



 **T SOGO SUN**

**Consolidated financial statements  
for the year ended 31 March 2016**





## Consolidated financial statements for the year ended 31 March 2016

	Page		Page
Statement of responsibility by the board of directors	02	Consolidated balance sheet	08
Directors' approval of the annual financial statements	02	Consolidated statement of changes in equity	09
Declaration by the Company Secretary	02	Consolidated cash flow statement	10
Report of the audit and risk committee	03	Notes to the consolidated financial statements	11
Directors' report	04	Company annual financial statements	69
Independent auditor's report to the shareholders	06	Analysis of shareholdings	82
Consolidated income statement	07	Glossary	83
Consolidated statement of comprehensive income	07	Corporate information	84

# Statement of responsibility by the board of directors

for the year ended 31 March 2016

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 company and 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 annual 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 annual financial statements. There were no changes to accounting policies for the year under review. The annual 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 annual financial statements.

The directors have reviewed the company's and the group's budgets and cash flow forecasts for the year to 31 March 2017. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the company and the group are going concerns and they have accordingly adopted the going concern basis in preparing the annual financial statements. The group's independent auditors, PricewaterhouseCoopers Inc., have audited the annual financial statements and their unqualified report appears on page 6. 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, detailed representation letters on compliance being signed by the Chief Executive and Financial Executive of each major entity, 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 board of directors has also considered and satisfied itself of the appropriateness of the competence, qualifications and expertise of the Company Secretary, Mr GD Tyrrell. The board of directors confirms that Mr Tyrrell is not a director of the company, he reports directly to the Chief Executive Officer ('CEO') and therefore he is considered to maintain an arm's length relationship with the board of directors.

## Directors' approval of the annual financial statements

for the year ended 31 March 2016

The preparation of the financial statements set out on page 4 to page 82 have been supervised by the Chief Financial Officer ('CFO'), RB Huddy CA(SA). These annual financial statements were approved by the board of directors on 1 August 2016 and are signed on its behalf by:



**MN von Aulock**  
Chief Executive Officer



**RB Huddy**  
Chief Financial Officer

## Declaration by the Company Secretary

In terms of section 88(2)(e) of the Companies Act of South Africa, I confirm that for the year ended 31 March 2016, Tsogo Sun Holdings 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.



**GD Tyrrell**  
Company Secretary

1 August 2016

# Report of the audit and risk committee

for the year ended 31 March 2016

## 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 accordingly nominates PricewaterhouseCoopers Inc. as independent auditors to continue in office. P Calicchio is the individual registered auditor and member of the foregoing firm who undertakes the audit. P Calicchio will rotate off the audit following signature of the annual financial statements and will be replaced by B Humphreys;
- 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;
- considered and pre-approved all 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;
- considered the impact of auditing, regulatory and accounting developments during the year;
- 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 annual financial statements; and
- dealt with concerns or complaints relating to accounting practices and internal audit of the group, the content or auditing of the company's financial statements, the internal financial controls of the group, or any other related matter.

## 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, Mr RB Huddy.

## Recommendation of the annual financial statements

The committee has evaluated the annual financial statements of Tsogo Sun Holdings Limited and the group for the year ended 31 March 2016 and based on the information provided to the committee, the committee recommends the adoption of the annual financial statements by the board.



**RG Tomlinson**

*Chairperson: Audit and risk committee*

1 August 2016

# Directors' report

for the year ended 31 March 2016

## 1. Nature of business

The company is a South African incorporated public company listed on the JSE engaged principally in the hotels and gaming industry.

## 2. State of affairs and profit for the year

The financial results of the group and company for the year are set out in the annual financial statements and accompanying notes thereto.

## 3. Subsequent events

Refer note 49 of the group annual 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, not otherwise dealt with within the financial statements, that would affect the operations or results of the company or the group significantly.

## 4. Dividends

A final dividend of 60.0 (sixty) cents per share was paid to shareholders on 15 June 2015 in respect of the year ended 31 March 2015.

An interim dividend of 31.0 (thirty-one) cents per share was paid to shareholders on 14 December 2015 in respect of the year ended 31 March 2016.

On 18 May 2016, the board of directors declared a final gross cash dividend of 67.0 (sixty-seven) cents per share in respect of the year ended 31 March 2016. The dividend was declared in South African Rand and was payable to shareholders recorded in the register of the company at close of business on Friday, 17 June 2016. The number of ordinary shares in issue at the date of this declaration was 957 388 870 (excluding 91 792 519 treasury shares). The dividend was subject to a local dividend tax rate of 15%, which results in a net dividend to those shareholders who are not exempt from paying dividend tax of 56.95 cents per share. The company's tax reference number is 9250039717.

In compliance with the requirements of Strate, the electronic and custody system used by the JSE, the following dates were applicable:

	2016
Last date to trade <i>cum</i> dividend	Thursday, 9 June
Shares trade <i>ex</i> dividend	Friday, 10 June
Record date	Friday, 17 June
Payment date	Monday, 20 June

## 5. Share capital

There were no changes to the company's authorised and issued share capital during the year under review.

The company's authorised but unissued share capital was placed under the control of the directors until the forthcoming AGM with authority to allot and issue any shares required to be issued for the purpose of carrying out the terms of the Gold Reef Share Scheme, limited to a maximum of three million shares, at their discretion, subject to section 38 of the Companies Act of South Africa and the Listings Requirements of the JSE. 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).

## 6. Associates, joint ventures and subsidiaries

Refer notes 22 and 23 of the group annual financial statements for details of associates and joint ventures respectively, note 50 of the group annual financial statements for details of subsidiary companies with material non-controlling interests and note 21 to the company financial statements for details of subsidiaries.

## 7. Directorate

The directorate during the year under review was as follows:

### Non-executive

JA Copelyn<sup>(1)</sup> (Chairman)  
MJA Golding  
VE Mphande  
Y Shaik<sup>(1)(3)</sup>

### Independent non-executive

RG Tomlinson<sup>(1)(2)(3)</sup> (Lead Independent)  
JG Ngcobo<sup>(1)(2)(3)</sup>  
BA Mabuza<sup>(2)</sup>

### Executive

MN von Aulock (CEO)  
RB Huddy (CFO)

<sup>(1)</sup> Remuneration committee

<sup>(2)</sup> Audit and risk committee

<sup>(3)</sup> Social and ethics committee

## 8. Directors' and prescribed officers' emoluments

Refer note 46.3 of the group annual financial statements and note 20.3 of the company annual financial statements for details of the group's key management compensation.

## 9. Company Secretary

The secretary of the company is Mr GD Tyrrell. Mr Tyrrell's business and postal addresses, which are also the company's registered addresses, are set out below:

Business address:	Postal address:
Palazzo Towers East	Private Bag X200
Montecasino Boulevard, Fourways, 2055	Bryanston, 2021

## 10. Auditors

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

## 11. Major shareholders and shareholder analysis

The company's major shareholder is Tsogo Investment Holding Company Proprietary Limited which owns 47.3% of the company's issued shares (excluding treasury shares) and the ultimate shareholder is Hosken Consolidated Investments Limited ('HCI') (holding 48.0% of the company's issued shares excluding treasury shares). Refer note 46 of the group annual financial statements and page 82 of the company annual financial statements for a detailed analysis of the company's shareholders.

# Independent auditor's report to the shareholders of Tsogo Sun Holdings Limited

We have audited the consolidated and separate financial statements of Tsogo Sun Holdings Limited set out on pages 7 to 81 which comprise the balance sheet as at 31 March 2016, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## Directors' responsibility for the consolidated and separate financial statements

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

## Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.

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

## Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Tsogo Sun Holdings Limited, as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2016, we have read the directors' report, the report of the audit and risk committee and the declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

## 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 Holdings Limited for 47 years.

*PricewaterhouseCoopers Inc.*

### **PricewaterhouseCoopers Inc.**

Director: **P Calicchio**  
*Registered auditor*

Johannesburg  
1 August 2016



# Consolidated income statement

for the year ended 31 March

	Notes	2016 Rm	2015 Rm
Net gaming win		7 361	6 976
Rooms revenue		2 784	2 453
Food and beverage revenue		1 353	1 203
Other revenue	8	785	711
<b>Income</b>		<b>12 283</b>	<b>11 343</b>
Gaming levies and Value Added Tax	9	(1 531)	(1 450)
Property and equipment rentals	10	(287)	(276)
Amortisation and depreciation	11	(812)	(733)
Employee costs	12	(2 871)	(2 816)
Other operating expenses	13	(3 374)	(3 026)
<b>Operating profit</b>		<b>3 408</b>	<b>3 042</b>
Interest income	14	35	79
Finance costs	15	(892)	(760)
Share of profit of associates and joint venture	22, 23	29	25
<b>Profit before income tax</b>		<b>2 580</b>	<b>2 386</b>
Income tax expense	16	(774)	(680)
<b>Profit for the year</b>		<b>1 806</b>	<b>1 706</b>
<b>Profit attributable to:</b>			
Equity holders of the company		1 788	1 672
Non-controlling interests		18	34
		<b>1 806</b>	<b>1 706</b>
Basic and diluted earnings per share (cents)	5	186.8	164.9

The notes on page 11 to page 68 form an integral part of these consolidated financial statements.

# Consolidated statement of comprehensive income

for the year ended 31 March

	2016 Rm	2015 Rm
<b>Profit for the year</b>	<b>1 806</b>	<b>1 706</b>
<b>Other comprehensive income for the year, net of tax</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>	<b>332</b>	<b>(13)</b>
Cash flow hedges	162	(138)
Currency translation adjustments	215	86
Income tax relating to items that may subsequently be reclassified to profit or loss	(45)	39
<b>Items that may not be reclassified subsequently to profit or loss:</b>	<b>3</b>	<b>1</b>
Remeasurements of post-employment defined benefit liability	4	1
Income tax relating to items that may not subsequently be reclassified to profit or loss	(1)	-
<b>Total comprehensive income for the year</b>	<b>2 141</b>	<b>1 694</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the company	2 122	1 660
Non-controlling interests	19	34
	<b>2 141</b>	<b>1 694</b>

The notes on page 11 to page 68 form an integral part of these consolidated financial statements.

# Consolidated balance sheet

as at 31 March

	Notes	2016 Rm	2015 Rm
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	18	14 370	13 470
Investment properties	19	79	109
Goodwill	20	2 106	2 106
Other intangible assets	21	4 476	4 490
Investments in associates	22	491	180
Investment in joint venture	23	129	131
Available-for-sale financial assets	24	252	–
Non-current receivables	25	68	88
Derivative financial instruments	33	74	22
Deferred income tax assets	26	185	180
		<b>22 230</b>	20 776
<b>Current assets</b>			
Inventories	27	125	108
Trade and other receivables	28	654	601
Derivative financial instruments	33	15	–
Current income tax assets		122	99
Cash and cash equivalents	29	2 492	3 048
		<b>3 408</b>	3 856
<b>Total assets</b>		<b>25 638</b>	24 632
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the company</b>			
Ordinary share capital and premium	30	4 576	4 576
Other reserves	31	(232)	(442)
Retained earnings		3 951	2 917
Total shareholders' equity		<b>8 295</b>	7 051
Non-controlling interests		654	635
<b>Total equity</b>		<b>8 949</b>	7 686
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing borrowings	32	8 346	8 557
Obligations under finance leases		–	2
Derivative financial instruments	33	492	538
Deferred income tax liabilities	26	2 053	1 868
Post-employment benefit liability	34	6	10
Deferred revenue and income	35	24	21
Long-term incentive liabilities	36.4	34	36
Provisions	37	173	159
Other non-current liabilities	38	272	275
		<b>11 400</b>	11 466
<b>Current liabilities</b>			
Interest-bearing borrowings	32	3 394	3 685
Obligations under finance leases		–	15
Derivative financial instruments	33	17	59
Trade and other payables	39	1 240	1 144
Deferred revenue and income	35	72	67
Long-term incentive liabilities	36.4	203	222
Provisions	37	235	163
Other current liabilities		–	4
Current income tax liabilities		128	121
		<b>5 289</b>	5 480
<b>Total liabilities</b>		<b>16 689</b>	16 946
<b>Total equity and liabilities</b>		<b>25 638</b>	24 632

The notes on page 11 to page 68 form an integral part of these consolidated financial statements.

# Consolidated statement of changes in equity

for the year ended 31 March

Attributable to equity holders of the company							
	Notes	Ordinary share capital and premium Rm	Other reserves <sup>(1)</sup> Rm	Retained earnings Rm	Total Rm	Non- controlling interests Rm	Total equity Rm
<b>Balance at 1 April 2014</b>		4 771	19	5 000	9 790	732	10 522
Total comprehensive income		–	(13)	1 673	1 660	34	1 694
Profit for the year		–	–	1 672	1 672	34	1 706
Cash flow hedges net of tax		–	(99)	–	(99)	–	(99)
Currency translation adjustments		–	86	–	86	–	86
Remeasurements of post-employment defined benefit liability net of tax		–	–	1	1	–	1
Shares repurchased and cancelled	30	(2)	–	(2 817)	(2 819)	–	(2 819)
Treasury shares acquired	30	(200)	–	–	(200)	–	(200)
Shares issued to share scheme participants	30	8	–	–	8	–	8
Share options lapsed	30	(1)	–	–	(1)	–	(1)
Recognition of share-based payments	12	–	118	–	118	–	118
Recognition of put liability with non-controlling interests	33.1	–	(493)	–	(493)	–	(493)
Transactions with non-controlling interests		–	(73)	–	(73)	(123)	(196)
Ordinary dividends	17	–	–	(939)	(939)	(8)	(947)
<b>Balance at 31 March 2015</b>		4 576	(442)	2 917	7 051	635	7 686
Total comprehensive income		–	331	1 791	2 122	19	2 141
Profit for the year		–	–	1 788	1 788	18	1 806
Cash flow hedges net of tax		–	117	–	117	–	117
Currency translation adjustments		–	214	–	214	1	215
Remeasurements of post-employment defined benefit liability net of tax		–	–	3	3	–	3
Transfer from share-based payment reserve to retained earnings		–	(121)	121	–	–	–
Ordinary dividends	17	–	–	(878)	(878)	–	(878)
<b>Balance at 31 March 2016</b>		4 576	(232)	3 951	8 295	654	8 949

<sup>(1)</sup> Refer note 31 for details of other reserves

The notes on page 11 to page 68 form an integral part of these consolidated financial statements.

# Consolidated cash flow statement

for the year ended 31 March

	Notes	2016 Rm	2015 Rm
<b>Cash flows from operating activities</b>			
Cash generated from operations	40	4 376	3 866
Interest received		31	74
Finance costs paid		(832)	(789)
Income tax paid	41	(657)	(537)
Dividends paid to shareholders	42	(878)	(939)
Dividends paid to non-controlling interests		–	(8)
Dividends received		51	7
Net cash generated from operating activities		2 091	1 674
<b>Cash flows from investment activities</b>			
Purchase of property, plant and equipment		(1 377)	(1 610)
Proceeds from disposals of property, plant and equipment		9	5
Purchase of intangible assets		(10)	(136)
Development of investment property		(27)	(7)
Proceeds from disposal of investment property		19	–
Purchase of available-for-sale financial assets		(252)	–
Acquisition of subsidiary, net of cash acquired	48	(12)	–
Acquisition of businesses		–	(762)
Acquisition of interest in associate	22	(315)	(145)
Loans repaid by/(advanced to) associates		1	(5)
Other loans and investments repaid		17	4
Net cash utilised for investment activities		(1 947)	(2 656)
<b>Cash flows from financing activities</b>			
Borrowings raised		485	5 155
Borrowings repaid		(1 044)	(1 794)
Repayments of finance leases		(17)	(16)
Shares repurchased		–	(2 819)
Treasury shares acquired		–	(200)
Acquisition of non-controlling interests		–	(196)
Decrease in amounts due by share scheme participants		9	15
Net cash (utilised for)/generated from financing activities		(567)	145
Net decrease in cash and cash equivalents		(423)	(837)
Cash and cash equivalents at beginning of the year, net of bank overdrafts		883	1 715
Foreign currency translation		19	5
<b>Cash and cash equivalents at end of the year, net of bank overdrafts</b>	29	<b>479</b>	<b>883</b>

The notes on page 11 to page 68 form an integral part of these consolidated financial statements.

# Notes to the consolidated financial statements

## 1. Accounting policies

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

### a) Basis of preparation

The consolidated and company annual financial statements have been prepared in accordance with the framework concepts and the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the Companies Act of South Africa and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments as described in the accounting policies below. The term IFRS includes International Financial Reporting Standards and interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC') or the former Standing Interpretations Committee ('SIC'). The standards referred to are set by the International Accounting Standards Board.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. Actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### b) Adoption of annual improvements

The adoption of the improvements made in the 2010 – 2012 Cycle and 2011 – 2013 Cycle have required additional disclosures in the group's segment note. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

No other changes to accounting standards had any impact on the current period or any prior period and are not likely to affect future periods.

### c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the group's CEO and the group executive committee ('GEC'). The group's CEO and the GEC review the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the group's CEO and GEC which are used to make strategic decisions.

### d) Basis of consolidation and business combinations

The consolidated financial statements include the financial information of subsidiary, associate and joint venture 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. Where the group's interest in subsidiaries is less than 100%, the share attributable to outside shareholders is reflected in non-controlling interests. Subsidiaries are included in the financial statements from the date control commences until the date control ceases. Increases in fair value of assets that occur on the group obtaining control, for nil consideration, of an entity previously accounted for as an associate or joint venture is transferred to a reserve called 'Surplus arising on change in control'.

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.

# Notes to the consolidated financial statements continued

## 1. Accounting policies continued

### d) Basis of consolidation and business combinations continued

#### (i) *Subsidiaries* continued

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.

The company records its investment in subsidiaries at cost less any impairment charges. These interests include any intergroup loans receivable, which represent by nature a further investment in the subsidiary.

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

#### (ii) *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, joint venture 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.

#### (iii) *Associates and joint ventures*

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. A joint venture is an entity over which the group contractually shares control with one or more partners.

Investments in associates and joint ventures are accounted for using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investments in associates and joint ventures include goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition reserve movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate or joint venture equals or exceeds its interest in the investee, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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

Some of the group's associates and joint ventures have different local statutory accounting reference dates. These are equity accounted using management prepared information on a basis coterminous with the group's accounting reference date. Where management prepared information is at a different date from that of the group's, the group equity accounts that information but takes into account any changes in the subsequent period to 31 March that would materially affect the results.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

## 1. Accounting policies continued

### d) Basis of consolidation and business combinations continued

#### (iv) Goodwill

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.

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

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

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.

### e) Foreign currency translation

#### (i) Functional and presentation currency

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

#### (ii) Transactions and balances

The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being credited or charged against income in the income statement. Translation differences on non-monetary assets such as equity investments classified as available-for-sale assets are included in other comprehensive income.

#### (iii) Foreign subsidiaries, associates and joint ventures – translation

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

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

### f) 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 and adjusted, if appropriate, at each balance sheet date. Land and buildings comprise mainly hotels and casinos.

#### (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.

# Notes to the consolidated financial statements continued

## 1. Accounting policies continued

### f) Property, plant and equipment continued

#### (ii) Assets held under finance leases

Assets held under finance leases which result in the group bearing substantially all the risks and rewards incidental to ownership are capitalised as property, plant and equipment. Finance lease assets are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, then depreciated over their useful lives. The capital element of future obligations under the leases is included as a liability in the balance sheet, classified, as appropriate, as a current or non-current liability. The interest element of the lease obligations is charged to profit or loss over the period of the lease term to reflect a constant rate of interest on the remaining balance of the obligation for each financial period.

The group's finance leases all matured during the year under review.

#### (iii) 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 buildings improvements	Shorter of the lease term or 50 years
Casino equipment	4 – 6 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 18 Property, plant and equipment

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

#### (iv) 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 book amount of the asset.

#### (v) 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.

### 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.

Investment property is stated at cost net of accumulated depreciation and any impairment losses.

Cost 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.

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.



## 1. Accounting policies continued

### g) Investment property continued

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

Investment property's residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

No depreciation is provided on freehold land. In respect of buildings, depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each property over its expected useful life of 20 to 50 years.

### 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. 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.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring them to use. Direct costs associated with the production of identifiable and unique internally generated software products controlled by the group that will probably generate economic benefits exceeding costs beyond one year are capitalised. Direct costs include software development employment costs (including those of contractors used) and an appropriate portion of overheads. 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.

#### (ii) Management contracts

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

#### (iii) 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 on the same basis as goodwill (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.

#### (iv) Trademarks

Trademarks are recognised initially at cost. Trademarks have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over their estimated useful lives of 10 to 25 years.

# Notes to the consolidated financial statements continued

## 1. Accounting policies continued

### i) Financial assets and financial liabilities

Financial assets are recognised when the group becomes a party to the contractual provisions of the respective instrument. Such assets consist of cash, equity instruments, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms. 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.

Financial liabilities are recognised when there is an obligation to transfer benefits and that obligation is a contractual liability to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities are derecognised when they are extinguished, that is discharged, cancelled or expired.

Finance costs are charged against income in the year in which they accrue using the effective interest rate method. Premiums or discounts arising from the difference between the net proceeds of financial instruments purchased or issued and the amounts receivable or repayable at maturity are included in the effective interest calculation and taken to finance costs over the life of the instrument.

The group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (i) Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are financial assets held for trading and/or designated by the entity upon initial recognition as at fair value through profit or loss. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. The group does not hold any investments in this category.

#### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group does not hold any investments in this category.

#### (iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets (trade and other receivables), except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets.

#### (iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either designated in this category or not classified as any of the above. Investments in this category are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on the date on which the group commits to purchase or sell the asset.

Investments are initially recognised at fair value plus transaction costs for all financial assets that are not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within other operating expenses, in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other revenue when the group's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

## 1. Accounting policies continued

### i) Financial assets and financial liabilities continued

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the income statement as part of interest income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other revenue when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If there is no active market for a financial asset or for unlisted securities, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

### j) 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 company or counterparty.

### k) Impairment of financial assets

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is removed from other comprehensive income and recognised in the income statement. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

Impairment testing of trade receivables is described in note (n).

### l) Derivative financial assets and financial liabilities

Derivative financial assets and financial liabilities are financial instruments whose value changes in response to an underlying variable, require little or no initial investment and are settled in the future.

Derivative financial assets and liabilities are analysed between current and non-current assets and liabilities on the face of the balance sheet, depending on when they are expected to mature.

For derivatives that are not designated to have a hedging relationship, all fair value movements thereon are recognised immediately in profit or loss. Refer note (m) for the group's accounting policy on hedge accounting.

## 1. Accounting policies continued

### m) Hedge accounting

The derivative instruments used by the group, which are used solely for hedging purposes (i.e. to offset foreign exchange and interest rate risks), comprise interest rate swaps and forward foreign exchange contracts. Such derivative instruments are used to alter the risk profile of an existing underlying exposure of the group in line with the group's risk management policies.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the hedging relationship.

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

Certain derivatives are designated as either:

- (i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge). The group does not hold any hedges in this category;
- (ii) hedges of highly probable forecast transactions or commitments (cash flow hedge); or
- (iii) hedges of net investments in foreign operations (net investment hedge). The group does not hold any hedges in this category.

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

The 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, and it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage currency or interest rate risk to which the cash flows of certain liabilities are exposed. The effective portion of changes in the fair value of the derivative that is designated and qualifies for hedge accounting is recognised in other comprehensive income. The ineffective portion is recognised immediately in profit or loss. Amounts accumulated in other comprehensive income are recycled to the income statement in the period in which the hedged item affects profit or loss. However, where a forecast transaction results in a non-financial asset or liability, the accumulated fair value movements previously deferred in other comprehensive income are included in the initial cost of the asset or liability.

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 transferred to profit or loss within other operating expenses.

### n) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss as bad debts recovered.

## 1. Accounting policies continued

### o) Inventories

Inventories are valued at the lower of cost or net realisable value. Operating equipment utilised within 12 months is recognised as an expense based on usage. 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.
- Food and beverage inventories and operating equipment are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

### p) Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

### 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) Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Trade payables are analysed between current and non-current liabilities on the face of the balance sheet, depending on when the obligation to settle will be realised.

### s) 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 classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date, in which case they are classified as non-current liabilities.

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 f(v)), are recognised in the income statement in the period in which they are incurred.

### t) Impairment of non-financial assets

This policy covers all assets except goodwill (refer note d(iv)), trade receivables (refer note (n)), inventories (refer note (o)), financial assets (refer note (i)) and deferred income tax assets (refer note (z)).

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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. An impairment loss is recognised immediately in profit or loss.

# Notes to the consolidated financial statements continued

## 1. 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. Such provisions are calculated on a discounted basis where the effect is material to the original undiscounted provision. The carrying amount of the provision increases in each period to reflect the passage of time and the unwinding of the discount and the movement is recognised in the income statement within finance costs.

Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses, however, provisions are recognised for onerous contracts where a contract is expected to be loss making (and not merely less profitable than expected).

Provision is made for the potential jackpot payouts on slot machines and table progressives and is based on the meter readings.

The group also recognises a provision for bonus plans 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. These criteria are only finalised after the group's year end.

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

### v) Revenue recognition

#### (i) *Hotel, gaming, Theme Park and cinema revenues*

Revenue includes the fair value of income derived from hotel trading, restaurant revenues, Theme Park entrance fees, banqueting and venue hire, parking revenues, ticket sales and other non-net gaming win and hotel entertainment revenues. Value Added Tax ('VAT') on these revenue transactions is excluded from revenue. Revenue is recognised on the accrual basis.

#### (ii) *Customer reward programmes*

Provision is made for the estimated liability arising from the issue of benefits under the group's customer reward programmes, based on the value of rewards earned by the programme members, and the expected utilisation of these rewards. The fair value attributed to these awards is deferred as a liability included in deferred revenue and income in the balance sheet, and released to profit or loss as the awards are redeemed. The expected utilisation is determined through consideration of historical usage and forfeiture rates.

#### (iii) *Rental, royalty and management fee income*

Rentals received, royalty income (which is included in other revenue) and management fee income are recognised on an accrual basis in accordance with the relevant agreements except rental income which is recognised on a straight-line basis.

#### (iv) *Interest income*

Interest income is recognised using the effective interest method.

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

#### (v) *Dividend income*

Dividend income is recognised when the right to receive payment is established, and is included in other revenue.

### w) Net gaming win

Net gaming win comprises the net table and slot machine win derived by casino operations 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 casino operations. Due to the short-term nature of the group's casino operations, all income is recognised in profit or loss immediately, at fair value.

In the casino industry, the nature of betting transactions makes it difficult to separate bets placed by customers and winnings paid to customers. It therefore follows that casinos experience practical difficulties reflecting output tax separately from input tax. Accordingly, SARS allows casinos to account for 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 casino winnings as direct costs as these are borne by the group and not customers, and have no effect on casino activities from the customers' perspective. These costs are included in net gaming win that is disclosed separately on the face of the income statement.

## 1. Accounting policies continued

### x) Leases

#### (i) *The group is the lessee*

Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement 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 property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term. The group's finance leases all matured during the year under review.

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

#### (ii) *The group is the lessor*

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

### y) 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.

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

#### (ii) *Other post-employment obligations*

The group operates a defined benefit plan for a portion of the medical aid members. This fund is now closed to new entrants. The assets of the scheme are held separately from those of the group and are administered by trustees.

The liability recognised in the balance sheet in respect of the plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using reference to current market yields on South African government bonds.

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

All other costs are recognised immediately in profit or loss.

#### (iii) *Termination benefits*

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

# Notes to the consolidated financial statements continued

## 1. Accounting policies continued

### y) Employee benefits continued

#### (iv) Bonus plans

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 group recognises the liability where an estimate can be made of the amount to be paid and it is contractually obliged to do so or there is a past practice that has created a constructive obligation 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.

#### (v) Share-based payments – equity-settled schemes

The group operates equity-settled, share-based compensation plans. Options were granted to permanent employees at the discretion of the directors in terms of which shares in the company were acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired was either effected on granting and exercising of the options or in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years. Shares acquired through the Equity-settled Gold Reef Share Scheme had to be paid for by the employees at the subscription prices as determined in the option contracts.

On a group level the Gold Reef Share Scheme is consolidated. Upon vesting and exercise of the options the subscription value was credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset was considered payable when the employees exercised the options and the options vested.

The fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options was recognised as an expense.

The total amount recognised over the vesting period was determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions were included in assumptions about the number of options that were expected to become exercisable. At each balance sheet date the entity revised its estimates of the number of options that were expected to become exercisable. It recognised the impact of the revision of original estimates, if any, in the income statement and a corresponding adjustment directly to equity over the vesting period. This equity account was included in a share-based payment reserve of the company.

Fair value is measured at grant date using an option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The grant by the company of options over its equity instruments to the employees of subsidiary companies in the group was treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, was recognised over the vesting period as an increase to investment in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

#### (vi) 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, which are depreciated or amortised. 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 share appreciation scheme is determined at each balance sheet date by reference to the company's share price. This is adjusted for management's best estimate of the appreciation units expected to vest and management's best estimate of the performance criteria assumption.

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 assumption on the performance units.

The liability is included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities.

#### (vii) 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.



## 1. Accounting policies continued

### y) Employee benefits continued

#### (viii) Long-service awards

The group recognises a liability and an expense for long-service awards where cash is paid to employees at certain milestone dates in their careers with the group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. This liability is included in 'Provisions' in the balance sheet.

#### (ix) Other long-term employee benefits

The group provides death-in-service benefits, permanent and temporary disability benefits, together with funeral cover to qualifying employees. The liability for benefits payable that are not linked to a service condition is recognised as and when a claim arises and is expensed in full in the income statement at that point. The liability for benefits that are linked to an employee's service period is recognised through the income statement over the estimated service period of the employee up to the estimated date of a claim occurring while in service. The method of accounting for benefits linked to service is similar to that used for defined benefit schemes.

### z) 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.

Deferred tax liabilities are recognised where the carrying value of an asset is greater than its tax base, or where the carrying value of a liability is less than its tax base. Deferred tax is recognised in full on temporary differences arising from the group's investment in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

### aa) 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.

## 2. Critical accounting estimates and judgements

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 resulting accounting estimates will, by definition, seldom equal the related actual results. 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) Property, plant and equipment

Property, plant and equipment represent a significant proportion of the group's asset base. Therefore, the judgements made in determining their estimated useful lives and residual values are critical to the group's financial position and performance. Useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimates accounted for on a prospective basis. In determining residual values, the group uses historical sales and management's best estimate based on market prices of similar items. Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset, physical wear and tear, technical or commercial obsolescence and legal restrictions on the use of the assets.

### c) Estimated impairment of goodwill and indefinite lived intangible assets

The group tests annually whether goodwill and indefinite lived intangible assets have suffered any impairment in accordance with the accounting policy stated in notes 1(d) and 1(h). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates as noted in notes 20 and 21 of the group annual financial statements.

### d) Customer reward programmes

Provision is made for the estimated liability arising from the issue of benefits under the group's customer reward programmes, based on the value of rewards earned by the programme members, and the expected utilisation of these rewards. The expected utilisation is determined through consideration of historical usage and forfeiture rates.

### e) Income taxes

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

### f) Put option derivative

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. 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. The group has used a discounted cash flow analysis for the valuing of the group's put option derivative contract that is not traded in an active market.

The carrying amount of the put option would be an estimated R126.1 million lower or R181.9 million higher were the discount rate used in the discount cash flow analysis to differ by 10% from management's estimates.

### g) Business combinations

On the acquisition of a business, a determination of the fair value and the useful life of assets acquired is performed, which requires the application of management judgement. The fair value is obtained by applying a valuation technique performed on a discounted cash flow basis. Future events could cause the assumptions used by the group to change which could have a significant impact on the results and net position.

### h) Applicability of IFRS 10 Consolidated Financial Statements

The group has assessed the requirements of IFRS 10 against shareholder and management agreements and concluded that it does not change the reporting on subsidiary companies that are consolidated.

### 3. New standards, interpretations and amendments to existing standards issued that are not yet effective

a) 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 2016 or later periods, which the group has not early adopted. The group is yet to assess the full impact of these new standards, interpretations and amendments:

- **IFRS 9 Financial Instruments (2014)**

A finalised version of IFRS 9 has been issued which replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition:

- IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as 'fair value through other comprehensive income' in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.
- The new model introduces a single impairment model being applied to all financial instruments, as well as an 'expected credit loss' model for the measurement of financial assets.
- IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.
- IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39.

The group will apply IFRS 9 from the annual period beginning 1 April 2018.

- **IAS 1 (Amendment) Presentation of Financial Statements**

Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures. The group will apply IAS 1 amended from the annual period beginning 1 April 2016.

- **IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates (Amendments) sale or contribution of assets between an investor and its associate or joint venture**

The IASB has made limited scope amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 *Business Combinations*).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investors in the associate or joint venture. The amendments apply prospectively. The group will apply these amendments from the annual period beginning 1 April 2016.

- **IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates (Amendments) Investment entities: Applying the consolidation exception:**

Amendments made to the above statements clarify that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities.
- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.
- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

## Notes to the consolidated financial statements continued

### 3. New standards, interpretations and amendments to existing standards issued that are not yet effective continued

a) 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 2016 or later periods, which the group has not early adopted. The group is yet to assess the full impact of these new standards, interpretations and amendments (continued):

- **IFRS 11 (Amendment) *Joint Arrangements***

This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not remeasured when the acquisition of an additional interest in the same joint operation results in retaining joint control. The group will apply IFRS 11 amended from the annual period beginning 1 April 2016.

- **IFRS 15 *Revenue from Contracts with Customers***

This standard requires entities to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. The group will apply IFRS 15 from the annual period beginning 1 April 2018.

- **IFRS 16 *Leases***

A new standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 *Statement of Cash Flows*. IFRS 16 contains expanded disclosure requirements for lessees and lessors. IFRS 16 also substantially carries forward the lessor accounting requirements in IAS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The group will apply IFRS 16 from the annual period beginning 1 April 2019.

- **IAS 27 (Amendment) *Consolidated and Separate Financial Statements***

Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

b) The following annual improvements amend standards from the 2012 – 2014 reporting cycle have been published that are mandatory for the group's accounting periods beginning 1 April 2016, which the group has not early adopted and are not expected to have a material effect on the consolidated results of operations or financial position of the group:

- **IFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations*** amends the changes in methods of disposal – assets (or disposal groups) are generally disposed of either through sale or through distribution to owners. The amendment to IFRS 5 clarifies that changing from one of these disposal methods to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- **IFRS 7 *Financial Instruments: Disclosures* – the following are the amendments:**

- The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in paragraphs IFRS 7.B30 and IFRS 7.42C in order to assess whether the disclosures are required; and
- Amendments to IFRS 7 clarify that the additional disclosures relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34.

### 3. New standards, interpretations and amendments to existing standards issued that are not yet effective continued

- b) The following annual improvements amend standards from the 2012 – 2014 reporting cycle have been published that are mandatory for the group's accounting periods beginning 1 April 2016, which the group has not early adopted and are not expected to have a material effect on the consolidated results of operations or financial position of the group (continued):
- **IAS 19 Employee Benefits** clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented.
  - **IAS 34 Interim Financial Reporting** amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g. in the management commentary or risk report). The board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.
- c) There are no new interpretations applicable to the group.

## 4. Financial risk management

### 4.1 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 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 process throughout the group. It has overseen the establishment of a comprehensive risk management system to identify and manage significant risks in the operational divisions, business units and subsidiaries. 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 executive 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, the group executive committee identifies, quantifies and evaluates the group's risks twice a year utilising a facilitated risk assessment workshop. The severity of risks is measured in qualitative 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. 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 once every six months. In addition to the group risk assessment, risk matrices are prepared and presented to the audit and risk committee for each operational division. 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 co-operation 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**

##### *(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 subject to exposure on the translation of the foreign currency denominated net assets of subsidiaries, associates and joint ventures primarily with respect to the US Dollar and the Euro. The group seeks to mitigate this exposure, where cost-effective, by securing its debt denominated in US Dollars and/or Euros in the offshore entities with assets and cash flows of those offshore operations where the functional currency of those entities is US Dollars and/or Euros, with no recourse to the South African operations. As a result, no forward cover contracts are required in respect of this debt. The group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries, associates and joint ventures.

Foreign exchange risk also arises from exposure in the foreign operations due to trading transactions denominated in currencies other than the functional currency.

The following significant exchange rates against the SA Rand applied during the year:

	Average rate		Reporting date closing rate	
	2016 R	2015 R	2016 R	2015 R
1 US Dollar is equivalent to	13.75	11.13	14.77	12.13
1 Euro is equivalent to	15.02	13.92	16.81	13.02

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/ (decreased) profit or loss by the amounts shown below due to foreign exchange gains or losses on foreign denominated trade receivables, cash and cash equivalents and trade payables recorded in the local currency of the foreign operations. This analysis assumes no hedging and that all other variables, in particular interest rates, remain constant. This analysis was performed on the same basis for 2015.

#### 4. Financial risk management continued

##### 4.1 Financial risk factors continued

###### a) Market risk continued

###### (i) Currency risk continued

	Profit/(loss)	
	2016 Rm	2015 Rm
Local currency:		
Euro	-	1
Mozambican Metical	1	1
Nigerian Naira	1	(1)
US Dollar	(1)	(1)
Zambian Kwacha	(1)	(2)
Other currencies	1	-

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

###### (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*

The group's primary interest rate risk arises from long-term borrowings (excluding bank overdrafts). 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.

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.

Group policy, however, requires that at least 25% of its net borrowings are to be in fixed rate instruments over a 12-month rolling period.

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 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.

Hedge accounting is applied to the group's interest rate swaps. The ineffective portion is recognised immediately in profit or loss and the effectiveness of the hedges is tested at inception and thereafter annually.

As at 31 March 2016, 54% (2015: 56%) of consolidated gross borrowings and 57% (2015: 61%) of consolidated net borrowings were in fixed rates taking into account interest rate swaps.

Fixed interest rate swaps ranged from 6.46% to 8.09% as at 31 March 2016 referenced against the three-month JIBAR of 7.233%, as well as one-month JIBAR of 7.033% (2015: fixed interest rate swaps ranged from 6.46% to 8.09% referenced against the three-month JIBAR of 6.108%, as well as one-month JIBAR of 5.933% at 31 March 2015).

At 31 March floating rate borrowings are linked/referenced to various rates the carrying amounts of which are as follows:

	2016 Rm	2015 Rm
Linked to the Rand Overnight Deposit Index	210	471
Linked to one-month JIBAR	645	659
Linked to three-month JIBAR	2 504	2 563
Linked to three-month USD LIBOR	1 100	788
	<b>4 459</b>	<b>4 481</b>

## 4. Financial risk management continued

### 4.1 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 and bank overdrafts, was:

	Carrying amount	
	2016 Rm	2015 Rm
Fixed rate instruments		
Financial assets	48	–
Financial liabilities	–	(17)
	<b>48</b>	<b>(17)</b>
Variable rate instruments		
Financial assets	2 351	2 960
Financial liabilities	(9 764)	(10 121)
	<b>(7 413)</b>	<b>(7 161)</b>

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 R41 million (2015: R37 million), including the effects of the interest rate swaps. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2015.

##### (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 an investment in listed securities classified as available-for-sale financial assets (refer note 24). The group is not exposed to significant commodity price risk.

Price sensitivity analysis for available-for-sale financial assets:

A change of 10% appreciation or depreciation of the market value would have increased/decreased total comprehensive income by R25 million (2015: Rnil).

#### 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 customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only group Audit and Risk Committee approved parties are accepted (on behalf of the board). The group has policies that limit the amount of credit exposure to any bank and financial institution. The group limits its exposure to banks and financial institutions by setting credit limits based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB by Standard & Poor's and Baa3 from Moody's. For banks with a lower credit rating, or with no international credit rating, limits are set by the Audit and Risk Committee on behalf of the board. 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.

Trade receivables comprise a large, widespread customer base mostly in respect of the hotel, banqueting and conferencing business, and therefore 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 2016 no single customer was in debt in excess of 10% of the total trade receivables balance. The trade receivables are of a high credit quality.

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

Refer note 28 *Trade and other receivables* for further credit risk analysis in respect of trade and other receivables.



#### 4. Financial risk management continued

##### 4.1 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 2016, 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 2016, the group had 32% (2015: 29%) 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.

	2016 Rm	2015 Rm
Debt at 1 April	(10 138)	(6 170)
Net decrease/(increase) in debt during the year	374	(3 968)
Debt at 31 March	(9 764)	(10 138)
Credit facilities <sup>(1)</sup>	14 292	14 254
Headroom available	4 528	4 116

<sup>(1)</sup> Includes non-controlling interests and, in the prior year finance lease contracts, but excludes indirect facilities (letters of guarantees, forward exchange contracts and letters of credit) and bank overdrafts

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

	2016 facility			2015 facility		
	Total Rm	Utilisation Rm	Available Rm	Total Rm	Utilisation Rm	Available Rm
Demand facilities (overdrafts)	189	–	189	189	–	189
364-day notice facilities	1 200	811	389	1 200	1 072	128
Term facilities maturing 30 June 2017	1 500	1 500	–	1 500	1 500	–
Term facilities maturing 1 October 2018	449	449	–	599	599	–
Term facilities maturing 31 March 2020	4 000	2 100	1 900	4 000	2 200	1 800
Term facilities maturing 30 June 2020	1 928	1 928	–	2 041	2 041	–
Term facilities maturing 31 March 2021	4 473	2 423	2 050	4 200	2 201	1 999
Other term and non-controlling interests funding	553	553	–	525	525	–
	14 292	9 764	4 528	14 254	10 138	4 116

# Notes to the consolidated financial statements continued

## 4. Financial risk management continued

### 4.1 Financial risk factors continued

#### c) *Liquidity risk* continued

The table below analyses the group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the 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
<b>At 31 March 2016</b>				
Bank borrowings	2 310	2 620	7 157	–
Bank overdrafts	2 013	–	–	–
Loan from non-controlling interests	85	59	178	691
Derivative financial instruments	2	(34)	452	–
Trade and other payables	911	–	–	–
Deferred income	23	–	–	–
Financial guarantee contracts	12	–	–	–
	<b>5 356</b>	<b>2 645</b>	<b>7 787</b>	<b>691</b>
<b>At 31 March 2015</b>				
Bank borrowings	2 181	1 123	6 411	2 592
Bank overdrafts	2 165	–	–	–
Loan from non-controlling interests	54	54	160	726
Obligations under finance leases	16	2	–	–
Derivative financial instruments	59	19	498	(1)
Trade and other payables	858	–	–	–
Deferred income	24	–	–	–
Financial guarantee contracts	12	–	–	–
	<b>5 369</b>	<b>1 198</b>	<b>7 069</b>	<b>3 317</b>

The table below analyses the group's derivative financial instruments that will be settled on a gross basis 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 and balance sheet are the contractual cash flows, exclusive of interest:

	Less than 1 year Rm	Between 1 and 2 years Rm	Between 2 and 5 years Rm	Over 5 years Rm
<b>At 31 March 2016</b>				
Put option	–	–	(492)	–
Interest rate swaps – cash flow hedges:				
Outflow	(17)	–	–	–
Inflow	15	34	40	–
	<b>(2)</b>	<b>34</b>	<b>(452)</b>	<b>–</b>
<b>At 31 March 2015</b>				
Put option	–	–	(485)	–
Interest rate swaps – cash flow hedges:				
Outflow	(59)	(27)	(26)	–
Inflow	–	8	13	1
	<b>(59)</b>	<b>(19)</b>	<b>(498)</b>	<b>1</b>

Other than as described above, the group does not expect any cash outflows on financial liabilities to occur significantly earlier, or for significantly different amounts.

#### 4. Financial risk management continued

##### 4.2 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:

	Loans and receivables Rm	Available- for-sale through equity 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
<b>At 31 March 2016</b>								
<b>Financial assets</b>								
Investments in associates	7	-	-	-	484	491	491	-
Investment in joint venture	-	-	-	-	129	129	129	-
Available-for-sale financial assets	-	252	-	-	-	252	252	-
Non-current receivables	58	-	-	-	10	68	68	-
Derivative financial instruments	-	-	89	-	-	89	74	15
Trade and other receivables	528	-	-	-	126	654	-	654
Cash and cash equivalents	2 492	-	-	-	-	2 492	-	2 492
<b>Financial liabilities</b>								
Interest-bearing borrowings	-	-	-	11 777	-	11 777	8 373	3 404
Derivative financial instruments	-	-	17	492	-	509	492	17
Trade and other payables	-	-	-	911	329	1 240	-	1 240
Deferred income	-	-	-	23	-	23	-	23
<b>At 31 March 2015</b>								
<b>Financial assets</b>								
Investments in associates	7	-	-	-	173	180	180	-
Investment in joint venture	-	-	-	-	131	131	131	-
Non-current receivables	77	-	-	-	11	88	88	-
Derivative financial instruments	-	-	22	-	-	22	22	-
Trade and other receivables	481	-	-	-	120	601	-	601
Cash and cash equivalents	3 048	-	-	-	-	3 048	-	3 048
<b>Financial liabilities</b>								
Interest-bearing borrowings	-	-	-	12 286	-	12 286	8 591	3 695
Obligations under finance leases	-	-	-	17	-	17	2	15
Derivative financial instruments	-	-	112	485	-	597	538	59
Trade and other payables	-	-	-	858	286	1 144	-	1 144
Deferred income	-	-	-	24	-	24	-	24
Other current liabilities	-	-	-	4	-	4	-	4

##### 4.3 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 shareholders and banking institutions and net debt represents gross debt net of all cash reserves.

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 Ebitdar and interest cover which ratios were complied with throughout the year. 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 4.1(c) above.

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.

# Notes to the consolidated financial statements continued

## 4. Financial risk management continued

### 4.3 Capital risk management continued

During 2016, the group's strategy was to ensure that net debt was no more than 3.0 times (2015: 3.0 times) Ebitdar and that Ebitdar covers net interest<sup>(1)</sup> by at least 3.0 times (2015: 3.0 times). Ebitdar, being the driver of profitability and equity contributor, is the critical measurement criteria used to manage debt and capital levels. No debt covenants over external borrowings were breached during the year under review. 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, neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

	2016	2015
	Rm	Rm
Total borrowings	11 740	12 259
Less: Cash and cash equivalents	(2 492)	(3 048)
Net debt	9 248	9 211
Ebitdar	4 543	4 223
Net debt/Ebitdar (times)	2.0	2.2
Interest cover <sup>(2)</sup> (times)	5.4	5.6

<sup>(1)</sup> Net interest = finance costs less interest received per the cash flow statement

<sup>(2)</sup> Interest cover = Ebitda, pre-exceptional items, divided by net finance costs per the cash flow statement

### 4.4 Fair value estimation

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. There were no transfers between levels 1, 2 and 3 during the year under review or in the prior year.

Specific valuation techniques used to value financial instruments 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;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value; and
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

#### Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions at an arm's length basis. The quoted market price used for available-for-sale financial assets held by the group is the closing price at the balance sheet date.

	2016	2015
	Rm	Rm
The group has the following level 1 financial instruments (refer note 24):		
Available-for-sale financial assets – listed equities	252	–

#### 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.

	2016	2015
	Rm	Rm
The group has the following level 2 financial instruments (refer note 33.2):		
Derivative financial instruments – interest rate swaps asset/(liability) (net)	72	(90)

The group has no other financial assets or liabilities measured at fair value.

### 4.5 Offsetting

The group has the following financial instruments which are subject to enforceable master netting arrangements which are not offset as at 31 March 2016:

	2016	2015
	Rm	Rm
Interest rate swap derivatives		
Gross interest rate swap – asset	89	22
Gross interest rate swap – liability	(17)	(112)
Net asset/(liability) if offset	72	(90)
Current bank accounts		
Gross bank balances	2 379	2 299
Gross bank overdrafts	(2 014)	(2 165)
Net bank balance if offset	365	134

## 5. Reconciliation of earnings attributable to equity holders of the company to headline earnings and adjusted headline earnings

	Notes	2016		2015	
		Gross Rm	Net <sup>(1)</sup> Rm	Gross Rm	Net <sup>(1)</sup> Rm
Profit attributable to equity holders of the company			<b>1 788</b>		1 672
Loss on disposal of property, plant and equipment	13	<b>5</b>	<b>4</b>	4	3
Impairment of property, plant and equipment	13	<b>7</b>	<b>5</b>	10	7
Impairment of intangibles	13	<b>10</b>	<b>10</b>	–	–
Gain on disposal of investment property	13	<b>(8)</b>	<b>(7)</b>	–	–
<b>Headline earnings</b>			<b>1 800</b>		1 682
Transaction costs	13	<b>26</b>	<b>26</b>	2	2
Pre-opening expenses	13	<b>12</b>	<b>9</b>	19	11
Impairment of financial instruments, net of recoveries	13	<b>4</b>	<b>4</b>	3	3
Restructuring costs	13	<b>2</b>	<b>1</b>	8	6
IFRS 2 <i>Share-based Payment</i> expense – equity-settled	12	–	–	118	118
Write-off of marketing fee income raised previously from joint venture	13	–	–	16	16
Settlement fee paid on termination of tenant leases	13	–	–	1	1
Gain recognised on the change in other long-term employee benefits	13	–	–	(38)	(38)
Loss/(gain) on remeasurement of put liability	15	<b>7</b>	<b>5</b>	(8)	(6)
Change in capital gains tax inclusion rate on acquisition assets of subsidiaries	16	<b>54</b>	<b>36</b>	–	–
Share of joint venture's exceptional item			–		(20)
<b>Adjusted headline earnings<sup>(2)</sup></b>			<b>1 881</b>		1 775
Number of shares in issue (million)			<b>957</b>		957
Weighted average number of shares in issue (million)			<b>957</b>		1 014
Basic and diluted earnings per share (cents)			<b>186.8</b>		164.9
Basic and diluted headline earnings per share (cents)			<b>188.1</b>		165.9
Basic and diluted adjusted headline earnings per share (cents)			<b>196.5</b>		175.0

<sup>(1)</sup> Net of tax and non-controlling interests

<sup>(2)</sup> Adjusted headline earnings are defined as earnings attributable to equity holders of the company adjusted for after tax exceptional items (including headline adjustments) that are regarded as sufficiently material and unusual that they would distort the numbers if they were not adjusted. This measure is not required by GAAP, is audited, is commonly used in the industry and used by management to make decisions on the application of resources, and is calculated on a basis consistent with the prior year

## 6. Reconciliation of operating profit to Ebitdar

	Notes	2016 Rm	2015 Rm
Ebitdar pre-exceptional items is made up as follows:			
Operating profit		<b>3 408</b>	3 042
<i>Add:</i>			
Property rentals	10	<b>219</b>	210
Amortisation and depreciation	11	<b>812</b>	733
Long-term incentive expense	12	<b>46</b>	95
		<b>4 485</b>	4 080
<i>Add: Exceptional losses, net of gains</i>		<b>58</b>	143
Loss on disposal of property, plant and equipment	13	<b>5</b>	4
Impairment of property, plant and equipment	13	<b>7</b>	10
Impairment of intangibles	13	<b>10</b>	–
Gain on disposal of investment property	13	<b>(8)</b>	–
Transaction costs	13	<b>26</b>	2
Pre-opening expenses	13	<b>12</b>	19
Impairment of financial instruments, net of recoveries	13	<b>4</b>	3
Restructuring costs	13	<b>2</b>	8
IFRS 2 <i>Share-based Payment</i> expense – equity-settled	12	–	118
Write-off of marketing fee income raised previously from joint venture	13	–	16
Settlement fee paid on termination of tenant leases	13	–	1
Gain recognised on the change in other long-term employee benefits	13	–	(38)
<b>Ebitdar</b>		<b>4 543</b>	4 223

## Notes to the consolidated financial statements continued

### 7. Segmental analysis

In terms of IFRS 8 *Operating Segments* the chief operating decision-maker has been identified as the group's CEO and the GEC. The group's CEO and the GEC review the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the group's CEO and GEC which are used to make strategic decisions.

The group's CEO and GEC consider the business from both a business type and geographical basis, being hotels and gaming. The following are the four segments identified and monitored by the chief operating decision-maker:

- Gaming consists of the group's 13 South African casino precincts, comprising casinos and hotels, generating gaming win and related revenue. Other gaming operations consist mainly of the Sandton Convention Centre and gaming head office costs;
- Hotels South Africa consists of the group's South African hotel division which owns, operates and manages hotels in South Africa;
- Offshore hotels consists of the group's non-South African hotel division which owns, operates and manages hotels in other African countries, the Middle East and the Seychelles. Although the offshore hotels segment does not meet the quantitative thresholds of IFRS 8, management has concluded that the segment should be reported as it has a different risk and reward profile. It is closely monitored as it is expected to materially contribute to group revenue in the future; and
- The corporate segment includes the treasury and management function of the group.

The group's CEO and GEC assess the performance of the operating segments based on Ebitdar. The measure excludes the effects of long-term incentives and the effects of non-recurring expenditure. The measure also excludes all headline earnings adjustments, impairments and fair value adjustments on non-current assets and liabilities and other exceptional items. Interest income and finance costs are not included in the result for each operating segment as this is driven by the group treasury function which manages the cash and debt position of the group.

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

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss from the last annual financial statements.

	Income		Ebitdar <sup>(1)(2)</sup>		Ebitdar margin		Amortisation and depreciation	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 %	2015 %	2016 Rm	2015 Rm
Montecasino	2 674	2 510	1 194	1 133	44.7	45.1	95	100
Suncoast	1 701	1 581	791	732	46.5	46.3	91	109
Gold Reef City	1 380	1 270	525	479	38.1	37.7	96	73
Silverstar	735	676	254	248	34.6	36.7	86	58
The Ridge	391	415	160	188	40.9	45.2	26	19
Emnotweni	384	367	152	154	39.5	42.0	27	30
Golden Horse	369	334	163	148	44.2	44.3	33	31
Hemingways	318	310	113	109	35.4	35.1	42	40
Garden Route	218	188	92	79	42.3	42.0	14	14
Blackrock	168	152	63	58	37.7	38.1	11	11
The Caledon	163	149	43	38	26.2	25.5	8	6
Mykonos	156	145	68	64	44.0	44.1	9	7
Goldfields	134	138	44	51	32.4	37.1	10	9
Other gaming operations	109	100	(233)	(216)			15	9
Total gaming operations	8 900	8 335	3 429	3 265	38.5	39.2	563	516
South African hotels division <sup>(3)</sup>	2 744	2 506	920	830	33.5	33.1	193	171
Offshore hotels division	691	552	169	116	24.5	21.0	50	40
Pre-foreign exchange losses			192	137	27.8	24.8		
Foreign exchange losses			(23)	(21)				
Corporate <sup>(3)</sup>	(52)	(50)	25	12			6	6
Group	12 283	11 343	4 543	4 223	37.0	37.2	812	733

<sup>(1)</sup> Refer note 6 Reconciliation of operating profit to Ebitdar

<sup>(2)</sup> All casino units are reported pre-internal gaming management fees

<sup>(3)</sup> Includes R53 million (2015: R50 million) intergroup management fees

## 7. Segmental analysis continued

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

	Associates and joint venture		Capital expenditure	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Gaming operations	34	30	958	1 168
South African hotels division	–	–	375	407
Offshore hotels division	586	281	47	247
Corporate	–	–	2	2
Group	620	311	1 382	1 824

Non-current assets, other than financial instruments and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts), by country:

	2016 Rm	2015 Rm
South Africa	18 761	18 271
Nigeria	1 218	1 088
Mozambique	555	468
Seychelles	276	245
United Kingdom	457	150
Zambia	159	131
Tanzania	177	127
Kenya	51	10
Other	7	7
	21 661	20 497

## 8. Other revenue

	2016 Rm	2015 Rm
Management fees earned	53	64
Theme Park revenue	123	110
Sandton Convention Centre revenue	100	93
Rentals received	166	152
Cinema revenue	65	52
Parking revenue	47	47
Venue hire revenue	62	49
Other revenue	169	144
	785	711

## 9. Gaming levies and VAT

	2016 Rm	2015 Rm
Gaming levies	704	666
VAT	827	784
	1 531	1 450

## 10. Property and equipment rentals

	2016 Rm	2015 Rm
Properties	219	210
Plant, vehicles and equipment	68	66
	287	276

## Notes to the consolidated financial statements continued

	2016	2015
	Rm	Rm
<b>11. Amortisation and depreciation</b>		
<b>Amortisation of intangible assets</b>		
Casino licences and bid costs	5	12
Computer software	27	26
	<b>32</b>	<b>38</b>
<b>Depreciation</b>		
<i>Owned assets</i>		
Properties	149	144
Plant, vehicles and equipment	609	526
	<b>758</b>	<b>670</b>
<i>Leased assets</i>		
Properties	22	25
	<b>22</b>	<b>25</b>
<b>Total depreciation</b>	<b>780</b>	<b>695</b>
<b>Total amortisation and depreciation</b>	<b>812</b>	<b>733</b>
<b>12. Employee costs</b>	2016	2015
	Rm	Rm
Employee costs (including executive directors' remuneration):		
Salaries and wages	2 661	2 453
Pension – defined contribution plans	163	149
Other post-retirement benefits – medical aid	1	1
Long-term incentive expense – cash-settled	46	95
IFRS 2 <i>Share-based Payment</i> – equity-settled	–	118
	<b>2 871</b>	<b>2 816</b>
<b>13. Other operating expenses</b>	2016	2015
	Rm	Rm
Other operating expenses comprise the following:		
Auditors' remuneration	34	32
Audit fees – current year	29	27
Tax services	3	2
Other services and expenses	2	3
Administration fees	1	2
Advertising, marketing and promotional costs	445	381
External consultants	36	36
Food and beverage costs and operating equipment usage	544	513
Impairment charge for bad and doubtful debts, net of reversals	15	3
Information technology-related costs	133	130
Net foreign exchange losses	21	18
Property costs – rates, water and electricity	529	501
Repairs and maintenance expenditure on property, plant and equipment	260	328
Rooms departmental expenses	338	267
Security and surveillance costs	170	154
Other operating expenses	790	636
Loss on disposal of property, plant and equipment	5	4
Impairment of property, plant and equipment	7	10
Impairment of intangibles	10	–
Gain on disposal of investment property	(8)	–
Transaction costs	26	2
Pre-opening expenses	12	19
Impairment of financial instruments	4	4
Reversal of impairment of financial instruments	–	(1)
Restructuring costs	2	8
Write-off of marketing fee income raised previously from joint venture	–	16
Settlement fee paid on termination of tenant leases	–	1
Gain recognised on the change in other long-term employee benefits	–	(38)
	<b>3 374</b>	<b>3 026</b>



	2016	2015
	Rm	Rm
<b>14. Interest income</b>		
Interest income on loans to associates	6	5
Interest received from banks and collective investment institutions	27	56
Interest income – other	2	18
	<b>35</b>	79

	2016	2015
	Rm	Rm
<b>15. Finance costs</b>		
Finance costs in respect of interest-bearing debt	824	721
Interest paid to non-controlling interests	58	50
Interest on finance leases	1	3
Finance cost in respect of loss/(gain) on remeasurement of put liability	7	(8)
Finance costs – other	2	1
Less: Interest capitalised at an average capitalisation rate <sup>(1)</sup> of nil (2015: 5.381%)	–	(7)
	<b>892</b>	760

<sup>(1)</sup> In respect of local and foreign borrowings

	2016	2015
	Rm	Rm
<b>16. Income tax expense</b>		
Current tax – current year charge	666	664
Current tax – over provision prior year	(27)	(25)
Deferred tax – current year charge	41	23
Deferred tax – under provision prior year	35	14
Deferred tax – change in capital gains tax inclusion rate	54	–
Withholding taxes	5	4
	<b>774</b>	680
Other comprehensive income		
<i>Tax charge/(credit) relating to components of other comprehensive income on items that may be reclassified subsequently to profit or loss:</i>		
Cash flow hedges	45	(39)
<i>Tax charge relating to components of other comprehensive income on items that may not be reclassified subsequently to profit or loss:</i>		
Remeasurements of post-employment defined benefit liability	1	–
	<b>46</b>	(39)

	2016		2015	
	Rm	%	Rm	%
Income tax rate reconciliation				
Profit before income tax and share of profit of associates and joint venture	2 551		2 361	
Income tax thereon at 28% (2015: 28%)	714	28.0	661	28.0
Expenses not deductible for tax purposes <sup>(1)</sup>	40	1.6	42	1.8
Prior year charges (net)	8	0.3	(11)	(0.5)
Deferred tax – change in capital gains tax inclusion rate	54	2.1	–	–
Withholding taxes	5	0.2	4	0.2
Foreign tax rate differential	(47)	(1.8)	(16)	(0.7)
	<b>774</b>	<b>30.4</b>	680	28.8

<sup>(1)</sup> Comprises mainly non-deductible depreciation on buildings, amortisation of casino licence and bid costs, transaction costs and prior year included a non-deductible IFRS 2 charge

## Notes to the consolidated financial statements continued

	2016	2015
	Rm	Rm
<b>17. Dividends declared</b>		
Final dividend	579	659
Interim dividend	299	280
	<b>878</b>	<b>939</b>
Final dividend declared on	<b>21 May 2015</b>	22 May 2014
Final dividend paid on	<b>15 June 2015</b>	17 June 2014
Final dividend cents per share	<b>60 cents</b>	60 cents
Interim dividend declared on	<b>19 November 2015</b>	20 November 2014
Interim dividend paid on	<b>14 December 2015</b>	15 December 2014
Interim dividend cents per share	<b>31 cents</b>	29 cents

	Land and buildings	Leased land and buildings	Properties under construction	Plant and equipment	Operating equipment	Total
	Rm	Rm	Rm	Rm	Rm	Rm
<b>18. Property, plant and equipment</b>						
<b>Year ended 31 March 2016</b>						
Opening net carrying amount	9 957	635	196	2 503	179	13 470
Additions	193	61	420	622	47	1 343
Disposals and operating equipment usage	(3)	–	–	(10)	(31)	(44)
Depreciation charge	(149)	(22)	–	(609)	–	(780)
Impairments	–	–	–	(4)	(3)	(7)
Transfers	439	(52)	(528)	187	5	51
Currency translation	277	–	–	52	8	337
<b>Closing net carrying amount</b>	<b>10 714</b>	<b>622</b>	<b>88</b>	<b>2 741</b>	<b>205</b>	<b>14 370</b>
<b>At 31 March 2016</b>						
Cost	11 968	857	88	5 757	205	18 875
Accumulated depreciation	(1 254)	(235)	–	(3 016)	–	(4 505)
<b>Net carrying amount</b>	<b>10 714</b>	<b>622</b>	<b>88</b>	<b>2 741</b>	<b>205</b>	<b>14 370</b>
<b>Year ended 31 March 2015</b>						
Opening net carrying amount	7 551	647	400	2 201	140	10 939
Additions	368	13	697	526	63	1 667
Acquisition of business	1 417	–	–	54	–	1 471
Capitalisation of borrowing costs	2	–	5	–	–	7
Disposals and operating equipment usage	(3)	–	–	(7)	(31)	(41)
Depreciation charge	(144)	(25)	–	(526)	–	(695)
Impairments	(4)	–	(1)	(4)	(1)	(10)
Transfers	639	–	(905)	237	5	(24)
Currency translation	131	–	–	22	3	156
<b>Closing net carrying amount</b>	<b>9 957</b>	<b>635</b>	<b>196</b>	<b>2 503</b>	<b>179</b>	<b>13 470</b>
<b>At 31 March 2015</b>						
Cost	11 023	870	196	5 100	179	17 368
Accumulated depreciation	(1 066)	(235)	–	(2 597)	–	(3 898)
<b>Net carrying amount</b>	<b>9 957</b>	<b>635</b>	<b>196</b>	<b>2 503</b>	<b>179</b>	<b>13 470</b>
<b>At 31 March 2014</b>						
Cost	8 467	856	400	4 466	150	14 339
Accumulated depreciation	(916)	(209)	–	(2 265)	(10)	(3 400)
<b>Net carrying amount</b>	<b>7 551</b>	<b>647</b>	<b>400</b>	<b>2 201</b>	<b>140</b>	<b>10 939</b>

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 R39 million (2015: credit of R19 million). The group also reviewed the residual values during the year and the impact on depreciation was a credit of R3 million (2015: Rnil).

Property, plant and equipment at various casino and hotel properties with a book value of R7 million (2015: R10 million) were impaired during the year due to redevelopment and refurbishment projects and, therefore, those assets are no longer used. Impairments are included under other operating costs (refer note 13).

	Net carrying amount	
	2016	2015
	Rm	Rm
<b>18. Property, plant and equipment continued</b>		
Bank borrowings (refer note 32) are secured over the following assets:		
Land and buildings	<b>3 101</b>	3 202
Plant and equipment	<b>1 863</b>	1 956
	<b>4 964</b>	5 158
	<b>2016</b>	2015
	Rm	Rm
<b>19. Investment properties</b>		
<i>At cost</i>		
Cost at beginning of year	<b>109</b>	102
Under construction	<b>27</b>	7
Disposals	<b>(7)</b>	–
Transfers	<b>(50)</b>	–
Closing net carrying amount	<b>79</b>	109
<i>At 31 March</i>		
Cost	<b>79</b>	109
Accumulated depreciation	<b>–</b>	–
Net carrying amount	<b>79</b>	109

The fair value of the investment properties, which are level 3 instruments, was determined to be R108 million (2015: R140 million). Due to the residual values of the properties exceeding the carrying amounts, the properties have no depreciable values.

The level 3 basis of fair value is 'market value' which is defined as an opinion of the best price at which the sale of an interest in property, taking into account existing tenant lease terms, would have been completed unconditionally for a cash consideration on the date of valuation assuming:

- a willing seller;
- that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as at the date of valuation;
- that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- that both parties to the transaction had acted knowledgeably, prudently and without compulsion.

During the year the group's investment properties were independently valued by independent professionally qualified valuers. The properties have been valued using capitalised values of the projected incomes, together with developmental land, to give present values as at 31 March 2016. In order to determine the reversionary rental income on lease expiry, renewal or review, a market gross rental income (basic rental plus operating cost rental) has been applied to give a market-related rental value for the properties as at 31 March 2016. Market rental growth has been determined based on the properties, property market trends and economic forecasts. Vacancies have been considered based on historical and current vacancy factors as well as the nature, location, size and popularity of the properties.

The property rental income earned by the group from its investment property, which is leased out under operating leases, amounted to R1 million (2015: R1 million). Direct operating expenses arising on the investment property amounted to R1 million (2015: R1 million).

No bank borrowings are secured by the group's investment property.

## Notes to the consolidated financial statements continued

### 20. Goodwill

	2016	2015
	Rm	Rm
At 1 April and 31 March	<b>2 106</b>	2 106
<i>Impairment test for goodwill</i>		
Goodwill is allocated and monitored based on the group's CGUs identified according to business segments as referred to in the segment analysis in note 7. An operating segment-level summary of the goodwill allocation is as follows:		
Montecasino	<b>273</b>	273
Suncoast	<b>890</b>	890
Gold Reef City	<b>136</b>	136
Silverstar	<b>85</b>	85
Golden Horse	<b>43</b>	43
Garden Route	<b>19</b>	19
Goldfields	<b>20</b>	20
Blackrock	<b>94</b>	94
Mykonos	<b>17</b>	17
The Caledon	<b>175</b>	175
South African hotels	<b>347</b>	347
Offshore hotels	<b>7</b>	7
	<b>2 106</b>	2 106

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and five-year forecasts approved by the board of directors.

The key assumptions used for value-in-use calculations are as follows:

- Ebitdar margin – management determined budgeted gross Ebitdar margin based on past performance and its expectations of market development.
- 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.
- Discount rate – the discount rate is calculated by using a weighted average cost of capital ("WACC") of the respective segments. WACC is calculated using a bond risk free rate and an equity premium adjusted for specific risks relating to the relevant operating segments. This is then apportioned on a debt to equity ratio for each respective segment.

The following assumptions have been used for the analysis of the CGUs within the operating segments:

	2016			2015		
	Ebitdar margin %	Long-term growth rate %	Discount rate pre-tax %	Ebitdar margin %	Long-term growth rate %	Discount rate pre-tax %
Montecasino	<b>40.2</b>	<b>5.7</b>	<b>11.4</b>	41.7	5.6	10.8
Suncoast	<b>42.0</b>	<b>5.7</b>	<b>11.4</b>	41.4	5.6	10.8
Gold Reef City	<b>32.9</b>	<b>5.7</b>	<b>11.4</b>	34.9	5.6	10.8
Silverstar	<b>35.0</b>	<b>5.7</b>	<b>11.4</b>	40.3	5.6	10.8
Other gaming operations <sup>(1)</sup>	<b>33.8</b>	<b>5.7</b>	<b>11.4</b>	35.1	5.6	10.8
South African hotels	<b>33.5</b>	<b>5.5</b>	<b>12.3</b>	33.1	5.6	11.6
Offshore hotels	<b>27.8</b>	<b>5.7</b>	<b>12.5</b>	24.8	5.6	11.6

<sup>(1)</sup> Includes the balance of the group's casino properties which have an allocation of goodwill

Based on the above calculations, the group has not identified any impairment to goodwill during the current year or in the prior year.

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonable possible change in a single assumption will not cause an impairment loss in any of the group's CGUs.

<b>21. Other intangible assets</b>	<b>Casino licences and bid costs Rm</b>	<b>Management contract Rm</b>	<b>Computer software Rm</b>	<b>Trademarks Rm</b>	<b>Total Rm</b>
<b>Year ended 31 March 2016</b>					
Opening net carrying amount	4 387	–	96	7	4 490
Additions	1	–	11	–	12
Acquisition of subsidiaries	–	17	–	–	17
Transfers	–	–	(1)	–	(1)
Amortisation charge	(5)	–	(27)	–	(32)
Impairment	(10)	–	–	–	(10)
<b>Closing net carrying amount</b>	<b>4 373</b>	<b>17</b>	<b>79</b>	<b>7</b>	<b>4 476</b>
<b>At 31 March 2016</b>					
Cost	4 518	17	211	12	4 758
Accumulated amortisation	(145)	–	(132)	(5)	(282)
<b>Net carrying amount</b>	<b>4 373</b>	<b>17</b>	<b>79</b>	<b>7</b>	<b>4 476</b>
Year ended 31 March 2015					
Opening net carrying amount	4 291	–	63	7	4 361
Additions	108	–	35	–	143
Transfers	–	–	24	–	24
Amortisation charge	(12)	–	(26)	–	(38)
Closing net carrying amount	4 387	–	96	7	4 490
At 31 March 2015					
Cost	4 535	–	309	12	4 856
Accumulated amortisation	(148)	–	(213)	(5)	(366)
Net carrying amount	4 387	–	96	7	4 490
At 1 April 2014					
Cost	4 453	–	275	12	4 740
Accumulated amortisation	(162)	–	(212)	(5)	(379)
Net carrying amount	4 291	–	63	7	4 361

Casino licences and management contracts having no expiry dates are considered to have an indefinite life, are not amortised and are tested annually for impairment on the same basis as goodwill (note 1d(iv)). Refer note 20 *Goodwill* for assumptions used in impairment testing. Casino licences having an expiry date are amortised over the exclusivity period of the respective licence.

During the year, bid costs of R10 million (2015: Rnil) relating to the fourth casino licence in Mpumalanga were impaired due to uncertainty surrounding the allocation of the licence. Impairments are included under operating costs (refer note 13). There were no significant changes made to useful lives or residual values of other intangible assets during the year.

Casino licences and related bid costs are made up as follows:	<b>2016 Rm</b>	2015 Rm
<i>Indefinite lives:</i>		
Gold Reef City <sup>(1)</sup>	1 765	1 765
Silverstar <sup>(1)</sup>	1 112	1 112
Golden Horse <sup>(1)</sup>	554	554
Garden Route <sup>(1)</sup>	252	252
Goldfields <sup>(1)</sup>	258	258
Mykonos <sup>(1)</sup>	215	215
Montecasino	70	70
Suncoast	105	105
<i>Definite lives:</i>		
Hemingways	42	45
Suncoast	–	1
Work in progress	–	10
	<b>4 373</b>	4 387

<sup>(1)</sup> Relate to the casinos acquired on the reverse acquisition of Gold Reef during the year ended 31 March 2011

## Notes to the consolidated financial statements continued

	Net carrying amount	
	2016	2015
	Rm	Rm
<b>21. Other intangible assets continued</b>		
Bank borrowings (note 32) are secured over the following intangible assets:		
Trademarks	7	7
Computer software	45	64
	<b>52</b>	<b>71</b>

### 22. Investments in associates

Associates are equity accounted using management prepared information on a basis coterminous with the group's accounting reference date. The group has the following interests in its principal associates, all of which are incorporated in South Africa with the exceptions of International Hotel Group Limited ('International Hotel Group') and RedefineBDL Hotel Group Limited ('RedefineBDL') which are incorporated in the British Virgin Islands and the United Kingdom respectively:

#### Listed

- 25% in International Hotel Group. During the year the group acquired a 25% interest in International Hotel Group, along with the major shareholders of RedefineBDL, also an associate of the group, for R315 million. The property fund, which has a dual listing in Luxembourg and on the Johannesburg Stock Exchange, will pursue hotel opportunities in the United Kingdom and Europe, the hotels to be managed by RedefineBDL. The group is satisfied that the fair value exceeds the carrying value. The market value of International Hotel Group was R321 million at 31 March 2016.

#### Unlisted

- 25% in RedefineBDL. During the prior year the group acquired a 25% interest in RedefineBDL for R145 million, a leading independent hotel management company in the United Kingdom. This acquisition provides the group with access to additional management expertise, exposure to new markets and the potential for opportunities to deploy capital in attractive investments in the European hotel market in the future;
- 50% in TMCTS Management Company Proprietary Limited which is held together with The Magic Company Proprietary Limited which owns and operates entertainment venues across southern Africa, primarily in casino and resort locations. Its product offering comprises video games, redemption games, bowling and other amusement rides;
- 50% in Three Groups Cinemas Proprietary Limited which operates cinemas at the group's Suncoast casino property;
- 25.1% in Lukhanji Leisure Proprietary Limited ('Lukhanji') which owns and operates a casino in Queenstown, Eastern Cape. The investment has been fully impaired due to the associate's continuing trading losses and it is not considered to be immediately recoverable. The group has provided security for all Lukhanji's borrowing obligations in favour of Investec Limited to a capital amount of R12 million (2015: R12 million) – also refer note 47 *Contingencies and guarantees*; and
- 49% in Richtrau 292 Proprietary Limited ('Richtrau') which trades as a concept bookstore within the group's Montecasino property. A loan of R7 million (2015: R7 million) to Richtrau is secured by a notarial bond registered over the assets of Richtrau in favour of the group, is interest free and has no fixed terms of repayment. The loan is not considered to be impaired.

	2016	2015
	Rm	Rm
<i>Listed and unlisted</i>		
At 1 April	180	32
Acquisition of investment in associates	315	145
Loan repayments	–	(1)
Share of profit after tax and other interests of associates	31	11
Dividends received	(35)	(7)
At 31 March	<b>491</b>	<b>180</b>
Made up as follows:		
Listed	315	–
Unlisted	176	180
	<b>491</b>	<b>180</b>

## 22. Investments in associates continued

Summarised financial information for associates, which in the opinion of the directors are material to the group, on a 100% basis after adjustments to comply with the group's accounting policies, is as follows:

	RedefineBDL		International Hotel Group <sup>(1)</sup>
	2016 Rm	2015 Rm	2016 Rm
<i>Summarised balance sheets</i>			
Total non-current assets	161	201	870
Total current assets	259	152	361
Total assets	420	353	1 231
Total non-current liabilities	16	13	117
Total current liabilities	368	205	102
Total liabilities	384	218	219
Net assets	36	135	1 012
<i>Summarised statements of comprehensive income</i>			
Revenue	343	149	8
Profit from operations	96	38	1
Profit for the year	96	38	1
A reconciliation of the summarised financial information to the carrying amount of the group's interests in its associates is as follows:			
Opening net assets attributable to owners	135	–	–
Net asset value of associate acquired during the year	–	106	1 096
Profit for the year	96	38	1
Other comprehensive income – foreign currency translation	(67)	9	(85)
Total comprehensive income	164	153	1 012
Dividends paid	(128)	(18)	–
Closing net assets attributable to owners	36	135	1 012
Interest in associates	25%	25%	25%
Interest in associates	9	34	253
Goodwill and intangible assets	118	118	41
Translation	15	(2)	21
Carrying value of investments in associates	142	150	315

<sup>(1)</sup> No comparatives have been provided as the associate was acquired during the current year under review

	2016 Rm	2015 Rm
<i>Individually immaterial associates</i>		
Summarised financial information for individually immaterial associates, in aggregate, is as follows:		
Aggregate carrying amount of individually immaterial associates	34	30
Aggregate amounts of the group's share of:		
Profit from operations	7	1
Profit for the year and total comprehensive income	7	1
Group's share of associates' unrecognised losses – year under review	(2)	(3)
Group's share of associates' unrecognised losses – cumulative	(10)	(8)

## Notes to the consolidated financial statements continued

### 23. Investment in joint venture

The group has a 50% interest in United Resorts and Hotels Limited, a hotel company established in the Seychelles.

*Unlisted*

At 1 April

Share of (loss)/profit after tax and other interests of joint venture

At 31 March

**2016**  
**Rm**

2015  
Rm

**131**

**(2)**

**129**

117

14

131

The group has no share in the joint venture's contingent liabilities or capital commitments.

The following total assets and liabilities of the joint venture are not included in the group's financial statements as the group accounts for its investments in joint ventures on an equity basis:

#### *Summarised financial information*

Summarised financial information for the joint venture on a 100% basis after adjustments to comply with the group's accounting policies, is as follows:

	<b>2016</b> <b>Rm</b>	2015 Rm
<i>Summarised balance sheet</i>		
<i>Assets</i>		
Non-current assets	<b>450</b>	348
Inventory	<b>7</b>	7
Trade and other receivables	<b>14</b>	11
Cash and cash equivalents	<b>26</b>	20
Total assets	<b>497</b>	386
<i>Liabilities</i>		
Current financial liabilities (excluding trade payables)	<b>5</b>	1
Other current liabilities	<b>6</b>	5
Total liabilities	<b>11</b>	6
Net assets	<b>486</b>	380
<i>Summarised statement of comprehensive income/(loss)</i>		
Income	<b>118</b>	91
Depreciation and amortisation	<b>(6)</b>	(5)
(Loss)/profit before income tax	<b>(3)</b>	33
Income tax expense	<b>–</b>	(5)
(Loss)/profit for the year	<b>(3)</b>	28
<i>Reconciliation of summarised financial information</i>		
A reconciliation of the summarised financial information to the carrying amount of the group's interest in its joint venture is as follows:		
Opening net assets	<b>380</b>	391
(Loss)/profit for the year	<b>(3)</b>	28
Other comprehensive income – foreign currency translation	<b>109</b>	(39)
Closing net assets attributable to owners	<b>486</b>	380
Interest in joint venture	<b>50%</b>	50%
Interest in joint venture	<b>243</b>	190
Translation	<b>(114)</b>	(59)
Carrying value of investment in joint venture	<b>129</b>	131



## 24. Available-for-sale financial assets

	2016 Rm	2015 Rm
<i>At fair value</i>		
At 1 April	–	–
Additions	252	–
At 31 March	252	–

During August 2015, the group acquired 55% of Hospitality Property Fund Limited's ('HPF'), a listed entity on the Johannesburg Stock Exchange, B-linked units (currently 27.3% of the voting rights) for R252 million which equated to the investment's fair value at 31 March 2016 based on the entity's listed share price at that date. This investment is classified as a level 1 fair value measurement. Due to the fact that the group has no board representation nor any significant influence over the financial and operating decisions of HPF, this acquisition has been accounted for as an available-for-sale investment. Refer note 49.2 *Events occurring after the balance sheet date* for further detail. The outcome of the fulfilment of the conditions precedent may impact the classification of this investment in future periods.

The available-for-sale financial asset is non-current, unimpaired and denominated in SA Rand.

## 25. Non-current receivables

	2016 Rm	2015 Rm
<i>At amortised cost</i>		
<i>Financial instruments</i>		
Loan to Lukhanji	56	52
Loan to The Corob Trust	–	17
Loan to JIA Piazzapark Proprietary Limited	2	2
Amounts due by share scheme participants	15	23
Prepayments	41	35
Less: Provision for impairments – Lukhanji loan	(56)	(52)
	58	77
<i>Non-financial instruments</i>		
Prepayments	10	11
	68	88
Non-current receivables are denominated in the following currencies:		
SA Rand	27	53
US Dollar	41	35
	68	88

The loan to Lukhanji, an associate, bears interest at prime plus 1%. The group has subordinated this loan for the benefit of other creditors, limited to an amount of R40 million (2015: R37 million). The group has provided security for all Lukhanji's borrowing obligations in favour of Investec Limited to a capital amount of R12 million (2015: R12 million) – refer also note 22 *Investments in associates* and note 47 *Contingencies and guarantees*. The loan has been provided for in full.

The loan advanced to The Corob Trust in 2014 was repaid during the year under review. The loan related to its share of an acquisition of a property jointly acquired with the group (refer note 46 *Related party transactions*).

The loan to JIA Piazzapark Proprietary Limited comprises a working capital loan to an unlisted company bearing interest at the RSA 153 rate plus 2% payable quarterly. The loan is to be repaid on expiry of a management agreement by mutual agreement of the parties concerned.

Refer note 36.1 *Long-term incentive plans* in respect of amounts due by share scheme participants.

Prepayments (included in financial instruments) comprise mainly a prepaid property lease rental deposit by a subsidiary of the group in Nairobi which is carried at cost, together with an upfront rental payment by another of the group's subsidiaries in Maputo which is amortised over the period of the lease (both are considered refundable).

The maximum exposure to credit risk at the reporting date is the carrying value of the loans classified as non-current receivables. The group does not hold any collateral as security other than as shown above.

Other than as shown above, there were no disposals or impairment provisions in respect of non-current receivable assets in 2016 or 2015.

## Notes to the consolidated financial statements continued

### 26. Deferred income tax

The gross movements on the deferred tax account are as follows:

	2016 Rm	2015 Rm
Net deferred tax liability at 1 April	1 688	1 483
Acquisition of business (refer note 48)	5	208
Income statement expense	76	37
Deferred tax expense/(credit) relating to components of other comprehensive income (refer note 16)	46	(39)
Change in capital gains tax inclusion rate	54	–
Currency translation	(1)	(1)
Net deferred tax liability at 31 March	1 868	1 688
Deferred tax liabilities to be recovered:		
After more than 12 months	1 960	1 958
Within 12 months	93	(90)
	2 053	1 868
Deferred tax assets to be recovered:		
After more than 12 months	126	83
Within 12 months	59	97
	185	180
Net deferred tax liabilities at 31 March	1 868	1 688

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 Rm	Provisions and accruals <sup>(1)</sup> Rm	Deferred revenue Rm	Tax losses Rm	Fair value gains Rm	Total Rm
<i>Deferred tax liabilities</i>							
Deferred tax liability at 1 April 2014	1 715	25	(150)	(6)	20	(1)	1 603
Acquisition of subsidiaries	208	–	–	–	–	–	208
Income statement expense/(credit)	93	(3)	2	(4)	(30)	–	58
Currency translation	(1)	–	–	–	–	–	(1)
Deferred tax liability at 31 March 2015	2 015	22	(148)	(10)	(10)	(1)	1 868
Acquisition of business	5	–	–	–	–	–	5
Income statement expense/(credit)	33	(1)	92	6	–	–	130
Deferred tax (credit)/expense relating to components of other comprehensive income	–	–	(4)	–	–	1	(3)
Change in capital gains tax inclusion rate	54	–	–	–	–	–	54
Currency translation	(1)	–	–	–	–	–	(1)
<b>Deferred tax liability at 31 March 2016</b>	<b>2 106</b>	<b>21</b>	<b>(60)</b>	<b>(4)</b>	<b>(10)</b>	<b>–</b>	<b>2 053</b>
<i>Deferred tax assets</i>							
Deferred tax asset at 31 March 2014	(89)	9	190	7	17	(14)	120
Income statement (expense)/credit	26	(6)	(2)	2	1	–	21
Deferred tax credit relating to components of other comprehensive income	–	–	–	–	–	39	39
Deferred tax asset at 31 March 2015	(63)	3	188	9	18	25	180
Income statement (expense)/credit	(105)	(3)	149	7	6	–	54
Deferred tax expense relating to components of other comprehensive income	–	–	(5)	–	–	(44)	(49)
<b>Deferred tax asset at 31 March 2016</b>	<b>(168)</b>	<b>–</b>	<b>332</b>	<b>16</b>	<b>24</b>	<b>(19)</b>	<b>185</b>
<b>Total net deferred tax liability/(asset)</b>	<b>2 274</b>	<b>21</b>	<b>(392)</b>	<b>(20)</b>	<b>(34)</b>	<b>19</b>	<b>1 868</b>

<sup>(1)</sup> Includes remeasurements of post-employment defined benefit liability

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 is provided on the full estimated tax loss of the group of R121 million (2015: R93 million) mainly incurred by Southern Sun Hotels (Tanzania) Limited, Southern Sun (Mozambique) Lda, Southern Sun Hotels Kenya Limited and various SUN1 brand entities.

	2016	2015
	Rm	Rm
<b>27. Inventories</b>		
Food and beverage	41	45
Operating equipment	44	34
Consumable stores	40	29
	<b>125</b>	<b>108</b>

The cost of inventories recognised as an expense and included in other operating expenses amounted to R510 million (2015: R482 million).

Inventories having a value of R75 million (2015: R68 million) have been pledged as security for the group's borrowings (refer note 32).

There was no write-off of inventories during the year under review (2015: Rnil).

	2016	2015
	Rm	Rm
<b>28. Trade and other receivables</b>		
<i>Financial instruments</i>		
Trade receivables	372	286
Management fees receivable	2	1
Loan to Indol Proprietary Limited	17	17
Loan to TMCTS Management Company Proprietary Limited	7	7
Deposits – held by utilities	7	7
Deposits – other	91	67
Deposits held in bank accounts for consortium	18	12
Other receivables	62	121
Less: Provision for impairment of receivables	(48)	(37)
Trade receivables	(27)	(20)
Loan to Indol Proprietary Limited	(17)	(17)
Other receivables	(4)	–
Trade and other receivables – net	<b>528</b>	<b>481</b>
<i>Non-financial instruments</i>		
Prepayments	116	92
VAT receivable	–	15
Straight-lining of operating leases	10	13
	<b>126</b>	<b>120</b>
Total trade and other receivables	<b>654</b>	<b>601</b>

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 impairment provision of trade and other receivables is assumed to approximate its fair value due to the short-term nature of trade and other receivables.

The group's 50% interest in Indol Proprietary Limited, previously a joint venture, was sold during the 2014 financial year. The loan of R17 million (2015: R17 million) remains payable following suspensive conditions in the sale agreement. The loan remains impaired.

The loan to TMCTS Management Company Proprietary Limited (an associate – refer note 22) bears no interest and has no fixed terms of repayment.

	2016	2015
	Rm	Rm
<i>Past due but not impaired – trade receivables</i>		
At 31 March 2016, trade receivables of R261 million (2015: R184 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:		
30 to 60 days	176	114
60 to 90 days	15	37
More than 90 days	70	33
	<b>261</b>	<b>184</b>

The increase relates mainly to government debtors who are slow paying, as well as additional debtors brought on as a result of the Majormatic/Extrabold transaction (refer note 48). Although these debtors are slow paying they are not considered doubtful.

## Notes to the consolidated financial statements continued

### 28. Trade and other receivables continued

#### *Impairment – trade receivables*

At 31 March 2016, trade receivables of R27 million (2015: R20 million) were impaired and provided for. The individually impaired receivables mainly relate to returned cheques outstanding as well as cheques held in the cash desk, doubtful debtors and long-outstanding debtors. The impaired trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year. Movements on the provision for impairment of trade receivables are as follows:

	2016 Rm	2015 Rm
At 1 April	20	18
Provision for receivables impairment	12	6
Receivables written off as uncollectable during the year	(2)	(1)
Unused amounts reversed	(3)	(3)
At 31 March	27	20

#### *Past due but not impaired – other receivables*

At 31 March 2016, other receivables of R30 million (2015: R106 million) were past due but not impaired. These relate mainly to loans, banqueting debtors and vending commission. The ageing analysis of these other receivables is as follows:

	2016 Rm	2015 Rm
Up to 3 months	28	82
3 to 6 months	1	1
More than 6 months	1	23
	30	106

#### *Impairment – other receivables*

At 31 March 2016, other receivables of R21 million (2015: R17 million) were impaired and provided for. The individually impaired receivables mainly relate to the loan to Indol Proprietary Limited, uncollectables and long-outstanding debtors. Movements on the provision for impairment of other receivables are as follows:

	2016 Rm	2015 Rm
At 1 April	17	18
Provision for receivables impairment	6	1
Receivables written off during the year as uncollectable	(2)	(1)
Unused amounts reversed	–	(1)
At 31 March	21	17

For both trade and other receivables the creation and release of the provision for impaired receivables have been included in other expenses in the income statement (refer note 13). Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables do not contain past due or impaired assets. The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2016 Rm	2015 Rm
SA Rand	547	487
US Dollar	25	41
Nigerian Naira	28	26
Mozambican Metical	12	17
Tanzanian Shilling	13	9
Zambian Kwacha	9	7
Seychelles Rupee	12	6
Kenyan Shilling	3	5
United Arab Emirates Dirham	5	3
	654	601

## 29. Cash and cash equivalents

	2016	2015
	Rm	Rm
Current accounts	2 272	2 404
Call and fixed deposit accounts	125	554
Cash	95	90
Gross cash and cash equivalents	2 492	3 048
Less: Bank overdrafts per note 32	(2 013)	(2 165)
Net cash and cash equivalents per cash flow statement	479	883
Bank accounts pledged as security for the group's borrowings (refer note 32)	1 790	2 444
Gross cash and cash equivalents are denominated in the following currencies:		
SA Rand	2 437	2 956
US Dollar	16	45
Nigerian Naira	11	19
Euro	5	17
Mozambican Metical	13	3
United Arab Emirates Dirham	1	2
Zambian Kwacha	4	2
British Pound	1	1
Kenyan Shilling	1	1
Seychelles Rupee	2	1
Tanzanian Shilling	1	1
	2 492	3 048

## 30. 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 2014	1 182 765 988	(84 607 487)	1 098 158 501	4	4 782	(15)	4 771
Shares repurchased and cancelled	(133 584 599)	–	(133 584 599)	(2)	–	–	(2)
Treasury shares acquired <sup>(1)</sup>	–	(7 766 990)	(7 766 990)	–	–	(200)	(200)
Share options exercised and vested	–	623 233	623 233	–	–	8	8
Share options lapsed	–	(41 275)	(41 275)	–	–	(1)	(1)
<b>At 31 March 2015 and 2016</b>	<b>1 049 181 389</b>	<b>(91 792 519)</b>	<b>957 388 870</b>	<b>2</b>	<b>4 782</b>	<b>(208)</b>	<b>4 576</b>

<sup>(1)</sup> Refer note 36.1 Long-term incentive plans

The total authorised number of ordinary shares is 1 200 000 000 (2015: 1 200 000 000) with a par value of 2 cents per share (2015: 2 cents per share). The company also has authorised unissued 20 000 000 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.

During the prior year the group managed the exit of SABMiller PLC ("SABMiller") from its long-term 39.6% shareholding in the group, including a specific repurchase of 133.6 million Tsogo Sun ordinary shares for R2.8 billion on 28 August 2014. These shares, which were cancelled, were acquired at a price of R20.96 per share representing an 18.6% discount to the final book build price of R25.75 per share achieved on the sale of the SABMiller investment in Tsogo Sun. Consequently par value share capital was reduced by R2 million and retained earnings was reduced by the remaining consideration of R2.8 billion.

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 of the Gold Reef Share Scheme, limited to a maximum of three million shares, at their discretion, subject to section 38 of the Companies Act of South Africa and the Listings Requirements of the JSE. 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).

# Notes to the consolidated financial statements continued

## 31. Other reserves

	Share-based payment 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	Total Rm
At 1 April 2014	3	130	(374)	34	226	19
Cash flow hedges	-	-	-	(99)	-	(99)
Fair value losses during the year	-	-	-	(138)	-	(138)
Deferred tax on fair value losses	-	-	-	39	-	39
Currency translation adjustments	-	-	-	-	86	86
Recognition of share-based payments	118	-	-	-	-	118
Recognition of put liability with non-controlling interests	-	-	(493)	-	-	(493)
Acquisition of non-controlling interests	-	-	(73)	-	-	(73)
At 31 March 2015	121	130	(940)	(65)	312	(442)
Cash flow hedges	-	-	-	<b>117</b>	-	<b>117</b>
Fair value profits during the year	-	-	-	<b>162</b>	-	<b>162</b>
Deferred tax on fair value profits	-	-	-	<b>(45)</b>	-	<b>(45)</b>
Currency translation adjustments	-	-	-	-	<b>214</b>	<b>214</b>
Transfer to retained earnings	<b>(121)</b>	-	-	-	-	<b>(121)</b>
<b>At 31 March 2016</b>	<b>-</b>	<b>130</b>	<b>(940)</b>	<b>52</b>	<b>526</b>	<b>(232)</b>

## 32. Interest-bearing borrowings

	2016 Rm	2015 Rm
<i>At amortised cost</i>		
Bank borrowings	<b>9 211</b>	9 613
Bank overdrafts	<b>2 013</b>	2 165
Loan from non-controlling interests	<b>553</b>	508
	<b>11 777</b>	12 286
Less: Prepaid facility fees	<b>(37)</b>	(44)
	<b>11 740</b>	12 242
Analysed as:		
Non-current portion	<b>8 346</b>	8 557
Current portion	<b>3 394</b>	3 685
	<b>11 740</b>	12 242
Secured	<b>11 777</b>	12 286
Unsecured	-	-
	<b>11 777</b>	12 286
The maturity of borrowings is as follows:		
Not later than 1 year	<b>3 394</b>	3 685
Later than 1 year and not later than 5 years	<b>7 838</b>	5 574
Later than 5 years	<b>508</b>	2 983
	<b>11 740</b>	12 242
The following represents the book amount of the security for these borrowings:		
Property, plant and equipment (refer note 18)	<b>4 964</b>	5 158
Intangible assets (refer note 21)	<b>52</b>	71
Inventories (refer note 27)	<b>75</b>	68
Pledge of cash in bank accounts (refer note 29)	<b>1 790</b>	2 444
Cession of Tsogo Sun shares (treasury shares)	<b>540</b>	630
	<b>7 421</b>	8 371

### 32. Interest-bearing borrowings continued

	2016	2015
	Rm	Rm
The carrying amounts of the group's borrowings are denominated in the following currencies:		
SA Rand	10 644	11 457
US Dollar	1 096	785
	<b>11 740</b>	<b>12 242</b>
The group has the following committed direct facilities (from banks and non-controlling interest lenders):		
Expiring within 1 year	1 830	1 743
Expiring beyond 1 year	12 462	12 494
	<b>14 292</b>	<b>14 237</b>
Undrawn facility of committed direct bank borrowings	4 528	4 116
Weighted average effective interest rates (excluding leases, including cash held in call accounts)	9.08%	9.13%

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 are 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 both SA Rand and US Dollar lenders of the above loans ranging between 3.13% and 11.66% (2015: 2.74% and 10.53%). The fair values of the current portion of borrowings equals their carrying amount, as the impact of discounting is not significant. All borrowings bear interest at floating rates (refer note 4.1a(ii)).

The loan from non-controlling interests is unsecured, bearing interest at JIBAR plus 4.43% (2015: JIBAR plus 4.43%) and is repayable by 1 May 2024.

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

	Carrying amount		Fair value	
	2016	2015	2016	2015
	Rm	Rm	Rm	Rm
Analysis of long and medium-term borrowings is as follows:				
Bank borrowings	7 793	8 049	8 073	7 956
Loan from non-controlling interests	553	508	508	508
	<b>8 346</b>	<b>8 557</b>	<b>8 581</b>	<b>8 464</b>

### 33. Derivative financial instruments

	2016	2015
	Rm	Rm
Derivative financial instruments are made up as follows:		
Put option (refer note 33.1)	492	485
Interest rate swaps – cash flow hedges (refer note 33.2):		
Tsogo Sun Proprietary Limited	(71)	85
Silverstar Casino Proprietary Limited	(1)	5
Net liabilities	420	575
Less: Current portion liability (net)	(2)	(59)
Non-current portion liability (net)	418	516
Non-current portion made up as follows:		
Asset	(74)	(22)
Liability	492	538
	<b>418</b>	<b>516</b>

# Notes to the consolidated financial statements continued

## 33. Derivative financial instruments continued

### 33.1 Put option

#### *At amortised cost*

During the prior year, the group entered into a call option over Liberty Group Limited's ('Liberty') 40% shareholding in The Cullinan Hotel Proprietary Limited ('Cullinan') (a subsidiary) and Liberty has a corresponding put option, both exercisable at the fair value of the shares. A financial liability for the put option of R493 million and a corresponding debit to transactions with non-controlling interest was recognised on initial recognition. At the end of each reporting period the liability is remeasured and the increase or decrease recognised in the income statement. The non-current liability has been remeasured to R492 million (2015: R485 million) at the year end with the increase of R7 million (2015: decrease of R8 million) recognised in finance costs (refer note 15). The value is determined utilising a discounted cash flow valuation with an appropriate discount rate.

### 33.2 Interest rate swaps

#### *At fair value*

The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the hedging instrument is more than 12 months, and as a current asset or liability if the maturity of the hedging instrument is less than 12 months. Refer also notes 4.1(c) *Liquidity risk* and 4.4 *Fair value estimations*.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets and liabilities in the balance sheet.

Gains or losses are recognised in the hedging reserve directly in other comprehensive income (after tax). The ineffective portion recognised in the income statement from cash flow hedges for the year amounted to Rnil (2015: Rnil).

	2016	2015
	Rm	Rm
The notional amounts of the outstanding interest rate swap contracts at 31 March were:		
<i>Tsogo Sun Proprietary Limited linked to the three-month JIBAR</i>		
With a fixed rate of 7.68% maturing 31 March 2018	400	600
With a fixed rate of 6.46% maturing 31 March 2018	1 500	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
<i>Silverstar Casino Proprietary Limited linked to the one-month JIBAR</i>		
With a fixed rate of 7.22%, excluding credit and liquidity margins, maturing 3 April 2018	405	540
	<b>5 305</b>	<b>5 640</b>

## 34. Post-employment benefits

#### *Pension funds*

The group operates two pension funds: the Tsogo Sun Group Pension Fund and the Southern Sun Group Retirement Fund. Both are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full time employees who are not members of any other approved pension or provident fund.

#### *Provident funds*

The group also operates two provident funds: the Alexander Forbes Retirement Fund and the Gold Reef Provident Fund. Both are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full time employees who are not members of any other approved pension or provident fund.

#### *Medical aid*

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



### 34. Post-employment benefits continued

The movement in the defined benefit obligation is as follows:

#### Year ended 31 March 2016

	Present value of obligation Rm	Fair value of plan assets Rm	Total Rm
At 1 April 2015	38	(28)	10
Other post-retirement benefits – medical aid	–	–	–
Expected return on plan assets	–	(2)	(2)
Expected benefit payments from plan assets	(3)	2	(1)
Interest expense	3	–	3
<i>Remeasurements:</i>	(2)	(2)	(4)
Gain from change in financial assumptions	(1)	–	(1)
Return on plan assets	–	(2)	(2)
Experience gains	(1)	–	(1)
<b>At 31 March 2016</b>	<b>36</b>	<b>(30)</b>	<b>6</b>
Year ended 31 March 2015			
At 1 April 2014	36	(26)	10
Other post-retirement benefits – medical aid	1	–	1
Expected return on plan assets	–	(2)	(2)
Expected benefit payments from plan assets	(2)	2	–
Interest expense	3	–	3
<i>Remeasurements:</i>	1	(2)	(1)
Loss from change in financial assumptions	2	–	2
Return on plan assets	–	(2)	(2)
Experience gains	(1)	–	(1)
At 31 March 2015	38	(28)	10

	2016 %	2015 %
The principal actuarial assumptions used for the valuation were:		
Discount rate	9.80	7.50
Healthcare cost inflation	9.40	7.30
Expected return on plan assets	9.80	7.50
Remuneration inflation	8.90	6.80
At 31 March 2016, the effects of a 1% movement in the assumed medical cost trend rate would be as follows:	<b>Decrease Rm</b>	Increase Rm
Effect on the current service cost and interest cost	1	1
Effect on the post-retirement medical aid liability	3	4

The fund is actively managed and returns are based on both the expected performance of the asset class and the performance of the fund managers. The assets of the medical aid scheme comprises cash for both 2016 and 2015 with values of R30 million and R28 million respectively.

The expected long-term rate of return on medical aid assets of 9.80% (2015: 7.50%) is determined by using a standard 0% margin on the assumed rate of discount as per the revised IAS 19. The discount rate of 9.80% per annum is based on current bond yields of appropriate term gross of tax as required by IAS 19 *Employee Benefits*. South Africa does not have a deep market in high quality corporate bonds. The discount rate is therefore determined by reference to current market yields on government bonds.

No contributions are expected to be paid into the group's defined benefit scheme during the annual period after 31 March 2016 (2015: Rnil).

## Notes to the consolidated financial statements continued

### 35. Deferred revenue and income

The group accounts for its hotel customer reward programmes in terms of IFRIC 13 *Customer Loyalty Programmes* with the liability on the balance sheet allocated to deferred revenue, while the gaming customer reward programmes are accounted for in terms of IAS 39 *Financial Instruments: Recognition and Measurement* with this liability allocated to deferred income on the balance sheet.

	2016 Rm	2015 Rm
<i>Deferred revenue</i>		
At 1 April	64	71
Created during the year	106	62
Forfeitures during the year	(25)	(31)
Utilised during the year	(72)	(38)
At 31 March	73	64
Less: Current portion	(49)	(43)
Non-current portion	24	21
The expected timing of the recognition of the deferred revenue is within three years (2015: three years).		
<i>Deferred income</i>		
At 1 April	24	22
Created during the year	159	134
Forfeitures during the year	(5)	(9)
Utilised during the year	(155)	(123)
At 31 March	23	24
Less: Current portion	(23)	(24)
Non-current portion	-	-
The expected timing of the recognition of the deferred income is within one year (2015: one year) and is considered current.		
<i>Total deferred revenue and income</i>		
Analysed as:		
Non-current portion	24	21
Current portion	72	67
	96	88

### 36. Long-term incentive plans

The group operates various long-term incentive plans as follows:

#### 36.1 Equity-settled

- **Gold Reef Share Scheme**

	2016 Rm	2015 Rm
Amounts due by share scheme participants (included in non-current receivables – refer note 25)	15	23

The group operates an equity-settled, share-based compensation plan established in September 1999 which arose on acquisition of subsidiaries. Options over the company's shares were granted to permanent employees at the discretion of the directors in terms of which shares in the company were acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired was effected in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years. Shares acquired through the share scheme had to be paid for by the employees at the subscription prices as determined in the option contracts. Upon vesting and exercise of the options the subscription value was credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset was considered payable when the employees exercised the options and the options vested. Any dividends paid on those shares are utilised to reduce the balance owing by the employees. Loans to participants incur fringe benefit tax on interest at 6.75% (2015: 6.5% up to July 2014 and 6.75% from August 2014) as the loans are interest free. A complete accounting policy for the scheme is included in note 1y(v) to these financial statements.

Share options that have been exercised by employees are not regarded as outstanding. There are no unexercised share options outstanding at 31 March 2016 (2015: nil). There are no awards/options held by directors or other key management. Total IFRS 2 *Share-based Payment* costs relating to equity-settled share-based payments in terms of the Gold Reef Share Scheme amounted to Rnil (2015: Rnil).

## 36. Long-term incentive plans continued

### 36.1 Equity-settled continued

- **Executive facility**

During the prior year, on 12 August 2014, a R200 million facility was made available to senior executives for the sole purpose of acquiring shares in the company at R25.75 per share. The facility is interest-free and has no fixed repayment date but must be repaid if the shares are sold or if the executive leaves the employ of the company. The executives are subject to fringe benefits tax on the facility. The executives are not eligible for any new allocations under the existing share appreciation scheme until the loan is repaid in full. Allocations of appreciation units made prior to the provision of the facility remain unaffected.

The once-off IFRS 2 executive facility charge of R118 million during the prior year was measured using a Black-Scholes methodology which is appropriate for the valuation of a share option grant with a fixed strike price (an interest free loan of R200 million). The quantity of the shares acquired by the participating executives was based on the value of the loan granted of R200 million and the fair value of the Tsogo Sun shares at grant date. Consequently, the valuation was not determined on a per-share basis but rather on a market-capitalisation basis and therefore the fair value of the underlying shares at grant date is equal to R200 million. The exercise price of the share option is equal to the loan granted to the participating executives and, as the loan is interest free, the exercise price is fixed at R200 million. Other significant inputs into the model were a volatility of 20%, an expected life of the share option of between nine and 15 years and annual risk-free interest rates of between 6.28% to 9.03% over 23 years. As the participating executives are immediately entitled to dividends on the underlying Tsogo Sun shares, the dividend yield on the shares is equal to 0%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the five-year weekly volatility of a similar company as well as the weekly share prices over the last two years. Refer also note 30 *Ordinary share capital and premium*.

The following executive employees participate in the executive facility:

	Number of shares acquired	Loan facility Rm	2015 IFRS 2 charge Rm
MN von Aulock (CEO)	3 339 806	86	54
RB Huddy (CFO)	1 048 543	27	15
J Booysen	1 825 243	47	26
GD Tyrrell	776 699	20	14
FV Dlamini	776 699	20	9
	7 766 990	200	118

### 36.2 Cash-settled, share-based long-term incentive plan

During March 2009, the previous Gold Reef board approved, on the recommendation of the remuneration and nominations committee, the implementation of the long-term incentive plan to attract, retain, motivate and reward executive directors and management who are able to influence the performance of the company on a basis which aligns their interests with those of the company's shareholders. In terms of the long-term incentive plan management will receive cash payments based on the share price of the company on exercise date. This long-term incentive plan consisted of three distinct components being share appreciation units, bonus units and performance units. The share appreciation units vested in three equal tranches; one-third after three years, one-third after four years and one-third after five years after grant date and are exercisable at the option of the recipient up until the end of six years after grant date. The amount settled is the difference between the company's share price on exercise date and the strike price. The strike price of the share appreciation units is the company's share price on grant date. There have been no awards since 2011 and therefore there are no further bonus units or performance units as all awards have either been forfeited or exercised in terms of the rules of the incentive plan.

Compound annual growth rate in HEPS	Multiplication factor
5.0% to 7.5%	0 – 1
7.5% to 10.0%	1 – 3

# Notes to the consolidated financial statements continued

## 36. Long-term incentive plans continued

### 36.2 Cash-settled, share-based long-term incentive plan continued

	Share appreciation units	Average strike price R
Cash-settled in units at:		
<b>1 April 2015</b>	<b>805 585</b>	<b>18.16</b>
Forfeited	(90 157)	18.19
Exercised	(400 982)	18.48
<b>31 March 2016</b>	<b>314 446</b>	<b>17.75</b>
Units exercisable at 31 March 2016	<b>314 446</b>	
Number of employees granted units	<b>132</b>	
Number of employees remaining at year end	<b>80</b>	
Cash-settled in units at:		
1 April 2014	1 649 379	17.04
Forfeited	(56 257)	17.65
Exercised	(787 537)	17.17
31 March 2015	805 585	18.16
Units exercisable at 31 March 2015	595 743	
Number of employees granted units	132	
Number of employees remaining at year end	93	
	<b>Share appreciation units</b>	
Grant date		21 February 2011
Valuation date		31 March 2016
Average share price utilised at valuation date		R28.60
Vesting period		3 – 5 years
Settlement		Cash

The group recognised an expense of R3 million (2015: R4 million) related to the bonus appreciation plan during the year and at 31 March 2016 the group has recorded liabilities of R3 million (2015: R8 million) in respect of this plan. The full liability is included in current liabilities (2015: R5 million).

### 36.3 Cash-settled – Tsogo Sun Share Appreciation Bonus Plan

The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the growth in the company's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. Allocations vest in full three years after date of allocation.

Liabilities equal to the current fair values are recognised at each balance sheet date. The movements in the fair value of these liabilities are expensed.

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. Dividends declared and paid post merger post the grant date are added to the trading price in determining the fair value.

### 36. Long-term incentive plans *continued*

#### 36.3 Cash-settled – Tsogo Sun Share Appreciation Bonus Plan *continued*

The following table summarises details of the bonus units awarded to participants per financial year, the units vested at the end of the year and expiry dates of each allocation:

Grant date	Appreciation units granted and still outstanding		Strike price <sup>(1)</sup> R	Appreciation units vested and still outstanding		Expiry date	Liability	
	2016	2015		2016	2015		2016 Rm	2015 Rm
1 April 2010	–	935 811	15.08	–	935 811	31 March 2016	–	52
1 April 2011	<b>2 838 644</b>	3 403 053	15.06	<b>2 838 644</b>	3 403 053	31 March 2017	<b>50</b>	53
1 October 2011	<b>1 677 345</b>	1 783 841	18.78	<b>1 677 345</b>	1 783 841	30 September 2017	<b>22</b>	20
1 April 2012	<b>5 445 352</b>	7 245 201	17.66	<b>5 445 352</b>	7 245 201	31 March 2018	<b>77</b>	89
1 October 2012	<b>169 964</b>	253 678	19.71	<b>169 964</b>	–	30 September 2018	<b>2</b>	2
1 April 2013	<b>7 324 946</b>	7 964 198	24.56	<b>7 324 946</b>	–	31 March 2019	<b>49</b>	25
1 October 2013	<b>205 800</b>	221 480	25.51	–	–	30 September 2019	<b>1</b>	1
1 April 2014	<b>8 203 713</b>	8 903 555	25.72	–	–	31 March 2020	<b>26</b>	8
1 October 2014	<b>135 396</b>	154 738	25.85	–	–	30 September 2020	<b>*</b>	*
1 April 2015	<b>7 112 025</b>	–	26.54	–	–	31 March 2021	<b>7</b>	–
1 October 2015	<b>125 262</b>	–	23.95	–	–	30 September 2021	<b>*</b>	–
Liability at 31 March							<b>234</b>	250
Average share price utilised to value the liability at 31 March							<b>R28.60</b>	27.60

<sup>(1)</sup> Grants prior to merger (24 February 2011) converted based on swap ratio of 3.553 Gold Reef shares for each TSH share

\* Amount less than R1 million

The group recognised an expense of R43 million (2015: R91 million) related to this bonus appreciation plan during the year and at 31 March 2016 the group had recorded liabilities of R234 million (2015: R250 million) in respect of this plan. The current portion of this liability is R200 million (2015: R217 million).

#### 36.4 Total long-term incentive liabilities

	2016 Rm	2015 Rm
Cash-settled, share-based long-term incentive plan (refer note 36.2)	<b>3</b>	8
The Tsogo Sun Share Appreciation Bonus Plan (refer note 36.3)	<b>234</b>	250
	<b>237</b>	258
<i>Less: Current portion</i>	<b>(203)</b>	(222)
Non-current portion	<b>34</b>	36

## Notes to the consolidated financial statements continued

	2016	2015
	Rm	Rm
<b>37. Provisions</b>		
<i>At 1 April</i>		
Long-service awards	168	138
Incentives	141	196
Jackpot provisions	13	14
	<b>322</b>	348
<i>Acquisition of business</i>		
Incentives	–	3
	–	3
<i>Created during the year</i>		
Long-service awards	24	37
Incentives	210	131
Jackpot provisions	94	146
	<b>328</b>	314
<i>Utilised during the year</i>		
Long-service awards	(9)	(7)
Incentives	(137)	(189)
Jackpot provisions	(96)	(147)
	<b>(242)</b>	(343)
<b>At 31 March</b>		
Long-service awards	183	168
Incentives	214	141
Jackpot provisions	11	13
Total provisions	<b>408</b>	322
Less: Current portion	<b>(235)</b>	(163)
Non-current portion	<b>173</b>	159

### Long-service awards

The group pays its employees a long-service benefit. 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. The actuarial valuation to determine the liability is performed annually by independent actuaries using the projected unit credit method.

	2016	2015
	Rm	Rm
Movement in unfunded obligation:		
Benefit obligation at 1 April	168	138
Interest cost	13	15
Service cost	19	15
Actuarial (gain)/loss	(8)	7
Benefits paid	(9)	(7)
Obligation at 31 March	<b>183</b>	168
The amounts recognised in the income statement are as follows:		
Interest cost	13	15
Current service cost	19	15
Actuarial (gain)/loss	(8)	7
	<b>24</b>	37
The principal actuarial assumptions used for accounting purposes are:		
Discount rate	9.50%	7.00%
Inflation rate	7.20%	4.80%
Salary increase rate	7.70%	5.30%
Pre-retirement mortality rate	<b>SA 85 – 90 (Light) table</b>	SA 85 – 90 (Light) table
The present value of the long-service award obligations for the current and prior years are as follows:		
Present value of unfunded obligations	183	168
Experience adjustment on plan obligations	–	–

There are no plan assets in respect of the long-service award liability.

### 37. Provisions continued

#### Incentives

The group also recognises a provision for bonus plans 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. These criteria are only finalised after the group's year end.

#### Jackpot provisions

Provision is made for the potential jackpot payouts on slot machines and table progressives and is based on the meter readings. Due to the nature of the jackpot provisions the timing of their utilisation is uncertain, however, it is not expected to be longer than 12 months.

### 38. Other non-current liabilities

	2016 Rm	2015 Rm
Straight-lining of operating leases	300	298
Less: Current portion classified within trade and other payables (refer note 39)	(28)	(23)
Non-current portion	272	275

The straight-lining of operating leases relates mainly to Sandton Convention Centre. The lease expires in August 2020.

### 39. Trade and other payables

	2016 Rm	2015 Rm
<i>Financial instruments</i>	911	858
Trade payables	238	157
Accrued expenses	191	139
Advance deposits	85	76
Smartcard gaming credits due to customers	27	24
Capital expenditure payables	51	82
Non-borrowings-related interest payable	9	16
Other payables	310	364
<i>Non-financial instruments</i>	329	286
VAT payable	94	68
Leave pay liability	115	113
Payroll related payables	58	57
Gaming levies	34	25
Current portion of non-current liabilities (refer note 38) – straight-lining of operating leases	28	23
	<b>1 240</b>	<b>1 144</b>

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

Other payables comprise mainly sundry creditors, unidentified deposits and deposits under query.

The carrying amounts of the group's trade and other payables are denominated in the following currencies:	2016 Rm	2015 Rm
SA Rand	1 103	1 021
Nigerian Naira	45	31
Mozambican Metical	14	27
Kenyan Shilling	20	21
US Dollar	19	13
Zambian Kwacha	11	10
Tanzanian Shilling	9	10
Seychelles Rupee	17	9
United Arab Emirates Dirham	2	2
	<b>1 240</b>	<b>1 144</b>

## Notes to the consolidated financial statements continued

	2016	2015
	Rm	Rm
<b>40. Cash generated from operations</b>		
<b>Operating profit</b>	<b>3 408</b>	3 042
<i>Adjusted for non-cash movements and dividends received:</i>		
Amortisation	32	38
Depreciation	780	695
Impairment charge for bad and doubtful debts, net of reversals	15	3
Operating equipment usage	56	58
Straight-lining of operating leases and other lease adjustments	3	4
Movement in provisions	328	314
Long-term incentive expense	46	213
Loss on disposal of property, plant and equipment	5	4
Gain on disposal of investment property	(12)	–
Impairment of property, plant and equipment	7	10
Impairment of intangible asset	10	–
Impairment of financial instruments	4	4
Reversal of impairment of financial instruments	–	(1)
Write-off of marketing fee income raised previously from joint venture	–	16
Translation impact on the income statement	10	6
Dividends received from available-for-sale financial assets	(16)	–
Gain recognised on the change in other long-term employee benefits	–	(38)
Other non-cash moves and adjustments	(3)	(14)
Cash generated from operations before working capital movements	<b>4 673</b>	4 354
<b>Working capital movements</b>		
Increase in inventories	(33)	(26)
(Increase)/decrease in trade and other receivables	(12)	6
Decrease in payables and provisions	(252)	(468)
Cash generated from operations	<b>4 376</b>	3 866
	<b>2016</b>	2015
	<b>Rm</b>	<b>Rm</b>
<b>41. Income tax paid</b>		
Tax (liability)/asset at 1 April	(22)	83
Current tax provided	(639)	(639)
Withholding tax	(5)	(4)
Currency translation	3	1
Tax liability at 31 March	6	22
	<b>(657)</b>	(537)
	<b>2016</b>	2015
	<b>Rm</b>	<b>Rm</b>
<b>42. Dividends paid to the company's shareholders</b>		
Unclaimed dividends owing to shareholders at 1 April	(1)	(1)
Ordinary dividends declared	(878)	(939)
Unclaimed dividends owing to shareholders at 31 March	1	1
	<b>(878)</b>	(939)
	<b>2016</b>	2015
	<b>Rm</b>	<b>Rm</b>
<b>43. Commitments</b>		
Operating lease commitments (refer note 44)	<b>1 794</b>	1 941
The present value of the lease guarantees in note 44 is R1 079 million (2015: R1 207 million).		



#### 44. Operating lease arrangements

	2016 Rm	2015 Rm
<i>Operating lease arrangements where the group is a lessee:</i>		
At the balance sheet date the group had outstanding commitments under non-cancellable operating leases, which fall due as follows:		
Not later than 1 year	200	194
Later than 1 year and not later than 5 years	792	795
Later than 5 years	802	952
	<b>1 794</b>	1 941

The operating lease commitments relate mainly to leases of property within the group's portfolio of hotels, as well as the Sandton Convention Centre. The group's main lease, the Sandton Convention Centre, expires in August 2020 with lease payments escalating at 9% per annum, and an option to renew at renegotiated terms.

*Operating lease arrangements where the group is a lessor:*

The group rents out retail and commercial office space in its gaming and hotels properties. Property rental income earned during the year was R166 million (2015: R152 million).

The majority of the group's operating leases are revenue-based, and the balance have rentals stipulated in terms of operating lease agreements. At the balance sheet date the group had contracted with tenants for the following future minimum lease payments:

	2016 Rm	2015 Rm
Not later than 1 year	77	71
Later than 1 year and not later than 5 years	86	98
Later than 5 years	1	2
	<b>164</b>	171

#### 45. Future capital expenditure

	2016 Rm	2015 Rm
Authorised by directors but not yet contracted for:		
Property, plant and equipment	4 374	3 635
Intangible assets: software	21	1
	<b>4 395</b>	3 636
Authorised by directors and contracted for:		
Property, plant and equipment	506	503
Intangible assets: software	-	22
	<b>506</b>	525

## Notes to the consolidated financial statements continued

### 46. Related party transactions

As detailed below, the group has concluded certain transactions with related parties. The company's ultimate majority shareholder is HCI (a company listed on the JSE) which indirectly owns 48.0% of the company's issued share capital (excluding treasury shares). HCI is the ultimate majority shareholder of Tsogo Investment Holding Company Proprietary Limited which directly owns 47.3% of the company's issued share capital (excluding treasury shares). 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.

The South African Apartheid Museum is a non-profit company in terms of the Companies Act of South Africa which operates the museum adjacent to the Gold Reef City Theme Park. The South African Apartheid Museum was developed by Akani Egoli Proprietary Limited as one of its casino licence conditions. Akani Egoli Management Proprietary Limited contributes a fixed monthly fee to fund the operational expenses of the museum.

The group is a member of CASA, a voluntary association of its members to promote the casino industry in SA and the interests of its members as a whole. The CASA advocates the association's policy positions to the national and provincial governments of SA, the gambling board, the various provincial licensing authorities, the media and other relevant policy-making and opinion forming bodies, both in SA and abroad, and interacts with these bodies in respect of issues affecting the casino industry; and to provide factual and reliable publicly available information about the casino industry to all interested parties.

Abreal Property Management Proprietary Limited ('Abreal') is a property management and administration services company, owned by Abland Proprietary Limited ('Abland'). The management and administrative services provided to the group includes the sourcing of tenants, drafting of leases, billing and rent collection, maintenance and management reporting. The group has entered into a consortium of co-ownerships with Abland to acquire land whereby Abreal has been appointed as the property manager of these investments. The Corob Trust, Abbeydale Investment Holdings Proprietary Limited and Sable Holdings Limited are entities within the consortium.

	2016	2015
	Rm	Rm
<b>46.1 Transactions with related parties</b>		
<i>Management fees received/(paid):</i>		
Associates	2	1
Joint ventures	6	4
Abreal Proprietary Limited	(2)	(2)
<i>Purchases:</i>		
The South African Breweries Proprietary Limited <sup>(1)</sup>	-	(10)
<i>Other:</i>		
South African Apartheid Museum	(7)	(7)
CASA	(4)	(2)
Olwazini Discovery Centre	-	(2)
Associates – rentals received	10	8
	<b>5</b>	<b>(10)</b>
<sup>(1)</sup> No longer a related party with effect from 28 August 2014 – refer note 30		
<b>46.2 Amounts due by/to related parties</b>		
<i>Amounts due by related parties</i>		
Associates (refer note 22)	7	7
<i>Included within non-current receivables (refer note 25)</i>		
Loan to The Corob Trust	-	17
<i>Included within current receivables (refer note 28)</i>		
Loan to TMCTS Management Company Proprietary Limited (an associate)	7	7
Loan to Sable Holdings Limited	1	1
Loan to Abbeydale Investment Holdings Proprietary Limited	1	1
	<b>16</b>	<b>33</b>
<i>Amounts due to related parties</i>		
<i>Included within trade and other payables (refer note 39):</i>		
South African Apartheid Museum	-	1

## 46. Related party transactions continued

### 46.3 Key management compensation

Directors and prescribed officers of the company are considered to be the group's key management personnel. Remuneration and fees paid to key management and IFRS 2 *Share-based Payment* charges during the year by the group are as follows:

	2016 Rm	2015 Rm
<b>Executive directors</b>		
Basic remuneration and cash incentives	8	8
Retirement, medical and catastrophe benefits	2	2
Other incentives and benefits	3	7
Long-term incentives paid	9	12
Total paid by subsidiaries	22	29
IFRS 2 <i>Share-based Payment</i> charge (refer note 36.1)	–	69
Total charge	22	98
<b>Non-executive directors</b>		
Fees for services	3	3
Other benefits	–	4
Long-term incentives paid	–	24
Total paid by subsidiaries	3	31
<b>Total directors' emoluments</b>		
Paid by subsidiaries	25	129
<b>Other key management and prescribed officers</b>		
Basic remuneration and cash incentives	7	7
Retirement, medical and catastrophe benefits	1	2
Other incentives and benefits	2	4
Long-term incentives paid	6	8
Total paid by subsidiaries	16	21
IFRS 2 <i>Share-based Payment</i> charge (refer note 36.1)	–	26
Total charge	16	47

During the prior year, the group granted interest-free loans to the participating executives in the IFRS 2 *Share-based Payment* scheme as shown in note 36.1 which are secured by the shares taken up by these participating executives. These loans have no specified date of repayment. There are no other loans to directors, key management or their families of the group.

A listing of all members of the board of directors is shown on page 4 of the annual financial statements.

Refer note 20.3 of the company annual financial statements for the statutory and regulatory disclosure relating to executive directors and prescribed officers.

### 46.4 Contingencies, commitments and guarantees

There are no contingencies, commitments or guarantees of the group's related parties, other than as mentioned in note 47 to these group annual financial statements.

# Notes to the consolidated financial statements continued

## 47. 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 R158 million (2015: R158 million) for gambling board taxes and working capital. The group has also entered into various agreements with its bankers and respective utility boards and municipalities whereby the bank has guaranteed agreed capital amounts not exceeding R21 million (2015: R21 million) for utility expenses.

The group has also provided security for Lukhanji's (an associate) borrowing obligations in favour of Investec Limited to a capital amount of R12 million (2015: R12 million) – refer note 22 and note 25.

## 48. Business combinations

### Acquisition of shares in Majormatic Proprietary Limited and management contract from Extrabold Proprietary Limited

In line with the group's strategy to own hotels, the group entered into management and lease agreements for the Holiday Inn Sandton and the Crowne Plaza Rosebank hotels currently owned by HPF. The group acquired 100% of the shares in Majormatic 194 Proprietary Limited (the lessee) and the management contracts from Extrabold Hotel Management Proprietary Limited. The purchase price for this acquisition was R15 million. A purchase price allocation was performed. Intangible assets of R17 million were recognised and no goodwill was recognised. The management fee agreements were ceded from Extrabold to Southern Sun Hotel Interests Proprietary Limited as part of the agreement. Extrabold was the manager of the above hotels. The effective date of the transaction was 1 March 2016.

	<b>Fair value</b>
	<b>Rm</b>
The fair value of net assets acquired is as follows:	
<b>Non-current assets</b>	
Intangible assets	17
<b>Current assets</b>	
Inventories	1
Trade and other receivables	17
Cash and cash equivalents	3
<b>Non-current liabilities</b>	
Deferred tax liabilities	(5)
<b>Current liabilities</b>	
Trade and other payables	(18)
<b>Total identifiable net assets acquired</b>	<b>15</b>
Purchase consideration paid in cash	(15)
<b>Goodwill</b>	<b>–</b>

The fair value of trade and other receivables of R17 million includes trade receivables with a fair value of R14 million. The gross contractual amount for trade receivables due is R14 million. All trade debtors are expected to be collectable.

## 49. Events occurring after the balance sheet date

Other than as mentioned below, the directors are not aware of any matter or circumstance arising since the balance sheet date and the date of these annual financial statements, not otherwise dealt with within the financial statements, that would affect the operations or results of the group significantly.

### 49.1 Acquisition of a minority interest in each of SunWest International Proprietary Limited ('SunWest') and Worcester Casino Proprietary Limited ('Worcester')

As announced on SENS on 4 April 2016, and in being consistent with the group's continued desire to increase its exposure in the Western Cape province, the group has entered into a transaction with Sun International Limited and Grand Parade Investments Limited for the acquisition of a 20% equity interest in each of SunWest and Worcester for an aggregate R1.35 billion, payable in 18 monthly instalments of R75 million each, funded from available cash balances. Tsogo Sun will have pre-emptive rights but no representation on the board of directors of either company and will not have any operational responsibilities. Tsogo Sun will also not have access to any information regarding the companies except for that to which it has statutory rights as a shareholder. The financial transaction does not require an application to the Competitions Commission in that there is no material influence.

#### 49. Events occurring after the balance sheet date continued

##### 49.2 Tsogo Sun to acquire control of HPF by vending a portfolio of hotels into HPF in exchange for HPF shares

As announced on SENS on 15 December 2015, agreement has been reached with HPF to acquire a controlling stake through the injection of appropriate hotel assets having a value such that the issue of shares to the group at the time will result in the group owning not less than 50% of the shares following the reconstitution of HPF's capital into a single class of shares. All resolutions required in order to approve the transaction were passed by the requisite majority of shareholders at the general meeting of HPF shareholders held on Monday, 11 April 2016. The acquisition is subject to the fulfilment of conditions precedent, which include the approvals of the competition authorities. The Competition Commission Tribunal hearing is scheduled for August 2016.

##### 49.3 Acquisition of hotel properties by The Cullinan Hotel Proprietary Limited ('Cullinan')

Cullinan, a group subsidiary, concluded agreements with Liberty Group Limited ('Liberty') for the further acquisition of two hotels from Liberty by Cullinan, being the Garden Court Umhlanga and the StayEasy Pietermaritzburg for R310 million. Regulatory approval has been received and control will follow transfer, expected in the next few months.

##### 49.4 Dividend declared and paid

Subsequent to the company's year end, on 18 May 2016, the board of directors declared a final gross cash dividend of 67.0 cents per share in respect of the year end 31 March 2016. The aggregate amount of the dividend paid on 20 June 2016 out of retained earnings at 31 March 2016, but not recognised as a liability at year end, is R647 million.

#### 50. Subsidiaries having material non-controlling interests

The total non-controlling interests' share of profit for the year is allocated as follows:

	Ownership		Share of profit		Accumulated non-controlling interests	
	2016 %	2015 %	2016 Rm	2015 Rm	2016 Rm	2015 Rm
Southern Sun Mozambique Limitada	13	13	(9)	(4)	2	(6)
Ikoyi Hotels Limited	24	24	3	2	177	174
The Cullinan Hotel Proprietary Limited	40	40	(4)	13	303	307
Tsogo Sun Emonti Proprietary Limited	35	35	14	12	117	103
Other non-material non-controlling interests			14	11	55	57
			18	34	654	635

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

	Southern Sun Mozambique Limitada		Ikoyi Hotels Limited		The Cullinan Hotel Proprietary Limited		Tsogo Sun Emonti Proprietary Limited	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
<b>Summarised balance sheets as at 31 March</b>								
Non-current assets	553	468	812	672	1 743	1 700	412	436
Current assets	31	28	54	52	72	77	25	30
Total assets	584	496	866	724	1 815	1 777	437	466
Non-current liabilities	225	211	173	188	292	172	71	141
Current liabilities	58	106	38	10	1 144	1 215	34	31
Total liabilities	283	317	211	198	1 436	1 387	105	172
Net assets	301	179	655	526	379	390	332	294
<b>Summarised income statements for the year ended 31 March</b>								
Revenue	181	93	161	149	594	543	318	310
Profit/(loss) before income tax	16	(9)	23	23	48	47	54	49
Income tax credit/(expense)	40	17	(11)	14	(58)	(16)	(16)	(13)
Profit/(loss) for the year	56	8	12	37	(10)	31	38	36
Other comprehensive income	1	-	-	-	-	-	-	-
Total comprehensive income	57	8	12	37	(10)	31	38	36
Allocated to non-controlling interests	(9)	(4)	3	2	(4)	13	14	12

## Notes to the consolidated financial statements continued

### 50. Subsidiaries having material non-controlling interests continued

	Southern Sun Mozambique Limitada		Ikoyi Hotels Limited		The Cullinan Hotel Proprietary Limited		Tsogo Sun Emonti Proprietary Limited	
	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm	2016 Rm	2015 Rm
<b>Summarised cash flows for the year ended 31 March</b>								
Cash generated from operations	46	142	51	42	224	207	103	101
Interest received	–	–	–	–	19	14	–	–
Finance costs paid	(7)	(2)	(5)	–	(97)	(123)	(7)	(13)
Income tax paid	–	(6)	–	–	(9)	(9)	(10)	(9)
Net cash generated from operations	39	134	46	42	137	89	86	79
Net cash utilised for investment activities	(1)	(225)	(7)	(5)	(202)	(26)	(13)	(13)
Net cash (utilised in)/generated from financing activities	(31)	89	(51)	(32)	67	(59)	(76)	(64)
Net increase/(decrease) in cash and cash equivalents	7	(2)	(12)	5	2	4	(3)	2
Cash and cash equivalents at beginning of the year	5	5	19	12	10	6	15	13
Foreign currency translation	1	2	5	2	–	–	–	–
<b>Cash and cash equivalents at end of the year</b>	<b>13</b>	<b>5</b>	<b>12</b>	<b>19</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>15</b>

No dividends accrued to, or were paid to, the above mentioned material non-controlling interests during the year under review (2015: Rnil).



## TSOGO SUN HOLDINGS LIMITED

### Company annual financial statements for the year ended 31 March 2016

	Page
Company income statement	70
Company balance sheet	70
Company statement of changes in equity	71
Company cash flow statement	71
Notes to the company financial statements	72

## Company income statement

for the year ended 31 March

	Notes	2016 R'000	2015 R'000
<b>Other income</b>	2	<b>898 212</b>	4 130 423
Other operating expenses	3	<b>(4 699)</b>	(177 615)
<b>Operating profit</b>		<b>893 513</b>	3 952 808
Interest income	4	<b>6 991</b>	8 148
Finance cost	5	<b>(179)</b>	–
<b>Profit before income tax</b>		<b>900 325</b>	3 960 956
Income tax expense	6	<b>(8 535)</b>	(2 745)
<b>Profit for the year</b>		<b>891 790</b>	3 958 211

No statement of comprehensive income is presented as the company has no other comprehensive income.

The notes on page 72 to page 81 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.

## Company balance sheet

for the year ended 31 March

	Notes	2016 R'000	2015 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>1 850</b>	1 850
Investment in subsidiaries	8	<b>18 513 191</b>	18 513 191
Investment in associate	9	–	–
Non-current receivables	10	<b>12 491</b>	19 515
		<b>18 527 532</b>	18 534 556
<b>Current assets</b>			
Trade and other receivables	11	<b>108</b>	1 162
Current income tax asset		–	1 033
Amounts due by subsidiaries	12	<b>21 261</b>	15 137
Cash and cash equivalents	13	<b>32 105</b>	32 023
		<b>53 474</b>	49 355
<b>Total assets</b>		<b>18 581 006</b>	18 583 911
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Ordinary share capital and premium	14	<b>17 355 049</b>	17 355 049
Share-based payment reserve		–	517 234
Retained earnings		<b>1 193 233</b>	662 503
<b>Total shareholders' equity</b>		<b>18 548 282</b>	18 534 786
<b>Current liabilities</b>			
Trade and other payables	15	<b>1 796</b>	15 948
Amounts due to subsidiaries	12	<b>483</b>	1 315
Bank overdrafts	13	<b>30 415</b>	31 862
Current income tax liability		<b>30</b>	–
		<b>32 724</b>	49 125
<b>Total equity and liabilities</b>		<b>18 581 006</b>	18 583 911

The notes on page 72 to page 81 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.



# Company statement of changes in equity

for the year ended 31 March

	Notes	Share capital and premium R'000	Share-based payment reserve R'000	Retained earnings R'000	Total equity R'000
<b>Balance at 1 April 2014</b>		17 557 721	399 434	459 507	18 416 662
Profit for the year		–	–	3 958 211	3 958 211
Ordinary dividends		–	–	(938 644)	(938 644)
Shares repurchased and cancelled	14	(2 672)	–	(2 816 571)	(2 819 243)
Treasury shares acquired	14	(200 000)	–	–	(200 000)
Recognition of share-based payments		–	117 800	–	117 800
<b>Balance at 31 March 2015</b>		17 355 049	517 234	662 503	18 534 786
Profit for the year		–	–	<b>891 790</b>	<b>891 790</b>
Transfer from share-based payment reserve to retained earnings		–	<b>(517 234)</b>	<b>517 234</b>	–
Ordinary dividends		–	–	<b>(878 294)</b>	<b>(878 294)</b>
<b>Balance at 31 March 2016</b>		<b>17 355 049</b>	–	<b>1 193 233</b>	<b>18 548 282</b>

The notes on page 72 to page 81 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.

# Company cash flow statement

for the year ended 31 March

	Notes	2016 R'000	2015 R'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	<b>96</b>	40 283
Interest received		<b>2 814</b>	6 707
Interest paid		<b>(179)</b>	–
Income tax paid	17	<b>(7 472)</b>	(6 021)
Dividends received		<b>878 294</b>	3 956 500
Dividends paid	18	<b>(878 216)</b>	(938 669)
Net cash (utilised in)/generated from operating activities		<b>(4 663)</b>	3 058 800
<b>Cash flows from investment activities</b>			
Loan advanced to associate		–	(2 189)
Acquisition of additional interest in subsidiary		–	(52 520)
Net cash utilised for investment activities		–	(54 709)
<b>Cash flows generated from financing activities</b>			
Treasury shares acquired	14	–	(200 000)
Shares repurchased	14	–	(2 819 243)
(Decrease)/increase in amounts due to subsidiaries		<b>(832)</b>	980
Decrease in share scheme loan		<b>7 024</b>	12 962
Net cash generated from/(utilised in) financing activities		<b>6 192</b>	(3 005 301)
Net increase/(decrease) in cash and cash equivalents		<b>1 529</b>	(1 210)
Cash and cash equivalents at beginning of the year, net of bank overdrafts		<b>161</b>	1 371
<b>Cash and cash equivalents at end of the year, net of bank overdrafts</b>	13	<b>1 690</b>	161

The notes on page 72 to page 81 form an integral part of these company financial statements.

The company's accounting policies are included with the group's accounting policies on page 11 to page 23.

# Notes to the company financial statements

## 1. Financial risk management

### 1.1 Financial risk factors

The company'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 company'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 company.

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 co-operation 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

##### (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 company is not exposed to significant foreign exchange risk.

##### (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*

The company has no external interest-related borrowings and is therefore not exposed to significant interest rate risk.

##### (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 company does not invest in listed securities and holds no available-for-sale investments and therefore does not have any equity price risk. The company is also not exposed to commodity price 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 company has no significant concentrations of credit risk and is therefore not exposed to material credit risk. The loan to the share scheme (refer note 10) and amounts due by subsidiaries (refer note 12) are not impaired or overdue. The loan to the company's associate has been fully impaired.

#### (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. Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

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

The company has provided security for certain of its associate and subsidiary companies (refer notes 10 and 19).

## 1. Financial risk management continued

### 1.1 Financial risk factors continued

#### (c) Liquidity risk continued

The table below analyses the company's financial liabilities that will be settled on a net basis 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 R'000
<b>At 31 March 2016</b>	
Trade and other payables	958
Amounts due to subsidiaries	483
Financial guarantee contracts	890 087
	<b>891 528</b>
<b>At 31 March 2015</b>	
Trade and other payables	880
Amounts due to subsidiaries	1 315
Financial guarantee contracts	799 746
	<b>801 941</b>

Other than as described above, the company does not expect any cash outflows on financial liabilities to occur significantly earlier, or for significantly different amounts. Refer notes 12 and 15 for details of the company's liabilities. All financial liabilities are current and may be settled in the next 12 months.

### 1.2 Financial instruments by category

The table below shows the company'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:

	Loans and receivables R'000	Other financial liabilities at amortised cost R'000	Total R'000
<b>At 31 March 2016</b>			
<b>Financial assets</b>			
Non-current receivables	12 491	–	12 491
Trade and other receivables	108	–	108
Amounts due by subsidiaries	21 261	–	21 261
Cash and cash equivalents	32 105	–	32 105
	<b>65 965</b>	<b>–</b>	<b>65 965</b>
<b>Financial liabilities</b>			
Trade and other payables	–	958	958
Amounts due to subsidiaries	–	483	483
Bank overdrafts	–	30 415	30 415
	<b>–</b>	<b>31 856</b>	<b>31 856</b>
<b>At 31 March 2015</b>			
<b>Financial assets</b>			
Non-current receivables	19 515	–	19 515
Trade and other receivables	1 162	–	1 162
Amounts due by subsidiaries	15 137	–	15 137
Cash and cash equivalents	32 023	–	32 023
	<b>67 837</b>	<b>–</b>	<b>67 837</b>
<b>Financial liabilities</b>			
Trade and other payables	–	15 734	15 734
Amounts due to subsidiaries	–	1 315	1 315
Bank overdrafts	–	31 862	31 862
	<b>–</b>	<b>48 911</b>	<b>48 911</b>

# Notes to the company financial statements continued

## 1. Financial risk management continued

### 1.3 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The company defines capital as equity funding provided by shareholders.

Shareholder funding comprises permanent paid-up capital, share premium, revenue reserves and other reserves and loans from shareholders (if any).

In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

### 1.4 Fair value estimation

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. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

The company has no financial assets or liabilities measured at fair value.

	<b>2016</b>	2015
	<b>R'000</b>	R'000
<b>2. Other income</b>		
Dividends received	<b>878 294</b>	4 111 712
Royalty fees	<b>18 738</b>	17 295
Administration fees	<b>1 180</b>	1 416
	<b>898 212</b>	4 130 423
	<b>2016</b>	2015
	<b>R'000</b>	R'000
<b>3. Other operating expenses</b>		
Other operating expenses comprise the following:		
Other operating expenses	<b>551</b>	121
Impairment of loan to associate (refer note 10)	<b>4 177</b>	3 629
Impairment of investment in subsidiary	<b>–</b>	173 545
Net foreign exchange loss on financial guarantee	<b>(29)</b>	320
	<b>4 699</b>	177 615
	<b>2016</b>	2015
	<b>R'000</b>	R'000
<b>4. Interest income</b>		
Interest income from loans to subsidiaries	<b>1 198</b>	1 217
Interest income from loan to associate	<b>5 695</b>	5 069
Interest received from banks	<b>97</b>	1 753
Other interest income	<b>1</b>	109
	<b>6 991</b>	8 148
	<b>2016</b>	2015
	<b>R'000</b>	R'000
<b>5. Finance costs</b>		
Other finance costs	<b>179</b>	–
	<b>179</b>	–
	<b>2016</b>	2015
	<b>R'000</b>	R'000
<b>6. Income tax expense</b>		
Current tax – current year charge	<b>7 527</b>	6 506
Current tax – prior year charge/(credit)	<b>1 008</b>	(3 761)
	<b>8 535</b>	2 745

6. Income tax expense continued	2016		2015	
	R'000	%	R'000	%
Income tax rate reconciliation				
Profit before tax	900 325		3 960 956	
Tax thereon at 28% (2015: 28%)	252 091	28.0	1 109 068	28.0
Exempt income – dividends received	(245 922)	(27.3)	(1 151 280)	(29.1)
Expenses not deductible for tax purposes <sup>(1)</sup>	1 358	0.1	48 718	1.3
Prior year charge/(credit)	1 008	0.1	(3 761)	(0.1)
	8 535	0.9	2 745	0.1

<sup>(1)</sup> Comprises mainly impairments of loans and prior year included an impairment of investment in subsidiary

7. Property, plant and equipment	2016	2015
	R'000	R'000
Cost	3 658	3 658
Accumulated impairment	(1 808)	(1 808)
Net book amount at 31 March	1 850	1 850

Land, which comprises a vacant stand, Erf 18029, Mossel Bay, in the Western Cape province, has been impaired to its fair value less costs to sell.

8. Investment in subsidiaries	2016	2015
	R'000	R'000
<i>Shares at cost</i>		
Cost of investment in ordinary shares (refer note 21)	18 410 367	18 410 367
Amount due by Aldiss Investments Proprietary Limited	43 648	43 648
Share-based payments to subsidiary employees (refer note 10)	59 176	59 176
	18 513 191	18 513 191

The amount due by Aldiss Investments Proprietary Limited has no fixed terms of repayment, is interest free and is considered to be part of the investment in the subsidiary.

9. Investment in associate	2016	2015
	R'000	R'000
<i>Unlisted</i>		
<i>Capital</i>		
Lukhanji Leisure Proprietary Limited	67	67
Less: Impairment of investment in associate	(67)	(67)
	-	-

The company has the following interest in its associate:

25.1% in Lukhanji Leisure Proprietary Limited ('Lukhanji'). The investment has been fully impaired due to the associate's continuing trading losses and it is not considered to be immediately recoverable. Refer also note 10 *Non-current receivables*.

10. Non-current receivables	2016	2015
	R'000	R'000
<i>At amortised cost</i>		
<i>Financial instruments</i>		
Loan to Lukhanji	-	-
Loan	55 953	51 776
Less: Provision for impairment	(55 953)	(51 776)
Loan to share scheme	12 491	19 515
Total non-current receivables	12 491	19 515

# Notes to the company financial statements continued

## 10. Non-current receivables continued

The loan to Lukhanji, an associate, bears interest at prime plus 1%. The company has subordinated this loan for the benefit of other creditors, limited to an amount of R40 million (2015: R37 million). The company has provided security for all Lukhanji's borrowing obligations in favour of Investec Limited to a capital amount of R12 million (2015: R12 million) – refer also note 9 *Investment in associate*. The loan has been provided for in full due to the associate's continuing trading losses and it is not considered to be immediately recoverable.

The company operates an equity-settled, share-based compensation plan established in September 1999. Options over the company's shares are granted to permanent employees at the discretion of the directors in terms of which shares in the company may be acquired based on prices prevailing at the dates of granting the options. Delivery of the shares so acquired is effected in three equal tranches vesting over four years; one-third after two years, one-third after three years and one-third after four years. Shares acquired through the share scheme have to be paid for by the employees at the subscription prices as determined in the option contracts. Upon vesting and exercise of the options the subscription value is credited to share capital (nominal value) and share premium and debited to a non-current asset. The non-current asset is considered payable when the employees exercise the options and the options have vested. Any dividends paid on these shares are utilised to reduce the balance owing by the employees. A complete accounting policy for the scheme is included in note 1y(v) to the consolidated financial statements.

The maximum exposure to credit risk at the reporting date is the carrying value of the loans classified as non-current receivables. The company does not hold any collateral as security other than as shown above.

## 11. Trade and other receivables

	2016 R'000	2015 R'000
<i>Financial instruments</i>		
Loan to Indol Proprietary Limited	–	–
Loan	<b>16 628</b>	16 628
Less: Provision for impairment	<b>(16 628)</b>	(16 628)
Other debtors	<b>108</b>	1 162
	<b>108</b>	1 162

The company's 50% interest in Indol Proprietary Limited, previously a joint venture, was sold with effect from 24 April 2013. The loan of R17 million (2015: R17 million) remains payable following suspensive conditions in the sale agreement. The loan remains impaired.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables as shown above. The company does not hold any collateral as security.

The net carrying values less impairment provision of trade and other receivables is assumed to approximate its fair values due to the short-term nature of trade receivables.

## 12. Amounts due by/to subsidiaries

	2016 R'000	2015 R'000
Amounts due by subsidiaries:		
<i>Current accounts</i>		
Akani Egoli Proprietary Limited	<b>18</b>	–
Gold Reef Management Proprietary Limited	<b>1 916</b>	3 046
Tsogo Sun Casino Management Company Proprietary Limited	<b>195</b>	–
<i>Treasury loan</i>		
Tsogo Sun Proprietary Limited	<b>19 132</b>	12 091
	<b>21 261</b>	15 137
Amounts due to subsidiaries:		
<i>Current accounts</i>		
Akani Egoli Proprietary Limited	–	1
Akani Msunduzi Proprietary Limited	–	87
Silverstar Casino Proprietary Limited	–	14
Tsogo Sun Casinos Proprietary Limited	<b>483</b>	996
West Coast Leisure Proprietary Limited	–	217
	<b>483</b>	1 315

The loans shown above, with the exception of the loan to Tsogo Sun Proprietary Limited, are unsecured, interest free and are repayable on demand. The amount due by Tsogo Sun Proprietary Limited is an unsecured treasury loan, bearing interest at market rates and is also repayable on demand.

	2016	2015
	R'000	R'000
<b>13. Cash and cash equivalents</b>		
Current accounts	32 105	32 023
Less: Bank overdrafts	(30 415)	(31 862)
Net cash and cash equivalents per cash flow statement	1 690	161

The above cash and cash equivalents bear interest at market-related rates.

#### 14. Ordinary share capital and premium

	Number of ordinary shares	Treasury shares	Net number of shares	Ordinary share capital R'000	Share premium R'000	Treasury shares R'000	Total R'000
At 1 April 2014	1 182 765 988	–	1 182 765 988	23 655	17 534 066	–	17 557 721
Shares repurchased and cancelled	(133 584 599)	–	(133 584 599)	(2 672)	–	–	(2 672)
Treasury shares acquired <sup>(1)</sup>	–	(7 766 990)	(7 766 990)	–	–	(200 000)	(200 000)
<b>At 31 March 2015 and 2016</b>	<b>1 049 181 389</b>	<b>(7 766 990)</b>	<b>1 041 414 399</b>	<b>20 983</b>	<b>17 534 066</b>	<b>(200 000)</b>	<b>17 355 049</b>

The total authorised number of ordinary shares is 1 200 000 000 (2015: 1 200 000 000) with a par value of 2 cents per share (2015: 2 cents per share) and 20 000 000 preference shares of no par value, none of which have been issued. All issued shares, other than those related to the Gold Reef Share Scheme and the IFRS 2 *Share-based Payment* – equity-settled<sup>(1)</sup>, are fully paid up.

During the prior year the group managed the exit of SABMiller, from its long-term 39,6% shareholding in the group, including a specific repurchase of 133.6 million Tsogo Sun ordinary shares for R2.8 billion on 28 August 2014. These shares, which were cancelled, were acquired at a price of R20.96 per share representing an 18.6% discount to the final book build price achieved on the sale of the SABMiller investment of R25.75 per share.

<sup>(1)</sup> Refer note 36.1 Long-term incentive plans to the consolidated financial statements

	2016	2015
	R'000	R'000
<b>15. Trade and other payables</b>		
<i>Financial instruments</i>		
Unclaimed dividends owing to shareholders	958	880
Liability relating to financial guarantee	–	14 854
	958	15 734
<i>Non-financial instruments</i>		
VAT payable	838	214
	1 796	15 948

All of the above trade and other payables are current. The liability relating to the financial guarantee was settled during the year under review.

	2016	2015
	R'000	R'000
<b>16. Cash generated from operations</b>		
<b>Operating profit</b>	<b>893 513</b>	<b>3 952 808</b>
<i>Adjusted for non-cash movements and dividends received:</i>		
Dividends received from subsidiaries	(878 294)	(4 111 712)
Foreign exchange (gain)/loss	(29)	320
Impairment of loan to associate	4 177	3 629
Impairment of investment in subsidiary	–	173 545
Cash generated from operations before working capital movements	19 367	18 590
<b>Working capital movements</b>		
Decrease/(increase) in trade and other receivables	1 054	(263)
(Increase)/decrease in amounts due by subsidiaries	(6 124)	21 965
Decrease in trade and other payables	(14 201)	(9)
Cash generated from operations	96	40 283

## Notes to the company financial statements continued

	2016 R'000	2015 R'000
<b>17. Income tax paid</b>		
Tax asset/(liability) at 1 April	1 033	(2 243)
Current tax provided	(8 535)	(2 745)
Tax liability/(asset) at 31 March	30	(1 033)
	<b>(7 472)</b>	<b>(6 021)</b>
<b>18. Dividends paid to the company's shareholders</b>		
Unclaimed dividends owing to shareholders at 1 April	(880)	(905)
Ordinary dividends declared	(878 294)	(938 644)
Unclaimed dividends owing to shareholders at 31 March	958	880
	<b>(878 216)</b>	<b>(938 669)</b>

### 19. Contingencies and guarantees

The company has provided the following securities:

- Lukhanji's (an associate) borrowing obligations in favour of Investec Limited to a capital amount of R12 million (2015: R12 million) - refer notes 9 and 10;
- Ikoyi Hotels Limited's (a subsidiary company incorporated in Nigeria) borrowing obligations in favour of Absa to a capital amount not exceeding US\$11.7 million (2015: US\$15.5 million);
- Southern Sun (Mozambique) Limited's (a subsidiary company incorporated in Mozambique) borrowing obligations in favour of Absa to a capital amount not exceeding US\$15.2 million (2015: US\$17.4 million); and
- Southern Sun Africa's (a subsidiary company incorporated in Mauritius) borrowing obligations in favour of Absa to a capital amount not exceeding US\$32.5 million (2015: US\$32.0 million).

### 20. Related party transactions

As detailed below the company has concluded certain transactions with related parties. Details of the company's associates and subsidiaries are shown in notes 8, 9 and 21.

	2016 R'000	2015 R'000
<b>20.1 Purchases/sales of services</b>		
<i>Royalty fees received from subsidiaries:</i>		
Akani Egoli Proprietary Limited	11 316	10 634
Akani Msunduzi Proprietary Limited	3 222	2 937
Garden Route Casino Proprietary Limited	2 111	1 783
West Coast Leisure Proprietary Limited	1 569	1 455
<i>Royalty fees received from associate:</i>		
Lukhanji Leisure Proprietary Limited	520	486
	<b>18 738</b>	<b>17 295</b>
<i>Administration fees received from subsidiaries:</i>		
Akani Egoli Proprietary Limited	203	20
Akani Msunduzi Proprietary Limited	152	124
Garden Route Casino Proprietary Limited	142	340
Goldfields Casino Proprietary Limited	-	29
Tsogo Sun Casino Management Company Proprietary Limited	32	207
Silverstar Casino Proprietary Limited	69	57
Tsogo Sun Proprietary Limited	52	47
Tsogo Sun Casinos Proprietary Limited	-	39
Tsogo Sun Emonti Proprietary Limited	69	-
Tsogo Sun KwaZulu-Natal Proprietary Limited	141	265
West Coast Leisure Proprietary Limited	182	163
<i>Administration fees received from associate:</i>		
Lukhanji Leisure Proprietary Limited	138	125
	<b>1 180</b>	<b>1 416</b>
Total fees from related parties	<b>19 918</b>	<b>18 711</b>



## 20. Related party transactions continued

### 20.2 Amounts due by/to related parties

	2016 R'000	2015 R'000
Amounts due by subsidiaries <sup>(1)</sup>	21 261	15 137
Amounts due to subsidiaries <sup>(1)</sup>	483	1 315

<sup>(1)</sup> Refer note 12

Also, the company has granted interest-free loans to the participating executives in the IFRS 2 *Share-based Payment* scheme as shown in note 36.1 *Long-term incentive plans* in the consolidated financial statements which are secured by the shares taken up by these participating executives. These loans have no specified date of repayment. There are no other loans to directors, key management or their families of the group.

### 20.3 Key management compensation

Directors and prescribed officers of the company are considered to be key management (including the highest paid members of management). Remuneration and fees paid to key management and IFRS 2 *Share-based Payment* charges during the year are as follows:

#### 20.3.1 Executive directors

	Year ended 31 March 2016				Total paid R'000
	Basic remuneration R'000	Benefits R'000	Short-term incentives <sup>(1)</sup> R'000	Long-term incentives R'000	
<i>Remuneration paid by subsidiaries:</i>					
MN von Aulock	5 497	1 120	2 253	6 179	15 049
RB Huddy	2 849	637	1 161	2 404	7 051
Total remuneration	8 346	1 757	3 414	8 583	22 100
Year ended 31 March 2015					
	Basic remuneration R'000	Benefits R'000	Short-term incentives <sup>(2)</sup> R'000	Long-term incentives R'000	Total paid R'000
<i>Remuneration paid by subsidiaries:</i>					
MN von Aulock	5 114	1 100	4 768	7 877	18 859
RB Huddy	2 663	610	2 033	4 649	9 955
Total remuneration	7 777	1 710	6 801	12 526	28 814
<i>IFRS 2 Share-based Payment charge expensed in subsidiaries<sup>(3)</sup></i>					2015 R'000
MN von Aulock					53 859
RB Huddy					15 415
Total expense					69 274

<sup>(1)</sup> Short-term incentives paid relate to the achievement against target for 2015

<sup>(2)</sup> Short-term incentives paid relate to the achievement against target for 2014

<sup>(3)</sup> Refer note 36.1 to the consolidated financial statements

# Notes to the company financial statements continued

## 20. Related party transactions continued

### 20.3 Key management compensation continued

#### 20.3.2 Non-executive directors

	Year ended 31 March 2016		Year ended 31 March 2015		
	Directors' fees R'000	Total paid R'000	Directors' fees R'000	Other benefits R'000	Total paid R'000
<i>Fees and services paid by subsidiaries:</i>					
JA Copelyn	868	868	814	–	814
JA Mabuza <sup>(1)</sup>	–	–	–	28 198	28 198
J Davidson <sup>(2)</sup>	–	–	145	–	145
MJA Golding	310	310	234	–	234
BA Mabuza <sup>(3)</sup>	315	315	135	–	135
VE Mphande	249	249	234	–	234
JG Ngcobo	315	315	295	–	295
Y Shaik	381	381	356	–	356
RG Tomlinson	501	501	468	–	468
JS Wilson <sup>(4)</sup>	–	–	115	–	115
MI Wyman <sup>(1)</sup>	–	–	115	–	115
	<b>2 939</b>	<b>2 939</b>	2 911	28 198	31 109

<sup>(1)</sup> Resigned 28 August 2014

<sup>(2)</sup> Appointed 17 January 2014, resigned 28 August 2014

<sup>(3)</sup> Appointed 3 June 2014

<sup>(4)</sup> Appointed 2 April 2013, resigned 28 August 2014

#### 20.3.3 Other key management and prescribed officers

	Year ended 31 March 2016				
	Basic remuneration R'000	Benefits R'000	Short-term incentives <sup>(1)</sup> R'000	Long-term incentives R'000	Total paid R'000
<i>Remuneration paid by subsidiaries:</i>					
J Booyesen	3 342	951	1 013	1 166	6 472
RF Weilers	3 720	–	718	5 150	9 588
Total remuneration	<b>7 062</b>	<b>951</b>	<b>1 731</b>	<b>6 316</b>	<b>16 060</b>
	Year ended 31 March 2015				
	Basic remuneration R'000	Benefits R'000	Short-term incentives <sup>(2)</sup> R'000	Long-term incentives R'000	Total paid R'000
<i>Remuneration paid by subsidiaries:</i>					
J Booyesen	3 139	899	2 085	2 255	8 378
RF Weilers	4 078	915	1 700	6 289	12 982
Total remuneration	7 217	1 814	3 785	8 544	21 360
<i>IFRS 2 Share-based Payment charge expensed in subsidiaries<sup>(3)</sup></i>					
J Booyesen					26 348
Total expense					26 348

<sup>(1)</sup> Short-term incentives paid relate to the achievement against target for 2015

<sup>(2)</sup> Short-term incentives paid relate to the achievement against target for 2014

<sup>(3)</sup> Refer note 36.1 to the consolidated financial statements

## 21. Subsidiary companies

The following information relates to the company's financial interest in its principal subsidiaries:

Subsidiary	Issued share capital		Effective holding		Shares at cost	
	2016 R	2015 R	2016 %	2015 %	2016 R'000	2015 R'000
<i>Direct shareholding:</i>						
Akani Egoli Proprietary Limited	1 000	1 000	100	100	984 992	984 992
Akani Egoli Management Proprietary Limited	1 000	1 000	100	100	1	1
Akani Msunduzi Proprietary Limited	100	100	100	100	135 948	135 948
Akani Msunduzi Management Proprietary Limited	1 000	1 000	100	100	1	1
Aldiss Investments Proprietary Limited	1	1	100	100	*	*
Gold Reef Management Proprietary Limited	100	100	100	100	98 376	98 376
Garden Route Casino Proprietary Limited	1 000	1 000	100	100	221 357	221 357
Goldfields Casino and Entertainment Centre Proprietary Limited	1 000	1 000	100	100	165 084	165 084
Gold Reef Resorts Training Institute Proprietary Limited	2	2	100	100	*	*
Silverstar Casino Proprietary Limited	1 000	1 000	100	100	972 933	972 933
Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited	25 000	25 000	100	100	15 768 960	15 768 960
West Coast Leisure Proprietary Limited	1 000	1 000	70	70	62 715	62 715
<i>Indirect shareholding:</i>						
Durban Add-Ventures Limited	3 156 723	3 156 723	100	100	–	–
Ikoyi Hotels Limited	3 116 968	3 116 968	76	76	–	–
Ripple Effect 31 Proprietary Limited	1 000	1 000	100	100	–	–
Southern Sun Africa	92 850	92 850	100	100	–	–
Southern Sun Hotel Interests Proprietary Limited	2 145 000	2 145 000	100	100	–	–
Southern Sun Hotels Proprietary Limited	100	100	100	100	–	–
Southern Sun Middle East Investment Holdings Proprietary Limited	100	100	100	100	–	–
Southern Sun (Mozambique) Lda	18 181 559	18 181 559	87	87	–	–
Southern Sun Offshore Proprietary Limited	100	100	100	100	–	–
Southern Sun Secretarial Services Proprietary Limited	2	2	100	100	–	–
SUN1 Hotels Proprietary Limited	4 000	4 000	100	100	–	–
The Cullinan Hotel Proprietary Limited	104 000	104 000	60	60	–	–
The Millennium Casino Limited	200	200	100	100	–	–
Tsogo Sun Casino Management Company Proprietary Limited	2 000	2 000	100	100	–	–
Tsogo Sun Casinos Proprietary Limited	2 402	2 402	100	100	–	–
Tsogo Sun Emonti Proprietary Limited	1 230	1 230	65	65	–	–
Tsogo Sun Gaming Proprietary Limited	100	100	100	100	–	–
Tsogo Sun KwaZulu-Natal Proprietary Limited	1 000	1 000	100	100	–	–
Tsogo Sun Proprietary Limited	120	120	100	100	–	–
					<b>18 410 367</b>	<b>18 410 367</b>

\* Amount less than R1 000

The group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. In addition to the above mentioned subsidiaries, the company has interests in other indirectly held subsidiaries. A register detailing such 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.

All of the above subsidiaries are unlisted. With the exception of Ikoyi Hotels Limited which is incorporated in Nigeria, Southern Sun (Mozambique) Lda which is incorporated in Mozambique and Southern Sun Africa which is incorporated in Mauritius, all of the subsidiaries are incorporated in South Africa.

# Analysis of shareholdings

	Number of shareholders	%	Number of shares	%
<b>Portfolio size</b>				
Range				
1 – 1 000	1 282	40.53	506 991	0.05
1 001 – 5 000	805	25.45	2 033 295	0.19
5 001 – 10 000	202	6.39	1 510 282	0.14
10 001 – 50 000	309	9.77	7 436 863	0.71
50 001 – 100 000	145	4.58	10 636 148	1.01
100 001 – and more	420	13.28	1 027 057 810	97.90
	3 163	100.00	1 049 181 389	100.00
<b>Shareholder spread</b>				
Public	3 154	99.73	501 107 037	47.76
Individuals	1 913	60.50	38 619 309	3.67
Banks and insurance companies	154	4.87	99 043 217	9.44
Pension funds and medical aid societies	252	7.96	74 455 066	7.10
Collective investment schemes and mutual funds	297	9.38	68 072 282	6.49
Other corporate bodies	538	17.02	220 917 163	21.06
Non-public	9	0.27	548 074 352	52.24
Directors <sup>(1)</sup>	3	0.09	4 556 124	0.43
Subsidiary companies <sup>(2)</sup>	3	0.09	83 632 695	7.97
Gold Reef Share Scheme <sup>(2)</sup>	1	0.03	392 834	0.04
Majority shareholder (10% of issued share capital or more)	1	0.03	453 013 124	43.18
Fellow subsidiary of majority shareholder	1	0.03	6 479 575	0.62
	3 163	100.00	1 049 181 389	100.00
<b>Major shareholders owning 1% or more</b>				
Tsogo Investment Holding Company Proprietary Limited			453 013 124	43.18
Tsogo Sun Gaming Proprietary Limited <sup>(2)</sup>			42 876 046	4.09
SBG Securities			29 650 000	2.83
Tsogo Sun Expansion No 1 Proprietary Limited <sup>(2)</sup>			26 329 047	2.51
Old Mutual Life Assurance Co SA Limited			24 919 581	2.38
Liberty Life Association of Africa Limited			28 435 670	2.71
State Street Corporation			17 858 683	1.70
Citiclient Nominees No 8 NY GW			25 343 950	2.42
Deutsche Securities Proprietary Limited			15 000 000	1.43
Maxim Krok			11 494 632	1.10
Aldiss Investments Proprietary Limited <sup>(2)</sup>			14 427 602	1.38
Allan Gray Balanced Fund			10 906 600	1.04

<sup>(1)</sup> At 31 March 2016 167 775 (2015: 167 775) shares were held directly by JA Copelyn, non-executive director and Chairman, 3 339 806 (2015: 3 339 806) directly by MN von Aulock, executive director and CEO and 1 048 543 (2015: 1 048 543) directly by RB Huddy, executive director and CFO. No other director holds shares in the company or any of its subsidiaries. There has been no other change to directors' shareholdings between the balance sheet date and the date of these annual financial statements.

<sup>(2)</sup> Treasury shares

	Number of shares
There are 91 792 519 treasury shares made up as follows:	
Treasury shares per above:	
– held by subsidiary companies	83 632 695
– held by the Gold Reef Share Scheme	392 834
Treasury shares allocated as part of the executive facility – refer note 36.1 to the consolidated financial statements	7 766 990
	91 792 519

Absa	Absa Group Limited
AGM	Annual General Meeting
the board	The board of directors of Tsogo Sun Holdings Limited
CASA	Casino Association of South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash-generating unit
Companies Act	The Companies Act of 2008, as amended
Ebitda	Earnings before interest, tax, depreciation and amortisation
Ebitdar	Earnings before interest, tax, depreciation, amortisation and rentals
Ebitdar margin	This is calculated by expressing Ebitdar as a percentage of revenue
GAAP	Generally Accepted Accounting Principles
GEC	Group Executive Committee
Gold Reef	Gold Reef Resorts Limited
HCI	Hosken Consolidated Investments Limited
HEPS	Headline earnings per share
HPF	Hospitality Property Fund Limited
IAS	International Accounting Standards
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
Net debt	This comprises gross debt (including borrowings, loans from non-controlling interests and overdrafts) net of gross cash and cash equivalents
SA	South Africa
SABMiller	SABMiller Plc
SENS	Stock Exchange News Service of the JSE Limited
Strate	Share Transactions Totally Electronic, an unlisted company owned by the JSE and CSDP
the group	Tsogo Sun Holdings Limited and its subsidiaries, associates and joint ventures
Tsogo Sun or the company	Tsogo Sun Holdings Limited
TSH	Tsogo Sun Hotels, Gaming and Entertainment Proprietary Limited
VAT	Value Added Tax

# Corporate information

## Company Secretary and registered office

### GD Tyrrell

(Registration number: 1989/002108/06)  
Palazzo Towers East  
Montecasino Boulevard  
Fourways, 2055  
(Private Bag X200, Bryanston, 2021)

## Sponsor

### Deutsche Securities (SA) Proprietary Limited

(A non-bank member of the Deutsche Bank Group)  
(Registration number: 1995/011798/07)  
3 Exchange Square, 87 Maude Street  
Sandton, 2196  
(Private Bag X9933, Sandton, 2146)

## Attorneys

### Tabacks Attorneys

(Registration number: 2000/024541/21)  
13 Eton Road  
Parktown, 2193  
(PO Box 3334, Houghton, 2041)

### Nortons Inc.

(Registration number: 2009/006902/21)  
135 Daisy Street  
Sandton, 2196  
(PO Box 41162, Craighall, 2024)

## Auditors

### PricewaterhouseCoopers Inc.

Registered Accountants and Auditors  
(Registration number: 1998/012055/21)  
2 Eglin Road  
Sunninghill, 2157  
(Private Bag X36, Sunninghill, 2157)

## Investor relations

### Brunswick South Africa Limited

(Registration number: 1995/011507/10)  
23 Fricker Road  
Illovo Boulevard  
Illovo, 2196

## Transfer secretaries

### Link Market Services South Africa Proprietary Limited

(Registration number: 2000/007239/07)  
13th Floor, Rennie House  
19 Ameshoff Street  
Braamfontein  
Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)

## Commercial bankers

### Nedbank Limited

(Registration number: 1966/010630/06)  
1st Floor, Corporate Park  
Nedcor Sandton  
135 Rivonia Road  
Sandown, 2196  
(PO Box 1144, Johannesburg, 2000)

### Rand Merchant Bank

A division of FirstRand Bank Limited  
(Registration number: 1929/001225/06)  
1 Merchant Place  
cnr Fredman Drive and Rivonia Road  
Sandton, 2196  
(PO Box 786273, Sandton, 2146)

### Absa Group Limited

(Registration number: 1986/003934/06)  
3rd Floor  
Absa Towers East  
170 Main Street  
Johannesburg, 2001  
(PO Box 7735, Johannesburg, 2000)



