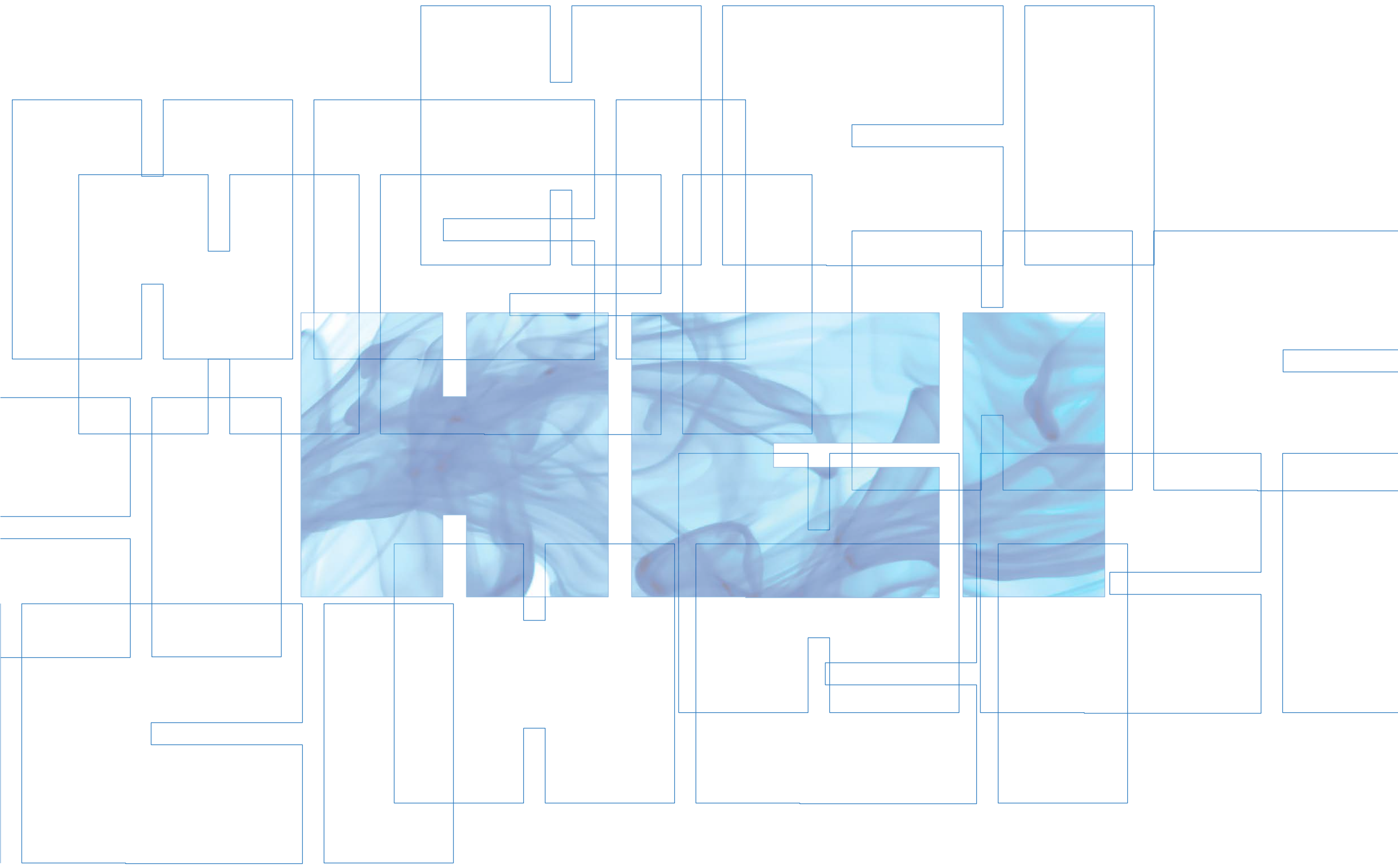

ANNUAL FINANCIAL STATEMENTS

Hosken Consolidated Investments Limited

2022

OPERATING STRUCTURE

AS AT 31 MARCH 2022

LISTED COMPANIES

- TSOGO SUN HOTELS
- TSOGO SUN GAMING
- eMedia Holdings
- FRONTIER Transport Holdings
- DENEB INVESTMENTS LIMITED
- PLATINUM GROUP METALS

UNLISTED COMPANIES

- HCI Coal
  HCI Coal (Pty) Ltd
- HCI
  HCI Properties
  (Division)
- KAROSHOEK
- Impact Oil & Gas
- GRIPP ADVISORY
- bsg
- alphawave
- LA CONCORDE

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SHAREHOLDERS' SNAPSHOT

ANALYSIS OF SHAREHOLDERS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2022.

	Number of shareholders	% of current shareholders	Number of shares	% of issued capital
Range of holdings				
1 – 1 000	2 508	75.8	487 498	0.6
1 001 – 10 000	496	15.0	1 754 303	2.0
10 001 – 50 000	184	5.6	4 217 217	4.9
50 001 – 100 000	38	1.1	2 733 214	3.2
100 001 – 500 000	56	1.7	10 871 196	12.7
500 001 – 1 000 000	13	0.4	9 146 794	10.7
1 000 001 shares and over	13	0.4	56 410 426	65.9
	3 308	100.0	85 620 648	100.0
Type of shareholder				
Banks and custodians	71	2.1	6 259 162	7.3
Close corporation	15	0.5	20 470	0.0
Individual	2 497	75.4	2 890 306	3.4
Other corporation	138	4.2	31 440 265	36.8
Pension, provident, retirement and other funds	226	6.8	17 845 294	20.8
Private company	105	3.2	22 795 406	26.6
Public company	36	1.1	2 309 673	2.7
Trust	220	6.7	2 060 072	2.4
	3 308	100.0	85 620 648	100.0

Shareholders' diary

Financial year-end	31 March
Annual general meeting	29 August
Reports	
– Provisional report	May
– Annual financial statements	July
– Interim report at 30 September	November

SHAREHOLDINGS GREATER THAN 5%

	2022 %	2021 %
Southern African Clothing and Textile Workers Union	26.0	26.7
Chearsley Investments Proprietary Limited	7.6	7.6
Squirewood Investments 64 Proprietary Limited*	5.3	5.3
	38.9	39.6

* Treasury shares

SHAREHOLDER SPREAD

	Percentage held		Number of shareholders	
	2022 %	2021 %	2022	2021
Public	59.4	58.7	3 297	3 141
Non-public	40.6	41.3	11	11
Directors	7.9	7.9	4	4
Associates of directors	1.1	1.1	3	3
Significant shareholder	26.0	26.7	1	1
Share trust	0.2	0.2	1	1
Treasury shares	5.4	5.4	2	2
	100.0	100.0	3 308	3 152

Stock exchange performance	
Total number of shares traded ('000)	13 122
Total value of shares traded (R'000)	1 049 758
Market price (cents per share)	
– Closing	11 800
– High	12 767
– Low	4 731
Market capitalisation (R'000)	9 542 677

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 2022 have been prepared in accordance with International Financial Reporting Standards, the requirements of the JSE Limited and the Companies Act of South Africa and include amounts based on prudent judgements and estimates by management.

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

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

The annual financial statements for the year ended 31 March 2022 were approved by the board of directors on 26 July 2022 and are signed on its behalf by:

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

Cape Town
26 July 2022

STATEMENTS OF RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2022

DECLARATION BY CHIEF EXECUTIVE OFFICER AND FINANCIAL DIRECTOR

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

(a) the consolidated and separate annual financial statements set out on pages 22 to 140, fairly present in all material respects the financial position, financial performance and cash flows of the group and the company in accordance with International Financial Reporting Standards and the requirements of the JSE Limited and Companies Act of South Africa;

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

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

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

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

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

JA Copelyn Chief Executive Officer	JR Nicolella Financial Director

Cape Town
26 July 2022

DECLARATION BY COMPANY SECRETARY

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

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

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
26 July 2022

REPORT OF THE AUDIT AND RISK COMMITTEE

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

INTRODUCTION

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

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

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

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

COMPOSITION

In terms of the Act shareholders are required to approve audit and risk committee members at the annual general meeting (AGM) of the company. Three independent non-executive directors of the company were approved by shareholders at the 2021 AGM to serve until the next AGM scheduled for 29 August 2022. Mr MH Ahmed, Mr JG Ngcobo and Ms RD Watson have been nominated to the committee, subject to shareholder approval at the AGM. The election of members of the committee will take place by way of separate resolutions to be considered by shareholders. The content of these ordinary resolutions is set out in the notice of the AGM.

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

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

The attendances of the committee members are presented below:

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

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

ROLE, PURPOSE AND FUNCTION

Combined assurance

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

External auditor

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

The committee has:

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

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

Risk management

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

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

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

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

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

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

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

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

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

Material risks

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

Channels through which South Africa and the HCI 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 workers being put on short time or retrenched due to lack of demand.

Policy uncertainty/regulatory changes, including:

- changing B-BBEE regulations;
- finalisation of digital migration; and
- SA mining rights – the Department of Mineral Resources and Energy discontinued negotiations on a revised Mineral and Petroleum Resources Development Act, in 2018.

Societal and business risks relevant to the group:

- political and social unrest in South Africa;
- robberies and assaults on buses;
- unrest affecting mining operations and bus transport;
- unreliable and costly utilities – 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, listed entities have their own internal audit function that perform internal audit in accordance with its agreed internal audit plan.

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

Information technology (IT) governance

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.

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

Compliance

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

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

Whistle-blowing

The committee has oversight of the company's whistle-blowing programme. No instances requiring action at a group level were raised or identified during the period under review.

Corporate governance

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

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

HCI has reviewed the practices underpinning the principles promoted in King IV™. Many of these principles are entrenched in the group's internal controls, policies and procedures governing corporate conduct. The 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

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

The committee has also, in terms of King IV™, assessed the expertise of the finance function and the committee is satisfied that the finance team has the required and adequate skills to perform their duties.

Financial statements and going concern

The committee has:

- reviewed the separate and consolidated financial statements of the company for the year ended 31 March 2022 and is satisfied that they comply with International Financial Reporting Standards and the requirements of the Act, that the accounting policies used are appropriate and that all procedures operated effectively in terms of the JSE Listings Requirements;
- reviewed the legal matters that could have a significant impact on the group's financial statements and the key audit matters contained in the external audit report;
- reviewed a documented assessment by management of the going concern premise of the company and has concluded that the HCI group is a going concern and that the consolidated annual financial statements have been prepared in accordance with the going concern concept. The board has accepted the recommendation of the committee that the company is operating as a going concern and has reported that status in the 2022 annual financial statements;

- considered the JSE's most recent report on the proactive monitoring of financial statements and, where necessary, those of previous periods. The committee has taken appropriate action to respond to the findings as highlighted in the JSE's report with regards to the annual financial statements for the year ended 31 March 2022;
- reviewed the establishment of appropriate financial reporting procedures;
- reviewed the areas of focus in the financial statements. The committee is of the view that where significant judgements are involved in the preparation of the financial statements that could have a material impact on those financial statements, the financial director, management and the committee have exercised appropriate care and skill in making those judgements;
- reviewed the key audit matters identified by the external auditor and is satisfied that they have been adequately addressed.

  The following group key audit matters have been detailed in the audit opinion:
  - casino licences impairment assessment;
  - fair value of investment property;
  - goodwill impairment assessment;
  - investment in associate – Tsogo Sun Hotels – valuation assessment; and
  - purchase price allocation finalisation – Tsogo Sun Hotels.

  The following company key audit matter has been detailed in the audit opinion:
  - investments in subsidiaries' impairment assessment.
- confidence that the internal control system and governance structures that have been put in place, have operated effectively during the year. As a result of this there were no significant matters for the independent auditor to address during their audit of the financial statements or to report in their auditor's report.

Sustainability reporting

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

Other matters:

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

Recommendation of the annual financial statements

The committee has reviewed the annual financial statements of Hosken Consolidated Investments Limited and the group for the period ended 31 March 2022 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.

MH Ahmed
Chairperson: Audit and risk committee

26 July 2022

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 22 to 140, which comprise the consolidated and separate statements of financial position as at 31 March 2022, and the consolidated and separate statements of profit or loss, consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Hosken Consolidated Investments Limited as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

Basis for opinion

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

Key audit matters

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

CONSOLIDATED FINANCIAL STATEMENTS

Key audit matter	How our audit addressed the key audit matter
Casino licences impairment assessment – included as part of Note 4 to the consolidated financial statements	
The group has intangible assets with indefinite useful lives relating to casino licences. International Accounting Standard (IAS) 36 *Impairment of Assets* requires intangible assets with indefinite useful lives to be tested annually for impairment. These casino licences had a carrying value of R9.2 billion as at 31 March 2022, after an impairment reversal of R443.5 million. To determine the recoverable amounts of the cash-generating units (CGUs) (i.e. the individual casinos), management has used the value in use valuation methodology. Management used a discounted cash flow analysis for each of the CGUs. Significant estimates and judgements were applied by management in performing these calculations to determine whether any impairment or reversal of impairment is required. The key assumptions and unobservable inputs are disclosed in note 4 to the consolidated financial statements. Management concluded, based on their assessment, that three licences required a reversal of impairment totalling R630.2 million, whilst two licences required recognition of impairment totalling R186.7 million. We considered the impairment assessment to be a matter of most significance to our current year audit of the consolidated financial statements, due to the significant judgements and estimation applied by management in the assumptions, as well as the magnitude of the carrying values of the intangible assets to the consolidated financial statements as at 31 March 2022.	We performed the following procedures: · We evaluated management's calculations for consistency with the prior year methodology. · We utilised our internal valuation expertise to calculate a discount rate taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We compared our calculated discount rate to the discount rate used by management. We recalculated the discounted cash flow calculations using the internally calculated discount rate, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration. · We issued instructions addressing the significant audit areas in general, as well as specific information required to be reported on, to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement. · We assessed the competence, knowledge and experience of the component audit team and and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed. o The following procedures were performed at the component auditor level: – Management's cash flow forecasts used in the impairment models were agreed to the latest five-year strategic plan approved by the board of directors. – In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2022 financial year figures included in the prior year forecast to consider the reasonableness and credibility of management's forecasts. – The reasonableness of the impacts of COVID-19 that were incorporated by management into their cash flow forecasts were assessed by evaluating management's net gaming win forecasts against the actual historic net gaming win for each CGU in pre-COVID-19 financial years as well as the most recent trading months. – The reasonableness of the cash outflows used in the discounted cash flow analysis were assessed through discussions with managements to understand the basis of the assumptions used in respect of cash outflows and corroborations of their explanations against historic performance as well as other strategic initiatives implemented by management. – Assessed the reasonability of the discount rate determined by management for the component, taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. · We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Fair value of investment property – Note 2 to the consolidated financial statements	
The group owns a portfolio of investment properties with a carrying value of R5.07 billion as at 31 March 2022. The valuations of the investment properties are performed annually, either by external property valuers or internally by management. The majority of the valuations are performed using either the discounted cash flow method or the income capitalisation method. The current year valuations resulted in downward adjustments of R26.6 million to the investment properties. We considered the valuation of the investment properties to be a matter of most significance to our current year audit of the consolidated financial statements, due to the significant judgements and estimates involved in determining the fair value and the magnitude of the carrying value of the investment property to the consolidated financial statements as at 31 March 2022.	We performed the following procedures: • We issued instructions addressing the significant audit areas in general, as well as specific information required to be reported on to the component audit teams. We held various planning, execution and completion meetings and discussions with the component audit teams throughout the engagement. • We assessed the competence, knowledge and experience of the component audit teams and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed. o The following procedures were performed at the component auditor level: – The recognised fair values of properties were agreed to valuation reports from the external and internal valuers, as applicable. – In respect of the external valuers, their objectivity, independence and expertise were considered by inspecting the valuation reports for a statement of independence and compliance with generally accepted valuation standards and confirmation of their affiliation with the relevant professional body. – In respect of the internal valuations, the expertise of management was considered. – Assessed the reasonableness of the growth, exit capitalisation and discount rate used in the valuations by independently calculating a range of rates, making use of relevant market information, which would be considered reasonable. – To assess the reasonability of the valuations, reconciliation of the cash flows used in the models to the management approved budgets were performed for a sample of properties. – The mathematical accuracy of those valuations was also assessed by way of independent recalculation. • We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 40 *Investment Property* and IFRS 13 *Fair Value Measurement*.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment – Note 3 to the consolidated financial statements The group has goodwill with a carrying value of R3.87 billion as at 31 March 2022. The majority of the goodwill (R3.73 billion) is allocated to the gaming CGU. IAS 36 *Impairment of Assets* requires goodwill to be tested annually for impairment. To determine the recoverable amounts of the CGU, management used the value in use valuation methodology. Management used a discounted cash flow analysis for the CGU. Significant estimates and judgements were applied by management in 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 no impairment of the goodwill allocated to the gaming CGU was required. We considered the impairment assessment to be a matter of most significance to our current year audit of the consolidated financial statements due to the significant judgements and estimation applied by management in the assumptions, and due to the magnitude of the carrying value of goodwill to the consolidated financial statements as at 31 March 2022.	We performed the following procedures: • We evaluated management's calculations for consistency with the prior year methodology. • We utilised our internal valuation expertise to calculate a discount rate taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We compared our discount rate to the discount rate used by management. We recalculated the discounted cash flow calculation using the internally calculated discount rate, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration. • We issued instructions addressing the significant audit areas in general, as well as specific information required to be reported on, to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement. • We assessed the competence, knowledge and experience of the component audit team and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed. o The following procedures were performed at the component audit team level: – Management's cash flow forecasts used in the impairment models were agreed to the latest five-year strategic plan approved by the board of directors. – In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2022 financial year figures included in the prior year forecast to consider the reasonableness and credibility of management's forecasts. – The reasonableness of the impacts of COVID-19 that were incorporated by management into their cash flow forecasts were assessed by evaluating management's net gaming win forecasts against the actual historic net gaming win for each CGU in pre-COVID-19 financial years as well as the most recent trading months. – The reasonableness of the cash outflows used in the discounted cash flow analysis were assessed through discussions with managements to understand the basis of the assumptions used in respect of cash outflows and corroboration of their explanations against historic performance as well as other strategic initiatives implemented by management. • We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Investment in Associate – Tsogo Sun Hotels – valuation assessment – Note 6 to the consolidated financial statements	
The carrying value of the group's investment in Tsogo Sun Hotels (THL) amounted to R2 billion at 31 March 2022, after the recognition of an impairment reversal of R756.9 million. IAS 36 *Impairment of Assets* requires that investments in associates be tested for impairment if impairment indicators or impairment reversal indicators exist. At 31 March 2022 the fair value of the listed shares in the group's investment in THL was R2 billion, compared to the carrying value of the investment of R1.24 billion. This was considered to be an indicator of impairment reversal and the recoverable amount, being the higher of the value in use and the fair value less cost to sell, was calculated. The value in use was calculated using a discounted cash flow approach (DCF) based on the net cash flows of the underlying hotels. Significant estimates and judgements were applied by management in performing these calculations to determine the value in use. The key assumptions and unobservable inputs are disclosed in note 6 to the consolidated financial statements. Based on management's calculations an impairment reversal of R756.9 million was recognised based on the recoverable amount being the listed share price (fair value less costs to sell). We considered the valuation assessment to be a matter of most significance to our current year audit of the consolidated financial statements due to the significant judgements and estimation applied by management in the assumptions included in the value in use calculation, the extent of the impairment reversal recognised, and the magnitude of the carrying value of the investment to the consolidated financial statements as at 31 March 2022.	We performed the following procedures: • We utilised our internal valuation expertise to calculate a discount rate taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We compared our discount rate to the discount rate used by management. In addition, we utilised our internal valuation expertise to assess the reasonableness of the terminal growth rates used by management. We recalculated the discounted cash flow calculation using our internally calculated discount rate, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration. • We issued instructions addressing the significant audit areas to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement. • We assessed the competence, knowledge and experience of the component audit team and inspected relevant component audit team working papers and documents to assess the adequacy of their work performed. o The following procedures were performed at the component audit team level: – Assessed the reliability of the budgets included in the business plans (which formed the basis of the cash flow forecasts), by comparing prior period budgets to actual results, and evaluated management's budgeting techniques applied. • We recalculated the fair value less cost to sell and agreed the share price used in the calculation to market reports. • We recalculated the impairment reversal determined by management by comparing the higher of the fair value less cost to sell and the value in use to the carrying amount. • We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IAS 36.

Key audit matter	How our audit addressed the key audit matter
Purchase price allocation finalisation – Tsogo Sun Hotels (THL) – Note 51.1 to the consolidated financial statements	
The group lost control of THL in December 2020, from which date THL was accounted for as an associate (note 6). The share of THL's profits for the 2021 year included a gain on bargain purchase of R2.09 billion calculated as the excess of the group's share of the provisional net fair values of THL's identifiable assets and liabilities at the date control was lost over the cost of the group's investment in THL. During 2022 the fair values of the identifiable assets and liabilities were finalised and a revised gain on bargain purchase of R3.39 billion recognised in 2021 in accordance with IAS 28 Paragraphs 26 and 32. The reassessment of the items below resulted in the increased gain on bargain purchase: • fair value measurement of properties; • fair value measurement of the Southern Sun and Garden Court brands; and • leases in accordance with IFRS 3.28B. We considered the finalisation of the purchase price allocation to be a matter of most significance to our current year audit of the consolidated financial statements due to the significant judgements and estimation applied by management in the assumptions included in the fair value calculations, the impact on the gain on bargain purchase and the magnitude of the carrying value of the investment to the consolidated financial statements as at 31 March 2022.	We performed the following procedures: • We inspected the purchase price allocation for completeness and accuracy. • For the fair value of the brands we utilised our internal valuations expertise to recalculate 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 rate used by management. • We recalculated the relief from royalty calculation using the internally calculated discount rate, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration. • For the leases, we recalculated the lease liability and right-of-use asset in terms of IFRS 3.28B based on the existing leases at acquisition date. We agreed the incremental borrowing rate used in the determination of the lease liability to the rate as determined by THL and assessed it for reasonability. • We issued instructions, addressing the significant audit areas in general as well as specific information required to be reported on relating to the purchase price allocation, to the component audit team. We held numerous 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 team and inspected relevant component audit team working papers and documentation to assess the adequacy of their work performed. o The following procedures were performed at the component audit team level: – The recognised fair values of properties were agreed to valuation reports from both external and internal valuers, as applicable. – Independently assessed the calculation of the fair values by assessing the discount rate and terminal growth rate against market related data. – In order to assess the reasonability, reconciled the cash flows used in the valuations to board approved budgets for a sample of properties and independently recalculated the calculation to assess accuracy. – Assessed the reliability of the budgets included in the business plans (which formed the basis of the revenue forecasts used in the brand valuation), by comparing prior period budgets to actual results, and evaluated management's budgeting techniques applied. – Tested the accuracy, existence and completeness of existing leases for compliance with the requirements IFRS 16. • We recalculated the gain on bargain purchase and agreed it to that determined by management. • We considered the adequacy of the disclosure made in the consolidated financial statements with reference to the disclosure requirements of IFRS 12 *Disclosure of Interests in Other Entities*.

SEPARATE FINANCIAL STATEMENTS

Key audit matter	How our audit addressed the key audit matter
Investments in subsidiaries' impairment assessment – Note 8 and Annexure A to the separate financial statements At 31 March 2022 the carrying value of investment in subsidiaries amounted to R11.6 billion, which is included in the investments in and amounts owing from subsidiary companies' balance in the separate statement of financial position. IAS 36 *Impairment of Assets* requires that investments in subsidiaries be tested for impairment if impairment or impairment reversal indicators exist. Such indicators were identified and impairment reversals of R1.6 billion were recognised in the current year. Impairment reversals of R1.3 billion relates to the investments in Tsogo Sun Gaming and TIH Prefco for which value in use calculations were performed by management. The remaining impairment reversals were based on fair value less cost to sell considerations using listed share prices. We considered the impairment reversals relating to Tsogo Sun Gaming and TIH Prefco to be a matter of most significance to our current year audit of the separate financial statements due to the significant judgements and estimation applied by management in the assumptions, the extent of the impairment reversal recognised, and the magnitude of the carrying values of the investments to the separate financial statements as at 31 March 2022.	We performed the following procedures: • We considered indicators of impairment and impairment reversals for all the investments held to assess the completeness of managements' assessment. • We reperformed the value in use calculations performed by management. • We utilised our internal valuation expertise to calculate the discount rates taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. We compared our discount rates to the discount rates used by management. We recalculated the discounted cash flow calculation using the internally calculated discount rates, compared the outcome to that of management and resolved any significant differences. There were no aspects in this regard which required further consideration. • We issued instructions addressing the significant audit areas to the component audit team. We held various planning, execution and completion meetings and discussions with the component audit team throughout the engagement. • We assessed the competence, knowledge and experience of the component audit team and inspected relevant componet audit team working papers and documents to assess the adequacy of the work performed. o The following procedures were performed at the component audit team level as it relates to the value in use calculations: – Management's cash flow forecasts used in the valuation models were agreed to the latest five-year strategic plan approved by the board of directors. – In respect of the budgeting process used in deriving the five-year strategic plan, the current year actual results were compared to the 2022 financial year figures included in the prior year forecast to consider the reasonableness and credibility of management's forecasts. – The reasonableness of the impacts of COVID-19 that were incorporated by management into their cash flow forecasts were assessed by evaluating management's net gaming win forecasts against the actual historic net gaming win for each CGU in pre-COVID-19 financial years as well as the most recent trading months. – The reasonableness of the cash outflows used in the discounted cash flow analysis were assessed through discussions with managements to understand the basis of the assumptions used in respect of cash outflows and corroborated their explanations against historic performance as well as other strategic initiatives implemented by management. – Assessed the reasonability of the discount rate determined by management for the component, taking into account independently obtained data such as the cost of debt, risk-free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies. • We considered the adequacy of the disclosure made in the separate financial statements with reference to the disclosure requirements of IAS 36.

Other information

The directors are responsible for the other information. The other information comprises the information included in the documents titled "Hosken Consolidated Investments Limited Integrated Annual Report 2022" and the "Hosken Consolidated Investments Limited Annual Financial Statements 2022", which includes the Directors' Report, the Report of the Audit and Risk Committee and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Hosken Consolidated Investments Limited for twenty five years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

T Schoeman
Director
Registered Auditor

29 July 2022

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

1. **Nature of business**

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

2. **Operations and business**

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

   Refer to pages 14 to 31 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 51 of the annual financial statements.

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

   Details of business combinations and changes in the group's shareholding in subsidiaries are set out in notes 47 and 8 of the annual financial statements, respectively.

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

   Details of discontinued operations and disposal group assets and liabilities held for sale are set out in notes 38 and 15 of the annual financial statements, respectively.

6. **Share capital**

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

7. **Directorate**

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

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

8. **Composition of the board**

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

   At 31 March 2022 the board comprised 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 chairperson and chief executive officer. The board does not deem it necessary to appoint a lead independent director.

Board member	Number of board meetings	Attendance of members
MH Ahmed	5	5
JA Copelyn	5	5
TG Govender	5	5
MF Magugu	5	5
L McDonald	5	5
SNN Mkhwanazi-Sigege	5	5
VE Mphande (chair)	5	5
JG Ngcobo	5	5
JR Nicolella	5	5
Y Shaik	5	5
RD Watson	5	4

9. **Dividends**

   Due to the impact of the COVID-19 pandemic on the group's operations and the requirement to preserve cash resources, no dividend was declared during the year under review.

10. **Gender diversity**

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

11. **Race diversity**

    The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people classified as "black". 81% of the members of the board are classified as "black".

12. Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the 12 months ended 31 March 2022. The secretarial department is under the supervision of Cheryl Philip (FCIS) who is empowered, and authorised, to provide corporate governance services to the board and management. The board has evaluated the performance and independence of the company secretary during the period under review and it is satisfied that the company secretary is competent and has the appropriate qualifications and experience required by the group to administer the secretarial obligations of the company. The secretary has an arm's length relationship with the board of directors.

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

13. Financial director

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

14. Auditor

Subject to shareholder approval, BDO South Africa Incorporated will continue in office in accordance with section 90 of the South African Companies Act for the 2023 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 10 to 18 of this report.

16. Significant shareholders

The company's shareholders that own more than 5% of the issued shares are the Southern African Clothing and Textile Workers Union, Chearsley Investments Proprietary Limited and Squirewood Investments 64 Proprietary Limited who own 26.0%, 7.6% and 5.3%, respectively. No shareholder has a controlling interest in the company.

17. Special resolutions

The following special resolutions were passed by the company's shareholders at the annual general meeting (AGM) of shareholders held on 30 August 2021:

- 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 2021 until the next AGM 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 2022 are set out in notes 42 and 41 of the annual financial statements, respectively.

20. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2022 are set out in note 43 of the annual financial statements.

21. Subsidiaries

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

22. Borrowing powers

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

23. Litigation statement

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 27 May 2022.

25. Events subsequent to reporting date

Events that occurred subsequent to the reporting date are set out in note 49 of the annual financial statements.

26. Going concern

The COVID-19 pandemic 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 continued impact of COVID-19 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 50 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
Chairperson

JA Copelyn
Chief Executive Officer

Cape Town
26 July 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Notes	Group 2022 R'000	Group 2021* R'000	Company 2022 R'000	Company 2021 R'000
ASSETS					
Non-current assets		40 858 036	40 424 198	14 633 879	12 427 967
Property, plant and equipment	1	16 046 945	16 610 166	–	–
Right-of-use assets	28	324 184	353 250	–	–
Investment properties	2	5 067 831	5 381 333	–	–
Goodwill	3	3 868 505	3 872 534	–	–
Intangible assets	4	9 558 471	9 156 246	–	–
Intangible assets mining	5	18 120	21 707	–	–
Investments in associates	6	4 458 488	3 571 565	453 736	232 586
Investments in joint arrangements		465	2 413	–	–
Other financial assets	7	1 089 791	1 031 565	–	–
Investments in and amounts owing from subsidiary companies	8	–	–	14 169 111	12 184 349
Deferred taxation	9	333 566	340 893	–	–
Finance lease receivables	10	9 743	15 880	–	–
Non-current receivables	11	81 927	66 646	11 032	11 032
Current assets		6 216 240	5 340 741	19 635	8 526
Inventories	12	899 661	620 913	–	–
Programme rights	13	978 651	1 074 631	–	–
Other financial assets	7	92 963	–	–	–
Trade and other receivables	14	1 842 038	1 765 538	16 097	7 185
Taxation		93 340	117 778	–	–
Cash and cash equivalents	40.5	2 309 587	1 761 881	3 538	1 341
Disposal group assets held for sale	15	147 240	188 221	–	–
Total assets		47 221 516	45 953 160	14 653 514	12 436 493
EQUITY AND LIABILITIES					
Capital and reserves		22 827 423	19 524 296	13 818 163	11 416 338
Equity attributable to equity holders of the parent		14 320 224	12 063 264	13 818 163	11 416 338
Ordinary share capital	16	20 218	20 218	21 405	21 405
Share premium	16	–	–	17 158	17 158
Other reserves	17	370 020	286 483	–	–
Accumulated profits		13 929 986	11 756 563	13 779 600	11 377 775
Non-controlling interest	8	8 507 199	7 461 032	–	–
Non-current liabilities		17 526 260	19 242 636	–	–
Financial liabilities	18	82 323	228 008	–	–
Borrowings	19	11 974 360	13 665 381	–	–
Lease liabilities	28	399 063	410 047	–	–
Post-retirement benefit liabilities	20	141 524	146 453	–	–
Long-term incentive plan	21	88 001	24 570	–	–
Long-term provisions	22	72 431	70 604	–	–
Deferred revenue and income	23	81 033	110 550	–	–
Deferred taxation	9	4 687 525	4 578 055	–	–
Other non-current liabilities	24	–	8 968	–	–
Current liabilities		6 866 068	7 168 563	835 351	1 020 155
Trade and other payables	25	2 709 143	2 520 716	2 649	3 577
Deferred revenue and income	23	55 600	42 204	–	–
Financial liabilities	18	9 697	45 586	–	–
Amounts owing to subsidiary companies	8	–	–	663 047	755 560
Current portion of borrowings	19	3 586 404	3 919 533	49 910	46 027
Taxation		44 045	50 374	6	76
Provisions	22	188 071	169 539	–	–
Bank overdrafts	26	273 108	420 611	119 739	214 915
Disposal group liabilities held for sale	15	1 765	17 665	–	–
Total equity and liabilities		47 221 516	45 953 160	14 653 514	12 436 493

* Restated, refer to details as set out in note 51.1

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 MARCH 2022

		Group		Company	
	Notes	2022 R'000	2021* R'000	2022 R'000	2021 R'000
Revenue	30	10 710 621	8 191 095	333 551	2 650 397
Net gaming win		7 778 881	5 275 457	–	–
Property rental income		640 725	620 049	–	–
		19 130 227	14 086 601	333 551	2 650 397
Depreciation and amortisation		(1 168 081)	(1 218 495)	–	–
Other operating expenses and income		(14 107 702)	(10 992 350)	(14 040)	(23 877)
Investment income	31	148 973	94 963	2 528	2 260
Equity-accounted (losses)/earnings of associates and joint arrangements	6	(93 605)	3 338 243	–	–
Investment surplus/(deficit)	32	181 409	316 947	51 830	(935)
Fair value adjustments on investment properties	2	(26 593)	(35 840)	–	–
Impairment reversals	1, 4, 8	1 387 175	208 739	2 045 356	43 507
Asset impairments	33	(209 357)	(33 756)	–	–
Fair value adjustments on financial instruments	7	9 395	129 445	–	(28 961)
Impairment of goodwill and investments	34, 8	(4 247)	(3 000 975)	(35)	(3 293 141)
Finance costs	35	(1 322 528)	(1 522 090)	(16 577)	(27 198)
Profit/(loss) before taxation	36	3 925 066	1 371 432	2 402 613	(677 948)
Taxation	37	(713 368)	(257 127)	(788)	198
Profit/(loss) for the year from continuing operations		3 211 698	1 114 305	2 401 825	(677 750)
Discontinued operations	38	(9 476)	(2 096 725)	–	–
Profit/(loss) for the year		3 202 222	(982 420)	2 401 825	(677 750)
Attributable to:					
Equity holders of the parent		2 078 572	(1 023 062)		
Non-controlling interest	8	1 123 650	40 642		
		3 202 222	(982 420)		
Earnings/(losses) per share (cents)*	39.1	2 570.26	(1 265.07)		
Continuing operations		2 578.12	985.62		
Discontinued operations		(7.86)	(2 250.69)		
Diluted earnings/(losses) per share (cents)*	39.2	2 568.01	(1 265.07)		
Continuing operations		2 575.86	985.62		
Discontinued operations		(7.85)	(2 250.69)		

* Restated, refer to details as set out in note 51.1

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Group		Company	
	2022 R'000	2021* R'000	**2022 R'000**	2021 R'000
Profit/(loss) for the year	**3 202 222**	(982 420)	**2 401 825**	(677 750)
Other comprehensive (loss)/income net of tax:				
Items that will subsequently be reclassified to profit or loss				
Foreign currency translation differences	**(66 555)**	(761 953)	**–**	–
Foreign currency translation differences reclassified to profit or loss on disposal of subsidiary	**–**	(225 805)	**–**	–
Cash flow hedges				
– Fair value adjustments	**188 530**	(105 862)	**–**	–
– Reclassified to profit or loss	**–**	45 002	**–**	–
Share of other comprehensive income/(losses) of equity-accounted investments	**21 154**	(4 031)	**–**	–
Equity-accounted foreign currency translation reserves reclassified to profit or loss on disposal and dilution of interests in associates	**1 277**	–	**–**	–
Income tax relating to items that will subsequently be reclassified to profit or loss	**(52 252)**	29 641	**–**	–
Items that will not subsequently be reclassified to profit or loss				
Actuarial gains/(losses) on post-employment benefit liabilities	**8 681**	(7 403)	**–**	–
Revaluation of owner-occupied land and buildings on transfer to investment properties	**–**	34 145	**–**	–
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**139 844**	(222 022)	**–**	–
Share of other comprehensive (losses)/income of equity-accounted investments	**(355)**	8 797	**–**	–
Income tax relating to items that will not subsequently be reclassified to profit or loss	**(2 348)**	(78 397)	**–**	–
Total comprehensive income/(loss) for the year	**3 440 198**	(2 270 308)	**2 401 825**	(677 750)
Attributable to:				
Equity holders of the parent	**2 179 540**	(1 858 909)		
Non-controlling interest	**1 260 658**	(411 399)		
	3 440 198	(2 270 308)		

* Restated, refer to details as set out in note 51.1

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

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 2020	20 218	1 122 790	11 204 954	14 303 491	26 651 453
Current operations					
Total comprehensive loss*	–	(840 383)	(1 018 526)	(411 399)	(2 270 308)
Equity-settled share-based payments (refer to note 41)	–	24 911	–	–	24 911
Effects of changes in holding (refer to note 8)	–	(20 835)	1 570 135	(657 960)	891 340
Disposal of subsidiaries	–	–	–	(5 739 478)	(5 739 478)
Dividends to non-controlling shareholders of subsidiaries	–	–	–	(33 622)	(33 622)
Restated balance at 31 March 2021	20 218	286 483	11 756 563	7 461 032	19 524 296
Current operations					
Total comprehensive income	–	96 008	2 083 532	1 260 658	3 440 198
Equity-settled share-based payments (refer to note 41)	–	23 460	–	–	23 460
Effects of changes in holding (refer to note 8)	–	(15)	(27 508)	(52 191)	(79 714)
Disposal of subsidiaries (refer to note 47.3)	–	–	–	(20 848)	(20 848)
Share of direct equity movements of equity-accounted investments	–	24 949	56 534	(59 473)	22 010
Dividends to non-controlling shareholders of subsidiaries	–	–	–	(81 979)	(81 979)
Release of revaluation reserve to accumulated profits	–	(23 345)	23 345	–	–
Release of share-based payment reserve to accumulated profits	–	(37 520)	37 520	–	–
Balance at 31 March 2022	**20 218**	**370 020**	**13 929 986**	**8 507 199**	**22 827 423**
Notes	16	17		8	

* Restated, refer to details as set out in note 51.1

COMPANY	Share capital R'000	Share premium R'000	Accumulated profits R'000	Total R'000
Balance at 31 March 2020	21 405	17 158	12 055 525	12 094 088
Current operations				
Total comprehensive loss	–	–	(677 750)	(677 750)
Balance at 31 March 2021	21 405	17 158	11 377 775	11 416 338
Current operations				
Total comprehensive income	–	–	2 401 825	2 401 825
Balance at 31 March 2022	**21 405**	**17 158**	**13 779 600**	**13 818 163**
Note	16	16		

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
Cash flows from operating activities		2 655 582	1 412 651	298 623	270 940
Cash generated by operating activities		5 055 385	3 297 398	312 176	298 965
Cash generated by operations	40.1	5 148 173	2 779 836	319 488	295 670
Interest income		78 076	101 052	2 528	2 260
Changes in working capital	40.2	(170 864)	416 510	(9 840)	1 035
Finance costs		(1 704 233)	(1 457 436)	(12 695)	(27 198)
Taxation paid	40.3	(619 269)	(383 775)	(858)	(827)
Dividends paid to non-controlling shareholders of subsidiaries		(76 301)	(43 536)	–	–
Cash flows from investing activities		(420 437)	(350 466)	(201 250)	(2 230)
Business combinations/disposals	40.4	107 382	(462 624)	–	–
Investment in:					
– Subsidiary companies		–	–	(800)	(4 352)
– Associated companies and joint arrangements		(144 725)	(204 556)	(1 169)	–
– Financial assets		–	(84 986)	–	–
Loans (advanced to)/repaid by subsidiary companies		–	–	(251 111)	2 122
Dividends received		81 246	64 071	–	–
Short-term loans advanced		–	(4 000)	–	–
Long-term receivables					
– Advanced		(9 032)	(5 817)	–	–
– Repaid		8 934	398 502	–	–
Proceeds on disposal of investments		21 236	523 872	51 830	–
Proceeds from insurance claims for capital assets		22 698	–	–	–
Intangible assets					
– Additions		(5 824)	(56 703)	–	–
– Disposals		922	–	–	–
Investment properties					
– Additions		(160 727)	(161 347)	–	–
– Disposals		26 698	125 000	–	–
Property, plant and equipment					
– Additions		(537 482)	(537 373)	–	–
– Disposals		168 237	55 495	–	–
Cash flows from financing activities		(1 539 619)	(1 410 219)	–	(3 407)
Transactions with non-controlling shareholders	8	(87 573)	(28 552)	–	–
Principal paid on lease liabilities	28	(64 086)	(61 759)	–	–
Other liabilities raised		–	1 921	–	–
Borrowings					
– Raised	19	467 248	1 110 123	–	–
– Repaid	19	(1 855 208)	(2 431 952)	–	(3 407)
Cash and cash equivalents					
Movements		695 526	(348 034)	97 373	265 303
At the beginning of the year		1 341 695	1 740 249	(213 574)	(478 877)
Foreign exchange difference on translation of foreign subsidiaries		(453)	(50 520)	–	–
At the end of the year	40.5	2 036 768	1 341 695	(116 201)	(213 574)

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(b) Segmental reporting

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

(c) Basis of consolidation

The consolidated financial statements include the financial information of the subsidiaries, associated entities and joint arrangement entities of the group.

(i) Subsidiaries

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

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

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

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

(ii) Associates

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 value subsequently adjusted for the recognition of the investor's share of changes in the equity of the investee after the date of acquisition as well as dividends received. Subsequent to initial recognition, the group recognises its share of the investee's profit or loss and other comprehensive income, respectively, in the statement of profit or loss and the statement of other comprehensive income. Other changes in equity recognised by the group's associates include changes in its share-based payment reserves, transactions with non-controlling shareholders and other direct equity movements. The group accounts for its share in these changes in equity as a direct equity movement in the statement of changes in equity.

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

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

Partial disposals of associates that do not result in a loss of significant influence are accounted for as dilutions in shareholding. Gains or losses are calculated on the date that the dilution in shareholding occurs and recognised in profit or loss. The group's proportionate share of equity-accounted gains or losses previously recognised in other comprehensive income is reclassified to profit or loss when a dilution occurs if the gains or losses are required to be reclassified to profit or loss in terms of the applicable accounting standard. Gains or losses on dilutions in shareholding and related reclassifications of other comprehensive income to profit or loss, are included in the investment surplus balance in the statement of profit or loss.

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 as joint operations, with the group's share of its assets, liabilities, revenue and expenses incorporated in the financial statements. 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 ventures 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 at the end of each year. Additional impairment testing is performed during the course of the year when there are indicators that goodwill may be impaired. Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis.

(d) Foreign exchange

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(iii) Foreign subsidiaries and associates – translation

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

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

(e) Property, plant and equipment

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

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

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

Depreciation

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

(f) Investment properties

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

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

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

(g) Intangible assets

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

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

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

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

(i) Computer software

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

Direct costs associated with the production of identifiable and unique 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 without expiry dates are not amortised as they are considered to have indefinite lives and are tested for impairment on the same basis as goodwill (refer to accounting policy 1(c)(iv) above).

(iii) Trademarks

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

(iv) Distribution rights

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

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

(v) Intangible assets – mining

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

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

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

(vi) Management contracts

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

(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 over the period of its economic life.

(h) Financial instruments

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

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

(i) Financial assets

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

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

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

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

(i) Financial assets at amortised cost

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

- they are held within a business model with the objective to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Impairment of financial assets

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

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

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

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

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

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

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

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

(iv) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

(v) Cash and cash equivalents

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

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

(vi) Fair value

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

(i) Inventories

Inventories are valued at the lower of cost or net realisable value. 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 is estimated that features will generate advertising revenue over more than two runs and are therefore amortised at a rate of 40% on the first run, 40% on the second run and 20% on the remaining run. For genres other than features the cost is amortised on the first run.

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

(k) Share capital

Ordinary shares are classified as equity. 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 1(h)), inventories (see accounting policy 1(i)), deferred tax assets, programming rights (see accounting policy 1(j)) and disposal group assets classified as held for sale (see accounting policy 1(m)). Impairment 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, as a minimum, 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 carrying amount and fair value less costs to sell.

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

(n) Capitalisation of borrowing costs

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

(o) Provisions

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

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

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

(p) Revenue recognition

Revenue arises mainly from the sale of goods by the group's branded products and manufacturing, coal mining, transport, and media and broadcasting operations as well as the rendering of the following services by the group:

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

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

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.

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 over time as the kilometres in respect of these services have been travelled.

(iii) Payment terms

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

Revenue other than from contracts with customers

Dividend income

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

(q) Net gaming win

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

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

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

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

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

(r) Investment income

(i) Interest income

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

(ii) Dividend income

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

(s) Leases

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

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

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

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

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

(i) The group is the lessee

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

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

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

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

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

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

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

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

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

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

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the stand-alone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

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

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

(ii) The group is the lessor

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

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

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

(t) Income tax

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

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

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

(u) Employee benefits

(i) Defined contribution plans

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

(ii) Other post-employment obligations

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

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

All other costs are recognised immediately in profit or loss.

(iii) Termination benefits

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

(iv) Bonus plans

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

(v) Employee leave entitlement

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

(vi) Long-service awards

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

(v) Share-based payments

(i) Equity-settled

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

(ii) Cash-settled

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

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

(w) Earnings per share

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

(x) Government grants

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

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

(y) Insurance and reinsurance contracts

The Tsogo Sun Gaming group operates a short-term insurance captive for its own account, and also underwrites short-term insurance business for certain related parties of the group through its subsidiary, Tsogosure Insurance Company Limited (further details are presented in notes 14 and 48.2).

(i) Classification

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

(ii) Recognition and measurement

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

Provision is made for underwriting losses that may arise from unexpired risks when it is anticipated that unearned premiums will be insufficient to cover future claims. This liability adequacy test is performed annually to ensure the adequacy of general insurance liabilities. In performing these tests, current best estimates of future contractual cash flows are used. The provision for unearned premiums represents the portion of the current year's premiums that relates to risk periods extending into the following year.

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

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

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

Contracts with reinsurers under which the group is compensated for losses on one or more contracts issued by the group and that meet the classification requirements for insurance contracts (as detailed above), are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets. Income received from insurance contracts entered into by the group under which the contract holder is another insurer (inwards reinsurance) is included with premium income. The benefits to which the group is entitled under its reinsurance contracts held are recognised as assets. These assets consist of short-term balances due from reinsurers on settled claims, as well as estimates (classified as reinsurance assets) that are calculated based on the gross outstanding claims and IBNRR provisions. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectibility. The group assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss. The recoverability of reinsurance recoveries is assessed having regard to market data on the financial strength of each of the reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in profit or loss when due. Amounts recovered from reinsurers in profit or loss reflect the amounts received or receivable from reinsurers in respect of those claims incurred during the period.

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

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(i) Going concern

The 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 2022 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 are presented in note 50.

(ii) Investment properties

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

The fair value of the group's entire investment property portfolio is arrived at on the basis of annual valuations carried out at year-end. External valuations are performed in cycles (not exceeding three years) by independent, professionally qualified valuers with relevant experience in the location and category of the investment properties being valued. Internal valuations are performed by management for the intervening years. Details regarding the estimates and judgements involved in the valuation of these properties are presented in 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 detailed in notes 3 and 4.

(iv) Reversal of impairment of investment in associate

Following indicators of an impairment reversal as detailed in note 6, the group has reversed the impairment of its investment in Tsogo Sun Hotels by R757 million during the current year. The recoverable amount of the investment was based on the higher of its value-in-use and its fair value less costs to sell. These calculations required the use of estimates and judgements as presented in note 6.

(v) Leases

Determining the discount rates

In calculating lease liabilities, lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate applied to the group's lease commitments ranged between 7.3% and 14.5% (2021: 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 28. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after termination options) have been considered and, where reasonably certain, have been included in the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(vi) 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.

(vii) Deferred tax assets

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

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

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

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

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

(i) Impairment reversal assessment of investments in subsidiaries

Following indicators of impairment reversals as detailed in note 8, the company has reversed impairments totalling R1 600 million on several investments in subsidiary company shares during the current year. Further details are provided in note 8.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

3.1 New standards, interpretations and amendments adopted as at 1 April 2021

The group has adopted all relevant new or amended accounting pronouncements, as issued by the IASB, during the current year. This included Interest Rate Benchmark Reform – Phase 2 which was effective for financial years beginning on or after 1 January 2021. None of these pronouncements had a significant impact on the group.

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

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

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

Standard	Details of amendment	Annual periods beginning on
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment: Onerous Contracts – Cost of Fulfilling a Contract)	In May 2020 the IASB issued amendments to IAS 37, which specify and increase the scope of costs a company includes when assessing whether a contract will be loss-making and is therefore recognised as an onerous contract. These amendments are not expected to have a material impact on the group.	The group will apply the amendments to IAS 37 from annual periods beginning 1 April 2022
IFRS 17 Insurance Contracts	IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17 significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous (non-IFRS) accounting approaches to continue to be followed. In December 2021 the IASB amended IFRS 17 to add a transition option to address possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of IFRS 17, therefore improving the usefulness of comparative information for users of financial statements. The group is in the process of assessing the possible impact of these amendments.	The group will apply the amendments to IFRS 17 from annual periods beginning 1 April 2023
IAS 1 Presentation of Financial Statements (Amendment: Classification of Liabilities as Current or Non-current)	In January 2020 the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. These amendments are expected to have a significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings. The amendments are currently effective for all annual periods beginning on or after 1 January 2023, however, the IASB issued an exposure draft during November 2021 proposing a deferral of the effective date to 1 January 2024. The group is in the process of assessing the possible impact of these amendments.	The group will apply the amendments to IAS 1 from annual periods beginning 1 April 2023
IAS 1 Presentation of Financial Statements (Amendment: Disclosure of Accounting Policies)	The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies. This will result in a change to the group's accounting policies.	The group will apply the amendments to IAS 1 from annual periods beginning 1 April 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment: Definition of Accounting Estimates)	The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of a change in accounting estimate prospectively remain unchanged. These amendments are not expected to have a material impact on the group.	The group will apply the amendments to IAS 8 from annual periods beginning 1 April 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	Group		
	2022 R'000	2021 R'000	2020 R'000
1. PROPERTY, PLANT AND EQUIPMENT			
Cost			
Broadcast studios and equipment	628 027	842 523	815 259
Buses	2 066 689	2 106 484	2 115 240
Land and buildings	13 698 377	13 412 776	21 512 747
Leasehold improvements	485 998	495 442	1 159 856
Mining infrastructure	69 780	69 820	228 441
Other equipment and vehicles	577 748	622 451	880 310
Plant and machinery	6 624 829	6 597 301	9 766 114
Properties under construction	30 808	338 103	180 475
	24 182 256	24 484 900	36 658 442
Accumulated depreciation and impairments			
Broadcast studios and equipment	(460 527)	(705 258)	(652 904)
Buses	(890 894)	(850 229)	(791 339)
Land and buildings	(1 760 789)	(1 576 815)	(2 844 996)
Leasehold improvements	(280 699)	(278 106)	(522 479)
Mining infrastructure	(48 274)	(45 383)	(192 174)
Other equipment and vehicles	(309 303)	(405 441)	(387 406)
Plant and machinery	(4 383 647)	(4 013 502)	(5 580 405)
Properties under construction	(1 178)	–	–
	(8 135 311)	(7 874 734)	(10 971 703)
Carrying value			
Broadcast studios and equipment	167 500	137 265	162 355
Buses	1 175 795	1 256 255	1 323 901
Land and buildings	11 937 588	11 835 961	18 667 751
Leasehold improvements	205 299	217 336	637 377
Mining infrastructure	21 506	24 437	36 267
Other equipment and vehicles	268 445	217 010	492 904
Plant and machinery	2 241 182	2 583 799	4 185 709
Properties under construction	29 630	338 103	180 475
	16 046 945	16 610 166	25 686 739
Movements in property, plant and equipment			
Balance at the beginning of the year			
Broadcast studios and equipment	137 265	162 355	
Buses	1 256 255	1 323 901	
Land and buildings	11 835 961	18 667 751	
Leasehold improvements	217 336	637 377	
Mining infrastructure	24 437	36 267	
Other equipment and vehicles	217 010	492 904	
Plant and machinery	2 583 799	4 185 709	
Properties under construction	338 103	180 475	
	16 610 166	25 686 739	

		Group	
		2022 R'000	2021 R'000
1.	PROPERTY, PLANT AND EQUIPMENT continued		
	Additions		
	Broadcast studios and equipment	38 200	33 849
	Buses	12 704	28 536
	Land and buildings	71 661	38 304
	Leasehold improvements	29 557	14 080
	Other equipment and vehicles	71 563	23 856
	Plant and machinery	355 106	192 541
	Properties under construction	3 833	220 187
		582 624	551 353
	Business combinations/(disposal of subsidiaries and businesses)		
	Land and buildings	–	(8 491 062)
	Leasehold improvements	–	(399 762)
	Mining infrastructure	–	(6 565)
	Other equipment and vehicles	2 101	(304 938)
	Plant and machinery	3 949	(914 294)
	Properties under construction	–	(10 258)
		6 050	(10 126 879)
	Transfer from/(to) disposal group assets held for sale		
	Broadcast studios and equipment	–	(85)
	Land and buildings	8 715	(114 080)
	Leasehold improvements	–	1 294
	Other equipment and vehicles	–	(237)
	Plant and machinery	–	2 614
		8 715	(110 494)
	Disposals		
	Buses	(6 271)	(2 624)
	Land and buildings	(91)	(458)
	Leasehold improvements	(10 812)	(122)
	Mining infrastructure	(35)	–
	Other equipment and vehicles	(15 571)	(20 779)
	Plant and machinery	(58 080)	(15 157)
		(90 860)	(39 140)
	Transfers		
	Broadcast studios and equipment	60 148	–
	Buses	–	(1 848)
	Land and buildings	214 218	2 337 815
	Leasehold improvements	1 610	(476)
	Other equipment and vehicles	37 888	71 250
	Plant and machinery	1 783	24 391
	Properties under construction	(313 163)	(53 414)
		2 484	2 377 718
	Notes	4	2

	Group 2022 R'000	Group 2021 R'000
1. PROPERTY, PLANT AND EQUIPMENT continued		
Depreciation		
Broadcast studios and equipment	(68 113)	(57 749)
Buses	(82 214)	(82 002)
Land and buildings	(187 725)	(291 809)
Leasehold improvements	(32 160)	(34 733)
Mining infrastructure	(2 896)	(5 265)
Other equipment and vehicles	(43 807)	(35 246)
Plant and machinery	(641 217)	(808 356)
	(1 058 132)	(1 315 160)
Impairments		
Broadcast studios and equipment	–	(1 105)
Buses	(4 679)	(9 708)
Land and buildings	(5 151)	(4 105)
Leasehold improvements	(232)	(322)
Other equipment and vehicles	(739)	(1 171)
Plant and machinery	(4 158)	(8 808)
Properties under construction	(1 178)	(7 303)
	(16 137)	(32 522)
Impairment reversals		
Land and buildings	–	21 958
	–	21 958
Currency translation		
Land and buildings	–	(362 498)
Other equipment and vehicles	–	(8 629)
Plant and machinery	–	(74 841)
Properties under construction	–	(2 985)
	–	(448 953)
Borrowing costs capitalised		
Properties under construction	2 035	11 401
	2 035	11 401
Revaluation on transfer to investment properties		
Land and buildings	–	34 145
	–	34 145
Balances at the end of the year		
Broadcast studios and equipment	167 500	137 265
Buses	1 175 795	1 256 255
Land and buildings	11 937 588	11 835 961
Leasehold improvements	205 299	217 336
Mining infrastructure	21 506	24 437
Other equipment and vehicles	268 445	217 010
Plant and machinery	2 241 182	2 583 799
Properties under construction	29 630	338 103
	16 046 945	16 610 166

1. PROPERTY, PLANT AND EQUIPMENT continued

Useful lives

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

Broadcast studios and equipment	5 to 8 years
Buses	8 to 18 years
Buildings	15 to 50 years
Leasehold improvements	Shorter of the lease term or 50 years
Mining infrastructure (refer to note 5)	Life of the mine
Other equipment and vehicles	1 to 15 years
Plant and machinery	3 to 26 years

The group's gaming interests review the useful lives and residual values of its property, plant and equipment at each reporting date. Adjustments to depreciation in respect of the reassessed useful lives and residual values are made prospectively. The impact on depreciation was a credit of R36 million (2021: credit of R37 million) for the year. The effect of the change in useful lives in future periods is considered impracticable to estimate, whereas the reassessment of residual values is not expected to have a significant impact on the depreciation charge in future periods. The group's transport interests reassessed the residual values of its commuter buses during the prior year, resulting in a decrease of R6 million to its depreciation charge.

Impairment of property, plant and equipment

The group recognised impairments of property, plant and equipment to the value of R16 million (2021: R33 million) during the year.

During the current year, the gaming group impaired its property, plant and equipment by R10 million (2021: R12 million). Current-year impairments most significantly include write-downs following the assessment of building recoverable amounts, limited payout machines written off due to the riots in KwaZulu-Natal and Gauteng during July 2021 and impairments of various casinos and hotel properties due to obsolescence. Prior-year impairments include R9 million relating to vacant land, of which R7 million relates to project costs incurred on land development. Other impairments included plant and equipment with a book value of R3 million at various casino properties due to refurbishment projects.

Buses with a book value of R5 million (2021: R10 million) were impaired by the group as a result of it being destroyed in acts of violence during the year. Plant and machinery with a carrying value of R6 million was impaired by the Deneb Group during the prior year, significantly as a result of the restructuring of a division within the group.

Operating leases

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

	Group	
	2022 R'000	2021 R'000
Future lease payments receivable:		
– within one year	**69 897**	72 199
– within one to two years	**53 308**	68 920
– within two to three years	**35 297**	51 419
– within three to four years	**19 490**	32 459
– within four to five years	**6 217**	16 657
– after five years	**–**	1 560
	184 209	243 214

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

Encumbrances

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

	Group 2022 R'000	Group 2021 R'000
2. INVESTMENT PROPERTIES		
Investment properties consist of:		
Investment properties at cost	49 006	142 363
Investment properties at fair value	4 894 493	5 098 387
Non-current operating lease equalisation assets	124 332	140 583
	5 067 831	5 381 333
Investment properties relate to the group's interests in the following segments:		
Properties	3 404 351	3 750 465
Gaming	345 281	321 087
Branded products and manufacturing	1 125 386	1 178 467
Other	192 813	131 314
	5 067 831	5 381 333

2. INVESTMENT PROPERTIES continued

Properties segment

Properties totalling R49.0 million (2021: R142.4 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 355.3 million at 31 March 2022 (2021: R3 608.1 million), are carried at fair value. During the year under review a loss of R20 million (2021: loss of R18 million) relating to fair value adjustments on these properties was recognised in the statement of profit or loss.

The fair values of all properties have been arrived at on the basis of internal valuations carried out by the directors. The directors referred to external valuations that were carried out during the prior year by Quadrant Properties Proprietary Limited, an independent firm 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 free cash flows for increased levels of bad debts and lower occupancy rates, as appropriate, in valuations carried out. Details on the valuation methods applied and the significant unobservable inputs used are presented in the tables below:

			Significant unobservable inputs					
Valuation method	Number of properties	Fair value R'000	Income growth %	Expense growth %	Net income growth %	Vacancy %	Terminal capitali-sation rate %	Discount rate %
2022								
Discounted cash flow	**15**	**3 017 621**	**4.2 – 8.3**	**5 – 7**	**4.5 – 7.0**	**0 – 11**	**8.3 – 11.5**	**13 – 17**
Discounted cash flow[1]	**1**	**142 000**	**4.2**	**5.2**	**4.5**	**27.8**	**10.0**	**13.5**
Discounted cash flow[2]	**6**	**181 000**	**5.8**	**5.8**	**4.5**	**13.0**	**9.8**	**14.0**
Direct comparable sales	**1**	**14 724**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
	23	**3 355 345**						
2021								
Discounted cash flow	12	2 902 432	4.1 – 8.5	6.6 – 8.6	5.3 – 5.8	1.0 – 5.0	8.8 – 13.5	13.8 – 18.0
Discounted cash flow[1]	1	164 000	5.1	8.2	5.8	8.0	10.5	15.8
Discounted cash flow[2]	6	174 171	7.1	8.8	5.5	6.0	9.8	15.0
Discounted cash flow[3]	1	352 791	6.9	8.0	5.5	1.5	8.3	13.5
Direct comparable sales	1	14 709	N/A	N/A	N/A	N/A	N/A	N/A
	21	3 608 103						

[1] Fair value includes R16 million relating to spare bulk (available areas the group may develop based on available land and permission to develop), based on 10 000 m² of land at a bulk rate of R1 600/m².

[2] Fair value includes R45 million relating to spare land and spare bulk. The fair value of spare land is based on 143 residential units at R174 000 each and the fair value of spare bulk is based on 7 400 m² of land at a bulk rate of R2 750/m².

[3] Fair value includes R13 million relating to spare bulk. The fair value is based on 16 250 m² of land at a bulk rate of R800/m².

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

	2022		2021	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
5% change in the net cash flows	**150 156**	**(175 848)**	180 829	(182 170)
0.25% change in the terminal capitalisation rate	**(69 363)**	**48 280**	(61 170)	62 829
0.5% change in the discount rate	**(64 562)**	**42 492**	(70 170)	65 829

2. INVESTMENT PROPERTIES continued

Gaming segment

The fair value of investment properties owned by the group's gaming interests, totalling R349.0 million (2021: R324.8 million), has been arrived at on the basis of valuations carried out at 31 March 2022. Fair values are estimated triennially by professionally qualified, external valuers not related to the group and by management in the intervening years.

During the year under review the gaming group recognised a credit of R10 million (2021: debit of R67 million) relating to fair value adjustments on investment properties in the statement of profit or loss. The fair values have been determined using capitalised values of the projected rental income together with the assessment of development land. Vacancies have been considered based on historical and current vacancy factors as well as the nature, location, size and popularity of the properties. The adverse impact of COVID-19 on the gaming and hospitality industry had been taken into account by increasing vacancy rates, as appropriate, when determining the fair value of the gaming group's investment properties.

Significant unobservable inputs were as follows:

	2022	2021
Capitalisation rate applied to rental income	9.3% – 9.5%	10.0% – 10.5%
Vacancy rate	10% – 15%	5% – 10%

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

	2022		2021	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
1% change in the capitalisation rate	(29 351)	36 342	(26 853)	32 627
1% change in the vacancy rate	(4 310)	4 310	(4 210)	4 220

Branded products and manufacturing segment

The fair value of investment properties owned by the group's branded products and manufacturing interests, totalling R1 144.4 million at 31 March 2022 (2021: R1 202.0 million), had been arrived at on the basis of external valuations carried out by David Newman Property Management, an independent property valuer not related to the group. The valuation technique applied was the capitalisation of income method. The valuation model considers the net operating income of the rent collected and divides it by the capitalisation rate (investor's rate of return), taking into account expected rental income and anticipated expenses for the next 12 months, the properties' location and structure as well as the rental-producing capacity of similar buildings in similar locations. This segment's investment property portfolio was valued at a weighted average capitalisation rate of 9.6% (2021: 9.9%).

During the year under review the group recognised a debit of R17 million (2021: credit of R49 million) relating to fair value adjustments on this segment's investment properties in its statement of profit or loss.

Significant unobservable inputs were as follows:

	2022	2021
Capitalisation rate	8.0% – 9.8%	8.0% – 12.5%
Occupation rate	94% – 100%	95% – 98%
Projected income	R28/m^2 – R85/m^2 based on 274 581 m^2 lettable area	R10/m^2 – R85/m^2 based on 274 581 m^2 lettable area

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

	2022		2021	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
1% change in the capitalisation rate	(109 102)	135 372	(89 016)	160 404
1% change in the projected income	11 392	(11 270)	12 713	(10 804)

A decrease of 1% in the occupation rate would decrease the fair value of the group's investment properties by R27.5 million (2021: R17.4 million).

2. INVESTMENT PROPERTIES continued

Other segment

Investment properties owned by the group's other interests comprise vacant land, the Laborie Estate (located in Paarl, Western Cape) and commercial buildings. The fair value of these properties, totalling R192.8 million at 31 March 2022 (2021: R131.3 million), 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 2019 by Quadrant Properties Proprietary Limited and The Valuator Group Proprietary Limited, independent firms of valuers not related to the group.

The group did not recognise any fair value adjustments (2021: Rnil) on the properties as detailed above, in the statement of profit or loss during the current year. The fair value of the vacant land, totalling R1 million (2021: R2 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 R67 million (2021: R62 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 R125 million (2021: R67 million) were valued using the free cash flow method.

Significant unobservable inputs were as follows:

	Group	
	2022 %	2021 %
Accommodation buildings		
Net income growth rate	6.0	5.3
Occupation rate	40.0 – 50.0	40.0 – 50.0
Entry capitalisation rate	10.0	10.0
Exit capitalisation rate	10.5	10.5
Discount rate	16.0	15.3
Commercial buildings		
Net income growth rate	6.0	5.3
Occupation rate	100	100
Entry capitalisation rate	9.5	9.5
Exit capitalisation rate	9.8	10.0
Discount rate	14.5	14.8

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

	2022		2021	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
5% change in the net cash flows	5 703	(8 195)	2 539	(2 539)
0.25% change in the terminal capitalisation rate	(1 265)	2 331	(809)	849
0.5% change in the discount rate	(3 076)	4 797	(1 730)	1 793

2. INVESTMENT PROPERTIES continued

	Group 2022 R'000	Group 2021 R'000
Reconciliation of carrying value		
At the beginning of the year	5 381 333	9 344 524
Disposal of subsidiaries and businesses (refer to note 47.3)	(361 752)	(1 765 795)
Fair value adjustments	(26 593)	(35 840)
Transfer to property, plant and equipment[1]	–	(2 377 718)
Transfer (to)/from non-current assets held for sale	(63 261)	114 626
Additions	137 980	27 070
Disposals	(20 800)	(73 350)
Improvements	23 204	135 477
Movements in non-current operating lease equalisation assets	3 139	12 876
Other	(5 419)	(537)
At the end of the year	5 067 831	5 381 333
Rental income from investment properties (excluding recoveries)	535 794	586 873
Direct operating expenses arising from investment properties that generated rental income during the year	(291 987)	(280 951)
Direct operating expenses arising from investment properties that did not generate rental income during the year	(1 067)	(291)
Fair value of investment properties per valuations carried out	5 041 497	5 266 154
Adjusted for:		
Operating lease equalisation asset		
– non-current portion	(124 332)	(140 583)
– current portion (included in trade and other receivables, refer to note 14)	(18 734)	(23 109)
Commission	(3 938)	(4 075)
Adjusted fair value included in the statement of financial position	4 894 493	5 098 387

[1] During the prior year and while the group's hotel interests were still being consolidated, four of Hospitality Property Fund's properties were vacated by Marriott, being the Arabella Hotel Golf & Spa, Hazyview Sun, The Edward and Mount Grace Hotel & Spa. These properties successfully reopened their doors under management agreements with Tsogo Sun Hotels by the end of December 2020. As a result of being internally managed by the group, these properties were all transferred to owner-occupied properties (refer to note 1).

Rental relief and grants to lessees

The group granted operating lease concessions totalling R12.6 million (2021: R48.9 million) to a number of its tenants during the current year. These concessions were treated as lease modifications and accounted for as new leases from the date of modification.

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

	Group 2022 R'000	Group 2021 R'000
Future lease payments receivable:		
– within one year	449 021	506 998
– within one to two years	309 546	377 357
– within two to three years	220 816	262 454
– within three to four years	156 820	180 138
– within four to five years	79 540	130 484
– after five years	358 445	381 529
	1 574 188	1 838 960

Investment properties are classified as level 3 fair value measurements – refer to note 48.4 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 19.

	Group 2022 R'000	2021 R'000
3. GOODWILL		
Arising on obtaining control of subsidiaries	3 868 505	3 872 534
Reconciliation of carrying value		
At the beginning of the year	3 872 534	3 943 166
– Cost	4 131 669	5 028 164
– Accumulated impairment	(259 135)	(1 084 998)
Business combinations – acquisitions	889	30 156
– disposals	(671)	(79 788)
Transfer from disposal group assets held for sale	–	9 156
Impairment	(4 247)	(30 156)
At the end of the year	3 868 505	3 872 534
– Cost	4 131 887	4 131 669
– Accumulated impairment	(263 382)	(259 135)

Goodwill relates to the group's interests in the following segments/cash-generating units (CGUs):
- gaming (2022: R3 727.9 million; 2021: R3 727.9 million);
- media and broadcasting (2022: R86.2 million; 2021: R86.2 million);
- transport (2022: R31.5 million; 2021: R34.9 million); and
- branded products and manufacturing (2022: R22.9 million; 2021: R23.5 million).

Goodwill arising on acquisition of subsidiaries
The group recognised goodwill totalling R0.9 million on the acquisition of two subsidiaries by its transport interests during the current year (refer to note 47.2).

3. GOODWILL continued

Impairment of goodwill

The COVID-19 pandemic continued to have a negative impact on the South African economy and the gaming, hospitality and entertainment industry during the year under review. Trading by the group's gaming interests, in particular, was adversely impacted by the closure of its businesses during July 2021 due to renewed government-enforced COVID-19 restrictions and the continued curfew imposed by government until the end of December 2021. While the group managed to achieve strong recoveries in income and EBITDA compared to the prior year, it is still trading below pre-COVID-19 levels. These factors were taken into account in the impairment testing of the group's goodwill and intangibles, specifically casino licences, most of which are indefinite lived. Refer to note 4 for detail on impairment testing performed on the group's casino licences.

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

- Income, operating expenses and EBITDA margins (trading assumptions) were estimated by management based on past and current performance and its expectations of market development, taking into account the impact of the COVID-19 pandemic. The group's forecast models assume a further recovery in trading for its operations most severely impacted by COVID-19 during the 2023 financial year and then levelling off to normal levels from 2024.
- Cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount. The growth rate estimates consider risks associated with the specific industry in which the CGU operates and are consistent with forecast information included in industry-specific reports, where applicable. Other than for the transport operations, for which the long-term growth rate was revised downward by 0.5%, it was not deemed necessary to revise the rate for the remaining CGUs.
- Discount rates are calculated by using the weighted average cost of capital (WACC) of the respective CGUs. WACC is typically calculated using a risk-free bond rate and an equity premium adjusted for specific risks relating to the relevant CGU. The economic downturn resulting from COVID-19 had been factored into the risk premium for individual CGUs.

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

	Gaming CGU		Other CGUs	
	2022 %	2021 %	**2022 %**	2021 %
Pre-tax discount rate	**17.3**	17.8	**11.6 – 22.7**	15.3 – 23.7
Number of years	**5 years**	5 years	**5 years**	3 to 5 years
Cost growth rate	**4**	4	**4 – 10**	4 – 8
Long-term growth rate	**4.7**	4.7	**4.5 – 6.0**	4.5 – 6.5

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

Transport (2022: R4.2 million; 2021: Rnil)

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

Hotels (2021: R30.2 million)

The group impaired goodwill totalling R30.2 million in respect of its hotel operations during the prior year. This impairment related to goodwill recognised on the acquisition of two subsidiaries. Both entities were in loss-making positions with a slow recovery anticipated, resulting in the full impairment of the goodwill recognised on acquisition.

Based on the above calculations, the group has not identified any impairment to goodwill in the remaining CGUs during the current year under review. A sensitivity analysis was performed on the key assumptions used in the value-in-use calculation of the group's gaming CGU and it was concluded that an increase of 1% in the discount rate may result in impairments of R222 million to goodwill and a decrease of 1% in the long-term growth rate would not result in any impairments.

4. INTANGIBLE ASSETS

Group	Computer software R'000	Distribution rights R'000	Licences R'000
2022			
Carrying value at the beginning of the year	29 045	154 290	8 894 720
Additions	1 109	–	1 609
Disposals	(931)	–	–
Amortisation	(11 736)	(5 006)	(9 481)
Impairment	(304)	(6 197)	(186 719)
Impairment reversals	–	–	630 246
Transfer to property, plant and equipment (refer to note 1)	–	–	–
Carrying value at the end of the year	17 183	143 087	9 330 375
Cost	413 076	329 505	19 231 811
Accumulated amortisation and impairments	(395 893)	(186 418)	(9 901 436)
	17 183	143 087	9 330 375
2021			
Carrying value at the beginning 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)
Disposal of subsidiaries and businesses	(12 294)	–	–
Additions	7 876	–	12 267
Disposals	(6)	(670)	–
Amortisation	(21 293)	(7 682)	(9 652)
Impairment	(2 978)	–	(112)
Impairment reversals	–	–	186 781
Amounts written off	(7)	–	–
Transfer to programming rights (refer to note 13)	–	(9 754)	–
Transfer from disposal group assets held for sale	6 197	–	1 483
Carrying value at the end of the year	29 045	154 290	8 894 720
Cost	412 898	329 505	19 230 202
Accumulated amortisation and impairments	(383 853)	(175 215)	(10 335 482)
	29 045	154 290	8 894 720

* Internally generated intangible assets

Amortisation expenses relating to distribution rights and completed programming, totalling R11.2 million (2021: R13.9 million), have been included in other operating expenses and income in the statement of profit or loss. All other amortisation expenses are included in the depreciation and amortisation line 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
–	396	49 622	2 484	4 175	21 514	9 156 246
–	–	–	–	740	–	3 458
–	–	–	–	–	–	(931)
–	–	(6 202)	–	(929)	(1 490)	(34 844)
–	–	–	–	–	–	(193 220)
–	–	–	–	–	–	630 246
–	–	–	(2 484)	–	–	(2 484)
–	396	43 420	–	3 986	20 024	9 558 471
–	396	83 209	–	51 589	33 791	20 143 377
–	–	(39 789)	–	(47 603)	(13 767)	(10 584 906)
–	396	43 420	–	3 986	20 024	9 558 471
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)	(16 948)	–	–	(21 860)	–	(386 282)
–	–	–	–	1 372	–	21 515
–	–	(190)	–	–	–	(866)
–	–	(6 202)	–	(1 625)	(1 490)	(47 944)
–	–	–	–	–	–	(3 090)
–	–	–	–	–	–	186 781
–	–	–	–	–	–	(7)
–	–	–	–	–	–	(9 754)
–	–	–	–	–	–	7 680
–	396	49 622	2 484	4 175	21 514	9 156 246
–	396	83 209	2 484	50 849	33 791	20 143 334
–	–	(33 587)	–	(46 674)	(12 277)	(10 987 088)
–	396	49 622	2 484	4 175	21 514	9 156 246

4. INTANGIBLE ASSETS continued

Useful lives

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

	Estimated useful life	Average remaining useful life as at 31 March 2022
Bid costs with limited useful lives	10 to 13 years	4 years
Computer software	2 to 10 years	less than 9 years
Distribution rights – factuals*	10 years	7 years
– movies*	Period of economic life**	
Licences with expiry date	12 to 30 years	less than 19 years
Programming completed	Period of economic life**	
Programming under development	***	
Trademarks	5 to 25 years	1.5 years
Customer-related intangible assets	20 years	14 years

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

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

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

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

Impairment of intangible assets

The group recognised impairments totalling R193 million (2021: R3 million) and impairment reversals of R630 million (2021: R187 million) on its intangible assets during the year.

Gaming segment

Casino licences with a carrying value of R9 204 million (2021: R8 761 million) and management contracts having no expiry dates are considered to have an indefinite life, are not amortised and are tested annually for impairment.

The group recognised net impairment reversals of R444 million (2021: net impairment reversals of R187 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 pre-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:

- net gaming win for the respective CGUs increases on average by 26% for the 2023 financial year and then levels out to normal trading growths of 3% over the following years (2021: net gaming win increased on average by 7% for the 2023 financial year and 3% over the following years);
- operating expenditure increases on average by 22% for the 2023 financial year and then levels out to normal trading growths of 4% over the following years (2021: operating expenditure increased on average by 9% for the 2023 financial year and 4% over the following years);
- risk-adjusted discount rate of 18.5% – 21.0%, pre-tax (2021: 16.8% – 20.9%); and
- long-term growth rate of 4.7% (2021: 4.7%).

The revised assumptions and inputs used, as detailed in note 3 and above, resulted in the group recognising impairment reversals of R630 million (2021: impairment reversals of R187 million) in respect of three casino precincts. This can mainly be attributed to the projected cash flows for these casino precincts being more positive than anticipated at the end of the previous financial year. However, due to the slower-than-expected recovery of trade at certain casino precincts, the group recognised impairments of R187 million in respect of two casino precincts during the year under review. Impairment reversals/(impairments) per casino precinct were as follows:

	2022 R'000	2021 R'000
Montecasino	336 895	–
Gold Reef City	151 506	–
Silverstar	141 845	67 232
Emnotweni	(107 261)	20 281
The Ridge	(79 458)	–
Garden Route	–	34 147
Blackrock	–	65 121
	443 527	186 781

4. INTANGIBLE ASSETS continued

Gaming segment (continued)

A sensitivity analysis was performed on the key assumptions used in the value-in-use calculations and it was concluded that further impairments may be recognised in respect of certain CGUs, given a possible change in any one assumption. An increase in discount rates of 1% may result in further impairments to casino licences of R818 million (2021: R1 414 million), impairment reversals of only R35 million compared to R630 million in reversals recognised (2021: impairment reversals of only R43 million compared to R187 million in reversals recognised), and no further impairments (2021: R28 million) on property, plant and equipment. A decrease in long-term growth rate of 1% may result in further impairments to casino licences of R418 million (2021: R993 million), impairment reversals of only R66 million compared to R630 million in reversals recognised (2021: impairment reversals of only R50 million compared to R187 million in reversals recognised), and no further impairments (2021: R19 million) on property, plant and equipment.

Media and broadcasting segment

Distribution rights with a book value of R6.2 million (2021: Rnil) have been impaired by the group during the current year. These rights were no longer deemed suitable for the channels due to its expiry dates, it being aged or it no longer serving the strategy of the group.

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

Encumbrances

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

5. INTANGIBLE ASSETS MINING

Group	Evaluation and exploration R'000	Development expenditure R'000	Total R'000
2022			
Carrying value at the beginning of the year	415	21 292	21 707
Amortisation	–	(3 845)	(3 845)
Additions	–	1 364	1 364
Rehabilitation provision released	–	(1 106)	(1 106)
Carrying value at the end of the year	415	17 705	18 120
2021			
Carrying value at the beginning of the year	402	36 185	36 587
Amortisation	–	(29 166)	(29 166)
Rehabilitation provision capitalised	–	27 028	27 028
Additions	13	7 910	7 923
Disposal of subsidiary	–	(20 665)	(20 665)
Carrying value at the end of the year	415	21 292	21 707

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

Capitalised development assets are amortised over the total expected tons to be produced during the life of the mine. The Palesa Mine is expected to produce 52 952 367 tons during its life, with 4 056 875 (2021: 3 173 572) tons produced during the current year.

Capitalised development expenditure is tested annually for impairment in accordance with IAS 36. The recoverable amount of the CGU, being the specific mine, has been determined with reference to a discounted cash flow valuation of the mine. An inflation rate of 6% (2021: 6%) has been applied to Palesa's cash flows that have been discounted at 13% (2021: 13%).

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 192 months for the Palesa Mine (including Rooipoort Reserve);
- 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 CGU was determined to exceed the net asset value of the Palesa Mine as at 31 March 2022 and 31 March 2021, and no impairment was therefore deemed necessary for either of these reporting periods.

As a sensitivity test for the Palesa projected cash flows, a 5% increase (2021: 5% increase) in operating costs per year and a 5% decrease (2021: 5% decrease) in yield did not indicate that an impairment was required.

During the prior year and with an effective date of 1 March 2021, the group sold its investment in Mbali Coal Proprietary Limited to Kunolwazi Resources Proprietary Limited.

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	Functional currency	2022 %	2021 %	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cape Town Film Studios Proprietary Limited	South Africa	Media	ZAR	44.7	42.5	143 035	138 184	–	–
Impact Oil & Gas Limited	United Kingdom	Oil and gas exploration	USD	49.97	49.2	1 620 640	1 602 641	–	–
Karoshoek Solar One (RF) Proprietary Limited[1]	South Africa	Solar energy	ZAR	10.0	10.0	101 689	116 161	–	–
Platinum Group Metals Limited[2]		Mineral properties exploration and development	USD	25.2	29.4	454 457	308 743	–	–
Tsogo Sun Hotels Limited[3]	South Africa	Hotel and leisure	ZAR	40.5	40.5	1 999 262	1 285 320	450 736	229 586
Other associates[4]						139 405	120 516	3 000	3 000
						4 458 488	3 571 565	453 736	232 586
Market valuation (level 1 fair value measurement)									
– Platinum Group Metals Limited						758 353	1 226 974		
– Tsogo Sun Hotels Limited						2 021 766	1 267 386		

[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] The group has exercisable voting rights of 40.5% (2021: 40.5%) and an economic interest of 37.2% (2021: 35.3%) at year-end.
[4] Current year profits from continuing operations include equity-accounted earnings of R5.8 million (2021: equity-accounted losses of R8.7 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

Assessing control (direct and de facto) of associates

The conclusion regarding control or significant influence relating to associates is reassessed on an annual basis. In performing this assessment, the directors determine whether or not the group has control over the respective investee based on whether the group has the practical ability to direct the significant activities unilaterally. In making this assessment, the following factors are considered:

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

Disposal and dilution of interests in associates

The group recognised gains of R138.6 million (2021: gains of R185.3 million) on the disposal and dilution of interests in associates during the current year, all of which were included in the investment surplus line in the statement of profit or loss (refer to note 32). These gains primarily relate to a dilution of 3.8% in the group's interest in Platinum Group Metals Limited (PGM) following share issues by the investee, resulting in a gain on dilution of R121.9 million being recognised by the group. The group further sold 294 495 of its shares in PGM, resulting in a dilution of 0.4% in its shareholding and a gain on disposal of R17.1 million being recognised.

As a result of the above dilutions in shareholding the group reclassified foreign currency translation reserves totalling R1.3 million (2021: Rnil) to the statement of profit or loss (refer to notes 17 and 32).

Other comprehensive income and equity of associates

The group recognised equity-accounted other comprehensive income totalling R20.8 million (2021: income of R4.8 million) during the current year. Other comprehensive income of associates primarily relate to movements in its foreign currency translation and hedging reserves, together with actuarial gains or losses recognised on post-employment benefit assets and liabilities.

The group's share of other direct equity movements of associates, totalling R81.5 million (2021: Rnil) during the current year, has been included in the statement of changes in equity. Other equity movements recognised most significantly relate to share-based payment reserves of associates, together with transactions with non-controlling shareholders.

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	
	2022 R'000	2021 R'000	**2021 R'000**	2020 R'000
Summarised statement of financial position				
Total non-current assets	**293 022**	294 785	**1 903 102**	1 486 375
Total current assets	**35 997**	18 899	**531 357**	788 003
Total non-current liabilities	**–**	–	**(6 251)**	–
Total current liabilities	**(264 735)**	(258 787)	**(200 633)**	(61 425)
Non-controlling interest	**–**	–	**–**	–
Net assets attributable	**64 284**	54 897	**2 227 575**	2 212 953
Reconciliation to carrying amounts:				
Opening net assets/(liabilities)	**54 897**	48 746	**2 212 953**	1 922 135
Deemed disposal of subsidiary – loss of control[1]	**–**	–	**–**	–
Profit/(loss) for the year	**9 387**	7 401	**47 320**	527 332
Other comprehensive (loss)/income	**–**	–	**(55 866)**	(384 942)
Other equity movements	**–**	(1 250)	**23 168**	148 428
Dividends paid	**–**	–	**–**	–
Closing net assets attributable to owners	**64 284**	54 897	**2 227 575**	2 212 953
Group's share in %	**44.7%**	42.5%	**49.97%**	49.2%
Non-controlling interest's share in %	**–**	–	**–**	–
Group's share in R'000	**28 754**	23 331	**1 113 119**	1 088 773
Non-controlling interest's share in R'000	**–**	–	**–**	–
Loans to associates[2]	**114 281**	114 853	**–**	–
Impairment[3]	**–**	–	**–**	–
Translation	**–**	–	**132 827**	172 193
Goodwill and intangible asset	**–**	–	**374 694**	341 675
Carrying value of investments in associates	**143 035**	138 184	**1 620 640**	1 602 641
Summarised statement of comprehensive income				
Revenue	**75 266**	45 674	**–**	–
Profit/(loss) from operations	**9 387**	7 401	**47 320**	527 332
Profit/(loss) for the year	**9 387**	7 401	**47 320**	527 332
Other comprehensive (loss)/income	**–**	–	**(55 866)**	(384 942)
Total comprehensive income/(loss)	**9 387**	7 401	**(8 546)**	142 390
Dividends received from associates	**–**	–	**–**	–
Share of associates' profits/(losses) for the year[4]	**5 424**	3 145	**23 547**	257 682

[1] During the prior year the group lost control of its hotel interests which resulted in the deconsolidation of the net assets of Tsogo Sun Hotels (THL) and the subsequent accounting of the group's investment in THL as an associate. The accounting in respect of the deemed acquisition of an associate was provisional as at 31 March 2021 and was finalised during the current year (refer to details as set out in note 51.1).

[2] Loans to Cape Town Film Studios Proprietary Limited represent by nature a further investment in the entity and are therefore included in the carrying value of the investment. Loans totalling R17 million (2021: R17 million) and R97 million (2021: R98 million), respectively, are secured and have no fixed terms of repayment. The former bears interest at the prime rate whereas the outstanding loan balance of R97 million (2021: R98 million) is interest free. These loans do not expose the group to any credit risk since the associate has provided properties to serve as security for these borrowings. At year-end a valuation was performed on these properties with the fair value found to exceed the total carrying value of the investment in associate. No expected credit losses has therefore been recognised in relation to these loan balances.

[3] The group reversed the impairment of its investment in THL by R757 million (2021: impairment of R3 001 million) during the current year, while the company recognised an impairment reversal of R143 million (2021: impairment of R239 million) on its investment in THL.

The easing of COVID-19-related restrictions and the improved trading of THL were indicators of a reversal of the impairments recognised in the prior year.

Karoshoek Solar One (RF) Proprietary Limited As at 31 December/for the period ended 31 December		Platinum Group Metals Limited As at 28 February/for the period ended 28 February		Tsogo Sun Hotels Limited As at 31 March/for the period ended 31 March	
2021 R'000	2020 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021[1] R'000
9 119 416	9 631 821	**633 403**	596 859	**16 865 242**	17 311 680
717 499	787 720	**229 575**	156 425	**1 254 197**	1 362 366
(8 701 771)	(8 873 063)	**(17 755)**	(455 715)	**(6 449 214)**	(6 076 587)
(118 254)	(384 872)	**(13 327)**	(17 953)	**(1 095 047)**	(1 917 030)
–	–	**(267 198)**	(243 073)	**(97 873)**	(96 983)
1 016 890	1 161 606	**564 698**	36 543	**10 477 305**	10 583 446
1 161 606	1 832 735	**36 543**	(269 751)	**10 583 446**	–
–	–	**–**	–	**–**	10 654 856
(217 983)	(149 034)	**(185 063)**	(182 033)	**(131 304)**	(578 009)
193 267	(218 536)	**(8 051)**	60 031	**12 047**	46 166
–	91 441	**721 269**	428 296	**13 116**	460 433
(120 000)	(395 000)	**–**	–	**–**	–
1 016 890	1 161 606	**564 698**	36 543	**10 477 305**	10 583 446
10.0%	10.0%	**25.2%**	29.4%	**37.2%**	35.3%
–	–	**–**	–	**3.3%**	5.2%
101 689	116 161	**142 134**	10 744	**3 897 557**	3 735 956
–	–	**–**	–	**345 751**	550 339
–	–	**–**	–	**–**	–
–	–	**–**	–	**(2 244 046)**	(3 000 975)
–	–	**(10 551)**	5 651	**–**	–
–	–	**322 874**	292 348	**–**	–
101 689	116 161	**454 457**	308 743	**1 999 262**	1 285 320
1 416 383	1 455 236	**–**	–	**2 618 276**	372 431
(217 983)	(149 034)	**(185 063)**	(182 033)	**(131 331)**	(566 602)
(217 983)	(149 034)	**(185 063)**	(182 033)	**(131 331)**	(566 602)
193 267	(218 536)	**(8 051)**	60 031	**11 964**	45 681
(24 716)	(367 570)	**(193 114)**	(122 002)	**(119 367)**	(520 921)
12 000	39 500	**–**	–	**–**	–
(21 798)	(14 903)	**(51 485)**	(56 521)	**(53 123)**	3 150 291

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

- income increases by 50% in the 2023 financial year, 19% in the 2024 financial year and 9% in the 2025 financial year (2021: income increases by 132% in the 2022 financial year, 46% in the 2023 financial year, 23% in the 2024 financial year, thereafter between 9% and 4% over the following years). Income forecasts provided for further trade disruptions as a result of the COVID-19 pandemic;
- operating expenditure increases by 50% in the 2023 financial year, 13% in the 2024 financial year and 7% in the 2025 financial year (2021: operating expenditure increases by 80% in the 2022 financial year, 41% in the 2023 financial year, 12% in the 2024 financial year, thereafter between 7% and 4% over the following years);
- risk-adjusted discount rate of 15.3% (2021: 15.5%) pre-tax; and
- long-term growth rate of 4.5% (2021: 4.5%).

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

[4] The share of THL's profits for the prior year includes a gain on bargain purchase of R3 386 million. This gain was recognised as a result of the group losing control of THL, being the excess of the group's share of the net fair value of THL's identifiable assets and liabilities at the date control was lost over the cost of the group's investment in THL (refer to details as set out in note 51.1).

	Group 2022 R'000	2021 R'000
7. OTHER FINANCIAL ASSETS		
Financial assets carried at fair value through profit or loss		
Equity securities	253 189	246 488
Financial assets carried at fair value through other comprehensive income		
Equity securities	817 768	678 771
Unit trust investments	18 794	17 928
Other	40	40
	836 602	696 739
Amortised cost		
Cumulative redeemable preference shares	92 963	88 338
	1 182 754	1 031 565
Current portion	92 963	–
Non-current portion	1 089 791	1 031 565
	1 182 754	1 031 565

Fair value of equity securities carried at fair value through profit or loss
Equity instruments carried at fair value through profit or loss comprises the group's investment in Montauk Renewables Inc, a company listed on the Nasdaq Capital Market. The fair value of these shares was determined with reference to its quoted price at 31 March 2022, resulting in fair value gains totalling R9.4 million being recognised in profit or loss (2021: gains of R129.4 million).

Fair value of equity securities carried at fair value through other comprehensive income
During 2017 the group entered into a transaction with Sun International Limited (SI) and Grand Parade Investments Limited (GPI) for the acquisition of a 20% equity interest in each of SunWest International Proprietary Limited (SunWest) and Worcester Casino Proprietary Limited (Worcester). The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. These investments are classified as level 3 fair value measurements and have been accounted for as financial assets at fair value through other comprehensive income – refer to note 48.4 Fair value estimation.

At the end of each reporting period the investments are remeasured and the increase or decrease recognised in other comprehensive income. The assets have been remeasured to R814 million at 31 March 2022 (2021: R675 million), with discounted cash flow valuation techniques used to estimate the fair values. The valuation model considers the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditures, taking into account expected growth in net gaming win and other revenue generated from non-gaming-related activities. These cash flow forecasts are aligned to the financial reporting periods of the respective entities, being 12 months to December each year. The expected net cash flows are discounted using a post-tax risk-adjusted discount rate. Among other factors, the discount rate estimation considers risks associated with the gaming, hospitality and entertainment industry in which SunWest and Worcester operate. The current-year fair value gain of R139 million (2021: R223 million loss) was recognised as a result of the forecast cash flows increasing over what was estimated during the prior year due to casino operations reporting a recovery as lockdown restrictions gradually eased. This recovery in trading, together with recurring cost savings embedded during the prior two financial years, resulted in margins being maintained at historical levels.

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

- income increases by 45% for the 2022 financial year and then gradually levels out to normal trading levels of 3% over the following years (2021: income increased by 13% for the 2022 financial year, 11% for the 2023 financial year and 3% over the following years);
- operating expenditure increases by 24% for the 2022 financial year and then levels out to normal trading growth of between 3% and 4% for the following years (2021: operating expenditure increased by 7% for the 2022 financial year, 17% for the 2023 financial year and 4% over the following years);
- post-tax risk-adjusted discount rate of 14.7% (2021: 14.8%); and
- long-term growth rate of 4.7% (2021: 4.7%).

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

	2022 Increase R'000	2022 Decrease R'000	2021 Increase R'000	2021 Decrease R'000
Expected gaming win growth	78 594	(74 682)	48 365	(46 831)
Operating expenditure growth	(38 947)	37 645	(36 048)	34 859
Risk-adjusted discount rate	(75 652)	92 477	(67 826)	82 656
Long-term growth rate	68 512	(55 996)	59 720	(48 988)

7. OTHER FINANCIAL ASSETS continued

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 accounted for as financial assets at fair value through other comprehensive income – refer to note 48.4 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. The group managed its exposure to credit risk in respect of these receivables by obtaining securities from the issuer of the preference shares. The fair value of these securities exceeds the total carrying value of the investment at year-end and no expected credit losses have therefore been recognised by the group.

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 2022 (2021: Rnil).

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

	Company	
	2022 R'000	2021 R'000
8. SUBSIDIARY COMPANIES		
Shares at cost less impairment	11 597 075	9 962 265
Amounts owing from subsidiary companies – non-current (net of impairment)	2 572 036	2 222 084
	14 169 111	12 184 349
Amounts owing to subsidiary companies	(663 047)	(755 560)
	13 506 064	11 428 789

Investments in subsidiary company shares
The company recognised impairment reversals totalling R1 600 million (2021: R43 million) and impairments of R0.02 million (2021: R2 754 million) on its investments in subsidiary company shares during the current year. Indicators of impairment reversals included significant improvements in market conditions, combined with a steady rise in share prices. Where an indicator of impairment or impairment reversal was identified, the recoverable amount of the investment in the subsidiary was determined.

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

	Company	
Name of subsidiary	2022 R'000	2021 R'000
TIH Prefco (RF) Proprietary Limited[1]	1 114 345	(1 157 110)
Tsogo Sun Gaming Limited[2]	199 532	(156 927)
HCI Treasury Proprietary Limited[3]	85 097	(193 160)
Deneb Investments Limited[4]	57 052	42 507
Frontier Transport Holdings Limited (formerly Hosken Passenger Logistics and Rail Limited)[4]	143 701	–
HCI Invest 6 Holdco Proprietary Limited[3]	(24)	(871 739)
HCI Niveus Holdco 1 Proprietary Limited[3]	–	(134 465)
Niveus Investments Limited[3]	–	(239 531)
Tuffsan 88 Proprietary Limited[3]	–	(655)
	1 599 703	(2 711 080)

1 The recoverable amount was based on the net asset value of the entity, which includes an indirect interest in Tsogo Sun Gaming at fair value as determined per footnote 2 below, and an indirect interest in Tsogo Sun Hotels at fair value which was calculated with reference to the listed share price.
2 The recoverable amount was based on the fair value less cost to sell and determined by applying the inputs applicable to the gaming segment as disclosed in note 3.
3 The recoverable amount of these investments was determined as the net asset carrying value of these entities. This was considered appropriate as the assets and liabilities of these entities are carried at their respective fair values.
4 The recoverable amounts were calculated with reference to the listed share price.

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

8. SUBSIDIARY COMPANIES continued

Loans granted to subsidiaries

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

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

A significant increase in credit risk (SICR) assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the subsidiary will default on an on-demand loan depends on whether it has sufficient cash or other liquid assets to repay the loan immediately, resulting in the risk of default being assessed as either low (possibly close to 0% and classified as stage 1) or high (possibly close to 100% and classified as stage 3).

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 R520 million (2021: R830 million) being recognised on specific amounts owing from subsidiaries as at 31 March 2022. 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 any ECLs on these balances are considered to be immaterial.

The company reversed the ECLs on two subsidiary loans, totalling R300 million, during the current year. These loans were impaired in the prior year, but following significantly improved market conditions during the current year the company is no longer exposed to significant credit risk in respect of these loan balances.

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

	Company	
	2022 R'000	2021 R'000
Loss allowance as at 1 April	829 625	1 932 087
Loss allowance recognised on specific loan balances during the year	11	300 512
Loss allowance unused and reversed during the year	(302 838)	(1 000)
Loans to subsidiary companies written off during the year	(6 367)	–
Loss allowance recognised on distribution of impaired loans by subsidiary company	–	333 876
Loss allowance reclassified on capitalisation of loan	–	(1 735 850)
Loss allowance as at 31 March	520 431	829 625

Interests in subsidiaries

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

			% of effective interest held by the group		% exercisable voting rights	
Name of entity	Principal activities	Place of business/ Country of incorporation	2022 %	2021 %	2022 %	2021 %
Tsogo Sun Gaming Limited*	Gaming	South Africa	49.7	49.7	49.7	49.7
eMedia Investments Proprietary Limited**	Media and broadcasting	South Africa	54.4	54.4	67.7	67.7
Deneb Investments Limited	Branded products and manufacturing	South Africa	85.3	85.4	85.3	85.4
Frontier Transport Holdings Limited (formerly Hosken Passenger Logistics and Rail Limited)**	Transport	South Africa	82.2	82.2	82.5	82.5

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

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

8. SUBSIDIARY COMPANIES continued

Changes in shareholding

The table below represents the amounts included in the statement of changes in equity and statement of cash flows resulting from changes in the group's shareholding in the following subsidiaries:

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
2022					
Kalahari Village Mall Proprietary Limited (KVM)[1]	–	(14 675)	(36 695)	(51 370)	(51 370)
Permasolve Investments Proprietary Limited (Permasolve)[2]	–	(17 311)	(19 717)	(37 028)	(37 028)
Other[3]	(15)	4 478	4 221	8 684	825
	(15)	(27 508)	(52 191)	(79 714)	(87 573)
2021					
Tsogo Sun Hotels Limited and Hospitality Property Fund[4]	(34 871)	521 957	(462 211)	24 875	–
eMedia Holdings Limited and eMedia Investments Proprietary Limited (refer to note 45.3)	(5 941)	1 064 697	(158 888)	899 868	–
Niveus Investments Limited	17 174	(3 976)	(33 204)	(20 006)	(20 006)
Other[3]	2 803	(12 543)	(3 657)	(13 397)	(8 546)
	(20 835)	1 570 135	(657 960)	891 340	(28 552)

[1] During May 2021 KVM repurchased all shares issued to its non-controlling shareholder for a cash consideration of R51.4 million, resulting in an increase in the group's effective shareholding in KVM from 44.8% to 60.1%.
[2] The group's shareholding in Permasolve increased from 60% to 71% during May 2021, following Permasolve's repurchase of shares from its non-controlling shareholder for a cash consideration of R37 million.
[3] Changes in subsidiary shareholding that are not considered to be significant on an individual basis.
[4] On 30 September 2020 the boards of directors of Hospitality Property Fund (HPF) and Tsogo Sun Hotels Limited (THL) approved a transaction by which THL offered to acquire all of the ordinary shares in the issued share capital of HPF, other than those shares already owned by THL, its subsidiaries and treasury shares (the Offer). The consideration in respect of the Offer was settled at a ratio of 1.77 shares for every one HPF share acquired by THL.

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 2022 %	2021 %	Profit/(loss) allocated to NCI for the year 2022 R'000	2021* R'000	Accumulated NCI 2022 R'000	2021* R'000
Tsogo Sun Gaming Limited	50.3	50.3	820 815	27 841	6 475 611	5 538 101
Tsogo Sun Hotels Limited[1]	*	*	–	(267 028)	–	–
eMedia Investments Proprietary Limited	45.6	45.6	204 856	69 235	971 125	769 741
Deneb Investments Limited	14.7	14.6	19 073	18 254	250 629	232 772
Frontier Transport Holdings Limited (formerly Hosken Passenger Logistics and Rail Limited)	17.8	17.8	42 197	31 968	348 075	328 760
HCI Foundation[2]	100.0	100.0	31 690	182 667	249 811	273 875
Other non-material NCIs			5 019	(22 295)	211 948	317 783
			1 123 650	40 642	8 507 199	7 461 032

* Restated, refer to details as set out in note 51.1
[1] On 30 September 2020 the boards of directors of Hospitality Property Fund (HPF) and Tsogo Sun Hotels Limited (THL) approved a transaction by which THL offered to acquire all of the ordinary shares in the issued share capital of HPF, other than those shares already owned by THL, its subsidiaries and treasury shares (the Offer). The consideration in respect of the Offer was settled at a ratio of 1.77 shares for every one HPF share acquired by THL. Following the failure of the proposed scheme of arrangement, a general offer was implemented in December 2020, the consequence of which was that the group's exercisable voting rights in THL decreased to 41%. As a result the group was considered to have lost control of THL on 24 December 2020 with the group's investment in THL subsequently accounted for as an investment in associate (refer to note 6).
[2] The group has effective control of the trust based on the terms of the trust deed, without any economic interest therein.

8. SUBSIDIARY COMPANIES continued

Non-controlling interests continued

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

	Tsogo Sun Gaming Limited		eMedia Investments Proprietary Limited	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Summarised statement of financial position				
Non-current assets	27 260 736	27 217 179	1 594 826	1 619 766
Current assets	1 388 187	1 228 409	1 785 493	1 573 469
Disposal group assets held for sale	45 573	59 130	4 896	10 413
Non-current liabilities	(11 969 307)	(14 858 784)	(372 927)	(429 698)
Current liabilities	(3 371 383)	(2 148 971)	(752 539)	(949 910)
Disposal group liabilities held for sale	–	–	(1 765)	(7 863)
Net assets	13 353 806	11 496 963	2 257 984	1 816 177
Summarised statement of comprehensive income				
Revenue (including net gaming win)	8 721 352	5 633 778	3 190 608	2 428 959
Profit for the year	1 603 249	41 944	448 308	134 145
Other comprehensive income/(loss)	275 274	(326 052)	(6 501)	(8 251)
Total comprehensive income/(loss) for the year	1 878 523	(284 108)	441 807	125 894
Dividends paid to non-controlling interests	21 680	7 500	–	–
Summarised cash flows				
Cash flows from operating activities	1 681 177	1 010 075	539 308	205 411
Cash flows from investing activities	(157 828)	(173 155)	(95 917)	(244 887)
Cash flows from financing activities	(1 201 408)	(882 039)	(302 666)	(93 482)

Significant restrictions

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

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

Encumbrances

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

Full details of subsidiary companies are provided in annexure A.

Deneb Investments Limited		Frontier Transport Holdings Limited (formerly Hosken Passenger Logistics and Rail Limited)		HCI Foundation	
2022 R'000	2021 R'000	**2022 R'000**	2021 R'000	**2022 R'000**	2021 R'000
2 049 272	2 107 289	**1 626 129**	1 713 767	**329 330**	265 745
1 239 658	979 443	**699 181**	588 632	**3 928**	9 280
43 010	85 304	**–**	–	**–**	–
(782 523)	(948 813)	**(491 967)**	(597 413)	**–**	–
(870 515)	(636 864)	**(419 490)**	(420 743)	**(1 030)**	(364)
–	(9 802)	**–**	–	**–**	–
1 678 902	1 576 557	**1 413 853**	1 284 243	**332 228**	274 661
2 860 301	2 454 753	**2 080 002**	1 641 025	**–**	–
124 393	124 089	**256 777**	198 733	**54 453**	110 890
3 219	4 165	**3 995**	(7 707)	**–**	–
127 612	128 254	**260 772**	191 026	**54 453**	110 890
4 438	2 536	**23 416**	24 942	**–**	–
102 632	191 273	**244 770**	186 993	**(27 409)**	(23 247)
(34 761)	(52 125)	**(10 276)**	2 262	**76 868**	(150)
(50 769)	(28 014)	**(154 035)**	(181 097)	**(54 684)**	28 822

	Group 2022 R'000	Group 2021 R'000
9. DEFERRED TAXATION		
Movements in deferred taxation		
At the beginning of the year	(4 237 162)	(4 567 131)
Temporary differences on property, plant and equipment	(86 300)	(56 311)
Temporary differences on intangible assets	(46 943)	(15 946)
Temporary differences on investment properties	(45 854)	(43 262)
Fair value remeasurements	(40 114)	(37 010)
Provisions and accruals	41 854	(24 243)
Assessed losses	(106 809)	264 359
Business combinations and disposal of subsidiaries:		
Temporary differences on property, plant and equipment	–	594 466
Temporary differences on intangible assets	–	101 060
Temporary differences on investment properties	24 961	–
Provisions and accruals	(177)	(224 394)
IFRS 16	–	(83 997)
Operating lease equalisation assets	5 498	–
Deferred revenue and income	–	(8 592)
Assessed losses	(17 966)	(140 870)
Other	–	(43 917)
Operating lease equalisation assets	(888)	(2 628)
Deferred revenue and income	(4 911)	(4 414)
IFRS 16	5 235	10 807
Change in corporate tax rate[1]	162 318	–
Other	(6 701)	44 861
At the end of the year	(4 353 959)	(4 237 162)
Analysis of deferred taxation		
Temporary differences on property, plant and equipment	(2 985 294)	(3 005 556)
Temporary differences on intangible assets	(1 676 227)	(1 693 915)
Temporary differences on investment properties	(247 942)	(232 903)
Fair value remeasurements	(202 092)	(173 248)
Provisions and accruals	297 697	266 426
Operating lease equalisation assets	(33 398)	(38 747)
Deferred revenue and income	46 315	51 224
Assessed losses	471 931	612 219
IFRS 16	35 046	30 397
Other	(59 995)	(53 059)
	(4 353 959)	(4 237 162)
Composition of deferred taxation		
Deferred taxation assets	333 566	340 893
Deferred taxation liabilities	(4 687 525)	(4 578 055)
	(4 353 959)	(4 237 162)

[1] Deferred tax is calculated on all temporary differences by using the liability method and applying a tax rate of 27% (2021: 28%). On 23 February 2022 the Minister of Finance announced a 1% decrease in the corporation tax rate for all companies with a tax year ending on or after 31 March 2023. The new tax rate of 27% was substantively enacted by 31 March 2022 and has therefore been applied to all deferred tax balances which are expected to reverse after 1 April 2022.

Deferred tax assets of R333.6 million (2021: R340.9 million) have been recognised for tax losses carried forward and other temporary differences relating to certain subsidiaries within the group. These assets have been recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable and are therefore considered fully recoverable. An assessment of future taxable profits has been performed at a relevant subsidiary level based on business plans and budgets that take into account the impact of COVID-19 on the businesses of these subsidiaries.

	Group		
	Undiscounted lease payments R'000	Unearned finance income R'000	Net investment in leases R'000
10. FINANCE LEASE RECEIVABLES			
2022			
Lease payments receivable:			
– within one year (included in other receivables, refer to note 14)	11 646	3 263	8 383
– within one to two years	6 442	1 624	4 818
– within two to three years	3 042	728	2 314
– within three to four years	931	343	588
– within four to five years	401	214	187
– after five years	3 981	2 145	1 836
	26 443	8 317	18 126
2021			
Lease payments receivable:			
– within one year (included in other receivables, refer to note 14)	16 377	4 635	11 742
– within one to two years	11 368	3 693	7 675
– within two to three years	5 390	1 120	4 270
– within three to four years	2 211	467	1 744
– within four to five years	579	219	360
– after five years	4 133	2 302	1 831
	40 058	12 436	27 622

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

Interest is charged at rates of up to 25%.

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

Fair value of finance lease receivables

The carrying value approximates fair value as market-related rates have been applied to discount the receivables. 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 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
11. NON-CURRENT RECEIVABLES				
Financial instruments				
Loan to HCI Employee Share Trust (2001)	–	–	11 032	11 032
Amounts due by share scheme participants	4 867	5 018	–	–
Other loans	70 229	52 831	–	–
Non-financial instruments				
Operating lease equalisation assets	6 831	8 797	–	–
	81 927	66 646	11 032	11 032

Loans to share scheme participants incur fringe benefit tax on interest at 5% (2021: 4.5%) as the loans are interest free.

Limited payout machine (LPM) site operator loans with a carrying value of R31.3 million (2021: R31.4 million) are included in other loans, with the group recognising expected credit losses of R1.9 million (2021: R3.5 million), as presented in the matrix below, in respect of these loans. Refer to note 14 for disclosures relating to LPM site operator loans.

Other loans include receivables of R10.5 million and R13.6 million, respectively, from non-controlling interests. The former bears no interest and is repayable from dividends from the Galaxy and Vukani entities whereas the latter bears interest at prime less 0.5% and has no fixed terms of repayment. The remaining loans are due within two to five years and bear interest at rates ranging from 7% to 11% per annum.

	Group Stage 1 Performing R'000	Group Stage 2 Under-performing R'000	Group Stage 3 Non-performing R'000	Group Total R'000
2022				
Carrying value of LPM site operator loans with expected credit losses	28 139	3 181	–	31 320
Gross amount	28 904	3 454	886	33 244
Expected credit loss rate	3%	8%	100%	6%
Expected credit loss	(765)	(273)	(886)	(1 924)
2021				
Carrying value of LPM site operator loans with expected credit losses	31 377	–	–	31 377
Gross amount	34 876	–	–	34 876
Expected credit loss rate	10%	–	–	10%
Expected credit loss	(3 499)	–	–	(3 499)

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

11. 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 2022 R'000	Group 2021 R'000
Loss allowance as at 1 April	3 499	747
Loss allowance recognised on specific receivables during the year	886	–
Lifetime expected credit loss allowance recognised during the year:		
– receivables with significant increase in credit risk but not credit impaired	273	2 752
Loss allowance unused and reversed during the year	(2 734)	–
Loss allowance as at 31 March	1 924	3 499

Fair value of long-term loans and receivables

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

Foreign currency exposure

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

	Group 2022 R'000	Group 2021 R'000
12. INVENTORIES		
Raw materials	307 392	141 612
Work in progress	71 468	80 066
Finished goods	380 220	268 615
Consumables and spares	91 191	68 764
Coal	25 753	21 188
Operating equipment	24 619	42 234
Allowance for obsolete inventory	(982)	(1 566)
	899 661	620 913

Inventories stated at net realisable value – R397 million (2021: R340 million).

Encumbrances

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

	Group 2022 R'000	Group 2021 R'000
13. PROGRAMME RIGHTS		
Television programmes (including video on demand rights)		
– International	610 863	799 508
– Local	367 788	275 123
	978 651	1 074 631
Reconciliation of carrying value		
At the beginning of the year	1 074 631	845 355
Additions	756 477	985 144
Amortised through other operating expenses	(832 597)	(763 704)
Written off through other operating expenses	(19 860)	(1 918)
Transfer from intangible assets (refer to note 4)	–	9 754
At the end of the year	978 651	1 074 631

International programming with a carrying value of R19.9 million (2021: R1.9 million) was written off in the current year. These programmes were no longer deemed suitable for the channels due to its expiry dates, it being aged or it no longer serving the strategy of the group.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
14. TRADE AND OTHER RECEIVABLES				
Trade receivables – net carrying value	1 205 104	984 641	–	–
Gross	1 252 000	1 059 188	–	–
Allowance for expected credit losses	(46 896)	(74 547)	–	–
Prepayments	227 697	141 654	–	–
Reinsurance recoveries	10 314	183 483	–	–
Other receivables – net carrying value	398 923	455 760	16 097	7 185
Gross	468 595	528 126	16 097	7 185
Allowance for expected credit losses	(69 672)	(72 366)	–	–
	1 842 038	1 765 538	16 097	7 185

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

Trade receivables

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

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

The group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers having credit facilities. These reviews include evaluating previous relations the customer has had with the group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits are regularly monitored by reviewing the ageing analysis of these debtors on an ongoing basis. At year-end no customer (2021: none) had debt in excess of 10% of the total trade receivables balance of the group. The group's trade receivables are of a strong credit quality. Credit limits exceeded during the year under review were closely monitored and management does not expect any losses from non-performance by these counterparties that have not been provided for.

The group measures the lifetime expected credit loss allowance for trade receivables by applying a provision matrix as permitted by IFRS 9 and presented below. Trade receivables are categorised based on specific characteristics, for example geographical area and business type. The provision matrices have been developed by making use of judgement and past default experience of debtors but also incorporate forward-looking information such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date. Macroeconomic factors affecting customers' ability to settle the amounts outstanding include the ongoing energy crisis in South Africa, 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 significant losses from non-performance by these counterparties are expected by the group.

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

14. TRADE AND OTHER RECEIVABLES continued

Trade receivables continued

On the above basis the expected credit loss allowance for trade receivables as at 31 March 2022 was determined as follows:

Group	Current R'000	> 30 days R'000	> 60 days R'000	> 90 days R'000	Total R'000
	Trade receivables days past due				
2022					
Carrying value of debtors with no expected credit losses recognised					637 828
Carrying value of debtors with specific credit losses recognised					71 556
Gross amount					93 753
Specific credit losses					(22 197)
Carrying value of debtors with expected credit losses	338 119	96 662	44 273	16 666	495 720
Gross amount	342 943	97 456	44 913	35 107	520 419
Expected credit loss rate	1%	1%	1%	53%	5%
Lifetime expected credit loss	(4 824)	(794)	(640)	(18 441)	(24 699)
					1 205 104
2021					
Carrying value of debtors with no expected credit losses recognised					534 759
Carrying value of debtors with specific credit losses recognised					46 552
Gross amount					89 343
Specific credit losses					(42 791)
Carrying value of debtors with expected credit losses	210 723	130 293	30 840	31 474	403 330
Gross amount	213 240	131 290	32 392	58 164	435 086
Expected credit loss rate	1%	1%	5%	46%	7%
Lifetime expected credit loss	(2 517)	(997)	(1 552)	(26 690)	(31 756)
					984 641

Allowance for expected credit losses on trade receivables

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

	Group	
	2022 R'000	2021 R'000
Loss allowance as at 1 April	74 547	113 651
Disposal of subsidiaries	(779)	(50 841)
Currency translation	–	3 853
Loss allowance recognised during the year	28 158	51 785
Receivables written off during the year	(23 065)	(18 609)
Loss allowance unused and reversed during the year	(31 965)	(25 292)
Loss allowance as at 31 March	46 896	74 547

Collateral

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

14. TRADE AND OTHER RECEIVABLES continued

Reinsurance recoveries

The gaming group operates a short-term insurance captive for its own account, and also underwrites short-term insurance business for certain related parties, most significantly Tsogo Sun Hotels (THL) and its subsidiary, Hospitality Property Fund. As a result of the latter, the group needs to recognise the respective reinsurance receivables and insurance claim payables separately within the statement of financial position in terms of IFRS 4 Insurance Contracts.

Reinsurance recoveries are the reinsurers' portion of insurance claims that have been provided for, most significantly as a result of the outbreak of COVID-19 towards the end of the 2020 financial year. The insurance claims payable provision is included in trade and other payables (refer to note 25). No reinsurance assets are past due or impaired at the reporting date and the group expects no significant losses from non-performance by these counterparties.

Reinsurance assets and insurance liabilities are reconciled as follows:

Group	Gross claims[1] R'000	Reinsurance recoveries R'000	Net R'000
2022			
Total at the beginning of the year	191 360	(183 483)	7 877
Cash paid for claims settled in the year	(184 930)	174 392	(10 538)
Decrease/(increase) in net assets			
– arising from prior-year claims	954	(1 223)	(269)
Total at the end of the year	7 384	(10 314)	(2 930)
Notified claims	6 576	(10 314)	(3 738)
Incurred but not reported	808	–	808
	7 384	(10 314)	(2 930)
2021			
Notified claims	179 940	(182 680)	(2 740)
Unexpired risk reserve	4 790	–	4 790
Incurred but not reported	654	–	654
Total at the beginning of the year	185 384	(182 680)	2 704
Cash paid for claims settled in the year	(19 918)	19 918	–
Increase/(decrease) in net liabilities			
– arising from current-year claims	23 123	(1 138)	21 985
– arising from prior-year claims	2 771	(19 583)	(16 812)
Total at the end of the year	191 360	(183 483)	7 877
Notified claims	182 547	(183 483)	(936)
Unexpired risk reserve	8 409	–	8 409
Incurred but not reported	404	–	404
	191 360	(183 483)	7 877

[1] Refer to note 25

14. TRADE AND OTHER RECEIVABLES continued

Other receivables

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Other receivables comprise the following:				
Financial instruments				
Loans receivable (including amounts due from gaming site operators)*	163 130	140 191	6 972	–
Deposits	97 245	113 707	–	–
Other sundry receivables	76 360	90 965	17	–
Interest receivable	13 025	9 405	9 108	7 185
Working capital facility**	15 019	16 598	–	–
Deferred proceeds on disposal of subsidiary	–	26 973	–	–
Contract assets	19 503	–	–	–
Non-financial instruments				
VAT receivable	35 615	49 463	–	–
Operating lease equalisation assets				
– owner-occupied properties	10 599	26 814	–	–
– investment properties (refer to note 2)	18 734	23 109	–	–
Finance lease receivables (refer to note 10)	8 383	11 742	–	–
Government grants (refer to note 27)	2 509	10 023	–	–
Deferred expenses	8 345	6 191	–	–
Other sundry debtors	128	2 945	–	–
	468 595	528 126	16 097	7 185

* The company granted a loan in the amount of R7 million to SACTWU during the year. The loan is unsecured, bears no interest and will be recalled within 12 months from the reporting date. No expected credit losses have been recognised by the company as the risk of default is not considered to be significant.

** The group has a working capital loan facility with a manufacturing partner, CZ Electronics Manufacturing, for the manufacture of Openview HD satellite boxes currently available in South Africa. The loan is measured at amortised cost, bears no interest and is repayable monthly. No expected credit losses have been recognised by the group as the risk of default is not considered to be significant.

The IFRS 9 expected credit loss model requires the classification and measurement of expected credit losses using the general model for loans and advances measured at amortised cost. The general model is a three-stage model with the stages being performing (stage 1), underperforming (stage 2) and non-performing (stage 3). Impairments of loans in stage 1 are measured based on a 12-month expected credit loss and loans in stages 2 and 3 are based on a lifetime expected credit loss. In terms of IFRS 9, all loans and advances are assessed on a regular basis to determine whether there has been a significant increase in credit risk. In cases where the significant increase in credit risk has occurred, an impairment equal to the lifetime expected credit loss is recognised. The three-stage model has been developed by making use of judgement and past default experience of loans but also incorporating forward-looking information such as the 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.

Expected credit losses of R69 million (2021: R69 million) have been recognised on gaming site operator loans totalling R150 million (2021: R137 million) and included in the matrix below. These loans comprise amounts due from LPM site owners resulting from initial costs incurred to obtain gaming site approval from the gambling board, as well as funding requirements for maintaining and expanding their operations. The loans are unsecured, interest free, repayable in weekly instalments over periods ranging from 3 to 36 months and discounted at the prevailing prime interest rate. Interest income from these loans is recognised in the statement of profit or loss using the effective interest rate method. Also included in loans are amounts incurred by the group and paid on behalf of site owners to enable them to apply for licences with the gambling board.

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

- sites generating a monthly average gross gaming win below R135 000 (2021: R91 000); and
- amounts outstanding for more than 52 weeks.

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

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

14. TRADE AND OTHER RECEIVABLES continued

Other receivables continued

On the above basis the expected credit loss allowance for other receivables as at 31 March 2022 was determined as follows:

	Other receivables			
	Stage 1 Performing R'000	Stage 2 Under-performing R'000	Stage 3 Non-performing R'000	Total R'000
Financial instruments				
2022				
Carrying value of other receivables with no expected credit losses recognised	225 219	–	–	225 219
Carrying value of other receivables with specific credit losses recognised	–	–	–	–
Gross amount	–	–	5 372	5 372
Specific credit losses	–	–	(5 372)	(5 372)
Carrying value of other receivables with expected credit losses	56 577	32 814	–	89 391
Gross amount	58 996	94 695	–	153 691
Expected credit loss rate	4%	65%	–	42%
Expected credit loss	(2 419)	(61 881)	–	(64 300)
Non-financial instruments included in other receivables				84 313
				398 923
2021				
Carrying value of other receivables with no expected credit losses recognised*	247 109	–	–	247 109
Carrying value of other receivables with specific credit losses recognised	–	–	–	–
Gross amount	–	–	11 560	11 560
Specific credit losses	–	–	(11 560)	(11 560)
Carrying value of other receivables with expected credit losses	51 289	27 075	–	78 364
Gross amount	59 892	79 278	–	139 170
Expected credit loss rate	14%	66%	–	44%
Expected credit loss	(8 603)	(52 203)	–	(60 806)
Non-financial instruments included in other receivables*				130 287
				455 760

* In the prior year non-financial instruments totalling R56 million were incorrectly allocated to the "carrying value of other receivables with no expected credit losses recognised" category. This was corrected in the current year and the prior-year table restated.

Allowance for expected credit losses on other receivables

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

	Group	
	2022 R'000	2021 R'000
Loss allowance as at 1 April	72 366	65 216
Currency translation	–	(289)
Loss allowance recognised on specific receivables during the year	2 104	12 028
Twelve-month expected credit loss allowance recognised during the year	8 764	6 279
Lifetime expected credit loss allowance recognised during the year:		
– receivables with significant increase in credit risk but not credit impaired	12 381	5 848
Receivables written off during the year	(5 494)	(4 422)
Loss allowance unused and reversed during the year	(20 449)	(12 294)
Loss allowance as at 31 March	69 672	72 366

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

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

Foreign currency exposure

The carrying values of trade and other receivables denominated in foreign currencies are detailed in note 48.1.1.

Encumbrances

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

	Group	
	2022 R'000	2021 R'000
15. DISPOSAL GROUP ASSETS/LIABILITIES CLASSIFIED AS HELD FOR SALE		
Disposal group assets classified as held for sale	147 240	188 221
Liabilities associated with the disposal group assets held for sale	(1 765)	(17 665)
	145 475	170 556

15.1 Deneb Investments Limited

During the current year the Deneb board of directors resolved to dispose of one of the group's investment properties. The disposal process was ongoing at 31 March 2022, resulting in the property being included in assets held for sale at the reporting date.

Prior-year assets and liabilities held for sale included the group's Frame Knitting Manufacturers business as well as an owner-occupied property to the value of R55 million. The group disposed of both its Frame Knitting business and the property during the current year.

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

	2022 R'000	2021 R'000
Property, plant and equipment	–	73 785
Investment properties	43 010	–
Inventories	–	249
Trade and other receivables	–	11 270
Lease liabilities	–	(88)
Trade and other payables	–	(9 714)
	43 010	75 502

Refer to note 38.1 for details of operations related to the above assets and liabilities that have been classified as discontinued.

15.2 eMedia Holdings Limited

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

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

	2022 R'000	2021 R'000
Property, plant and equipment	435	1 406
Right-of-use assets	–	4 065
Intangible assets	975	975
Deferred tax asset	1 058	1 058
Trade and other receivables	2 130	2 475
Taxation receivable	9	9
Cash and cash equivalents	289	425
Trade and other payables	(1 765)	(7 863)
	3 131	2 550

Refer to note 38.2 for details of operations related to the above assets and liabilities that have been classified as discontinued.

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

	Group 2022 R'000	Group 2021 R'000
15.3 Tsogo Sun Gaming Limited		
During the prior year, the Tsogo Sun Gaming directors undertook to dispose of identified non-core business properties owned by the group. These properties were consequently listed for sale on the market.		
During the year under review properties with a carrying value of R6 million were sold for proceeds of R17 million, realising a profit on sale of R11 million. The remaining properties have not been sold but continue to be actively marketed. Due to the economic climate, the market for the sale of the respective properties was subdued. It is still management's intention and expectation to dispose of these remaining properties during the next 12 months. Properties held for sale to the value of R11 million have been transferred to property, plant and equipment due to a change in management's intention for these properties, with additional properties to the value of R2 million being classified as held for sale during the current year.		
Assets associated with Tsogo Sun Gaming Limited classified as held for sale included in gaming		
Property, plant and equipment	45 573	59 130
15.4 HCI Properties		
During the 2020 financial year the directors of the group's property interests resolved to sell a section of one of its investment properties to Southern African Clothing and Textile Workers Union (SACTWU). The group entered into an agreement with SACTWU and the sale will conclude once the building is sectionalised and the section transferred to SACTWU. This process is ongoing at year-end. The group transferred another investment property to the value of R20 million to assets held for sale during the current year.		
Assets associated with the group's property interests classified as held for sale		
Investment properties	53 415	33 000
15.5 La Concorde Holdings Limited		
During the prior year a decision was made by the La Concorde board of directors to dispose of one of its investment properties. This process is ongoing at year-end, resulting in the property being included in non-current assets held for sale in the statement of financial position at 31 March 2022.		
Assets associated with La Concorde Holdings Limited classified as held for sale included in other		
Investment properties	346	374

Encumbrances

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

16. ORDINARY SHARE CAPITAL

	Number of shares 2022 '000	2021 '000	2022 R'000	2021 R'000
Authorised				
Ordinary shares of 25 cents each	**450 000**	450 000	**112 500**	112 500
Issued				
In issue in the company	**85 620**	85 620	**21 405**	21 405
Treasury shares held by company subsidiaries and employee share trust	**(4 750)**	(4 750)	**(1 187)**	(1 187)
On consolidation	**80 870**	80 870	**20 218**	20 218

Details of 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 2020	85 620	21 405	17 158
Treasury shares held by company subsidiaries and employee share trust	(4 750)	(1 187)	(17 158)
In issue at 31 March 2021	80 870	20 218	–
In issue at 31 March 2021	**85 620**	**21 405**	**17 158**
Treasury shares held by company subsidiaries and employee share trust	**(4 750)**	**(1 187)**	**(17 158)**
In issue at 31 March 2022	**80 870**	**20 218**	**–**

Details of options over shares are set out in note 41.

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

17. OTHER RESERVES

Group	Foreign currency translation R'000	Share-based payments R'000	Hedging R'000	Revaluation R'000	Other R'000	Total R'000
2022						
At the beginning of the year	500 299	49 292	(39 127)	(173 855)	(50 126)	286 483
Exchange differences on translation of foreign subsidiaries	(63 625)	–	–	–	–	(63 625)
Equity-settled share-based payments	–	23 460	–	–	–	23 460
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	–	–	–	69 957	–	69 957
Fair value gains on cash flow hedges	–	–	67 490	–	–	67 490
Share of other comprehensive income of equity-accounted investments	–	–	–	–	20 642	20 642
Share of direct equity movements to other reserves of equity-accounted investments	–	–	–	–	24 949	24 949
Reclassification of equity-accounted foreign currency translation reserves on disposal and dilution of interests in associates (refer to note 6)	–	–	–	–	1 277	1 277
Effects of changes in holding	(15)	–	–	–	–	(15)
Effects of change in corporate tax rate on deferred taxation recognised	–	–	267	–	–	267
Release of revaluation reserve to accumulated profits	–	–	–	(23 345)	–	(23 345)
Release of share-based payment reserve to accumulated profits	–	(37 520)	–	–	–	(37 520)
At the end of the year	436 659	35 232	28 630	(127 243)	(3 258)	370 020
2021						
At the beginning of the year	1 230 176	24 179	(34 773)	(52 359)	(44 433)	1 122 790
Exchange differences on translation of foreign subsidiaries	(599 156)	–	–	–	–	(599 156)
Reclassification of foreign currency translation differences on disposal of subsidiaries	(105 578)	–	–	–	–	(105 578)
Equity-settled share-based payments	–	24 911	–	–	–	24 911
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	–	–	–	(146 054)	–	(146 054)
Revaluation of owner-occupied land and buildings on transfer to investment properties	–	–	–	22 642	–	22 642
Fair value losses on cash flow hedges	–	–	(30 418)	–	–	(30 418)
Cash flow hedges recycled to profit or loss on disposal of subsidiary	–	–	24 643	–	–	24 643
Share of other comprehensive losses of equity-accounted investments	–	–	–	–	(6 462)	(6 462)
Effects of changes in holding	(25 143)	202	1 421	1 916	769	(20 835)
At the end of the year	500 299	49 292	(39 127)	(173 855)	(50 126)	286 483

	Group	
	2022 R'000	2021 R'000
18. FINANCIAL LIABILITIES		
Derivative financial instruments		
Foreign exchange contracts	9 697	2 741
Interest rate swaps – cash flow hedges	82 323	270 853
	92 020	273 594
Current portion	9 697	45 586
Non-current portion	82 323	228 008
	92 020	273 594

Foreign exchange contracts

The group's foreign exchange contracts are not traded in active markets and are classified as level 2 fair value measurements (refer to note 48.4 Fair value estimation). These instruments have been fair valued using observable forward exchange rates and interest rates corresponding to the maturity of the contract. The effects of non-observable inputs are not significant for foreign exchange contracts.

Interest rate swaps

The group's gaming operations manages interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps a portion of them into fixed rates. Loans eligible for hedging are identified based on their profile, predominantly three to five-year term loan facilities with bullet repayments. The difference between fixed contract rates and floating rate interest amounts is calculated with reference to an agreed reference interest rate applied to agreed notional principal amounts and settled at specified intervals (mainly quarterly). Swaps of R3.5 billion at 31 March 2022 have settlement dates coinciding with the dates on which interest is payable on the underlying debt with settlement occurring on a net basis in February, May, August and November. The group recognised R161 million (2021: R271 million) in finance costs in respect of interest rate swaps during the year under review. These instruments are classified as level 2 fair value measurements (refer to note 48.4 Fair value estimation).

The group's interest rate swaps are classified as non-current liabilities if the remaining maturity of the instrument is more than 12 months and as current liabilities 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.

Hedge accounting is applied to the group's interest rate swaps, with the effectiveness of the hedges determined at inception of the hedge relationship and at each reporting date (mainly half-yearly and annually). For effective hedges, gains and losses are recognised in the hedging reserve directly in other comprehensive income (after tax) while gains and losses on ineffective hedges are recognised immediately in profit or loss. The group did not recognise any gains or losses from ineffective cash flow hedges during the year (2021: Rnil).

As at 31 March 2022, 36% (2021: 59%) of consolidated gross borrowings and 41% (2021: 64%) of consolidated net borrowings (gross borrowings net of cash and cash equivalents) were in fixed rates taking into account interest rate swaps.

Fixed interest rate swaps ranged from 7.095% to 7.145% as at 31 March 2022 referenced against the three-month JIBAR of 4.367% (2021: fixed interest rate swaps ranged from 7.095% to 8.09% referenced against the three-month JIBAR of 3.675%).

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

	Group	
	2022 R'000	2021 R'000
Tsogo Sun Proprietary Limited linked to the three-month JIBAR rate		
With a fixed rate of 8.045% matured 30 June 2021	–	1 000 000
With a fixed rate of 8.09% matured 30 June 2021	–	2 000 000
With a fixed rate of 7.80% matured 30 June 2021	–	500 000
With a fixed rate of 7.82% matured 30 June 2021	–	500 000
With a fixed rate of 7.135% maturing 31 May 2024	700 000	700 000
With a fixed rate of 7.095% maturing 31 May 2024	560 000	560 000
With a fixed rate of 7.145% maturing 31 May 2024	2 240 000	2 240 000
	3 500 000	7 500 000

	Group 2022 R'000	Group 2021 R'000
19. BORROWINGS		
Bank borrowings	5 085 100	6 200 991
Bank mortgages	2 487 734	2 625 656
Instalment sale liabilities	218 414	344 211
Loans from non-controlling interests	115 433	195 839
Corporate bonds	5 538 083	6 049 656
Other borrowings	–	13 561
Redeemable preference shares	2 116 000	2 155 000
	15 560 764	17 584 914
Current portion of borrowings	(3 586 404)	(3 919 533)
	11 974 360	13 665 381
Secured	15 434 567	17 346 665
Unsecured	126 197	238 249
	15 560 764	17 584 914

Loans from non-controlling interests include R50 million (2021: R46 million) owing to Southern African Clothing and Textile Workers Union. The loan is unsecured, bears interest at the prime interest rate plus 1% and is repayable on demand. All other loans from non-controlling interests are unsecured, bear no interest and have no fixed terms of repayment.

Maturity dates for the corporate bonds vary between 30 November 2022 and 30 November 2025. The bonds are secured and bear interest at the three-month JIBAR plus a margin varying between 1.30% and 1.70% (2021: three-month JIBAR plus a margin varying between 1.30% and 1.70%). Interest is payable in arrears on a quarterly basis.

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 (2021: 70% of the prime rate), while the dividend rates for preference shares with fixed rates vary between 7.30% and 8.68% (2021: dividend rates varied between 7.11% and 7.50%). Following the breach of certain security cover ratios in respect of the company's central borrowings shortly before 31 March 2020, these long-term borrowings were classified as current in the statement of financial position at the end of the prior year, even though the shares were not contractually redeemable within 12 months of the reporting date. The company was trading within its borrowings covenants as at 31 March 2022 and these long-term borrowings were consequently classified as non-current. Preference shares in the amount of R561 million are redeemable on 3 October 2022 and classified as current borrowings as at the reporting date.

	Group 2022 R'000	Group 2021 R'000
The interest rate profile of the group's interest-bearing borrowings, including the effect of interest rate swaps, is as follows:		
Fixed rates	5 562 331	10 444 178
Floating rates	9 998 433	7 140 736
	15 560 764	17 584 914
Weighted average effective interest rates	7.34%	7.91%
Maturity of these borrowings is as follows:		
Due within one year	3 586 404	3 919 533
Due within one to two years	3 552 832	3 982 618
Due within two to five years	8 053 532	8 819 523
Due after five years	367 996	863 240
	15 560 764	17 584 914
Borrowings analysed by currency:		
South African Rand	15 560 764	17 584 914

19. BORROWINGS continued

Movements in the carrying value of borrowings are as follows:

Group	Long-term borrowings R'000	Short-term borrowings R'000	Total R'000
2022			
Carrying value at the beginning of the year	13 665 381	3 919 533	17 584 914
Cash flows:			
Raising of new debt	466 060	1 188	467 248
Debt repayments	(195 887)	(1 659 321)	(1 855 208)
Interest paid	–	(1 165 966)	(1 165 966)
Business combination contingent consideration paid (refer to note 40.4)	–	(13 560)	(13 560)
Non-cash:			
Transfer to trade and other payables	–	(13 172)	(13 172)
Reclassification	(1 744 726)	1 744 726	–
Disposal of subsidiaries	(230 847)	–	(230 847)
New instalment sale agreements	12 764	–	12 764
Interest capitalised	–	772 399	772 399
Other	1 615	577	2 192
Carrying value at the end of the year	11 974 360	3 586 404	15 560 764
2021			
Carrying value at the beginning of the year	18 169 392	5 195 377	23 364 769
Cash flows:			
Raising of new debt	1 059 356	50 767	1 110 123
Debt repayments	(1 276 963)	(1 154 989)	(2 431 952)
Interest paid*	–	(522 686)	(522 686)
Non-cash:			
Settlement of transaction with non-controlling shareholder (refer to note 45.3)	–	(1 004 433)	(1 004 433)
Transfer from trade and other payables	–	10 473	10 473
Effect of changes in foreign exchange rates	(181 573)	–	(181 573)
Reclassification	(648 762)	648 762	–
Disposal of subsidiaries	(3 486 752)	(197 548)	(3 684 300)
New instalment sale agreements	29 894	–	29 894
Interest capitalised*	–	894 238	894 238
Other	789	(428)	361
Carrying value at the end of the year	13 665 381	3 919 533	17 584 914

* Prior-year results restated for disclosure of interest paid and interest capitalised on a gross basis.

At 31 March 2022 the carrying value of borrowings approximates their fair value as market-related rates have been applied to discount the instruments where applicable.

19. BORROWINGS continued

Collateral

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

	Group	
	2022 R'000	2021 R'000
Property, plant and equipment	7 021 330	7 247 253
Investment properties	4 749 792	5 086 290
Inventory	20 762	54 593
Trade and other receivables	628 455	701 909
Pledge of cash in bank accounts	567 579	199 850
Non-current assets held for sale	–	33 000
	12 987 918	13 322 895

The above securities are inclusive of securities pledged for bank overdrafts, refer to note 26.

The group's shareholding in:

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

have been pledged as security for various debt facilities.

For further information on guarantees issued and suretyships provided for group and company debt facilities, refer to note 46.

19. BORROWINGS continued

Debt covenants

COVID-19-related restrictive measures have had a severe impact on the South African economy and especially the hospitality industry (refer to note 50 for details of the impact on the group). The funders of the group's central debt and at the relevant subsidiaries have remained supportive during the pandemic and have, inter alia, agreed to the following measures:

- the waiver by lenders of the hotel group's minimum covenant requirements (leverage and interest cover ratios). Revised covenants were introduced at Tsogo Sun Hotels (THL) in the prior year which established a maximum 12-month rolling negative EBITDA of between R326 million (June 2022 measurement period) and R243 million (September 2022 measurement period). A minimum liquidity level of R500 million is required, which includes available facilities and cash on hand. An event of default will occur if both the EBITDA and liquidity covenants are breached in one of the measurement periods or the EBITDA covenant is breached for two consecutive measurement periods. These covenants were met during the year. At Hospitality Property Fund (HPF), lenders have introduced a minimum liquidity covenant of R125 million including available facilities and cash on hand. Similarly, HPF met these minimum liquidity requirements during the year. The lenders of both THL and HPF have furthermore approved the covenant waivers for September 2022 on the basis that the rolling negative EBITDA threshold be reduced to R326 million and R234 million, respectively, for the quarters subsequent to the reporting date and that revised covenants continue to be measured on a quarterly basis;
- in respect of the gaming group, the amendment of the net leverage covenant for 30 September 2021, 31 December 2021 and 31 March 2022, subject to certain additional interim covenants, were met. The gaming group was in compliance with its original covenants as at the reporting date, resulting in the removal of interim covenants and pricing ratchets; and
- in respect of the company's central borrowings, the permanent reconstitution of certain security cover ratios and mutually agreed interim security cover ratios for the period ending 31 December 2021 as they relate to the share prices of Tsogo Sun Gaming and THL. As at the reporting date the company is in compliance with its covenants as they applied before the interim measures were implemented, however, improved prospective security cover ratios have in principle been agreed, subject to the conclusion of the relevant documentation. Revised interim debt service cover ratios remain in place for the measurement periods ending 31 March 2022 and 30 September 2022, even though the company was in compliance with its original (pre-COVID-19) borrowings covenants as at the reporting date.

20. RETIREMENT BENEFIT INFORMATION

20.1 Pension and provident funds

Certain subsidiaries of the group operate pension and provident funds. These are defined contribution funds, governed by the Pension Funds Act, Act 24 of 1956, which provide retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund. Refer to note 36 for contributions paid during the year.

	Group 2022 R'000	Group 2021 R'000
20.2 Medical aid		
Non-current post-retirement benefit liabilities	141 524	146 453
Current portion of post-retirement benefit liabilities*	12 666	13 177
	154 190	159 630

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

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

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

	2022 R'000	2021 R'000
Balance at the beginning of the year	74 172	60 394
Net expense recognised in the statement of profit or loss	2 917	3 074
Actuarial (gains)/losses	(5 473)	10 704
	71 616	74 172
Less: Current portion*	(5 066)	(5 233)
Balance at the end of the year	66 550	68 939
The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	1 477	1 309
Interest cost	7 899	7 306
Pensioner subsidy	(6 459)	(5 541)
Total included in employee costs	2 917	3 074

* Included in other payables, refer to note 25

	Group 2022 %	Group 2021 %
20. RETIREMENT BENEFIT INFORMATION continued		
20.2 Medical aid continued		
20.2.1 The principal actuarial assumptions used for the valuation were:		
Discount rate	**11.10**	11.00
Medical aid subsidy increase rate	**8.45**	8.25
Normal retirement age (years)	**65**	65
Continuation of membership at retirement	**55.00**	55.00

	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
As at 31 March					
Present value of obligations	**71 616**	74 172	60 394	69 029	62 722

Contributions of R73.5 million (2021: R70.1 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2022.

	Group 2022 R'000	Group 2021 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%	**68 145**	70 564
Subsidy increase rate increased by 1%	**79 543**	82 424
Downward movement		
Discount rate decreased by 0.5%	**75 415**	78 122
Subsidy increase rate decreased by 1%	**64 906**	67 189
20.2.2 A subsidiary of the group subsidises certain past employees who participate in the Discovery Medical Aid Scheme and who joined before 1 July 1996. These past employees are eligible for a 50% retirement subsidy of the total medical scheme contributions		
Movements in the liability recognised in the statement of financial position are as follows:		
Balance at the beginning of the year	**85 458**	87 457
Net expense recognised in the statement of profit or loss	**7 817**	9 602
Contributions	**(7 493)**	(8 300)
Actuarial gains	**(3 208)**	(3 301)
	82 574	85 458
Less: Current portion*	**(7 600)**	(7 944)
Balance at the end of the year	**74 974**	77 514

* Included in other payables, refer to note 25

	Group 2022 R'000	Group 2021 R'000
20. RETIREMENT BENEFIT INFORMATION continued		
20.2 Medical aid continued		
20.2.2 The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	136	165
Interest on obligation	7 681	9 437
	7 817	9 602

	%	%
The principal actuarial assumptions used for the valuation were:		
Discount rate	9.85	9.40
Medical aid subsidy increase rate	8.09	7.72
Normal retirement age (years)	65	65

	2022 R'000	2021 R'000	2020 R'000	2019 R'000	2018 R'000
As at 31 March					
Present value of obligations	82 574	85 458	87 457	98 019	106 516
Experience adjustments on plan liabilities	(3 208)	(3 301)	(12 030)	(10 623)	5 110

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

Contributions of R7.9 million (2021: R7.8 million) are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2022.

	Group 2022 R'000	Group 2021 R'000
As at 31 March a 1% movement in the assumed medical cost trend rate would change the current service cost and interest cost, and the post-retirement medical aid liability to the following:		
Upward movement		
Current service cost and interest cost	8 491	10 457
Post-retirement medical aid liability	89 622	92 425
Downward movement		
Current service cost and interest cost	7 221	8 834
Post-retirement medical aid liability	76 176	79 304

	Group 2022 R'000	2021 R'000
21. LONG-TERM INCENTIVE PLAN		
Tsogo Sun Gaming Share Appreciation Bonus Plan – non-current	88 001	24 570

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. Allocations of notional shares are discretionary and administered in terms of the rules of the scheme. Allocations vest in full three years after 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.

During the current year the group recognised an expense of R63.4 million (2021: R24.6 million) relating to this plan.

The following is pertinent to this bonus plan:

	2022	2021
Average share price utilised to value the liability	R12.04	R6.50
Total number of appreciation units granted and outstanding ('000)	34 167	20 748
Of which, number of appreciation units vested and outstanding ('000)	1 517	649

	Group 2022 R'000	2021 R'000
22. PROVISIONS		
Rehabilitation provision		
Balance at the beginning of the year	62 751	90 330
Raised during the year	2 086	29 697
Utilised during the year	(2 326)	(31 583)
Disposal of subsidiaries	–	(25 693)
Balance at the end of the year	62 511	62 751
Staff bonuses		
Balance at the beginning of the year	38 916	45 901
Raised during the year	67 147	80 278
Utilised during the year	(59 303)	(65 336)
Unused amounts reversed	(3 793)	(21 927)
Balance at the end of the year	42 967	38 916
Repurchase of service		
Balance at the beginning of the year	38 770	37 643
Raised during the year	1 128	1 127
Unused amounts reversed	(1 128)	–
Balance at the end of the year	38 770	38 770
Restructuring		
Balance at the beginning of the year	6 818	–
Raised during the year	–	6 818
Utilised during the year	(6 623)	–
Unused amounts reversed	(195)	–
Balance at the end of the year	–	6 818
Third-party claims		
Balance at the beginning of the year	11 786	15 359
Raised during the year	7 417	9 359
Utilised during the year	(4 799)	(197)
Unused amounts reversed	(1 298)	(12 735)
Balance at the end of the year	13 106	11 786
Jackpot provisions		
Balance at the beginning of the year	1 647	1 723
Utilised during the year	–	(76)
Balance at the end of the year	1 647	1 647
Incentives		
Balance at the beginning of the year	50 633	190 701
Raised during the year	56 075	680
Utilised during the year	(27 700)	–
Disposal of subsidiaries	–	(69 375)
Unused amounts reversed	–	(71 373)
Balance at the end of the year	79 008	50 633

		Group	
		2022 R'000	2021 R'000
22.	**PROVISIONS continued**		
	Long-service awards		
	Balance at the beginning of the year	18 758	138 110
	Raised during the year	–	8 813
	Utilised during the year	(371)	(2 307)
	Disposal of subsidiaries	–	(72 128)
	Unused amounts reversed	(6 694)	(53 730)
	Balance at the end of the year	11 693	18 758
	Other		
	Balance at the beginning of the year	10 064	9 751
	Raised during the year	1 635	1 948
	Utilised during the year	(853)	(916)
	Transfer to trade and other payables	(46)	–
	Unused amounts reversed	–	(719)
	Balance at the end of the year	10 800	10 064
	Total provisions	260 502	240 143
	Non-current	72 431	70 604
	Current	188 071	169 539
		260 502	240 143

Rehabilitation provision

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

The net present value of the provision has been determined using a discount rate of 5% per annum (2021: 5%) and an inflation rate of 5% per annum (2021: 2.9%). The period used for discounting was the Palesa Mine's expected remaining life of 16 years (2021: 17 years) and estimated settlement dates of the rehabilitation costs.

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. In all cases payment of such bonus is dependent upon the employee being in the company's service at the date of payment.

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 46.

Restructuring

At the end of the prior financial year the group's branded products and manufacturing business was in the process of restructuring divisions in its industrial product manufacturing segment. These provisions related to the remaining restructuring costs associated with the process that was ongoing as at 31 March 2021 and completed during the current year.

22. PROVISIONS continued

Third-party claims

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

Incentives

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

Long-service awards

This provision relates to long-service benefits provided by the group's gaming operations with related benefits paid when employees reach predetermined years of service. The scheme is in the process of being discontinued at year-end with the group recognising a net credit of R8 million (2021: net credit of R54 million) in current-year profit or loss. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes.

23. DEFERRED REVENUE AND INCOME

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

	Group	
	2022 R'000	2021 R'000
Deferred income		
At 1 April	15 061	20 463
Created during the year	173 654	105 582
Forfeitures during the year	(9 150)	(16 490)
Utilised during the year	(161 216)	(94 494)
At 31 March	18 349	15 061

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

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

	2022 R'000	2021 R'000
Deferred income		
At 1 April	118 085	98 869
Created during the year	–	37 004
Utilised during the year	(23 078)	(17 788)
At 31 March	95 007	118 085
The expected timing of the recognition of the deferred income is within 12 years as follows:		
Non-current	81 033	110 550
Current	13 974	7 535
	95 007	118 085

	Group 2022 R'000	Group 2021 R'000
23. DEFERRED REVENUE AND INCOME continued		
23.3 Deferred revenue by the Gallagher group relates to deposits received in advance for conferences and exhibitions contracted.		
Deferred revenue		
At 1 April	9 705	14 305
Created during the year	3 880	–
Forfeitures during the year	(4 972)	–
Utilised during the year	(1 148)	(4 600)
At 31 March	7 465	9 705
The expected timing of the recognition of the deferred income is within one year and is considered current.		
23.4 Deferred revenue by the Frontier Transport group relates to transportation fees received in advance:		
Deferred revenue		
At 1 April	9 903	8 763
Created during the year	15 812	9 903
Utilised during the year	(9 903)	(8 763)
At 31 March	15 812	9 903
The expected timing of the recognition of the deferred income is within one year and is considered current.		
Total deferred revenue and income		
Non-current	81 033	110 550
Current	55 600	42 204
	136 633	152 754
24. OTHER NON-CURRENT LIABILITIES		
Capital creditors	–	7 236
Gross	–	17 924
Less: Current portion*	–	(10 688)
Share-based payment to non-controlling interests	–	1 732
Non-current portion	–	8 968

* Included in other payables, refer to note 25

The group does not consider non-current liabilities significant and therefore no further disclosure is provided in this regard.

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
25. TRADE AND OTHER PAYABLES				
Trade payables	1 162 914	1 082 177	–	–
Accruals	454 119	390 133	–	–
Advance deposits	47 011	28 242	–	–
Lease liabilities (refer to note 28)	67 128	66 167	–	–
Insurance claims payable (refer to note 14)	7 384	191 360	–	–
Other payables*	970 587	762 637	2 649	3 577
	2 709 143	2 520 716	2 649	3 577
* Other payables comprise the following:				
Financial instruments				
Tenant deposits	22 328	28 808	–	–
Capital creditors (refer to note 24)	–	10 688	–	–
Capital expenditure creditors	83 343	24 279	–	–
Interest accruals on interest rate swaps	8 954	11 388	–	–
Smartcard gaming credits due to customers	40 073	38 762	–	–
Gaming chip liability	23 752	26 202	–	–
Other sundry payables	228 419	195 869	347	1 270
Dividends payable – ordinary shares	25 956	24 916	2 302	2 307
– preference shares	30 649	27 598	–	–
Claims relating to litigation proceedings (refer to note 46)	36 340	36 340	–	–
Non-financial instruments				
Payroll-related payables	77 502	61 215	–	–
Leave pay accruals	112 235	100 864	–	–
Bonus accruals	105 224	51 234	–	–
Post-retirement benefit liabilities (refer to note 20.2)	12 666	13 177	–	–
Royalty tax	20 468	1 198	–	–
VAT payable	101 064	83 280	–	–
Gaming levies	37 921	26 667	–	–
Sundry creditors	3 693	152	–	–
	970 587	762 637	2 649	3 577

Foreign currency exposure
The carrying values of trade and other payables denominated in foreign currencies are detailed in note 48.1.1.

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

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
26. BANK OVERDRAFTS				
Balance outstanding at 31 March	**273 108**	420 611	**119 739**	214 915

Overdrafts of R273.1 million (2021: R420.6 million) are secured by assets as part of the group's general borrowings. Refer to note 19.

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

	Group	
	2022 R'000	2021 R'000
27. GOVERNMENT GRANTS		
Receivable balance for government grants brought forward	**10 023**	–
Total income from government grants, recognised as deferred income during the year	**–**	37 004
Total cash received from government grants during the year	**(7 514)**	(26 981)
Amount outstanding as at year-end	**2 509**	10 023

Government grants in the group relates to the Production Incentive Programme established by the Department of Trade, Industry and Competition. 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 14).

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

28. LEASES

In the capacity as lessee

Nature of leasing activities

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

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

Variable lease payments

Some of the gaming segment's property and gaming equipment leases contain variable payment terms that are linked to indices and gross gaming win, respectively. For property, the Golden Horse Casino land lease includes variable lease payments that are included in the lease liability. The variable lease payment terms comprise the annual CPI increase which is included in the lease liability, and 4.5% (2021: 4.5%) of gross operating profit of the Golden Horse precinct not included in the lease liability. A 10% increase in the variable lease liability (CPI) would increase lease payments by less than R1 million (2021: increase lease payments by less than R1 million). A 4.5% increase in the gross operating profit of the Golden Horse precinct would increase lease payments by less than R1 million (2021: by less than R1 million).

Bingo gaming machine lease agreements contain variable payment terms that are linked to gross gaming win generated by the respective machines. These variable lease payments are not included in the measurement of lease liabilities, but are recognised in profit or loss in the period in which the event or condition that triggers those payments, occurs. A 10% increase in gross gaming win across all sites in the group with such variable lease contracts would increase total lease payments by approximately R8 million (2021: R6 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 current proportion of fixed and variable lease payments included in the group's lease liability is presented in the table below. The sensitivity analysis indicates the impact on the carrying amount of lease liabilities and right-of-use assets if there was a 5% increase in variable lease payments at the statement of financial position date.

	Group			
	Number of lease contracts	Fixed lease payments R'000	Variable lease payments R'000	Sensitivity R'000
2022				
Property leases with payments linked to inflation	3	–	4 726	229
Property leases with fixed payments	69	88 313	–	–
Leases of plant and machinery	6	1 073	–	–
Leases of other equipment and vehicles	51	8 668	–	–
	129	98 054	4 726	229
2021				
Property leases with payments linked to inflation	3	–	3 450	158
Property leases with fixed payments	69	72 347	–	–
Leases of plant and machinery	5	1 097	–	–
Leases of other equipment and vehicles	57	5 904	–	–
	134	79 348	3 450	158

28. 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. At the reporting date all extension options included in these property leases were reasonably certain to be exercised by the group and have consequently been capitalised; and
- certain casino gaming equipment leases have extension options that have not been capitalised. As at 31 March 2022 potential future cash outflows (undiscounted) of R16 million (2021: R21 million) have not been included in the lease liability for gaming equipment because it is not reasonably certain that the leases will be extended (or not terminated).

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 exercise these options ranging from 1 June 2022 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 held an option to purchase a property at the end of the lease term for R22.5 million which was included in the measurement of the lease liability at the end of the prior year. The option expired on 31 May 2022 with management taking the decision on 31 March 2022 not to exercise the option, resulting in the lease liability being remeasured to exclude the value of the option at year-end. The impact of this remeasurement was a R22.2 million decrease in right-of-use assets and lease liabilities, respectively, during the year.

Rent concessions

The outbreak of the COVID-19 pandemic at the end of the 2020 financial year and subsequent restrictive measures implemented by government to control the spread of the virus, had a profound impact on the group's operations. Some of the group's subsidiaries received rent concessions from lessors due to their inability to operate for significant periods of time. The group's gaming interests received rent concessions totalling R14 million (2021: R67 million), all of which were in the form of forgiveness of rentals. The group's hotel interests received rent concessions totalling R37 million in relation to the Sandton Consortium hotels, GC Marine Parade and Cape Town City Bowl Complex during the prior year.

The group has elected to apply the practical expedient introduced by the amendments to IFRS 16. This had the effect of reducing lease liabilities as follows:

	Group	
	2022 R'000	2021 R'000
Land and building rentals	3 590	92 592
Gaming equipment rentals	10 280	11 987
	13 870	104 579

	Group			
	Land and buildings R'000	Plant and machinery R'000	Other equipment and vehicles R'000	Total R'000
28. LEASES continued				
Reconciliation of carrying value: right-of-use assets				
2022				
Carrying value as at 1 April 2021	330 197	1 323	21 730	353 250
Depreciation	(65 738)	(771)	(13 650)	(80 159)
Additions	65 705	1 581	3 249	70 535
Remeasurement of lease	(16 071)	–	35	(16 036)
Termination of lease	(3 335)	(71)	–	(3 406)
Carrying value as at 31 March 2022	310 758	2 062	11 364	324 184
2021				
Carrying value as at 1 April 2020	1 136 763	1 839	33 445	1 172 047
Depreciation	(123 754)	(832)	(13 698)	(138 284)
Additions	338 854	316	3 390	342 560
Remeasurement of lease	2 926	–	64	2 990
Termination of lease	(1 981)	–	(1 471)	(3 452)
Disposal of subsidiary	(1 066 228)	–	–	(1 066 228)
Effect of modification to lease terms	45 578	–	–	45 578
Transfer to disposal group assets held for sale	(927)	–	–	(927)
Currency translation	(1 034)	–	–	(1 034)
Carrying value as at 31 March 2021	330 197	1 323	21 730	353 250

	Group			
	Land and buildings R'000	Plant and machinery R'000	Other equipment and vehicles R'000	Total R'000
28. LEASES continued				
Reconciliation of carrying value: lease liabilities				
2022				
Carrying value as at 1 April 2021	445 616	1 526	29 072	476 214
Finance costs	45 992	207	2 081	48 280
Lease payments*	(93 039)	(1 073)	(8 668)	(102 780)
Additions	65 705	1 581	3 249	70 535
Remeasurement of lease	(9 908)	–	1 720	(8 188)
Termination of lease	(4 000)	–	–	(4 000)
Rent concessions	(3 590)	–	(10 280)	(13 870)
Carrying value as at 31 March 2022	446 776	2 241	17 174	466 191
Less: Current portion (included in trade and other payables, refer to note 25)	(55 238)	(916)	(10 974)	(67 128)
Non-current portion	391 538	1 325	6 200	399 063
2021				
Carrying value as at 1 April 2020	1 521 434	2 108	42 550	1 566 092
Finance costs	148 434	199	3 138	151 771
Lease payments*	(131 109)	(1 097)	(5 950)	(138 156)
Additions	338 854	316	3 390	342 560
Remeasurement of lease	156	–	63	219
Termination of lease	(11 236)	–	(2 132)	(13 368)
Disposal of subsidiary	(1 366 215)	–	–	(1 366 215)
Effect of modification to lease terms	47 728	–	–	47 728
Transfer to disposal group liabilities held for sale	(9 838)	–	–	(9 838)
Rent concessions	(92 592)	–	(11 987)	(104 579)
Carrying value as at 31 March 2021	445 616	1 526	29 072	476 214
Less: Current portion (included in trade and other payables, refer to note 25)	(47 179)	(624)	(18 364)	(66 167)
Non-current portion	398 437	902	10 708	410 047

* Total lease payments of R103 million include R59 million of principal repayments and R44 million of finance costs (2021: total lease payments of R138 million include R48 million of principal repayments and R90 million of finance costs). The difference between principal repayments disclosed in this note and those disclosed in the cash flow statement relates to principal repayments on lease liabilities included in disposal groups held for sale.

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

	Less than one year R'000	Between one and five years R'000	Over five years R'000	Total R'000
2022				
Lease liabilities	110 140	400 566	289 467	800 173
2021				
Lease liabilities	110 188	352 920	263 684	726 792

Lease commitments

As at 31 March 2022 the group had outstanding commitments totalling R4 million (2021: R5 million) under non-cancellable leases which are not capitalised in terms of IFRS 16, being short-term leases and leases of low-value assets (comprising mainly small items of office equipment and furniture). Refer to note 36 for lease expenses recognised in profit or loss in respect of these leases. The group has not committed to any lease contracts which had not commenced by the reporting date.

Residual value guarantees

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

Encumbrances

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

29. COMMITMENTS

Signal distribution

The group has a contracted commitment for its signal distribution as at 31 March 2022 amounting to R36 million within one year (2021: R36 million), R166 million after one to five years (2021: R149 million) and R40 million after five years (2021: R93 million) with the contract ending on 31 July 2028. The contracted commitments will be funded from the group's available bank facilities and retained profits.

Business combination

The group has entered into agreements in order to acquire a 55% shareholding in a small gaming operator for an amount not exceeding R232 million. This transaction is still subject to fulfilment of certain conditions precedent which were not met as at the date of this report.

	Group	
	2022 R'000	2021 R'000
Capital expenditure		
Authorised by directors and contracted to be expended		
– Investment property	39 143	–
– Property, plant and equipment	302 780	59 844
	341 923	59 844

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

	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
30. REVENUE				
Sale of goods	4 577 580	3 794 428	–	–
Provision of services	6 133 041	4 396 667	–	–
Dividends received*				
– Subsidiaries	–	–	327 553	2 639 563
– Associates	–	–	5 998	10 834
	10 710 621	8 191 095	333 551	2 650 397

* Company dividends were received from subsidiaries and associates incorporated in South Africa and recognised as revenue when the right to receive payment was established.

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
2022				
Media and broadcasting	3 190 608	–	–	3 190 608
Gaming	942 471	–	–	942 471
Transport	2 078 729	–	–	2 078 729
Properties	167 858	–	–	167 858
Coal mining	1 448 010	–	–	1 448 010
Branded products and manufacturing	2 776 395	46 763	37 143	2 860 301
Other	22 644	–	–	22 644
	10 626 715	46 763	37 143	10 710 621
2021				
Media and broadcasting	2 428 959	–	–	2 428 959
Gaming	381 096	–	–	381 096
Transport	1 640 563	–	–	1 640 563
Properties	131 996	–	–	131 996
Coal mining	1 136 594	–	–	1 136 594
Branded products and manufacturing	2 348 517	46 437	59 799	2 454 753
Other	17 134	–	–	17 134
	8 084 859	46 437	59 799	8 191 095

30. 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
2022			
Provision of services			
Media and broadcasting	2 949 970	–	2 949 970
Gaming	577 580	364 891	942 471
Transport	1 716 699	333 399	2 050 098
Properties	136 556	31 302	167 858
Other	22 644	–	22 644
Sale of goods			
Media and broadcasting	–	240 638	240 638
Transport	–	28 631	28 631
Coal mining	–	1 448 010	1 448 010
Branded products and manufacturing	65 417	2 794 884	2 860 301
	5 468 866	5 241 755	10 710 621
2021			
Provision of services			
Media and broadcasting	2 226 201	–	2 226 201
Gaming	239 921	141 175	381 096
Transport	1 478 211	162 029	1 640 240
Properties	128 253	3 743	131 996
Other	17 134	–	17 134
Sale of goods			
Media and broadcasting	–	202 758	202 758
Transport	–	323	323
Coal mining	–	1 136 594	1 136 594
Branded products and manufacturing	54 780	2 399 973	2 454 753
	4 144 500	4 046 595	8 191 095

In the current year R16.0 million (2021: R13.4 million) of the deferred revenue balance of R19.6 million (2021: R23.1 million) at the beginning of the year was recognised as revenue.

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

	Group			
	2022 R'000	2023 R'000	2024 R'000	Total R'000
2022				
Revenue expected to be recognised	–	23 277	–	23 277
2021				
Revenue expected to be recognised	19 608	–	–	19 608

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	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
31. INVESTMENT INCOME				
Dividends				
Unlisted investments	58 664	4 450	–	–
	58 664	4 450	–	–
Interest				
Bank	59 053	64 529	32	31
Other*	31 256	25 984	2 496	2 229
	90 309	90 513	2 528	2 260
	148 973	94 963	2 528	2 260

* Other interest most significantly includes interest on loans to associates (R9 million), interest on a loan to the non-controlling shareholder of one of the group's subsidiaries (R6 million), interest received on the purchase price of the Mbali Mine for the duration that it remained outstanding (R6 million) and interest on tenant loans (R2 million). In the prior year other interest included R19 million of interest received on a loan granted to Ithuba (refer to note 32).

	Group		Company	
	2022 R'000	2021* R'000	2022 R'000	2021 R'000
32. INVESTMENT SURPLUS/(DEFICIT)				
Gain/(loss) on disposal of investment properties	5 526	(350)	–	–
Gain on disposal and dilution of interests in associates (refer to note 6)	138 557	185 333	–	–
Foreign currency translation reserves recycled on disposal and dilution of interests in associates (refer to note 6)	(1 277)	–	–	–
Gain/(loss) on disposal of subsidiaries (refer to note 47.3)	38 603	(87 166)	51 830	(935)
Gain on settlement of litigation proceedings**	–	219 130	–	–
	181 409	316 947	51 830	(935)

* Restated, refer to details as set out in note 51.1

** At 31 March 2020 litigation proceedings were pending in the Johannesburg High Court against Ithuba Holdings (RF) Proprietary Limited (Ithuba) and related parties relating to their premature repayment of a loan granted by the group. During the prior year the parties had reached an agreement to settle all issues arising from agreements between them in exchange for payment of R400 million, resulting in a gain on settlement totalling R219 million being recognised by the group.

	Group	
	2022 R'000	2021 R'000
33. ASSET IMPAIRMENTS		
Impairment of property, plant and equipment (refer to note 1)	**16 137**	30 666
Impairment of intangible assets (refer to note 4)	**193 220**	3 090
	209 357	33 756

	Group		Company	
	2022 R'000	2021* R'000	**2022 R'000**	2021 R'000
34. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill (refer to note 3)	**4 247**	–	**–**	–
Impairment of investments in subsidiaries (refer to note 8)	**–**	–	**35**	3 054 099
Impairment of investments in associates (refer to note 6)	**–**	3 000 975	**–**	239 042
	4 247	3 000 975	**35**	3 293 141

* Restated, refer to note 51.1

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
35. FINANCE COSTS				
Interest	**1 152 342**	1 340 328	**16 577**	27 198
Preference dividends	**170 186**	181 762	**–**	–
	1 322 528	1 522 090	**16 577**	27 198

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
36. PROFIT/(LOSS) BEFORE TAXATION				
The following items have been included in arriving at profit/(loss) before taxation:				
Auditor's remuneration				
– Audit fees – current year	46 273	42 353	–	–
– Audit fees – prior year	725	975	–	–
– Other services	3 769	4 852	–	–
Consultancy fees	66 204	56 544	58	396
Foreign exchange gains	(15 956)	(52 154)	–	–
Gaming levies	787 360	520 833	–	–
Government grant income	(24 244)	(17 900)	–	–
Cost of sales				
– Branded products and manufacturing	2 180 782	1 909 617	–	–
– Coal mining	1 056 412	823 661	–	–
– Media and broadcasting	231 276	218 478	–	–
– Transport	26 665	–	–	–
Leases				
– Short-term lease expenses	34 396	30 694	–	–
– Low-value lease expenses	6 527	5 603	–	–
– Expenses relating to variable lease payments not included in the measurement of lease liabilities	90 734	76 897	–	–
– Rent concessions	(13 870)	(67 260)	–	–
Net insurance premiums from insurance business	(4 251)	(458)	–	–
Premium income from insurance underwriting business	(11 755)	(8 177)	–	–
Reinsurance premiums	7 504	7 719	–	–
Net insurance claims from insurance business	1 591	855	–	–
Insurance claims expense	2 813	1 258	–	–
Reinsurance claims recoveries	(1 222)	(403)	–	–
Pension fund contributions	56 974	69 046	–	–
Profit on disposal of property, plant and equipment	(17 857)	(34 914)	–	–
Research and development	3 634	5 417	–	–
Secretarial fees	102	65	–	–
Share-based payments	86 891	49 481	–	–
Staff costs	3 239 186	2 570 188	–	–
VAT on net gaming win	920 244	617 492	–	–

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
37. TAXATION				
South African taxes				
Current normal tax	640 612	337 435	788	638
Prior-year normal tax	(1 720)	(23 979)	–	(836)
Deferred normal tax	251 207	(40 074)	–	–
Deferred tax – prior-year over provision	(15 058)	(16 255)	–	–
Deferred tax – change in corporate tax rate (refer to note 9)	(161 698)	–	–	–
Foreign withholding tax	25	–	–	–
	713 368	257 127	788	(198)

37. TAXATION continued

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

	Group		Company	
	2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
– Normal tax	**509 693**	382 997	**–**	–
– Capital gains tax	**125 976**	219 827	**125 976**	219 827
Tax relief at current rates:				
– Normal tax	**137 617**	107 239	**–**	–
– Capital gains tax	**27 211**	49 241	**27 211**	49 241

	2022 %	2021 %	**2022 %**	2021 %
Reconciliation of tax rate				
Normal tax rate	**28**	28	**28**	(28)
Exempt income/credits				
Dividend income	**–**	–	**(4)**	(108)
Share of profits of associates and joint arrangements	**–**	(42)	**–**	–
Impairment reversals	**(6)**	(2)	**(24)**	(2)
Foreign profits not taxable in South Africa	**(1)**	(1)	**–**	–
Other non-taxable income	**–**	(1)	**–**	–
Expenses/debits not deductible for tax purposes				
Impairment of non-current assets	**–**	32	**–**	136
Amortisation and depreciation	**–**	1	**–**	–
Share of net losses of associates and joint arrangements	**1**	–	**–**	–
Non-deductible preference dividends accrued	**1**	4	**–**	–
Expenses attributable to exempt income	**–**	1	**–**	1
Expenses not in the production of income	**–**	5	**–**	1
Capital gains tax rate differentials				
Fair value adjustments on investment property revaluations and shares	**–**	(2)	**–**	–
Other				
Deferred tax asset not recognised on assessed losses	**1**	3	**–**	–
Prior-year credits (net)	**–**	(3)	**–**	–
Raising of deferred tax assets	**(2)**	(4)	**–**	–
Change in corporate tax rate	**(4)**	–	**–**	–
Effective tax rate	**18**	19	**–**	–

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

	R'000	R'000
Cash flow hedges	**(52 252)**	29 641
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	**–**	(72 822)
Revaluation of owner-occupied land and buildings on transfer to investment properties	**–**	(7 648)
Actuarial (gains)/losses on post-employment benefit assets and liabilities	**(2 348)**	2 073
	(54 600)	(48 756)

	Group 2022 R'000	Group 2021 R'000
38. DISCONTINUED OPERATIONS		
Loss from discontinued operations for the year	(9 476)	(2 096 725)

38.1 The Deneb Group's discontinued operations consist of its Frame Knitting Manufacturers business and also included its Brand ID division in the prior year.

	2022 R'000	2021 R'000
Loss from discontinued operations relating to Deneb Investments Limited		
Revenue	529	37 922
Other operating expenses and income	2 937	(34 399)
Asset impairments	(7 352)	(8 858)
Finance costs	–	(157)
Loss before taxation	(3 886)	(5 492)
Taxation	–	–
Loss after taxation	(3 886)	(5 492)
Cash flows from discontinued operations		
Cash flows from operating activities	6 570	1 906
Cash flows from investing activities	9 598	3 144
Cash flows from financing activities	88	(2 944)
	16 256	2 106

Refer to note 15.1 for details of assets and liabilities relating to the above discontinued operations that have been classified as held for sale.

38.2 During the prior year a decision was made by the eMedia board of directors to discontinue the operations of Silverline Studios Proprietary Limited. The group's discontinued operations further included the results of its Crystal Brook Distribution and Niveus 13 operations, following a decision by the directors during the 2020 financial year to discontinue the operations of these entities.

	2022 R'000	2021 R'000
Loss from discontinued operations relating to eMedia Holdings Limited		
Revenue	5 120	3 862
Other operating expenses and income	(5 510)	(21 825)
Depreciation and amortisation	(5 036)	(11 459)
Finance costs	(164)	(1 075)
Loss before taxation	(5 590)	(30 497)
Taxation	–	–
Loss after taxation	(5 590)	(30 497)
Cash flows from discontinued operations		
Cash flows from operating activities	(270)	(6 193)
Cash flows from financing activities	(5 276)	(11 216)
	(5 546)	(17 409)

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

	Group	
	2022 R'000	2021 R'000

38. DISCONTINUED OPERATIONS continued

38.3 During the prior year the HCI Coal board of directors resolved to sell Mbali Coal Proprietary Limited to Kunolwazi Resources Proprietary Limited. The effective date of the disposal was 1 March 2021.

	2022 R'000	2021 R'000
Loss from discontinued operations relating to HCI Coal Proprietary Limited		
Revenue	–	247 643
Other operating expenses and income	–	(212 810)
Depreciation and amortisation	–	(33 989)
Finance costs	–	(948)
Loss on disposal of subsidiaries	–	(27 037)
Loss before taxation	–	(27 141)
Taxation	–	(764)
Loss after taxation	–	(27 905)
Cash flows from discontinued operations		
Cash flows from operating activities	–	25 169
Cash flows from investing activities	–	(21 944)
Cash flows from financing activities	–	(3 239)
	–	(14)

38.4 During December 2020 the group lost control of the strategy and operations of its hotel interests (refer to note 8). This loss of control was deemed to be a disposal of the subsidiary in terms of IFRS 10, with the prior-year results of the hotels segment consequently included in discontinued operations.

	2022 R'000	2021 R'000
Loss from discontinued operations relating to Tsogo Sun Hotels Limited		
Revenue	–	732 601
Property rental income	–	43 833
Other operating expenses and income	–	(973 185)
Investment income	–	12 923
Depreciation and amortisation	–	(264 715)
Investment surplus	–	355 382
Share of losses of associates and joint arrangements	–	(109 811)
Asset impairments	–	(2 080)
Impairment of goodwill and investments	–	(31 135)
Fair value adjustments on financial instruments	–	522
Finance costs	–	(284 229)
Loss on deemed disposal of subsidiary – loss of control	–	(1 710 728)
Foreign currency translation and hedging reserves reclassified to profit or loss on disposal	–	80 935
Loss before taxation	–	(2 149 687)
Taxation	–	116 856
Loss after taxation	–	(2 032 831)
Cash flows from discontinued operations		
Cash flows from operating activities	–	(323 084)
Cash flows from investing activities	–	429 012
Cash flows from financing activities	–	(317 417)
	–	(211 489)

	Group 2022 R'000	Group 2021 R'000
39. EARNINGS PER SHARE		
39.1 Earnings per share as presented on the statement of profit or loss is based on the weighted average number of 80 870 140 ordinary shares in issue (2021: 80 870 140).		
39.2 Diluted earnings per share is based on the weighted average number of 80 940 813 ordinary shares in issue (2021: 80 870 140). 1 981 138 share options issued in terms of The HCI Employee Share Scheme (2021: 3 564 918) have not been included due to the options being anti-dilutive.		
Reconciliation of weighted average number of shares:		
Used in calculation of earnings per share	80 870 140	80 870 140
Options outstanding in employee share scheme	70 673	–
Used in calculation of diluted earnings per share	80 940 813	80 870 140
39.3 Headline earnings/(losses) per share (cents)	1 321.28	287.74
– Continuing operations	1 321.38	609.56
– Discontinued operations	(0.10)	(321.82)
Diluted headline earnings/(losses) per share (cents)	1 320.12	287.74
– Continuing operations	1 320.22	609.56
– Discontinued operations	(0.10)	(321.82)

	2022		2021**	
	Gross R'000	Net* R'000	Gross R'000	Net R'000
39. EARNINGS PER SHARE continued				
39.3 Headline earnings/(losses) per share (cents) (continued)				
Reconciliation of headline earnings:				
Profits/(losses) attributable to equity holders of the parent		2 078 572		(1 023 062)
Impairment of goodwill	4 247	3 491	30 156	13 605
Gains on disposal of property	(10 762)	(4 087)	–	–
Gains on disposal of plant and equipment	(7 095)	(3 005)	(33 722)	(13 354)
Impairment of property, plant and equipment	23 489	14 146	41 604	24 108
Foreign currency translation and hedging reserves recycled	–	–	(80 935)	(80 935)
(Gains)/losses from disposal of subsidiaries	(38 603)	(38 603)	1 824 931	1 796 362
Gains on disposal and dilution of interests in associates and joint arrangements	(138 557)	(138 557)	(540 715)	(338 276)
Foreign currency translation reserves recycled on disposal and dilution of interests in associates	1 277	1 277	–	–
(Reversal of impairment)/impairment of associates and joint arrangements	(756 929)	(696 929)	3 001 954	2 786 564
Reversal of impairment of assets	(630 246)	(233 495)	(208 739)	(74 808)
Losses on disposal of intangible assets	9	8	–	–
Impairment of intangible assets	193 220	70 306	3 090	2 286
(Gains)/losses on disposal of investment properties	(5 526)	(4 286)	350	240
Fair value adjustments on investment properties	26 593	15 392	35 840	13 819
Insurance claims for capital assets	(22 698)	(8 812)	(8 656)	(5 122)
Remeasurements included in equity-accounted earnings of associates and joint arrangements	13 698	13 104	(3 139 829)	(2 868 730)
Headline earnings		1 068 522		232 697

* Includes impact of change in corporate tax rate where relevant.
** Restated, refer to details as set out in note 51.1

40. NOTES TO THE CASH FLOW STATEMENT

40.1 Cash generated by operations

	Group 2022 R'000	Group 2021[1] R'000	Company 2022 R'000	Company 2021 R'000
Profit/(loss) for the year	3 202 222	(982 420)	2 401 825	(677 750)
Taxation	713 368	141 035	788	(198)
Depreciation and amortisation	1 173 117	1 528 658	–	–
Share-based payments	23 460	24 911	–	–
Gains on disposal of property, plant and equipment	(17 857)	(33 722)	–	–
Impairment of goodwill and investments[1]	4 247	3 032 110	35	3 293 141
Other impairments	216 709	44 694	–	–
Equity-accounted losses/(profits) of associates and joint arrangements[1]	93 605	(3 228 432)	–	–
Forex translation	(13 557)	(34 299)	–	–
Fair value adjustments on investment properties	26 593	35 840	–	–
Fair value adjustments on financial instruments	(9 395)	(129 967)	–	28 961
Investment income	(148 973)	(107 886)	(2 528)	(2 260)
Finance costs	1 322 692	1 808 499	16 577	27 198
Non-cash dividends received	–	–	(23)	(2 330 802)
Investment (surplus)/deficit[1]	(181 409)	(672 329)	(51 830)	935
Movement in provisions	53 769	(94 933)	–	–
Operating equipment usage	35 448	28 707	–	–
Post-retirement medical aid benefits	3 241	12 676	–	–
Long-term incentive charges	63 431	24 570	–	–
Loss on disposal of discontinued operations	–	1 656 830	–	–
Operating lease equalisation asset	3 022	(14 873)	–	–
Impairment reversals	(1 387 175)	(208 739)	(2 045 356)	(43 507)
Amortisation of intangible assets through operating expenses (refer to note 4)	11 208	13 884	–	–
Inventory (write-back)/write-down	(3 307)	3 595	–	–
Rent concessions	(13 870)	(104 579)	–	–
Expected credit loss allowance, net of reversals*	(2 582)	41 106	–	(46)
Proceeds from insurance claims for capital assets	(22 698)	–	–	–
Other non-cash items*	2 864	(5 100)	–	(2)
	5 148 173	2 779 836	319 488	295 670

* Prior-year balances restated for the separate disclosure of expected credit loss allowance, net of reversals.
[1] Restated, refer to details as set out in note 51.1

40.2 Changes in working capital

	Group 2022 R'000	Group 2021[1] R'000	Company 2022 R'000	Company 2021 R'000
Inventory	(295 207)	66 550	–	–
Programming rights	95 980	(219 522)	–	–
Trade and other receivables	(95 894)	532 643	(8 912)	1 334
Trade and other payables	124 257	36 839	(928)	(299)
	(170 864)	416 510	(9 840)	1 035

40.3 Taxation paid

	Group 2022 R'000	Group 2021[1] R'000	Company 2022 R'000	Company 2021 R'000
Receivable/(payable) at the beginning of the year	67 413	(61 000)	(76)	(1 101)
(Charges)/credits to the statement of profit or loss	(638 892)	(347 543)	(788)	198
Disposal of subsidiaries/business combinations	1 539	92 895	–	–
Foreign exchange differences	–	(251)	–	–
Foreign withholding tax	(25)	(463)	–	–
(Receivable)/payable at the end of the year	(49 304)	(67 413)	6	76
	(619 269)	(383 775)	(858)	(827)

	Group 2022 R'000	Group 2021 R'000	Company 2022 R'000	Company 2021 R'000
40. NOTES TO THE CASH FLOW STATEMENT continued				
40.4 Business combinations/disposal of subsidiaries				
Net cash (outflow)/inflow from acquisitions (refer to note 47.2)[1]	(20 060)	23 677		
Net cash inflow/(outflow) from disposals (refer to note 47.3)	127 442	(486 301)		
	107 382	(462 624)		
40.5 Cash and cash equivalents				
Bank balances and deposits	2 309 587	1 761 881	3 538	1 341
Bank overdrafts	(273 108)	(420 611)	(119 739)	(214 915)
Cash in disposal group assets held for sale	289	425	–	–
	2 036 768	1 341 695	(116 201)	(213 574)

[1] Current-year cash outflow includes R13.560 million relating to the payment of contingent consideration resulting from the previous acquisition of a business by the group's media interests (refer to note 19).

Foreign currency exposure
The carrying values of cash and cash equivalents denominated in foreign currencies are detailed in note 48.1.1.

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

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

41. 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:

	2022		2021	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Balance at the beginning of the year	3 535 677	77.39	1 840 458	103.43
Options granted	1 226 753	69.44	1 699 833	49.30
Options that became unconditional	(830 705)	117.78	(4 614)	117.03
Options forfeited	(584 199)	72.64	–	–
Balance at the end of the year	3 347 526	65.28	3 535 677	77.39

The fair value of options granted is measured using the Black-Scholes model. Share options granted in the current year were fair valued using a volatility indicator of 45% (2021: 85%) and an annual discount rate of 3.75% (2021: 3.5%). The cost relating to options is recognised by allocating the fair value over the vesting period on a straight-line basis. The group recognised an expense of R23 million (2021: R25 million) relating to the Scheme in its profit or loss for the year.

The volume weighted average share price during the current year was R80.00 (2021: R35.56).

	Number of share options	Exercise price R
The options issued in terms of the Scheme and outstanding at 31 March 2022 become unconditional between the following dates:		
28 August 2022 and 28 February 2023	11 806	117.78
29 August 2022 and 28 February 2023	687 323	87.71
28 August 2023 and 28 February 2024	11 804	117.78
29 August 2023 and 29 February 2024	16 271	87.71
29 August 2024 and 28 February 2025	16 270	87.71
13 December 2024 and 13 June 2025	401 064	69.44
18 December 2024 and 18 June 2025	700 445	49.30
13 December 2025 and 13 June 2026	401 059	69.44
18 December 2025 and 18 June 2026	700 435	49.30
13 December 2026 and 13 June 2027	401 049	69.44
	3 347 526	

A maximum number of 2 313 172 (2021: 2 354 512) shares may be issued in respect of 3 347 526 (2021: 3 535 677) options issued in terms of the Scheme.

The maximum number of shares that may be utilised for the purposes of the Scheme is 10 500 000 shares. In addition to the options in issue at the reporting date and shares already delivered to participants, a further 7 572 781 (2021: 6 350 276) shares may be utilised by the Scheme. 1 226 751 (2021: 1 699 833) options were issued in terms of the Scheme during the year and no shares were delivered to participants (2021: nil).

	2022 Number of share options	2022 Weighted average exercise price R	2021 Number of share options	2021 Weighted average exercise price R
41. HCI EMPLOYEE SHARE OPTION SCHEME continued				
Options granted to executive directors:				
JA Copelyn				
Balance at the beginning of the year	820 039	79.12	440 675	104.78
Options granted	290 379	69.44	379 364	49.30
Options expired	(250 224)	117.78	–	–
Balance at the end of the year	860 194	64.60	820 039	79.12
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	–	–	250 224	117.78
29 August 2022 and 28 February 2023	190 451	87.71	190 451	87.71
13 December 2024 and 13 June 2025	96 793	69.44	–	–
18 December 2024 and 18 June 2025	189 682	49.30	189 682	49.30
13 December 2025 and 13 June 2026	96 793	69.44	–	–
18 December 2025 and 18 June 2026	189 682	49.30	189 682	49.30
13 December 2026 and 13 June 2027	96 793	69.44	–	–
JR Nicolella				
Balance at the beginning of the year	430 678	78.30	233 502	102.78
Options granted	150 925	69.44	197 176	49.30
Options expired	(117 043)	117.78	–	–
Balance at the end of the year	464 560	65.47	430 678	78.30
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	116 459	87.71
13 December 2024 and 13 June 2025	50 309	69.44	–	–
18 December 2024 and 18 June 2025	98 588	49.30	98 588	49.30
13 December 2025 and 13 June 2026	50 308	69.44	–	–
18 December 2025 and 18 June 2026	98 588	49.30	98 588	49.30
13 December 2026 and 13 June 2027	50 308	69.44	–	–
TG Govender				
Balance at the beginning of the year	364 232	77.27	199 658	100.33
Options granted	125 970	69.44	164 574	49.30
Options expired	(83 792)	117.78	–	–
Balance at the end of the year	406 410	66.49	364 232	77.27
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	–	–	83 792	117.78
29 August 2022 and 28 February 2023	115 866	87.71	115 866	87.71
13 December 2024 and 13 June 2025	41 990	69.44	–	–
18 December 2024 and 18 June 2025	82 287	49.30	82 287	49.30
13 December 2025 and 13 June 2026	41 990	69.44	–	–
18 December 2025 and 18 June 2026	82 287	49.30	82 287	49.30
13 December 2026 and 13 June 2027	41 990	69.44	–	–

	2022		2021	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
41. HCI EMPLOYEE SHARE OPTION SCHEME continued				
Options granted to executive directors:				
Y Shaik				
Balance at the beginning of the year	352 194	79.32	188 854	105.28
Options granted	125 026	69.44	163 340	49.30
Options expired	(110 318)	117.78	–	–
Balance at the end of the year	366 902	64.38	352 194	79.32
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	–	–	110 318	117.78
29 August 2022 and 28 February 2023	78 536	87.71	78 536	87.71
13 December 2024 and 13 June 2025	41 676	69.44	–	–
18 December 2024 and 18 June 2025	81 670	49.30	81 670	49.30
13 December 2025 and 13 June 2026	41 675	69.44	–	–
18 December 2025 and 18 June 2026	81 670	49.30	81 670	49.30
13 December 2026 and 13 June 2027	41 675	69.44	–	–

42. DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial		Associates	
	Number	Percentage holding %	Number	Percentage holding %	Number	Percentage holding %
2022						
Executive directors						
JA Copelyn	–	–	6 490 077	7.6	–	–
JR Nicolella	152 097	0.2	–	–	13 235	–
TG Govender	–	–	17 250	–	915 534	1.1
Y Shaik	75 475	0.1	–	–	–	–
Non-executive directors						
L McDonald	1 100	–	–	–	–	–
	228 672	0.3	6 507 327	7.6	928 769	1.1
2021						
Executive directors						
JA Copelyn	–	–	6 490 077	7.6	–	–
JR Nicolella	152 097	0.2	–	–	13 235	–
TG Govender	–	–	17 250	–	915 534	1.1
Y Shaik	75 475	0.1	–	–	–	–
Non-executive directors						
L McDonald	1 100	–	–	–	–	–
	228 672	0.3	6 507 327	7.6	928 769	1.1

There were no changes in directors' shareholdings between 31 March 2022 and the date of issue of this report.

43. DIRECTORS' EMOLUMENTS

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

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

	Note	Board fees R'000	Salary R'000	Other benefits R'000	Share-based payment expense R'000	Total R'000
2021						
Executive directors						
JA Copelyn		–	7 696	–	6 081	13 777
JR Nicolella		–	4 800	–	3 156	7 956
TG Govender		–	2 003	–	2 629	4 632
Y Shaik		–	3 976	–	2 619	6 595
Non-executive directors						
MH Ahmed*	1	715	–	–	–	715
MSI Gani**	2	611	–	–	–	611
MF Magugu	3	409	–	–	–	409
L McDonald	4	324	1 138	63	–	1 525
SNN Mkhwanazi-Sigege		324	–	–	–	324
VE Mphande	5	1 165	–	–	–	1 165
JG Ngcobo	6	741	–	–	–	741
R Watson	7	1 209	–	–	–	1 209
		5 498	19 613	63	14 485	39 659

* Appointed 7 September 2020.
** Resigned 7 September 2020.
1. Includes R92 100 audit and risk committee fees and R439 000 board fees paid by subsidiary companies.
2. Includes R71 149 audit and risk committee fees and R398 000 board fees paid by subsidiary companies.
3. Includes R84 900 remuneration committee fees.
4. Salary and other benefits paid by subsidiary companies.
5. Includes R841 000 board fees paid by subsidiary companies.
6. Includes R60 900 audit and risk committee fees, R60 900 remuneration committee fees, R40 000 social and ethics committee fees and R256 000 board fees paid by subsidiary companies.
7. Includes R60 900 audit and risk committee fees, R60 900 remuneration committee fees, R40 000 social and ethics committee fees and R724 000 board fees paid by subsidiary companies.

44. SEGMENT INFORMATION

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

	Revenue		Net gaming win	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Continuing operations				
Media and broadcasting	3 190 608	2 428 959	–	–
Gaming	942 471	381 096	7 778 881	5 275 457
Transport	2 078 729	1 640 563	–	–
Properties	167 858	131 996	–	–
Coal mining	1 448 010	1 136 594	–	–
Branded products and manufacturing	2 860 301	2 454 753	–	–
Other	22 644	17 134	–	–
	10 710 621	8 191 095	7 778 881	5 275 457
Discontinued operations				
Media and broadcasting	5 120	3 862	–	–
Branded products and manufacturing	529	37 922	–	–
Coal mining	–	247 643	–	–
Hotels	–	732 601	–	–
	5 649	1 022 028	–	–

	Property rental income		Interest income	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Continuing operations				
Media and broadcasting	15 394	15 064	12 650	10 603
Gaming	102 922	92 235	25 508	19 669
Transport	–	–	15 975	13 413
Properties	378 971	352 017	4 318	4 322
Coal mining	–	–	10 877	3 303
Branded products and manufacturing	132 267	148 801	1 698	6 714
Other	11 171	11 932	19 283	32 489
	640 725	620 049	90 309	90 513
Discontinued operations				
Hotels	–	43 833	–	12 923

44. SEGMENT INFORMATION continued

	Finance costs 2022 R'000	Finance costs 2021 R'000	Segment result (profit/(loss) before tax) 2022 R'000	Segment result (profit/(loss) before tax) 2021 R'000
Continuing operations				
Media and broadcasting	28 488	20 273	580 764	225 421
Gaming	792 101	964 168	2 017 614	53 429
Hotels	–	–	703 806	293 277
Transport	19 880	30 108	357 286	287 126
Properties	201 023	184 779	62 204	(25 488)
Coal mining	3 193	1 723	230 516	168 797
Branded products and manufacturing	65 470	79 174	184 587	146 640
Oil and gas prospecting	–	–	23 547	257 682
Palladium prospecting	–	–	(51 485)	(56 521)
Other	212 373	241 865	(183 773)	21 069
	1 322 528	1 522 090	3 925 066	1 371 432
Discontinued operations				
Media and broadcasting	164	1 075		
Hotels	–	284 229		
Coal mining	–	948		
Branded products and manufacturing	–	157		
	164	286 409		

	Segment result (loss after tax) 2022 R'000	Segment result (loss after tax) 2021 R'000
Discontinued operations		
Media and broadcasting	(5 590)	(30 497)
Branded products and manufacturing	(3 886)	(5 492)
Coal mining	–	(27 905)
Hotels	–	(2 032 831)
	(9 476)	(2 096 725)

44. SEGMENT INFORMATION continued

	Assets		Liabilities	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Media and broadcasting	3 385 313	3 203 746	1 115 412	1 208 854
Gaming	28 694 496	28 504 718	15 339 539	17 007 480
Hotels	1 999 262	1 285 320	–	–
Transport	2 185 955	2 163 045	873 832	978 935
Coal mining	746 824	644 203	341 385	295 759
Properties	3 764 327	4 102 389	2 252 737	2 542 676
Branded products and manufacturing	3 243 070	3 082 436	1 628 972	1 570 098
Oil and gas prospecting	1 620 640	1 602 641	–	–
Palladium prospecting	454 457	308 743	–	–
Other	1 127 172	1 055 919	2 842 216	2 825 062
	47 221 516	45 953 160	24 394 093	26 428 864

	Property, plant and equipment additions		Depreciation and amortisation	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Media and broadcasting	82 014	235 703	109 531	93 962
Gaming	286 868	134 428	841 367	915 412
Hotels	–	38 986	–	–
Transport	25 167	35 128	92 028	92 189
Properties	1 526	731	9 529	8 379
Coal mining	35 279	40 932	42 392	41 563
Branded products and manufacturing	146 074	64 344	69 876	64 160
Other	5 696	1 101	3 358	2 830
	582 624	551 353	1 168 081	1 218 495

Amounts applicable to associates and joint arrangements included above:

	Equity-accounted earnings/(losses)		Investment in associates and joint arrangements	
	2022 R'000	2021* R'000	2022 R'000	2021 R'000
Media and broadcasting	4 986	2 799	152 618	147 784
Gaming	2 214	(8 090)	27 081	32 867
Hotels*	(53 123)	3 150 291	1 999 262	1 285 320
Transport	1 364	(479)	1 743	379
Properties	(1 931)	7 305	75	2 006
Oil and gas prospecting	23 547	257 682	1 620 640	1 602 641
Palladium prospecting	(51 485)	(56 521)	454 457	308 743
Other	(19 177)	(14 744)	203 077	194 238
	(93 605)	3 338 243	4 458 953	3 573 978

* Restated, refer to details as set out in note 51.1

44. SEGMENT INFORMATION continued

	Net impairments/ (impairment reversals)[1]	
	2022 R'000	2021* R'000
Media and broadcasting	6 609	1 202
Gaming	(433 682)	(193 377)
Hotels*	(756 929)	3 034 190
Transport	9 253	10 262
Properties	1 178	–
Branded products and manufacturing	7 352	15 788
	(1 166 219)	2 868 065

	Group	
	2022 R'000	2021 R'000
Group income is attributable to the following geographical areas:		
South Africa	19 003 797	13 972 472
Other African countries and Middle East	115 237	100 637
Europe and United Kingdom	11 193	13 492
	19 130 227	14 086 601
Non-current assets[2] of the group are held in the following geographical areas:		
South Africa	37 280 672	37 144 701
Other African countries and Middle East	20	27
Europe and United Kingdom	1 624 434	1 607 066
Canada	454 457	308 743
	39 359 583	39 060 537

* Restated, refer to details as set out in note 51.1
[1] Includes impairments and impairment reversals in discontinued operations.
[2] Excludes financial instruments, deferred tax assets and post-employment benefit assets.

45 RELATED PARTY TRANSACTIONS

The company's most significant shareholder is the Southern African Clothing and Textile Workers Union (SACTWU) which, at the reporting date, directly owned 26.0% (2021: 26.7%) of the company's issued share capital (excluding treasury shares).

Tsogo Sun Gaming (TSG) is a subsidiary of the group (refer to note 8) while the group exercises significant influence over Tsogo Sun Hotels (THL, refer to note 6). All of the TSG group's hotel properties, which are situated at certain casino precincts, are managed by THL which charges management fees and royalties to the TSG group, together with administration fees. Also, after the split of the Tsogo Sun Holdings group, certain departments were shared which resulted in management fees being charged between TSG and THL.

The TSG group operates a short-term insurance captive which underwrites its own business, including that of THL and its subsidiary, Hospitality Property Fund, both before and after the Tsogo Sun Holdings group disposed of its interest in THL. In addition to this and effective from 1 April 2019, the TSG group entered into a lease agreement with Southern Sun Hotel Interests Proprietary Limited in respect of premises comprising 4 000 m^2 of office space in Palazzo Towers East and Palazzo Towers West, property owned by the TSG group.

Significant related party transactions and balances are presented below.

		Group		Company	
		2022 R'000	2021 R'000	**2022 R'000**	2021 R'000
45.1	Dividend income from:	**–**	–	**333 551**	2 650 397
	– Subsidiaries	**–**	–	**327 553**	2 639 563
	– Associates	**–**	–	**5 998**	10 834
	Insurance premium income earned from THL	**9 953**	7 520	**–**	–
	Insurance claims expense in respect of THL	**2 466**	993	**–**	–
	Hotel management fees and royalties paid to THL	**(28 580)**	(9 975)	**–**	–
	Fees paid to THL for hotel administration services	**(15 242)**	(13 326)	**–**	–
	Management fees charged to THL for shared services	**1 927**	830	**–**	–
	Management fees paid to THL for shared services	**(3 782)**	(4 826)	**–**	–
	Tenant recoveries charged to THL	**4 121**	3 900	**–**	–
45.2	Key management compensation was paid as follows:				
	Salaries and other short-term employee benefits	**152 504**	138 053	**–**	–
	Post-employment benefits	**925**	3 014	**–**	–
	Other long-term benefits	**462**	561	**–**	–
	Share-based payments	**8 632**	11 016	**–**	–
		162 523	152 644	**–**	–
	Details of directors' remuneration are disclosed in note 43.				
45.3	Related party balances included in borrowings, trade and other receivables, and trade and other payables are as follows:				
	Loans (including accrued interest) from SACTWU[1]	**49 910**	46 027	**49 910**	46 027
	Loans to SACTWU[2]	**6 972**	–	**6 972**	–
	Unearned premium income received from THL	**–**	9 953	**–**	–
	Insurance claims payable to THL	**6 493**	190 791	**–**	–

[1] During the prior year the group concluded an agreement with SACTWU to acquire its shares in HCI Invest 6 Holdco Proprietary Limited together with loan claims totalling R1 053 million it had against the company. The consideration payable to SACTWU was the aggregate of R154 million in cash and 20 million eMedia Holdings Limited N ordinary shares with a market value of R78 million at the date of transfer. At 31 March 2022, R50 million (2021: R46 million) of the total cash consideration was still owing by the group and included in current borrowings (refer to note 19).

[2] The terms of the loan to SACTWU are set out in note 14.

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

46. CONTINGENCIES

Group

The group has established bank guarantees totalling R41.4 million (2021: R41.4 million) in favour of the Department of Mineral Resources and Energy against the future rehabilitation of its operations at Palesa Colliery. A Rehabilitation Trust Fund has been registered for this purpose into which an amount of R14.5 million was deposited in the financial year ended 31 March 2012.

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

- During the year ended 31 March 2018 Mbali received a letter of demand from SARS with regards to an investigation conducted by them on diesel refunds claimed under the South African Customs and Excise Act, Act 91 of 1964. As per the notification, the SARS Commissioner has disallowed diesel refunds in the amount of R21 million (excluding interest) for the period February 2015 to May 2017. Interest calculated on this amount totalled R10.4 million (2021: R9.6 million) at 31 March 2022. The group has disputed the disallowance of diesel refunds and believes it has a defendable case. However, an amount of R19.9 million (2021: R19.9 million) has been included in trade and other payables in consideration of SARS's view of non-primary activities (refer to note 25). SARS has not refunded any subsequent VAT claims submitted by Mbali in an attempt to off-set any refunds against the disallowed diesel refunds. VAT claims totalling R20 million (2021: R20 million) are outstanding and have been included in trade and other receivables (refer to note 14).
- At the beginning of the 2020 financial year DP brought an application to court for the liquidation of Mbali on the basis that it was deemed unable to pay DP's claim for R16.5 million relating to mining work done before the termination of its contract. Mbali has opposed the matter with reference to a counterclaim of R40 million relating to DP's backlog on rehabilitation, run-of-mine (ROM) coal shortage, mining rates differences (between DP and the new contractor) and inefficient blasting practices. DP was placed in voluntary liquidation on 18 October 2019. Prior to this Mbali deposited R16.5 million in its attorney's trust account while the matter had been referred to arbitration, which is set to be heard from 24 November to 2 December 2022. An amount of R16.5 million relating to this claim has been included in the group's trade and other payables (refer to note 25).

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 R107 million (2021: R107 million) for gambling board taxes and working capital. The group has also entered into various agreements with its bankers and respective utility boards, suppliers and municipalities whereby the bank has guaranteed agreed capital amounts not exceeding R25 million (2021: R26 million) for utility expenses. Landlord rental guarantees amounting to R9 million (2021: R6 million) have also been provided through bank guarantees.

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

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

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

Company

- Guarantees in favour of The Standard Bank of South Africa Limited and Rand Merchant Bank Limited in respect of the obligations of a subsidiary, HCI Coal Proprietary Limited. The amount of the guarantees is limited to R77 million (2021: R79 million).
- A guarantee in favour of Sasol Oil Proprietary Limited in respect of obligations of a subsidiary, Palesa Coal Proprietary Limited. The amount of the guarantee is limited to R12 million (2021: R12 million).
- A guarantee in favour of The Standard Bank of South Africa Limited in respect of the obligations of a subsidiary, HCI Sun Energy Three Proprietary Limited, to Karoshoek Solar One (RF) Proprietary Limited. The amount of the guarantee is limited to R10.6 million (2021: R10.6 million).
- Guarantees and suretyships to Investec Bank Limited, ABSA Bank Limited, First Rand Bank Limited and The Standard Bank of South Africa Limited for certain short-term facilities granted to the company and HCI Treasury Proprietary Limited. At 31 March 2022 an amount of R26 million (2021: R45 million) remained owing to First Rand Bank Limited and R67 million (2021: R113 million) to ABSA Bank Limited. At 31 March 2022, R78 million (2021: R131 million) and R19 million (2021: R40 million) also remained owing to Investec Bank Limited and The Standard Bank of South Africa Limited, respectively, in respect of these facilities.

46. CONTINGENCIES continued

Company continued

- Guarantees and suretyships to Investec Bank Limited, ABSA Bank Limited, First Rand Bank Limited and The Standard Bank of South Africa Limited for the preference share debt granted to TIH Prefco (RF) Proprietary Limited. At 31 March 2022 an amount of R878 million (2021: R900 million) remained owing to First Rand Bank Limited in respect of preference share debt, with a further R683 million (2021: R700 million) owing to ABSA Bank Limited. At 31 March 2022, R200 million (2021: R200 million) and R355 million (2021: R355 million) 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 2022 the total amount owing in respect of this term loan amounted to R190 million (2021: R200 million).
- At 31 March 2021 the company had issued guarantees and suretyships to Investec Bank Limited for a term loan of R46 million granted to Formex Industries Proprietary Limited.

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	2022 R'000	2021 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
	HCI – The Palms Proprietary Limited	36 000	36 000
	HCI – Whale Coast Village Proprietary Limited	141 400	141 400
	HCI – Shell House Proprietary Limited	85 000	85 000
	GE Property and Marketing Proprietary Limited	33 250	20 000
	HCI Solly Sachs House Proprietary Limited	125 000	165 000
	HCI Auckland Park Proprietary Limited	6 877	6 300
The Standard Bank of South Africa Limited	HCI – Rand Daily Mail Proprietary Limited	–	24 600
	HCI Monte Precinct Proprietary Limited	74 800	74 800
First Rand Bank Limited	Highland Night Investments 93 Proprietary Limited	50 000	50 000
Nedbank Limited	HCI Westlake Properties Proprietary Limited	–	44 700
	HCI Cecilia Precinct Proprietary Limited	28 000	19 000
	La Concorde Builders Precinct Proprietary Limited	18 600	2 700
	HCI – Rand Daily Mail Proprietary Limited	5 500	–
		851 327	947 400

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

47. BUSINESS COMBINATIONS AND DISPOSALS

47.1 Subsidiaries and businesses acquired

	Principal activity	Date of acquisition	Proportion of shares acquired %
Transport			
Alpine Truck and Bus Proprietary Limited (Alpine) During May 2021 the group acquired a 51% interest in the issued share capital of Alpine, resulting in the group obtaining control over the company's strategy and operations.	Spare parts and second-hand truck and bus dealership	1 May 2021	51%
Frontier Tyres Proprietary Limited (Frontier) The acquisition was facilitated through the purchase of Frontier's issued share capital. The group concluded an agreement to acquire a 100% interest in Frontier in order to access the tyre sales and servicing market.	Tyre sales and servicing business	1 March 2022	100%

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

	Transport R'000
Non-current assets	
Property, plant and equipment (refer to note 1)	6 115
Current assets	
Trade and other receivables	176
Inventory	491
Current liabilities	
Trade and other payables	(1 171)
	5 611
Goodwill on acquisition (refer to note 3)	889
Net cash outflow on acquisition (refer to note 40.4)	6 500

47. BUSINESS COMBINATIONS AND DISPOSALS continued

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

	Properties R'000
Non-current assets	
Property, plant and equipment (refer to note 1)	(65)
Investment properties (refer to note 2)	(361 752)
Current assets	
Trade and other receivables	(7 348)
Cash and cash equivalents	(13 807)
Non-current liabilities	
Deferred tax liability (refer to note 9)	12 316
Interest-bearing borrowings (refer to note 19)	230 847
Current liabilities	
Trade and other payables	14 776
Current income tax liabilities	1 539
	(123 494)
Non-controlling interests	20 848
Gain on disposal of subsidiary (refer to note 32)	(38 603)
Cash and cash equivalents disposed of	13 807
Net cash inflow on disposal (refer to note 40.4)	(127 442)

47.4 Goodwill arising on acquisition

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

47.5 Impact of the acquisitions on the results of the group

The businesses acquired during the year contributed revenues of R50.6 million and net losses after tax of R0.2 million to the group for the periods from dates of effective control. Had the acquisitions been effective on 1 April 2021 the contribution to revenue would have been R86.2 million and net profits of R1.2 million would have been the contribution to profits after tax.

48. FINANCIAL AND INSURANCE RISK MANAGEMENT

48.1 Financial risk factors

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

48.1.1 *Market risk*

Currency risk

The group is exposed to foreign exchange risk arising from various currencies, but primarily with respect to the US Dollar as detailed below. Foreign exchange risk arises from exposure in foreign operations due to trading transactions denominated in currencies other than the functional currency. Foreign currency imports and exports within the group are managed using forward exchange contracts. The company had no exposure to currency risk at the end of the current or prior year.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
	2022 R	2021 R	**2022 R**	2021 R
United States Dollar	**14.85**	16.35	**14.47**	14.84

A 10% strengthening of the functional currency against the US Dollar at 31 March would have increased profit or loss by R26 million (2021: R26 million), with a 10% weakening of the functional currency against the US Dollar having the equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rates, remain constant and was performed on a basis that is consistent with 2021.

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

	2022 R'000	2021 R'000
Trade and other receivables		
British Pound	**476**	363
Euro	**1 014**	3 584
Swiss Franc	**16**	1 205
United States Dollar	**21 737**	12 732
Trade and other payables		
British Pound	**193**	11
Euro	**3 104**	2 352
Swiss Franc	**63**	4 660
United States Dollar	**309 589**	342 159
Cash and cash equivalents		
Australian Dollar	**116**	–
British Pound	**259**	15
Euro	**207**	42 123
Hong Kong Dollar	**898**	67
Swiss Franc	**3 766**	983
United States Dollar	**25 363**	72 072

48. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

48.1 Financial risk factors continued

48.1.1 Market risk continued

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

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

	Carrying amount			
	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Fixed rate instruments				
Financial liabilities	(5 562 331)	(10 444 178)	–	–
	(5 562 331)	(10 444 178)	–	–
Variable rate instruments				
Financial assets	2 427 790	1 857 725	3 538	1 341
Financial liabilities	(10 271 541)	(7 561 347)	(169 649)	(260 942)
	(7 843 751)	(5 703 622)	(166 111)	(259 601)

Fair value sensitivity analysis for fixed rate instruments
A change of 100 basis points in interest rates would have increased or decreased the group's equity by R40 million (2021: R75 million).

Cash flow sensitivity analysis for variable rate instruments
A change of 100 basis points in interest rates would have increased or decreased the group's profit or loss by R56 million (2021: R41 million) and the company's profit or loss by R1 million (2021: R2 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 2021.

Other price risk
The group was exposed to other price risk in respect of its investment in Montauk Renewables Inc, a company listed on the Nasdaq Capital Market. Refer to details as set out in note 7.

48.1.2 Credit risk

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

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

	Carrying amount			
	Group		Company	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Receivables (refer to notes 7, 8, 11 and 14)	1 861 162	1 858 837	3 119 596	3 069 926
Cash and cash equivalents	2 309 587	1 761 881	3 538	1 341
	4 170 749	3 620 718	3 123 134	3 071 267

48. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

48.1 Financial risk factors continued

48.1.3 Liquidity risk

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

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

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
2022				
Bank and other borrowings	4 763 546	4 780 238	8 217 912	376 092
Foreign exchange contracts	9 697	–	–	–
Interest rate swaps – cash flow hedges	68 317	16 040	1 018	–
Trade and other payables	2 163 858	–	–	–
	7 005 418	4 796 278	8 218 930	376 092
2021				
Bank and other borrowings	4 888 267	4 682 346	9 694 945	904 296
Foreign exchange contracts	2 741	–	–	–
Interest rate swaps – cash flow hedges	169 995	79 391	52 505	–
Trade and other payables	1 925 402	–	–	–
Other non-current liabilities	10 688	7 236	–	–
	6 997 093	4 768 973	9 747 450	904 296

Defaults and breaches on loans

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

48. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

48.2 Insurance and reinsurance risk

Insurance risk arises from fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations, including inaccurate pricing of risks when underwritten or other risk transfer techniques and inadequate reserves.

Underwriting risk results from fluctuations in the timing, frequency and severity of insured events. It includes the risk that premium provisions turn out to be insufficient to compensate expected future claims, that the claims provisions raised for both reported and unreported claims are inadequate as well as the risk resulting from the volatility of expense payments.

Reinsurance risk is the risk of loss due to either insufficient or inappropriately structured reinsurance cover relative to the group's risk management strategy and objectives. It also includes the risk that the reinsurance programme is inappropriately administered. The group obtains third-party reinsurance cover to reduce risks from single events or accumulations of risk that could have a significant impact on the current year's earnings or the group's insurance subsidiary's capital adequacy requirements (refer to note 48.3).

The group manages its insurance risk through regular board meetings, where the group's exposures are reviewed and the insurance risks assessed. The group's insurance company (Tsogosure) is managed by independent insurance managers and has appointed third-party brokers who act as claims handlers, all of which review the claims data on a regular basis. The board of Tsogosure is provided with management accounts, solvency calculations and underwriting charts at each board meeting for their review.

Tsogosure writes property damage and business interruption, commercial crime, group personal accident and peripheral liability business for its own account and, up to 31 July 2021, for that of Tsogo Sun Hotels (THL) and its subsidiaries, related parties of the group (refer to note 45). The THL group's business is only covered to the extent of the run-off business remaining as they exited the group's insurance captive for their insurance requirements.

Effect of COVID-19

The board has considered the impact of the COVID-19 pandemic on the insurance company and does not consider there to be any significant risks in terms of Tsogosure's ability to trade. In considering the impact of COVID-19 losses, the board was aware of Tsogosure's level of liquidity and its solvency margin and was satisfied that Tsogosure remains adequately capitalised.

48.3 Capital risk management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, revenue reserves and other reserves, being revaluation reserves and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The group's debt capacity and optimal gearing levels are determined by its cash flow profile and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the group's approach to capital management during the year.

Other than insurance regulations applicable to the group's short-term insurance business, neither the company nor any of its other subsidiaries are subject to externally imposed capital requirements. As a class 12 licence holder under Isle of Man Insurance Regulations, Tsogosure is required to maintain shareholders' funds in excess of £50 000 together with 10% of net written premium up to £2 million and 5% of net written premium in excess of £2 million. The group considers this, together with a calculation of capital adequacy, on a regular basis. Tsogosure complied with all externally imposed requirements during the period and held funds of R52 million (2021: R42 million) in excess of the regulatory minimum solvency margin at the reporting date.

48. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

48.4 Fair value estimation

IFRS 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – Quoted prices available in active markets for identical assets or liabilities

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

Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data

The following items are measured at fair value:

Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2022				
ASSETS				
Financial assets at fair value through profit or loss				
Equity securities	253 189	–	–	253 189
Financial assets carried at fair value through other comprehensive income				
Equity securities	–	4 237	813 531	817 768
Unit trust investments	–	18 794	–	18 794
Other	–	–	40	40
Non-financial assets at fair value through profit or loss				
Investment property	–	–	5 067 831	5 067 831
Total assets	253 189	23 031	5 881 402	6 157 622
LIABILITIES				
Derivative financial instruments				
Foreign exchange contracts	–	9 697	–	9 697
Interest rate swaps – cash flow hedges	–	82 323	–	82 323
Total liabilities	–	92 020	–	92 020
2021				
ASSETS				
Financial assets at fair value through profit or loss				
Equity securities	246 488	–	–	246 488
Financial assets carried at fair value through other comprehensive income				
Equity securities	–	4 237	674 534	678 771
Unit trust investments	–	17 928	–	17 928
Other	–	–	40	40
Non-financial assets at fair value through profit or loss				
Investment property	–	–	5 381 333	5 381 333
Total assets	246 488	22 165	6 055 907	6 324 560
LIABILITIES				
Derivative financial instruments				
Foreign exchange contracts	–	2 741	–	2 741
Interest rate swaps – cash flow hedges	–	270 853	–	270 853
Total liabilities	–	273 594	–	273 594

48. FINANCIAL AND INSURANCE RISK MANAGEMENT continued

48.4 Fair value estimation continued

The following table presents the changes in level 3 assets for the year:

Group	Equity securities R'000	Other R'000	Investment property R'000	Total R'000
2022				
ASSETS				
Carrying value at the beginning of the year	674 534	40	5 381 333	6 055 907
Additions	–	–	137 980	137 980
Improvements	–	–	23 204	23 204
Disposals	–	–	(20 800)	(20 800)
Transfer to non-current assets held for sale	–	–	(63 261)	(63 261)
Movements in non-current operating lease equalisation assets	–	–	3 139	3 139
Fair value adjustments	138 997	–	(26 593)	112 404
Disposal of subsidiaries and businesses	–	–	(361 752)	(361 752)
Other	–	–	(5 419)	(5 419)
Carrying value at the end of the year	813 531	40	5 067 831	5 881 402
2021				
ASSETS				
Carrying value at the beginning of the year	897 930	40	9 344 524	10 242 494
Additions	–	–	27 070	27 070
Improvements	–	–	135 477	135 477
Disposals	–	–	(73 350)	(73 350)
Transfer to property, plant and equipment	–	–	(2 377 718)	(2 377 718)
Transfer from non-current assets held for sale	–	–	114 626	114 626
Movements in non-current operating lease equalisation assets	–	–	12 876	12 876
Fair value adjustments	(223 396)	–	(35 840)	(259 236)
Disposal of subsidiaries and businesses	–	–	(1 765 795)	(1 765 795)
Other	–	–	(537)	(537)
Carrying value at the end of the year	674 534	40	5 381 333	6 055 907
Notes	7		2	

49. 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.

Termination of hotel management contracts between Tsogo Sun Gaming (TSG) and Tsogo Sun Hotels (THL)

Subject to certain conditions precedent, TSG and its subsidiaries have concluded a separation agreement with regards to the termination of the management of 15 of its hotels by THL, for a cost of R399 million and the disposal of its remaining two hotels to the Hospitality Property Fund (a subsidiary of THL) for a total consideration of R142 million (carrying value R57 million). In terms of the separation agreement the respective management and licence agreements may be cancelled on a month's notice and these hotels will accordingly be incorporated into TSG's own management and operational structure. These transactions are considered related party transactions in terms of the JSE Listings Requirements.

Disposal of Southern Sun Ikoyi hotel by Tsogo Sun Hotels (THL)

As announced by THL on SENS, its wholly-owned subsidiary Southern Sun Africa (SSA) has entered into a sale agreement on 26 May 2022 with Kasada Albatross Holding (Kasada), a subsidiary of Kasada Hospitality Fund LP, for the disposal of its Southern Sun Ikoyi hotel in Nigeria. In terms of the agreement THL committed to dispose of its entire 75.55% shareholding and shareholder loan claims in Ikoyi Hotels Limited (Ikoyi), which owns the hotel.

The total assets and total liabilities of Ikoyi as at 31 March 2022 were US$56 million and US$15 million, respectively, with THL's 75.55% share of the net asset value equating to US$31 million.

The aggregate disposal consideration per the agreement is US$30 million, comprising US$29 million for the shares and US$1 million for the shareholder loan claims. The successful implementation of the disposal would result in the reduction of THL's US dollar-denominated debt through the deconsolidation of Ikoyi's external debt of US$13 million and provide SSA with sufficient cash resources to off-set US dollar-denominated debt in Mozambique totalling US$26.6 million, thereby eliminating foreign exchange risk to THL. Shareholders are referred to the relevant SENS announcements made by THL in this regard.

Settlement of dispute

The company, by way of a wholly-owned subsidiary, had previously advanced a loan equivalent to US$5 million to Jindal (BVI) Limited (Jindal), a company incorporated in the British Virgin Islands. This investment had previously been fully impaired. Jindal's purpose was to hold an interest in a prospecting right in the Mmamabula Coal Fields in Botswana, with the objective of developing a coal mine and power plant. As at the reporting date the company was engaged in arbitration proceedings with the previous holding company of Jindal, Jindal Steel & Power (Mauritius) Limited, with regard to the validity of the funding arrangements. Management contended that the funding arrangements were not validly consummated and that the parties had to be restored to their original position. Subsequent to the reporting date the parties entered into a settlement agreement whereby the company received R132 million as settlement of the loan and its legal costs.

50. IMPACT OF COVID-19 PANDEMIC AND GOING CONCERN

Trading

The outbreak of the COVID-19 pandemic has had a profound impact on the South African economy and the group. The group's gaming and hotel operations were the most severely affected due to its inability to trade for extended periods of time as a result of government-enforced restrictions. Once these businesses were allowed to reopen, they continued to face trading challenges due to government-enforced restrictions like social distancing, restrictions of gatherings, continuous closure of restaurants and bars as well as 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 continued to limit the demand for hotel rooms, which significantly impacted the hotel group's revenue streams. The group's properties division has, to a lesser extent, been impacted by the reduced ability of its tenant base to comply with its rent obligations, the asset worst affected being the Gallagher exhibition and conference facilities. The group's gaming and hotel operations have made a strong recovery during the second half of the year under review with the remainder of the group's operations recovering to pre-COVID-19 profitability and the ability to pay dividends to its shareholders.

Liquidity and funding

The group's main focus was to preserve cash and maintain financial liquidity during the period its businesses were not allowed to trade 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, negotiating reduced or extended payment terms with major suppliers of fixed cost services and the deferral of dividends.

In the prior year and in anticipation of the group's hotel and gaming businesses being unable to meet the covenant requirements in terms of its funding agreements, management of these operations entered into negotiations with its lenders with the subsequent measures, as detailed in note 19, being agreed. In addition, and as a result of the share prices of Tsogo Sun Gaming and Tsogo Sun Hotels deteriorating significantly in the period leading up to the trade restrictions mentioned above, 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 19, being agreed during the prior year.

The company and the group's gaming and hotel operations are all currently in compliance with its debt covenants in respect of borrowings. Forecast dividends from the group's gaming operations are expected to recover and management expects debt service obligations on central borrowings to be complied with for the foreseeable future.

The group has interest-bearing borrowings totalling R15.6 billion (2021: R17.6 billion) as at 31 March 2022, of which R9.7 billion (2021: R11.2 billion) relates to its gaming interests. Based on cash flow projections prepared by the gaming group, its liquidity is expected to be adequate to service its debt and meet the covenant requirements in terms of its funding agreements for the ensuing 12 months. The group managed to reduce its interest-bearing debt significantly from the prior year under difficult, restrictive trading conditions. The group's focus remains on reducing its medium to long-term debt levels, thereby reducing risk and funding costs.

Going concern

The consolidated and separate financial statements are prepared on the going concern basis. Although the group's current liabilities exceed current assets at 31 March 2022, the group's forecasts reflect that it will generate sufficient cash flow during the period to meet all current liability obligations. The company had net current liabilities of R816 million at the reporting date. R663 million in current liabilities were owing to wholly-owned subsidiaries and repayable at the discretion of the company, while the remainder was owing to third parties. At 31 March 2022 the company owned listed shares with a carrying value of R5 309 million, mitigating the liquidity risk identified through the net current liability position.

Based on the group's and company'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 both the group and company have 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 and company's operations and liquidity was considered.

51. PRIOR-PERIOD RESTATEMENT

51.1 Purchase price allocation of Tsogo Sun Hotels (THL)

During the prior year the group lost control of its hotel interests which resulted in the deconsolidation of the net assets of THL and the subsequent accounting of the group's investment in THL as an associate (refer to note 6). The accounting in respect of the deemed acquisition of an associate was provisional as at 31 March 2021. The accounting for the excess of the group's share of the net fair value of THL's identifiable assets and liabilities acquired, over the cost of the group's investment at the date control was lost, has been finalised during the current year. This resulted in the restatement of the group's prior-year results as follows:

	Previously reported 2021 R'000	Restatement 2021 R'000	Restated 2021 R'000
STATEMENT OF PROFIT OR LOSS			
Revenue	8 191 095	–	8 191 095
Net gaming win	5 275 457	–	5 275 457
Property rental income	620 049	–	620 049
	14 086 601	–	14 086 601
Depreciation and amortisation	(1 218 495)	–	(1 218 495)
Other operating expenses and income	(10 992 350)	–	(10 992 350)
Investment income	94 963	–	94 963
Share of profits of associates and joint arrangements[1]	2 045 952	1 292 291	3 338 243
Investment surplus[2]	172 986	143 961	316 947
Fair value adjustments on investment properties	(35 840)	–	(35 840)
Impairment reversals	208 739	–	208 739
Asset impairments	(33 756)	–	(33 756)
Fair value adjustments on financial instruments	129 445	–	129 445
Impairment of goodwill and investments[3]	(1 564 723)	(1 436 252)	(3 000 975)
Finance costs	(1 522 090)	–	(1 522 090)
Profit before taxation	1 371 432	–	1 371 432
Taxation	(257 127)	–	(257 127)
Profit for the year from continuing operations	1 114 305	–	1 114 305
Discontinued operations	(2 096 725)	–	(2 096 725)
Loss for the year	(982 420)	–	(982 420)
Attributable to:			
Equity holders of the parent	(960 014)	(63 048)	(1 023 062)
Non-controlling interest	(22 406)	63 048	40 642
	(982 420)	–	(982 420)
STATEMENT OF FINANCIAL POSITION			
Equity			
Equity attributable to equity holders of the parent	12 126 312	(63 048)	12 063 264
Non-controlling interest	7 397 984	63 048	7 461 032
	19 524 296	–	19 524 296
EARNINGS PER SHARE			
Basic and diluted losses per share (cents)	(1 187.11)	(77.96)	(1 265.07)

[1] The group recognised a final gain on bargain purchase of R3 386 million following the reassessment of the fair values of THL's identifiable assets and liabilities acquired. This gain is a result of fair value adjustments on owner-occupied properties totalling R3 897 million, the recognition of hotel brands with a fair value of R246 million and changes to lease accounting, which resulted in THL's right-of-use assets and lease liabilities being increased by R426 million and R109 million, respectively. Deferred tax assets of R30 million and deferred tax liabilities of R1 221 million were recognised in respect of the adjustments detailed above.

[2] The group recognised a gain of R144 million on the dilution of the group's shareholding in hotels from 40.99% to 40.45%. This adjustment follows from the increase in the carrying value of the group's investment in associate on the acquisition date as a result of the finalisation of the provisional accounting.

[3] The carrying value of the group's investment in hotels increased by R1 436 million as a result of the adjustments as detailed above. An additional impairment loss of R1 436 million has subsequently been recognised by the group, bringing the total impairment loss recognised in respect of the group's investment in hotels, to R3 001 million in the prior year. Refer to note 6 for details on the inputs used in calculating this impairment loss.

This restatement had no impact on the group's opening equity, its cash flows or headline earnings per share for the prior year.

52. FINANCIAL INSTRUMENTS

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

Group	Amortised cost 2022 R'000	Amortised cost 2021 R'000	Non-financial instruments 2022 R'000	Non-financial instruments 2021 R'000
ASSETS				
Non-current assets	75 096	146 187	39 693 149	39 334 784
Property, plant and equipment	–	–	16 046 945	16 610 166
Right-of-use assets	–	–	324 184	353 250
Investment properties	–	–	5 067 831	5 381 333
Goodwill	–	–	3 868 505	3 872 534
Intangible assets	–	–	9 558 471	9 156 246
Intangible assets mining	–	–	18 120	21 707
Investments in associates	–	–	4 458 488	3 571 565
Investments in joint arrangements	–	–	465	2 413
Other financial assets	–	88 338	–	–
Deferred taxation	–	–	333 566	340 893
Finance lease receivables	–	–	9 743	15 880
Non-current receivables	75 096	57 849	6 831	8 797
Current assets	3 922 264	3 071 995	2 293 976	2 268 746
Inventories	–	–	899 661	620 913
Programme rights	–	–	978 651	1 074 631
Other financial assets	92 963	–	–	–
Trade and other receivables*	1 519 714	1 310 114	322 324	455 424
Taxation	–	–	93 340	117 778
Cash and cash equivalents	2 309 587	1 761 881	–	–
Disposal group assets held for sale	2 419	14 170	144 821	174 051
Total assets	3 999 779	3 232 352	42 131 946	41 777 581
LIABILITIES				
Non-current liabilities	11 974 360	13 672 617	5 469 577	5 342 011
Financial liabilities	–	–	–	–
Borrowings	11 974 360	13 665 381	–	–
Lease liabilities	–	–	399 063	410 047
Post-retirement benefit liabilities	–	–	141 524	146 453
Long-term incentive plan	–	–	88 001	24 570
Long-term provisions	–	–	72 431	70 604
Deferred revenue and income	–	–	81 033	110 550
Deferred taxation	–	–	4 687 525	4 578 055
Other non-current liabilities	–	7 236	–	1 732
Current liabilities	6 041 719	6 280 607	814 652	842 370
Trade and other payables**	2 163 858	1 925 402	545 285	595 314
Deferred revenue and income	18 349	15 061	37 251	27 143
Financial liabilities	–	–	–	–
Current portion of borrowings	3 586 404	3 919 533	–	–
Taxation	–	–	44 045	50 374
Provisions	–	–	188 071	169 539
Bank overdrafts	273 108	420 611	–	–
Disposal group liabilities held for sale	1 765	10 917	–	6 748
Total liabilities	18 017 844	19 964 141	6 284 229	6 191 129

* In the prior year non-financial instruments totalling R56 million were incorrectly classified as financial instruments at amortised cost. This was corrected in the current year and the prior-year results restated.

** In the prior year non-financial instruments totalling R123 million were incorrectly classified as financial instruments at amortised cost. This was corrected in the current year and the prior-year results restated.

Fair value through other comprehensive income 2022 R'000	Fair value through other comprehensive income 2021 R'000	Fair value through profit or loss 2022 R'000	Fair value through profit or loss 2021 R'000	Derivative financial instruments 2022 R'000	Derivative financial instruments 2021 R'000	Total 2022 R'000	Total 2021 R'000
836 602	696 739	253 189	246 488	–	–	40 858 036	40 424 198
–	–	–	–	–	–	16 046 945	16 610 166
–	–	–	–	–	–	324 184	353 250
–	–	–	–	–	–	5 067 831	5 381 333
–	–	–	–	–	–	3 868 505	3 872 534
–	–	–	–	–	–	9 558 471	9 156 246
–	–	–	–	–	–	18 120	21 707
–	–	–	–	–	–	4 458 488	3 571 565
–	–	–	–	–	–	465	2 413
836 602	696 739	253 189	246 488	–	–	1 089 791	1 031 565
–	–	–	–	–	–	333 566	340 893
–	–	–	–	–	–	9 743	15 880
–	–	–	–	–	–	81 927	66 646
–	–	–	–	–	–	6 216 240	5 340 741
–	–	–	–	–	–	899 661	620 913
–	–	–	–	–	–	978 651	1 074 631
–	–	–	–	–	–	92 963	–
–	–	–	–	–	–	1 842 038	1 765 538
–	–	–	–	–	–	93 340	117 778
–	–	–	–	–	–	2 309 587	1 761 881
–	–	–	–	–	–	147 240	188 221
836 602	696 739	253 189	246 488	–	–	47 221 516	45 953 160
–	–	–	–	82 323	228 008	17 526 260	19 242 636
–	–	–	–	82 323	228 008	82 323	228 008
–	–	–	–	–	–	11 974 360	13 665 381
–	–	–	–	–	–	399 063	410 047
–	–	–	–	–	–	141 524	146 453
–	–	–	–	–	–	88 001	24 570
–	–	–	–	–	–	72 431	70 604
–	–	–	–	–	–	81 033	110 550
–	–	–	–	–	–	4 687 525	4 578 055
–	–	–	–	–	–	–	8 968
–	–	–	–	9 697	45 586	6 866 068	7 168 563
–	–	–	–	–	–	2 709 143	2 520 716
–	–	–	–	–	–	55 600	42 204
–	–	–	–	9 697	45 586	9 697	45 586
–	–	–	–	–	–	3 586 404	3 919 533
–	–	–	–	–	–	44 045	50 374
–	–	–	–	–	–	188 071	169 539
–	–	–	–	–	–	273 108	420 611
–	–	–	–	–	–	1 765	17 665
–	–	–	–	92 020	273 594	24 394 093	26 428 864

52. FINANCIAL INSTRUMENTS continued

Company	Amortised cost 2022 R'000	Amortised cost 2021 R'000	Non-financial instruments 2022 R'000	Non-financial instruments 2021 R'000
ASSETS				
Non-current assets	2 583 068	2 233 116	12 050 811	10 194 851
Investments in associates	–	–	453 736	232 586
Investments in and amounts owing from subsidiary companies	2 572 036	2 222 084	11 597 075	9 962 265
Non-current receivables	11 032	11 032	–	–
Current assets	19 635	8 526	–	–
Trade and other receivables	16 097	7 185	–	–
Cash and cash equivalents	3 538	1 341	–	–
Total assets	2 602 703	2 241 642	12 050 811	10 194 851
LIABILITIES				
Current liabilities	835 345	1 020 079	6	76
Trade and other payables	2 649	3 577	–	–
Amounts owing to subsidiary companies	663 047	755 560	–	–
Current portion of borrowings	49 910	46 027	–	–
Taxation	–	–	6	76
Bank overdrafts	119 739	214 915	–	–
Total liabilities	835 345	1 020 079	6	76

Fair value through other comprehensive income		Fair value through profit or loss		Derivative financial instruments		Total	
2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000
–	–	–	–	–	–	14 633 879	12 427 967
–	–	–	–	–	–	453 736	232 586
–	–	–	–	–	–	14 169 111	12 184 349
–	–	–	–	–	–	11 032	11 032
–	–	–	–	–	–	19 635	8 526
–	–	–	–	–	–	16 097	7 185
–	–	–	–	–	–	3 538	1 341
–	–	–	–	–	–	14 653 514	12 436 493
–	–	–	–	–	–	835 351	1 020 155
–	–	–	–	–	–	2 649	3 577
–	–	–	–	–	–	663 047	755 560
–	–	–	–	–	–	49 910	46 027
–	–	–	–	–	–	6	76
–	–	–	–	–	–	119 739	214 915
–	–	–	–	–	–	835 351	1 020 155

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2022

	Issued share capital R'000	Effective interest %	2022 Shares R'000	2022 Loans R'000	2021 Shares R'000	2021 Loans R'000
SHARES AND LOANS STATED AT COST LESS IMPAIRMENT						
Investment holding						
Deepkloof Limited[1]	58	100	**	–	**	–
Fulela Trade and Invest 81 Proprietary Limited	*	100	**	–	**	–
HCI Central Investments Proprietary Limited	*	100	*	–	*	–
HCI Invest 14 Holdco Proprietary Limited	181 600	100	181 600	2 348 090	181 600	2 154 600
Johnnic Holdings Limited	16 647	100	**	–	**	–
Niveus-La Concorde Holdings Proprietary Limited	*	100	*	127 788	*	–
TIH Prefco (RF) Proprietary Limited	11 779 570	100	6 037 431	(274 781)	4 923 086	(480 916)
TIHC Investments (RF) Proprietary Limited	12 039 448	100	**	–	**	–
HCI Sun Energy Three Proprietary Limited	*	100	*	–	*	–
Niveus AG[2]	1 000	100	**	–	**	–
Niveus Invest 20 Proprietary Limited	*	100	*	96 143	*	67 465
Gaming						
Tsogo Sun Gaming Limited***	3 287	50	1 571 540	–	1 372 008	–
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	4 754 851	50	**	–	**	–
Financial and management services						
HCI Managerial Services Proprietary Limited	*	100	*	(36 515)	*	–
HCI Treasury Proprietary Limited	*	100	166 751	(322 979)	81 654	(272 935)
Transport						
Frontier Transport Holdings Limited (formerly Hosken Passenger Logistics and Rail Limited) ***	1 797 160	82	1 097 215	–	953 514	–
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	**	–	**	–

[1] Channel Islands
[2] Switzerland
* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies
**** The group has effective control of the trust based on the terms of the trust deed, without any economic interest therein

	Issued share capital R'000	Effective interest %	2022 Shares R'000	2022 Loans R'000	2021 Shares R'000	2021 Loans R'000
Media and broadcasting						
eMedia Holdings Limited***	6 762 797	80	1 622 232	–	1 622 232	–
Crystal Brook Distribution Proprietary Limited	*	54	**	–	**	–
e.Sat.tv Proprietary Limited	*	54	**	–	**	–
e.tv Proprietary Limited	108	54	**	–	**	–
Longkloof Limited[1]	*	54	**	–	**	–
eMedia Investments Proprietary Limited	55	54	**	–	**	–
Sabido Properties Proprietary Limited	*	54	**	–	**	–
Yired Proprietary Limited	*	54	**	–	**	–
HCI Invest 3 Holdco Proprietary Limited	5 291 604	80	**	–	**	–
Silverline 360 Proprietary Limited	*	54	**	–	**	–
Coal mining						
HCI Coal Proprietary Limited	*	100	6 794	–	6 794	–
Branded products and manufacturing						
Deneb Investments Limited***	1 462 143	85	567 138	–	510 086	–
Formex Industries Proprietary Limited	100	85	**	–	**	–
Sargas Proprietary Limited	2 500	85	**	–	**	–
Seartec Trading Proprietary Limited	1	85	**	–	**	–
Properties						
Lynnridge Shopping Centre Proprietary Limited	80 141	80	**	–	**	–
Gallagher Estate Holding Proprietary Limited	19 295	100	**	–	**	–
Highland Night Investments 93 Proprietary Limited	33 358	52	**	–	**	–
Kalahari Village Mall Proprietary Limited	59 665	60	**	–	**	–
Permasolve Investments Proprietary Limited	*	71	*	–	*	–
Mironetix Proprietary Limited	296 425	80	237 139	–	237 139	–
Curagen Investments Proprietary Limited	59 665	60	**	–	**	–
HCI Monte Precinct Proprietary Limited	*	100	*	–	*	–
HCI – Sydney Road Proprietary Limited	41 727	82	34 305	–	*	–
HCI – Rand Daily Mail Proprietary Limited	*	100	*	–	*	–
HCI – Shell House Proprietary Limited	*	75	*	–	*	–
HCI – Whale Coast Village Proprietary Limited	120 698	80	**	–	**	–
HCI – The Palms Proprietary Limited	*	60	*	–	*	–

1 Channel Islands
2 Switzerland
* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies
**** The group has effective control of the trust based on the terms of the trust deed, without any economic interest therein

ANNEXURE A – INTEREST IN PRINCIPAL SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

	Issued share capital R'000	Effective interest %	2022 Shares R'000	2022 Loans R'000	2021 Shares R'000	2021 Loans R'000
Other						
HCI Invest 15 Holdco Proprietary Limited	*	100	*	–	*	–
Squirewood Investments 64 Proprietary Limited	*	100	*	–	*	–
IGI Investment Company Limited	37 546	55	*	(1 702)	*	(1 702)
La Concorde Holdings Limited***	*	89	58 501	–	57 699	–
Merilyn Investments Proprietary Limited	10 002	100	*	–	*	–
The HCI Foundation****	N/A	0	–	(27 067)	–	–
Tsogo Investment Holding Company Proprietary Limited	960 134	90	**	–	**	–
Tuffsan 88 Proprietary Limited	654	100	*	–	*	–
Tylon Holdings Proprietary Limited	*	100	16 429	–	16 429	–
HCI Invest 6 Holdco Proprietary Limited	4 229 481	100	*	–	24	–
Niveus Investments Limited	925 399	100	*	–	*	–
Niveus Invest 14 Proprietary Limited	*	100	*	11	*	11
Niveus Invest 3 Proprietary Limited	*	100	*	1	*	1
Niveus Managerial Services 2 Proprietary Limited	*	100	*	–	*	–
GRiPP Advisory Proprietary Limited	*	75	*	–	*	–
			11 597 075	1 908 989	9 962 265	1 466 524

1 Channel Islands
2 Switzerland
* Under R1 000
** Indirectly held
*** Direct and indirect shareholding through intermediary companies
**** The group has effective control of the trust based on the terms of the trust deed, without any economic interest therein

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

Details of excluded subsidiaries are available from the company secretary.

	2022 R'000	2021 R'000
Profits and losses attributable to consolidated subsidiary companies		
Aggregate profits after tax	7 728 646	1 365 259
Aggregate losses after tax	(158 914)	(4 781 039)

Subsidiaries are incorporated in South Africa unless otherwise shown.

Encumbrances
Shares having a total carrying value of R26 465 million (2021: R27 092 million) have been pledged as security for certain loans owing to loan funders of the group. Refer to note 19.

CORPORATE ADMINISTRATION

COMPANY REGISTRATION NUMBER:	1973/007111/06
SHARE CODE:	HCI ISIN: ZAE000003257
REGISTERED OFFICE:	Suite 801, 76 Regent Road, Sea Point, Cape Town 8005 PO Box 5251, Cape Town, 8000 Telephone: 021 481 7560
WEBSITE ADDRESS:	www.hci.co.za
COMPANY SECRETARY:	HCI Managerial Services Proprietary Limited
DIRECTORS:	*Executive Directors* John Anthony Copelyn (Chief Executive Officer) James Robert Nicolella (Financial Director) Theventheran Govindsamy Govender [Kevin) Yunis Shaik *Independent Non-Executive Directors* Mohamed Haroun Ahmed Mimi Freddie Magugu 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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BETTERSALTED

Hosken Consolidated Investments Limited

ANNUAL FINANCIAL STATEMENTS

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