**	265 327
	–	–	**–**	–	**–**	–	**121 235**	118 013
	–	–	**–**	–	**–**	–	**5 035 017**	7 762 592
	–	–	**–**	–	**–**	–	**18 050**	36 150
	–	–	**–**	–	**4 876**	–	**12 738 104**	11 655 863
	–	–	**–**	–	**–**	–	**2 933 215**	3 054 866
	–	–	**–**	–	**–**	–	**133 529**	132 808
	–	–	**–**	–	**4 876**	–	**4 876**	–
	–	–	**–**	–	**–**	–	**5 195 377**	4 933 280
	–	–	**–**	–	**–**	–	**203 030**	167 845
	–	–	**–**	–	**–**	–	**311 194**	391 285
	–	–	**–**	–	**–**	–	**–**	68 272
	–	–	**–**	–	**–**	–	**3 956 883**	2 907 507
	–	–	**–**	–	**–**	–	**106 043**	156 303
	–	–	**–**	–	**279 646**	72 975	**38 240 823**	37 253 172

53. FINANCIAL INSTRUMENTS continued

Company	Amortised cost 2020 R'000	Amortised cost 2019 R'000	Non-financial instruments 2020 R'000	Non-financial instruments 2019 R'000
ASSETS				
Non-current assets	**3 279 696**	3 443 412	**10 191 896**	15 800 890
Investments in associates	**–**	–	**3 000**	3 000
Investments in and amounts owing from subsidiary companies	**3 268 664**	3 432 380	**10 188 896**	15 797 890
Non-current receivables	**11 032**	11 032	**–**	–
Current assets	**8 708**	8 177	**–**	–
Trade and other receivables	**8 473**	5 033	**–**	–
Cash and cash equivalents	**235**	3 144	**–**	–
Total assets	**3 288 404**	3 451 589	**10 191 896**	15 800 890
LIABILITIES				
Current liabilities	**1 385 111**	974 202	**1 101**	5 193
Trade and other payables	**3 877**	4 144	**–**	–
Amounts owing to subsidiary companies	**902 122**	547 904	**–**	–
Taxation	**–**	–	**1 101**	5 193
Bank overdrafts	**479 112**	422 154	**–**	–
Total liabilities	**1 385 111**	974 202	**1 101**	5 193

Fair value through other comprehensive income 2020 R'000	Fair value through other comprehensive income 2019 R'000	Fair value through profit or loss 2020 R'000	Fair value through profit or loss 2019 R'000	Derivative financial instruments 2020 R'000	Derivative financial instruments 2019 R'000	Total 2020 R'000	Total 2019 R'000
–	–	–	–	–	–	13 471 592	19 244 302
–	–	–	–	–	–	3 000	3 000
–	–	–	–	–	–	13 457 560	19 230 270
–	–	–	–	–	–	11 032	11 032
–	–	–	–	–	–	8 708	8 177
–	–	–	–	–	–	8 473	5 033
–	–	–	–	–	–	235	3 144
–	–	–	–	–	–	13 480 300	19 252 479
–	–	–	–	–	–	1 386 212	979 395
–	–	–	–	–	–	3 877	4 144
–	–	–	–	–	–	902 122	547 904
–	–	–	–	–	–	1 101	5 193
–	–	–	–	–	–	479 112	422 154
–	–	–	–	–	–	1 386 212	979 395

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2020

	Issued share capital R'000	Effective interest %	2020 Shares R'000	2020 Loans R'000	2019 Shares R'000	2019 Loans R'000
SHARES AND LOANS STATED AT COST LESS IMPAIRMENT						
Investment holding						
Deepkloof Limited[1]	58	100	**	–	**	–
Foothills Trading and Investment 8 Proprietary Limited	*	100	*	–	*	–
Fulela Trade and Invest 81 Proprietary Limited	*	100	**	–	**	–
HCI Central Investments Proprietary Limited	*	100	*	–	*	–
HCI Invest 6 Holdco Proprietary Limited	800 000	70	*	876 337	*	1 803 024
HCI Invest 14 Holdco Proprietary Limited	*	100	*	2 323 348	*	1 347 804
Johnnic Holdings Limited	16 647	100	**	–	**	–
Niveus Investments Limited	925 399	93	100 850	–	98 507	–
Squirewood Investments 64 Proprietary Limited	*	100	*	–	*	281 546
TIH Prefco (RF) Proprietary Limited	11 779 570	100	6 080 195	(659 942)	11 779 570	–
TIHC Investments (RF) Proprietary Limited	12 039 448	100	**	–	**	–
Gaming						
Tsogo Sun Gaming Limited (previously Tsogo Sun Holdings Limited)***	3 287	50	1 528 935	–	2 121 578	–
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	30	50	**	–	**	–
Galaxy Gaming and Entertainment Proprietary Limited	*	50	**	–	**	–
Vukani Gaming Corporation Proprietary Limited	3 052 468	50	**	–	**	–
Tsogo Sun Alternative Gaming Investments Proprietary Limited (previously Niveus Invest 19 Proprietary Limited)	4 758 664	50	**	–	**	–
Hotels						
Tsogo Sun Hotels Limited (previously Southern Sun Hotels Proprietary Limited)***	*	49	468 628	–	**	–
Hospitality Property Fund Limited	578 154	29	**	–	**	–
Financial and management services						
HCI Managerial Services Proprietary Limited	*	100	*	–	*	–
HCI Treasury Proprietary Limited	*	100	274 813	(240 471)	57 742	(546 196)
Transport						
Hosken Passenger Logistics and Rail Limited	1 797 160	82	953 514	–	894 761	–
Eljosa Travel and Tours Proprietary Limited	*	62	**	–	**	–
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	**	–	**	–

* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies
[1] Channel Islands

	Issued share capital R'000	Effective interest %	2020 Shares R'000	2020 Loans R'000	2019 Shares R'000	2019 Loans R'000
Media and broadcasting						
eMedia Holdings Limited	6 762 797	63	**	–	**	–
Crystal Brook Distribution Proprietary Limited	*	43	**	–	**	–
e.Sat.tv Proprietary Limited	*	43	**	–	**	–
e.tv Proprietary Limited	108	43	**	–	**	–
Longkloof Limited[1]	*	43	**	–	**	–
eMedia Investments Proprietary Limited	55	43	**	–	**	–
Sabido Properties Proprietary Limited	*	43	**	–	**	–
Yired Proprietary Limited	*	43	**	–	**	–
HCI Invest 3 Holdco Proprietary Limited	5 291 604	63	**	–	**	–
Silverline 360 Proprietary Limited	*	43	**	–	**	–
Coal mining						
HCI Coal Proprietary Limited	*	100	**6 794**	–	6 794	–
Branded products and manufacturing						
Deneb Investments Limited	1 457 583	86	**467 579**	–	574 651	–
Formex Industries Proprietary Limited	100	86	**	–	**	–
Sargas Proprietary Limited	2 500	86	**	–	**	–
Seartec Trading Proprietary Limited	1	86	**	–	**	–
Properties						
Lynnridge Shopping Centre Proprietary Limited	78 142	80	**	–	**	–
Gallagher Estate Holdings Limited	19 295	100	**	–	**	–
Highland Night Investments 93 Proprietary Limited	33 358	52	**	–	**	–
Kalahari Village Mall Proprietary Limited	80 087	44	**	–	**	–
Olympus Village Proprietary Limited	35 128	52	**	–	**	–
Permasolve Investments Proprietary Limited	*	60	*	–	*	–
Mironetix Proprietary Limited	291 175	80	**232 940**	–	232 940	–
Curagen Investments Proprietary Limited	59 665	60	**	–	**	–
HCI Monte Precinct Proprietary Limited	*	100	*	–	*	–
HCI – Sydney Road Proprietary Limited	*	80	*	–	*	–
HCI Westlake Properties Proprietary Limited	*	100	*	–	*	–
HCI – Rand Daily Mail Proprietary Limited	*	100	*	–	*	–
HCI – Shell House Proprietary Limited	*	75	*	–	*	–
K2013204008 Proprietary Limited	*	60	**	–	**	–
HCI – Whale Coast Village Proprietary Limited	120 698	80	**	–	**	–
HCI – The Palms Proprietary Limited	*	60	*	–	*	–

* Under R1 000
** Indirectly held
1 Channel Islands

	Issued share capital R'000	Effective interest %	2020 Shares R'000	2020 Loans R'000	2019 Shares R'000	2019 Loans R'000
Other						
Almania Investments Proprietary Limited	*	100	**1**	**–**	1	–
Griffin Oil and Gas Proprietary Limited	*	51	*****	**–**	*	–
HCI Invest 15 Holdco Proprietary Limited	*	100	*****	**19 887**	*	–
HCI Sun Energy Three Proprietary Limited	*	100	*****	**–**	*	–
IGI Investment Company Limited	37 546	55	*****	**(1 702)**	*	(1 702)
La Concorde Holdings Limited***	*	84	**57 562**	**–**	14 261	–
Merilyn Investments Proprietary Limited	10 002	100	*****	**–**	*	–
Niveus AG[2]	1 000	93	******	**–**	**	–
Tsogo Investment Holding Company Proprietary Limited	960 134	90	******	**–**	**	–
Tuffsan 88 Proprietary Limited	654	100	**656**	**–**	656	–
Tylon Holdings Proprietary Limited	*	100	**16 429**	**–**	16 429	–
Niveus Invest 20 Proprietary Limited	*	100	*****	**49 083**	**	–
			10 188 896	**2 366 540**	15 797 890	2 884 476

* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies
[2] Switzerland

Subsidiaries whose financial position or results are not material are excluded.

Details of excluded subsidiaries are available from the company secretary.

	2020 R'000	2019 R'000
Profits and losses of consolidated subsidiary companies attributable to the company		
Aggregate profits after tax	**4 702 816**	5 496 624
Aggregate losses after tax	**(7 715 792)**	(2 008 870)

Subsidiaries are incorporated in South Africa unless otherwise shown.

Encumbrances
Shares having a total carrying value of R11 928 million (2019: R12 041 million) have been pledged as security for certain loans owing to loan funders of the group. Refer to note 20.

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* Mahomed Salim Ismail Gani Mimi Freddie Magugu Rachel Doreen Watson Velaphi Elias Mphande (Chairman) Jabulani Geffrey Ngcobo *Non-Executive Directors* Laurelle McDonald Sinqumile Nqobani Njongwe Mkhwanazi-Sigege
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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