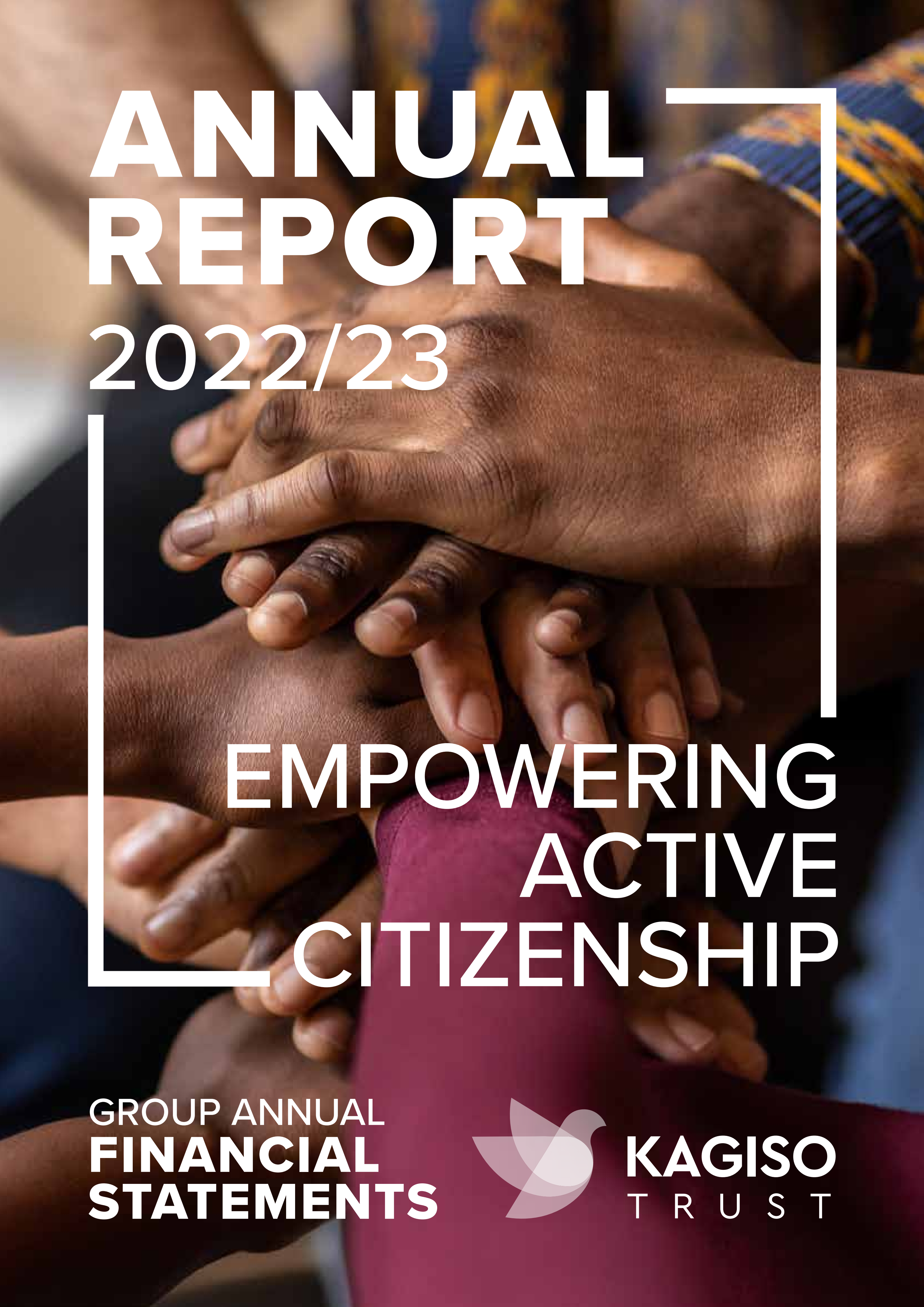

ANNUAL REPORT 2022/23

EMPOWERING ACTIVE CITIZENSHIP

GROUP ANNUAL
FINANCIAL STATEMENTS

KAGISO TRUST

GROUP ANNUAL **FINANCIAL STATEMENTS**

for the year ended 30 June 2023
for Kagiso Charitable Trust and its Subsidiaries
(Registration number IT374/87)

Issued 23 November 2023

Trust Information

Country of incorporation and domicile	South Africa
Registered office	27 Scott Street Waverley Johannesburg 2090
Postal address	PO Box 1878 Johannesburg South Africa 2000
Bankers	First National Corporate Bank Rand Merchant Bank
Auditor	PricewaterhouseCoopers Inc. Johannesburg
Trust registration number	IT374/87
Trustees	Ms M Ntsaba (“ Chairperson”) Dean Z Nevhutalu Mr HI Appelbaum Ms T Dooms Ms N Angel Mr T Ratsomo Rev Dr Frank Chikane Ms B Njobe Mr G Aboobaker Mr A Maralack
Attorneys	Weber Wentzel Edward Nathan Sonnenbergs Cliffe Dekker Hofmeyr

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The reports and statements set out below comprise the group annual financial statements presented to the shareholder:

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards.

The group annual financial statements are prepared in accordance with International Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the group's cash flow forecast for the year to 30 June 2024 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group annual financial statements. The group annual financial statements have been examined by the group's external auditor and their report is presented on pages 5-7.

The group annual financial statements set out on pages 8-63, which have been prepared on the going concern basis, were approved by the board of trustees on 23 November 2023 and were signed on their behalf by:

Mr A Maralack

Mr A Maralack

Trustees' Report

The trustees have pleasure in submitting their report on the group annual financial statements of Kagiso Charitable Trust and its Subsidiaries for the year ended 30 June 2023.

1. Principal activities of the Group

The principal activity of the trust (controlling entity) is to fund and implement community development programmes in the Republic of South Africa. Cash is derived mainly from donations, dividends from investments, interest and partnership funding. The group annual financial statements of the trust and its subsidiaries also incorporate the equity accounted income of associate companies.

The group has interests in the tertiary educational sector (engaged in providing end to end education and training solutions in its widest form.)

The group is also engaged in providing education and training services and products and is registered with the Department of Higher Education and Training as a Private Higher Education Institution. It also develops systems which enable operational efficiencies at educational institutions and provides a pivotal service in the management of student information and administration.

2. Basis of preparation

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these group annual financial statements.

3. Trustees

The trustees in office at the date of this report are as follows:

Trustees

- Ms M Ntsaba (" Chairperson")
- Rev Dr Frank Chikane
- Dean Z Nevhutalu
- Mr HI Appelbaum
- Ms T Dooms
- Ms N Angel
- Mr T Ratsomo
- Mr G Aboobaker
- Mr A Maralack

Patrons

- Fr S Mkhatshwa
- Ms Z Mbeki
- Ms B Njobe
- Mr M Tisani

Management committee

- Mrs Mankodi Moitse – Chief Executive Officer
- Mr Themba Mola – Chief Operating Officer
- Mr Mzomhle Nyenjana – Chief Financial Officer

Trustees' Report (continued)

4. Going concern

The trustees believe that the trust and the group have adequate financial resources to continue in operation for the foreseeable future and accordingly the group annual financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust and the group are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust and the group. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust and the group.

5. Events after the reporting period

No events took place after the reporting date that requires disclosure at year end.

6. Auditors

PricewaterhouseCoopers Inc. will continue in office as auditors for the trust and its subsidiaries.

Independent Auditor's Report

To the Trustees of Kagiso Charitable Trust

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Kagiso Charitable Trust (the Trust) and its subsidiaries (together the Group) as at 30 June 2023, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Kagiso Charitable Trust's consolidated and separate financial statements set out on pages 8 to 63 comprise:

- the consolidated and separate statements of financial position as at 30 June 2023;
- the consolidated and separate statements of profit or loss and comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

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pwc

Independent Auditor's Report (continued)

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "Kagiso Charitable Trust and its Subsidiaries Group Annual Financial Statements for the year ended 30 June 2023", which includes the Trustees' Report.

The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the consolidated and separate financial statements

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

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

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

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

Independent Auditor's Report (continued)

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

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

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

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: KJ Dikana
Registered Auditor
Johannesburg, South Africa
23 November 2023

Statement of Financial Position as of 30 June 2023

		Group		Trust	
		2023	2022	2023	2022
	Note(s)	R '000	R '000	R '000	R '000
Assets					
Non-Current Assets					
Property, plant and equipment	11	35,567	31,361	29,329	29,867
Right-of-use assets	12	8,633	-	-	-
Goodwill and intangible assets	13	33,962	28,709	-	-
Investment in associate	5	3,095,347	2,592,400	2,117,508	1,741,847
Amount due from related parties	38	25,591	6,457	44,041	40,113
Loans receivables	6	2,990	3,719	-	-
Trade and other receivables	14	351	-	-	-
Investments held in subsidiaries	8	-	-	536,232	327,110
Financial assets at fair value through other comprehensive income	7	4,913,729	5,875,441	4,451,241	5,355,966
Financial assets at fair value through profit and loss	9	2,430,288	848,358	1,517,701	-
		10,546,458	**9,386,445**	**8,696,052**	**7,494,903**
Current Assets					
Inventories	15	372	170	-	-
Loans receivables	6	5,664	6,354	-	-
Trade and other receivables	14	17,504	8,827	287	331
Current tax receivable	37	1,434	191	-	-
Financial assets at fair value through profit and loss	9	140,175	133,741	140,175	133,741
Cash and cash equivalents	16	316,857	206,994	149,096	134,651
		482,006	**356,277**	**289,558**	**268,723**
Non-current assets held for sale	10	20,817	92,686	-	-
Total Assets		**11,049,281**	**9,835,408**	**8,985,610**	**7,763,626**
Equity and Liabilities					
Equity					
Other reserves	19	170	(7,620)	5,233	(3,990)
Retained income		9,170,692	7,866,126	8,932,518	7,695,055
		9,170,862	**7,858,506**	**8,937,751**	**7,691,065**
Liabilities					
Non-Current Liabilities					
Derivative financial instruments	20	60,268	41,651	-	-
Deferred tax	17	62,220	54,056	-	-
Financial liabilities measured at amortised cost	21	1,652,535	1,767,878	-	-
Lease liability	25	7,135	-	-	-
		1,782,158	**1,863,585**	**-**	**-**
Current Liabilities					
Trade and other payables	23	16,443	13,111	3,687	1,750
Loans from group companies	38	-	-	2,296	823
Provisions	24	43,321	35,541	6,373	5,340
Funds available for projects	22	35,503	64,591	35,503	64,591
Lease liability	25	980	-	-	-
Bank overdraft	16	14	74	-	57
		96,261	**113,317**	**47,859**	**72,561**
Total Liabilities		**1,878,419**	**1,976,902**	**47,859**	**72,561**
Total Equity and Liabilities		**11,049,281**	**9,835,408**	**8,985,610**	**7,763,626**

The accounting policies on pages 12-24 and the notes on pages 25 to 63 form an integral part of the group annual financial statements.

Statements of Profit or Loss and Other Comprehensive Income

		Group		Trust	
	Note(s)	2023 R '000	2022 R '000	2023 R '000	2022 R '000
Revenue	26	31,315	27,465	-	13
Cost of sales	30	(6,758)	(5,507)	-	-
Gross profit		**24,557**	**21,958**	**-**	**13**
Other income		27 525,236	364,012	380,149	259,667
Other operating (losses) / gains	28	147,285	(7,346)	143,390	4,868
Impairment (loss) / reversals	33	7,320	17,793	(8,493)	(4,600)
Programme expenses	29	(77,380)	(50,867)	(125,605)	(83,208)
Operating expenses	29	(168,130)	(128,974)	(48,347)	(33,452)
Operating income		**458,888**	**216,576**	**341,094**	**143,288**
Interest income	31	21,601	9,074	10,328	4,850
Finance costs	32	(142,700)	(101,001)	-	-
Income / (loss) from equity accounted investments	5	544,664	31,614	399,911	17,643
Profit / (loss) before taxation		**882,453**	**156,263**	**751,333**	**165,781**
Taxation	34	(11,687)	(13,812)	-	-
Profit / (loss) for the year		**870,766**	**142,451**	**751,333**	**165,781**
Other comprehensive income:					
Share of comprehensive income / (loss) of equity accounted investments	35	9,315	18,449	9,223	14,313
Non-recyclable fair value through other comprehensive income	35	429,143	629,151	486,130	592,380
Other comprehensive income for the year net of taxation		**438,458**	**647,600**	**495,353**	**606,693**
Total comprehensive income for the year		**1,309,224**	**790,051**	**1,246,686**	**772,474**

The accounting policies on pages 12-24 and the notes on pages 25 to 63 form an integral part of the group annual financial statements.

Statements of Changes in Equity

	Share of equity account associate	Contributions from trustees	Retained income	Total equity
	R '000	R '000	R '000	R '000
Group				
Balance at 30 June 2021	(36,958)	10,889	7,094,524	7,068,455
Profit for the year	-	-	142,451	142,451
Other comprehensive income	18,449	-	629,151	647,600
Total comprehensive loss for the year	**18,449**	**-**	**771,602**	**790,051**
Balance at 30 June 2022	**(18,509)**	**10,889**	**7,866,126**	**7,858,506**
Profit for the year	-	-	870,766	870,766
Other comprehensive income	9,315	-	429,143	438,458
Total comprehensive loss for the year	**9,315**	**-**	**1,299,909**	**1,309,224**
Movement in reserves	(4,657)	-	4,657	-
Balance at 30 June 2023	**(10,719)**	**10,889**	**9,170,692**	**9,170,862**
Note(s)	35		35	

	Share of equity account associate	Contributions from trustees	Retained income	Total equity
	R '000	R '000	R '000	R '000
Trust				
Balance at 30 June 2021	**(18,303)**	**-**	**6,936,894**	**6,918,591**
Profit for the year	-	-	165,781	165,781
Other comprehensive income	14,313	-	592,380	606,693
Total comprehensive loss for the year	**14,313**	**-**	**758,161**	**1,126,195**
Balance at 30 June 2022	**(3,990)**	**-**	**7,695,055**	**7,691,065**
Profit for the year	-	-	751,333	751,333
Other comprehensive income	9,223	-	486,130	495,353
Total comprehensive income for the year	**9,223**	**-**	**1,237,463**	**1,246,686**
Balance at 30 June 2023	**5,233**	**-**	**8,932,518**	**8,937,751**
Note(s)	35		35	

The accounting policies on pages 12-24 and the notes on pages 25 to 63 form an integral part of the group annual financial statements.

Statement of Cash Flows

		Group		Trust	
	Note(s)	2023 R '000	2022 R '000	2023 R '000	2022 R '000
Cash flows from operating activities					
Cash generated from operations	36	(211,485)	(100,675)	(166,858)	(70,004)
Interest income		20,216	7,865	10,328	4,850
Tax paid	37	(4,765)	(4,547)	-	-
Net cash from operating activities		**(196,034)**	**(97,357)**	**(156,530)**	**(65,154)**
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(6,676)	(2,751)	(715)	(1,440)
Sale of property, plant and equipment	11	124	(43)	110	-
Dividends received from investment in associates	5	46,780	22,694	33,473	5,439
Purchase of other intangible assets	13	(6,533)	(8,766)	-	-
Proceeds on sale of investments held for sale	10	92,686	-	-	-
Payment for acquisition of subsidiary, net of cash acquired	18	(1,612)	(2,360)	-	-
Movements in loans to related parties	38	(19,134)	(5,085)	(12,421)	(4,566)
Acquisition of investments at fair value through other comprehensive income	7	-	(73,122)	-	-
Loans to associates repaid	5	-	12,078	-	-
Advances of loans receivables at amortised cost	6	(2,000)	-	-	-
Repayment of loans receivables at amortised cost	6	561	2,524	-	-
Purchase of ordinary shares in subsidiary	8	-	-	(209,122)	(141,865)
Withdrawal of funds from fair value investments through profit or loss	9	10,000	10,000	10,000	10,000
Purchase of financial assets at fair value through profit and loss	9	(41,595)	(400,000)	-	-
Dividends received		491,710	341,085	348,234	236,373
Net cash from investing activities		**564,311**	**(103,746)**	**169,559**	**103,941**
Cash flows from financing activities					
Increase in long term loan at amortised cost	21	42,100	237,898	-	-
Repayment of long term loan at amortised cost	21	(42,413)	(20,966)	-	-
Repayment of interest in long term loan	21	(23,448)	-	-	-
Repayment of loans from related parties	38	-	-	1,473	249
Preference shares issued	21	-	234,780	-	-
Redemption of preference share liability	21	(149,040)	(95,750)	-	-
Repayment of finance costs on preference shares	21	(84,319)	(84,079)	-	-
Repayment of interest on long term loan		(1,227)	-	-	-
Other finance costs	32	(7)	(67)	-	-
Net cash from financing activities		**(258,354)**	**271,816**	**1,473**	**249**
Total cash movement for the year		**109,923**	**70,713**	**14,502**	**39,036**
Cash at the beginning of the year		206,920	136,207	134,594	95,558
Total cash at end of the year *	16	**316,843**	**206,920**	**149,096**	**134,594**

* Net of overdraft.

Accounting Policies

Corporate information

Kagiso Charitable Trust is a trust incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the trustees.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The group annual financial statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these group annual financial statements.

The group annual financial statements have been prepared in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these group annual financial statements.

The group annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and trust's functional currency.

These annual financial statements have been prepared under the historical cost convention.

Recently issued accounting standards

International Financial Reporting Standards and amendments effective for the first time for 30 June 2023 year-end.

Standards and interpretations effective and adopted in the current year

The following new, revised or amended accounting pronouncements as issued but IASB which were effective have been adopted by the company for the June 2023 year end.

- **Annual Improvements to IFRS Standards 2018-2020 Cycle**

  Effective date: Years beginning on or after 01 January 2022

  The key effects of this project entail minor amendments to IFRS 1, IFRS 9 and IAS 41, and to Illustrative Examples accompanying IFRS 16

- **Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)**

  Effective date: Years beginning on or after 01 January 2022

  The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the

- **Reference to the Conceptual Framework (Amendments to IFRS 3)**

  Effective date: Years beginning on or after 01 January 2022

  The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

None of the standards listed above had material impact on the annual financial statements.

Accounting Policies (continued)

1.1 Basis of preparation (continued)

Standards and interpretations not yet effective

The following International Financial Reporting Standards, interpretations and amendments were issued but not effective for 30 June 2023:

Standards and interpretations not yet effective

The following International Financial Reporting Standards, interpretations and amendments were issued but not effective for 30 June 2023:

- **Amendments to IAS 1 – Classification of Liabilities as Current or Non- current Liabilities**

  Effective date: Years beginning on or after 01 January 2024

  This amendment (issued in July 2020) clarifies that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period

- **Definition of Accounting Estimates - Amendments to IAS 8**

  Effective date: Years beginning on or after 01 January 2023

  In February 2021, the IASB issued Definition of Accounting Estimates, which amended IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

  The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

- **Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)**

  Effective date: Years beginning on or after 01 January 2023

  In February 2021, the IASB issued Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2). The amendments provide guidance and to help entities apply materiality judgments to accounting policy disclosures, and distinguish changes in accounting estimates from changes in accounting policies.

- **Amendments to IAS 1 – Non-current Liabilities with Covenants**

  Effective date: Years beginning on or after 01 January 2024

  In October 2022 the International Accounting Standards Board issued amendments to IAS 1 Presentation of Financial Statements that clarifies that only those covenants with which an entity must comply on or before the end of the reporting period affect the classification of a liability as current or non-current.

- **Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback**

  Effective date: Years beginning on or after 01 January 2024

  The amendment, issued by the International Accounting Standards Board in September 2022, specifies requirements relating to measuring the lease liability in a sale and leaseback transaction after the date of the transaction.

These International Financial Reporting Standards have no significant impact on the company.

The management did not opt for early adoption of the standards issued but not yet effective in 2023 financial year.

1.2 Consolidation

Basis of consolidation

The group annual financial statements incorporate the annual financial statements of the trust and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the group annual financial statements from the effective date of acquisition to the effective date of disposal.

Accounting Policies (continued)

1.2 Consolidation (continued)

Adjustments are made when necessary to the group annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the trust.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised profit or loss as part of the gain or loss on disposal of the controlling interest. 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..

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

Investments in associates

Associates are entities over which the Group generally has between 20% and 50% of the voting rights, or over which the Group has significant influence, but which it does not control. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. Under this method the Group's share of the post-acquisition profits or losses of associates is recognised in the profit and loss and its share of post-acquisition movements in reserves is recognised in reserves. When the trust's share of losses in an associate equals or exceeds its interest in the associate, the trust does not recognise further losses, unless the trust has incurred obligations or made payments on behalf of the associates. The cumulative post-acquisition movements are adjusted against the cost of the investment.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The Group's investment in associates includes goodwill (net of accumulated impairment losses) and notional intangibles (net of accumulated amortisation) identified on acquisition.

Where associates have a different year end to the Group, the groups accounting policy is to account for a one-month lag period in reporting their results. Any significant transactions that occurred between the associate year end and the Group's June year end are taken into account.

The Trust accounts for associates using the equity method of accounting.

If the share holding in any of the associates is less than 20%, the group is presumed not to have significant influence unless such influence can be clearly demonstrated.

All intercompany balances and transactions will be eliminated in line with IAS 28 Investment in Associate, IFRS 3 Business Combinations and IFRS 10 Consolidated Financial Statements. The transaction costs will be expensed in line with IFRS 3 Business Combination requirements.

Accounting Policies (continued)

1.3 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group ,as applicable, are as follows:

Financial assets which are equity instruments:

- Fair value through comprehensive income.
- Fair value through profit or loss

Financial assets which are debt instruments:

- Amortised cost; or
- Fair value through other comprehensive income.
- Fair value through profit or loss.

Financial liabilities:

- Amortised cost.

Note 2 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the group are presented below:

Loans receivable at amortised cost

Classification

Loans to group companies are classified as financial assets at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on these loans.

Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any .They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Accounting Policies (continued)

1.3 Financial instruments (continued)

Definition of default

For purposes of internal credit risk management purposes, the group consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write off policy

The group writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or deficit.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and visa versa.

An impairment gain or loss is recognised for all loans in surplus or deficit with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in operating expenses in surplus or deficit as a movement in credit loss allowance (note 33).

Instruments at fair value through other comprehensive income

Classification

The group holds certain investments in equity instruments which are classified as fair value through other comprehensive income.

They have been classified in this manner because the objectives of the group's business model is achieved by both collecting the contractual cash flows on these instruments and by selling them.

Recognition and measurement

These instruments are recognised when the group becomes a party to the contractual provisions. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at fair value through comprehensive income or fair value through profit or loss.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified at amortised cost. They are initially measured at fair value and are subsequently measured at amortised cost (note 14).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

Accounting Policies (continued)

1.3 Financial instruments (continued)

Recognition and measurement

Trade and other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 14.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in surplus or deficit as a movement in credit loss allowance (note 33).

Write off policy

The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Borrowings and loans from related parties

Classification

Loans from group companies are classified as financial liabilities.

Recognition and measurement

Borrowings and loans from related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 32).

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 2 for details of risk exposure and management thereof.

Accounting Policies (continued)

1.3 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 23), excluding VAT and amounts received in advance.

Recognition and measurement

They are recognised when the group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 32).

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 2 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, deposits held on call with banks net of bank overdrafts, all of which are available for use by the group unless otherwise stated. Bank overdrafts are included in current liabilities on the statement of financial position.

Cash and cash equivalents are initially measured at fair value and subsequently measured at amortised cost.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and 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.

The classification into different levels is based on the extent that quoted prices are used in the calculation of fair value and the levels have been defined as follows:

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

Derivative financial instruments

Equity-indexed interest or principal payments embedded in a host debt instruments that are not closely related to the debt instrument host contract and are accounted for separately as embedded derivative liabilities.

The derivative financial liability is initially recognised at fair value and are subsequently measured at fair value through profit and loss. Resulting gains or losses on derivative instruments, are recognised in the income statement.

To the extent that a derivative instrument has a maturity period of longer than one year, the fair value of these instruments will be reflected as non-current liabilities..

Accounting Policies (continued)

1.4 Property, plant and equipment

All plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. Land is not depreciated. Depreciation is calculated on a straight-line method to write off the cost of the assets over their expected useful lives. Major leasehold improvements are amortised over the shorter of their respective lease periods or estimated useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Major leasehold improvements are amortised over the shorter of their respective lease periods or estimated useful life. In the event of such impairment, the carrying amount is reduced and the reduction is charged as an expense in the profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains or losses on disposals are determined by comparing the proceeds with the assets' carrying amounts. These are included in the profit or loss in the related period.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	3,33% per annum
Plant and machinery	Straight line	20% per annum
Office furniture	Straight line	10 - 20% per annum
Motor vehicles	Straight line	20% per annum
Office equipment	Straight line	20 - 33% per annum
Computer equipment	Straight line	20 - 33% per annum
Leasehold improvements	Straight line	20% per annum
Land	Straight line	Indefinite
Legacy wall	Straight line	10% per annum

1.5 Goodwill and intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Goodwill and intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Other intangible assets are recognised at cost less any accumulated amortisation and any impairment losses.

Goodwill is recognised at cost less any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these goodwill and intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other goodwill and intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Accounting Policies (continued)

1.5 Goodwill and intangible assets (continued)

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as goodwill and intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Marking Manager	Straight line	20% per annum
E-Vision	Straight line	10% per annum
Qualification and study material	Straight line	10% per annum
Computer software, internally generated	Straight line	20% per annum

1.6 Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option’s intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.7 Impairment of non-financial assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds their recoverable amount, which is the higher of an asset’s fair value less cost to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Intangible assets with indefinite useful life and goodwill are tested for impairment annually.

Accounting Policies (continued)

1.8 Leases

The group primarily leases an office building and information technology ("IT") equipment. Lease terms are negotiated on an individual basis and contain a wide variety of different terms and conditions. Lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Payments associated with short-term leases and leases of low-value assets are recognised on a straight accounting treatment. Short-term leases have a term of 12 months or less. Low-value assets comprise leases with a value below ZAR 85 000 per annum.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 29) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Accounting Policies (continued)

1.8 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

The cost of inventories comprises of all costs of purchase, and other costs incurred in bringing the inventories to their present location.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.10 Funds available for projects

Project funds are allocated to the funds available for project account as a liability. These funds are recognised in profit or loss on a systematic basis over the periods in which the entity recognises expenses for related costs for which the project funds are intended to compensate.

1.11 Provisions

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Accounting Policies (continued)

1.11 Provisions (continued)

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

1.12 Employee benefits

Pension obligations

The Group operates a defined contribution plan. The Group pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.13 Revenue

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract and, excludes amounts collected on behalf of the third parties. The group recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from the following major sources:

Provision of services:

- Educational and training services
- Consulting services

Consultancy income is recognised by reference to the stage of completion of the transaction.

The group provide consultancy services to its customers and recognises its revenue at a point in time.

Revenue recognised over a period of time is based on contracts entered into with the customers that cover specific period during which, the consultancy service is performed. The revenue recognised over a period of time is measured in accordance with the duration of the contract as the costs are incurred on stage of completion basis.

Revenue from contractual learning obligation

The group operated in several key education spaces. Revenue is received from students upfront for the full course duration. This results in a continued legal and constructive obligation for the group as a result of past events

Deferred revenue is the obligation which the company has to the student. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The company recognises the estimated obligation on all courses, which are still in progress at the financial position date. The obligation is based on the cost to service the students on the outstanding modules and is accounted for under the percentage of completion method. The amount of the obligation which has been deferred at the date of financial position is dependent upon fluctuations of the activity level of students.

The average probability of costs are taken into account based on the entire student populations and historical data to determine the effect and related costs associated with a student. Costs are based on a per student average for the various cost components to service the students to completion of their course.

Measurement

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Accounting Policies (continued)

1.13 Revenue (continued)

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably.
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably.
- and – the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable. Revenue is measured at the fair value of the consideration received and represents the amount receivable for services provided in the normal course of business, net of trade discounts, and value added tax.

Recognition

Revenue is recognised to the extent that the group has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount if revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction ant the end of the reporting period. The stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.14 Donations received

Donations received from donors are accounted for as revenue by the group. The group recognises the donations received when cash is received by the group.

1.15 Other income

Sundry income, also called miscellaneous income or other operating income, is generated from sources other than the group's normal business operation. Sundry income is often irregular and not a guaranteed source of company income over the long term.

Interest received

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend received

Dividend received by the group is recognised as the revenue from the group only the cash is actually received from the investment companies.

1.16 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

Cost of sales is reduced by the amount recognised in inventory as a "right to returned goods asset" which represents the group right to recover products from customers where customers exercise their right of return under the group returns policy.

Notes to the Group Annual Financial Statements

2. Financial instruments and risk management

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The trust monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

During 2023 the Group's strategy, which was unchanged from 2022, was to maintain the gearing ratio limit to 60%. The Trust has no long term debt. The gearing ratios at 30 June 2023 are:

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000
Total debt	1,712,803	1,817,890	-	-
Cash and cash equivalents	(316,857)	(206,994)	149,096	134,651
Net debt	1,395,946	1,610,896	-	-
Total equity	9,170,862	7,858,506	8,937,751	7,691,065
Total capital	**10,566,823**	**9,469,422**	**9,086,847**	**7,825,716**
Gearing ratio	15 %	20 %	0 %	0 %

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price 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.

Credit risk

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

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposure on loans to group companies trade and loans receivable. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables and loans receivable are presented net of the allowance for doubtful receivables. The Group has no significant concentration of credit risk.

The Group is also exposed to credit related losses in the event of non-performance of counterparties to loans from investee companies, these loans are disclosed as part of amounts due from related parties.

Notes to the Group Annual Financial Statements (continued)

2. Financial instruments and risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed facilities. The Group remains confident that the available cash resources and borrowing facilities will be sufficient to meet its funding requirements.

Group	Carrying amount		Fair value	
Available liquidity resources are	**2023**	**2022**	**2023**	**2022**
Cash at bank and on hand	316,857	206,994	316,857	206,994
Trade and other receivables	8,607	7,008	8,607	7,008

Trust	Carrying amount		Fair value	
Available liquidity resources are	**2023**	**2022**	**2023**	**2022**
Cash at bank and on hand	149,096	134,651	149,096	134,651
Trade and other receivables	83	104	83	104

The maturity profile of contractual cash flows of directive financial liability are as follows:

Group - 2023

	Notes	Less than 1 year or on demand	Between 1 and 5 years	More than 5 years	Total
Non-current liabilities					
Derivative financial instruments		-	60,268	-	60,268
Financial liabilities at amortised cost		-	1,652,535	-	1,652,535
Current liabilities					
Trade and other payables	23	15,859	-	-	15,859
Bank overdraft	16	14	-	-	14
		15,873	**1,712,803**	**-**	**1,728,676**

Group - 2022

	Notes	Less than 1 year or on demand	Between 1 and 5 years	More than 5 years	Total
Non-current liabilities					
Derivative financial instruments		-	41,651	-	41,651
Financial Liabilities at amortised cost		-	1,767,878	-	1,767,878
Current liabilities					
Trade and other payables	23	13,048	-	-	13,048
Bank overdraft	16	74	-	-	74
		13,122	**1,809,529**	**-**	**1,822,651**

Notes to the Group Annual Financial Statements (continued)

2. Financial instruments and risk management (continued)

Trust - 2023

	Notes	Less than 1 year or on demand	Between 1 and 5 years	More than 5 years	Total
Current Liabilities					
Trade and other payables	23	3,663	-	-	3,663
Loans from group companies	21	2,296	-	-	2,296
		5,959	**-**	**-**	**5,959**

Trust - 2022

	Notes	Less than 1 year or on demand	Between 1 and 5 years	More than 5 years	Total
Trade and other payables	23	1,750	-	-	1,750
Loans from group companies	21	823	-	-	823
Bank overdraft	16	57	-	-	57
		2,630	**-**	**-**	**2,630**

Foreign currency risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has an investment in Kenya Community Development Foundation ("KCDF") which is denomited by South African Rands. There is no risk associated with foreign currency as the value of shares is presented in Rands.

Interest rate risk

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

Interest rate risk arises from the repricing of the Group's floating rate debt, incremental funding or new borrowings, the refinancing of existing and the magnitude of the significant cash balances which exist. Cash and cash equivalents and financial liabilities measured at amortised cost carry interest at variable interest rate.

Interest rate sensitivity analysis

The Group has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of an instantaneous prior year increase of 5% and a decrease of 3% (300 basis points) in current year market interest rates, from the rate applicable at 30 June, for each class of financial instrument with all other variables remaining constant. This analysis is for illustrative purposes only as, in practice, market rates rarely change in isolation.

The Group is exposed mainly to fluctuations in the prime lending rate and JIBAR rate. Changes in market interest rates affect the interest income or expense of floating rate financial instruments, and the fair value gain or loss in respect of interest rate derivatives. Changes in market interest rates affect profit or loss only in relation to financial instruments with fixed interest rates if these financial instruments are recognised at their fair value.

A change in the above market interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below.

Notes to the Group Annual Financial Statements (continued)

2. Financial instruments and risk management (continued)

	Consolidated		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000
Cash and cash equivalents	(9,488)	(6,210)	(4,473)	(6,733)
Borrowings	51,384	54,537	-	-
	41,896	**48,327**	**(4,473)**	**(6,733)**

Price risk

The group is exposed to price risk because of its investments in equity instruments which are measured at fair value with reference to the investments share prices. The exposure to price risk on equity investments is managed through a diversified portfolio.

Price risk is the risk that the fair value will fluctuate because of changes in the market price.

The Group's investments in equity of other entities that are publicly traded are limited to the JSE All Share Index.

3. Fair value information

Fair value hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's in an arm's length transaction.

The fair value of financial instruments may require some judgement or may be derived from readily available sources. The degree of judgement involved is reflected in the fair value measurements section below. Although this does not necessarily indicate that the fair value is more or less likely to be realised.

For investments that are actively traded in financial markets, fair value is determined by reference to official quoted market bid prices. For investments that are not actively traded. Fair value is determined by using quoted prices from third parties such as brokers, market makers and pricing agencies for equity investments where there is no quoted market price, fair value is determined by independent professional valuers.

Each instrument has been categorised using a fair value hierarchy that reflects the extent of judgements used in the valuation. These levels are based on the degree to which the fair value is observable and are defined as follows. See note 5 for further information on fair value estimation.

Level 1 fair value measurements are those derived from quoted prices unadjusted in active markets for identical assets or liabilities and principally comprise investments in quoted equities, daily prices funds, gifts and exchange traded derivatives.

Level 2 fair value measurements are those derived from prices that are not traded in an active market but are determined using valuation techniques, which make maximum use of observable market data included within Level 1 for the asset or liability and principally comprise corporate bonds and foreign exchange contracts. Valuation techniques may include using a broker quote in an active market, an evaluated price based on a compilation of primarily observable market information or industry standard calculations, using vendor feed data and information readily available via external sources for funds not priced on a daily basis e.g property funds, the net asset value which is issued monthly or quarterly is used; and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data and principally comprise investments in private equity and hedge funds. These funds are managed by third parties and are measured at the values provided by the relevant fund managers, Venture capital funds are valued based on the best available 'International Private Equity and Venture Capital Valuation Guidelines" The most recent available valuation data is used and adjusted for known events such as calls or distributions. The valuation review is continual process throughout the year.

Notes to the Group Annual Financial Statements (continued)

3. Fair value information (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting 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 transaction on an arm's-length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market 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 requested to fair value an instrument are observable, the instruments included in level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value finance 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 estimated future cash flows based on observable yield curves.
- simulation models which quantitatively account for risk in forecasting where the potential for various outcomes exist, and
- other techniques, these include the use of recent arm's length transactions, reference to other instruments that are substantially maximum use of market inputs and relying as little as possible on entity-specific inputs.

2023 Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through other comprehensive income 4,913,729	-	-	4,913,729	
Financial assets at fair value through profit or loss	-	900,896	1,669,568	2,570,464
	4,913,729	**900,896**	**1,669,568**	**7,484,193**
Financial liabilities				
Derivative financial instruments at fair value through profit or loss	-	-	(60,268)	(60,268)

2022 Group	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through other comprehensive income	5,875,441	-	-	5,875,441
Financial assets at fair value through profit or loss	-	836,666	145,433	982,099
	5,875,441	**836,666**	**145,433**	**6,857,540**

2023 Trust	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through other comprehensive income	4,451,241	-	-	4,451,241
Financial assets at fair value through profit or loss	-	-	1,657,876	1,657,876
	4,451,241	**-**	**1,657,876**	**6,109,117**

2022 Trust	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Assets				
Financial assets at fair value through other comprehensive income	5,355,966	-	-	5,355,966
Financial assets at fair value through profit or loss	-	-	133,741	133,741
	5,355,966	**-**	**133,741**	**5,489,707**

Refer to Note 7 for reconciliation of level 1 financial assets and Note 9 for reconciliation of level 2 and 3 financial assets.

Notes to the Group Annual Financial Statements (continued)

4. Critical accounting estimates and judgements

Estimates, judgements and assumptions are made that could affect the reported amounts of assets and liabilities within the next financial year. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The 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.

Investment in associates

The group exercises judgement in classifying investment as associated companies rather than investment carried at fair value (through profit or loss and/or other comprehensive income). There are some investments over which the group is believed to have significant influence although it has an interest of less than 20% in these companies. This is due to the group being provided with at least one seat on the board of directors of the investee company. This gives the group influence over the financial and operational policies of the investee company, which is seen as significant. These investments are accordingly accounted for as associated companies using the equity method and not as the financial instruments at fair value.

The investment in KTH at a consolidated KCT level continues to be classified as an associate, despite the effective shareholding being greater than 50% which is usually an indicator of control. This is based on the relevant activities of KTH (i.e. buying and selling investments, appointment of the CEO and CFO, approval of budgets) requiring approval of at least 65% of the voting rights exercised by shareholders. Thus the conditions of control are not met.

Refer to note 5 for year-ends of associates.

Fair value of derivative financial instruments

The fair value of derivative financial instruments 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. Refer to note 20 for disclosures on derivative financial instruments.

Fair value of non-financial assets

The group reviews and tests the carrying value of its property, plant and equipment, intangible assets, investments in associates, and goodwill when events or changes in circumstances suggest that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds their recoverable amount, which is the higher of an asset's fair value less costs to sell and its value in use. These calculations require the use of estimates and assumptions. Refer to note 18 for disclosures on business combinations, and note 5 for investments in associates.

Notes to the Group Annual Financial Statements (continued)

5. Investments in associates

5.1 Shareholding of associates:

The following table lists all of the associates in the group:

Consolidated	Year end	Number of shares held 2023	2022	% of ownership interest 2023	2022
Kagiso Tiso Holdings Proprietary Limited	30 June	422,599	422,599	56.46 %	56.46 %
Kenya Community Development Fund Investment Holding Limited	31 December	40	40	40.00 %	40.00 %
OneLogix Group Limited	31 May	-	28,086,585	- %	12.54 %
Alphawave Holdings Proprietary Limited	30 April	103,298,256	101,517,157	27.33 %	26.93 %
Zibigraph Proprietary Limited	28 February	32	32	26.00 %	26.00 %
Open Learning Holdings	30 June	14,608,339	14,608,339	29.16 %	29.16 %

Kagiso Tiso Holdings Proprietary Limited

During 2021 financial year, KTH concluded a buyback of the treasury shares held by The Kagiso Trust Investments Employee Share Trust. This buyback led to an increase in shareholding of the group to 56.46%.

There was no increase in shareholding during the current year.

The investment in KTH at a consolidated KCT level continues to be classified as an associate, despite the effective shareholding being greater than 50% which is usually an indicator of control. This is based on the relevant activities of KTH (i.e. buying and selling investments, appointment of the CEO and CFO, approval of budgets) requiring approval of at least 65% of the voting rights exercised by shareholders. Thus the conditions of control are not met.

Onelogix Group Limited

A 12.54% interest in Onelogix Group Limited, a niche logistics business was acquired on the 28th of January 2015 for an amount of R10 111 706.

The investment was classified as held for sale in the 2022 financial year. The investment has since been disposed during the current financial year at a consideration of R93 million.

Open Learning Holdings Proprietary Limited

The company's shareholding of 29.16% in Open Learning Holdings Proprietary Limited was acquired on the 31st of July 2015. On 1 July 2021 Kagiso Capital acquired 100% of Open Learning Group ("OLG") and Open Learning Technology ("OLTech") which were previously subsidiaries of Open Learning Holdings. Refer to note 18 for further details.

Alphawave Holdings

A 17.24% interest in Alphawave Holdings was acquired on the 30th of March 2020. There was a further interest acquired in the prior year which resulted in the percentage shareholding in Alphawave increasing to 26.93%. In the current year, Alphawave Holdings issued more shares to its other shareholders. During the year additional shares were purchased which resulted in the company's percentage shareholding increasing to 27.33%.

Notes to the Group Annual Financial Statements (continued)

5.2. Equity accounting of associates

Associate companies

Reconciliation of carrying value	Group 2023 R'000	Group 2022 R'000	Trust 2023 R'000	Trust 2022 R'000
Beginning of the year	2,592,400	2,652,014	1,741,847	1,715,331
Additions in associates for cash	1,612	-	-	-
Share of profits/ (losses) after tax	544,664	31,614	399,911	17,643
Shareholder loan settlement	-	(8,000)	-	-
Dividends	(46,780)	(22,694)	(33,473)	(5,439)
Shareholders loan repayment	-	(12,078)	-	-
Impairment reversal / (charge)	11,823	34,752	-	-
Share of movements in reserves of associates	12,445	18,449	9,223	14,312
Transfer to non-current asset held for sale (Refer to note 11)	(20,817)	(92,685)	-	-
Business combinations	-	(8,972)	-	-
End of year	**3,095,347**	**2,592,400**	**2,117,508**	**1,741,847**

Reconciliation of book value - Group	Book value 2023 R'000	Book value 2022 R'000	Consolidated share in profit/(loss) 2023 R'000	Consolidated share in profit/(loss) 2022 R'000
Kagiso Tiso Holdings Proprietary Limited	2,989,396	2,482,468	539,651	23,808
Alphawave Holdings	114,923	110,990	3,933	5,820
OneLogix Group Limited	-	-	-	465
Open Learning Holdings Proprietary Limited	-	7,914	1,080	1,521
Effect of business combination *	(8,972)	(8,972)	-	-
Total consolidated associated companies	**3,095,347**	**2,592,400**	**544,664**	**31,614**

* Attributable to business combinations that occurred In the 2022 financial year.

Reconciliation of book value - Trust	Book value 2023 R'000	Book value 2022 R'000	share in profit/(loss) 2023 R'000	share in profit/(loss) 2022 R'000
Kagiso Tiso Holdings Proprietary Limited	2,117,508	1,741,847	399,911	17,643
	2,117,508	**1,741,847**	**399,911**	**17,643**

Trustees's valuation of investment in associate	Fair value hierarchy	Group 2023 R'000	Group 2022 R'000	Trust 2023 R'000	Trust 2022 R'000
Kagiso Tiso Holdings Proprietary Limited	3	2,989,396	2,482,468	2,117,508	1,741,847
Open Learning Holdings Proprietary Limited	3	-	20,817	-	-
Alphawave Holdings	3	115,127	110,990	-	-
Onelogix Limited*	1	-	-	-	-
		3,104,523	**2,614,275**	**2,117,508**	**1,741,847**

* Refer to note 10.

The trustees' valuation of unlisted associates is based on various valuation techniques, which include EBIT and EBITDA multiples, price-earnings multiples, net asset value as well as discounted cash flow.

The shares in Kagiso Tiso Holdings Proprietary Limited serve as security for preference shares held in Kagiso Capital as per note 21.

Notes to the Group Annual Financial Statements (continued)

5.2. Equity accounting of associates (continued)

Summary of financial information of the associates

2023 R'000	Kagiso Tiso Holdings	OneLogix	Alphawave Holdings	Open Learning	Total
Capital and reserves	4,694,105	-	260,019	450,191	5,404,315
Non current assets	4,121,541	-	221,758	54,002	4,397,301
Current assets	2,382,063	-	180,154	615,390	3,177,607
Non current assets held for sale	46,900	-	-	-	46,900
Non current liabilities	1,087,970	-	106,701	-	1,194,671
Current liabilities	768,429	-	35,192	219,201	1,022,822
Revenue	1,798,664	-	281,989	113,323	2,193,976
Profit/(loss) for the year	955,811	-	14,391	21,139	991,341

2022 R'000	Kagiso Tiso Holdings	OneLogix	Alphawave Holdings	Open Learning	Total
Capital and reserves	3,796,254	968,689	235,338	92,011	5,092,292
Non current assets	4,100,199	1,560,430	260,752	13,838	5,935,219
Current assets	2,008,935	1,551,486	70,610	153,611	3,784,642
Non current assets held for sale	207,400	26,250	-	-	233,650
Non current liabilities	1,164,072	870,591	61,183	4,334	2,100,180
Current liabilities	1,356,208	1,298,886	34,841	71,104	2,761,039
Revenue	1,692,075	3,065,794	295,265	29,918	5,083,052
Profit/(loss) for the year	42,168	33,307	16,417	6,776	98,668

Notes to the Group Annual Financial Statements (continued)

5.2. Equity accounting of associates (continued)

The following inputs, assumptions, and valuation methodologies were used in determining the fair value of the investment:

Inputs, assumptions, and valuation methodologies - 2023	Methodology	Minority discount	Marketability discount	Unit Price (cents)
Alphawave Holdings	Sum-of-parts	10.70 %	13.50 %	-
Kagiso Tiso Holdings	NAV	5.00 %	10.00 %	-

Inputs, assumptions, and valuation methodologies - 2022	Methodology	Minority discount	Marketability discount	Unit Price (cents)
OneLogix Limited Irrevocable	undertaking letter	0.00 %	- %	330
Alphawave Holdings	Sum-of-parts	10.70 %	13.50 %	-
Kagiso Tiso Holdings	NAV	0.00 %	10.00 %	-

Level 3 sensitivity analysis

2023	Kagiso Tiso Holdings	Alphawave
Input	Discount rate	Discount rate
Base rate	10 %	23%
Change in rate	5 %	1%
Base value (R'000)	2,989,396	114,923
High value (R'000)	3,155,474	116,072
Low value (R'000)	2,823,318	113,774
Change in value (R'000)	166,078	1,149

2022	Kagiso Tiso Holdings	Alphawave
Input	Discount rate	Discount rate
Base rate	10 %	23 %
Change in rate	5 %	1 %
Base value (R'000)	2,482,468	110,990
High value (R'000)	2,620,383	112,100
Low value (R'000)	2,344,553	109,880
Change in value (R'000)	137,915	110

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

6. Loans receivables

Loans receivables are presented at amortised cost, which is net of loss allowance, as follows:

Loans receivables non current portion	2,990	3,719	-	-
Loans receivables current portion	5,664	6,354	-	-
	8,654	**10,073**	**-**	**-**

Details of movement

Total loans receivables				
For Farmers East Proprietary Limited (FFE)	3,166	5,398	-	-
Sebenzangamandla	151	262	-	-
Spar Mohopane Rural Hub	3,806	2,366	-	-
Groendal	1,531	2,047	-	-
	8,654	**10,073**	**-**	**-**

Split between non current and current assets				
Non-current	2,990	3,719	-	-
Current	5,664	6,354	-	-
	8,654	**10,073**	**-**	**-**

For Farmers East Proprietary Limited				
Opening balance	5,398	10,228	-	-
Advanced during the year	-	-	-	-
Repayment	-	-	-	-
Interest accrued	934	568	-	-
Provision for impairment loss	(3,166)	(5,398)	-	-
	3,166	**5,398**	**-**	**-**

The loans are unsecured. Interest is compounded monthly at prime rate less 2% (two hundred basis points) and is payable in an earlier of 12 months or sale of harvest.

Baphuduhuchwana Production Incubator Proprietary Limited (BPI)				
Opening balance	-	6,486	-	-
Advanced during the year	-	-	-	-
Repayment	-	(304)	-	-
Interest accrued	-	305	-	-
Provision for impairment loss	-	(6,487)	-	-
	-	**-**	**-**	**-**

The loans are unsecured. Interest is compounded monthly at prime rate minus 3% (three hundred basis points) and is payable after year end.

Sebenzangamandla Proprietary Limited				
Opening balance	262	503	-	-
Interest accrued	40	22	-	-
Provision for impairment loss	(151)	(263)	-	-
	151	**262**	**-**	**-**

The loan is unsecured. Interest is compounded monthly at prime rate minus 3% (three hundred basis points) and is payable in an earlier of 12 months or sale of harvest.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

6. Loans receivables (continued)

Spar				
Opening balance	2,366	4,829	-	-
Advanced during the year	2,000	-	-	-
Repayments	(236)	(1,905)	-	-
Interest accrued	220	189	-	-
Provision for impairment loss	(544)	(747)	-	-
	3,806	**2,366**	**-**	**-**
Non Current	1,820	2,033	-	-
Current	1,986	333	-	-

Infrastructure loan (non current portion)

The loan is unsecured. Interest is compounded monthly at prime rate minus 3% (three hundred basis points) and is payable bi-annually for a period of six years.

Input Loan (Current portion)

The loan is unsecured ,interest is compounded monthly at prime less 2% for a period of 12 months.

Groendal				
Opening balance	2,047	2,884	-	-
Interest accrued	191	124	-	-
Loan repayment	(325)	(315)	-	-
Provision for impairment loss	(383)	(646)	-	-
	1,530	**2,047**	**-**	**-**
Non current	1,170	1,687	-	-
Current	360	360	-	-

Loan is unsecured. Interest is compounded monthly at a prime rate minus 3% basis points is payable in monthly instalments of R30 000 for a period of ten years.

Exposure to credit risk

Loans receivables inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Loans receivables are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for loans receivables is calculated based on twelve month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition, the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a loan is considered to have a low credit risk at the reporting date, then it is assumed that the credit risk has not increased significantly since initial recognition. On the other hand, if a loan is in arrears more than 90 days, then it is assumed that there has been a significant increase in credit risk since initial recognition.

The group does not hold collateral or other credit enhancements against loans receivables.

Notes to the Group Annual Financial Statements (continued)

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000

7. Financial assets at fair value through other comprehensive income

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
Level 1 financial assets				
Opening balance	5,875,441	5,173,168	5,355,966	4,763,586
Additions	-	73,122	-	-
Net gains through other comprehensive income	429,142	629,151	486,129	592,380
Sale of shares	(1,390,854)	-	(1,390,854)	-
End of the year	**4,913,729**	**5,875,441**	**4,451,241**	**5,355,966**
Listed securities				
First Rand Limited	3,811,594	4,627,331	3,811,594	4,627,331
MMH Holdings Limited	172,759	181,877	172,759	181,877
Discovery Holdings Limited	466,888	546,758	466,888	546,758
Phuthuma Nathi Investments (RF) Limited	462,488	519,475	-	-
	4,913,729	**5,875,441**	**4,451,241**	**5,355,966**

Reconciliation of carrying value 2023 - Group	Opening balance	Additions during the	Disposals	Fair value gain / (loss) year	Closing balance
Listed securities					
First Rand Limited	4,627,331	-	(1,207,275)	391,538	3,811,594
MMH Holdings Limited	181,877	-	(53,983)	44,864	172,758
Discovery Holdings Limited	546,758	-	(129,597)	49,728	466,889
Phuthuma Nathi Investments (RF) Limited	519,475	-	-	(56,987)	462,488
	5,875,441	**-**	**(1,390,855)**	**429,143**	**4,913,729**

Reconciliation of carrying value 2022 - Group	Opening balance	Additions during the year	Fair value gain / (loss)	Closing balance
Listed securities				
First Rand Limited	3,975,929	-	651,402	4,627,331
MMH Holdings Limited	248,710	-	(66,833)	181,877
Discovery Holdings Limited	538,947	-	7,811	546,758
Phuthuma Nathi Investments (RF) Limited	409,582	73,122	36,771	519,475
	5,173,168	**73,122**	**629,151**	**5,875,441**

Reconciliation of carrying value 2023 - Trust	Opening balance	Additions during the year	Fair value gain / (loss)	Closing balance
Listed securities				
First Rand Limited	4,627,331	(1,207,275)	391,538	3,811,594
MMH Holdings Limited	181,877	(53,983)	44,864	172,758
Discovery Holdings Limited	546,758	(129,597)	49,728	466,889
	5,355,966	**(1,390,855)**	**486,130**	**4,451,241**

Reconciliation of carrying value 2022 - Trust	Opening balance	Fair value gain / (loss)	Closing balance
Listed securities			
First Rand Limited	3,975,929	651,402	4,627,331
MMH Holdings Limited	248,710	(66,833)	181,877
Discovery Holdings Limited	538,947	7,811	546,758
	4,763,586	**592,380**	**5,355,966**

Notes to the Group Annual Financial Statements (continued)

		Group		Trust	
		2023 R '000	2022 R '000	2023 R '000	2022 R '000

7. Financial assets at fair value through other comprehensive income (continued)

Fair value through other comprehensive financial assets are denominated in South African Rands only.

1 895 425 ordinary shares, representing 3.5% of the equity of Phuthuma Nathi Investments (RF) Limited, were acquired in the 2020 financial year. An additional 988 958 ordinary shares were acquired in the 2021 financial year increasing the equity share to 4.3%. An additional 567 280 ordinary shares were acquired in 2022 financial year increasing the equity share to 5.11%.

The trust disposed 28 803 shares to the value of R1.4b which is 25% shares in each underlying FRET investment in exchange for cash on the 17th of November 2022. The cash was reinvested in Balance funds namely Coronation and Camissa equally.

FRET investment is security for the Preference shares liability by Kagiso Capital and the Phuthuma Nathi investment issecurity for preference share liability by Kagiso Venture Capital.

8. Investments in subsidiaries

Unlisted securities	Holding	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
5000 ordinary shares of R1 each in Kagiso Trust Strategic Investments Proprietary Limited	100.00 %	-	-	-	-
1000 ordinary shares of in Kagiso Trust Consultancy Proprietary Limited*	100.00 %	-	-	1	1
100 ordinary shares of no par value in Kagiso Enterprise Rural Private Equity Fund Proprietary Limited*	100.00 %	-	-	-	-
1000 ordinary shares in Kagiso Africa Investments Proprietary Limited*	100.00 %	-	-	1	1
7881 ordinary shares in Kagiso Capital Proprietary Limited (2022:6843)	100.00 %	-	-	1,139,124	930,002
Impairment in value of Kagiso Capital Proprietary Limited	0.00 %	-	-	(602,894)	(602,894)
200 ordinary shares in Kagiso Capital Health Investments (RF Proprietary Limited)*	100.00 %	-	-	-	-
31000 ordinary shares of no par value Kagiso Venture Capital Proprietary Limited*	100.00 %	-	-	-	-
1000 ordinary shares Tyala Impact Fund Proprietary Limited*	100.00 %	-	-	-	-
100 000 authorised and 20001 issued ordinary shares in Open Learning Group Proprietary Limited*	100.00 %	-	-	-	-
2600 ordinary shares in Kagiso Capital Properties Proprietary Limited*	100.00 %	-	-	-	-
Business school of excellence Proprietary Limited*	100.00 %	-	-	-	-
100 ordinary shares in Open Learning Technology Proprietary Limited*	100.00 %	-	-	-	-
		-	**-**	**536,232**	**327,110**

* Amounts less than R1 thousand

During the year ended 30 June 2023, 1038 ordinary shares were issued by Kagiso Capital in favour of Kagiso Charitable Trust for a consideration of R209 122 317.

During the year ended 30 June 2022, 704 ordinary shares were issued in favour of Kagiso Charitable Trust, for a consideration of R141,864,655.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

9. Financial assets at fair value through profit and loss

Current assets

Level 3 financial assets

Investment with Camissa Asset Management Proprietary Limited

Beginning of the year	133,741	138,830	133,741	138,830
Fair value adjustment through profit or loss 16,434 4,911 16,434 4,911				
Withdrawals during the year	(10,000)	(10,000)	(10,000)	(10,000)
End of the year	**140,175**	**133,741**	**140,175**	**133,741**

Non-current assets

Investment with Coronation Asset Management

The trust disposed of 25% shares in each underlying FRET investment in exchange for cash of R1.4b on the 17th of November 2022. The cash was reinvested in Balance funds namely Coronation and Camissa for R695m each.

Opening balance	-	-	-	-
Acquisition at cost	695,427	-	695,427	-
Fair value gain	68,883	-	68,883	-
End of the year	**764,310**	**-**	**764,310**	**-**

Investment with Camissa Asset Management

The trust disposed of 25% shares in each underlying FRET investment in exchange for cash of R1.4b on the 17th of November 2022. The cash was reinvested in Balance funds namely Coronation and Camissa for R695m each.

Opening balance	-	-	-	-
Acquisition at cost	695,427	-	695,427	-
Fair value gain	57,964	-	57,964	-
End of the year	**753,391**	**-**	**753,391**	**-**

Investment in Growthpoint Healthcare Property Holdings (RF) Limited

9 625 972 ordinary shares, representing 4.3% of the equity of Growthpoint Healthcare Property Holdings (RF) Limited, were acquired in the 2019 financial year. A further acquisition of 27 363 611 ordinary shares, were acquired in 2021, representing 15% of the equity in Growthpoint Healthcare Property Holdings (RF) Limited at year end. The company issued additional share during the year, as a result our shareholding was diluted to 13.5% during the year.

Level 2 financial assets

Beginning of the year	404,666	407,178	-	-
Acquisitions during the year	-	-	-	-
Fair value adjustment through profit or loss	11,467	(2,512)	-	-
	416,133	**404,666**	**-**	**-**

Investment in Growthpoint Student Accommodation Holdings (RF) Limited

40 000 000 ordinary shares, representing 28% of the equity of Growthpoint Student Accommodation Holdings (RF) Limited, were acquired in the 2022 financial year.

Level 2 financial assets

Beginning of the year	432,000	-	-	-
Acquisitions during the year	-	400,000	-	-
Fair value adjustment through profit or loss	14,201	32,000	-	-
End of the year	**446,201**	**432,000**	**-**	**-**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023	2022	2023	2022
	R '000	R '000	R '000	R '000

9. Financial assets at fair value through profit and loss (continued)

Growthpoint Healthcare Property Management Company Proprietary Limited

In 2023 financial year, the company acquired 15% of the equity of Growthpoint Healthcare Property Management Company Proprietary Limited.

Level 2 financial assets

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
Opening balance	-	-	-	-
Acquisitions during the year	41,595	-	-	-
Fair value adjustment through profit or loss	(3,034)	-	-	-
End of the year	**38,561**	**-**	**-**	**-**

Level 2 sensitivity analysis

The following sensitivity analysis is done, with reference to a 10% change in the share price as the fair value of the investment is determined with reference to level 2 inputs and is significant for the group:

Growthpoint Healthcare Property Holdings (RF) Limited	**2023**	**2022**
Input	Share price	Share price
Base rate	15 %	15 %
Change in rate	10 %	5 %
Base value (R'000)	416,133	404,666
High value (R'000)	465,090	428,470
Low value (R'000)	367,176	380,862
Change in value (R'000)	48,957	23,804

Growthpoint Healthcare Property Management Company Proprietary Limited	**2023**	**2022**
Input	Share price	
Base rate	15 %	- %
Change in rate	10 %	- %
Base value (R'000)	38,561	-
High value (R'000)	42,417	-
Low value (R'000)	34,705	-
Change in value (R'000)	4,160	-

Growthpoint Student Accommodation Holdings (RF) Limited	**2023**	**2022**
Input	Discount Rate	Discount rate
Base rate	15 %	15 %
Change in rate	5 %	5 %
Base value (R'000)	446,201	432,000
High Value (R'000)	470,990	457,412
Low Value (R'000)	421,412	406,588
Change in value ("R'000)	24,789	25,412

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023	20212	2023	2022
	R '000	R '000	R '000	R '000

9. Financial assets at fair value through profit and loss (continued)

Investment in KCDF Investment Company Limited

1 600 000 redeemable preference shares of 50 Kenyan Shillings (KSH50) each representing 40% of these shares in the Company. The shares were acquired during the 2014 financial year.

Level 3 financial assets

Beginning of the year	11,692	11,692	-	-
Fair value gain / (loss)	-	-	-	-
End of the year	**11,692**	**11,692**	**-**	**-**

Changes in fair values of financial assets at fair value through profit and loss are recognised in other gains net, in the income statement.

Inputs, assumptions and valuation methodologies - 2023

Level 3 Financial assets	Methodology	Minority discount	Marketabiltiy discount
KCDF Investment Company Limited	NAV	5 %	5 %

The following sensitivity analysis is done as the fair value of the investment is determined with reference to level 2 inputs and is significant for the group:

Level 3 sensitivity analysis

KCDF Investment Company Limited

	2023	2022
Input	Discount rate	Discount rate
Base rate	6 %	6 %
Change in rate	5 %	5 %
Base value (R'000)	11,692	11,692
High value (R'000)	12,314	12,314
Low value (R'000)	11,070	11,070
Change in value (R'000)	622	622

Summary of financial assets at fair value through profit or loss (non-current assets)

Investment with Coronation Asset Management	764,310	-	753,391	-
Investment with Camissa Asset Management	753,391	-	764,310	-
Investment In Growthpoint Healthcare Property Holdings	416,113	404,666	-	-
Growthpoint Student Accommodation Holdings	446,201	432,000	-	-
Growthpoint Health Property Management Company	38,561	-	-	-
Investment In KCDF Investment Company	11,692	-	-	-
	2,430,268	**836,666**	**1,517,701**	**-**

Investment in Growthpoint Healthcare Property Holdings Limited and Growthpoint Student Accommodation (RF) Limited serve as security for financial liabilities. Refer to note 21.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

10. Non-current assets held for sale

Onelogix Limited

During 2022, Onelogix Limited made the decision to delist. The investment was classified as a non-current asset held for sale and is correctly remeasured to its fair value less costs to sell as at 30 June 2022. A cautionary announcement was released publicly in December 2021 and equity accounting ceased at this date. Subsequently, KC has signed an irrevocable letter to exit after the delisting has been concluded at a price of R3.30 per share, which equals to a consideration of R93 million. This resulted in a reversal of previously recognised cumulative impairment losses of R35 million. The consideration was received during the current year and the investment was subsequently disposed.

Open Learning Holdings

During the year the company was presented with a proposal for binding offer for acquisition of 100% of the issued shares in Open Learning Holdings Proprietary Limited. The investment has been classified as a non-current asset held for sale and is correctly remeasured to its fair value less costs to sell as at 30 June 2023. The company expect to receive a consideration of R20,8 million. This resulted in a reversal of previously recognised cumulative impairment losses of R12 million.

Assets and liabilities

Non-current assets held for sale

	Group 2023	Group 2022	Trust 2023	Trust 2022
Investment in associates	20,817	92,686	-	-

11. Property, plant and equipment

Group Figures in R'000	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	36,330	(9,160)	27,170	36,330	(8,367)	27,963
Furniture and fixtures	5,760	(3,007)	2,753	4,270	(2,698)	1,572
Motor vehicles	2,433	(1,647)	786	2,278	(1,736)	542
Office equipment	3,001	(1,834)	1,167	2,132	(1,743)	389
IT equipment	5,285	(4,484)	801	4,941	(4,072)	869
Leasehold improvements	3,344	(464)	2,880	31	(19)	12
Legacy wall	411	(401)	10	411	(397)	14
Total	**56,564**	**(20,997)**	**35,567**	**50,393**	**(19,032)**	**31,361**

Trust Figures in R'000	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	36,330	(9,160)	27,170	36,330	(8,367)	27,963
Furniture and fixtures	2,215	(1,142)	1,073	2,194	(982)	1,212
Motor vehicles	1,769	(1,298)	471	1,614	(1,475)	139
Office equipment	1,078	(789)	289	948	(725)	223
IT equipment	1,414	(1,090)	324	1,297	(970)	327
Legacy wall	380	(378)	2	380	(377)	3
Total	**43,186**	**(13,857)**	**29,329**	**42,763**	**(12,896)**	**29,867**

Notes to the Group Annual Financial Statements (continued)

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2023

Figures in R'000	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	27,963	-	-	(793)	27,170
Furniture and fixtures	1,572	1,507	-	(326)	2,753
Motor vehicles	542	414	-	(170)	786
Office equipment	389	996	(4)	(214)	1,167
IT equipment	869	447	(12)	(503)	801
Leasehold improvements	12	3,313	-	(445)	2,880
Legacy wall	14	-	-	(4)	10
	31,361	**6,677**	**(16)**	**(2,455)**	**35,567**

Reconciliation of property, plant and equipment - Group - 2022

Figures in R'000	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
Land and buildings	28,749	-	-	-	(786)	27,963
Furniture and fixtures	603	880	195	-	(106)	1,572
Motor vehicles	293	439	-	-	(190)	542
Office equipment	268	233	101	-	(213)	389
IT equipment	602	125	760	(52)	(566)	869
Leasehold improvements	-	11	7	-	(6)	12
Legacy wall	18	-	-	-	(4)	14
	30,533	**1,688**	**1,063**	**(52)**	**(1,871)**	**31,361**

Reconciliation of property, plant and equipment - Trust - 2023

Figures in R'000	Opening balance	Additions	Depreciation	Total
Land and buildings	27,963	-	(793)	27,170
Furniture and fixtures	1,212	22	(161)	1,073
Motor vehicles	139	414	(82)	471
Office equipment	223	131	(65)	289
IT equipment	327	148	(151)	324
Legacy wall	3	-	(1)	2
	29,867	**715**	**(1,253)**	**29,329**

Reconciliation of property, plant and equipment - Trust - 2022

Figures in R'000	Opening balance	Additions	Depreciation	Total
Land and buildings	28,749	-	(786)	27,963
Furniture and fixtures	356	856	-	1,212
Motor vehicles	293	-	(154)	139
Office equipment	159	206	(142)	223
IT equipment	138	378	(189)	327
Legacy wall	4	-	(1)	3
	29,699	**1,440**	**(1,272)**	**29,867**

The market value of the land and buildings on 27 Scott Street Waverly is R17 100 000.

The market value of the land and buildings on 33a Scott Street Waverly is R14 300 000.

The properties were independently valued by Strata Properties on the 31st of July 2019.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023	2022	2023	2022
	R '000	R '000	R '000	R '000

12. Right of use of asset

	2023			2022		
Group	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Right of use for Office building	9,332	(699)	8,633	-	-	-

Reconciliation of right of use of asset - Group 2023

Right of use of asset	**Opening balance**	**Disposals**	**Additions**	**Amortisation**	**Total**
Office building	-	-	9,332	(699)	8,633

13. Goodwill and intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Goodwill	8,537	-	8,537	8,537	-	8,537
Computer software, internally generated	5,694	-	5,694	5,694	(608)	5,086
Marking manager	899	(586)	313	671	(441)	230
Qualification and study material	5,084	(3,272)	1,812	4,037	(2,834)	1,203
Computer software, other	1,051	(1,051)	-	1,052	(1,050)	2
E-Vision	23,615	(6,009)	17,606	18,993	(5,342)	13,651
Total	**44,880**	**(10,918)**	**33,962**	**38,984**	**(10,275)**	**28,709**

Individually material intangible assets represent course development costs. These courses are made available for retail training and thus do not represent development costs which are expensed. Courses are reviewed every 5 years.

Refer to note 18 for disclosures on the business combination that gave rise to goodwill in the previous reporting period.

Reconciliation of goodwill and intangible assets - Group - 2023

Figures in R'000	Opening balance	Additions	Amortisation	Total
Goodwill	8,537	-	-	8,537
Computer software, internally generated	5,086	608	-	5,694
Marking Manager	230	257	(174)	313
Qualification and study material	1,203	1,046	(437)	1,812
Computer software, other	2	-	(2)	-
E-Vision	13,651	4,622	(667)	17,606
	28,709	**6,533**	**(1,280)**	**33,962**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

13. Goodwill and intangible assets (continued)

Reconciliation of goodwill and intangible assets - Group - 2022

Figures in R'000	Opening balance	Additions	Additions through business combinations	Amortisation	Impairment loss	Total
Goodwill	-	-	8,537	-	-	8,537
Computer software, internally generated	-	-	5,694	(608)	-	5,086
Marking Manager	-	-	364	(134)	-	230
Qualification and study material	-	302	1,281	(380)	-	1,203
Computer software, other	-	-	17	(15)	-	2
E-Vision	-	8,464	8,447	(668)	(2,592)	13,651
	-	**8,766**	**24,340**	**(1,805)**	**(2,592)**	**28,709**

14. Trade and other receivables

	Group 2023	Group 2022	Trust 2023	Trust 2022
Financial instruments:				
Trade receivables	15,670	6,709	83	104
Deposits	14	299	-	-
Non-financial instruments:				
VAT	1,655	1,228	204	227
Employee costs in advance	48	-	-	-
Prepayments	468	591	-	-
Total trade and other receivables	**17,855**	**8,827**	**287**	**331**

All the trade and other receivables are fully performing. The credit quality of trade and other receivables that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or to historical information about counterparty default rates. None of the trade and other receivables, that are fully performing have been renegotiated.

During the year 2023, Kagiso Capital Proprietary Limited leased an office building for the period of 5 years commencing from 1 December 2022. According to the agreement the company had to pay a deposit of R350 700 which is receivable after the term of the lease.

Split between non-current and current portions

	Group 2023	Group 2022	Trust 2023	Trust 2022
Non-current assets	351	-	-	-
Current assets	17,504	8,827	287	331
	17,855	**8,827**	**287**	**331**

15. Inventories

	Group 2023	Group 2022	Trust 2023	Trust 2022
Study guides and study material	372	170	-	-

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

16. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	39	37	-	-
Bank balances	316,818	206,957	149,096	134,651
Bank overdraft	(14)	(74)	-	(57)
	316,843	**206,920**	**149,096**	**134,594**
Current assets	316,857	206,994	149,096	134,651
Current liabilities	(14)	(74)	-	(57)
	316,843	**206,920**	**149,096**	**134,594**

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (Per Moody's Rating Agency).

Trust and the group entities' cash is held with FirstRand Bank Limited and Rand Merchant Bank, which have a credit rating of Ba2 per Moody's Rating Agency. Long term deposit credit ratings were Ba2 in 2023. Short term deposits ratings remained unchanged at P-3.

Credit rating

Rand Merchant Bank	1,867	1,010	311	292
First National Bank	314,951	205,984	148,785	134,359
	316,818	**206,994**	**149,096**	**134,651**

Impact of ECL Assessment

As required by IFRS 9, cash balances have been assessed for credit expected losses . This has been performed though assessment of the counter party risk in related financial institutions where the cash is held, though adjusted credit risk factor. The majority of cash in the group is held with financial institutions guaranteed by the local reserve bank which reduces credit risk further. Expected credit losses in this regard have been determined to be immaterial.

17. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(62,220)	(54,056)	-	-

Reconciliation of deferred tax movement

At beginning of year	(54,056)	(44,821)	-	-
Increases (decrease) in deferred tax asset	(8,164)	(9,235)	-	-
	(62,220)	**(54,056)**	**-**	**-**

Deferred tax asset / (Liability)

Fair value movement in Phuthuma Nathi investment	(24,797)	(37,106)	-	-
Fair value movement in KTH investment	(21,929)	(6,523)	-	-
Fair value movement in Growthpoint Healthcare Investment	(5,440)	(3,619)	-	-
Fair value movement in Growthpoint Student Accommodation investment	(9,979)	(6,912)	-	-
Open Learning Group	1,602	1,603	-	-
Open Learning Group intellectual property	(1,424)	(1,282)	-	-
Open Learning Technology intellectual property	(253)	(217)	-	-
	(62,220)	**(54,056)**	**-**	**-**

Notes to the Group Annual Financial Statements (continued)

18. Business combination - 2022

On 1 July 2021, the group acquired a 100% stake of the issued share capital of Open Learning Group (OLG) and Open Learning Technology (OLTech). The total purchase consideration of R14 million was funded through cash resources and the settlement of a shareholder loan.

OLG entity is a private higher education institution with qualifications that are delivered through a blended distance learning model and learnerships, skills programmes and short learning programmes that are delivered through sessions. The OLG group has another wholly owned subsidiary called Business School of Excellence (Pty) Ltd (BSE), which is a recognised training provider in both the TVET as well as the higher education space.

OLTech on the other hand is an enabler of private and public education institutions. The OLTech platform enables students and academic administration through an academic management system referred to as eVision and online education by means of a learning management system.

The acquisition has been accounted for using the acquisition method. The date of acquisition is 1 July 2021 and the annual financial statements include the OLG, OLTech and BSE results for the year ended 31 June 2022.

The issued shares capital of acquired entities were previously wholly owned by Open Learning Holdings (OLH), an associate investment of the Group (Please refer to note 5).

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	
Cash paid	7,000
Net Settlement *	7,000
Contingent consideration	-
Total purchase consideration	**14,000**

** The net settlement consideration relates to the shareholder loan that was paid out to Kagiso Capital in a net settlement transaction.*

The fair value of the identifiable assets and liabilities at acquisition date was determined as follows:	**R '000**
Assets	
Property, plant and equipment	316
Right-of-use assets	50
Intangible assets	7,746
Inventories	105
Loan receivable	20
Trade and other receivables	8,223
Cash and cash equivalents	4,654
Total Assets	**21,114**
Liabilities	
Lease liabilities	(45)
Deferred revenue	(1,753)
Financial liabilities at fair value	(3,602)
Trade and other payables	(9,792)
Provisions	(97)
Bank overdraft	(10)
Deferred tax	(352)
Total Liabilities	**(15,651)**
Total net identifiable assets acquired	5,463
Goodwill arising at acquisition	8,537
Purchase consideration transferred	**14,000**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

18. Business combination (continued)

Analysis of cash flows at acquisition

Net cash acquired with the subsidiary (included in cash flows from investing activities)

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	7,000
Less: Balances acquired	(4,643)
Cash	(4,653)
Bank overdraft	10
Net outflow of cash - investing activities	**2,357**

19. Other reserves

	Group 2023	Group 2022	Trust 2023	Trust 2022
Share of associate companies - Onelogix	-	4,656	-	-
Share of associates companies - Kagiso Tiso Holdings Proprietary Limited	(10,719)	(23,165)	5,233	(3,990)
	(10,719)	(18,509)	5,233	(3,990)
Contribution from trustees	10,889	10,889	-	-
	170	**(7,620)**	**5,233**	**(3,990)**

Reconciliation of carrying value 2023 Group	**Opening Balance**	**Movement during the year**	**Closing balance**
OneLogix Limited	4,656	(4,656)	-
Kagiso Tiso Holdings Proprietary Limited	(23,165)	12,446	(10,719)
Contribution from trustees	10,889	-	10,889
	(7,620)	**7,790**	**170**

Reconciliation of carrying value 2022 Group	**Opening Balance**	**Movement during the year**	**Closing balance**
OneLogix Limited	5,521	(865)	4,656
Kagiso Tiso Holdings Proprietary Limited	(42,479)	19,314	(23,165)
Contribution from trustees	10,889	-	10,889
	(26,069)	**18,449**	**(7,620)**

Reconciliation of carrying value 2023 Trust	**Opening Balance**	**Movement during the year**	**Closing balance**
Kagiso Tiso Holdings Proprietary Limited	(3,990)	9,223	5,233

Reconciliation of carrying value 2022 Trust	**Opening Balance**	**Movement during the year**	**Closing balance**
Kagiso Tiso Holdings Proprietary Limited	(18,303)	14,313	(3,990)

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000
20. Derivative financial instruments				
Non-hedging derivatives				
Embedded derivative relating to Phuthuma Nathi Investments (RF) Limited ("PN") investment funding	(30,640)	(27,602)	-	-
Embedded derivative relating to Growthpoint Healthcare Property Holdings RF Limited ("GHP") investment funding	(19,611)	(8,274)	-	-
Embedded derivative relating to Joburg Stay Proprietary Limited ("PBSA") investment funding	(10,017)	(5,775)	-	-
	(60,268)	**(41,651)**	**-**	**-**

The group acquired investments with funding obtained from RMB. The funding structures have Facility A and Facility B components, but Facility B has an interest rate payment that is contingent on a Net Asset Value ("NAV") Payment event being called by the Lender, and amount payable linked to NAV of the underlying investment. The call options embedded in the debt host contracts have been separated and recognised at fair value on initial recognition and subsequently measured at fair value through profit and loss.

Valuation techniques used to measure fair value

The embedded derivatives are level 3 fair value measurements which have been valued using the Monte Carlo simulation approach, in order to simulate the path dependent. The model forecasts the performance of the various debt facilities under each agreement through time and allows for the waterfall nature of the dividends.

Input and assumptions	Significant inputs		
Derivative financial instruments	Share in Net asset value (R)	Share price (R)	Expected dividend yield (%)
Embedded derivative relating to Growthpoint Healthcare Property Holdings RF Limited ("GHP") investment	298,260,629	N/A	7.00 %
Embedded derivative relating to Phuthuma Nathi Investments (RF) Limited ("PN") investment	N/A	151	14.67 %
Embedded derivative relating to Joburg Stay Proprietary Limited ("PBSA") investment	402,123,662	N/A	7.00 %

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

21. Financial liabilities measured at amortised cost

Preference share liabilities

Group 2023

Issued preference share liabilities	Kagiso Capital	Kagiso Venture Capital	Total
Balance beginning of the year	1,150,007	156,009	1,306,016
Capitalisation of transaction costs	(132)	-	(132)
Finance costs capitalised	80,137	9,986	90,123
Repayment of finance costs	(73,053)	(11,266)	(84,319)
Capital Redemption	(84,000)	(65,040)	(149,040)
	1,072,959	**89,689**	**1,162,648**

The maturity of the preference shares liabilities is as follows			
Payable within 1 year or on demand	-	-	-
More than 2 years but not exceeding 5 years	1,072,959	89,689	1,162,648
More than five years	-	-	-

Group 2022

Issued preference share liabilities	Kagiso Capital	Kagiso Venture Capital	Total
Balance beginning of the year	996,619	163,552	1,160,171
Preference share issued for the year	189,000	45,780	234,780
Capitalisation of transaction costs	(47)	(777)	(824)
Finance costs capitalised	59,725	11,187	70,912
Repayment of finance costs	(52,289)	(10,984)	(63,273)
Capital Redemption	(43,000)	(52,750)	(95,750)
	1,150,008	**156,008**	**1,306,016**

The maturity of the preference shares liabilities is as follows			
Payable within 1 year or on demand	-	-	-
More than 2 years but not exceeding 5 years	1,150,008	156,008	1,306,016
More than five years	-	-	-

Notes to the Group Annual Financial Statements (continued)

21. Financial liabilities measured at amortised cost (continued)

Preference shares - Kagiso Capital

The preference shares are secured by the shares held by KCT in FirstRand Limited, MMH Limited, Discovery Limited, Kagiso Tiso Holdings Proprietary Limited, Coronation Asset Management Company and Cammissa Asset Management Company with carrying amount of R9 billion.

The preference shares are redeemable after a period of four years and one day which is on 1 April 2025. The preference dividends are at 66.75% of the prime interest rate.

Kagiso Capital Proprietary Limited is still in compliance with covenants and there has not been any breach nor default in accordance with the terms of the preference share agreement.

Kagiso Capital Proprietarty Limitedredeemed R43 million of the capital amount in April 2022. In October 2022 further R57 million of capital amount was redeemed. Additional R27 million was redeemed in April 2023.

In September 2021, an additional R29 million was drawn down in order to subscribe for ordinary shares in Kagiso Venture Capital, to acquire additional shares in Phuthuma Nathi Investment Limited. The loan is secured by an investment held in Phuthuma Nathi Investment (RF) Limited.

In November 2021 an additional R160m was drawn down in order to subscribe for ordinary shares in Kagiso Capital Properties, incorporated to acquire share in Growthpoint Student Accommodation Holdings Limited.

Preference shares - Kagiso Venture Capital

The company issued 17 435 class A cumulative preference and 100 class B participating redeemable preference shares from the authorised preference share debt instrument of 29 900 class A cumulative preference and 100 class B participating redeemable preference shares on the 7th of August 2020. The A preference shares dividends are priced at a dividend rate of 97.5% of the prime rate and the preference B shares dividends are priced 9%.

Long Term Loan

Group 2023

RMB Loans	**Kagiso Capital Properties**	**Kagiso Capital Healthcare Investment**	**Total**
Balance beginning of the year	242,981	218,881	461,862
Loan raised during the year	-	42,100	42,100
Finance costs capitalised	26,118	25,669	51,787
Repayment of finance costs	(23,448)	-	(23,448)
Capital redemption	(7,730)	(34,683)	(42,413)
	237,921	**251,967**	**489,888**
Maturity of long term liability is as follows:			
Payable within 1 year or on demand	-	-	-
More than two years but not exceeding five years	237,921	251,967	489,888
More than five years	-	-	-

Notes to the Group Annual Financial Statements (continued)

21. Financial liabilities measured at amortised cost (continued)

Group 2022

RMB Loan	Kagiso Capital Properties	Kagiso Capital Healthcare Investment	Total
Balance beginning of the year	-	231,474	231,474
Loan raised during the year	242,400	-	242,400
Capitalisation of transaction costs	(3,726)	(137)	(3,863)
Finance costs capitalised	11,827	18,194	30,021
Repayment of finance costs	(6,382)	-	(6,382)
Capital redemption	(1,138)	(30,650)	(31,788)
	242,981	**218,881**	**461,862**
Maturity of long term liability is as follows:			
Payable within 1 year or on demand	-	-	-
More than two years but not exceeding five years	242,981	218,881	461,862
More than five years	-	-	-

RMB Loan - Kagiso Capital Properties ("KCP")

A loan of R242,400,000 was obtained from RMB on 29 November 2021. The loan attracts an interest rate of three-month JIBAR plus a margin of 4,02%. The loan is repayable within a five-year tenor. The loan is secured by the investment held in Growthpoint Student Accommodation REIT.

The funding structures have Facility A and Facility B components, but Facility B has an interest rate payment that is contingent on a NAV Payment event being called by the Lender, and amount payable linked to NAV of the underlying investment. Please refer to note 20 where the call options embedded in the debt host contracts have been separately recognised.

RMB Loan - Kagiso Capital Healthcare Investment ("KCHI")

A loan of R60,000,000 was obtained from RMB on 12 September 2018. A further loan of R174,474,622 was raised on the 15th of January 2020. The loan attracts an interest rate of three month JIBAR plus a margin of 4,08%. The loan is repayable within a five year tenor. The loan is secured by the investment held in Growthpoint Healthcare Property Holdings RF Limited. However KCHI is still obligated to perform its obligations per the loan agreements, if the security provisions come into effect.

The funding structures have Facility A and Facility B components, but Facility B has an interest rate payment that is contingent on a NAV Payment event being called by the Lender, and amount payable linked to NAV of the underlying investment. Please refer to note 20 where the call options embedded in the debt host contracts have been separately recognised.

Total liabilities at amortised cost	Group 2023	Group 2022	Trust 2023	Trust 2022
Preference shares	1,162,648	1,306,016	-	-
Long term loan	489,888	461,862	-	-
	1,652,536	**1,767,878**	**-**	**-**
Split between current and non current liabilities				
Non current liabilities	1,652,536	1,767,848	-	-

Notes to the Group Annual Financial Statements *(continued)*

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000
22. Funds available for projects				
Free State school halls				
Balance at beginning of the year	28,682	122 28,	682	122
Received from donors during the year	-	49,730	-	49,730
Utilised for projects expenses	(28,682)	(21,170)	(28,682)	(21,170)
	-	**28,682**	**-**	**28,682**
Funds available for the Beyers Naude Schools Development Programme - Freestate				
Balance at beginning of the year	89	89	89	89
Received from donors during the year	-	-	-	-
Utilised for projects expenses	-	-	-	-
	89	**89**	**89**	**89**
Funds available for the Beyers Naudé Schools Development Programme - Limpopo				
Balance at beginning of the year	1,125	1,125	1,125	1,125
Received from donors during the year	-	-	-	-
Utilised for projects expenses	-	-	-	-
	1,125	**1,125**	**1,125**	**1,125**
Funds available for the Rantsane Hall				
Balance at beginning of the year	31,906	31,906	31,906	31,906
Received from donors during the year	-	-	-	-
Utilised for projects expenses	-	-	-	-
	31,906	**31,906**	**31,906**	**31,906**
Funds available for projects from ABSA Bank for Madikwe Resource Centre				
Balance at beginning of the year	69	69	69	69
Received from donors during the year	-	-	-	-
Utilised for projects expenses	-	-	-	-
	69	**69**	**69**	**69**
Funds available for projects from National Lotteries Board				
Balance at beginning of the year	1,879	1,879	1,879	1,879
Received from donors during the year	-	-	-	-
Utilised for projects expenses	-	-	-	-
	1,879	**1,879**	**1,879**	**1,879**
Funds available for projects from Eskom				
Balance at beginning of the year	841	1,495	841	1,495
Received from donors during the year	1,540	-	1,540	-
Utilised for projects expenses	(1,946)	(654)	(1,946)	(654)
	435	**841**	**435**	**841**
Total funds available for projects	**35,503**	**64,591**	**35,503**	**64,591**

Funds available for projects are funds received from donor organisations for charitable activities. These funds are yet to be disbursed to charitable projects.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

23. Trade and other payables

Financial instruments:				
Trade payables	6,763	4,830	2,785	1,010
Employee related payables	4,262	3,917	109	96
Accrual for audit fees	2,956	2,882	793	644
Accrued expenses	746	174	-	-
Deposits received	1,131	1,245	-	-
	15,858	**13,048**	**3,687**	**1,750**
Non-financial instruments:				
Amounts received in advance	550	-	-	-
VAT	35	63	-	-
	16,443	**13,111**	**3,687**	**1,750**

24. Provisions

Reconciliation of provisions - Group - 2023

	Opening balance	Charged to the income statement	Utilised during the year	Total
Bonus provision	31,276	44,521	(36,838)	38,959
Leave pay provision	4,265	375	(278)	4,362
	35,541	**44,896**	**(37,116)**	**43,321**

Reconciliation of provisions - Group - 2022

	Opening balance	Charged to the income statement	Utilised during the year	Total
Bonus provision	22,691	26,872	(18,287)	31,276
Leave pay provision	3,876	664	(275)	4,265
	26,567	**27,536**	**(18,562)**	**35,541**

Reconciliation of provisions - Trust - 2023

	Opening balance	Charged to the income statement	Utilised during the year	Total
Bonus provision	4,645	7,142	(6,106)	5,681
Leave pay provision	695	(3)	-	692
	5,340	**7,139**	**(6,106)**	**6,373**

Reconciliation of provisions - Trust - 2022

	Opening balance	Charged to the income statement	Utilised during the year	Total
Bonus provision	3,642	5,543	(4,540)	4,645
Leave pay provision	719	257	(281)	695
	4,361	**5,800**	**(4,821)**	**5,340**

The bonus provision consists of a performance-based bonus, which is determined by reference to the overall Group performance with regard to a set of pre-determined key-performance measures. Bonuses are payable annually after the Group annual results have been approved.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

25. Lease liability

Lease liabilities are initially measured at the present value of the lease payments and subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions.

To determine the incremental borrowing rate, the group:

- where possible, uses recent third-party financing received, adjusted to reflect changes in financing conditions since this financing was received; and/or
- makes adjustments specific to the lease, e.g., term and security.

At inception, the rate used for office building leases was determined using the prime lending rate of 10.5% as the incremental borrowing rate. The incremental borrowing rate is unchanged in the duration of lease.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The group applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the groups business planning cycle, significance of related leasehold improvements and past history of terminating/not renewing the lease.

The group is not exposed to potential future increases in variable lease payments based on an index or rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Certain lease contracts include both lease and non-lease components. The group has elected the practical expedient to account for non-lease components as part of its lease liabilities and right-of-use assets.

Financial liabilities are derecognised when the obligation in the contract is discharged, cancelled, or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the statement of comprehensive income as interest expense based on the effective interest rate method.

The existing lease is currently on month-to-month renewal basis.

Group

Asset leased	**Years of final repayment**	**Weighted average year-end interest rate**	**2023**	**2022**
Office building	2023-2027	10.50 %	8,115	-

Carrying amount of right-of-use assets				
Right-of-use assets (cost)	9,332	569	-	-
Right-of-use assets (acc depn and impa)	(699)	(569)	-	-
	8,633	**-**	**-**	**-**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

25. Lease liability (continued)

Group - Maturity analysis

The maturity analysis of the lease liabilities is as follows:

	2023 R '000	2022 R '000
Current	980	-
Non-current	7,135	-
	8,115	**-**

	2023 R '000	2022 R '000
Opening balance	**-**	**-**
Additional lease liability	9,181	-
Finance cost	491	-
Repayment of lease liability	(1,227)	-
Lease Liability elimination (KCT building)	(330)	-
Carrying amount	**8,115**	**-**

26. Revenue

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
Revenue from contracts with customers	31,315	27,465	-	13

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
Rendering of services				
Administration and management fees received	1,659	126	-	-
Consulting fees	14,417	12,171	-	13
Course fees	15,239	15,168	-	-
	31,315	**27,465**	**-**	**13**

Timing of revenue recognition

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
At a point in time				
Administration and management fees received	1,659	126	-	-
Consulting fees	14,417	12,171	-	13
Course fees	15,239	15,168	-	-
	31,315	**27,465**	**-**	**13**

27. Other income

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
Sundry income	33,077	22,927	31,238	22,588
Dividend income	491,710	341,085	348,234	236,373
Rental income	449	-	677	706
	525,236	**364,012**	**380,149**	**259,667**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

28. Other operating gains / (losses)

Gains (losses) on disposals, scrappings and settlements				
Property, plant and equipment	108	(95)	110	(44)
Fair value gains / (losses)				
Fair Value gain on Cammissa short term investment	16,435	4,912	16,435	4,912
Fair value loss on recognition of derivative financial instruments	(18,736)	(41,651)	-	-
Fair value loss on Healthcare Manco investment	(3,034)	-	-	-
Fair value gain on Coronation investment	68,882	-	68,882	-
Fair value gain on Cammissa long term investment	57,963	-	57,963	-
Fair value gain on Growthpoint Properties Investment	14,201	32,000	-	-
Fair value gain / (loss) on Growthpoint Health investment	11,467	(2,512)	-	-
	147,178	**(7,251)**	**143,280**	**4,912**
Total other operating gains / (losses)	**147,286**	**(7,346)**	**143,390**	**4,868**

29. Operating profit / (loss)

Operating income for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	3,335	2,946	914	644
Leases				
Operating lease charges				
Equipment	119	253	80	243
Depreciation and amortisation				
Depreciation of property, plant and equipment	2,454	1,886	1,250	1,272
Amortisation of intangible assets	1,280	1,790	-	-
Amortisation of right-of-use assets	699	-	-	-
Total depreciation and amortisation	**4,433**	**3,676**	**1,250**	**1,272**
Other				
Research and development costs	243	101	28	21
Legal	380	179	-	-
Employee costs*	93,742	74,656	14,349	11,715
Trustee fees and other trustees expenses	6,881	6,761	4,609	4,070
Funds distributed to Kagiso Shanduka Trust	1,500	1,500	1,500	1,500
Advertising*	6,730	3,670	5,159	2,631
Consulting and professional fees*	14,666	9,589	5,008	2,305
Digital strategy	3,125	-	-	-
Other operating expenses *	32,976	25,643	15,450	9,051
	160,243	**122,099**	**46,103**	**31,293**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

29. Operating profit / (loss) (continued)

Programme expenses

School Halls	31,045	21,178	36,687	24,346
EMSP	1,530	3,475	-	1,851
BNSDP	36,955	24,044	82,491	54,907
CCSP	6,427	2,104	6,427	2,104
Maths competition	1,423	66	-	-
	77,380	**50,867**	**125,605**	**83,208**

* Prior year re-represented and reclassified in line with the current year classification and presentation.

30. Cost of sales

Rendering of services	6,758	5,507	-	-

31. Interest income

Interest income

Investments in financial assets:

Interest received - Bank	21,601	9,074	10,328	4,850

32. Finance costs

Interest on long term loans	51,787	30,022	-	-
Interest on lease liability	572	-	-	-
Finance costs on preference shares obligation	90,334	70,912	-	-
Interest Expense	7	67	-	-
Total finance costs	**142,700**	**101,001**	**-**	**-**

33. Impairment of assets

Material impairment losses (recognised) / reversed

Investment in associates				
OneLogix Group Limited	-	34,752	-	-
Open Learning Holdings	11,823	-	-	-
Financial instruments				
For Farmers East (FFE)	(3,165)	(5,399)	-	-
Baphuhuduchwana Production Incubator Proprietary Limited	-	(6,487)	-	-
Sebenzangamandla	(151)	(263)	-	-
Spar Mohopani Rural Hub	(544)	(747)	-	-
Groendal	(383)	(646)	-	-
Kagiso Africa Investments Proprietary Limited	-	-	(110)	(195)
Kagiso Trust Consultancy Proprietary Limited	-	-	(3,512)	(1,082)
Kagiso Enterprise Rural Private Equity Fund Proprietary Limited	-	-	(4,870)	(3,323)
Open Learning Group bad debt written off	-	(759)	-	-
Business school of excellence	(259)	(65)	-	-
Intangible assets				
Open learning technology	-	(2,593)	-	-
	7,321	**17,793**	**(8,492)**	**(4,600)**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

34. Taxation

Major components of the tax expense

	Group 2023 R '000	Group 2022 R '000	Trust 2023 R '000	Trust 2022 R '000
Current				
Local income tax - current period	3,701	4,441	-	-
Current tax	-	16	-	-
	3,701	**4,457**	**-**	**-**
Deferred				
Current year	8,164	9,235	-	-
	11,865	**13,692**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2023	Group 2022	Trust 2023	Trust 2022
Applicable tax rate	27.00 %	28.00 %	27.00 %	28.00 %
Exempt income	(32.14)%	(28.00)%	(32.30)%	(28.00)%
Assessed loss not utilised	0.56 %	3.40 %	5.30 %	0.00 %
Permanent differences	5.90 %	5.80 %	- %	- %
	1.32 %	**9.20 %**	**0.00 %**	**0.00 %**

In terms of Section 10(1)(cN) of the Income Tax Act 1962, as amended the Trust has been approved by the Commissioner for the South African Revenue Service as a public benefit organisation. Accordingly, the Trust is exempt from income taxation.

35. Other comprehensive income

Components of other comprehensive income - Group - 2023

	Gross	Tax	Net
Equity-accounted investments			
Share of movement in reserves of associates *	9,315	-	9,315
Fair value through other comprehensive income financial assets adjustments			
Gains arising on fair value through other comprehensive income instruments	429,143	-	429,143
Total	**438,458**	**-**	**438,458**

* Reserves of OneLogix moved to retained earnings.

Components of other comprehensive income - Group - 2022

	Gross	Tax	Net
Equity-accounted investments			
Share of movement in reserves of associates	18,449	-	18,449
Fair value through other comprehensive income financial assets adjustments			
Gains arising on fair value through other comprehensive income instruments	629,151	-	629,151
Total	**647,600**	**-**	**647,600**

Notes to the Group Annual Financial Statements (continued)

35. Other comprehensive income (continued)

Components of other comprehensive income - Trust - 2023

	Gross	Tax	Net
Share of movement in reserves of associates			
Share of movement in reserves of associates	9,223	-	9,223
Fair value through other comprehensive income financial assets adjustments			
Gains arising on fair value through other comprehensive income instruments	486,130	-	486,130
Total	**495,353**	**-**	**495,353**

Components of other comprehensive income - Trust - 2022

	Gross	Tax	Net
Share of movement in reserves of associates			
Share of movement in reserves of associates	14,313	-	14,313
Fair value through other comprehensive income financial assets adjustments			
Gains arising on fair value through other comprehensive income instruments	592,380	-	592,380
Total	**606,693**	**-**	**1,250,232**

36. Cash generated from operations

		Group		Trust	
		2023 R '000	**2022 R '000**	**2023 R '000**	**2022 R '000**
Loss before taxation		882,453	156,263	751,333	165,781
Adjustments for:					
Depreciation and amortisation		4,433	3,676	1,250	1,272
Derivative financial instruments		(119)	-	-	-
Profit from equity accounted investments		(544,664)	(31,614)	(399,911)	(17,643)
Dividend income	27	(491,710)	(341,085)	(348,234)	(236,373)
Interest income		(21,601)	(9,074)	(10,328)	(4,850)
Finance costs		142,700	101,001	-	-
Fair value (gains) losses		(147,286)	7,251	(143,390)	(4,868)
Net impairments and movements in credit loss allowances		(7,320)	(17,793)	8,493	4,600
Gains / (losses on disposal of assets		-	95	-	-
Movements in provisions		7,780	7,381	1,033	979
Other non-cash operating expenses		(906)	-	-	-
Changes in working capital:					
Inventories		(202)	(170)	-	-
Trade and other receivables		(9,287)	(8,130)	44	(227)
Trade and other payables		3,332	3,618	1,940	(6,581)
Funds available for projects		(29,088)	27,906	(29,088)	27,906
		(211,485)	**(100,675)**	**(166,858)**	**(70,004)**

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

37. Tax paid

Balance at beginning of the year	191	221	-	-
Current tax for the year recognised in profit or loss	(3,701)	(4,457)	-	-
Transfers from deferred tax	-	(120)	-	-
Balance at end of the year	(1,434)	(191)	-	-
	(4,944)	**(4,547)**	**-**	**-**

38. Related parties

The following are defined as related parties of the Group:

- the trustees
- subsidiaries
- associates and joint ventures
- key management personnel
- common key personnel

Name	Country	Relationship	Portion held
Kagiso Trust Consultancy Proprietary Limited	South Africa	Subsidiary	100 %
Kagiso Enterprise Rural Private Equity Fund Proprietary Limited	South Africa	Subsidiary	100 %
Kagiso Development Trust	South Africa		
Kagiso Africa Investments Proprietary Limited	South Africa	Subsidiary	100 %
Kagiso Capital Proprietary Limited	South Africa	Subsidiary	100 %
Kagiso Capital Health Proprietary Limited	South Africa	Subsidiary	100 %
Kagiso Shanduka Trust (KST)	South Africa		
Tyala Impact Fund Proprietary Limited	South Africa	Subsidiary	100 %
Kagiso Venture Capital (RF) Proprietary Limited	South Africa	Subsidiary	100 %
Kagiso Capital Properties Proprietary Limited	South Africa	Subsidiary	100 %
Open Learning Group (RF) Proprietary Limited	South Africa	Subsidiary	100 %
Open Learning Technology (RF) Proprietary Limited	South Africa	Subsidiary	100 %
Business School of Excellence Proprietary Limited	Namibia	Subsidiary	100 %

Refer to note 39 for unconsolidated structured entity.

Refer to note 5 for a list of investments in associates.

Related party balances

Amount due from related parties				
Kagiso Development Trust	-	-	152	10
Kagiso Capital Proprietary Limited	-	-	12,089	12,203
Kagiso Trust Consultancy Proprietary Limited	-	-	402	402
Kenya Community Development Foundation	1,372	1,372	1,372	1,372
Tyala Impact Fund Proprietary Limited	-	-	30,026	26,126
	1,372	**1,372**	**44,041**	**40,113**

The above non-interest bearing loans are unsecured and have no fixed repayment terms. They are payable on demand.

The Trust has subordinated its loan with Kagiso Africa Investment Proprietary Limited, Kagiso Trust Consultancy Proprietary Limited, Tyala Impact Fund Proprietary Limited, Kagiso Enterprise Rural Private Equity Fund Proprietary Limited . The trust will continue to provide support to these entities until such time as their assets, fairly valued, exceed their assets.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000
38. Related parties (continued)				
Amounts due to related parties				
Kagiso Development Trust	-	-	1,976	503
Kagiso Trust Strategic Investment (RF) Proprietary Limited	-	-	320	320
	-	**-**	**2,296**	**823**

The above non-interest bearing loans are unsecured and have no fixed repayment terms. They are payable on demand.

The Group establishes allowances for credit losses (impairment allowances) on loans to subsidiaries, fellow subsidiaries and/or other related parties equal to the twelve month expected credit losses on these items unless there has been a significant increase in credit risk since initial recognition of these loans. Where there has been a significant increase in credit risk since initial recognition, impairment allowances are adjusted to equal the lifetime expected credit losses on these loans. At 30 June 2023, the impairment allowances relating to loans to subsidiaries, fellow subsidiaries and/or other related parties were taken into account in the above balances based on the loan counterparties' holdings of assets. These holdings by the counterparties, fairly valued exceed their obligations, including their liabilities towards the company, and accordingly mitigate the credit risk arising from these loans. Counterparties' have sufficient cash flows to repay their obligations.

	Group 2023	Group 2022	Trust 2023	Trust 2022
Amount due from Associates				
Alphawave Holdings	24,219	5,085	-	-

Kagiso Capital Proprietary Limited issued preference shares to Alphawave Holdings on 12 April 2022. This is a preference share carried at amortised costs. The preference share dividends are at prime plus 4%. The preference shares are redeemable in the date which is 5 years and 1 day after the issue date.

IAS 24 – Related Parties, requires the identification of "key management personnel" who are individuals responsible for planning, directing and controlling activities of the entity including trustees. The Group has accordingly defined key management personnel to include the Trustees as disclosed on pages 4 to 5.

	Group 2023	Group 2022	Trust 2023	Trust 2022
Remuneration of Key Management Personnel.				
Remuneration to executive directors	36,966	28,106	8,729	7,342
Trustee fees	6,881	6,761	4,609	3,343
	43,847	**34,867**	**13,338**	**10,685**
Compensation to non- executive directors				
Committee fees	1,672	2,070	-	-

39. Unconsolidated structured entity

Kagiso Charitable Trust ("KCT") and the Cyril Ramaphosa Foundation ("CRF") (Formerly Shanduka Foundation) created a structured entity called KST Trust (formerly Kagiso Shanduka Trust) with the objective of joining forces to assist in the school development in Free State province from 12 March 2016 to 11 March 2018. KST 's school development has targeted schools in two districts in the Free State province (Motheo and Fezile Dabi). The two entities have committed R200 million together (R100 million each) with Free State Department of Education (FSDoE) committing to R200 million, resulting in R400 million project. KCT has transferred R100 million to KST by 30 June 2018. R105 million was transferred in 2015, R37.5 million was transferred in 2014 and total of R21 million was transfered between 2018 and 2021.

Kagiso Charitable Trust provided an additional R1.5 million in the 2023 financial year. Kagiso Charitable Trust as well as Cyril Ramaphosa Foundation may be required to contribute over and above the contractual amounts as and when is required. This will be agreed in writing before additional funding is provided.

KCT did not consolidate KST as the requirements of control as defined in IFRS 10 were not met.

Notes to the Group Annual Financial Statements (continued)

	Group		Trust	
	2023 R '000	2022 R '000	2023 R '000	2022 R '000

40. Commitments

Lease commitments

Minimum lease payments due				
• within one year	32,369	44,580	-	-
• in second to fifth year inclusive	-	39,056	-	-
	32,369	**83,636**	**-**	**-**

41. Contingencies

At year end, no contingent liabilities were noted.

42. Going concern

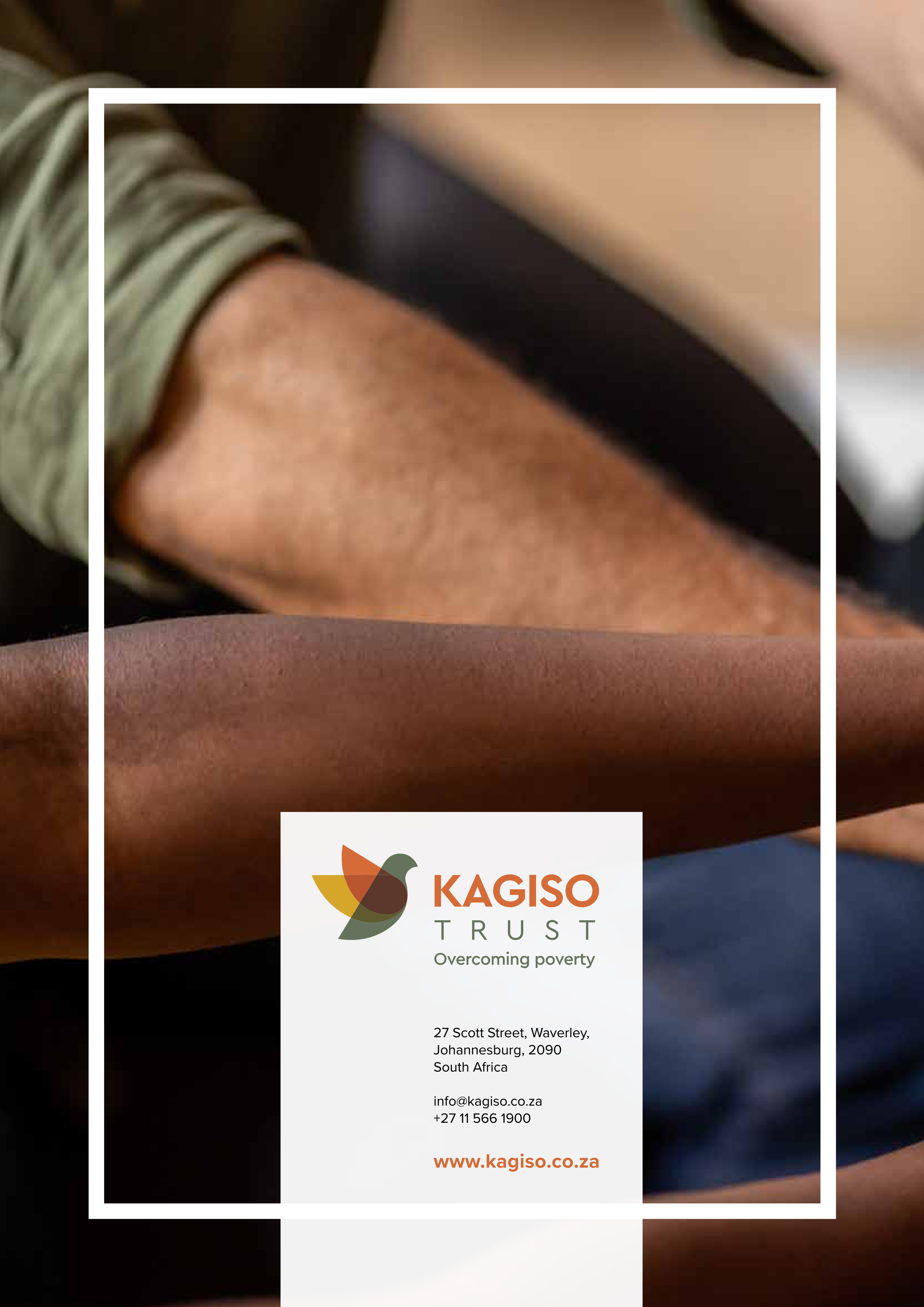
The trustees believe that the trust and the group have adequate financial resources to continue in operation for the foreseeable future and accordingly the group annual financial statements have been prepared on a going concern basis. The trustees and have satisfied themselves that the trust and the group are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust and the group. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust and the group.

43. Events after the reporting period

No events took place after the reporting date that requires disclosure at year end.

NOTES

"Robust stakeholder relationships have enabled us to create partnerships with likeminded organisations to scale and implement our models and programmes."



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