TSOGO SUN GAMING

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021


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Contents

CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2021

Statement of responsibility by the board of directors

for the year ended 31 March 2021

The company's directors are required by the Companies Act of South Africa to maintain adequate accounting records and to prepare financial statements for each financial year which fairly present the state of affairs of the group at the end of the financial year and of the results of operations and cash flows for the year. In preparing the accompanying consolidated financial statements, the Listings Requirements of the JSE together with International Financial Reporting Standards ("IFRS") have been followed, suitable accounting policies have been used, applied consistently, and reasonable and prudent judgements and estimates have been made. Any changes to accounting policies are approved by the board of directors and the effects thereof are fully explained in the consolidated financial statements. The consolidated financial statements incorporate full and responsible disclosure. The directors have oversight for the information included in the integrated annual report and are responsible for both its accuracy and its consistency with the consolidated financial statements.

The directors considered the going concern status of the group taking into account the current financial position and their best estimate of the cash flow forecasts in terms of their current knowledge and expectations of ongoing developments of the Covid-19 pandemic. The cash flow and liquidity projections for the group have been prepared for a period exceeding 12 months from the reporting date and included performing sensitivity analyses. After taking the aforementioned factors, including the discussions with the lenders, into account, the directors consider the going concern method to be appropriate for the presentation of the financial statements. Refer note 3b *Critical accounting estimates and judgements – Going concern* in the notes to the consolidated financial statements.

The group's independent auditors, PricewaterhouseCoopers Inc., have audited the consolidated financial statements and their unqualified report appears on page 07. PricewaterhouseCoopers Inc. 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 auditors during their audit are valid and appropriate.

The board recognises and acknowledges its responsibility for the group's systems of internal financial control. The group's policy on business conduct, which covers ethical behaviour, compliance with legislation and sound accounting practice, underpins its internal financial control process. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating these systems is delegated by the directors who confirm that they have reviewed the effectiveness thereof.

The directors consider that the systems are appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control systems is monitored through management reviews, comprehensive reviews and testing by internal auditors and the independent auditors' testing of appropriate aspects of the internal financial control systems during the course of their statutory examinations of the company and the underlying subsidiaries.

COMPETENCE OF THE COMPANY SECRETARY

The directors have considered the competence, qualifications and experience of the employees of the Company Secretary, Tsogo Sun Casino Management Company Proprietary Limited, who perform the company secretarial services on its behalf, and are satisfied that such employees are suitably competent, qualified, experienced and independent, and have adequately and effectively performed the roles and duties of a company secretary. None of the employees of the Company Secretary are directors of the company.

Directors' approval of the consolidated financial statements

for the year ended 31 March 2021

The preparation of the consolidated financial statements set out on page 05 to page 87 have been supervised by the Chief Financial Officer ("CFO"), A Hoyer CA(SA). These consolidated financial statements were approved by the board of directors on 30 July 2021 and are signed on its behalf by:

CG du Toit
Chief Executive Officer

A Hoyer
Chief Financial Officer

Chief Executive Officer and Chief Financial Officer responsibility statement

for the year ended 31 March 2021

The directors, whose names are stated below, hereby confirm that:

- The annual financial statements, set out on pages 05 to 87, fairly present in all material respects the financial position, financial performance and cash flows of Tsogo Sun Gaming Limited in terms of IFRS;
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Tsogo Sun Gaming Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Tsogo Sun Gaming Limited; and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statement, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

CG du Toit
Chief Executive Officer

A Hoyer
Chief Financial Officer

30 July 2021

Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act of South Africa ("the Act"), we confirm that for the year ended 31 March 2021, Tsogo Sun Gaming Limited has lodged with the Companies and Intellectual Property Commission all such returns and notices as are required of a public company in terms of the Act and that all such returns and notices are true, correct and up to date.

Tsogo Sun Casino Management Company Proprietary Limited
Company Secretary

30 July 2021

Report of the audit and risk committee

for the year ended 31 March 2021

COMMITTEE MANDATE AND TERMS OF REFERENCE

In terms of the Companies Act of South Africa, the committee reports that it has adopted formal terms of reference, and that it has discharged all of its responsibilities for the year in compliance with the terms of reference.

STATUTORY DUTIES

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, including as set out in section 94 of the Companies Act of South Africa and in terms of the committee's terms of reference and as set out in the corporate governance report. In this connection, and with specific regard to the preparation of the annual financial statements, the committee has:

- Evaluated the independence and effectiveness of the external auditors, PricewaterhouseCoopers Inc., and is satisfied that the external auditors are independent of the group having given due consideration to the parameters enumerated under section 92 of the Companies Act of South Africa. The committee evaluated and is satisfied that both the audit firm and the individual auditor are suitable for appointment, as contemplated in terms of paragraph 22.15(h) of the Listings Requirements of the JSE. The committee accordingly nominates PricewaterhouseCoopers Inc. as independent auditors to continue in office. Mr S Murugen is the individual registered auditor and member of the aforementioned firm who undertakes the audit. PricewaterhouseCoopers Inc. has been the auditors of the group for 52 years, with the rotation of the designated audit partner during 2019;
- Ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS adviser are in compliance with the Companies Act of South Africa, the Auditing Profession Act, 2005 and the Listings Requirements of the JSE;
- Evaluated and is satisfied with the quality of the external audit and reports issued by the external auditors;
- Considered and pre-approved all material audit and non-audit services provided by the external auditors, ensuring that the independence of the external auditors is not compromised;
- Reviewed and assessed the group's risk identification, measurement and control systems and their implementation;
- Reviewed and approved the group accounting policies (refer note 1 to the annual financial statements);
- Considered all significant transactions and accounting matters that occurred during the year and evaluated whether the accounting treatment is in terms of IFRS, together with the restatement as disclosed in note 45 of the consolidated financial statements and are satisfied that management have appropriately remedied the controls that led to the restatement;
- Specifically considered the IFRS accounting treatment and disclosure related to the Covid-19 pandemic;
- Evaluated and is satisfied that appropriate financial reporting procedures exist and are functioning;
- Considered the impact of auditing, regulatory and accounting developments during the year, particularly the implications of new, revised or amended accounting pronouncements as issued by the IASB which were effective for the group from 1 April 2020;
- Evaluated and is satisfied with the implementation of the combined assurance framework and plan;
- Evaluated and is satisfied with the effectiveness of the outsourced internal audit function;
- Considered and evaluated the group's assessment of the CEO and CFO responsibility statement and as required by the JSE Listings Requirements;
- Considered the outsourced internal audit service provider and is satisfied with their independence and ability to effectively complete the internal audit plan;
- Reviewed the written assessment of internal audit on the design, implementation and effectiveness of the internal financial controls, in addition to the findings noted by the external auditors during the course of their annual audit in support of their annual audit opinion. Based on these results, the committee is of the opinion that the internal financial controls provide reasonable assurance that financial records may be relied upon for the preparation of reliable consolidated financial statements;
- Dealt with concerns or complaints relating to accounting practices and internal audit of the group, the content or auditing of the group's financial statements, the internal financial controls of the group, or any other related matter; and
- The audit and risk committee has also been updated with regard to the waiving of debt covenants by the group's lenders and is updated on how the group is ensuring that the revised covenants are being monitored (refer note 3b *Going concern*).

COMPETENCE OF THE CHIEF FINANCIAL OFFICER

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer, Mrs A Hoyer, and the finance function.

RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

The committee has evaluated the consolidated financial statements of Tsogo Sun Gaming Limited for the year ended 31 March 2021 and based on the information provided to the committee, the committee recommends the adoption of the consolidated financial statements by the board.

F Mall
Chairperson: Audit and risk committee

30 July 2021

Directors' report

for the year ended 31 March 2021

1 **NATURE OF BUSINESS**

The company is a South African incorporated public company listed on the Johannesburg Stock Exchange ("JSE") engaged principally in the gaming and entertainment industry operating in South Africa, with registration number 1989/002108/06. There have been no material changes in the nature of the group's business from the prior year.

2 **STATE OF AFFAIRS AND PROFIT FOR THE YEAR**

The financial results of the group for the year are set out in the consolidated financial statements and accompanying notes thereto. The group profit after tax for the year under review from continuing operations amounted to R28 million (2020: R287 million loss) and from discontinued operations in the prior year, a profit of R564 million. The directors have noted their consideration to the going concern status of the group taking into account the current financial position and their best estimate of the cash flow forecasts in terms of their current knowledge and expectations of ongoing developments of the Covid-19 pandemic in the directors' approval to the accompanying consolidated financial statements for the year ended 31 March 2021. Refer also note 3(b) *Critical accounting estimates and judgements – Going concern*. No company financial statements have been presented as the company mostly transacts with group companies and would therefore present no significant additional information not already included in the consolidated financial statements. These company financial statements are publicly available at the registered office of the company.

3 **SOLVENCY AND LIQUIDITY TEST**

The payments of future dividends will depend on the directors' ongoing assessment of the group's earnings, financial position, cash needs, future earnings prospects and other future factors.

Before declaring dividends, the directors:

- Apply the solvency and liquidity test; and
- Assess whether the company would satisfy the solvency and liquidity test immediately after payment of said dividend.

4 **DIVIDENDS**

The board of directors resolved to not declare an interim nor final cash dividend in respect of the year ended 31 March 2021. Refer note 18 *Dividends declared* for further detail.

5 **EVENTS AFTER THE REPORTING PERIOD**

The lockdown of our entire business from 28 June 2021 until 25 July 2021 is however a setback to the period it may take to recover sufficiently, not to require relaxations of covenants from lenders. Refer note 56 of the consolidated financial statements for events occurring after the balance sheet date. The directors are not aware of any other matter or circumstance arising since the end of the financial year and up to the date of these consolidated financial statements, not otherwise dealt with within the financial statements, that would affect the operations or results of the group significantly.

6 **SHARE CAPITAL**

There was no change to the company's share capital during the year under review. Refer note 31 *Ordinary share capital and premium* for further details.

The company's authorised but unissued ordinary share capital was placed under the control of the directors until the forthcoming Annual General Meeting ("AGM"). The board of directors has the authority to allot and issue any shares required to be issued for the purpose of carrying out the terms in accordance with the provisions of any share-based incentive scheme established by the company subject to section 38 of the Companies Act of South Africa and the Listings Requirements of the JSE, during the period of two years commencing on the date of the adoption of the special resolution, dated 3 December 2020. The board of directors has also been given, in terms of the Listings Requirements of the JSE, the authority to acquire ordinary shares issued by the company and shall be valid until the company's next AGM, or 15 months from the date of the passing of this special resolution, whichever period is the shorter. The board of directors has been authorised to determine the preferential rights attaching to the future issue of preference shares (subject to the approval of the JSE).

7 **ASSOCIATES AND SUBSIDIARIES**

Refer note 24 of the consolidated financial statements for details of associates, note 57 for details of subsidiary companies with non-controlling interests and note 58 for details of subsidiaries.

8 DIRECTORATE

The directorate during the year under review was as follows:

EXECUTIVE

CG du Toit (CEO)	
A Hoyer (CFO)	Appointed as CFO designate of the group 1 June 2020, and to the board of directors of the company and as CFO of the group 1 August 2020, resigned effective 30 September 2021
G Lunga (CFO)	Appointed as CFO of the group and to the board of directors of the company with effect from 1 October 2021
RB Huddy (CFO)	Resigned 31 July 2020

NON-EXECUTIVE

JA Copelyn(1) (Chairman)
Y Shaik(1) (3)

INDEPENDENT NON-EXECUTIVE

BA Mabuza(1) (2) (3) (Lead independent)	
MSI Gani(1) (2) (3)	Resigned 18 September 2020
MJA Golding	
F Mall(2)	Appointed 18 September 2020
VE Mphande(1) (3)	
RD Watson(1) (2) (3)	

(1) HR and remuneration committee
(2) Audit and risk committee
(3) Social and ethics committee

9 DIRECTORS' EMOLUMENTS

Refer note 49 of the consolidated financial statements for details of the directors' emoluments.

10 COMPANY SECRETARY

The Company Secretary is Tsogo Sun Casino Management Company Proprietary Limited, the business and postal addresses are as follows:

Business address	**Postal address**
Palazzo Towers East	Private Bag X200
Montecasino Boulevard, Fourways, 2191	Bryanston, 2021

11 AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90 of the Companies Act of South Africa until the forthcoming AGM.

12 CONTROLLING SHAREHOLDER AND SHAREHOLDER ANALYSIS

The company's ultimate controlling shareholder is Hosken Consolidated Investments Limited ("HCI") (a company listed on the JSE) which, at the balance sheet date, directly and indirectly owned 49.7% (2020: 49.7%) of the company's issued share capital (excluding treasury shares). Refer note 49 *Related parties* and the shareholder analysis in the consolidated financial statements for further detail.

13 DISTRIBUTION OF ANNUAL REPORT AND NOTICE OF ANNUAL GENERAL MEETING

Due to the disruptions caused by the Covid-19 pandemic, including a number of key employees affected by the Covid-19 virus at a crucial stage in the preparation and coordination of the notice of annual general meeting ("Notice of AGM") and integrated annual report ("IAR") and the group's businesses being locked down from 28 June 2021 to 25 July 2021, the company's ability to complete the necessary work required to finalise and distribute the notice of AGM and IAR was severely constrained, and accordingly, the notice of AGM and the IAR will be published by no later than 17 September 2021.

Independent auditor's report

to the Shareholders of Tsogo Sun Gaming Limited

Report on the audit of the consolidated financial statements

OUR OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Tsogo Sun Gaming Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Tsogo Sun Gaming Limited's consolidated financial statements set out on pages 12 to 86 comprise:

- the consolidated balance sheet as at 31 March 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

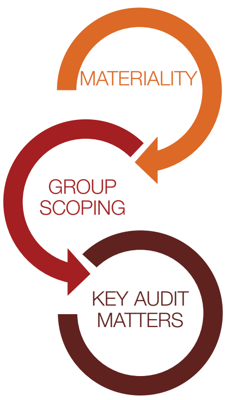
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for 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)*.

OUR AUDIT APPROACH

Overview



Overall group materiality

- R69 million, which represents 5% of the adjusted average consolidated profit before income tax from continuing operations for the preceding three financial years. In determining the adjusted average consolidated profit before income tax from continuing operations for the preceding three financial years, we added back the impairments of non-current assets that were recognised in the 2020 financial year, which arose in the prior year mainly as a result of the impact of Covid-19 containment measures on the future cash flows of the Group.

Group audit scope

- We performed full scope audits, in accordance with determined materiality, on all significant components in terms of their financial significance and risk to the Group's results.
- In total there are 11 components which were deemed to be significant components. All significant components have operations in South Africa.
- For non-significant components we performed either full scope audits, group level analytical procedures or specified audit procedures based on the associated risk of the component.

Key audit matters

- Impairment assessment of goodwill and intangible assets with indefinite useful lives; and
- Valuation of the Investments in SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester").

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R69 million
How we determined it	5% of the adjusted average consolidated profit before income tax from continuing operations for the preceding three financial years. In determining the adjusted average consolidated profit before income tax from continuing operations for the preceding three financial years, we added back the impairments of non-current assets that were recognised in the 2020 financial year, which arose in the prior year mainly as a result of the impact of Covid-19 containment measures on the future cash flows of the Group.
Rationale for the materiality benchmark applied	We chose consolidated profit before income tax from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Due to the negative impacts that the Covid-19 pandemic had on the Group's earnings for the 2021 financial year, we determined that an adjusted average profit for the preceding three years would be an appropriate benchmark to be applied, as this would provide a more appropriate representation of the performance of the Group, and would normalise the effects of the Covid-19 pandemic. Furthermore, in determining the three year average, the consolidated loss before income tax from continuing operations for the 2020 financial year was adjusted to exclude non-recurring impairments of non-current assets. These impairments arose in the prior year mainly as a result of the impact of Covid-19 containment measures on the future cash flows of the Group. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group has gaming and related entertainment operations in South Africa. The Group further has centralised functions and holding companies domiciled in South Africa.

The consolidated financial statements are a consolidation of the Group's operating businesses, holding companies and centralised functions. We performed full scope audits, in accordance with determined materiality, on all significant components in terms of their financial significance and risk to the Group results. In total there are 11 components which were deemed to be significant components. For the components which were deemed non-significant, we performed either full scope audits, group level analytical procedures or specified audit procedures based on the associated risk of the component.

We ensured that the teams at all levels, including both at the group and operational levels, included the appropriate industry specific knowledge, skills and competencies required for the audit of a gaming and hotels operator. We involved specialists and experts in the areas of information technology, actuarial, tax and valuation.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed by us, as the group engagement team, and component auditors from other PwC network firms and other firms operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Further audit procedures were performed by the group audit engagement team, including substantive procedures over the consolidation process. The work performed at operational levels, as well as the procedures performed at the group level, provided us with sufficient evidence to express an opinion on the consolidated financial statements as a whole.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and intangible assets with indefinite useful lives The Group recognised goodwill with a carrying value of R1.5 billion, which arose from business combinations undertaken in prior years. Due to the nature of the gaming business, the Group has also recognised intangible assets with indefinite useful lives relating to casino licences and bid costs with a carrying value of R2.8 billion, which included an impairment reversal charge of R129 million in the current financial year. International Accounting Standards ("IAS") 36 – Impairment of Assets requires management to conduct an annual impairment test, or more frequently if there is an indication of impairment, to assess the recoverability of the carrying value of goodwill and the indefinite life intangible assets. The gaming and hospitality industry has been significantly impacted by the Covid-19 outbreak that resulted in the closure of all the Group's casino precincts for parts of the lockdown period. Whilst the industry has been allowed to reopen, under the permitted lockdown levels imposed by the government, they are still subject to continued regulatory restrictions accompanied by an uncertain economic outlook, which impacts the Group's operations and cash generation ability in the short to medium term. To determine the recoverable amounts of the respective cash generating units ("CGUs") that goodwill has been allocated to, management based their recoverable amount calculation on the higher of the 'value in use' and 'fair value less cost of disposal' calculated for each CGU. Management applied a risk-adjusted discount rate to determine the discounted cash flow analysis for each of the individual CGUs, being the individual casino precincts. Significant judgement and estimation were applied by management when performing these calculations to determine whether any impairment is required. The key assumptions and unobservable inputs applied in the valuation models for the CGUs are disclosed in notes 22 and 23 to the consolidated financial statements. The impairment assessment of goodwill and indefinite useful life intangible assets was considered to be a matter of most significance to the current year audit due to the following: • the significant judgement and estimation applied by management in their assumptions taking into account the significant impact of the Covid-19 outbreak on the hotel and gaming industry; and • the magnitude of the impairment reversal recognised as well as the magnitude of the carrying values of goodwill and indefinite useful life intangible assets in relation to the consolidated financial statements. These matters are disclosed in the following notes to the consolidated financial statements: • Note 14: Impairment of non-current assets; • Note 22: Goodwill; • Note 23: Other intangible assets; • Note 3: Critical accounting estimates and judgements (d), Estimated impairment of goodwill and indefinite lived intangible assets; • Note 1: Summary of significant accounting policies, (d) Basis of consolidation and business combinations, (iv) Goodwill; and • Note 1: Summary of significant accounting policies, (h) Intangible assets, (ii) Casino licences and bid costs.	Our audit addressed this key audit matter as follows: Management's cash flow forecasts used in the impairment models were agreed to the latest director approved five-year strategic plan. No material exceptions were noted. For those CGUs that contribute more than 5% to group revenue and for the group as a whole, we assessed the reasonableness of the budgeting process adopted in deriving the five-year strategic plan, by comparing the current year actual results to the 2021 financial year figures included in the prior year forecast to consider whether the forecasts included assumptions that, with hindsight, had been optimistic. We found management's cash flow forecasts to be mainly consistent with the historical actual results and obtained corroboration from management where the budgeted numbers significantly differed from actuals. We further assessed the reasonableness of the impacts of Covid-19 that was incorporated by management into their cash flow forecasts by evaluating management's net gaming win forecasts against the actual historic net gaming win for each CGU at the applicable lockdown levels. We also performed an independent assessment of the reasonableness of management's cash flow forecasts based on the anticipated lockdown levels noted in our independently sourced economic forecast to determine whether the forecasts are consistent with our independent assessment. We considered management's determined net gaming win forecasts to be reasonable based on these procedures. We assessed the reasonableness of the cash outflows used in the discounted cash flow analysis through discussions with management to understand the basis for the assumptions used in respect of cash outflows and corroborated their explanations against historic performance as well as other strategic initiatives implemented by management. We assessed the cash outflows to be reasonable. We utilised our valuation expertise to independently calculate a discount rate taking into account independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums adjusted for specific risks relating to the relevant CGUs, debt/equity ratios as well as the beta of comparable companies. This was compared to the discount rates used by management. We further applied these independently sourced and calculated inputs to management's forecasts and compared the recoverable amount of each CGU to the results of our independent calculations. We found management's valuation to be within an acceptable range of our independent calculations. Making use of our valuations expertise, the reasonableness of the terminal growth rate was assessed by comparing the terminal growth rates to long-term growth rates obtained from independent sources. The growth rates used by management were accepted as comparable. We tested the mathematical accuracy of the discounted cash flow model and made use of our valuations expertise to assess the discounted cash flow model's compliance with market practice and the applicable requirements of IAS 36. We did not note any aspect which required further consideration. We further assessed the reasonableness of the discount rates, long-term growth rates and forecasted cash flows by performing a sensitivity analysis to determine the impact that a change in discount rates, long-term growth rates and forecast cash flows would have on the discounted cash flow analysis and the resultant recoverable amount. We compared the results of our sensitivity analysis to management's impairment results in order to identify those CGUs considered sensitive to a change in assumptions for disclosure purposes. We did not note any aspect which required further consideration.

Key audit matter	How our audit addressed the key audit matter
Valuation of the Investments in SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester") During the 2017 financial year the group entered into a transaction with Sun International Limited and Grand Parade Investments Limited for the acquisition of a 20% equity interest in both SunWest and Worcester. The investment in SunWest and Worcester is recognised as an equity instrument measured at fair value through other comprehensive income in accordance with IFRS 9 'Financial Instruments'. The investments have been categorised as level 3 fair value instruments in accordance with the fair value measurement hierarchy as per IFRS 13 'Fair Value Measurement' ("IFRS 13"), using unobservable inputs, and have been re-measured at each reporting date with the fair value movements recognised in other comprehensive income. The fair value of these investments amounted to R675 million as at 31 March 2021 and management recognised a fair value loss of R223 million in other comprehensive income during the year under review. Management used a discounted cash flow valuation model to estimate the fair values of these investments. The expected cash flows have been discounted using a risk-adjusted discount rate. The significant unobservable inputs used in determining the fair value of these investments are disclosed in Note 25 to the consolidated financial statements. The valuation of the group's investments in SunWest and Worcester was considered to be a matter of most significance to the current year audit due to the following: • The significant judgement and estimation applied by management in their assumptions taking into account the significant impact of the Covid-19 outbreak on the hotel and gaming industry; and • The magnitude of the fair value loss recognised during the year ended 31 March 2021. These matters are disclosed in the following notes to the consolidated financial statements: • Note 25: Financial assets at fair value through other comprehensive income; • Note 3: Critical accounting estimates and judgements (e), Fair value of financial instruments that are not traded in an active market; and • Note 54: Fair value estimation of financial instruments and investment property.	Our audit addressed this key audit matter as follows: We obtained an understanding of management's process for determining the forecasted results for the SunWest and Worcester entities and assessed the reasonableness of the forecasted results by performing the following procedures: • We assessed the reasonableness of the budgeting process adopted in determining the forecast results by comparing the current year's actual published results for SunWest and Worcester to the figures included in the prior year forecast to consider whether the forecasts included assumptions that, with hindsight, had been optimistic. We found management's historical cash flow forecasts to be consistent with their actual results other than for the 2021 year which was abnormal due to uncertainty regarding the Covid-19 pandemic where the resultant lockdowns were difficult to forecast. • We considered the appropriateness of the base year used by management in their forecast by assessing each of the assumptions applied against the published results. This included comparing the estimated performance of these entities against the performance of similar Tsogo Sun Gaming Limited casinos during the periods in which the year ends are not aligned. We found management's base year to be reasonable. • We further assessed the reasonableness of the impacts of Covid-19 that were incorporated by management into their cash flow forecasts by performing an independent assessment of the reasonableness of management's cash flow forecasts based on anticipated lockdown levels noted in the economic forecast for South Africa. We considered management's cash flow forecasts to be reasonable. • We also held discussions with management to understand the basis for the assumptions used in respect of cash outflows used in their discounted cash flow analysis and corroborated this against historic performance as well as other comparable companies. We did not note any aspect which required further consideration. We utilised our valuation expertise to independently recalculate a discount rate taking into account independently obtained data such as the cost of debt of Sun International Limited, risk free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies; and this was compared to the discount rates used by management. We further independently performed the discounted cash flow calculation using the internally calculated discount rate, upon which we found management's valuation to be within an acceptable range of our independent calculation. Making use of our valuation expertise we tested the reasonableness of the long-term growth rate by comparing it to the long-term growth rates obtained from independent sources. The growth rates used by management were noted to be comparable. We tested the mathematical accuracy of the discounted cash flow model and assessed the model against market practice and the applicable requirements of IFRS 13. We did not note any aspect which required further consideration. We further assessed the reasonableness of the discount rates, long-term growth rates and forecasted cash flows by performing sensitivity analyses to determine the impact that a change in discount rates, long-term growth rates and forecast cash flows would have on the discounted cash flow analysis and the valuation. We compared the results of our sensitivity analysis to management's valuation results in order to identify if SunWest and Worcester were considered sensitive to a change in assumptions for disclosure purposes. We did not note any aspect which required further consideration.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "*Tsogo Sun Gaming Consolidated Annual Financial Statements for the year ended 31 March 2021*" and the document titled "*Tsogo Sun Gaming Limited Annual Financial Statements for the year ended 31 March 2021*", which includes the Directors' Report, the Report of the audit and risk committee and the Declaration by the company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the document titled "*Tsogo Sun Gaming Integrated Annual Report 2021*", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 that we obtained prior to the date of this auditor's report, 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 FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 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 PricewaterhouseCoopers Inc. has been the auditor of Tsogo Sun Gaming Limited for 52 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: S Murugen
Registered Auditor
Johannesburg, South Africa

30 July 2021

Consolidated income statement

for the year ended 31 March

	Notes	2021 Rm	2020 Restated[1] Rm
Net gaming win	1	**5 253**	9 846
Food and beverage revenue	7	**141**	647
Rooms revenue	7	**125**	490
Other revenue	7	**73**	445
Other income	8	**94**	258
Income		**5 686**	11 686
Gaming levies and Value Added Tax	9	**(1 138)**	(2 148)
Employee costs	10	**(1 032)**	(2 199)
Other operating expenses[2]	11	**(1 745)**	(3 328)
Amortisation and depreciation	12	**(844)**	(881)
Impairment reversal of non-current assets	13	**129**	–
Impairment of non-current assets	14	**(12)**	(2 022)
Fair value adjustments of investment properties	21	**(67)**	(81)
Operating profit		**977**	1 027
Finance income	15	**19**	47
Finance costs	16	**(963)**	(1 289)
Share of (loss)/profit of associates	24	**(8)**	10
Profit/(loss) before income tax		**25**	(205)
Income tax credit/(expense)	17	**3**	(82)
Profit/(loss) for the year from continuing operations		**28**	(287)
Profit from discontinued operations, net of tax	47	**–**	564
Profit for the year		**28**	277
Profit attributable to:			
Equity holders of the company		**21**	207
Non-controlling interests		**7**	70
		28	277
Basic and diluted earnings attributable to the ordinary equity holders of the company per share (cents):			
From continuing operations		**2.0**	(31.4)
From discontinued operations		**–**	51.0
Basic and diluted earnings per share		**2.0**	19.6

The accounting policies and notes on page 17 to page 86 form an integral part of these consolidated financial statements.

[1] *Restated for recognition of reinsurance recovery – refer note 45. This restatement had no impact on earnings per share nor headline earnings per share*

[2] *Property and equipment rentals in the prior year of R176 million have been reclassified to "Other operating expenses" – refer note 45. This reclassification had no impact on earnings per share nor headline earnings per share*

Consolidated statement of comprehensive income

for the year ended 31 March

	Notes	2021 Rm	2020 Rm
Profit for the year		**28**	277
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:		**(29)**	(26)
Cash flow hedges fair value adjustment		**(41)**	(162)
Cash flow hedges recycled to profit or loss		**–**	136
Currency translation adjustments on discontinued operations		**–**	(7)
Deferred tax relating to items that may subsequently be reclassified to profit or loss		**12**	7
Items that may not be reclassified subsequently to profit or loss:		**(296)**	(286)
Equity instruments at fair value through OCI fair value adjustment	25	**(223)**	(368)
Deferred tax relating to items that may not subsequently be reclassified to profit or loss	17	**(73)**	82
Total comprehensive loss for the year		**(297)**	(35)
Total comprehensive (loss)/income attributable to:			
Equity holders of the company		**(304)**	(105)
Non-controlling interests		**7**	70
		(297)	(35)
Total comprehensive (loss)/income attributable to equity holders:			
Continuing operations		**(304)**	(636)
Discontinued operations		**–**	531
		(304)	(105)

The accounting policies and notes on page 17 to page 86 form an integral part of these consolidated financial statements.

Consolidated balance sheet

as at 31 March

	Notes	2021 Rm	2020 Restated[1] Rm
ASSETS			
Non-current assets			
Property, plant and equipment	19	**8 560**	9 280
Right-of-use assets	20	**224**	206
Investment properties	21	**350**	416
Goodwill	22	**1 461**	1 461
Other intangible assets	23	**2 903**	2 781
Investments in associates	24	**33**	41
Financial assets at fair value through OCI	25	**675**	898
Non-current receivables	26	**52**	38
Deferred income tax assets	27	**130**	132
		14 388	15 253
Current assets			
Inventories	28	**81**	81
Trade and other receivables	29	**531**	671
Current income tax assets		**100**	119
Cash and cash equivalents	30	**516**	3 062
		1 228	3 933
Assets classified as held for sale	40	**59**	–
		1 287	3 933
Total assets		**15 675**	19 186
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital and premium	31	**6 487**	6 487
Other reserves	32	**(4 461)**	(4 081)
Accumulated loss		**(555)**	(576)
Total shareholders' equity		**1 471**	1 830
Non-controlling interests		**113**	126
Total equity		**1 584**	1 956
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	33	**10 300**	11 200
Lease liabilities	34	**266**	232
Derivative financial instruments	35	**228**	224
Deferred income tax liabilities	27	**1 107**	1 133
Long-term incentive liabilities	36	**25**	–
Provisions	37	**8**	70
Other non-current liabilities	38	**9**	18
		11 943	12 877
Current liabilities			
Interest-bearing borrowings	33	**1 007**	3 089
Lease liabilities	34	**40**	91
Trade and other payables	39	**1 068**	1 093
Current income tax liabilities		**33**	80
		2 148	4 353
Total liabilities		**14 091**	17 230
Total equity and liabilities		**15 675**	19 186

[1] *Restated for recognition of reinsurance recovery – refer note 45*

The accounting policies and notes on page 17 to page 86 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

for the year ended 31 March

	Notes	Attributable to equity holders of the company					
		Ordinary share capital and premium Rm	Other reserves[1] Rm	Retained earnings/ (accumulated losses) Rm	Total Rm	Non-controlling interests Rm	Total equity Rm
Balance at 31 March 2019		6 571	(1 774)	5 699	10 496	3 049	13 545
Change in accounting policy – adoption of IFRS 16 *Leases*		–	–	(133)	(133)	(7)	(140)
Restated balance at 1 April 2019		6 571	(1 774)	5 566	10 363	3 042	13 405
Total comprehensive income		–	(312)	207	(105)	70	(35)
Profit for the year		–	–	207	207	70	277
Cash flow hedges, net of tax		–	(19)	–	(19)	–	(19)
Currency translation adjustments		–	(7)	–	(7)	–	(7)
Fair value measurement of equity instruments at FVOCI, net of tax		–	(286)	–	(286)	–	(286)
Treasury shares settled		16	–	–	16	–	16
Buy-back of ordinary share capital and cancellation of shares		(100)	–	–	(100)	–	(100)
Share options lapsed		*	–	–	*	–	*
Disposal of subsidiary		–	–	–	–	5	5
Acquisition of non-controlling interests		–	(17)	–	(17)	(3)	(20)
Reallocation of surplus arising on change in control in joint venture to retained earnings on disposal of THL	47	–	(1 472)	1 472	–	–	–
Realisation of reserves and non-controlling interests on disposal of THL	47	–	(506)	–	(506)	(2 815)	(3 321)
Dividend *in specie* distribution	47	–	–	(6 951)	(6 951)	–	(6 951)
Ordinary dividends		–	–	(870)	(870)	(173)	(1 043)
Balance at 31 March 2020		6 487	(4 081)	(576)	1 830	126	1 956
Total comprehensive income		**–**	**(325)**	**21**	**(304)**	**7**	**(297)**
Profit for the year		**–**	**–**	**21**	**21**	**7**	**28**
Cash flow hedges, net of tax		**–**	**(29)**	**–**	**(29)**	**–**	**(29)**
Fair value measurement of equity instruments at FVOCI, net of tax		**–**	**(296)**	**–**	**(296)**	**–**	**(296)**
Acquisition of common control entity	46	**–**	**(35)**	**–**	**(35)**	**(18)**	**(53)**
Acquisition of non-controlling interests	48	**–**	**(20)**	**–**	**(20)**	**6**	**(14)**
Ordinary dividends	18	**–**	**–**	**–**	**–**	**(8)**	**(8)**
Balance at 31 March 2021		**6 487**	**(4 461)**	**(555)**	**1 471**	**113**	**1 584**

[1] Refer note 32 for details of other reserves
** Amounts less than R1 million*

The accounting policies and notes on page 17 to page 86 form an integral part of these consolidated financial statements.

Consolidated cash flow statement

for the year ended 31 March

	Notes	2021 Rm	2020 Rm
Cash flows from operating activities			
Cash generated from operations	41	**1 676**	3 546
Finance income		**17**	55
Finance costs		**(565)**	(1 080)
Income tax paid	42	**(110)**	(465)
Dividends paid to shareholders	43	**–**	(872)
Dividends paid to non-controlling interests		**(7)**	(23)
Dividends received		**–**	114
Cash flows utilised in operating activities – discontinued operations		**–**	(48)
Net cash generated from operating activities		**1 011**	1 227
Cash flows from investment activities			
Purchase of property, plant and equipment		**(145)**	(1 153)
Proceeds from disposals of property, plant and equipment		**33**	17
Additions to investment properties		**(1)**	(14)
Proceeds from disposals of investment property		**–**	2
Purchase of intangible assets		**(15)**	(11)
Common control acquisition, net of cash acquired		**(44)**	–
Disposal of business		**–**	8
Other loans granted		**(3)**	(8)
Other loans repaid		**1**	–
Net cash outflow on unbundling of THL		**–**	(178)
Net cash utilised for investment activities – discontinued operations		**–**	(95)
Net cash utilised for investment activities		**(174)**	(1 432)
Cash flows from financing activities			
Borrowings raised	44.1	**650**	7 306
Borrowings repaid	44.1	**(1 500)**	(7 261)
Principal elements of lease payments	44.2	**(24)**	(131)
Shares repurchased		**–**	(100)
Treasury shares settled		**–**	13
Acquisition of non-controlling interests		**(8)**	(15)
Net cash generated from financing activities – discontinued operations		**–**	69
Net cash utilised for financing activities		**(882)**	(119)
Net decrease in cash and cash equivalents		**(45)**	(324)
Cash and cash equivalents at beginning of the year, net of bank overdrafts		**503**	824
Foreign currency translation		**–**	3
Cash and cash equivalents at end of the year, net of bank overdrafts	30	**458**	503

The accounting policies and notes on page 17 to page 86 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated. Refer also to notes 1s. *Insurance contracts* and 45 in respect of insurance accounting.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations as issued by the IFRS Interpretations Committee, and comply with the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the Listings Requirements of the JSE and the requirements of the South African Companies Act, No 71 of 2008 and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments and investment property as described in the accounting policies below.

(b) New and amended standards adopted by the group

(i) New and amended standards adopted by the group

The group adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the group from 1 April 2020, the significant pronouncement being the IFRS 16 *Leases* amendment. Other than the IFRS 16 amendment, no other pronouncements had any material impact on the group:

- IFRS 3 *Business Combination* amendment – Definition of a business;
- IFRS 16 *Leases* amendment – Covid-19-related rent concessions; and
- IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* amendments – Definition of "Material".

No other pronouncements had any material impact on the group.

(ii) Amendment to IFRS 16 Leases

As permitted by IFRS 16, the group early adopted the amendment with effect from 1 April 2020 retrospectively although there was no adjustment necessary to the opening balance of retained earnings at the same date. The IASB issued amendments to IFRS 16 to simplify how lessees account for rent concessions. As a practical expedient, a lessee may elect not to assess whether a rent concession that meets specific conditions per the amendment is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 as if the change were not a lease modification. No such relief is provided for lessors. Lessors are required to assess whether rent concessions are lease modifications and, if so, account for them accordingly.

The practical expedient in the amended standard applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic, and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and

(c) there is no substantive change to other terms and conditions of the lease.

On 31 March 2021, the IASB published additional amendments which adjusted the period from 30 June 2021 to 30 June 2022 which the group will apply.

The group applied the practical expedient to all of its leases where it is a lessee and lease concessions were granted to the group retrospectively with effect from 1 April 2020. This had the effect of reducing lease liabilities for the reporting period ended 31 March 2021 and the group recognised negative variable lease payments in profit or loss of R67 million under "Lease concessions" – refer note 11 for details. All of the lease concessions granted to the group were by way of forgiveness of rentals. There were no deferments of lease rentals.

(iii) Interest rate benchmark

Interest Rate Benchmark Reform resulted in amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* issued by the IASB, and are effective for periods commencing on or after 1 January 2021. As at 31 March 2021, there were no changes to any of the interest rate benchmarks that the group is exposed to. The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank has indicated their intention to move away from JIBAR and to create an alternative reference rate for South Africa. This reform is at various stages globally, a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group. The group will continue to assess the impact of interest rate benchmark reform as the revised benchmark rates are published.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

In terms of IFRS 8 *Segment Reporting*, the chief operating decision-maker ("CODM") has been identified as the group's CEO. The group applies the aggregation criteria being that the casino businesses are all similar in nature, profit generation and class of customer in each province. Furthermore, each province has its own gambling board which governs the respective businesses. In order to assess performance and allocate resources, the CODM reviews the businesses by region and thus the group considers its reportable segments to be geographical.

The group's CEO assesses the performance of the operating segments based on Ebitda (previously Ebitdar – refer note 6 for details). In terms of IFRS 8, as a result of this change, the comparatives have been restated. Other than this, there has been no change in the basis of measurement of segment profit or loss from the last annual financial statements.

(d) Basis of consolidation and business combinations

The consolidated financial statements include the financial information of subsidiary and associate entities owned by the group.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Control exists where the group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

Goodwill arising on consolidation represents the excess of the costs of acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition. Where the fair value of the group's share of separable net assets acquired exceeds the fair value of the consideration, the difference is recognised 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. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests and direct costs incurred in respect of transactions with non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(d) Basis of consolidation and business combinations *continued*

(iii) Associates

Associates are entities over which the group has directly or indirectly significant influence but not control, generally accompanying a shareholding of 20% to 50%, where significant influence is the ability to influence the financial and operating policies of the entity.

Investments in associates are accounted for using the equity method of accounting.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

(iv) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis and whenever there is an indication that the goodwill may be impaired. Any impairment identified is recognised immediately in profit or loss and is not subsequently reversed. 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.

(v) Common control acquisitions

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

A transaction deemed to be a transaction under common control consequently falls outside the scope of IFRS 3 *Business Combinations*. The group's accounting policy is to apply predecessor accounting to common control transactions. Common control accounting is applied and, under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the aggregate purchase consideration recognised as a separate reserve in equity, a "common control" reserve.

(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 and useful lives are reviewed by management and adjusted, if appropriate, at each balance sheet date and triennially independent valuations of land and buildings are completed by external valuators. Land and buildings comprise mainly casinos and hotels.

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees and for qualifying assets certain borrowing costs as determined below. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(e) Property, plant and equipment *continued*

(ii) 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 as follows:

Freehold properties	20 – 50 years
Leasehold building improvements	Shorter of the lease term or 50 years
Casino equipment	4 – 10 years*
Computer equipment and software	2 – 10 years*
Furniture, fittings and other equipment	3 – 15 years*
Vehicles	5 years*
Theme Park rides	6 – 26 years*
Operating equipment	2 – 3 years

* *These categories have been grouped together under* Plant and equipment *in note 19* Property, plant and equipment

Operating equipment that meets the definition of property, plant and equipment (which includes gaming chips, kitchen utensils, crockery, cutlery, linen and uniforms) is recognised as an expense based on usage. The period of usage depends on the nature of the operating equipment and varies between two and three years.

(iii) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net carrying amount of the asset.

(iv) Capitalisation of borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. The group considers a period of greater than 12 months to be substantial. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(f) Leases

(i) The group is a lessee

The group recognises right-of-use assets and corresponding lease liabilities on the balance sheet for leases at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The 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. Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses its respective incremental borrowing rates. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). Variable lease payments that depend on an index or a rate are initially measured using the index or rate as at the commencement date.

The group is exposed to potential future increases in variable lease payments based on indices and gross gaming win. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Where the group's leases are based on gross gaming win, these payments are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs and are not included in the measurement of the lease liabilities.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(f) Leases *continued*

(i) The group is a lessee continued

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases for which the group is a lessee, non-lease components, such as cleaning and maintenance services, are accounted for separately by applying other applicable standards.

The group applies the concessions practical expedient only to rent concessions occurring as a direct consequence of the Covid-19 pandemic, and only if all of the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
(c) there is no substantive change to other terms and conditions of the lease.

When the group makes this election any change in lease payments resulting from the rent concession are accounted for in the same way it would account for the change applying IFRS 16 as if the change were not a lease modification.

The group has no residual value guarantees.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly small items of office equipment and furniture.

(ii) The group is a lessor

Assets leased to third parties under operating leases are included in property, plant and equipment and investment property in the balance sheet. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

(g) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and where companies in the group occupy no or an insignificant portion, is classified as investment property. Investment property also includes property that is being constructed or developed for future use. The nature of these properties is mostly retail and offices and includes furniture, fixtures and equipment.

Investment property is stated at fair value. Gains or losses arising on changes in the fair value are recognised immediately in profit or loss.

Properties are initially recognised at cost on acquisition, which comprises the purchase price and includes expenditure that is directly attributable to the acquisition of the property. Subsequent costs are included in the property'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.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its carrying value at the date of reclassification becomes its cost for subsequent accounting purposes.

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(h) Intangible assets

Intangible assets are stated at cost less accumulated amortisation which is determined on a straight-line basis (if applicable) 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 acquired as part of a business combination are recognised at fair value at the acquisition date. Amortisation is included together with depreciation in the income statement.

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

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

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

(i) Computer software

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

Capitalised computer software, licence and development costs are amortised over their estimated useful economic lives of two to 10 years which are reassessed on an annual basis.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- Expenditure attributable to the software during its development can be reliably measured.

(ii) Casino licences and bid costs

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

Casino licences 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 and whenever there is an indication that the goodwill may be impaired (refer note d(iv)). Casino licences having an expiry date are amortised over the exclusivity period of the respective licence of 12 to 15 years. Costs associated with unsuccessful casino licence applications are immediately impaired.

(iii) Intellectual property

Intellectual property is recognised on business combinations and amortised over their estimated useful economic lives of 10 years.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(i) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value through other comprehensive income ("FVOCI");
- Those to be measured at amortised cost; and
- Those to be measured at fair value through profit or loss ("FVTPL").

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading this 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.

(ii) Recognition and derecognition

Financial assets are recognised when the group becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the group has transferred substantially all risks and rewards of ownership.

(iii) Measurement

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

Equity investments

The group subsequently measures all equity investments at fair value. 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 these equity investments are recognised in profit or loss as part of other income when the group's right to receive payments is established.

Debt instruments

Debt instruments are subsequently measured at amortised cost and are assets held to collect contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss included in other operating expenses.

Derivatives – cash flow hedges

The group subsequently measures its derivatives (cash flow hedges) at fair value under IFRS 9 – refer note 1(j).

(iv) Impairment

The group assesses, on a forward looking basis, the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The group applies the simplified approach to measuring ECL which uses lifetime expected losses to be recognised from initial recognition of its trade receivables.

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(j) Derivative instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. 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).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in profit or loss. The group does not hold or issue derivative financial instruments for speculative purposes.

Cash flow hedges that qualify for hedge accounting

IFRS 9 *Financial Instruments* provides an accounting policy choice allowing entities to continue with the hedge accounting requirements of IAS 39 *Financial Instruments: Recognition and Measurement* until the macro hedging project is finalised or they can apply IFRS 9. The group has elected to apply IFRS 9.

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk to which the cash flows of certain liabilities are exposed.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss within finance costs using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or when a hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(k) Fair value measurement

Financial instruments carried at fair value, by valuation method, are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or
- Level 3 – inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(l) Offsetting financial instruments

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the respective company or counterparty.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(m) Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. Operating equipment utilised within 12 months is recognised as an expense based on usage. Provision 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.

(n) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing borrowings in current liabilities on the balance sheet.

(o) Assets and liabilities classified as held for sale and held for distribution to owners

Assets and liabilities classified as held for sale and held for distribution to owners are measured at the lower of carrying amount and fair value less costs to sell. Such disposal groups are classified as held for sale and held for distribution to owners if their carrying amount will be recovered through a sale or distribution transaction respectively rather than through continued use. These disposal group assets and liabilities are available for immediate disposal in their present condition, subject only to actions to complete the sale or distribution which must have been initiated and should be expected to be completed within one year from the date of classification as held for sale or held for distribution. No depreciation or amortisation is recognised on assets classified as held for sale or held for distribution.

(p) Impairment and impairment reversals of non-financial assets

At each balance sheet date the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. Where there is an impairment reversal, the original impairment is reversed to the maximum of the amount impaired, excluding goodwill as noted in note 1(d)(iv). Impairment reversals and impairment losses are recognised immediately in profit or loss.

(q) Share capital

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

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, re-issued or disposed of. Where such shares are subsequently sold or re-issued, any consideration received is included in equity attributable to the company's equity holders. Company shares consolidated into the group as part of the Gold Reef Share Scheme and the executive facility are accounted for as treasury shares.

(r) Borrowings and finance costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost and include accrued interest and prepaid facility transaction costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Finance costs include all borrowing costs incurred on borrowing instruments together with related costs of debt facilities management. Such costs include facility commitment fees which are expensed in borrowing costs as incurred and facility raising fees which are amortised through borrowing costs over the life of the related facilities. Borrowing costs, other than borrowing costs capitalised (refer note e(iv)), are recognised in profit or loss in the period in which they are incurred.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(s) Insurance and reinsurance contracts

(i) Classification

Insurance contracts are those contracts that transfer significant insurance risk in respect of related parties insured by the group, refer note 49. 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 on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

(ii) Recognition and measurement

For all insurance contracts, premiums are recognised as other income (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at the balance sheet 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 relate 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 on the reporting date, less amounts already paid. Provisions are made at each reporting date on the basis of available information for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported to the company. The estimated cost of claims includes expenses to be incurred in settling claims. The company'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 established.

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 company at that date, the incurred but not reported reserve ("IBNR"). The estimation of the IBNR 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. IBNR claims may not become apparent to the insurer until many months after the event which gave rise to the claims incurred.

Contracts entered into by the group 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 IBNR provisions. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. 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 income statement. 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.

(t) Trade and other payables

Trade and other payables, excluding insurance and reinsurance contracts as mentioned in note 1(s), represent liabilities for goods and services provided to the group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest-rate method.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(u) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The group recognises a provision for bonus plans (note w(iii)) and long-service awards (note w(vii)).

(v) Income

Income comprises net gaming win, revenue from contracts with customers and other income:

(i) Net gaming win

Net gaming win comprises the net table and slot machine win derived by casino operations, net slot machine win derived by limited pay-out route operations and net bingo winnings derived from gambling patrons. In terms of accounting standards, betting transactions concluded under gaming operations meet the definition of derivatives and therefore income from gaming operations 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, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. It therefore follows that gaming operations experience practical difficulties reflecting output tax separately from input tax. Accordingly, South African Revenue Service ("SARS") allows gaming operators to account for Value Added Tax ("VAT") by applying the tax fraction to the net betting transaction. Provincial gaming levies are calculated on a similar basis by applying the tax fraction to the net betting transaction. Any change in either the VAT rate or the provincial gaming levies would be absorbed entirely by the group and would have no impact on the customers. The group thus treats VAT and other taxes levied on gaming winnings as direct costs as these are borne by the group and not customers, and have no effect on gaming activities from the customers' perspective. These costs are disclosed separately on the face of the income statements as direct costs.

(ii) Revenue from contracts with customers

The group is in the business of providing food and beverage and hotel rooms and also earns revenue in the form of Theme Park entrance fees, banqueting and venue hire, parking revenues, ticket sales and other non-net gaming win and hotel sundry revenues. Revenue from contracts with customers is recognised when control of the goods or services are 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. Rooms revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer. Food and beverage revenue is recognised at a point in time. Theme Park entrance fees, banqueting and venue hire, parking revenues, ticket sales and other non-net gaming win and hotel sundry revenues are recognised over time as the customer receives and consumes the economic benefits. No element of financing is deemed present as the sales are made generally by cash or negotiated credit terms of 30 days. The group has concluded that it is generally 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 revenues mentioned above are all based on stand-alone selling prices and pre-determined settlement dates.

(iii) Other income

Property rental income

Property lease rentals received where the group is the lessor are recognised on a straight-line basis over the term of the lease. Contingent (variable) rentals are included in revenue when the amounts can be reliably measured. Recoveries of costs from lessees, where the group merely acts as agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

Dividends received

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

(w) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension or provident plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) 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. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(w) Employee benefits *continued*

(iii) Bonus plans – short term incentives

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments and the performance of the respective employees. The criteria are only finalised after the group's year end. The group recognises the liability where an estimate can be made of the amount to be paid based on the rules of the scheme and the directors are of the opinion that it is probable that such bonuses will be paid. This liability is included in "Provisions" in the balance sheet.

(iv) Share-based payments – equity-settled schemes

Where the group operates equity-settled, share-based compensation plans, the fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense.

(v) Goods or services settled in cash

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. The liability is remeasured at each balance sheet 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 balance sheet date by reference to the company's share price. This is adjusted for management's best estimates of the appreciation, bonus and performance units expected to vest and management's best estimate of the performance criteria assumptions on the performance units.

(vi) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the balance sheet date. This liability is included in "Trade and other payables" in the balance sheet.

(vii) Long-service awards

A liability and an expense is recognised for long-service awards where cash is paid to qualifying employees at certain milestone dates in their careers. The valuation to determine the liability is performed annually. This liability is included in "Provisions" in the balance sheet.

(x) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

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 balance sheet date.

Deferred tax is provided in full using the 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 or loss.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

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 balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis.

(y) Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's board of directors. Dividends *in specie* are valued at cost.

(z) Functional and presentation currency

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

2 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

The following standards and amendments to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 April 2021 or later periods, which the group has not early adopted. The group has concluded on the impact of these new standards, interpretations and amendments that will be applied from the annual period beginning 1 April 2021, none of which is expected to have a material effect on the consolidated results of operations or financial position of the group. The group is concluding on the impact of the new standards, interpretations and amendments that will be applied from the annual period beginning on or after 1 April 2022.

IFRS 17 *Insurance Contracts*

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The group is in the process of assessing the possible impact on the group's insurance cell captive arrangements of the application of IFRS 17.

IFRS 17 must be applied for financial years commencing on or after 1 January 2023. The group will apply the new standard from 1 April 2023.

IAS 1 (Amendment) *Presentation of Financial Statements*

The amendment clarifies how to classify debt and other liabilities as current or non-current.

IAS 1 amended must be applied for financial years commencing on or after 1 January 2023. The group will apply the new standard from 1 April 2023.

IAS 16 (Amendment) *Property, Plant and Equipment*

The amendment prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

IAS 16 amended must be applied for financial years commencing on or after 1 January 2022. The group will apply the new standard from 1 April 2022.

IAS 37 (Amendment) *Provisions, Contingent Liabilities and Contingent Assets*

The amendment specifies which costs should be included in an entity's assessment whether a contract will be loss-making.

IAS 37 amended must be applied for financial years commencing on or after 1 January 2022. The group will apply the new standard from 1 April 2022.

3 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.

(a) Principles of critical accounting estimates and assumptions

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

(b) Going concern

The directors have considered the going concern status of the group, taking into account the group's current financial position and the directors' best estimate of the group's cash flow forecasts in terms of their current knowledge and expectations of the ongoing developments relating to the Covid-19 pandemic.

Regulatory restrictions promulgated, including varying curfews, alcohol bans and capacity limitations have been considered in the forecast. The cash flow and liquidity projections for the group have been prepared for a period exceeding 12 months from the reporting date, and took into account the third wave and the resultant complete lockdown of the business from 28 June 2021 arising as a result of the pandemic. Sensitivity analyses were also performed taking into account various impacts of Covid-19. The forecast also took into account the positive recovery of the business following the second wave and the government's vaccination programme. Management has focused on cost reductions and operational efficiencies during the past financial year. These cost efficiencies have significantly reduced the group's cost base, ensuring the future profitability and sustainability of the group. Based on the forecast performed, the group has sufficient access to facilities and liquidity to fund operations for the following 12 months.

After being closed from 28 June 2021 to 25 July 2021, the casino, LPM and bingo businesses were allowed to reopen as per the revised government regulation from 26 July 2021.

The lenders waived the March 2021 financial debt covenants and reset the September 2021 financial debt covenants to a maximum Net Debt:Ebitda multiple of 4.3 times for September 2021 and 3.8 times for December 2021. Furthermore the interest covenant was reset so that Ebitda covers interest by not less than 2.9 times by September 2021 and 3.0 times by December 2021. The group forecasts indicate that the group should meet these covenants for September 2021 and December 2021.

The main conditions for the continued support by the group's lenders until 31 March 2022 are:

- a fixed margin ratchet of 58bps from 31 May 2021 until 30 August 2021;
- a tiered margin ratchet of between 27bps and 66bps (with the determination thereof being based on net leverage) from 31 August 2021 until 31 March 2022;
- interest of approximately R400 million which was rolled up to support liquidity during the 2021 financial year will be settled by 31 August 2021;
- a reasonable minimum financial results performance requirement for the quarter ending 30 June 2021 which has been met;
- no material part of the business shall be closed down for 30 days cumulatively; and
- no dividends to be declared until the group's financial performance returns to being within its original financial covenants.

The group has reduced its net interest-bearing debt and guarantees from the R11.8 billion at 30 September 2020, to R10.9 billion at 31 March 2021 (R11.4 billion at 31 March 2020) and to approximately R10.5 billion at 30 June 2021. The unexpected lockdown of the business from 28 June 2021 will have a negative impact on the debt levels in July 2021. The group's focus remains on reducing its medium to long-term debt levels, thereby reducing risk and funding costs.

Management continues to engage with the lenders on an ongoing basis regarding current and forecast financial performance as well as the financial position of the group. The facilities as disclosed in note 33 remain available to the group. As a result of the lockdown imposed from 28 June 2021, the group may not be within its original covenants by 31 March 2022 and may accordingly have to come to an arrangement with its lenders. There has been no indication received by the lenders that they may withdraw their continued support of the group.

The recent civil unrest is also not expected to have a material impact on the going concern of the group.

After taking the above factors into account, the directors consider the going concern method to be appropriate for the presentation of the consolidated financial statements.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *continued*

(c) Leases

The determination of the respective discount rates

In determining the respective discount rates by the various entities within the group, the entity considers the rate of interest that the respective entity would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Due to the very specific nature of gaming operations, the group's incremental borrowing rate was considered to be the most appropriate rate to commence with and adjusted for:

- the profiles of the respective group entities for use in the calculation on initial recognition of the respective lease liabilities; and
- makes adjustments specific to the lease, eg term and type of asset being leased.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

This resulted in the group's incremental borrowing rate applied ranging from 9.0% to 9.6%. Refer note 34 *Lease liabilities and commitments* for further information.

Determining the lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. There are no potential future cash outflows as all extension options that the group is reasonably certain to extend have been capitalised to the lease liability. 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. Refer note 34 *Lease liabilities and commitments* for further information.

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

The group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment in accordance with the accounting policy stated in notes 1(d) and 1(h). The recoverable amounts of CGUs have been determined based on the higher of the "value-in-use" and "fair value less costs of disposal" calculated for each CGU. These calculations require the use of estimates as noted in notes 22 and 23 of the consolidated financial statements. Significant judgement is required when evaluating the inputs into the value-in-use calculation and therefore this is seen as critical to the estimation uncertainty.

(e) 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 to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period, which includes making adjustments on publically reported information to arrive at an estimated base year for the forecast cash flows.

Unlisted equity investments

The group uses estimates for the discounted cash flow analysis for the valuing of the group's unlisted equity investments at FVOCI financial assets that are not traded in an active market. Refer note 25 for the significant unobservable inputs together with a sensitivity analysis should these significant unobservable inputs change.

(f) Categorisation of unlisted equity investments

With respect to the categorisation of the group's investments in SunWest International Proprietary Limited ("SunWest") and Worcester Casino (Pty) Limited ("Worcester") (refer note 25) the group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are therefore classified as level 3 fair value measurement and have been accounted for as equity instruments at FVOCI, and not associate investments.

(g) Outstanding claims provisions under insurance contracts

There are several sources of uncertainty that need to be considered by the group in estimating the amount that will ultimately be paid on claims. The uncertainty arises because all events affecting the ultimate settlement of claims have not taken place and may not take place for some time. Changes in the estimate of the provision can be caused by receipt of additional claim information, changes in judicial interpretation of contracts, or significant changes in severity or frequency of claims from historical trends. The estimates are based on the group's historical experience and industry experience. The change in estimates are not considered significant due to insurance contracts the group has in place. Outstanding loss provisions are set by the group's appointed claims handlers based on information provided by loss adjusters, where relevant. More details are included in note 52.3.

4 RECONCILIATION OF EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY TO HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS

	2021		2020	
	Gross Rm	Net[1] Rm	Gross Rm	Net[1] Rm
Profit/(loss) attributable to equity holders of the company:				
Continuing operations		**21**		(331)
Discontinued operations		**–**		539
(Less)/add: Headline adjustments				
Gain on disposal of property, plant and equipment	**(30)**	**(22)**	(6)	(6)
Impairment of property, plant and equipment	**12**	**10**	99	79
Impairment of right-of-use assets	**–**	**–**	6	4
Loss on disposal of investment property	**–**	**–**	1	1
Fair value adjustment of investment properties	**67**	**52**	81	63
Impairment of goodwill	**–**	**–**	332	332
Impairment reversal of intangibles	**(129)**	**(93)**	–	–
Impairment of intangibles	**–**	**–**	1 585	1 143
Gain on disposal of business	**–**	**–**	(1)	(1)
Gain on unbundling of subsidiary	**–**	**–**	(506)	(506)
Headline (loss)/earnings		**(32)**		1 317
Add: Other adjustments[2]				
Ineffective portion of cash flow hedge on debt restructure[3]	**–**	**–**	136	136
Adjusted headline (loss)/earnings		**(32)**		1 453
Adjusted headline (loss)/earnings from continuing operations		**(32)**		1 420
Adjusted headline earnings from discontinued operations		**–**		33
Number of shares in issue (million)		**1 046**		1 046
Weighted average number of shares in issue (million)		**1 046**		1 056
Basic and diluted headline (loss)/earnings per share (cents):				
– Total group		**(3.1)**		124.7
– Continuing operations		**(3.1)**		121.6
– Discontinued operations		**–**		3.1
Basic and diluted adjusted headline (loss)/earnings per share (cents):				
– Total group		**(3.1)**		137.6
– Continuing operations		**(3.1)**		134.5
– Discontinued operations		**–**		3.1

(1) *Net of tax and non-controlling interests*

(2) *Adjusted headline earnings are defined as earnings attributable to equity holders of the company adjusted for after tax non-recurring expenditure items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted (there were no adjustments in the current year), and headline adjustments in terms of Circular 1/2021* – Headline earnings. *This measure is not required by IFRS, is audited, is commonly used in the industry and used by management to make decisions on the application of resources*

(3) *Included in finance costs*

5 RECONCILIATION OF OPERATING PROFIT TO EBITDA[1]

	2021 Rm	2020 Restated[1] Rm
Ebitda pre-exceptional items is made up as follows :		
Operating profit from operations	**977**	1 027
Add: Amortisation and depreciation	**844**	881
	1 821	1 908
Add/(less): Exceptional (gains)/losses		
Headline adjustments	**(80)**	2 097
Gain on disposal of property, plant and equipment	**(30)**	(6)
Impairment of property, plant and equipment	**12**	99
Impairment of right-of-use assets	**–**	6
Loss on disposal of investment property	**–**	1
Fair value adjustment of investment properties	**67**	81
Impairment of goodwill	**–**	332
Impairment reversal of intangibles	**(129)**	–
Impairment of intangibles	**–**	1 585
Gain on disposal of business	**–**	(1)
Ebitda	**1 741**	4 005

[1] *Refer note 6* Segment information *in respect of the restatement and for the group's definition of Ebitda*

6 SEGMENTAL ANALYSIS

The group's reporting lines and precincts are grouped under separate regional managers who report on a regional basis to the Chief Executive Officer ("CEO"). In terms of IFRS 8 *Operating Segments*, the chief operating decision maker ("CODM") has been identified as the group's CEO.

In order to assess performance and allocate resources, the CODM reviews the businesses by region and thus the group considers its reportable segments to be geographical and has presented a by-region segmental analysis. In terms of the quantitative threshold, although Mpumalanga, Western Cape, Eastern Cape and Free State regions do not meet the 10% profit threshold, the group believes it is more appropriate to show these as separate segments because of their differing profiles.

The CODM assesses the performance of the operating segments based on Ebitda. The measure excludes the effects of items which are regarded as unusual and are infrequent and are considered to distort the numbers if they were not adjusted (there were no adjustments in the current or prior years to Ebitda), and headline adjustments in terms of Circular 1/2021 *Headline Earnings*.

The majority of the group's property leases are capitalised in line with IFRS 16 and no longer treated as operating leases. The property rental costs of these capitalised leases are now included in depreciation and finance costs. Ebitdar was used in prior years and added back property rentals, and as the majority of the group's property leases are now capitalised the CODM reviews Ebitda as opposed to Ebitdar. Finance income and finance costs are not included in the results for each operating segment as this is driven by the group's treasury function which manages the cash and debt position of the group. No measure of total assets and liabilities for the reportable segments has been provided as such amounts are not regularly provided to the CODM.

In terms of IFRS 8, as a result of the change from presenting Ebitdar to Ebitda for each segment, the comparatives have been restated. Other than this change, there has been no change in the basis of measurement of segment profit or loss from the last financial statements.

Gaming consists of the group's 13 regional casino precincts, comprising casinos and hotels, generating gaming win and related revenue, together with Bingo (Galaxy Bingo) and VSlots (Vukani) comprising electronic bingo terminals ("EBTs") and limited payout machines ("LPMs"). Other gaming operations consist mainly of head office costs.

All revenue and income from operations is derived from external customers. No one customer contributes more than 10% to the group's total income.

6 SEGMENTAL ANALYSIS *continued*

	Income		Ebitda[(1) (2) (3)]	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Restated[(3)] Rm
Casinos	**4 074**	8 878	**1 487**	3 374
Gauteng	**2 124**	4 732	**750**	1 790
KwaZulu-Natal	**1 103**	2 327	**430**	959
Mpumalanga	**340**	777	**127**	274
Western Cape	**316**	619	**129**	245
Eastern Cape	**130**	294	**35**	74
Free State	**61**	129	**16**	32
Bingo	**476**	933	**103**	273
LPMs	**1 086**	1 658	**297**	455
Other gaming operations	**50**	217	**(146)**	(97)
Group	**5 686**	11 686	**1 741**	4 005

(1) *Refer note 5* Reconciliation of operating profit to Ebitda
(2) *All casino units are reported pre-internal gaming management fees*
(3) *As noted elsewhere in this note, the group reports its segments to the CODM using Ebitda and no longer Ebitdar and hence the comparatives have been restated*

The segments' investments in associates and capital expenditure for the year ended 31 March are as follows:

	Associates		Capital expenditure	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm
Casinos	**33**	41	**65**	860
Bingo	**–**	–	**82**	97
LPMs	**–**	–	**64**	151
Other gaming operations	**–**	–	**1**	–
Group	**33**	41	**212**	1 108

7 DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The group derives revenue over time, with the exception of food and beverage revenue which is recognised at a point in time. The group has no contract assets. The table below presents revenue by segment which excludes gaming win and other income as these are accounted for under different accounting policies (refer notes 1(v)), which are included in the *Segmental analysis* in note 6. Disaggregation of revenue from contracts with customers for the year under review:

	Food and beverage recognised at a point in time		Rooms revenue recognised over time		Other revenue recognised over time		Revenue from contracts with customers	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
Casinos	**118**	573	**125**	490	**66**	323	**309**	1 386
Gauteng	**50**	295	**44**	257	**48**	253	**142**	805
KwaZulu-Natal	**29**	124	**24**	71	**7**	19	**60**	214
Mpumalanga	**17**	81	**39**	107	**5**	26	**61**	214
Western Cape	**13**	29	**11**	24	**4**	10	**28**	63
Eastern Cape	**7**	33	**7**	31	**1**	14	**15**	78
Free State	**2**	11		–	**1**	1	**3**	12
Bingo	**23**	73	**–**	–	**2**	7	**25**	80
LPMs	**–**	–	**–**	–	**2**	2	**2**	2
Other gaming operations	**–**	1	**–**	–	**3**	113	**3**	114
Group	**141**	647	**125**	490	**73**	445	**339**	1 582

	2021 Rm	2020 Rm
Reconciliation to segmental analysis in note 6:		
Revenue from contracts with customers per above	**339**	1 582
Other income (note 8)	**94**	258
Net gaming win	**5 253**	9 846
Total income per segmental analysis	**5 686**	11 686

	2021 Rm	2020 Rm
Other revenue is made up as follows:		
Theme Park	**24**	136
Cinemas	**5**	78
Parking	**3**	26
Venue hire	**2**	24
Other revenue[1]	**39**	181
	73	445

[1] *Other revenue consists mainly of conferencing revenue, other hotel revenue, prescribed and unclaimed credits and other sundry revenue*

8 OTHER INCOME

	2021 Rm	2020 Rm
Rental income from operating leases – property, plant and equipment (note 19)	**52**	110
Rental income from operating leases – investment property (note 21)	**40**	38
Net insurance premiums from insurance business	**2**	–
Premium income from insurance underwriting business	**29**	–
Reinsurance premiums	**(27)**	–
Dividends from investments in equity instruments designated at FVOCI (note 25)	**–**	110
	94	258

9 GAMING LEVIES AND VAT

	2021 Rm	2020 Rm
Gaming levies	**521**	994
VAT	**617**	1 154
	1 138	2 148

10 EMPLOYEE COSTS

	2021 Rm	2020 Rm
Employee costs (including executive directors' remuneration):		
Salaries and wages	**1 019**	2 144
Long service award provision reversal (note 37)	**(54)**	(62)
Termination benefits	**30**	28
Pension – defined contribution plans	**12**	126
Long-term incentive expense/(credit) – cash-settled (note 36.2)	**25**	(37)
	1 032	2 199

11 OTHER OPERATING EXPENSES

	2021 Rm	2020 Restated[1] Rm
Auditors' remuneration	**24**	26
Audit fees – current year	**20**	23
– prior year	**1**	–
Tax services	**1**	–
Other services and expenses	**2**	3
Advertising, marketing and promotional costs	**88**	299
External consultants	**22**	20
Food and beverage costs and operating equipment usage	**81**	294
Impairment charge for bad and doubtful debts, net of recoveries (note 29)	**32**	40
Information technology-related costs	**68**	69
Net insurance claims from insurance business	**9**	–
Insurance claims expense	**12**	183
Reinsurance claims recoveries	**(3)**	(183)
LPM site owners' commission	**328**	497
Management fees[2]	**21**	61
Monitoring fees for sites	**67**	105
Property and equipment lease rentals[3]	**90**	176
Short-term leases	**18**	23
Properties	**14**	17
Gaming and other equipment	**4**	6
Low value assets	**4**	7
Gaming and other equipment	**4**	7
Variable lease payments not included in lease liabilities	**68**	146
Properties	**3**	8
Gaming equipment	**65**	138
Property and equipment lease concessions[4]	**(67)**	–
Properties	**(55)**	–
Gaming equipment	**(12)**	–
Property costs – rates, water and electricity	**376**	460
Repairs and maintenance expenditure on property, plant and equipment	**105**	217
Rooms departmental expenses	**27**	88
Security and surveillance costs	**82**	154
Other operating expenses[5]	**422**	828
Gain on disposal of business	**–**	(1)
Gain on disposal of property, plant and equipment	**(30)**	(6)
Loss on disposal of investment property	**–**	1
	1 745	3 328

[1] *Restated for recognition of reinsurance recovery – refer note 45*
[2] *Mainly paid to THL – refer note 49.1* Related parties
[3] *Property and equipment rentals in the prior year of R176 million have been reclassified to "Other operating expenses" from the income statement – refer note 45*
[4] *Refer note 1b* New and amended standards adopted by the group
[5] *Other operating expenses consists mainly of cleaning, bank charges, insurance, film rentals, gaming licences and corporate social investment and other sundry costs*

12 AMORTISATION AND DEPRECIATION

	2021 Rm	2020 Rm
Depreciation of property, plant and equipment (note 19)	**771**	793
Depreciation of right-of-use assets (note 20)	**48**	60
Amortisation of intangible assets (note 23)	**25**	28
	844	881

13 IMPAIRMENT REVERSAL OF NON-CURRENT ASSETS

	2021 Rm	2020 Rm
Impairment reversal of intangible assets (note 23)	**129**	–

14 IMPAIRMENT OF NON-CURRENT ASSETS

	2021 Rm	2020 Rm
Impairment of property, plant and equipment (note 19)	**12**	99
Impairment of right-of-use assets (note 20)	**–**	6
Impairment of goodwill (note 22)	**–**	332
Impairment of intangible assets (note 23)	**–**	1 585
	12	2 022

15 FINANCE INCOME

	2021 Rm	2020 Rm
Interest received from banks	**17**	36
Effective finance income on loans to LPM site owners	**1**	4
Related party finance income arising on discontinued operations	**–**	3
Finance income – other	**1**	4
	19	47

16 FINANCE COSTS

	2021 Rm	2020 Rm
Finance costs in respect of interest-bearing debt	**928**	1 067
Debt refinancing costs	**–**	34
Finance costs in respect of lease liabilities	**33**	44
Effective finance costs on loans to LPM site owners	**1**	3
Related party finance costs arising on discontinued operations	**–**	4
Cash flow hedge reclassified to profit or loss on debt restructure	**–**	136
Finance costs – other	**1**	1
	963	1 289

17 INCOME TAX EXPENSE

	2021 Rm	2020 Rm
Profit or loss		
Current tax – current year charge	**104**	438
Current tax – (over)/under provision prior year	**(22)**	8
Deferred tax – current year credit	**(69)**	(365)
Deferred tax – (over)/under provision prior year	**(16)**	1
	(3)	82
Other comprehensive income		
Tax credit relating to components of other comprehensive income on items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	**(12)**	(7)
Tax expense/(credit) relating to components of other comprehensive income on items that may not be reclassified subsequently to profit or loss:		
Equity instruments at FVOCI fair value adjustment[1]	**73**	(82)
	61	(89)

[1] *The deferred tax on the group's equity instruments at FVOCI has been reversed due to the future profitability of the respective holding entity not being anticipated to produce taxable income in the foreseeable future and therefore this deferred tax asset is no longer considered fully recoverable*

	2021		2020	
	Rm	%	Rm	%
Income tax rate reconciliation				
Profit/(loss) before income tax	**25**		(205)	
Income tax thereon at 28% (2020: 28%)	**7**	**28.0**	(57)	(28.0)
Exempt income/credits:				
Dividend income	**–**	**–**	(31)	(15.1)
Share of loss/(profit) of associates	**2**	**8.0**	(3)	(1.5)
Expenses/debits not deductible for tax purposes:				
Amortisation and depreciation	**9**	**36.0**	7	3.4
Impairment of current receivables	**5**	**20.0**	7	3.4
Impairment of goodwill	**–**	**–**	93	45.4
Other non-deductible items	**1**	**4.0**	3	1.5
Ineffective portion of cash flow hedge on debt restructure	**–**	**–**	38	18.5
Capital gains tax rate differentials:				
Impairment of non-current assets	**4**	**16.0**	15	7.3
Gain on disposal of property, plant and equipment	**–**	**–**	1	0.5
Other:				
Deferred tax not provided on losses	**7**	**28.0**	–	–
Prior year (over)/under provisions (net)	**(38)**	**(152.0)**	9	4.6
	(3)	**(12.0)**	82	40.0

18 DIVIDENDS DECLARED

	2021 Rm	2020 Rm
Ordinary		
Final dividend	–	594
Interim dividend	–	276
	–	870
Dividend *in specie*	–	6 951
	–	7 821
Ordinary		
Final dividend declared on		22 May 2019
Final dividend paid on		18 June 2019
Final dividend cents per share		56 cents
Interim dividend declared on		20 November 2019
Interim dividend paid on		17 December 2019
Interim dividend cents per share		26 cents
Dividend *in specie*[(1)]		
Declared on		23 May 2019
Dividend *in specie* cents per share		658 cents

[(1)] *Refer note 47 for details*

The board of directors resolved not to declare dividends during the year under review.

19 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Rm	Leasehold improvements Rm	Properties under construction Rm	Plant and equipment Rm	Operating equipment Rm	Total Rm
Year ended 31 March 2021						
Opening net carrying amount	**6 412**	**223**	**41**	**2 543**	**61**	**9 280**
Additions	**5**	**12**	**17**	**97**	**3**	**134**
Acquisition of subsidiary (note 46)	**–**	**2**	**–**	**1**	**–**	**3**
Reclassification to held for sale (note 40)	**(59)**	**–**	**–**	**–**	**–**	**(59)**
Disposals and operating equipment usage	**–**	**–**	**–**	**(4)**	**(11)**	**(15)**
Depreciation charge	**(109)**	**(21)**	**–**	**(641)**	**–**	**(771)**
Impairments	**(2)**	**–**	**(7)**	**(3)**	**–**	**(12)**
Transfers	**29**	**–**	**(49)**	**24**	**(4)**	**–**
Closing net carrying amount	**6 276**	**216**	**2**	**2 017**	**49**	**8 560**
At 31 March 2021						
Cost	**7 396**	**442**	**2**	**5 590**	**49**	**13 479**
Accumulated depreciation	**(1 120)**	**(226)**	**–**	**(3 573)**	**–**	**(4 919)**
Net carrying amount	**6 276**	**216**	**2**	**2 017**	**49**	**8 560**
Year ended 31 March 2020						
Opening net carrying amount	6 396	242	21	2 440	55	9 154
Additions	154	23	77	772	24	1 050
Disposal of business	–	(3)	–	–	–	(3)
Disposals and operating equipment usage	(1)	–	–	(10)	(18)	(29)
Depreciation charge	(94)	(37)	–	(662)	–	(793)
Impairments	(63)	(2)	(14)	(20)	–	(99)
Other transfers	20	–	(43)	23	–	–
Closing net carrying amount	6 412	223	41	2 543	61	9 280
At 31 March 2020						
Cost	7 423	425	41	5 903	61	13 853
Accumulated depreciation	(1 011)	(202)	–	(3 360)	–	(4 573)
Net carrying amount	6 412	223	41	2 543	61	9 280
At 1 April 2019						
Cost	7 321	454	21	5 500	55	13 351
Accumulated depreciation	(925)	(212)	–	(3 060)	–	(4 197)
Net carrying amount	6 396	242	21	2 440	55	9 154

The group reassessed the useful lives of property, plant and equipment during the year. The impact on depreciation for the year was a credit of R44 million (2020: credit of R38 million). The group also reviewed the residual values during the year and the group recognised a debit adjustment to depreciation of R7 million in the current year (2020: Rnil). These changes in estimates are not expected to have a significant effect in respect of the depreciation charge in future periods.

Changes in useful lives and residual values are not considered significant estimates and judgements as any changes in useful lives and residual values have historically been gradual and any adjustments made, where necessary, have not been significant.

Notes to the consolidated financial statements *continued*

19 PROPERTY, PLANT AND EQUIPMENT *continued*

The following land and buildings and plant and equipment at properties with respective carrying amounts were impaired during the year. Impairments are included in "Impairment of non-current assets" in the income statement.

	2021 Rm	2020 Rm
Write off of project costs relating to Somerset West land	**7**	–
Land relating to the fourth Mpumalanga casino licence due to recoverable amounts assessments	**2**	5
The Caledon Casino due to impairment of costs relating to the golf estate development land and recoverable amounts assessments	**–**	19
Garden Route Casino land due to recoverable amounts assessments	**–**	48
Sandton Convention Centre mainly due to the uncertain economic outlook as a result of the lockdown	**–**	13
Various casinos and hotel properties due to obsolescence	**3**	14
	12	99

Where the group is the lessor

The group rents out retail and commercial office space at its properties.

As at 31 March 2021, the group's gross lettable area at the properties was 73 653m^2 (2020: 72 439m^2), of which 64 610m^2 (2020: 68 612m^2) was let. Rental income is based on fixed, fixed and variable and variable lease agreements concluded with tenants. The majority of the leases are fixed and variable with the fixed rental amounts resetting after a number of years. In the long term, fixed rentals should always exceed variable rental income received. Property rentals (included in other income) earned during the year is as follows:

	2021 Rm	2020 Rm
Rental income from property operating leases under IFRS 16:		
Fixed	**31**	67
Variable	**21**	43
	52	110

Lease concessions granted by the group to its tenants (operating leases) amounted to R15 million and these have been accounted for as new leases effective from the date of modification.

The casinos retain the rights to the properties rented and mitigates its risk of the underlying properties by requiring deposits or bank guarantees from the lessees and/or personal suretyships. In addition, lessees are required to provide proof of insurance of their assets along with third-party indemnity insurance. Expectations about the future residual values are reflected in the recoverable assessments of the properties.

At the balance sheet date the group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases for property, plant and equipment. The rentals below relate only to fixed rentals and do not include any variable rentals or escalations based on CPI:

	2021 Rm	2020 Rm
Not later than 1 year	**53**	63
Between 1 and 2 years	**51**	53
Between 2 and 3 years	**38**	41
Between 3 and 4 years	**26**	25
Between 4 and 5 years	**11**	10
	179	192

20 RIGHT-OF-USE ASSETS

The group leases various properties, the most significant being the Golden Horse Casino land, leases of various properties at the bingo business sites and offices at certain of the LPM business sites as well as gaming equipment at the casinos.

	Properties Rm	Gaming equipment Rm	Total Rm
Year ended 31 March 2021			
Opening net carrying amount	**176**	**30**	**206**
Additions	**61**	**1**	**62**
Depreciation	**(36)**	**(12)**	**(48)**
Remeasurement of leases	**3**	**–**	**3**
Lease terminations	**(2)**	**(2)**	**(4)**
Acquisition of subsidiary (note 46)	**5**	**–**	**5**
Closing net carrying amount	**207**	**17**	**224**
At 31 March 2021			
Cost	**386**	**58**	**444**
Accumulated depreciation	**(179)**	**(41)**	**(220)**
Net carrying amount	**207**	**17**	**224**
Year ended 31 March 2020			
Recognised on adoption of IFRS 16 (1 April 2019)	210	45	255
Additions	29	3	32
Depreciation	(48)	(12)	(60)
Remeasurement of leases	(2)	(2)	(4)
Lease terminations	–	(4)	(4)
Impairments	(6)	–	(6)
Disposal of business	(7)	–	(7)
Closing net carrying amount	176	30	206
At 31 March 2020			
Cost	317	61	378
Accumulated depreciation	(141)	(31)	(172)
Net carrying amount	176	30	206
At 1 April 2019			
Cost	598	65	663
Accumulated depreciation	(388)	(20)	(408)
Net carrying amount	210	45	255

21 INVESTMENT PROPERTIES

	2021 Rm	2020 Rm
At 1 April	**416**	486
Additions to investment properties	**1**	14
Disposals	**–**	(3)
Fair value adjustments recognised in profit or loss	**(67)**	(81)
At 31 March	**350**	416

The group rents out commercial office space at its investment properties. The group's investment properties have been categorised as level 3 values based on the inputs to the valuation technique used – refer note 54. The group has elected to measure investment properties at fair value. Fair values are estimated triennially by an external appointed valuator, and by management during the intervening years. For the reporting period, the group engaged an external valuator who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued, to carry out the valuations of the investment properties of the group.

During the year under review, the group recognised a R67 million (2020: R81 million) fair value loss on investment properties. The fair value of the group's investment properties is determined using capitalised values of the projected rental income together with assessments of development land. Vacancies are considered based on the historical and current vacancy factors as well as the nature, location, size and popularity of the properties. The outbreak of Covid-19 during the prior year continues to significantly impact the South African economy. This impact has also been taken into account when determining the fair value of the group's investment properties.

At 31 March 2021 the significant unobservable inputs were as follows:

- Capitalisation rates applied to rental income vary between 10.0% and 10.5% (2020: varied between 9% and 10%); and
- Vacancy rate applied of between 5% and 10% (2020: 0% and 20%).

Inter-relationship between key unobservable inputs and fair value measurement:

The estimated fair value would increase/(decrease) if:

- Expected rental income were higher/(lower);
- Expected vacancy rate was lower/(higher); and
- The capitalisation rate was lower/(higher).

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

	2021		2020	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
1% change in the capitalisation rate	**(27)**	**33**	(42)	45
1% change in the vacancy rate	**(4)**	**4**	(3)	4

Investment properties are leased to tenants under operating leases with rentals payable monthly. Rental income is based on fixed lease agreements concluded with tenants.

	2021 Rm	2020 Rm
Amounts recognised in profit or loss for investment properties:		
Rental income from investment property operating leases:		
Fixed rental income (included in "Other income" note 8)	**40**	38
Direct operating expenses from property that generated rental income	**(17)**	(11)

There were no direct operating expenses from property that did not generate rental income.

21 INVESTMENT PROPERTIES *continued*

Refer to note 19 *Property, plant and equipment* for reference as to how the group manages risk for the rights it retains in the underlying assets.

At the balance sheet date the group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases for investment properties. The rentals below relate only to fixed rentals and do not include any variable rentals or escalations based on CPI:

	2021 Rm	2020 Rm
Not later than 1 year	**22**	27
Between 1 and 2 years	**16**	16
Between 2 and 3 years	**7**	9
Between 3 and 4 years	**2**	5
Between 4 and 5 years	**–**	1
	47	58

22 GOODWILL

	2021 Rm	2020 Rm
At 1 April	**1 461**	1 793
Impairments	**–**	(332)
At 31 March	**1 461**	1 461
Goodwill is allocated and monitored based on the group's CGUs. A summary of the goodwill allocation is as follows per CGU		
Montecasino	**273**	273
Suncoast	**890**	890
Golden Horse	**43**	43
Garden Route	**19**	19
Blackrock	**94**	94
Mykonos	**17**	17
The Caledon	**64**	64
Vukani	**61**	61
	1 461	1 461

Impairment test for goodwill and casino licences (refer note 23 for casino licences)

Goodwill and casino licences are allocated and monitored based on the group's CGUs. The outbreak of Covid-19 in the prior year has significantly affected the South African economy and the gaming and hospitality industry. The closure of all the group's casino precincts during the lockdown, continued regulatory restrictions and the uncertain economic outlook is having a material adverse effect on the group's operations and cash generations in the short to medium term. These factors are taken into account in the impairment testing of goodwill and intangibles, being mainly casino licences, most of which are indefinite lived.

Significant estimate: key assumptions used for value-in-use calculations

The recoverable amount of the CGUs is determined based on the higher of the fair value less cost of disposal and value-in-use. These calculations use management approved cash flow projections based on five-year forecasts. The expected capital cost spend in the CGUs is based on the historical experience of maintaining each property, taking into account current spend, limited to essential maintenance in order to preserve cash. Cash flows beyond the five-year period are extrapolated using the estimated long-term growth rate.

22 GOODWILL *continued*

Significant estimate: key assumptions used for value-in-use calculations *continued*

In light of the Covid-19 impact, the key assumptions used for value-in-use calculations were reviewed at the year end and estimated as follows:

- Trading assumptions – management forecast income, operating expenses and Ebitda margins based on past and current performance and its expectations of market developments. The Covid-19 pandemic and the ongoing regulatory restrictions promulgated, including the imposition of varying curfews, alcohol bans and capacity limitations restricting the group's ability to trade, had a substantial negative impact on the group's results for the year under review, which was offset by a reduction in variable and fixed costs, the most significant of these being gaming levies and VAT, payroll costs, food and beverage and operating equipment costs and advertising and marketing costs. The impact of a third Covid-19 wave has been considered in the group's cash flow forecasts, offset by the government's vaccination programme. The group continued to implement cost-saving initiatives during the year to provide sustainable benefits. Taking the aforementioned into account, the group's forecast models assume a strong recovery in trading during the 2022 financial year off an extremely low base, particularly due to the cost savings which results in better Ebitda margins. As a result of this, Ebitda is forecast having higher growth rates for 2022 to 2024, levelling off to normal levels with effect from 2025;
- Discount rate – the discount rate is calculated by using a weighted average cost of capital ("WACC") of the respective CGUs. WACC is calculated using a bond risk-free rate and an equity premium adjusted for specific risks relating to the relevant CGUs (share beta and small stock premium). The average pre-tax discount rate has increased in comparison with the prior year due to a higher share beta, market risk rate and small stock premium. The group believes these rates will return to more normal levels over the medium term; and
- Long-term growth rate – 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 estimations consider risks associated with the gaming and entertainment industry in which the CGUs operate and are consistent with forecasts included in publicly reported information specific to the entertainment and hospitality industries in which each CGU operates. The group has revised the long-term growth rate downward by 0.6 percentage points ("pp") to 4.7% compared to the prior year due to the negative effects of Covid-19.

The significant unobservable inputs used in the group's value-in-use calculations as at 31 March 2021 are shown below:

- Expected gaming win for the respective CGUs increases on average 70% for the 2022 financial year, then 7% for 2023 financial year and then levels out to normal trading levels of increases of 3% over the following years (2020: Expected gaming win increased by 67% for the 2022 financial year, then 8% for the 2023 financial year and then to 3% over the following years);
- Expected operating expenditure costs increase on average 64% for the 2022 financial year, then 9% for 2023 financial year and then levels out to normal trading levels of increases of 4% (2020: Expected operating expenditure cost increased by 33% for the 2022 financial year and then to 4% over the following years);
- Risk-adjusted discount rate of an average of 19.3% (2020: 17.5%) pre-tax; and
- Long-term growth rate of 4.7% (2020: 5.3%).

Significant estimate: impairment charges

Taking into account the revised assumptions, no further impairments to goodwill were deemed necessary since the previous reporting date. This was mainly due to the improvement in forecast cash flows compared to those expected at 31 March 2020, offset by the increase in the average discount rate and a lower long-term growth rate. During the prior year, the impairments charge of R332 million arose in the Gold Reef City (R136 million), Silverstar (R85 million) and The Caledon (R111 million) precincts . This was mainly as a result of the Covid-19 impact, and also to a lesser extent trading related in both Silverstar and The Caledon precincts. Gold Reef City, Silverstar and Goldfields precincts also had licence impairments due to factors mentioned above – refer note 23. Where applicable, the group's non-current asset impairments are included in "Impairment of non-current assets" in the income statement.

22 GOODWILL *continued*

Significant estimate: impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described elsewhere in this note. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause a material impairment loss in any of the group's CGUs, as the group's CGU's have significant headroom available between the calculated values-in-use and the goodwill allocated to each CGU. Refer also note 3d *Critical accounting estimates and judgements – Estimated impairment of goodwill and indefinite lived intangible assets*.

Sensitivities for the prior year reflects the impact (further impairments during the prior year) on goodwill if a reasonably possible change in a key assumption on which the group has based its determination of the CGUs' recoverable amounts would cause the CGUs' respective goodwill carrying amounts to exceed their recoverable amounts:

	2020		
	1pp decrease in trading assumptions[(1)] Rm	1pp decrease in growth rate assumption[(1)] Rm	1pp increase in discount rate assumption[(1)] Rm
Blackrock	51	17	23
The Caledon	60	15	21

[(1)] *Refer above for key assumptions*

The following key assumptions have been used for the analysis of the CGUs:

	2021			2020		
CGU	**Ebitda margin (average) %**	**Long-term growth rate %**	**Discount rate pre-tax %**	Ebitda margin (average) %	Long-term growth rate %	Discount rate pre-tax %
Montecasino	**40.2**	**4.7**	**19.0**	35.2	5.3	18.3
Suncoast	**36.3**	**4.7**	**18.7**	34.8	5.3	17.6
Gold Reef City	**33.8**	**4.7**	**18.7**	27.6	5.3	17.6
Silverstar	**33.5**	**4.7**	**19.7**	26.2	5.3	17.1
Other gaming operations[(1)]	**39.9**	**4.7**	**20.4**	29.6	5.3	17.7
Vukani	**27.6**	**4.7**	**24.6**	27.6	5.3	16.8

[(1)] *Includes the balance of the group's casino properties which have an allocation of goodwill*

23 OTHER INTANGIBLE ASSETS

	Casino licences and bid costs Rm	Computer software Rm	Intellectual property Rm	Total Rm
Year ended 31 March 2021				
Opening net carrying amount	**2 705**	**34**	**42**	**2 781**
Additions	**12**	**3**	**–**	**15**
Acquisition of subsidiary (note 46)	**1**	**2**	**–**	**3**
Amortisation charge	**(5)**	**(15)**	**(5)**	**(25)**
Impairment reversals	**129**	**–**	**–**	**129**
Closing net carrying amount	**2 842**	**24**	**37**	**2 903**
At 31 March 2021				
Cost	**4 563**	**148**	**49**	**4 760**
Accumulated amortisation	**(171)**	**(124)**	**(12)**	**(307)**
Accumulated impairments	**(1 550)**	**–**	**–**	**(1 550)**
Net carrying amount	**2 842**	**24**	**37**	**2 903**
Year ended 31 March 2020				
Opening net carrying amount	4 283	51	48	4 382
Additions	3	9	–	12
Amortisation charge	(5)	(17)	(6)	(28)
Impairments	(1 576)	(9)	–	(1 585)
Closing net carrying amount	2 705	34	42	2 781
At 31 March 2020				
Cost	4 550	141	49	4 740
Accumulated amortisation	(166)	(107)	(7)	(280)
Accumulated impairments	(1 679)	–	–	(1 679)
Net carrying amount	2 705	34	42	2 781
At 1 April 2019				
Cost	4 548	149	49	4 746
Accumulated amortisation	(161)	(98)	(1)	(260)
Accumulated impairments	(104)	–	–	(104)
Net carrying amount	4 283	51	48	4 382

23 OTHER INTANGIBLE ASSETS *continued*

Casino licences and related bid costs are made up as follows:

	Carrying amount 2021 Rm	Carrying amount 2020 Rm	Remaining useful life as at 31 March 2021	Remaining useful life as at 31 March 2020
Indefinite lives:				
Gold Reef City[(1) (2)]	**1 418**	1 389	**Indefinite**	Indefinite
Silverstar[(1) (2)]	**147**	53	**Indefinite**	Indefinite
Golden Horse[(1)]	**554**	554	**Indefinite**	Indefinite
Garden Route[(1)]	**252**	252	**Indefinite**	Indefinite
Goldfields[(1)]	**33**	26	**Indefinite**	Indefinite
Mykonos[(1)]	**215**	215	**Indefinite**	Indefinite
Montecasino[(2)]	**70**	70	**Indefinite**	Indefinite
Suncoast[(2)]	**105**	105	**Indefinite**	Indefinite
Blackrock[(2)]	**1**	1	**Indefinite**	Indefinite
Galaxy[(3)]	**13**	1	**Indefinite**	Indefinite
Kuruman[(4)]	**6**	6	**Indefinite**	Indefinite
Definite lives:				
Hemingways[(5)]	**23**	27	**5 years**	6 years
Vukani[(3)]	**4**	6	**11 – 20 years**	7 – 11 years
Bet.co.za[(6)]	**1**	–	**16 years**	n/a
	2 842	2 705		

(1) *Relate to the casinos acquired on the reverse acquisition of Gold Reef during the 2011 financial year*
(2) *Relate to additional gaming positions*
(3) *Acquisition of the bingo and LPM businesses as a common control acquisition during the 2018 financial year, and an acquisition of a Bingo Witbank licence during the year under review (R12 million)*
(4) *Acquisition of Kuruman as a common control transaction during the 2019 financial year*
(5) *Relates to CSI spend*
(6) *Acquisition of Bet.co.za as a common control transaction (refer note 46)*

Significant estimate: impairment charges and reversals

Taking into account the revised assumptions as described in note 22 *Goodwill*, the group recognised impairment reversals of R129 million in respect of licences arising in the Gold Reef City (R29 million), Silverstar (R94 million) and Goldfields (R6 million) precincts. This was mainly due to the revised forecast cash flows being more positive than expected at the previous financial year end, offset by a higher average discount rate and a lower long-term growth rate mentioned in note 22. During the prior year, an impairment charge of R1 576 million was recognised arising in the Gold Reef City (R376 million), Silverstar (R1 059 million) and Goldfields (R141 million) precincts. This was mainly as a result of the Covid-19 impact on operations, and also to a lesser extent trading related in both Gold Reef City and Silverstar precincts. Impairment and impairment reversals are included in "Impairment of non-current assets" and "Impairment reversals of non-current assets" in the income statement.

Significant estimate: impact of possible changes in key assumptions

The group's impairment reviews are sensitive to changes in the key assumptions described in note 22. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause a material impairment loss in any of the group's CGUs, as the group's CGUs have significant headroom available between the calculated values-in-use and the intangible asset allocated to each CGU, other than the below CGUs. Refer also note 3d *Critical accounting estimates and judgements – Estimated impairment of goodwill and indefinite lived intangible assets.*

The following reflects the impact (further impairments) on casino licences if a reasonably possible change in a key assumption on which the group has based its determination of the CGUs' recoverable amounts would cause the CGUs' respective casino licence carrying amounts to exceed their recoverable amounts:

	2021 1pp decrease in trading assumptions[(1)] Rm	2021 1pp decrease in growth rate assumption[(1)] Rm	2021 1pp increase in discount rate assumption[(1)] Rm	2020 1pp decrease in trading assumptions[(1)] Rm	2020 1pp decrease in growth rate assumption[(1)] Rm	2020 1pp increase in discount rate assumption[(1)] Rm
Gold Reef City	**–**	**133**	**196**	445	198	266
Silverstar	**–**	**–**	**2**	53	53	53
Goldfields	**–**	**1**	**4**	26	11	14

(1) *Refer note 22 for key assumptions*

24 INVESTMENTS IN ASSOCIATES

	2021 Rm	2020 Rm
At 1 April	**41**	35
Share of (loss)/profit after tax and other interests of associates	**(8)**	10
Dividends received	**–**	(4)
At 31 March	**33**	41

The group's interest in associate entities are as follows:

- 49% in Richtrau 292 Proprietary Limited ("Richtrau") which traded as a concept bookstore within the group's Montecasino property. The concept bookstore has ceased trading and will be undergoing a voluntary liquidation. The investment in Richtrau was previously impaired to nil and has subsequently been written off;
- 50% in TMCTS Management Company Proprietary Limited which operates entertainment venues in eight of the group's properties; and
- 50% in Three Groups Cinemas Proprietary Limited which operates cinemas at the group's Suncoast casino property.

The group has no share of associates' contingent liabilities or capital commitments.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income comprise investments in equity instruments which are not held for trading, and which the group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and therefore the group considers this classification relevant. Refer notes 3e) *Critical accounting estimates and judgements – Fair value of financial instruments that are not traded in an active market* and 54 *Fair value estimation*. Dividends received are included in other income (note 8).

	2021 Rm	2020 Rm
At 1 April	**898**	1 266
Fair value adjustment recognised in other comprehensive income	**(223)**	(368)
At 31 March	**675**	898
Fair value made up as follows:		
SunWest	**648**	866
Worcester	**27**	32
	675	898
Dividends received from:		
SunWest	**–**	103
Worcester	**–**	7
	–	110

SunWest and Worcester casinos

Previously, the group entered into a transaction with Sun International Limited ("SI") and Grand Parade Investments Limited ("GPI") for the acquisition of a 20% equity interest in each of SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester"). The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as a level 3 fair value measurement and has been accounted for as an equity instrument at FVOCI – refer note 54 *Fair value estimation*.

At the end of each reporting period the investment is remeasured and the increase or decrease recognised in other comprehensive income. The asset has been remeasured at 31 March 2021 to R675 million, a R223 million decrease (R898 million at 31 March 2020). A discounted cash flow valuation was used to estimate the fair value. The valuation model considers the present value of net cash flows to be generated from SunWest and Worcester, together with their operating capital expenditure taking into account expected growth in gaming win and other revenue generated from non-gaming related activities. The expected net cash flows are discounted using a risk-adjusted post-tax discount rate. Among other factors, the discount rate estimation considers risks associated with the gaming and hospitality industry in which SunWest and Worcester operates. The fair value loss is as a result of the outbreak of Covid-19 which has significantly affected the South African economy. As discussed in note 22 *Goodwill*, it is anticipated that during 2022 there will be a strong recovery in trading off an extremely low base reaching normal growth rate levels from 2025.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *continued*

The significant unobservable inputs used in the fair value measurement of the group's investment in SunWest and Worcester as at 31 March 2021 are shown below:

- Expected income, including gaming win, hotel rooms revenue and other income increases by 92% for the 2022 financial year, 13% for 2023 financial year, 11% for 2024 financial year and then levels out to normal trading levels of 3% over the following years (2020: Expected income, including gaming win, hotel rooms revenue and other income increased by 67% for the 2022 financial year, then 8% for the 2023 financial year and then to 3% over the following years);
- Expected operating expenditure costs increase by 44% for the 2022 financial year, 7% for 2023 financial year, 17% for 2024 financial year and then levels out to normal trading levels of 4% (2020: Expected operating expenditure cost increased by 33% for the 2022 financial year, then and then to 4% over the following years);
- Risk-adjusted discount rate of 14.8% (2020: 14.3%) post-tax; and
- Long-term growth rate of 4.7% (2020: 5.3%).

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

	2021		2020	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
Expected gaming win growth	**48**	**(47)**	110	(106)
Operating expenditure cost growth	**(36)**	**35**	(84)	81
Risk-adjusted discount rate	**(68)**	**83**	(99)	124
Long-term growth rate	**60**	**(49)**	93	(75)

26 NON-CURRENT RECEIVABLES

	2021 Rm	2020 Rm
Financial instruments		
Financial assets measured at amortised cost		
Loans to tenants	**2**	2
Loans to LPM site owners	**31**	15
Loans to NCI	**14**	17
Other	**5**	4
	52	38

Non-current receivables and deposits do not contain significant credit risk and there are no significant receivables past due not impaired. The group does not consider non-current receivables significant and therefore no further disclosure is provided in this regard. Refer note 29 *Trade and other receivables* for information in respect of loans to LPM site owners.

27 DEFERRED INCOME TAX

The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances of entities within the group, is as follows:

	Accelerated tax allowances Rm	Other assets[1] Rm	Debt finance costs Rm	Provisions and accruals Rm	Deferred income Rm	Right-of-use assets and lease liabilities Rm	Tax losses Rm	Items through OCI Rm	Total Rm
Deferred tax liabilities									
Balance at 31 March 2019	1 617	13	–	(118)	(13)	–	(4)	30	1 525
Restatement for change in accounting policy – adoption of IFRS 16 *Leases*	–	–	–	24	–	(46)	–	–	(22)
Balance at 1 April 2019 (restated)	1 617	13	–	(94)	(13)	(46)	(4)	30	1 503
Income statement (credit)/expense	(442)	19		20	10	23	1	–	(369)
Deferred tax expense relating to components of other comprehensive income	–	–		–	–	–	–	(1)	(1)
Balance at 31 March 2020	**1 175**	**32**	**–**	**(74)**	**(3)**	**(23)**	**(3)**	**29**	**1 133**
Income statement expense/(credit)	**119**	**(38)**	**–**	**31**	**3**	**10**	**(151)**	**–**	**(26)**
Deferred tax liability at 31 March 2021	**1 294**	**(6)**	**–**	**(43)**	**–**	**(13)**	**(154)**	**29**	**1 107**
Deferred tax assets									
Balance at 31 March 2019	(21)	(4)	–	28	1	–	19	20	43
Restatement for change in accounting policy – adoption of IFRS 16 *Leases*	–	–	–	–	–	4	–	–	4
Balance at 1 April 2019	(21)	(4)	–	28	1	4	19	20	47
Income statement (expense)/credit	(7)	2	8	(7)	–	1	(2)	–	(5)
Deferred tax credit/(expense) relating to components of other comprehensive income	9	–		–	–	–	–	81	90
Balance at 31 March 2020	(19)	(2)	8	21	1	5	17	101	132
Income statement credit/(expense)	**48**	**(3)**	**20**	**(6)**	**–**	**3**	**(3)**	**–**	**59**
Deferred tax credit/(expense) relating to components of other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(61)**	**(61)**
Deferred tax asset at 31 March 2021	**29**	**(5)**	**28**	**15**	**1**	**8**	**14**	**40**	**130**
Total net deferred tax liability/(asset)	**1 265**	**(1)**	**(28)**	**(58)**	**(1)**	**(21)**	**(168)**	**(11)**	**977**

[1] *Includes investment property and prepaid expenditure*

Deferred tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax of R168 million on estimated tax losses of the group's subsidiaries relate mainly to Tsogo Sun Casinos Proprietary Limited, Tsogo Sun KwaZulu-Natal Proprietary Limited and Silverstar Casino Proprietary Limited due to the trading effects of the Covid-19 pandemic. The directors have considered the future profitability of these entities and, on the basis that they are anticipated to produce taxable income in the foreseeable future, these deferred tax assets are considered fully recoverable. There were no significant unutilised tax losses for which no deferred tax asset was recognised.

28 INVENTORIES

	2021 Rm	2020 Rm
Food and beverage	**18**	24
Operating equipment	**42**	28
Consumable stores	**21**	29
	81	81
The cost of food and beverage recognised as an expense and included in other operating expenses	**(56)**	(297)
The cost of operating equipment recognised as an expense and included in other operating expenses	**(29)**	(24)

There were no significant inventories written off during the year.

29 TRADE AND OTHER RECEIVABLES

	2021 Rm	2020 Restated[1] Rm
Financial instruments		
Financial assets measured at amortised cost		
Trade receivables – net	**59**	101
Trade receivables – gross	**87**	125
Trade receivables – loss allowance	**(28)**	(24)
Debt investments – net	**68**	86
LPM site owner loans – gross	**137**	146
LPM site owner loans – loss allowance	**(69)**	(60)
Reinsurance recoveries	**183**	183
Deposits	**86**	113
Other receivables	**31**	52
	427	535
Non-financial instruments		
Prepayments	**71**	102
VAT receivable	**3**	19
Straight-lining of operating leases	**30**	15
	104	136
Total trade and other receivables	**531**	671

[1] *Restated for recognition of reinsurance recovery – refer note 45*

Trade receivables

Trade receivables comprise a widespread customer base mostly in respect of the hotel, conferencing and tenanting of retail and office space provided in the ordinary course of business at the group's properties. Credit sales mostly have negotiated credit terms of 30 days and are therefore all classified as current. Trade receivables also comprise amounts owed by LPM site owners relating to gross gaming win. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above. The group does not hold any collateral as security.

The carrying value less the respective credit loss allowance of trade receivables is assumed to approximate their fair values due to the short-term nature of trade receivables.

Debt investments

The group's debt investments at amortised cost comprise mainly short-term loans to LPM site owners by Vukani, are unsecured, interest free and are repayable in weekly instalments.

Reinsurance recoveries

Reinsurance recoveries are reinsurers' portion for insurance claims that have been provided for mainly as a result of Covid-19 pandemic which arose in the prior year. The insurance claims provision is provided for in note 39 *Trade and other payables*. No reinsurance assets are past due or impaired at the reporting date and the group expect no significant losses from non-performance by these counterparties.

29 TRADE AND OTHER RECEIVABLES *continued*

Credit risk – trade receivables

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 31 March 2021, no single customer was in debt in excess of 10% of the total trade receivables balance. The trade receivables credit standing has been impacted by Covid-19.

Credit limits exceeded during the year under review were closely monitored, and management anticipates that any losses from non-performance by these counterparties which have not been provided for, will be immaterial.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Debtor loss allowance calculated under the provision matrix:

The group measures the loss allowance for trade receivables by applying a provision matrix which is permitted by IFRS 9 which is presented below. In accordance with this approach, the loss allowance for trade receivables is determined as the lifetime expected credit losses on trade receivables. Trade receivables are categorised into respective characteristics, namely geographical and business type. The provision matrices have been developed by making use of judgement, past default experience of debtors but also incorporates forward looking information such as general economic conditions of the industry as at the reporting date. The group also has customer accounts in respect of tenant debtors which are separately identified and risk weighted differently to the general customer listing and are managed on an individual basis.

The following are factors used to determine forward looking information:

- The effects of Covid-19 in South Africa;
- GDP in South Africa;
- Vulnerability of state owned enterprises and municipalities at present in South Africa; and
- Ongoing energy crisis facing South Africa.

Trade receivables are written off when there is no reasonable expectation of recovering additional cash. The following are the indicators of default:

- The failure of a debtor to engage in a repayment plan once the account falls into arrears;
- Failure to make payments after the institution and/or conclusion of legal proceedings; and/or
- Business rescue and/or liquidation of the debtor entity.

The point at which the debtor entity has been liquidated and no further distributions are possible, is when the respective debt is written off. The creation of the provisions is offset by the release of provisions for impaired receivables and has been included in other expenses in the income statement (note 11).

On this basis the loss allowance was determined as follows for trade receivables:

	Current – performing Rm	30 to 60 days past due Rm	60 to 90 days past due Rm	More than 90 days past due Rm	Total Rm
As at 31 March 2021					
Expected loss rate %	**3.3**	**22.1**	**45.7**	**78.8**	
Gross carrying amount	**40**	**3**	**1**	**17**	**61**
Loss allowance	**1**	**1**	*****	**13**	**15**
As at 31 March 2020					
Expected loss rate %	8.7	11.4	12.3	44.9	
Gross carrying amount	55	20	12	25	112
Loss allowance	5	2	1	11	19

** Amount less than R1 million*

29 TRADE AND OTHER RECEIVABLES *continued*

Tenant debtors – specific trade debtors

Tenant debtors are specific debtors from the tenanting of retail and office space. The loss allowance for tenanting debtors are long outstanding balances and generally have slower payment terms and are managed on a one-on-one basis.

	2021 Rm	2020 Rm
Gross carrying amount	**26**	13
Loss allowance in respect of specific trade debtors	**(13)**	(5)

The closing loss allowance for trade receivables as at 31 March reconciled to the opening loss allowance is as follows:

	2021 Rm	2020 Rm
At 1 April	**24**	13
Provision for receivables impairment	**26**	18
Written off as uncollectable	**(7)**	(7)
Unused amounts reversed	**(15)**	–
At 31 March	**28**	24

Credit risk – LPM site owner loans

Debt investments comprise amounts due from LPM site owners as shown below. The maximum exposure to credit risk at the reporting date is the carrying value of the loan receivables as shown above. The company does not hold any collateral as security. The loans receivable are discounted at the prevailing prime interest rate. Deferred differences are recognised in profit and loss (finance income):

- Site owner loans: R129 million with a loss allowance of R64 million (2020: R130 million with a loss allowance of R52 million), resulting from initial costs incurred to get the gaming sites approved by the gambling board, as well as funding requirements for maintaining and expanding their operations. The loan repayment periods range between three and 36 months, are unsecured, interest free and are repayable in weekly instalments; and
- Payments on behalf of site owners: R8 million with a loss allowance of R5 million (2020: R16 million with a loss allowance of R8 million) paid on behalf of site owners incurred by Vukani to enable site owners to apply for licences with the gambling board.

Exposure to credit risk

The expected credit loss model of IFRS 9 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. The three stages are Performing (stage 1), Underperforming (stage 2) and Non-performing (stage 3). Impairment 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 losses.

All loans and advances are assessed on a monthly basis to determine whether there has been a significant increase in credit risk. In cases where significant increase in credit risk has occurred an impairment equal to the lifetime expected credit loss is recognised. For LPM site owner loans, it was determined that if a site generates less than the average gross gaming win of R91 000, it is more likely to default in repayment due to past default experience with debtors. Based on this and taking into account the Covid-19 pandemic, the estimated credit loss percentage was based on the likelihood the sites will be able to recover from the pandemic. The company considers a significant increase in credit risk events when a site generates a monthly average gross gaming win below R91 000. For payment on behalf of site owners loans, the company considers a significant increase in credit risk events when a licence approval is outstanding for more than 52 weeks.

The three stage model has been developed by making use of judgement, past default experience of loans but also incorporates forward looking information such as the impact of the Covid-19 pandemic on the South African economy, ongoing energy crises facing South Africa and geographic location as at the reporting date.

29 TRADE AND OTHER RECEIVABLES *continued*

The key inputs used for measuring expected credit losses on site owner loans are as follows:

Stage 1: Performing	An estimated credit loss is raised on the outstanding amount if the site generates a monthly average gross gaming win greater than R91 000 (2020: R200 000).
Stage 2: Underperforming	An estimated credit loss is raised on repayment amounts that are outstanding in excess of five weeks. An estimated credit loss is also raised on loan amounts in arrears if the site generates a monthly average gross gaming win not exceeding R91 000 (2020: not exceeding R100 000 but greater than R50 000).
Stage 3: Non-performing	Sites that are closed or temporarily closed are fully provided for (2020: sites that were closed were fully provided for and an estimated credit loss was raised on 90% of the amount outstanding if the site generated a monthly average gross gaming win of below R50 000).

The key inputs used for measuring expected credit losses on payment on behalf of site owner loans are as follows:

Stage 1: Performing	Current licence approvals and outstanding licence approvals less than 26 weeks.
Stage 2: Underperforming	Licence approvals outstanding for more than 26 weeks.
Stage 3: Non-performing	Licence approvals outstanding for more than 52 weeks.

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. A loss given 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 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.

On this basis, the loss allowance was determined as follows for the LPM site operator loan receivables as at 31 March:

	2021			
	Expected credit loss as a percentage of gross carrying amount %	**Gross carrying amount at default Rm**	**Loss allowance Rm**	**Carrying amount (net of loss allowance) Rm**
Company internal rating:				
Stage 1: Performing	**17**	**48**	**(8)**	**40**
Stage 2: Underperforming	**65**	**79**	**(51)**	**28**
Stage 3: Non-performing	**100**	**10**	**(10)**	**–**
Total – gross		**137**	**(69)**	**68**

	2020			
	Expected credit loss as a percentage of gross carrying amount %	Gross carrying amount at default Rm	Loss allowance Rm	Carrying amount (net of loss allowance) Rm
Company internal rating:				
Stage 1: Performing	6	76	(5)	71
Stage 2: Underperforming	55	11	(6)	5
Stage 3: Non-performing	84	59	(49)	10
Total – gross		146	(60)	86

Loans in stages 2 and 3 are minimised and controlled through strict loan granting criteria.

29 TRADE AND OTHER RECEIVABLES *continued*

Reconciliation of loss allowances

The following tables show the movement in the expected credit losses for LPM site operator loan receivables as at 31 March:

	2021			
	Stage 1 Performing Rm	**Stage 2 Under-performing Rm**	**Stage 3 Non-performing Rm**	**Total Rm**
At 1 April 2020	**5**	**6**	**49**	**60**
Provisions for loan receivables impairment	**6**	**6**	**12**	**24**
Write-offs	**–**	**–**	**(5)**	**(5)**
Recoveries	**(3)**	**(6)**	**(1)**	**(10)**
Individual financial assets transferred to under-performing due to change in definition of stages[1]	**–**	**45**	**(45)**	**–**
At 31 March 2021	**8**	**51**	**10**	**69**

[1] *The definition of stage 3 non-performing loan receivables changed in the current period to only include closed and temporarily closed sites. In the prior period this stage also included sites that earned an average gross gaming win of below R91 000 resulting in a transfer of financial assets from non-performing to under performing*

	2020			
	Stage 1 Performing Rm	Stage 2 Under-performing Rm	Stage 3 Non-performing Rm	Total Rm
At 1 April 2019	4	*	35	39
Provisions for loan receivables impairment	3	6	19	28
Write-offs	–	–	(1)	(1)
Recoveries	(2)	–	(4)	(6)
At 31 March 2020	5	6	49	60

* *Amount less than R1 million*

Credit risk – reinsurance recoveries

Reinsurance recoveries are reinsurers' portion for insurance claims that have mainly been provided for as a result of Covid-19 pandemic which arose in the prior year. The insurance claims provision is provided for in note 39 *Trade and other payables*. 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. Refer also note 52.3 *Insurance Risk*.

Credit risk – Deposits and other receivables

Deposits and other receivables do not contain significant credit risk. There are no significant receivables past due not impaired and therefore no further disclosure is provided in this regard.

30 CASH AND CASH EQUIVALENTS

	2021 Rm	2020 Rm
Cash and cash equivalents measured at amortised cost		
Current accounts	**307**	2 803
Call and fixed deposit accounts	**97**	247
Cash	**112**	12
Gross cash and cash equivalents	**516**	3 062
Less: Bank overdrafts included in borrowings (note 33)	**(58)**	(2 559)
Net cash and cash equivalents per cash flow statement	**458**	503

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed not significant.

31 ORDINARY SHARE CAPITAL AND PREMIUM

	Number of ordinary shares	Number of treasury shares	Net number of shares	Ordinary share capital Rm	Share premium Rm	Treasury shares Rm	Total Rm
At 1 April 2019	1 144 528 407	(88 468 494)	1 056 059 913	4	6 689	(122)	6 571
Treasury shares cancelled	(83 632 695)	83 632 695	–	–	–	–	–
Treasury shares settled	–	776 699	776 699	–	(4)	20	16
Buy-back of ordinary share capital and cancellation of shares	(10 707 412)	–	(10 707 412)	*	(100)	–	(100)
Share options lapsed	–	(26 943)	(26 943)	–	–	*	*
At 31 March 2020 and 2021	1 050 188 300	(4 086 043)	1 046 102 257	4	6 585	(102)	6 487

* *Amount less than R1 million*

The total authorised number of ordinary shares is 1 200 000 000 (2020: 1 200 000 000) with a par value of 2 cents per share (2020: 2 cents per share). The company also has 20 000 000 authorised unissued preference shares of no par value. All issued shares, other than those related to the Gold Reef Share Scheme and the IFRS 2 *Share-based Payment – equity-settled* (refer note 36.1), are fully paid up.

The company's authorised but unissued ordinary share capital was placed under the control of the directors until the forthcoming AGM. The board of directors has the authority to allot and issue any shares required to be issued for the purpose of carrying out the terms in accordance with the provisions of any share-based incentive scheme established by the company subject to section 38 of the Companies Act of South Africa and the Listings Requirements of the JSE, during the period of two years commencing on the date of the adoption of the special resolution, dated 3 December 2020. The board of directors has also been given, in terms of the Listings Requirements of the JSE , the authority to acquire ordinary shares issued by the company and shall be valid until the company's next AGM, or 15 months from the date of the passing of the special resolution, whichever period is the shorter. The board of directors has been authorised to determine the preferential rights attaching to the future issue of preference shares (subject to the approval of the JSE).

32 OTHER RESERVES

	Financial assets at FVOCI Rm	Property, plant and equipment revaluation reserve Rm	Surplus arising on change in control in joint venture Rm	Transactions with non-controlling interests Rm	Cash flow hedge reserve Rm	Foreign currency translation reserve Rm	Common control reserve[1] Rm	Total Rm
Balance at 1 April 2019	(16)	101	130	743	(50)	514	(3 196)	(1 774)
Cash flow hedges	–	–	–	–	(19)	–	–	(19)
Cash flow hedges fair value adjustments	–	–	–	–	(162)	–	–	(162)
Cash flow hedges recycled to profit or loss	–	–	–	–	136	–	–	136
Deferred tax on cash flow hedges fair value adjustments	–	–	–	–	7	–	–	7
Currency translation adjustments	–	–	–	–	–	(7)	–	(7)
Financial assets at fair value through OCI fair value reserve	(286)	–	–	–	–	–	–	(286)
Equity instruments fair value adjustment at fair value through OCI	(368)	–	–	–	–	–	–	(368)
Deferred tax on equity instruments fair value adjustment at fair value through OCI	82	–	–	–	–	–	–	82
Reallocation of reserves to retained earnings on disposal of THL	–	–	(130)	(1 342)	–	–	–	(1 472)
Realisation of reserves on disposal of THL	–	–	–	–	1	(507)	–	(506)
Acquisition of non-controlling interests	–	–	–	(17)	–	–	–	(17)
Balance at 31 March 2020	**(302)**	**101**	**–**	**(616)**	**(68)**	**–**	**(3 196)**	**(4 081)**
Cash flow hedges	**–**	**–**	**–**	**–**	**(29)**	**–**	**–**	**(29)**
Cash flow hedges fair value adjustments	**–**	**–**	**–**	**–**	**(41)**	**–**	**–**	**(41)**
Deferred tax on cash flow hedges	**–**	**–**	**–**	**–**	**12**	**–**	**–**	**12**
Financial assets at fair value through OCI fair value reserve	**(296)**	**–**	**–**	**–**	**–**	**–**	**–**	**(296)**
Equity instruments fair value adjustment at fair value through OCI	**(223)**	**–**	**–**	**–**	**–**	**–**	**–**	**(223)**
Deferred tax on equity instruments fair value adjustment at fair value through OCI[2]	**(73)**	**–**	**–**	**–**	**–**	**–**	**–**	**(73)**
Common control reserve arising on acquisition of common control entity (note 46)	**–**	**–**	**–**	**–**	**–**	**–**	**(35)**	**(35)**
Acquisition of non-controlling interests (note 48)	**–**	**–**	**–**	**(20)**	**–**	**–**	**–**	**(20)**
Balance at 31 March 2021	**(598)**	**101**	**–**	**(636)**	**(97)**	**–**	**(3 231)**	**(4 461)**

[1] *The common control reserve arose mainly on the group's acquisition of the bingo and LPM businesses from the HCI group during the 2018 financial year, together with the Bet.co.za acquisition during the reporting period*

[2] *The full deferred tax asset in respect of the group's financial assets at fair value through OCI has been reversed due to it not being recoverable during the course of operations in the foreseeable future*

33 INTEREST-BEARING BORROWINGS

	2021 Rm	2020 Rm
Borrowings are made up as follows:		
Financial liabilities measured at amortised cost		
Bank borrowings	**5 199**	5 887
Corporate bonds (Domestic Medium-term Note Programme)	**6 050**	5 843
Bank overdrafts	**58**	2 559
	11 307	14 289
Analysed as:		
Non-current portion	**10 300**	11 200
Current portion	**1 007**	3 089
	11 307	14 289
Secured	**11 307**	14 289
Unsecured	**–**	–
	11 307	14 289

During the prior year, the group finalised the refinancing of its debt programme. The facilities are a combination of term loans from banking institutions and a Domestic Medium-term Note Programme. The facilities range from committed overnight facilities to tenors of up to seven years with the majority of the maturities in the three to five-year period. On the date of refinancing, the debt in existence was treated as an extinguishment and the new debt recognised. Refer note 52 *Financial risk management* for further details on borrowings and covenants.

The group has mortgage bonds registered over six properties and pledge of cash in certain of the group subsidiaries as security for these borrowings. The following represents the carrying amount of these securities:

	2021 Rm	2020 Rm
Property, plant and equipment	**5 493**	5 579
Investment property	**190**	230
Investment in associates	**–**	2
Other claims and receivables	**191**	242
Pledge of cash in bank accounts	**200**	298
	6 074	6 351
The group has the following committed direct facilities excluding bank overdrafts (from banks and corporate bonds):		
Expiring within 1 year	**1 372**	1 374
Expiring beyond 1 year	**11 800**	11 800
	13 172	13 174
Undrawn facility of committed direct bank borrowings	**1 923**	1 444
Weighted average effective interest rates (including cash held in call accounts)	**7.97%**	9.11%

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments and is within level 3 of the fair value hierarchy. The fair values of long- and medium-term borrowings are based on cash flows discounted using commensurate variable rates chargeable by lenders of the above loans ranging between 4.56% and 5.49% (2020: 6.86% and 7.46%). The fair values of the current portion of borrowings approximates their carrying amount. All borrowings bear interest at floating rates (refer note 52.1a(ii)).

The carrying amounts and fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm
Bank borrowings – non-current portion	**4 500**	5 400	**5 394**	5 404
Corporate bonds (Domestic Medium-term Note Programme)	**5 800**	5 800	**5 790**	5 804
	10 300	11 200	**11 184**	11 208

34 LEASE LIABILITIES AND COMMITMENTS

	Land and buildings Rm	Gaming equipment Rm	Total Rm
At 1 April 2020	**284**	**39**	**323**
Finance costs	**30**	**3**	**33**
Lease payments	**(36)**	**(5)**	**(41)**
Additions	**61**	**1**	**62**
Remeasurement of leases	**2**	**–**	**2**
Termination of lease	**(10)**	**(2)**	**(12)**
Acquisition of subsidiary (note 46)	**6**	**–**	**6**
Lease concessions practical expedient applied[1]	**(55)**	**(12)**	**(67)**
At 31 March 2021	**282**	**24**	**306**
Less: Current portion	**(26)**	**(14)**	**(40)**
Non-current portion	**256**	**10**	**266**
At 1 April 2019 (on adoption of IFRS 16)	390	53	443
Finance costs	40	4	44
Lease payments	(161)	(14)	(175)
Additions	28	4	32
Remeasurement of lease	1	(3)	(2)
Termination of lease	–	(5)	(5)
Disposal of subsidiary	(8)	–	(8)
Effect of modification to lease terms	(6)	–	(6)
At 31 March 2020	284	39	323
Less: Current portion	(78)	(13)	(91)
Non-current portion	206	26	232

[1] *Refer note 1b* Changes in significant accounting policies

	2021 Rm	2020 Rm
Total cash flows in respect of leases:		
Principal portion of the lease liabilities (included in cash flows from financing activities)	**24**	131
Interest portion of the lease liabilities (included in finance costs cash flows)	**17**	44
Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities (included in cash generated from operations)	**90**	176
Total cash outflow for leases	**131**	351

The group leases various properties, the most significant being the Golden Horse Casino land, leases of various properties at the bingo business sites and offices at certain of the LPM business sites as well as gaming equipment at the casinos. These rental contracts are typically made for fixed periods of three to 30 years, but may have extension options as described below.

Variable lease payments

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% (2020: 4.5%) of gross operating profit of the Golden Horse precinct. A 10% increase in the variable lease liability (CPI) would increase lease payments by less than R1 million (2020: 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 approximately R6 million (2020: R3 million).

The group has no variable lease payments in respect of its casino gaming equipment.

Bingo gaming machine leases contain variable payment terms that are linked to gross gaming win generated by the respective machines and these payments are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs and are not included in the measurement of the lease liabilities. A 10% increase in gross gaming win across all sites in the group with such variable lease contracts would increase total lease payments included in operating costs (property and equipment lease rentals) by approximately R6 million (2020: by approximately R12 million). Variable lease payments are included in "Other operating expenses" note 11.

34 LEASE LIABILITIES AND COMMITMENTS *continued*

Extension options and termination options

Extension options and termination options 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 only by the group and not by the respective lessor.

The group has the following extension and termination options in respect of its property leases:

The Golden Horse Casino land has an extension option with effect from 1 September 2030 which the group is reasonably certain to extend and is included in the lease liability. Hemingways casino has a cinema lease with an extension option with effect from August 2024 which the group is reasonably certain to extend which is also included in the lease liability.

Where the group leases property for bingo operations:

- If a gaming licence term exceeds the initial property rental term, the group is typically reasonably certain to extend the lease contract (or not terminate the lease contract); and
- For operational properties being leased and more suitable properties have been identified, management is reasonably certain to not extend the property lease contract.

Extension options and termination options in respect of casinos' equipment leases:

Certain casino gaming equipment leases have extension options that have not been capitalised. As at 31 March 2021, potential future cash outflows of R21 million (undiscounted) 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) (2020: R22 million).

For casinos' equipment leases, the group has the option to terminate, without penalties, the respective lease contracts.

Residual value guarantees

The group has not provided residual value guarantees in relation to any of its leases as none of its leases contain residual value guarantees.

Leases not yet commenced but committed

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

Lease commitments

At the balance sheet date the group had outstanding commitments under non-cancellable operating leases which are not capitalised being short-term leases (leases with a lease term of 12 months or less) and low-value assets (comprising mainly small items of office equipment and furniture). The aggregate undiscounted commitments for short-term leases fall due as follows:

	2021 Rm	2020 Rm
– within one year	**4**	8
– within one to two years	**1**	3
	5	11

Refer note 52.1(c) for the maturity analysis for capitalised leases.

35 DERIVATIVE FINANCIAL INSTRUMENTS

	2021 Rm	2020 Rm
Derivative financial instruments are measured at fair value and comprise interest rate swaps – cash flow hedges.		
Net liabilities	**271**	229
Less: Current portion liability	**(43)**	(5)
Non-current portion liability (net)	**228**	224
Non-current portion made up as follows:		
Asset	**–**	–
Liability	**(228)**	(224)
Net liability	**(228)**	(224)

For effective hedges, gains and losses are recognised in the hedging reserve directly in other comprehensive income (after tax). Refer also notes 52.1(c) *Liquidity risk* and 54 *Fair value estimation*.

The fair value of the group's derivatives used for hedge accounting is a liability of R271 million (31 March 2020: R229 million) and is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year. The reason for the increase in the liability is due to decreases in market-related interest rates since the previous year end, mostly due to the effects of the Covid-19 pandemic. There was no ineffectiveness of the group's derivatives for the year under review. During the prior year, on refinancing the group's debt effective January 2020, an amount of R136 million was recycled from the cash flow hedge reserve to profit or loss as the debt it related to was repaid. This charge was included in finance costs (note 16).

	2021 Rm	2020 Rm
The notional amounts of the outstanding effective interest rate swap contracts at 31 March were:		
Linked to the three-month JIBAR		
With a fixed rate of 6.93% matured 30 June 2020	**–**	1 500
With a fixed rate of 8.045% maturing 30 June 2021	**1 000**	1 000
With a fixed rate of 8.09% maturing 30 June 2021	**2 000**	2 000
With a fixed rate of 7.80% maturing 30 June 2021	**500**	500
With a fixed rate of 7.82% maturing 30 June 2021	**500**	500
With a fixed rate of 7.135% maturing 31 May 2024[(1)]	**700**	–
With a fixed rate of 6.89% maturing 31 May 2024[(1)]	**–**	3 500
With a fixed rate of 7.095% maturing 31 May 2024[(1)]	**560**	–
With a fixed rate of 7.145% maturing 31 May 2024[(1)]	**2 240**	–
	7 500	9 000

[(1)] *The R3.5 billion swap was novated to other banks during the year under review in order to spread the concentration risk. This was accounted for as a de-designation and re-designation of the hedging relationship. Immaterial ineffectiveness and differences resulted from this*

SI put option

In terms of the acquisition agreement of the SunWest and Worcester interests (refer note 25), 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 2021 (Rnil at 31 March 2020).

36 LONG-TERM INCENTIVE PLANS

The group operates only the Share Appreciation Bonus Plan under note 36.2 as a long-term incentive plan with the Executive facility under note 36.1 being discontinued during the prior year:

36.1 Equity-settled – Executive facility (historical discontinued facility)

The scheme has been discontinued with no new allocations/facilities in future.

Following his early retirement, J Booysen has until his normal retirement date on 30 September 2022 to dispose of his 1 825 243 shares and repay the loan. The shares were pledged on 14 March 2019 to the company as security until the loan is repaid.

Following their resignations, GD Tyrrell and RB Huddy have until 28 February 2025 and 31 July 2025 respectively to dispose of their 776 699 and 1 048 543 shares respectively and repay the portion of the loans equal to the proceeds on the shares sold. The balance on the loans, if any, will be written off. The shares were pledged to the company on 29 November 2019 as security until he loan is repaid and the dividends have been ceded to the company.

36.2 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.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the seven-day volume weighted average trading price of the company's share prior to the determination of the fair value of the long-term incentive bonus. The following is pertinent to this bonus plan:

	2021	2020
Average share price utilised to value the liability	**R6.50**	R5.00
Total number of appreciation units granted and outstanding ('000)	**20 748**	24 491
Of which, number of appreciation units vested and outstanding ('000)	**649**	3 614

The group recognised an expense of R25 million during the year under review. The prior year recognised a credit to profit or loss of R37 million being a reversal of the full provision due to the decline in the company's share price mainly as a result of the effect of Covid-19. The liability on the group's balance sheet at 31 March 2021 is R25 million, with no current portion.

37 PROVISIONS

	2021 Rm	2020 Rm
Provisions are made up as follows (refer also note 1u):		
At 1 April		
Long-service awards	**74**	136
Short-term incentives	**121**	120
Jackpot provisions	**2**	2
	197	258
(Reversed)/created during the year		
Long-service awards (refer note below)	**(53)**	(52)
Short-term incentives	**(71)**	130
	(124)	78
Utilised during the year		
Long-service awards	**(2)**	(10)
Short-term incentives	**–**	(129)
	(2)	(139)
At 31 March		
Long-service awards	**19**	74
Short-term incentives	**50**	121
Jackpot provisions	**2**	2
Total provisions	**71**	197
Less: Current portion	**(63)**	(127)
Non-current portion	**8**	70

Long-service awards

The discontinuation of long service awards of the gaming and entertainment operations is still in process. This resulted in a net credit to profit or loss of R54 million (2020: R52 million, of which R62 million was in respect of the reversal of the non-qualifying staff portion of the provision). The benefit is paid when employees reach predetermined years of service. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes.

38 OTHER NON-CURRENT LIABILITIES

	2021 Rm	2020 Rm
Financial instruments:		
Capital creditors	**7**	16
Gross	**18**	27
Less: Current portion	**(11)**	(11)
Non-financial instruments:		
Share-based payment to non-controlling interests	**2**	2
Non-current portion	**9**	18

Capital creditors is the deferred portion of the purchase price of the concluded agreements that the group entered into during the 2019 financial year with TAB-Austria ("TAB") to acquire the intellectual property rights to the Golden Island Casino LPMs for Africa, which include the processes, formulae, methods and information controlled and owned by TAB, currently being manufactured by TAB.

The share-based payment liability is the fair value of the transfer of portions of shareholding, in terms of the gaming licence conditions in Leitlho SPV (Kuruman Casino) (20%) to B-BBEE shareholders by December 2034. A fair value share-based payment credit of R1 million (2020: R12 million credit) was recognised in operating costs during the year (refer note 11).

39 TRADE AND OTHER PAYABLES

	2021 Rm	2020 Restated[1] Rm
Trade and other payables for continuing operations are made up as follows:		
Financial instruments:		
Trade and other payables	**839**	844
Trade payables	**118**	168
Accrued expenses	**164**	170
Advance deposits	**7**	15
Derivative financial instruments current portion (note 35)	**43**	5
Deferred income (refer below)	**15**	21
Insurance claims payable[1]	**191**	191
Other payables[2]	**301**	274
Non-financial instruments:	**229**	249
VAT payable	**54**	17
Leave pay liability	**44**	64
Payroll related payables	**41**	39
Gaming levies	**27**	2
Provisions current portion (note 37)	**63**	127
	1 068	1 093
Deferred income		
The group accounts for its gaming customer reward programmes (gaming win) in terms of IFRS 9 *Financial Instruments* and is made up as follows:		
At 1 April	**21**	20
Created during the year	**105**	160
Forfeitures during the year	**(16)**	(12)
Utilised during the year	**(95)**	(147)
At 31 March	**15**	21

[1] *Restated for recognition of reinsurance recovery – refer note 29* Trade and other receivables *and note 45* Prior year reclassification and restatements

[2] *Other payables include capital expenditure creditors, unallocated deposits received, Smartcard gaming credits due to customers and other sundry payables*

The carrying amounts of the group's trade and other payables are assumed to approximate their fair values due to the short-term nature of trade and other payables.

The expected timing of the recognition of deferred income is within one year (2020: one year) and is considered current.

40 ASSETS CLASSIFIED AS HELD FOR SALE

	2021 Rm	2020 Rm
Property, plant and equipment	**59**	–

During the year under review, the directors undertook to dispose of identified non-core business properties owned by the group by way of sale. These properties were listed on the market for sale during the year.

41 CASH GENERATED FROM OPERATIONS

	2021 Rm	2020 Rm
Profit/(loss) before tax from operations	**25**	(205)
Adjusted for finance income and costs, share of profit of equity accounted entities, dividends received and non-cash movements:		
Finance income	**(19)**	(47)
Finance costs	**963**	1 289
Share of loss/(profit) of associates	**8**	(10)
Dividends received from investments in equity instruments designated at FVOCI	**–**	(110)
Amortisation and depreciation	**844**	881
Impairment charge for bad and doubtful debts, net of recoveries	**32**	40
Operating equipment usage	**26**	42
Gain on lease modifications and terminations	**(2)**	(5)
Movement in provisions	**(124)**	207
Long-term incentive expense/(credit)	**25**	(37)
Share-based payment credit for non-controlling interests	**(1)**	(12)
Lease concessions	**(67)**	–
Gain on disposal of property, plant and equipment	**(30)**	(6)
Impairment reversal of non-current assets	**(129)**	–
Impairment of non-current assets	**12**	2 022
Fair value adjustment on investment properties	**67**	81
Loss on disposal of investment property	**–**	1
Gain on disposal of business	**–**	(1)
Other non-cash moves and adjustments	**(9)**	(4)
Cash generated from operations before working capital movements	**1 621**	4 126
Working capital movements		
Increase in inventories	**(18)**	(31)
Decrease in trade and other receivables	**11**	23
Increase/(decrease) in payables and provisions	**62**	(572)
Cash generated from operations	**1 676**	3 546

42 INCOME TAX PAID

	2021 Rm	2020 Rm
Tax asset at 1 April	**39**	20
Current tax provided	**(82)**	(446)
Tax asset at 31 March	**(67)**	(39)
	(110)	(465)

43 DIVIDENDS PAID TO THE COMPANY'S SHAREHOLDERS

	2021 Rm	2020 Rm
Ordinary		
Unclaimed dividends owing to shareholders at 1 April	**(2)**	(4)
Dividends declared	**–**	(870)
Unclaimed dividends owing to shareholders at 31 March	**2**	2
	–	(872)

44 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

44.1 Changes in interest bearing borrowings

Changes arising from interest bearing borrowings for the year under review, excluding bank overdrafts from short term borrowings of R58 million (2020: R2 559 million), are as follows:

	Long-term Rm	Short-term Rm	Total Rm
At 1 April 2020	**11 200**	**530**	**11 730**
Borrowings raised – cash portion	**600**	**50**	**650**
Borrowings repaid – cash portion	**(700)**	**(800)**	**(1 500)**
Borrowings reclassification to short-term	**(800)**	**800**	**–**
Interest capitalised[(1)]	**–**	**449**	**449**
Interest paid	**–**	**(80)**	**(80)**
At 31 March 2021	**10 300**	**949**	**11 249**
At 1 April 2019	10 072	1 523	11 595
Borrowings raised – cash portion	5 856	1 450	7 306
Borrowing facilities received - non-cash[(2)]	5 344	–	5 344
Borrowings repaid – cash portion	(5 800)	(1 461)	(7 261)
Borrowing facilities settled – non-cash[(2)]	(4 272)	(1 072)	(5 344)
Interest capitalised	–	80	80
Debt raising fees	–	10	10
At 31 March 2020	11 200	530	11 730

[(1)] *Interest has been capitalised pursuant to the agreement reached with the lenders, R400 million of which to be settled by 31 August 2021*

[(2)] *During the prior year, at the time of the debt refinancing, certain borrowings in place were settled by lenders offsetting between themselves and therefore the cash did not flow through the group's bank accounts at the time the group received the new borrowing facilities and likewise the existing borrowings were settled*

44.2 Changes in lease liabilities

Changes arising from lease liabilities for the year under review are as follows:

	Non–current Rm	Current Rm	Total Rm
At 1 April 2020	**232**	**91**	**323**
New leases raised	**54**	**8**	**62**
Lease finance costs – non-cash portion	**–**	**16**	**16**
Acquisition of subsidiary	**4**	**2**	**6**
Principal elements of lease payments	**(3)**	**(21)**	**(24)**
Remeasurement of leases	**1**	**1**	**2**
Termination of leases	**(3)**	**(9)**	**(12)**
Lease concessions practical expedient applied[(1)]	**(1)**	**(66)**	**(67)**
Reclassification to current	**(18)**	**18**	**–**
At 31 March 2021	**266**	**40**	**306**
At 1 April 2019	297	146	443
New leases raised	32	–	32
Principal elements of lease payments	(92)	(39)	(131)
Remeasurement of leases	(5)	(3)	(8)
Termination of leases	–	(5)	(5)
Disposal of business	–	(8)	(8)
At 31 March 2020	232	91	323

[(1)] *Refer note 1b* New and amended standards adopted by the group

45 PRIOR YEAR RECLASSIFICATION AND RESTATEMENTS

Reclassification of property and equipment rentals

Property and equipment rentals in the prior year of R176 million have been reclassified to "Other operating expenses". Given the adoption of IFRS 16 the nature of these rentals have decreased and no longer considered significant for the purposes of presentation as a separate line item. Property and equipment rentals for the year under review amount to R90 million.

Restatement of reinsurance recovery

The group operates a short-term insurance cell captive for its own account, and also underwrites short-term insurance business for that of the THL group both before and after the group disposed of its interest in THL (refer note 47). During the year under review, the group established that because it acted as a short-term insurer for certain related parties, mainly THL and its subsidiary, Hospitality Property Fund, it needed to recognise the respective reinsurance receivables and insurance claim payables separately within the group's balance sheet in terms of IFRS 4 *Insurance Contracts*.

Consequently, in terms of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the correction has been applied retrospectively and each financial statement line item affected has been restated as shown below.

The reclassification and the restatement had no impact on the income statement, and therefore neither earnings per share, headline earnings per share nor adjusted headline earnings per share. No opening balance sheet has been presented as at 1 April 2019 as the unbundling of THL happened with effect from 23 May 2019 and hence there was no restatement required at 31 March 2019.

The effects of above reclassification and restatement are as follows:

	31 March 2020 Restated Rm
Income statement	
Other operating expenses as previously stated	3 152
Adjustment in respect of reinsurance recoveries	(183)
Adjustment in respect of insurance claims expense	183
Restated for reinsurance recoveries and insurance claims	3 152
Adjustment in respect of reclassification of rentals	176
Other operating expenses as restated	3 328
Balance sheet	
Trade and other receivables as previously stated	488
Adjustment in respect of reinsurance recoveries	183
Trade and other receivables as restated	671
Trade and other payables as previously stated	910
Adjustment in respect of insurance claims payable	183
Trade and other payables as restated	1 093

46 COMMON CONTROL ACQUISITION

Acquisition of Bet.co.za

The group acquired a 50.1% stake in Bet.co.za, effective 7 August 2020, for a cash purchase consideration of R49 million which was funded by the group's available funds. The Bet.co.za business is licensed to operate an online sports betting platform and retail sports betting licences operating in Gauteng and Limpopo. The acquisition represents a strategic opportunity for the group to enter the online sports betting sector via an existing developing business.

The transaction is deemed to be a transaction under common control and consequently falls outside the scope of IFRS 3 B*usiness Combinations*. The group's accounting policy is to apply predecessor accounting to common control transactions. Common control accounting is applied as the purchase is from Niveus Investments Limited, a subsidiary of HCI, the company's controlling shareholder. Under the predecessor accounting method, assets and liabilities acquired, including goodwill acquired, are recognised at the predecessor values with the difference between the acquisition value and the purchase consideration recognised as a separate reserve in equity, a "common control" reserve. The identifiable assets less liabilities assumed at acquisition date is less than the value of the consideration paid at the date of acquisition, and the group has recognised a common control reserve in the statement of changes in equity of R35 million.

Bet.co.za contributed revenues of R47 million and net loss after tax of R9 million to the group for the period from date of effective control to 31 March 2021. Had the acquisition been effective on 1 April 2020 the contribution to revenue would have been R69 million and a net profit of R3 million, after tax.

	Rm
Net assets acquired are as follows:	
Non-current assets	**12**
Current assets	**6**
Non-current liabilities	**(6)**
Current liabilities	**(16)**
Fair value of identifiable net liabilities acquired	**(4)**
Less: Non-controlling interests acquired	**18**
Net assets acquired	**14**
Less: Purchase consideration paid in cash	**(49)**
Common control reserve arising on transaction	**(35)**
Net cash flow:	
Cash consideration paid to acquire Bet.co.za	**(49)**
Add: Cash balances acquired	**5**
Net outflow of cash	**(44)**

47 DISCONTINUED OPERATIONS – UNBUNDLING OF HOTELS

As previously reported, the group unbundled its entire Tsogo Sun Hotels Limited ("THL") shareholding to Tsogo Sun Gaming Limited ("Tsogo Sun") shareholders registered as such in the Tsogo Sun register at the close of business on the record date, Friday, 14 June 2019, by way of a distribution *in specie* to Tsogo Sun shareholders of one THL share for every Tsogo Sun share held, reflected as being held by that Tsogo Sun shareholder on the record date. The board approved the dividend distribution on 23 May 2019, being the effective disposal date.

Therefore, during the prior year, in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the profits from discontinued operations were disclosed separately.

	Period ended 23 May 2019 Rm
Profit for the period from discontinued operations after income tax	58
Profit on disposal of subsidiary after income tax (see below)	506
Profit for the period from discontinued operations	564

	As at 23 May 2019 Rm
Profit on disposal of subsidiary	
Net asset value distributed to owners	(9 766)
Non-controlling interests ("NCI")	2 815
Net asset value after NCI	(6 951)
Reserves realised on unbundling	(506)
Reclassification of foreign currency translation reserve to profit or loss	(507)
Reclassification of cash flow hedge reserve to profit or loss	1
	(7 457)
Dividend *in specie* distributed (at cost)[1]	6 951
Profit on disposal of subsidiary after income tax	(506)

[1] *The group elected to use cost to value the dividend in specie rather than at fair value*

48 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of NCI by Galaxy

During the year under review, the group acquired additional NCI shareholdings in various of the Galaxy businesses. The acquisitions were for a consideration of R14 million in aggregate and no further disclosure has been supplied as these transactions are considered not significant to the group.

49 RELATED PARTIES

The company's ultimate controlling shareholder is HCI (a company listed on the JSE) which, at the balance sheet date, directly and indirectly owned 49.7% (2020: 49.7%) of the company's issued share capital (excluding treasury shares). HCI directly owned 10.0% (2020: 10.0%) and is the majority shareholder of TIHC Investments (RF) Proprietary Limited ("TIHC") which directly owned 39.7% (2020: 39.7%). These percentage shareholdings exclude treasury shares.

HCI is the ultimate majority shareholder of THL (refer note 47 *Discontinued operations – Unbundling of hotels*). All of the group's hotel properties, which are situated at certain of the casino precincts, are managed by THL which charges management fees and royalties to the group, together with administration fees. Also, after the split of the group, certain departments were shared which resulted in additional management fees charge to and by THL. The group operates its own short-term insurance cell captive which underwrites the group's business, including that of THL and its subsidiary, Hospitality Property Fund, both before and after the group disposed of its interest in THL.

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

In accordance with the Eastern Cape Gambling Board's licence conditions, an Eastern Cape-based Black Enterprise, Muji Investments Proprietary Limited ("Muji"), is a vehicle distributor that was appointed to the group whereby Vukani Gaming Eastern Cape (a subsidiary of the group) procures motor vehicles from Muji for the licence period. Muji and Vukani have a common director appointed to their boards.

The rental and management fee and royalty agreements concluded with THL are in terms of the agreement at the time of the unbundling of the hotel division. Tsogo Sun Casinos Proprietary Limited ("TSC") entered into a lease agreement with Southern Sun Hotel Interests Proprietary Limited ("SSHI") in respect of leased premises comprising 4 000m^2 of office space in Palazzo Towers East and Palazzo Towers West, property owned by the group. The lease commenced on 1 April 2019 and shall continue for an indefinite term of years for a nominal amount. SSHI is not permitted to sublet any portion of the leased premises and should a change in shareholding of SSHI or THL occur of 35% or greater the lease may be terminated by TSC.

The group's significant transactions with related parties shown below were all made on terms equivalent to those that prevail in arm's length transactions. Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

		2021 Rm	2020 Rm
49.1	**Transactions with related parties**		
	Dividends paid to HCI	**–**	85
	Dividends paid to TIHC	**–**	340
	Dividends paid to other subsidiaries of HCI	**–**	28
	Dividend *in specie* to HCI (102.7 million THL shares)	**–**	676
	Dividend *in specie* to TIHC (415.2 million THL shares)	**–**	2 730
	Insurance premiums received by THL	**30**	–
	Insurance claims paid to and provided for THL	**(11)**	–
	Hotel management fees and royalties paid to THL[1]	**(10)**	(50)
	Management fees paid to THL for shared services[1]	**(5)**	(18)
	Fees paid to THL for administration services of hotels	**(13)**	(33)
	Management fees charged to THL for shared services[1]	**1**	14
	Tenant recoveries charged to THL	**4**	5
	Internal audit fees paid to Gripp	**(18)**	(20)
	Vehicles purchased from Muji	**(10)**	(32)
	Finance income from THL	**–**	3
	Finance costs to THL	**–**	(4)

[1] *Shown within management fees in note 11* Other operating expenses

		2021 Rm	2020 Rm
49.2	**Amounts owing to/by related parties**		
	Trading accounts net amount owing to THL	**12**	11
	Insurance claims payable to THL	**191**	190
	Unearned premiums received from THL	**10**	6

49 RELATED PARTIES *continued*

49.3 Key management compensation

Directors of the company and prescribed officers of the group are considered to be the group's key management personnel. All remuneration and fees are paid by subsidiary companies. Remuneration and fees paid to key management during the year by the group are as follows:

49.3.1 Executive directors

	Year ended 31 March 2021 Basic remuneration R'000	Benefits R'000	Total paid R'000
CG du Toit	**6 430**	**143**	**6 573**
A Hoyer[1]	**1 314**	**61**	**1 375**
RB Huddy[2]	**2 004**	**63**	**2 067**
Total remuneration	**9 748**	**267**	**10 015**

	Year ended 31 March 2020 Basic remuneration R'000	Benefits R'000	Short-term incentives[4] R'000	Termination benefits R'000	Total paid R'000
CG du Toit[3]	4 571	428	–	–	4 999
J Booysen[3]	1 858	214	5 118	8 064	15 254
RB Huddy	4 067	538	2 199	–	6 804
Total remuneration	10 496	1 180	7 317	8 064	27 057

[1] *Appointed CFO and as an executive director 1 August 2020, resigned effective 30 September 2021*
[2] *Resigned as CFO and as an executive director 31 July 2020*
[3] *J Booysen retired on 30 June 2019 and CG du Toit appointed as executive director on 1 June 2019 and as CEO on 1 July 2019*
[4] *Short-term incentives paid relate to the achievement against target for 2019*

49.3.2 Non-executive directors

	Directors' fees for the year ended 31 March 2021 R'000	2020 R'000
JA Copelyn	**809**	1 106
MSI Gani[1]	**259**	655
MJA Golding	**235**	320
BA Mabuza	**480**	655
F Mall[2]	**162**	–
VE Mphande	**253**	320
JG Ngcobo[3]	**–**	200
Y Shaik	**360**	493
R Watson[4]	**318**	206
	2 876	3 955

[1] *Resigned as non-executive director 18 September 2020*
[2] *Appointed as non-executive director 18 September 2020*
[3] *Resigned as non-executive director 31 May 2019*
[4] *Appointed as non-executive director 1 June 2019*

49 RELATED PARTIES *continued*

49.3 Key management compensation *continued*

49.3.3 Other key management and prescribed officers

	Year ended 31 March 2021 Basic remuneration R'000	Benefits R'000	Total paid R'000
G Lunga	**2 760**	**150**	**2 910**
B Mogiba	**3 046**	**164**	**3 210**
C Wannell	**1 664**	**86**	**1 750**
Total remuneration	**7 470**	**400**	**7 870**

	Year ended 31 March 2020 Basic remuneration R'000	Benefits R'000	Short-term incentives[9] R'000	Long-term incentives R'000	Termination benefits R'000	Total paid R'000
Continuing operations						
C du Toit[1]	723	75	2 270	–	–	3 068
G Joseph[2]	2 992	558	1 255	–	228	5 033
G Lunga[3]	2 422	520	859	–	–	3 801
B Mogiba[4]	2 141	334	–	–	–	2 475
G Tyrrell[5]	1 954	598	–	–	–	2 552
C Wannell[6]	98	20	–	–	–	118
Discontinued operations						
M von Aulock[7]	1 840	148	2 678	–	–	4 666
R Nadasen[8]	649	129	986	216	–	1 980
Total remuneration	12 819	2 382	8 048	216	228	23 693

[1] *Appointed as an executive director 1 June 2019*
[2] *Employment ended 18 March 2020*
[3] *Financial Director – Casino Gaming – prescribed officer from the unbundling of THL on 23 June 2019*
[4] *Chief Executive Officer – Vukani – prescribed officer from the unbundling of THL on 23 June 2019*
[5] *Company Secretary and Legal Officer – prescribed officer from the unbundling of THL on 23 June 2019. Resigned 28 February 2020*
[6] *Appointed as Legal Manager and representative of the Company Secretary from 1 March 2020*
[7] *No longer a prescribed officer from the unbundling of THL on 23 June 2019*
[8] *No longer a prescribed officer from the unbundling of THL on 23 June 2019*
[9] *Short-term incentives paid relate to the achievement against target for 2019*

50 FUTURE CAPITAL EXPENDITURE

	2021 Rm	2020 Rm
Authorised by directors but not yet contracted for		
Property, plant and equipment	**132**	144
Investment property	**–**	2
Intangible assets: software	**–**	27
	132	173
Authorised by directors and contracted for		
Property, plant and equipment	**45**	107
	177	280

51 CONTINGENCIES AND GUARANTEES

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 (2020: R187 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 R26 million (2020: R23 million) for utility expenses. Landlord rental guarantees amounting to R6 million (2020: R4 million) have also been provided through bank guarantees.

52 FINANCIAL AND INSURANCE RISK MANAGEMENT

52.1 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 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 process

The Tsogo Sun Gaming board recognises that the management of business risk is crucial to the group's continued growth and success and this can only be achieved if all three elements of risk – namely threat, uncertainty and opportunity – are recognised and managed in an integrated fashion. The audit and risk committee is mandated by the board to establish, coordinate and drive the risk management process throughout the group. It has overseen the establishment of a comprehensive risk management system to identify and manage significant risks in the business. Internal financial and other controls ensure a focus on critical risk areas, are closely monitored and are subject to management oversight and internal audit reviews.

The systems of internal control are designed to manage rather than eliminate risk, and provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, the compliance with statutory laws and regulations and to safeguard and maintain accountability of the group's assets. The board and management acknowledge that an integrated approach to the total process of assurance improves the assurance coverage and quality in addition to being more cost-effective.

In addition to the risk management processes embedded within the group, management identifies, quantifies and evaluates the group's risks annually, utilising risk assessments. The severity of risks is measured in qualitative (e.g. zero tolerance for regulatory risks) as well as quantitative terms, guided by the board's risk tolerance and risk appetite measures. The scope of the risk assessment includes risks that impact shareholder value or that may lead to a significant loss, or loss of opportunity. Appropriate risk responses to each individual risk are designed, implemented and monitored.

The risk profiles, with the risk responses, are reviewed by the audit and risk committee at least twice a year. This methodology ensures that identified risks and opportunities are prioritised according to the potential impact on the group and cost-effective responses are designed and implemented to counter the effects of risks and take advantage of opportunities.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The board provides 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 managed at an entity level for trade receivables.

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates

The group is not exposed to significant foreign exchange risk and therefore no further information has been presented.

(ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates

During the prior year, the group concluded a refinancing of its debt programme – refer notes 33 and 35.

Hedge accounting is applied to the group's interest rate swaps. The group's primary interest rate risk arises from long term borrowings (excluding bank overdrafts and lease liabilities). Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. In line with group policy, a portion of the group debt is hedged.

The group's policy is to borrow in floating rates, having due regard that floating rates are generally lower than fixed rates in the medium term.

52 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

52.1 Financial risk factors *continued*

(a) Market risk continued

(ii) Interest rate risk continued

The group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps a portion of them into fixed rates in terms of group policy. 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 reference interest rate calculated on agreed notional principal amounts. Swaps of R3.5 billion have settlement dates coinciding with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis, settlement dates being February, May, August and November annually. The balance of swaps of R4.0 billion are still settled on a net basis based on the interest settlement dates of the extinguished debt being March, June, September and December annually.

Group policy requires that between 25% and 75% of its net borrowings (net borrowings = gross borrowings net of cash and cash equivalents) are to be in fixed rate instruments over a 12-month rolling period. As at 31 March 2021, 67% (2020: 77%) of consolidated gross borrowings and 70% (2020: 80%) of consolidated net borrowings were in fixed rates taking into account interest rate swaps. The hedge ratio is monitored on an ongoing basis taking into account the interest rate cycles. The prior year hedged portion exceeded the guidelines at year end as R1.5 billion in hedges were due to mature in June 2020. The hedge ratio is monitored on an ongoing basis taking into account the interest rate cycle.

Hedge effectiveness is determined at the inception of the hedge relationship, and at each reporting date (mainly half yearly and annually) when effectiveness is assessed to ensure that an economic relationship exists between the hedged item and the hedging instrument. The group enters into interest rate swaps that have similar terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amounts. In line with policy, the group does not hedge 100% of borrowings, however, loans eligible for hedging are identified based on their profile, predominantly three to five-year term loan facilities with bullet repayments. Hedge instrument terms are matched to the interest and capital repayment profile for the hedged item in order to minimise ineffectiveness. The effectiveness of the hedges is tested at inception and thereafter annually and the ineffective portion is recognised immediately in profit or loss. Hedge ineffectiveness for interest rate swaps may occur due to:

- The credit or debit value adjustment on the interest rate swaps which is not matched by borrowings;
- Differences in critical terms between the interest rate swaps and borrowings; and
- Costs of hedging (including the costs of adjusting an existing hedging relationship).

The effects of the interest rate swaps on financial position and performance is as follows:

	2021 Rm	2020 Rm
Carrying amount (liability)	**271**	229
Notional amount (note 35)	**7 500**	9 000
Maturity dates (note 35)	**Various**	Various
Hedge ratio	**67%**	77%
Increase in the fair value of the outstanding hedging swap liability	**41**	162
Cash flow hedges recycled to profit or loss on debt restructure	**–**	(136)
Weighted average hedged rate for the year (%)	**7.60%**	7.39%

Fixed interest rate swaps ranged from 7.095% to 8.09% as at 31 March 2021 referenced against the three-month JIBAR of 3.675%, as well as one-month JIBAR of 3.508% (2020: fixed interest rate swaps ranged from 6.89% to 8.09% as at 31 March 2020 referenced against the three-month JIBAR of 5.61%, as well as one-month JIBAR of 5.352%).

At 31 March floating rate borrowings that are not hedged are linked/referenced to various rates the carrying amounts of which are as follows:

	2021 Rm	2020 Rm
Linked to the Rand Overnight Deposit Index	**201**	451
Linked to one-month JIBAR	**300**	–
Linked to three-month JIBAR	**3 248**	2 279
	3 749	2 730

52 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

52.1 Financial risk factors *continued*

(a) Market risk continued

***(ii) Interest rate risk** continued*

At 31 March the interest rate profile of the group's interest-bearing financial instruments, excluding the effect of interest rate swaps, bank overdrafts and lease liabilities is shown below. There were no fixed rate instruments.

	Carrying amount	
	2021 Rm	2020 Rm
Variable rate instruments		
Financial assets	**–**	–
Financial liabilities	**11 249**	11 730
	11 249	11 730

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates would have increased/decreased pre-tax profit or loss by R37 million (2020: R27 million), including the effects of the interest rate swaps. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2020.

(iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market

The group has no pricing risk.

(b) Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

The group has no significant concentrations of credit risk. Overall credit risk is managed on a group basis with exposure to trade receivables managed at entity level.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to the group's reinsurers and customer base, including outstanding receivables.

For banks, financial institutions and reinsurers, only group audit and risk committee approved parties are accepted (on behalf of the board). The group has policies that limit the amount of credit exposure to any bank, financial institution and reinsurer. The group limits its exposure to banks, financial institutions and reinsurers by setting credit limits based on their credit ratings and generally only with reputable financial institutions with strong credit ratings. The utilisation of credit limits is regularly monitored. To reduce credit exposure, the group has International Swaps and Derivatives Association Master Agreements with most of its counterparties for financial derivatives which permit net settlement of assets and liabilities in certain circumstances. The credit quality ratings of banks and financial institutions that the group deposits funds with is at least Ba2 and at least BB in respect of reinsurers.

Refer note 29 *Trade and other receivables* for further credit risk analysis in respect of trade and other receivables.

52 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

52.1 Financial risk factors *continued*

(c) Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset

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, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available. Although current liabilities exceed current assets at 31 March 2021, the group generates sufficient cash flows during the period to meet all current liability obligations.

Management monitors rolling forecasts of the group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year for five years into the future in terms of the group's long-term planning process.

The group's policy is to ensure that it has, at all times, in excess of 15% of surplus, undrawn committed borrowing facilities. At 31 March 2021, the group had 15% (2020: 11%) surplus facilities. Bank overdrafts are not considered to be long-term debt but rather working capital arrangements as part of cash management as set up with the banking institutions, and are therefore excluded:

	2021 Rm	2020 Rm
Debt at 1 April	**(11 730)**	(11 605)
Net increase in debt during the year	**32**	(205)
Accrued interest	**449**	80
Debt at 31 March	**(11 249)**	(11 730)
Credit facilities[1]	**13 172**	13 174
Headroom available	**1 923**	1 444

[1] *Excludes indirect facilities (letters of guarantees), finance leases and bank overdrafts*

The group sources its funding from a syndicate of large South African banks and institutions thereby reducing liquidity concentration risk. The facilities comprise a mix of short, medium and long-term tenure, with utilisations and available facilities as follows:

	2021 facility			2020 facility		
	Total Rm	**Utilisation Rm**	**Available Rm**	Total Rm	Utilisation Rm	Available Rm
Demand facilities (overdrafts)	**172**	**–**	**172**	174	–	174
364-day notice facilities	**1 200**	**500**	**700**	1 200	450	750
Term facilities maturing 30 November 2021	**–**	**–**	**–**	1 500	900	600
Term facilities maturing 30 November 2022	**2 900**	**2 900**	**–**	2 900	2 900	–
Term facilities maturing 31 March 2023	**1 500**	**–**	**1 500**	–	–	–
Term facilities maturing 30 November 2023	**2 950**	**2 950**	**–**	2 950	2 950	–
Term facilities maturing 30 November 2024	**3 200**	**3 200**	**–**	3 200	3 200	–
Term facilities maturing 30 November 2025	**600**	**600**	**–**	600	600	–
Term facilities maturing 30 November 2026	**650**	**650**	**–**	650	650	–
Accrued interest	**–**	**449**	**(449)**	–	80	(80)
	13 172	**11 249**	**1 923**	13 174	11 730	1 444

52 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

52.1 Financial risk factors *continued*

(c) Liquidity risk continued

The table below analyses the group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows, inclusive of capital and interest:

	Less than 1 year Rm	**Between 1 and 2 years Rm**	**Between 2 and 5 years Rm**	**Over 5 years Rm**
At 31 March 2021				
Bank borrowings	**750**	**1 854**	**2 442**	**674**
Corporate bonds	**317**	**1 524**	**4 875**	**–**
Lease liabilities	**69**	**103**	**122**	**174**
Bank overdrafts	**58**	**–**	**–**	**–**
Derivative financial instruments	**43**	**–**	**228**	**–**
Other non-current liabilities	**11**	**7**	**–**	**–**
Trade and other payables	**785**	**–**	**–**	**–**
	2 033	**3 488**	**7 667**	**848**

	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
At 31 March 2020				
Bank borrowings	899	1 307	4 486	740
Corporate bonds	461	461	6 101	633
Lease liabilities	105	75	103	208
Bank overdrafts	2 559	–	–	–
Derivative financial instruments	5	144	80	–
Other non-current liabilities	11	9	7	–
Trade and other payables	828	–	–	–
	4 868	1 996	10 777	1 581

Gross cash inflows and outflows in respect of the group's derivative financial instruments are not significant and therefore no further information has been presented.

52 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

52.2 Financial instruments by category

The table below reconciles the group's accounting categorisation of financial assets and financial liabilities (based on initial recognition) to the classes of assets and liabilities as shown on the face of the balance sheet:

	Amortised cost Rm	Financial assets at FVOCI Rm	Derivatives used for hedging Rm	Other financial liabilities at amortised cost Rm	Not categorised as a financial instrument Rm	Total Rm	Non-current Rm	Current Rm
At 31 March 2021								
Financial assets								
Financial assets at FVOCI	**–**	**675**	**–**	**–**	**–**	**675**	**675**	**–**
Non-current receivables	**52**	**–**	**–**	**–**	**–**	**52**	**52**	**–**
Trade and other receivables	**427**	**–**	**–**	**–**	**104**	**531**	**–**	**531**
Cash and cash equivalents	**516**	**–**	**–**	**–**	**–**	**516**	**–**	**516**
Financial liabilities								
Interest-bearing borrowings	**–**	**–**	**–**	**11 307**	**–**	**11 307**	**10 300**	**1 007**
Lease liabilities	**–**	**–**	**–**	**306**	**–**	**306**	**266**	**40**
Derivative financial instruments	**–**	**–**	**228**	**–**	**–**	**228**	**228**	**–**
Other non-current liabilities	**–**	**–**	**–**	**7**	**2**	**9**	**9**	**–**
Trade and other payables	**–**	**–**	**43**	**605**	**229**	**877**	**–**	**877**
Insurance claims payable	**–**	**–**	**–**	**191**[(1)]	**–**	**191**	**–**	**191**

	Amortised cost Rm	Financial assets at FVOCI Rm	Derivatives used for hedging Rm	Other financial liabilities at amortised cost (Restated)[(2)] Rm	Not categorised as a financial instrument Rm	Total Rm	Non-current Rm	Current Rm
At 31 March 2020								
Financial assets								
Financial assets at FVOCI	–	898	–	–	–	898	898	–
Non-current receivables	38	–	–	–	–	38	38	–
Trade and other receivables	535	–	–	–	136	671	–	671
Cash and cash equivalents	3 062	–	–	–	–	3 062	–	3 062
Financial liabilities								
Interest-bearing borrowings	–	–	–	14 289	–	14 289	11 200	3 089
Lease liabilities	–	–	–	323	–	323	232	91
Derivative financial instruments	–	–	224	–	–	224	224	–
Other non-current liabilities	–	–	–	16	2	18	18	–
Trade and other payables	–	–	5	648	249	902	–	902
Insurance claims payable	–	–	–	191[(1)]	–	191	–	191

(1) *Not in the scope of IFRS 9* Financial Instruments *but accounted for in terms of IFRS 4* Insurance Contracts

(2) *Refer note 45*

52 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

52.3 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 ("Tsogosure"), capital adequacy requirements (refer note 53).

Tsogosure writes property damage and business interruption, commercial crime, group personal accident and peripheral liability business for its own account and THL and its subsidiary, Hospitality Property Fund, and eMedia Investments (a subsidiary of HCI), all related parties of the group (refer note 49 *Related Parties*).

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 is managed by independent insurance managers and has appointed third-party brokers who act as claims handler, all of which review the claims data on a regular basis. The board of Tsogosure is provided with management accounts, solvency calculation and underwriting charts at each board meeting for their review. A description of Tsogosure's significant insurance policies are described below:

Assets and business interruption

Tsogosure provides Assets and Business Interruption cover. Cover is provided for a per occurrence limit of R5 million and R10 million in the annual aggregate for THL after reinsurance. Allianz Global Corporate & Specialty SA Ltd are the lead reinsurer providing cover 100% over net retention. Incurred but not reported losses are set at 7% of the amount of outstanding loss reserves.

Hospitality Property Fund

Tsogosure provides Assets All Risk and Business Interruption cover in respect of Hospitality Property Fund. Cover is provided for a per occurrence limit of R0.5 million unaggregated (2020: R0.5 million in the annual aggregate) after reinsurance. Allianz Global Corporate & Specialty SA Ltd are the lead reinsurer providing cover 100% over net retention.

Effect of Covid-19

The board has considered the impact on the insurance company of the Covid-19 pandemic and do not consider there to be any significant risks in terms of Tsogosure's ability to trade. Tsogosure has reserved up to the policy sub-limit of R150 million on the Hospitality Property Fund policy and R27 million on the THL policy and the Assets and Business Interruption policy as a result of reported Covid-19 claims together with the resultant recovery from reinsurers. 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.

52 FINANCIAL AND INSURANCE RISK MANAGEMENT *continued*

52.3 Insurance and reinsurance risk *continued*

Insurance liabilities

Reconciliation of insurance liabilities and reinsurance assets are as follows:

	2021 Gross[(1)] Rm	2021 Reinsurance recoveries[(2)] Rm	2021 Net Rm
Notified claims	**185**	**(183)**	**2**
Unexpired risk reserve	**5**	**–**	**5**
Incurred but not reported	**1**	**–**	**1**
Total at beginning of year[(3)]	**191**	**(183)**	**8**
Cash paid for claims settled in the year	**(14)**	**12**	**(2)**
Increase/(decrease) in liabilities			
– arising from current year claims	**11**	**(1)**	**10**
– arising from prior year claims	**3**	**(11)**	**(8)**
Total at end of year	**191**	**(183)**	**8**
Notified claims	**183**	**(183)**	**–**
Unexpired risk reserve	**8**	**–**	**8**
Incurred but not reported	**–**	**–**	**–**
	191	**(183)**	**8**

(1) *Refer note 39* Trade and other payables
(2) *Refer note 29* Trade and other receivables
(3) *Restated – refer note 45*

The significant movement in claims is due to the Covid-19 claims as noted elsewhere in this note.

53 CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's 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, share premium, revenue reserves and other reserves as disclosed in the balance sheet. Debt funding comprises loans from banking institutions and corporate bonds and net debt represents gross debt net of all cash reserves. Debt funding excludes lease liabilities.

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. Tsogosure considers this, together with a calculation of capital adequacy, on a regular basis. During the period Tsogosure complied with all externally imposed requirements. Tsogosure held funds of R42 million (2020: R41 million) in excess of the regulatory minimum solvency margin at the reporting date.

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 the cash flow profile of the group and are measured through applicable ratios such as net debt to Ebitda and interest cover. These ratios provide a framework within which the group's capital base is managed. The group's current utilisation of debt facilities is shown in note 52.1(c). The lenders waived the 30 September 2020 and 31 March 2021 financial debt covenants.

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.

53 CAPITAL RISK MANAGEMENT *continued*

The covenants are monitored and reported to the board and chief operating decision-maker on a quarterly basis. Apart from the external debt borrowing covenants and the insurance regulations, the group is not subject to externally imposed capital requirements.

	2021 Rm	2020 Rm
Total borrowings (note 33)	**11 307**	14 289
Less: Cash and cash equivalents (note 30)	**(516)**	(3 062)
Guarantees by the group's bankers (note 51)	**139**	214
Net debt, including guarantees	**10 930**	11 441
Ebitdar (refer note below)	*	3 871
Net debt : Ebitdar (times)	*	2.96

	2021 Rm	2020 Rm
Ebitdar made up as follows:		
Ebitdar	*	3 993
Less: Property rentals	*	(25)
Less: IFRS 16 benefit	*	(122)
Add: Finance transaction costs (included in note 16)	*	25
Ebitdar per lender covenant calculation	*	3 871

* *Waived by the lenders for 30 September 2020 and 31 March 2021. Refer also note 3(b)* Going concern

54 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY

Specific valuation techniques used to value financial instruments and investment property include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments and investment property.

Financial instruments in level 1

The group has no level 1 financial instruments.

Financial instruments in level 2

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The group has the following level 2 financial instruments (note 35):

	2021 Rm	2020 Rm
Derivative financial instruments – interest rate swaps liability	**271**	229

Financial instruments and investment property in level 3

The level 3 basis of fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date assuming buyers and sellers in the principal market for the asset have all of the following characteristics:

- They are independent of each other;
- They are knowledgeable, having a reasonable understanding about the asset and the transaction using all available information, including information that might be obtained through due diligence efforts that are usual and customary;
- They are able to enter into a transaction for the asset or liability; and
- They are willing to enter into a transaction for the asset.

54 FAIR VALUE ESTIMATION OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTY *continued*

The group has the following level 3 financial instruments and investment property:

	2021 Rm	2020 Rm
Equity instruments at FVOCI (note 25)	**675**	898
Investment properties (note 21)	**350**	416
	1 025	1 314

There were no transfers between levels 1, 2 and 3 during the year under review or in the prior year. The group has no other financial assets or liabilities measured at fair value.

55 OFFSETTING

The group has the following financial instruments which are subject to enforceable master netting arrangements which are not offset due to offsetting requirements not being met as at 31 March:

	2021 Rm	2020 Rm
Interest rate swap derivatives		
Gross interest rate swap – asset	**–**	–
Gross interest rate swap – liability	**271**	229
Net liability if offset	**271**	229

	2021 Rm	2020 Rm
Current bank accounts		
Gross bank balances	**371**	2 954
Gross bank overdrafts	**(58)**	(2 559)
Net bank balance if offset	**313**	395

56 EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matters or circumstances arising since the end of the reporting period, not otherwise dealt with within these consolidated financial statements that would affect the operations or results of the group significantly, other than the below:

Covid-19 pandemic

Subsequent to year end, the impact of Covid-19 continues globally exacerbated with the emergence of new variants. South Africa, like many countries around the world, put significant governmental measures in place to control the spread of the virus, which continued to include varying curfews, alcohol bans and capacity limitations. With the emergence of the third wave the measures included a move to the adjusted alert level 4 from 28 June 2021, resulting in, amongst others, the temporary closure of all the casinos, bars and restaurants (except for sales for off-site consumption), theatres, cinemas, conferencing and entertainment facilities until 11 July 2021, which was further extended (except for restaurants) until 25 July 2021.

In terms of IAS 10 *Events After the Reporting Period*, non-adjusting post-balance sheet events are events after the reporting period that are indicative of a condition that arose after the reporting date ended 31 March 2021. Those events that provide evidence of conditions that existed at the end of the reporting period are adjusting events. The group completed the impairment testing of its goodwill, intangible assets and financial assets through OCI based on cash flows that were modelled on assumptions that incorporated the impact of the emergence of a third wave based on management's best estimate at the reporting date. The adjusted level 4 lockdown and subsequent move to an adjusted level 3 lockdown announced subsequent to year end did not result in a material adjustment to the numbers at year end because muted trading conditions were already forecasted for July and August 2021. The key assumptions have been included in notes 22 and 23 to the consolidated financial statements, indicating the impact on the financial statements should the situation deteriorate further.

Civil unrest in South Africa

The violence, looting and general lawlessness being experienced in South Africa is a matter of extreme concern and the group condemns it in the strongest possible terms. The safety of our staff and the safeguarding of our property is our priority. No property of the group has been affected with the exception of a number of bingo sites and LPM operator sites which have been damaged and looted. The damage caused has not been fully quantified yet and a high-level assessment indicates losses of approximately R50 million. Insurance claims will be submitted to SASRIA for damage suffered. We continue to monitor the situation.

Business interruption ("BI") insurance claim

The group has reached agreement with its insurers regarding its BI claim relating to Covid-19 and settlement of the claim is expected to be R111 million.

57 SUBSIDIARIES HAVING MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests' share of profit for the year and accumulated non-controlling interests, all with their place of business being in South Africa, are allocated as follows:

	Ownership as at 31 March		Share of profit for the year 31 March		Accumulated non-controlling interests as at 31 March	
	2021 %	2020 %	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
Continuing operations						
Tsogo Sun Emonti Proprietary Limited	**35**	35	**–**	8	**140**	144
Galaxy non-controlling interests	**Various**	Various	**2**	25	**(14)**	(12)
Vukani non-controlling interests	**Various**	Various	**9**	12	**2**	(6)
Other non-controlling interests			**(4)**	–	**(15)**	–
			7	45	**113**	126
Discontinued operations			**–**	25	**–**	–
Total			**7**	70	**113**	126

Summarised financial information, before intergroup eliminations, for subsidiaries having material non-controlling interests is as follows:

	Tsogo Sun Emonti Proprietary Limited	
	2021 Rm	2020 Rm
Summarised balance sheets as at 31 March		
Non-current assets	**330**	361
Current assets	**134**	120
Total assets	**464**	481
Non-current liabilities	**44**	45
Current liabilities	**22**	27
Total liabilities	**66**	72
Net assets	**398**	409
Summarised income statements for the year ended 31 March		
Revenue	**130**	294
Profit before income tax	**2**	33
Income tax expense	**(2)**	(10)
Total comprehensive income	**–**	23
Dividends paid to non-controlling interests	**2**	5
Summarised cash flows for the year ended 31 March		
Cash generated from operations	**23**	55
Interest received	**5**	8
Income tax paid	**–**	(11)
Dividends paid	**(6)**	(15)
Net cash generated from operations	**22**	37
Net cash utilised for investment activities	**(1)**	(32)
Net cash utilised for financing activities	**(16)**	(17)
Net increase/(decrease) in cash and cash equivalents	**5**	(12)
Cash and cash equivalents at beginning of the year	**4**	16
Cash and cash equivalents at end of the year	**9**	4

58 SUBSIDIARY COMPANIES

The following information relates to the company's interests in its principal subsidiaries, both directly and indirectly held. All these subsidiary companies have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group, which is 100%.

	Issued share capital		Effective holding		Carrying value	
	2021 Rm	2020 Rm	**2021 %**	2020 %	**2021 Rm**	2020 Rm
Subsidiary						
Direct shareholding:						
Akani Egoli Management Proprietary Limited	*****	*	**100**	100	*****	*
Akani Egoli Proprietary Limited	*****	*	**100**	100	**985**	123
Akani Msunduzi Proprietary Limited	*****	*	**100**	100	**136**	46
Akani Msunduzi Management Proprietary Limited	*****	*	**100**	100	*****	*
Garden Route Casino Proprietary Limited	*****	*	**100**	100	**221**	221
Gold Reef Management Proprietary Limited	*****	*	**100**	100	**98**	98
Goldfields Casino and Entertainment Centre Proprietary Limited	*****	*	**100**	100	**61**	58
Silverstar Casino Proprietary Limited	*****	*	**100**	100	**55**	21
Tsogo Sun Alternative Gaming Investments Proprietary Limited	**4 755**	4 755	**100**	100	**3 735**	3 735
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	*****	*	**100**	100	**11 579**	8 788
West Coast Leisure Proprietary Limited	*****	*	**100**	100	**63**	63
Indirect shareholding:						
Galaxy Gaming and Entertainment Proprietary Limited	*****	*	**100**	100	**–**	–
Tsogo Sun Gaming Investments Proprietary Limited	*****	*	**100**	100	**–**	–
Tsogo Sun Proprietary Limited	*****	*	**100**	100	**–**	–
Vukani Gaming Corporation Proprietary Limited	*****	*	**100**	100	**–**	–
					16 933	13 153

* *Amount less than R1 million*

The group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or loss or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. All subsidiaries shown above are incorporated, and have their place of business, in South Africa. A register detailing information in respect of all subsidiaries of the company is available for inspection at the registered office of the company, which may be inspected by members or their duly authorised agents.

Analysis of shareholding

as at 31 March 2021

	Number of shareholders	%	Number of shares	%
Portfolio size				
Range				
1 – 1 000	9 643	73.59	1 541 064	0.15
1 001 – 5 000	1 852	14.13	4 534 701	0.43
5 001 – 10 000	471	3.59	3 602 559	0.34
10 001 – 50 000	561	4.28	13 543 228	1.29
50 001 – 100 000	146	1.11	10 670 352	1.02
100 001 – and more	432	3.30	1 016 296 396	96.77
	13 105	100.00	1 050 188 300	100.00
Shareholder spread				
Public	13 100	99.95	511 551 608	48.72
Individuals	12 159	92.77	30 372 925	2.89
Banks and insurance companies	55	0.42	21 349 479	2.03
Pension funds and medical aid societies	208	1.59	51 858 122	4.94
Collective investment schemes and mutual funds	133	1.01	285 857 093	27.22
Other corporate bodies	545	4.16	122 113 989	11.64
Non-public	5	0.05	538 636 692	51.28
Directors[1]	2	0.02	18 086 730	1.72
Gold Reef Share Scheme[2]	1	0.01	435 558	0.04
Controlling entity of controlling shareholder	1	0.01	104 932 377	9.99
Controlling shareholder (10% of issued share capital or more)	1	0.01	415 182 027	39.53
	13 105	100.00	1 050 188 300	100.00
Major shareholders owning 1% or more of total number of shares in issue:				
TIHC Investments (RF) Proprietary Limited			415 182 027	39.53
Hosken Consolidated Investments Limited			104 932 377	9.99
SBSA ITF Prudential SA Equity Fund			81 599 378	7.77
Allan Gray Balanced Fund			52 848 674	5.03
Steyn Capital SNN Retail Hedge Fund			44 302 968	4.22
Alexander Forbes Investments			30 604 137	2.91
Standard Chartered Bank As Trustee			22 624 278	2.15
Geomer Investments Proprietary Limited			15 872 978	1.51
JPMC-Vanguard BBH Lending Account			12 566 530	1.20

[1] *At 31 March 2021 6 946 560 shares were indirectly held (2020: 1 973 836 shares indirectly held) by JA Copelyn, Non-Executive Director and Chairman and 16 112 894 shares indirectly held (2020: 16 112 894 shares indirectly held) by MJA Golding, Non-Executive Director. There has been no other change to directors' shareholdings between the balance sheet date and the date of these consolidated financial statements*

[2] *Treasury shares*

	Number of shares
There are 4 086 043 treasury shares made up as follows:	
• Held by the Gold Reef Share Scheme	435 558
• Treasury shares allocated as part of the executive facility – refer note 36.1 to the consolidated financial statements	3 650 485
	4 086 043

Glossary

AGM	Annual General Meeting
the board	The board of directors of Tsogo Sun Gaming Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
CIPC	Companies and Intellectual Property Commission
Companies Act	The Companies Act of South Africa 2008, as amended
Ebitda	Earnings before interest, tax, depreciation and amortisation and exceptional items
Ebitdar	Earnings before interest, tax, depreciation, amortisation and property rentals and exceptional items
Ebitda margin	This is calculated by expressing Ebitda as a percentage of revenue
EBTs	Electronic bingo terminals
GDP	Gross domestic product
Gold Reef	Gold Reef Resorts Limited
FVOCI	Fair value through other comprehensive income
HCI	Hosken Consolidated Investments Limited
HEPS	Headline earnings per share
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited, or as the context dictates, the trading platform operated by the JSE Limited
LPMs	Limited payout machines
NCI	Non-controlling interests
Net debt	Gross debt (including borrowings and overdrafts) net of gross cash and cash equivalents
OCI	Other comprehensive income
SA	South Africa
SARS	South African Revenue Service
SI	Sun International Limited
SunWest	SunWest International Proprietary Limited
the group	Tsogo Sun Gaming Limited and its subsidiaries and associates
THL	Tsogo Sun Hotels Limited and its subsidiaries
TIHC	TIHC Investments (RF) Proprietary Limited
Tsogo Sun or the company	Tsogo Sun Gaming Limited
VAT	Value Added Tax
WACC	Weighted average cost of capital
Worcester	Worcester Casino Proprietary Limited

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