

SIOC Community Development Trust
(Registration number IT 10454/06)
Audited Consolidated and Separate Annual Financial Statements
for the year ended 31 December 2021

The preparation of the annual financial statements were supervised by:
T. Duvenage
Head of Finance

SIOC Community Development Trust

(Registration number IT 10454/06)

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General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To own all the ordinary shares in SIOC Community Development SPV (Pty) Ltd and to utilise dividends received from those shares as well as investment income derived from Permitted Investments per the Trust Deed, to support and facilitate public benefit activities in the identified beneficiary areas in the Northern Cape and Limpopo provinces.
Trustees	L. Delport V.F. Malie T. Henry S. Thole K.P. Leserwane T. Kotsedi M. Motsisi P. Ramchander M. Mabilu W.F. van Heerden A.C. Dippenaar D.J. van Staden S. Botha N. Andreas L. Milne M. Kies
	Retired 31 July 2021 Resigned 31 August 2021 Retired 31 December 2021 * * * *
* S. Botha, N. Andreas, L. Milne and M. Kies were designated as trustees subject to the issuing of the Letter of Authority by the Master of the High Court.	
Registered office	SIOC-CDT Office Park, Block A, Ground Floor Cnr. Hendrik van Eck and Ian Flemming Street Kathu Northern Cape 8446
Postal address	Postnet Suite 152 Private Bag X1028 Doringkloof 0140
Auditors	Deloitte & Touche
Secretary	Z.C. Mathebula
Trust registration number	IT 10454/06
Tax reference number	0334/964/15/2
Level of assurance	These annual financial statements have been audited.
Preparer	The annual financial statements were internally compiled under the supervision of: T. Duvenage Head of Finance
Issued	30 June 2022

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Trustees' Responsibilities and Approval

The Trustees are required in terms of the Trust Deed to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Trust 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 external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial 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 Trust 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 Trust and all employees are required to maintain the highest ethical standards in ensuring the Trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Trust is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Trust 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 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 are satisfied that the Trust has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Trust's annual financial statements. The annual financial statements have been examined by the Trust's external auditors and their report is presented on page s 10 to 12.

The annual financial statements set out on pages 4 to 74, which have been prepared on the going concern basis, were approved by the Trustees on 30 June 2022 and were signed on their behalf by:



L. Delport
Chairman



V.F. Malie
Trustee

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Trustees' Report

The Trustees have pleasure in submitting their report on the annual financial statements of SIOC Community Development Trust and the Group for the year ended 31 December 2021.

1. Incorporation

The Trust was registered on 31 August 2006.

The Group consists of the following entities, listed in the table below.

Entity name
SIOC Community Development Trust
SIOC Community Development SPV (Pty) Ltd
SIOC CDT Operating Company (Pty) Ltd - Dormant
SIOC CDT Investment Holdings (RF) (Pty) Ltd
SIOC CDT Properties Company (Pty) Ltd
SIOC-CDT Resource Holdings (Pty) Ltd - Dormant
SIOC-CDT Strategic Ventures (Pty) Ltd
Subrotouch (RF) (Pty) Ltd
The Urban Hotel Kathu (Pty) Ltd
SIOC CDT Solar Energy Company (Pty) Ltd - Dormant

2. Nature of activities

There have been no material changes to the nature of the Group's business from the prior year.

3. Review of financial results and activities

3.1 Financial highlights

Group revenue increased by 216% from the previous financial year mainly due to an increase in dividends declared by Sishen Iron Ore Company (Pty) Ltd in 2021, received through SIOC Community Development SPV (Pty) Ltd. Group revenue amounted to R 1,513,378,968 (2020: R 478,178,053). Investment income consisted mainly of interest received on cash investments amounting to R 159,875,367 (2020: R 137,801,630), pending deployment to trust activities.

Group cash holdings, after taking into account project and investment commitments, increased by R 963,428,039 to R 2,664,129,237. This is largely attributable to the dividends received from Sishen Iron Ore Company (Pty) Ltd to the value of R 1,498,694,637.

3.2 Public Benefit Activities

Project expenditure relating to Public Benefit Activities (PBA) in the beneficiary communities (John Taolo Gaetsewe District - Northern Cape and Thabazimbi Local Municipality - Limpopo Province) amounted to R 229,647,476 (2020: R 129,185,216) during the year under review, which consists of project and programme costs totalling R 226,129,438 (2020: R 126,230,447) and administration costs of R 3,518,038 (2020: R 2,954,769).

The annual spending on PBA increased by 79% from the prior year and expenditure for the year under review were applied to the following focus areas:

Focus Area

Education	R 97,763,011	(2020: R 61,086,397)
Enterprise Development	R 13,958,792	(2020: R 10,038,555)
Health	R 16,107,903	(2020: R 10,647,836)
Welfare	R 98,299,732	(2020: R 44,457,659)
Totals	R 226,129,439	(2020: R 126,230,447)

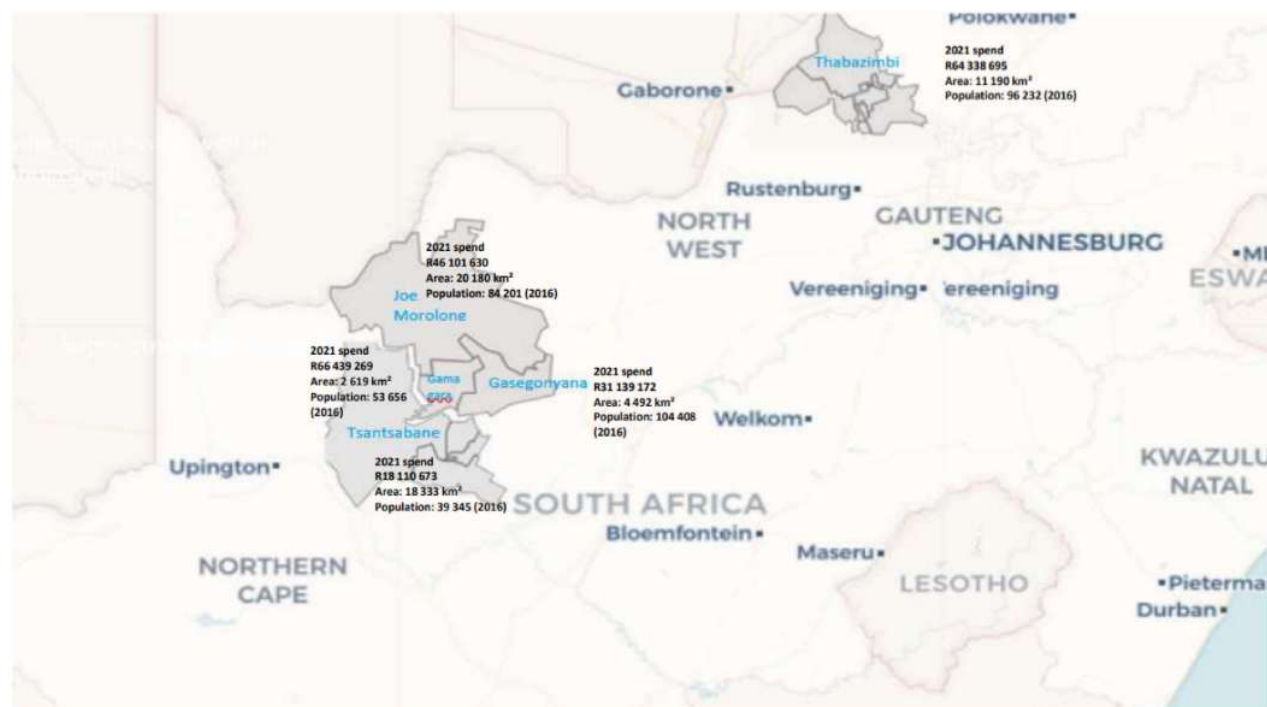
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Trustees' Report

PBA spend by geographical area 2021



3.3 Investment Activities

The SIOC CDT Investment Holdings (RF) (Pty) Ltd group recorded a net loss after tax for the year ended 31 December 2021 of R 171,809,664 (2020: net loss after tax of R 195,461,629).

Direct equity investments performance weakened during the current year, with share of net losses from equity accounted investments (Airlink (Pty) Ltd) amounting to R 129,971,751 (2020: R 284,166,613).

The company's investments in the various portfolios (including Futuregrowth Core Bond, Prudential Core Equity, BlackRock Index Selection and OMPE Fund V) realised a total gain of R 71,106,727 by the end of 2021 (2020: R 1,382,255).

Airlink (Pty) Ltd ("Airlink")

The equity value of the investment in Airlink (Pty) Ltd has declined by 100% from R 129,971,751 in 2020 to R nil as at 31 December 2021 due to the net debt exceeding the enterprise value determined. Airlink (Pty) Ltd is experiencing challenging times since COVID, including challenges such as lower passenger volumes and ticket yields due to the travel restrictions, the increased competition from local airlines returning to trunk routes, 13 of the 52 routes having contributed negative margins, and Airlink (Pty) Ltd being unable to compete on trunk routes due to the size of their aircraft.

Basil Read Holdings Ltd

The investment in Basil Read Holdings Ltd has been fully impaired since 31 December 2018, and remains fully impaired as at 31 December 2021.

Continental Coal Ltd

Continental Coal Ltd remained technically insolvent and under business rescue as at 31 December 2021, with no reasonable or realistic prospect of recovering economic benefits from the investment. The investment remains fully impaired.

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Trustees' Report

Subrotouch (RF) (Pty) Ltd ("Subrotouch")

Subrotouch holds a 12.5% equity interest in Kathu Solar Park (RF) (Pty) Ltd ("KSP"). Subrotouch's income comprises of interest earned on the loan to KSP. The loan outstanding from the DBSA including capitalised interest as at 31 December 2021 amounted to R 383,667,574 (2020: R 391,961,078).

Payments to the value of R 42,500,000 and R 4,375,000 were received from KSP in April 2021 and October 2021 respectively, towards the repayment of the shareholder loan from Subrotouch, which was funded through a loan entered into with the DBSA. The same amounts were in turn paid to the DBSA towards the repayment of said loan in 2021.

Subrotouch realised a fair value loss of R 110,949,733 (2020: fair value loss R 9,051,183) as at 31 December 2021 on the investment in KSP. The fair value of the 12.5% shareholding in KSP was valued at R 99,496,767 (2020: R 210,446,500) as at 31 December 2021.

The Urban Hotel Kathu (Pty) Ltd ("UHK")

Total income for the year amounted to R 12,381,274 (2020: R 8,317,795), showing a 49% increase from the prior year. Operating expenses showed a 18% increase from R 6,740,263 in 2020 to R 7,963,287 in 2021 as a result of uptake in revenue. The company recorded a net profit after tax for the year ended 31 December 2021 of R 558,018 (net loss after tax for 2020: R 1,430,195).

The hotel ended the year with an increased occupancy of 46% (2020: 33.3%) and an average room rate of R 717 (2020: R 734).

4. Trustees

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

Trustees	Designation	Changes
L. Delpont	Non-executive and Independent (Chairman)	
V.F. Malie	Executive (Chief Executive Officer)	
T. Henry	Non-executive and Independent	
S. Thole	Non-executive and Independent Beneficiary Trustee	
K.P. Leserwane	Non-executive Beneficiary Trustee	
T. Kotsedi	Non-executive Beneficiary Trustee	
M. Motsisi	Non-executive and Independent Trustee	
P. Ramchander	Non-executive Donor Trustee	
M. Mabilu	Non-executive and Independent Beneficiary Trustee	
W.F. van Heerden	Non-executive	Retired 31 July 2021
A.C. Dippenaar	Non-executive	Resigned 31 August 2021
D.J. van Staden	Non-executive and Independent	Retired 31 December 2021
S. Botha	Non-executive	*
N. Andreas	Non-executive	*
L. Milne	Non-executive and Independent	*
M. Kies	Non-executive and Independent Trustee	*

* S. Botha, N. Andreas, L. Milne and M. Kies were designated as trustees subject to the issuing of the Letter of Authority by the Master of the High Court.

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the Group or in the policy regarding their use.

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Trustees' Report

6. Events after the reporting period

SIOC Community Development SPV (Pty) Ltd

The company received dividends from Sishen Iron Ore Company (Pty) Ltd of R 398,254,954 on 28 February 2022 as full and final dividend for the 2021 financial year. Dividends to the value of R 398,196,477 were declared and paid over to the sole shareholder, SIOC Community Development Trust, on 28 February 2022.

Subrotouch (RF) (Pty) Ltd

After year end, an addendum was signed with DBSA whereby:

- The expected loan repayment dates were changed from March and September to April and October, to avoid unnecessary 1-month delay penalties;
- The JIBAR, previously stated as 6-months JIBAR in the BEE Agreement, was corrected to 3-months JIBAR; and
- The DBSA records a payment waterfall which clarifies the amounts to be paid over to the DBSA.

Other Matters

On 24 February 2022, a conflict broke out between Russia and Ukraine, and while the Russian troops were likely planning their attack and building up at the frontier with the Ukraine in the year ending 31 December 2021, this is not considered to be a critical event for determining the conflict was obvious as at 31 December 2021. Given this information, we believe no further adjustments to 31 December 2021 financial statements need to be taken into consideration, and the current conflict is considered to be a non-adjusting event. However, we have included information for disclosure purposes around the impact that the current conflict has had on the investments in the Trust, below.

The KIO share price increased in the beginning of the year as a result of good Quarter 4 production statistics, a positive FY2022 outlook and a slight resurgence in the iron ore price. However, this declined when the FY2021 Annual Financial Statements and Investor Presentation occurred on 22 February 2022 as results were below expectations and a couple of days later the Russian invasion of Ukraine was announced which had an effect on global markets, particularly commodities. The iron ore price did however recover during March 2022 on the back of Chinese demand increasing as the Olympic restrictions were eased and the outlook in the property market showed promise.

In terms of the offshore investment held in SIOC CDT Investment Holdings (RF) (Pty) Ltd, the BlackRock Index Fund's exposure to Russia is as follows:

- The iShares Emerging Markets Equity Index Fund has 3.3% exposure to the Russian Federation;
- The Developed Market Index Equity Fund has no direct exposure to the Russian Federation.

Despite the small exposure to the Russian Federation, as a result of these macroeconomic conditions, the fund dropped by approximately 13% from December 2021 to March 2022. Various macroeconomic factors are at play, which add to the uncertainties of what will happen with developed and emerging markets.

- It has sent South African export commodity prices to record highs, resulting in favourable terms of trade. This increase in commodity prices is set to exceed the increase in oil prices;

- The war is also fuelling price pressures, pushing inflation above the South African Reserve Bank's tolerance level, leading to the SARB hiking rates 3 times. It is expected that inflation rates may average 6% in 2022. The favourable commodity trade-off should support the economy's current momentum, offsetting the hit to GDP from higher inflation and the expected global slowdown;

- The Federal Reserve also hiked interest rates since the start of the war, which has an impact of general US stock prices going down from dampened investor sentiments;

- The ZAR did well with the rising commodity prices, leading to a near six-month high as investors embraced the prospect of faster tightening. However, the ZAR has subsequently weakened from mid-April from lower-than-expected inflation numbers and a stronger dollar in anticipation of the Federal Reserve meeting, as well as the devastating impact of loadshedding on the local economy. At the time of this report, the ZAR was trading above R15.90/\$ (5 May 2022).

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On 23 April 2022, heavy rain and severe winds in the Tsantsabane municipal area left many houses flooded and roofless. Several areas were also stranded with no access to electricity, and a significant amount of municipal infrastructure was also damaged making many parts of the rural areas of the municipality inaccessible while disrupting service delivery in urban parts such as Postmasburg. The Trust has committed R 2.7 million towards the flashfloods disaster in the Postmasburg area. It comprises of humanitarian support including the provision of blankets and groceries to affected households, fixing of structural damages to the community ECD Centre as well as identified houses and support to the municipality fixing the road infrastructure. The storm has however not had any impact on the operations of the Trust.

The Trustees are not aware of any other material events which occurred after the reporting date and up to the date of this report.

7. Going concern

The Trustees believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The Trustees have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements. The Trustees to their best knowledge and belief are not aware of any new material changes that may adversely impact the Group, nor of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

8. Subordination Agreements by SIOC Community Development Trust

Provided by SIOC Community Development Trust

The loan from SIOC Community Development Trust to SIOC CDT Properties Company (Pty) Ltd, capped at R 34,500,000 (2020: R 33,500,000), has been subordinated in favour of the creditors of SIOC CDT Properties Company (Pty) Ltd, until such time as their total assets, fairly valued, exceed their total liabilities, fairly valued.

The loan from SIOC Community Development Trust to SIOC CDT Operating Company (Pty) Ltd of R 4,005,966 (2020: R 4,005,966), has been subordinated in favour of the creditors of SIOC CDT Operating Company (Pty) Ltd, until such time as their total assets, fairly valued, exceed their total liabilities, fairly valued.

Provided by SIOC CDT Investment Holdings (RF) (Pty) Ltd

The loan from SIOC CDT Investment Holdings (RF) (Pty) Ltd to SIOC-CDT Strategic Ventures (Pty) Ltd, capped at R 94,000,000 (2020: R nil), has been subordinated in favour of the creditors of SIOC-CDT Strategic Ventures (Pty) Ltd, until such time as their total assets, fairly valued, exceed their total liabilities, fairly valued.

9. Assistance provided to subsidiaries

Provided by SIOC Community Development Trust

A letter of support was issued by SIOC Community Development Trust to its subsidiary, SIOC Community Development SPV (Pty) Ltd, to the value of R 120,000 for the 2020 financial year. This letter of support is still in place to the value of R 120,000 for the 2021 financial year, until such time as the subsidiary has restored its liquidity.

A letter of support has been issued by SIOC Community Development Trust to its subsidiary, SIOC CDT Investment Holdings (RF) (Pty) Ltd, to the value of R 2,400,000 for the 2021 financial year, until such time as the subsidiary has restored its liquidity.

Provided by SIOC CDT Investment Holdings (RF) (Pty) Ltd

A letter of support was issued by SIOC CDT Investment Holdings (RF) (Pty) Ltd to its subsidiary, SIOC CDT Properties Company (Pty) Ltd, to the value of R 1,600,000 for the 2020 financial year. This letter of support is still in place to the value of R 1,600,000 for the 2021 financial year, until such time as the subsidiary has restored its liquidity.

SIOC CDT Investment Holdings (RF) (Pty) Ltd provided a loan of up to R 4,000,000 during 2020 to The Urban Hotel Kathu (Pty) Ltd, to enable the hotel to continue its operations during this uncertain time. To date, R 1,600,000 has been utilised on this facility. The remaining funds are deemed sufficient to sustain the hotel for the next 12 months, should it be required.

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Trustees' Report

10. Auditors

Deloitte & Touche continued in office as auditors for the Group, with Mr. R. Ismail as the designated lead audit partner for the 2021 financial year.

11. Preparer

The annual financial statements were internally compiled under the supervision of T. Duvenage, the Head of Finance of the SIOC Community Development Trust Group.

12. Secretary

The company secretary is Z.C. Mathebula.

13. Approved Projects

"Approved projects" represent the balance of the various approved project budgets which is not yet contracted or spent on the accumulated Public Benefit Projects, as approved by the Board of Trustees.

As at 31 December 2021, the approved projects balance amounted to R 506,297,509 (31 Dec 2020: R 640,446,532).

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIOC COMMUNITY DEVELOPMENT TRUST

Opinion

We have audited the consolidated and separate financial statements of SIOC Community Development Trust and its subsidiaries ("the Group") set out on pages 13 to 74, which comprise the consolidated and separate statements of financial position as at 31 December 2021, and consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and Trust as at 31 December 2021, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Trust Deed.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group 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 Consolidated and Separate 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' (IESBA) *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the document titled "SIOC Community Development Trust Annual Financial Statements for the year ended 31 December 2021" which includes the Trustees' Responsibilities and Approval and Trustees' Report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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



National Executive: *R Redfearn Chief Executive Officer; *GM Berry Chief Operating Officer; JW Eshun Managing Director Businesses; LN Mahluza Chief People Officer; *N Sing Chief Risk Officer; AP Theophanides Chief Sustainability Officer; *NA le Riche Chief Growth Officer; *ML Tshabalala Audit & Assurance; AM Babu Consulting; TA Odukoya Financial Advisory; G Rammego Risk Advisory; DI Kubeka Tax & Legal; DP Ndlovu Chair of the Board

A full list of partners and directors is available on request

* Partner and Registered Auditor

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SIOC COMMUNITY DEVELOPMENT TRUST (continued)**

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

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

Responsibilities of the 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 the requirements of the Trust Deed, 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's and 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 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.

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 or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SIOC COMMUNITY DEVELOPMENT TRUST (continued)**

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.

DocuSigned by:
 Deloitte & Touche
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Deloitte & Touche
Registered Auditor

Per: Ismail, Ridwaan
Partner
30 June 2022

SIOC Community Development Trust

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Statement of Financial Position as at 31 December 2021

		Group			Trust		
	Note(s)	2021 R	2020 R Restated	2019 R Restated	2021 R	2020 R Restated	2019 R Restated
Assets							
Non-Current Assets							
Property, plant and equipment	3	37,624,070	39,341,981	41,446,836	4,918,736	5,730,442	6,352,911
Right-of-use assets	4	-	-	-	943,879	1,610,146	2,276,414
Investment property	5	14,859,773	14,591,480	15,275,054	-	-	-
Investments in subsidiaries	6	-	-	-	1,147,001,100	787,001,100	753,001,200
Investments in associate companies	7	-	129,971,752	302,585,287	-	-	-
Loans to subsidiaries	8	-	-	-	1,381,241	6,268,163	29,204,117
Loans to related parties		-	-	-	-	-	-
Loans to related parties	9	7,963,277	33,726,770	-	23,067,230	21,712,129	45,826,508
Investments at fair value	10	4,372,762,626	211,975,599	210,593,344	-	-	-
Other financial assets	11	510,347,398	5,680,681,970	3,989,142,770	42,252	39,404	-
Deferred tax	12	12,898,537	-	25,543	-	-	-
		4,956,455,681	6,110,289,552	4,559,068,834	1,177,354,438	822,361,384	836,661,150
Current Assets							
Inventories	14	406,125	402,441	378,100	-	-	-
Loans to related parties	9	-	-	-	1,476,456	1,181,429	2,572,252
Trade and other receivables	15	6,520,214	4,897,815	2,843,765	4,203,628	3,978,500	1,634,403
Current tax receivable	16	313,722	-	795,276	101,684	100,022	97,463
Accrued interest	17	11,758,606	19,004,333	20,715,385	-	6,231,899	8,751,475
Cash and cash equivalents	13	2,664,129,237	1,700,701,198	1,351,305,916	2,660,857,074	1,689,790,495	1,313,900,326
		2,683,127,904	1,725,005,787	1,376,038,442	2,666,638,842	1,701,282,345	1,326,955,919
Total Assets		7,639,583,585	7,835,295,339	5,935,107,276	3,843,993,280	2,523,643,729	2,163,617,069
Equity and Liabilities							
Equity							
Reserves		3,291,331,590	4,613,403,562	2,942,470,392	-	-	-
Accumulated surplus		3,939,353,405	2,788,056,611	2,601,850,489	3,829,760,377	2,506,591,032	2,152,138,917
		7,230,684,995	7,401,460,173	5,544,320,881	3,829,760,377	2,506,591,032	2,152,138,917
Liabilities							
Non-Current Liabilities							
Borrowings	18	313,809,677	324,839,592	377,265,617	-	-	-
Lease liabilities	4	-	-	-	394,501	1,245,258	1,939,825
Deferred tax	12	-	13,327,312	-	-	-	-
		313,809,677	338,166,904	377,265,617	394,501	1,245,258	1,939,825
Current Liabilities							
Trade and other payables	19	16,112,605	17,899,071	11,814,157	12,987,645	15,112,872	8,978,739
Borrowings	18	78,800,454	77,705,944	1,390,307	-	-	-
Lease liabilities	4	-	-	-	850,757	694,567	559,588
Current tax payable	16	175,854	63,247	89,950	-	-	-
Provisions		-	-	226,364	-	-	-
		95,088,913	95,668,262	13,520,778	13,838,402	15,807,439	9,538,327
Total Liabilities		408,898,590	433,835,166	390,786,395	14,232,903	17,052,697	11,478,152
Total Equity and Liabilities		7,639,583,585	7,835,295,339	5,935,107,276	3,843,993,280	2,523,643,729	2,163,617,069

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Statement of Profit or Loss and Other Comprehensive Income

		Group		Trust	
	Note(s)	2021 R	2020 R	2021 R	2020 R
Revenue	20	1,513,378,968	478,178,053	1,498,544,731	467,675,603
Cost of sales	21	(3,631,465)	(2,472,247)	-	-
Gross profit		1,509,747,503	475,705,806	1,498,544,731	467,675,603
Other operating income	22	410,405	5,837,621	23,043	5,569,165
Other operating gains (losses)	23	(66,663,164)	(7,639,097)	6,771	(27,100,101)
Movement in credit loss allowances	24	177,307	(498,870)	2,849	(260,596)
Other operating expenses		(299,278,481)	(193,106,378)	(284,324,071)	(180,820,208)
Operating profit	24	1,144,393,570	280,299,082	1,214,253,323	265,063,863
Investment income	25	159,875,367	137,801,292	109,144,009	89,599,196
Finance costs	26	(39,326,213)	(44,200,112)	(227,987)	(210,944)
Estimated credit loss - Loan to Kathu Solar Park (RF) (Pty) Ltd	28	(5,963,348)	(6,666)	-	-
Share of net losses from equity accounted investments - Airlink (Pty) Ltd	27	(129,971,751)	(284,166,613)	-	-
Impairment loss reversal on investment in associate - Airlink (Pty) Ltd	28	-	111,553,078	-	-
Surplus before taxation		1,129,007,625	201,280,061	1,323,169,345	354,452,115
Taxation	29	22,289,169	(15,073,939)	-	-
Surplus for the year		1,151,296,794	186,206,122	1,323,169,345	354,452,115
Other comprehensive income (loss):					
Items that will not be reclassified to profit or loss:					
Financial assets adjustments - Unlisted shares in Sishen Iron Ore Company (Pty) Ltd	31	(1,322,071,972)	1,670,933,170	-	-
Other comprehensive (loss) income for the year net of taxation	30	(1,322,071,972)	1,670,933,170	-	-
Total comprehensive (loss) income for the year		(170,775,178)	1,857,139,292	1,323,169,345	354,452,115

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Statement of Changes in Equity

	Other reserves	At fair value through other compre- hensive income	Accumulated surplus	Total equity
	R	R	R	R
Group				
Balance at 01 January 2020	13,696,099	2,928,774,293	2,601,850,489	5,544,320,881
Surplus for the year	-	-	186,206,122	186,206,122
Other comprehensive income	-	1,670,933,170	-	1,670,933,170
Total comprehensive income for the year		- 1,670,933,170	186,206,122	1,857,139,292
Balance at 01 January 2021	13,696,099	4,599,707,463	2,788,056,611	7,401,460,173
Profit for the year	-	-	1,151,296,794	1,151,296,794
Other comprehensive income	-	(1,322,071,972)	-	(1,322,071,972)
Total comprehensive income for the year		-(1,322,071,972)	1,151,296,794	(170,775,178)
Balance at 31 December 2021	13,696,099	3,277,635,491	3,939,353,405	7,230,684,995
Trust				
Balance at 01 January 2020	-	-	2,152,138,917	2,152,138,917
Surplus for the year	-	-	354,452,115	354,452,115
Total comprehensive income for the year	-	-	354,452,115	354,452,115
Balance at 01 January 2021	-	-	2,506,591,032	2,506,591,032
Surplus for the year	-	-	1,323,169,345	1,323,169,345
Total comprehensive income for the year	-	-	1,323,169,345	1,323,169,345
Balance at 31 December 2021	-	-	3,829,760,377	3,829,760,377

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Statement of Cash Flows

		Group		Trust	
	Note(s)	2021 R	2020 R	2021 R	2020 R
Cash flows from operating activities					
Cash receipts from customers		16,662,635	9,618,913	-	-
Cash paid to suppliers and employees		(299,913,350)	(181,960,632)	(278,633,053)	(194,217,783)
Cash generated from operations	34	(283,250,715)	(172,341,719)	(278,633,053)	(194,217,783)
Interest income		109,533,728	88,285,195	109,144,009	89,599,196
Dividends received		1,498,544,731	467,675,603	1,498,544,731	467,675,603
Finance costs		(1,049,857)	1,793,231	(227,987)	-
Tax paid	32	(4,138,165)	(952,511)	(1,662)	(2,559)
Net cash from operating activities		1,319,639,722	384,459,799	1,328,826,038	363,054,457
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(1,003,223)	(534,907)	(323,427)	(534,909)
Disposal of property, plant and equipment	3	21,741	-	21,741	-
Advances on loans	3	-	(300,000)	-	(300,000)
Additional investment in subsidiary		-	-	(360,000,000)	(34,000,000)
Loans to subsidiaries repaid		-	-	4,886,922	22,935,950
Purchase of investments at fair value		(353,588,300)	-	-	-
Loans advanced to (repayment of loans advanced to) related parties		-	(35,244,854)	(1,650,128)	25,505,202
Repayment received in Subrotouch (Pty) Ltd on loan advanced to Kathu Solar Park (RF) (Pty) Ltd		46,875,000	18,750,000	-	-
Net cash from investing activities		(307,694,782)	(17,329,761)	(357,064,892)	13,606,243
Cash flows from financing activities					
Repayment on loan - Development Bank of Southern Africa Ltd		(46,875,000)	(18,750,000)	-	-
Repayment on loan - Nedbank Ltd		(1,641,901)	(729,756)	-	-
Payment on lease liabilities		-	-	(694,567)	(770,531)
Proceeds from loan from shareholder		-	1,745,000	-	-
Net cash from financing activities		(48,516,901)	(17,734,756)	(694,567)	(770,531)
Total cash movement for the year		963,428,039	349,395,282	971,066,579	375,890,169
Cash at the beginning of the year		1,700,701,198	1,351,305,916	1,689,790,495	1,313,900,326
Total cash at end of the year	13	2,664,129,237	1,700,701,198	2,660,857,074	1,689,790,495

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Accounting Policies

1. Significant accounting policies

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

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis 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 annual financial statements and the Companies Act of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The 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 accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the separate 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 its power over the entity.

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

Adjustments are made when necessary to the 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.

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

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Accounting Policies

1.3 Investments in associate companies

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post-acquisition changes in the group's share of net assets of the associate, less any impairment losses.

The group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. Losses in an associate in excess of the group's interest in that associate, including any other unsecured receivables, are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Investments in associates in the separate financial statements

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

1.4 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

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Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Fair value estimation

Several assets of the group are either measured at fair value or disclosure is made of their fair values.

External valuations are done on an annual basis in order to determine the appropriate valuation techniques and inputs for each valuation.

Observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets is disclosed in notes 7, 10 and 11.

Impairment testing

The Trust reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Taxation

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

The Trust recognises the net future taxation benefit related to deferred income taxation assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income taxation assets requires the Trust to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Trust to realise the net deferred taxation assets recorded at the end of the reporting period could be impacted.

1.5 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Depreciation method	Average useful life
Property - land	Straight line	Indefinite
Property - buildings	Straight line	20 years

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Accounting Policies

1.6 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item		Average useful life
Land	Not depreciated	Not depreciated
Management house	Straight line	20 years
Hotel buildings	Straight line	50 years
Computer software	Straight line	2 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Furniture and fittings	Straight line	5 years
Motor vehicles	Straight line	5 years
Hotel equipment	Straight line	3 to 10 years
Hotel furniture and fittings	Straight line	3 to 25 years
Hotel office furniture and IT equipment	Straight line	5 years

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 an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item 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.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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Accounting Policies

1.7 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:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 36 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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

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Accounting Policies

1.7 Financial instruments (continued)

Loans receivable at amortised cost

Classification

Loans receivable are classified as financial assets subsequently measured 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.

Application of the effective interest method

Interest income is calculated using the effective interest method, and is included in profit or loss in investment income.

The application of the effective interest method to calculate interest income on a loan receivable is dependent on the credit risk of the loan as follows:

- The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit-impaired.
- If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

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.

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Accounting Policies

1.7 Financial instruments (continued)

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, taking the time value of money into consideration.

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 profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 24).

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of a loan receivable is included in profit or loss in derecognition gains (losses) on financial assets at amortised cost.

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Accounting Policies

1.7 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost.

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.

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.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in investment income (note 25).

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

- The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
- If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit-impaired.
- If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

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 15.

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1.7 Financial instruments (continued)

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 other operating expenses in profit or loss as a movement in credit loss allowance (note 24).

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 10. They are classified as mandatorily at fair value through profit or loss. As an exception to this classification, the group may make an irrevocable election, on an instrument by instrument basis, and on initial recognition, to designate certain investments in equity instruments as at fair value through other comprehensive income.

The designation as at fair value through other comprehensive income is never made on investments which are either held for trading or contingent consideration in a business combination.

Recognition and measurement

Investments in equity instruments are recognised when the group becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income (and accumulated in equity in the reserve for valuation of investments), depending on their classification. Details of the valuation policies and processes are presented in note 37.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in other operating gains (losses) (note 23).

Dividends received on equity investments are recognised in profit or loss when the group's right to received the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in investment income (note 25).

Impairment

Investments in equity instruments are not subject to impairment provisions.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

The gains or losses which accumulated in equity in the reserve for valuation of investments for equity investments at fair value through other comprehensive income are not reclassified to profit or loss on derecognition. Instead, the cumulative amount is transferred directly to retained earnings.

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1.7 Financial instruments (continued)

Borrowings and loans from related parties and group companies

Classification

Borrowings and loans from related parties and group companies are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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.

Borrowings expose the group to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 19), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

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 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.

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.

Trade and other payables expose the group to liquidity risk and possibly to interest rate risk. Refer to note 36 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

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1.7 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Short term deposits are deposits with maturities of less than 3 months.

Derecognition

Financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.8 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised to carry forward unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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Accounting Policies

1.8 Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

Inventories comprise of food and beverage consumables, guest amenities, and linen.

When food and beverage consumables and guest amenities are sold or used, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. Linen inventories are recognised as an expense from date of usage. Unused linen items remain in inventory and is measured at the lower of cost and net realisable value. 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 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

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Accounting Policies

1.10 Impairment of assets (continued)

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.13 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

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1.13 Leases (continued)

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 24) 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).

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.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 4).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is 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. Interest charged on the lease liability is included in finance costs (note 26).

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.

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Accounting Policies

1.13 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.

1.14 Government grants

Government grants are recognised when there is reasonable assurance that:

- the group will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Revenue

The group recognises revenue from the following major sources:

- Sales of food and beverage items;
- Provision of room accommodation.
- Rental of properties to tenants.

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.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

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Accounting Policies

1.16 Revenue (continued)

Interest income

Interest income is recognised on a proportion time basis, taking into account the effective interest rate applicable by reference to the principal outstanding.

Sale of food and beverage items

The Urban Hotel Kathu (Pty) Ltd sells food and beverage items to their guests.

Revenue is recognised at a point in time for sales of goods.

For sales of food and beverage items to guests, revenue is recognised when control of the goods has transferred, being at the point of sale of the food and beverage items to the guests. The food and beverage items are charged at this point, and the payment of the transaction price is due at the point that the guest checks out.

For room occupancy by guests, revenue is recognised when the rooms are occupied. The occupancy is charged at check out, and the payment of the transaction price is due at the point that the guest checks out.

A receivable is recognised for account holding customers. No financing element is recognised as the payment terms are within 6 months.

1.17 Provisions and contingencies

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.

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 not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

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2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

- | | | |
|---|----------------|--|
| • Amendment to IFRS 16 - Covid-19-Related Rent Concessions | 01 June 2020 | Unlikely there will be a material impact |
| • Amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 - Interest Rate Benchmark Reform - Phase 2 | 1 January 2021 | Unlikely there will be a material impact |

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2022 or later periods:

- | | | |
|---|----------------|--|
| • Annual Improvements to IFRS Standards 2018 - 2020 (May 2020) - Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 | Unlikely there will be a material impact |
| • Amendments to IFRS 3 (May 2020) - Annual Improvements to IFRS Standards 2018 - 2020 (May 2020) | 1 January 2022 | Unlikely there will be a material impact |
| • Amendments to IAS 37 (May 2020) - Reference to the Conceptual Framework | 1 January 2022 | Unlikely there will be a material impact |
| • Amendments to IAS 1 - Classification of liabilities as current or non-current | 1 January 2023 | Unlikely there will be a material impact |
| • Amendments to IFRS 10 and IAS 28 (Sept 2014) - Classification of Liabilities as Current or Non-current - Deferral of Effective Date | 1 January 2023 | Unlikely there will be a material impact |

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3. Property, plant and equipment

Summary of property, plant and equipment - Group

Group	2021			2020		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Land	10,173,744	-	10,173,744	10,173,744	-	10,173,744
Buildings	24,596,075	(4,849,182)	19,746,893	24,579,075	(4,010,275)	20,568,800
Land and buildings	3,118,805	(453,315)	2,665,490	3,118,805	(297,374)	2,821,431
Furniture and fittings	1,078,399	(1,040,660)	37,739	1,078,399	(1,013,951)	64,448
Motor vehicles	3,232,211	(1,593,616)	1,638,595	3,535,946	(1,351,153)	2,184,793
Office equipment	947,242	(467,580)	479,662	380,474	(351,941)	28,533
Computer equipment	2,462,112	(1,895,555)	566,557	2,159,431	(1,654,685)	504,746
Computer software	1,315,476	(1,315,472)	4	1,315,476	(1,188,927)	126,549
Hotel equipment	981,190	(883,917)	97,273	981,190	(847,274)	133,916
Hotel furniture and fittings	5,565,642	(3,451,067)	2,114,575	5,565,642	(2,860,785)	2,704,857
Hotel office furniture and IT equipment	218,349	(114,811)	103,538	129,321	(99,157)	30,164
Total	53,689,245	(16,065,175)	37,624,070	53,017,503	(13,675,522)	39,341,981

Summary of property, plant and equipment - Trust

Trust	2021			2020		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Land and buildings	3,118,805	(453,315)	2,665,490	3,118,805	(297,374)	2,821,431
Furniture and fittings	967,289	(929,603)	37,686	967,289	(902,894)	64,395
Motor vehicles	3,232,211	(1,593,616)	1,638,595	3,535,946	(1,351,153)	2,184,793
Office equipment	300,680	(290,272)	10,408	300,680	(272,148)	28,532
Computer equipment	2,398,608	(1,832,055)	566,553	2,095,927	(1,591,185)	504,742
Computer software	1,315,476	(1,315,472)	4	1,315,476	(1,188,927)	126,549
Total	11,333,069	(6,414,333)	4,918,736	11,334,123	(5,603,681)	5,730,442

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land	10,173,744	-	-	-	10,173,744
Buildings	20,568,800	17,000	-	(838,907)	19,746,893
Land and buildings	2,821,431	-	-	(155,941)	2,665,490
Furniture and fittings	64,448	-	-	(26,709)	37,739
Motor vehicles	2,184,793	-	-	(546,198)	1,638,595
Office equipment	28,533	566,768	-	(115,639)	479,662
Computer equipment	504,746	323,427	(14,970)	(246,646)	566,557
Computer software	126,549	-	-	(126,545)	4
Hotel equipment	133,916	7,000	-	(43,643)	97,273
Hotel furniture and fittings	2,704,857	-	-	(590,282)	2,114,575
Hotel office furniture and IT equipment	30,164	89,028	-	(15,654)	103,538
	39,341,981	1,003,223	(14,970)	(2,706,164)	37,624,070

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Land	10,173,744	-	-	-	10,173,744
Buildings	21,432,057	-	-	(863,257)	20,568,800
Land and buildings	2,977,371	-	-	(155,940)	2,821,431
Furniture and fittings	96,250	-	-	(31,802)	64,448
Motor vehicles	2,730,992	-	-	(546,199)	2,184,793
Office equipment	23,946	26,298	-	(21,711)	28,533
Computer equipment	94,725	508,609	-	(98,588)	504,746
Computer software	429,685	-	-	(303,136)	126,549
Hotel equipment	181,124	-	-	(47,208)	133,916
Hotel furniture and fittings	3,264,606	-	29,832	(589,581)	2,704,857
Hotel office furniture and IT equipment	42,336	-	-	(12,172)	30,164
	41,446,836	534,907	29,832	(2,669,594)	39,341,981

Reconciliation of property, plant and equipment - Trust - 2021

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	2,821,431	-	-	(155,941)	2,665,490
Furniture and fittings	64,395	-	-	(26,709)	37,686
Motor vehicles	2,184,793	-	-	(546,198)	1,638,595
Office equipment	28,532	-	-	(18,124)	10,408
Computer equipment	504,742	323,427	(14,970)	(246,646)	566,553
Computer software	126,549	-	-	(126,545)	4
	5,730,442	323,427	(14,970)	(1,120,163)	4,918,736

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Trust - 2020

	Opening balance	Additions	Depreciation	Total
Land and buildings	2,977,371	-	(155,940)	2,821,431
Furniture and fittings	96,197	-	(31,802)	64,395
Motor vehicles	2,730,992	-	(546,199)	2,184,793
Office equipment	23,945	26,298	(21,711)	28,532
Computer equipment	94,721	508,611	(98,590)	504,742
Computer software	429,685	-	(303,136)	126,549
	6,352,911	534,909	(1,157,378)	5,730,442

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings 18:

Land and buildings	28,073,464	28,871,695	-	-
Bonds to the value of R 11,790,000 registered in favour of Nedbank Ltd.				

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	2021 R	2020 R	2021 R	2020 R
3. Property, plant and equipment (continued)				
Details of properties				
Erf 6288, 22 Setpark Street, Kathu (held in SIOC Community Development Trust)				
- Purchase price: 14 February 2019	2,850,000	2,850,000	2,850,000	2,850,000
- Capitalised expenditure	268,805	268,805	268,805	268,805
- Accumulated depreciation on property	(453,315)	(297,374)	(453,315)	(297,374)
	2,665,490	2,821,431	2,665,490	2,821,431
House, Kathu (held in The Urban Hotel Kathu (Pty) Ltd)				
Erf 1470, Kathu				
- Purchase price	2,033,652	2,033,652	-	-
- Accumulated depreciation on house	(203,477)	(162,804)	-	-
	1,830,175	1,870,848	-	-
Hotel building, Kathu (held in The Urban Hotel Kathu (Pty) Ltd)				
Erf 4331 and 4332, Kathu				
- Purchase price	5,793,744	5,793,744	-	-
- Capitalised expenditure	22,549,838	22,532,838	-	-
- Accumulated depreciation on building	(4,643,083)	(3,846,108)	-	-
	23,700,499	24,480,474	-	-
Land in front of hotel, Kathu (held in The Urban Hotel Kathu (Pty) Ltd)				
Erf 4330, Kathu				
- Purchase price	4,380,000	4,380,000	-	-
- Capitalised expenditure	12,585	12,585	-	-
- Accumulated depreciation on capitalised expenditure	(2,622)	(1,363)	-	-
	4,389,963	4,391,222	-	-

4. Leases (group as lessee)

SIOC Community Development Trust leases office space at the SIOC Community Development Trust Office Park in Kathu, from its wholly owned subsidiary, namely SIOC CDT Properties Company (Pty) Ltd, under a long term lease agreement. The lease term is 5 years.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R

4. Leases (group as lessee) (continued)

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Right-of-use asset - Initial amount recognised	-	-	2,942,681	2,942,681
Right-of-use asset - Accumulated depreciation	-	-	(1,998,802)	(1,332,535)
	<u>-</u>	<u>-</u>	<u>943,879</u>	<u>1,610,146</u>

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 24), as well as depreciation which has been capitalised to the cost of other assets.

SIOC Community Development Trust Office Park	-	-	666,267	666,267
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Lease liabilities

The maturity analysis of lease liabilities is as follows:

Within one year	-	-	932,343	847,584
Two to five years	-	-	403,771	1,336,113
	<u>-</u>	<u>-</u>	<u>1,336,114</u>	<u>2,183,697</u>
Less finance charges component	-	-	(90,856)	(243,872)
	<u>-</u>	<u>-</u>	<u>1,245,258</u>	<u>1,939,825</u>
Non-current liabilities	-	-	394,501	1,245,258
Current liabilities	-	-	850,757	694,567
	<u>-</u>	<u>-</u>	<u>1,245,258</u>	<u>1,939,825</u>

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R

5. Investment property

Group	2021			2020		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Investment property	29,344,103	(14,484,330)	14,859,773	29,344,103	(14,752,623)	14,591,480

Reconciliation of investment property - Group - 2021

	Opening balance	Depreciation	Impairment reversal	Total
Investment property	14,591,480	(681,707)	950,000	14,859,773

Reconciliation of investment property - Group - 2020

	Opening balance	Depreciation	Total
Investment property	15,275,054	(683,574)	14,591,480
Fair value of investment property - Office Park	20,600,000	19,100,000	-
Fair value of investment property - Vacant Land	4,000,000	3,050,000	-

The fair value of the Office Park is based on a valuation obtained from an independent external valuer. In determining the value of the property, the Net Income Capitalization method of valuation was used by the valuer.

The fair value of the vacant land is based on a valuation obtained from an independent external valuer. In determining the value of the property, the Sales Approach method of valuation was used by the valuer.

* 2020: The impairment loss reversal of R 100,000 is based on a valuation obtained from an independent external valuer. In determining the value of the land, the Sales Approach was used by the valuer.

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R
5. Investment property (continued)				
Details of property				
Erf 4106, Gamagara Municipality, Division Kuruman, Northern Cape (held in SIOC CDT Properties Company (Pty) Ltd)				
- Purchase price: 23 May 2018	15,000,000	15,000,000	-	-
- Capitalised expenditure: 2018	49,140	49,140	-	-
	(1,731,542)	(1,731,542)	-	-
- Accumulated depreciation	(2,457,825)	(1,776,118)	-	-
	10,859,773	11,541,480	-	-
Vacant land - A portion of portion11 (portion of portion 6) of the farm Pensfontein Number 447				
- Cost transferred from property, plant and equipment	16,026,505	16,026,505	-	-
- Accumulated impairment losses transferred from property, plant and equipment	(13,076,505)	(13,076,505)	-	-
- Impairment loss reversal: 2019	100,000	100,000	-	-
- Impairment loss reversal: 2021	950,000	-	-	-
	4,000,000	3,050,000	-	-

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6. Investments in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Group

Name of company	Held by	% holding 2021	% holding 2020
SIOC CDT Investment Holdings (RF) (Pty) Ltd	SIOC Community Development Trust	100.00 %	100.00 %
SIOC Community Development SPV (Pty) Ltd	SIOC Community Development Trust	100.00 %	100.00 %
SIOC CDT Operating Company (Pty) Ltd	SIOC Community Development Trust	100.00 %	100.00 %
SIOC CDT Properties Company (Pty) Ltd	SIOC CDT Investment Holdings (RF) (Pty) Ltd	100.00 %	100.00 %
SIOC-CDT Strategic Ventures (Pty) Ltd	SIOC CDT Investment Holdings (RF) (Pty) Ltd	100.00 %	100.00 %
SIOC-CDT Resource Holdings (Pty) Ltd	SIOC CDT Investment Holdings (RF) (Pty) Ltd	100.00 %	100.00 %
Subrotouch (RF) (Pty) Ltd	SIOC CDT Investment Holdings (RF) (Pty) Ltd	100.00 %	100.00 %
SIOC CDT Solar Energy Company (Pty) Ltd	SIOC CDT Investment Holdings (RF) (Pty) Ltd	100.00 %	100.00 %
The Urban Hotel Kathu (Pty) Ltd	SIOC CDT Investment Holdings (RF) (Pty) Ltd	100.00 %	100.00 %

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6. Leases (group as lessee) (continued)

The following table lists the entities which are controlled directly by the Trust, and the carrying amounts of the investments in the Trust's separate financial statements.

Company

Name of company	Held by	% holding 2021	% holding 2020	Carrying amount 2021	Carrying amount 2020
SIOC CDT Investment Holdings (RF) (Pty) Ltd	SIOC Community Development Trust	100.00 %	100.00 %	1,147,000,100	787,000,100
SIOC Community Development SPV (Pty) Ltd	SIOC Community Development Trust	100.00 %	100.00 %	1,000	1,000
SIOC CDT Operating Company (Pty) Ltd	SIOC Community Development Trust	100.00 %	100.00 %	100	100
				1,147,001,200	787,001,200
Impairment of investment in subsidiary - SIOC CDT Operating Company (Pty) Ltd				(100)	(100)
				1,147,001,100	787,001,100

During the year an additional 177 (2020: 18) shares were issued to SIOC Community Development Trust in SIOC CDT Investment Holdings (RF) (Pty) Ltd at a value of R 360,000,000 (2020: R34,000,000).

As at 31 December 2021, the investment in SIOC CDT Operating Company (Pty) Ltd remains fully impaired at R 0 as the subsidiary had a negative net asset value at year end. An impairment loss of R 100 was recognised on this investment in 2020.

Reporting period

All of the above subsidiaries share the same year end as that of SIOC Community Development Trust.

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7. Investments in associate companies

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

Group

Name of company	Held by	% ownership interest 2021	% ownership interest 2020	Carrying amount 2021	Carrying amount 2020
Airlink (Pty) Ltd (unlisted)	SIOC-CDT Strategic Ventures (Pty) Ltd	33.50 %	33.50 %	1	129,971,751
Continental Coal Ltd (unlisted)	SIOC-CDT Resource Holdings (Pty) Ltd	26.00 %	26.00 %	1	1
				2	129,971,752

Material associates

The following associate is material to the group:

	Country of incorporation	Method	% Ownership interest 2021	% Ownership interest 2020
Airlink (Pty) Ltd (unlisted)	South Africa	Equity	33.50 %	33.50 %

SIOC-CDT Strategic Ventures (Pty) Ltd holds 33.5% (2020: 33.5%) of the ownership and voting power in Airlink (Pty) Ltd, a company which has its place of business in South Africa, and its principal activity is that of a regional airline.

SIOC-CDT Strategic Ventures (Pty) Ltd has significant influence in Airlink (Pty) Ltd.

The investment in Airlink (Pty) Ltd was completely impaired to R 0 as at 31 December 2021. The investment was valued at R 0 compared to R 129,971,751 as at 31 December 2020. An impairment loss of R 129,971,751 was recognised for the 2021 financial year.

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7. Investments in associate companies (continued)

Summarised financial information of material associates

Summarised Statement of Profit or Loss and Other Comprehensive Income

	Airlink (Pty) Ltd	
	2021	2020
Revenue	3,525,899,000	1,699,624,000
Loss from continuing operations	(764,435,000)	(870,123,000)
Total comprehensive loss	(764,435,000)	(870,123,000)

Summarised Statement of Financial Position

	Airlink (Pty) Ltd	
	2021	2020
Assets		
Non-current	1,620,587,000	1,665,526,000
Current	1,937,950,000	1,694,264,000
Total assets	3,558,537,000	3,359,790,000
Liabilities		
Non-current	1,925,278,000	1,384,291,000
Current	1,981,847,000	1,578,916,000
Total liabilities	3,907,125,000	2,963,207,000
Total net (liabilities) asset	(348,588,000)	396,583,000

	2021	2020
Reconciliation of movement in investments in associates		
Investment at beginning of year	129,971,752	302,585,287
Amortisation net of related deferred taxation movement	(916,782)	(916,782)
Share of profit (loss)	(129,054,970)	(283,249,831)
Impairment loss reversal on investment in associate	-	111,553,078
Carrying value of investment in associate at the end of the year	-	129,971,752

Reversal of impairment of investment in associate - Airlink (Pty) Ltd

At year end the investment in Airlink (Pty) Ltd was valued at R nil (2020: R 129,971,751). In 2021, this resulted in an impairment loss of R 129,971,751 (2020: impairment loss reversal of R 111,553,078) being recognised.

The share of losses recognised as at 31 December 2021 was limited to the carrying amount of the Investment in Associate, after accounting for amortisation, and therefore no impairments or impairment reversals were applicable during the 2021 financial year.

The recoverable amount of the investment in associate was determined using the discounted cash flow method.

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R

7. Investments in associate companies (continued)

Fair value less costs to sell

The equity value of the investment in Airlink (Pty) Ltd has been determined as R 0 as at 31 December 2021 (2020: R 129,971,751) due to the net debt exceeding the enterprise value determined. The primary methodology remained that of utilising a Discounted Cash Flow (DCF) model to determine the enterprise value.

The methodology was based on discounting the cashflows with a weighted average cost of capital (WACC) that was determined using the bond curve as the risk free rate to better match with the cashflows.

The WACC was determined using the Capital Asset Pricing Model (CAPM), consistent with prior years. However, it should be noted that for 31 December 2021 the risk free rate was derived from a bond curve whereas for 31 December 2020, it was derived from a swap curve.

The WACC increased slightly as a result of:

- The increase in risk-free rate – this is because the risk free rate was changed from a swap curve to a bond curve for the current valuations. The number presented is the average risk-free rate over the explicit period.
- Company specific risk relating to the operations increased from 2% to 4%; and
- Cost of debt increased from 7.3% to 8.1%.

This was offset by decreases in:

- The Equity Risk premium for South Africa from 7.9% to 6.1%;
- The decrease in the beta from 1.45 to 1.15; and
- The change in the capital structure.

8. Loans to subsidiaries

SIOC CDT Investment Holdings (RF) (Pty) Ltd	-	-	1,381,241	6,268,163
SIOC CDT Operating Company (Pty) Ltd	-	-	4,005,964	4,005,964
	-	-	5,387,205	10,274,127
SIOC CDT Operating Company (Pty) Ltd - Impairment allowance	-	-	(4,005,964)	(4,005,964)
	-	-	1,381,241	6,268,163

The loan to SIOC CDT Investment Holdings (RF) (Pty) Ltd is unsecured, bears no interest and is not repayable before 31 December 2023.

The loan to SIOC CDT Operating Company (Pty) Ltd is unsecured, bears no interest and has no fixed terms of repayment. The loan to the value of R 4,005,964 (2020: R 4,005,964) has been subordinated in favour of the creditors of SIOC CDT Operating Company (Pty) Ltd until such time as their total assets, fairly valued, exceed their total liabilities, fairly valued.

Split between non-current and current portions

Non-current assets	-	-	1,381,241	6,268,163
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	Group		Company	
	2021 R	2020 R	2021 R	2020 R

8. Loans to subsidiaries (continued)

Fair value of loans to subsidiaries

The fair value of loans to subsidiaries listed above are considered by management to approximate the carrying value of the loans.

The significant unobservable inputs used in the fair value measurement as at 31 December 2021 were a discount rate of 0% and a discount period of 0 years.

The fair values of the loans are considered to represent level 3 fair values, as defined by IFRS 13 Fair Value Measurements.

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

9. Loans to related parties

Loans to related parties are presented at amortised cost as follows:

SIOC CDT Properties Company (Pty) Ltd	-	-	51,643,686	49,993,558
SIOC CDT Properties Company (Pty) Ltd - Impairment allowance	-	-	(27,100,000)	(27,100,000)
Airlink (Pty) Ltd	7,963,277	33,726,770	-	-
	<u>7,963,277</u>	<u>33,726,770</u>	<u>24,543,686</u>	<u>22,893,558</u>

Split between non-current and current portions

Non-current assets	7,963,277	33,726,770	23,067,230	21,712,129
Current assets	-	-	1,476,456	1,181,429
	<u>7,963,277</u>	<u>33,726,770</u>	<u>24,543,686</u>	<u>22,893,558</u>

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9. Loans to related parties (continued)

SIOC CDT Properties Company (Pty) Ltd

The loan is unsecured, bears interest at the South African prime interest rate less 2.5% nominal annual compounded monthly in arrears. The loan is not repayable before 31 December 2023, other than a portion of the loan which equates to the yearly rental payable to SIOC CDT Properties Company (Pty) Ltd.

The loan, capped to the value of R 34,500,000 (2020: R 33,500,000), has been subordinated in favour of the creditors of SIOC CDT Properties Company (Pty) Ltd until such time as their total assets, fairly valued, exceed their total liabilities, fairly valued.

The loan to SIOC CDT Properties Company (Pty) Ltd has been impaired by R 27,100,000 (2020: R 27,100,000) to the value of R 24,543,686 (2020: R 22,893,558). Based on the net liability position of SIOC CDT Properties Company (Pty) Ltd, as well as its financial performance, it was considered prudent to provide for the non-recovery of this loan.

Airlink (Pty) Ltd

The loan by SIOC-CDT Strategic Ventures (Pty) Ltd to Airlink (Pty) Ltd consists of 2 separate loans, namely "Proportionate Loans" and "Disproportionate Loans".

The Proportionate Loan contributed by SIOC-CDT Strategic Ventures (Pty) Ltd amounts to R 35,105,083 (2020: R 32,510,206) and bears interest at the Prime Rate. This Loan is subordinated to the Nedbank Limited loan of R 200 million and the existing revolving credit facility of R 60 million with Investec Bank Limited. The loan is repayable on 1 September 2022, and is convertible into shares thereafter should the company default.

The Disproportionate Loan amounted to R 1,092,167 (2020: R 989,648), and bears interest at the Prime Rate plus 2% margin. This loan is similarly subordinated to the two senior facilities and repayable by no later than 1 September 2022, however in preference to the repayment of the Proportionate Loans.

Interest in the amount of R 2,469,943 (2020: R 226,916) has been recognised to date.

To the extent that the loans have not been repaid by 1 September 2022, SIOC-CDT Strategic Ventures (Pty) Ltd has the right but not the obligation to elect to have all and not only a portion of its outstanding loans settled in full by way of the issue of additional shares in Airlink (Pty) Ltd.

Exposure to credit risk

Loans receivable 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 receivable 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 group loans receivable 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.

In terms of IFRS 9, Financial Instruments, an expected credit loss of R 28,233,436 (2020: R nil) was recognised in the current financial year on the loan to Airlink (Pty) Ltd. The loss allowance is based on assumptions of a loss given on default of 100% (2020: 0%) and a probability of default of 78% (2020: 0%).

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R

9. Loans to related parties (continued)

Fair value of loans to related parties

The fair value of loans to related parties listed above are considered by management to approximate the carrying value of the loans.

The fair values of the loans are considered to represent level 3 fair values, as defined by IFRS 13 Fair Value Measurements.

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

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R
10. Investments at fair value				
Investments held by the group which are measured at fair value, are as follows:				
Summary of investments				
Equity investments at fair value through profit	637,127,135	211,975,599	-	-
Equity investments at fair value through other comprehensive income	3,735,635,491	5,057,707,463	-	-
	4,372,762,626	5,269,683,062	-	-
Designated at fair value through profit or loss:				
Listed shares - Basil Read Holdings Ltd (5.99% of the shares in Basil Read Holdings Ltd)	22,265,268	22,265,268	-	-
Less: Fair value adjustment to listed shares - Basil Read Holdings Ltd	(22,265,268)	(22,265,268)	-	-
Prudential Core Equity Investment	164,695,611	122,403,175	-	-
The Prudential Core Equity Investment is a unit trust investment in local listed equities in South Africa with Prudential Investment Managers. Its fair value is marked-to-market on a monthly basis. The fair value movement year on year is accounted for in profit and loss.				
Futuregrowth Core Bond Investment	97,561,835	89,572,424	-	-
The Futuregrowth Core Bond Investment is an investment via a segregated mandate with Futuregrowth Asset Management (Pty) Ltd in their Core Bond fund. The fund invests in a wide range of RSA government, state owned enterprise and corporate bonds. Its fair value is marked-to-market on a monthly basis. The fair value movement year on year is accounted for in profit and loss.				

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R
10. Investments at fair value (continued)				
Mandatorily at fair value through profit or loss:				
Taquanta Asset Managers - BlackRock Index Selection Fund	271,945,704	-	-	-
SIOC CDT Investment Holdings (Pty) Ltd, through an Investment Management Agreement, has entered into an offshore investment, namely the BlackRock Index Selection Fund. The investment will be an accumulated class vehicle, wherein returns will be reinvested and accumulated until such time that the investment is closed. The investment is a USD denominated unit trust, wherein the underlying investments are equities. The Fund invests in equity securities listed and traded on regulated markets in the United States, reflecting the equity market's return in the United States. The fair value movement year on year is accounted for in profit and loss.				
OMPE Fund V Partnership	102,923,985	-	-	-
SIOC CDT Investment Holdings (Pty) Ltd, through a Deed of Adherence, entered into between InvestCo and the OMPE Fund V Partnership, has committed capital for investment in various long-term equity, quasi-equity, and equity related investments in companies within Africa and principally in South Africa. The fair value movement year on year is accounted for in profit and loss.				
There is no intention to withdraw these investments within the next 12 months, as they are kept with a long-term view and are not utilised as short-term investment accounts.				
Equity investments at fair value through other comprehensive income:				
Unlisted shares	3,735,635,491	5,057,707,463	-	-
36,000,000 shares (3.09%) in Sishen Iron Ore Company (Pty) Ltd				
	<u>4,372,762,626</u>	<u>5,269,683,062</u>	<u>-</u>	<u>-</u>
Split between non-current and current portions				
Non-current assets	<u>4,372,762,626</u>	<u>5,269,683,062</u>	<u>-</u>	<u>-</u>

Fair value information

Refer to note 38 Fair value information for details of valuation policies and processes.

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10. Investments at fair value (continued)

Sishen Iron Ore Company (Pty) Ltd shares

For the year ended 31 December 2021, the fair value of the 3.09% minority shareholding in Sishen Iron Ore Company (Pty) Ltd was derived by using the Kumba Iron Ore Ltd share price as at 31 December 2021, with reference to the 3.09% minority shareholding in Sishen Iron Ore Company (Pty) Ltd. This value was discounted for the limitation in the transfer of the shares in Sishen Iron Ore Company (Pty) Ltd.

In terms of the fair value hierarchy it is classified as a level 2 valuation technique.

In deriving at the fair value of the 3.09% shareholding in Sishen Iron Ore Company (Pty) Ltd, the following inputs and assumptions were used during the valuation:

Valuation date:	31 December 2021	31 December 2020
Shares in issue:	322,085,974	322,085,974
Closing share price:	R460 per share	R623 per share
Discount applied to take into account limitation of trading:	33.2%	33.2%

Risk exposure

The company is indirectly exposed to foreign exchange risk and commodity risk due to the fact that its main source of income arises from the 3.09% shareholding in Sishen Iron Ore Company (Pty) Ltd, which is a mining company in iron ore. Therefore, movements in foreign currency rates and the price of iron ore respectively may affect its operational results and in turn affect future dividends received by the company.

Summary of movement on investments

	Futuregrowth Core Bond Investment	Prudential Core Equity Investment	BlackRock Index Selection Fund	OMPE Fund V Partnership
Opening balance at 1 January 2020	83,194,297	127,399,047	-	-
Fair value adjustments based on market values of portfolios - 2020	6,378,127	4,995,872	-	-
Closing balance at 31 December 2020	89,572,424	122,403,175	-	-
Contributions - 2021	-	-	260,000,000	93,526,509
Fair value adjustments based on market values of portfolios - 2021	7,989,411	42,292,436	11,629,626	9,397,476
Foreign exchange gains relating to investment - 2021	-	-	456,507	-
Interest relating to investment - 2021	-	-	117,553	-
Costs relating to investment - 2021	-	-	(55,760)	-
Closing balance at 31 December 2021	97,561,835	164,695,611	271,945,704	102,923,985

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	2021 R	2020 R	2021 R	2020 R
11. Other financial assets				
At fair value through profit or loss - designated				
Unlisted shares	99,496,767	210,446,500	-	-
50 shares (12.5%) in Kathu Solar Park (RF) (Pty) Ltd				
Loans and receivables - At amortised cost				
Loan to Kathu Solar Park (RF) (Pty) Ltd - Interest Bearing	416,864,558	412,581,434	-	-
The loan bears interest at 12.25% per annum and is repayable at the option of Kathu Solar Park (RF) (Pty) Ltd, but only from amounts then standing to the credit of the Distribution Accounts and available for such purposes in accordance with the provisions of clause 10 (Subordination) of the Equity Subordination, Subscription and Retention Agreement. This loan has been subordinated in favour of the lenders of Kathu Solar Park (RF) (Pty) Ltd.				
S. Chisha	300,000	300,000	300,000	300,000
The claim against the debtor is valid for 30 years. An estimated credit loss of R 257,748 (2020: R 260,596) has been recognised on this claim.				
Estimated credit losses	417,164,558 (6,313,927)	412,881,434 (353,427)	300,000 (257,748)	300,000 (260,596)
	410,850,631	412,528,007	42,252	39,404
Total other financial assets	510,347,398	622,974,507	42,252	39,404
Non-current assets				
At fair value through profit or loss - designated	99,496,767	210,446,500	-	-
Loans and receivables - At amortised cost	410,850,631	412,528,007	42,252	39,404
	510,347,398	622,974,507	42,252	39,404

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	2021 R	2020 R	2021 R	2020 R

11. Other financial assets (continued)

Fair value of 12.5% shareholding in Kathu Solar Park (RF) (Pty) Ltd

The fair value of the investment in Kathu Solar Park (RF) (Pty) Ltd is in accordance with IFRS 13, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The discounted cash flow method was used for purposes of the valuation of the investment in Kathu Solar Park (RF) (Pty) Ltd, using a 20-year cash flow to end of the Purchase Power Agreement signed by Kathu Solar Park (RF) (Pty) Ltd and Eskom Holdings SOC Ltd.

The Capital Asset Pricing Model was applied to estimate the weighted average cost of capital, which requires the use of significant unobservable inputs such as the risk-free rate on the South African capital market, equity risk premia and a beta factor. Other significant unobservable inputs include the long term revenue growth rates and pre-tax operating margins which were developed taking into account the Power Purchase Agreement and management's experience and knowledge of market conditions.

For the financial year ending 31 December 2021, the valuation methodology with respect to the risk-free rate utilised in determining the cost of equity was changed from a static bond yield (i.e. yield as at a specific date for a specific bond) to that of a risk-free rate based on a bond yield curve (i.e. the yield moves with time so as to better match the timing of the cash flows).

The factors that affected the decrease in the value are:

- The increase in the cost of equity due to the increase in the risk-free rate - excluding the change in the methodology effect;
- Theta effect (decrease in the discount period); and
- Decrease in equity attributable to equity holders.

The valuation is categorised as a Level 3 valuation, as defined by IFRS 13, as it is based on significant unobservable inputs.

Reconciliation of the asset is reflected below:

Balance at the beginning of the year	210,446,500	219,497,683	-	-
Fair value adjustments included in profit or loss	(110,949,733)	(9,051,183)	-	-
Balance at end of the year	99,496,767	210,446,500	-	-

Sensitivity analysis

The value of the investment is highly sensitive to the discount rate applied, with an inverse relationship. The value would increase by approximately 19.5% with a 1% decrease in the cost of equity and decrease by approximately 22% with a 1% increase in the cost of equity.

Loan to Kathu Solar Park (RF) (Pty) Ltd

Subrotouch (RF) (Pty) Ltd's debt is junior ranking debt to Kathu Solar Park (RF) (Pty) Ltd. Therefore, for KSP to settle this loan on demand they would first need to settle senior debt, and only if there is money left thereafter, can Subrotouch (RF) (Pty) Ltd demand immediate repayment. Based on this and the fact that there is not enough in the debt service account to achieve this in 12 months, this debt is deemed to be non-current. It is expected that the loan will be repaid around 2028 to 2030.

A separate loan agreement was entered into between Subrotouch (RF) (Pty) Ltd and the Development Bank of Southern Africa Ltd ("DBSA") to finance the loan granted to Kathu Solar Park (RF) (Pty) Ltd.

In terms of IFRS 9, Financial Instruments, an expected credit loss of R 6,056,179 (2020: R 92,831) was recognised in the current financial year. The loss allowance is based on assumptions of a loss given on default of 57% (2020: 75%) and a probability of default of 2.56% (2020: 0.03%).

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	2021 R	2020 R	2021 R	2020 R

11. Other financial assets (continued)

It is not possible as at year end to calculate the amount of the distributions to be received in the next 12 months, and therefore it is not possible to allocate a certain portion of the loan to current assets.

Subrotouch (RF) (Pty) Ltd issued a Pledge and Cession of its rights and claims in relation to the shares it owns in Kathu Solar Park (RF) (Pty) Ltd in favour of the Senior Lenders. As a Borrower in the BEE Funding Facility Agreement, Subrotouch (RF) (Pty) Ltd also issued a reversionary Pledge and Cession of its rights and claims in relation to the shares it owns in Kathu Solar Park (RF) (Pty) Ltd in favour of the DBSA.

SIOC CDT Investment Holdings (RF) (Pty) Ltd, as the sole shareholder of Subrotouch (RF) (Pty) Ltd, issued a Limited Recourse Guarantee and a Pledge and Cession of its rights and claims in relation to the shares it owns in Subrotouch (RF) (Pty) Ltd in favour of the DBSA. This ensures that in the event of default by Subrotouch (RF) (Pty) Ltd, SIOC CDT Investment Holdings (RF) (Pty) Ltd would assume the indebtedness and repayment obligations of the BEE facility, which indebtedness is limited to the realisation proceeds of the value of the shares.

The DBSA has sole access to 99% of the distributions received from the investment in Kathu Solar Park (RF) (Pty) Ltd until such time that the loan with the DBSA has been fully redeemed.

Fair values of loans and receivables

The fair value of loans and receivables listed above are considered by management to approximate the carrying value of the loans.

The discounted cash flow method was used as the valuation technique.

The fair values of the loans are considered to represent level 3 fair values, as defined by IFRS 13 Fair Value Measurements.

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

12. Deferred tax

Deferred tax liability

Originating and reversing temporary differences	-	(15,669,563)	-	-
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Deferred tax asset

Estimated credit losses on trade receivables	51,722	78,231	-	-
Originating and reversing temporary differences	12,846,815	1,541,102	-	-
Deferred tax balance from temporary differences other than unused tax losses	12,898,537	1,619,333	-	-
Tax losses available for set off against future taxable income	-	722,918	-	-
	12,898,537	2,342,251	-	-
Total deferred tax asset	12,898,537	2,342,251	-	-
Deferred tax liability	-	(15,669,563)	-	-
Deferred tax asset	12,898,537	2,342,251	-	-
Total net deferred tax asset (liability)	12,898,537	(13,327,312)	-	-

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	2021 R	2020 R	2021 R	2020 R
12. Deferred tax (continued)				
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(13,327,312)	25,543	-	-
Taxable temporary differences on estimated credit loss and unlisted shares	26,188,530	1,221,198	-	-
Deductible temporary differences movement on property, plant and equipment	(1,060,799)	(722,918)	-	-
Temporary differences on fair value adjustments	-	(616,141)	-	-
Losses recognised to extent of future taxable gains	63,828	1,541,102	-	-
Taxable / (deductible) temporary difference movement on estimated credit losses on trade receivables	(26,509)	49,166	-	-
Derecognition of deferred tax asset on losses	-	722,918	-	-
Prior year adjustment	-	(15,548,180)	-	-
Tax losses available for set off against future taxable income	1,060,799	-	-	-
	12,898,537	(13,327,312)	-	-

Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

Unrecognised deferred tax asset

Deductible temporary differences not recognised as deferred tax assets	270,278	260,907	-	-
Unused tax losses not recognised as deferred tax assets	828,113	1,204,694	-	-
	1,098,391	1,465,601	-	-

13. Cash and cash equivalents

Cash and cash equivalents consist of:

		Restated	Restated	
Cash on hand	500	750	-	-
Bank balances	19,853,838	7,748,326	18,157,383	5,830,443
Short-term deposits	2,644,274,899	1,692,952,122	2,642,699,691	1,683,960,052
	2,664,129,237	1,700,701,198	2,660,857,074	1,689,790,495
Cash and cash equivalents held by the entity for approved projects	506,297,509	640,446,532	506,297,509	640,446,532

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	2021 R	2020 R	2021 R	2020 R
13. Cash and cash equivalents (continued)				
Short-term deposits with maturities of less than 3 months are treated as cash and cash equivalents as they are readily convertible to cash and subject to insignificant risk of changes in value.				
14. Inventories				
Food and beverage consumables	314,507	342,570	-	-
Guest amenities	38,149	33,366	-	-
Linen	439,770	429,802	-	-
Cleaning supplies	53,469	26,505	-	-
	845,895	832,243	-	-
Inventories (write-downs)	(439,770)	(429,802)	-	-
	406,125	402,441	-	-
Inventories recognised as an expense during the year	3,631,465	2,472,247	-	-
15. Trade and other receivables				
Financial instruments:				
Trade receivables	2,416,318	2,537,762	144,208	244,183
Loss allowance	(274,121)	(448,579)	-	-
Trade receivables at amortised cost	2,142,197	2,089,183	144,208	244,183
Deposits	344,559	204,906	344,559	204,906
Other payables	3,775	-	3,775	-
Group receivables	-	-	-	1,124,702
Funds receivable - Managing Agent	169,621	194,901	-	-
Non-financial instruments:				
VAT	3,148,479	2,402,850	3,075,726	2,398,734
Prepayments	711,583	5,975	635,360	5,975
Total trade and other receivables	6,520,214	4,897,815	4,203,628	3,978,500
Split between non-current and current portions				
Current assets	6,520,214	4,897,815	4,203,628	3,978,500
Financial instrument and non-financial instrument components of trade and other receivables				
At amortised cost	2,660,152	2,488,990	492,542	1,573,791
Non-financial instruments	3,860,062	2,408,825	3,711,086	2,404,709
	6,520,214	4,897,815	4,203,628	3,978,500

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	2021 R	2020 R	2021 R	2020 R

15. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

Group:

Trade and other receivables which are less than 3 months past due but not impaired are not considered impaired. At 31 December 2021, R 619,243 (2020: R 613,345) were past due but not impaired.

Trust:

The Trust has no trade and other receivables which are less than 3 months past due but not impaired.

Group:

The ageing of amounts past due but not impaired is as follows:

	2021	2020		
1 month past due	524,462	446,416	-	-
2 months past due	94,791	166,929	-	-
Total	619,253	613,345	-	-

Trade and other receivables impaired

As at 31 December 2021, trade and other receivables of R 274,121 (2020: R 448,579) were impaired and provided for.

Reconciliation of changes in loss allowance

Opening balance at beginning of year	(448,579)	(66,932)	-	-
Decrease (Increase) in credit loss allowances	174,458	(381,647)	-	-
Closing balance at end of year	(274,121)	(448,579)	-	-

No bad debts were recognised during the current year (2020: R 0).

Fair value of trade and other receivables

The fair value of trade and other receivables is considered to approximate the carrying value due to the relatively short maturation date of these financial instruments.

The fair value of trade and other receivables are considered to represent a level 3 fair value, as defined by IFRS 13 Fair Value Measurements.

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

16. Current tax payable

The balance of R 313,722 is refundable from (2020: R 63,247 payable to) SARS in relation to current tax.

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	2021 R	2020 R	2021 R	2020 R
17. Accrued interest				
Loan to Kathu Solar Park (RF) (Pty) Ltd from Subrotouch (RF) (Pty) Ltd	11,752,154	12,739,158	-	-
Nedbank Core Income account in The Urban Hotel Kathu (Pty) Ltd	32	29	-	-
Nedbank Core Income account in SIOC CDT Investment Holdings (RF) (Pty) Ltd	6,420	33,247	-	-
Nedbank Core Income account in SIOC Community Development Trust	-	6,231,899	-	6,231,899
	11,758,606	19,004,333	-	6,231,899

The balance relates to interest accrued but not yet capitalised. The interest accrued for is capitalised by March 2022, and is therefore classified as current.

18. Borrowings

Held at amortised cost

Secured

Nedbank Ltd	8,942,558	10,584,458	-	-
Development Bank of Southern Africa Ltd ("DBSA")	383,667,574	391,961,078	-	-
	392,610,132	402,545,536	-	-

Split between non-current and current portions

Non-current liabilities	313,809,677	324,839,591	-	-
Current liabilities	78,800,454	77,705,944	-	-
	392,610,131	402,545,535	-	-

Nedbank Ltd

The total of the 2 loan facilities from Nedbank to The Urban Hotel Kathu (Pty) Ltd amounts to R 11,790,000

The loans are repayable over 84 monthly instalments (currently R 187,989 per month) ending on 1 April 2026.

The loans bear interest at prime related interest rates less 0.9% per annum.

The loans are secured by a first mortgage bond to the value of:

- R 1,920,000 registered over Erf 4331 and Erf 4332, Kathu;
- R 1,500,000 registered over Erf 4330, Kathu.
- Limited suretyship by SIOC CDT Investment Holdings (RF) (Pty) Ltd, incorporating cession of claims in the amount of R11,790,000.

The current portion of this loan amounts to R 1,849,428.

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18. Borrowings (continued)

Development Bank of Southern Africa Ltd

The loan bears interest which is linked to the 3-month Johannesburg Interbank Agreed Rate (JIBAR) plus a 6% margin, calculated daily and compounded 3-monthly, and repayable by distributions received from Kathu Solar Park (RF) (Pty) Ltd. KSP makes distributions to senior lenders in March and September of each year. Any remaining funds are applied towards distributions to subordinated lenders. After year end, an addendum was signed whereby:

- The expected loan repayment dates were changed from March and September to April and October, to avoid unnecessary 1-month delay penalties;
- The JIBAR, previously stated as 6-months JIBAR in the BEE Agreement, was corrected to 3-months JIBAR; and
- The DBSA records a payment waterfall which clarifies the amounts to be paid over to the DBSA.

In terms of the BEE funding Facility Agreement between the DBSA and Subrotouch (RF) (Pty) Ltd, the loan facility in an amount to the value of R 372,050,000 is made available by the DBSA to Subrotouch (RF) (Pty) Ltd for the BEE Facility Purposes for the sole purpose as defined below:

1. Subscription by Subrotouch (RF) (Pty) Ltd for Equity in Kathu Solar Park (Pty) Ltd in accordance with the provisions of the Equity Subscription Agreement;
2. Subrotouch (RF) (Pty) Ltd to advance a portion of the loan amount to Kathu Solar Park (RF) (Pty) Ltd as its Shareholder Loan in accordance with the provisions of the Equity Subscription Agreement;
3. Payment of the Appraisal Fee and the Commitment Fee;
4. Payment of the Transactions Costs.

Subrotouch (RF) (Pty) Ltd issued a Pledge and Cession of its rights and claims in relation to the shares it owns in Kathu Solar Park (RF) (Pty) Ltd in favour of the Senior Lenders. As a Borrower in the BEE Funding Facility Agreement, Subrotouch (RF) (Pty) Ltd also issued a reversionary Pledge and Cession of its rights and claims in relation to the shares it owns in Kathu Solar Park (RF) (Pty) Ltd in favour of the DBSA.

SIOC CDT Investment Holdings (RF) (Pty) Ltd, as the sole shareholder of Subrotouch (RF) (Pty) Ltd, issued a Limited Recourse Guarantee and a Pledge and Cession of its rights and claims in relation to the shares it owns in Subrotouch (RF) (Pty) Ltd in favour of the DBSA. This ensures that in the event of default by Subrotouch (RF) (Pty) Ltd, SIOC CDT Investment Holdings (RF) (Pty) Ltd would assume the indebtedness and repayment obligations of the BEE facility, which indebtedness is limited to the realisation proceeds of the value of the shares.

The fair value of the financial liability approximates its carrying value.

The current portion of this loan amounts to R 76,951,026.

Exposure to liquidity risk

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and money market related and enhanced income investments.

Exposure to capital risk

The Group limits its exposure to financial risks, whether market, credit or liquidity by limiting its borrowings from third parties.

The capital structure of the Group consists of debt, which includes borrowings.

Exposure to interest rate risk

The company's interest rate risk arises from its interest bearing borrowings from third parties.

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19. Trade and other payables				
Financial instruments:				
Trade payables	8,467,260	10,718,719	7,587,370	9,722,021
Refunds due	119,096	19,198	-	-
Other payables	145,480	53,881	115,814	38,943
Gratuities payable	682	200	-	-
Deposits received	261,074	159,150	-	-
Accrued bonus payable	4,246,271	3,263,285	3,867,687	3,032,715
Non-financial instruments:				
Accrued audit fees	1,871,444	2,008,254	989,400	1,049,531
Leave pay accrual	270,796	649,680	174,186	411,180
SARS - Pay As You Earn	(386)	647,121	(386)	608,468
Accrual for Pension Fund Contributions	264,427	269,695	253,574	250,014
Other accruals	-	88,200	-	-
Accrued incentive fees	234,488	-	-	-
VAT	231,973	21,689	-	-
	16,112,605	17,899,072	12,987,645	15,112,872

Fair value of trade and other payables

The fair value of trade and other payables is considered to approximate the carrying value due to the relatively short maturation date of these financial instruments.

20. Revenue

Revenue from contracts with customers

Sale of goods - Food and beverages	2,745,390	1,746,146	-	-
Rendering of services - Rooms	9,635,884	6,571,649	-	-
Rental income	2,303,057	2,879,149	-	-
Dividends received	1,498,694,637	466,981,109	1,498,544,731	467,675,603
	1,513,378,968	478,178,053	1,498,544,731	467,675,603

21. Cost of sales

Sale of goods - Food and beverages	1,955,723	1,202,210	-	-
Rendering of services - Rooms	1,675,742	1,270,037	-	-
	3,631,465	2,472,247	-	-

22. Other operating income

Refund received	272,050	-	-	-
COVID assistance	-	268,456	-	-
Business interruption claim received	115,312	-	-	-
Donation income	-	17,500	-	17,500
Sundry income	23,043	15,161	23,043	15,161
Recoveries from legal processes	-	1,300,040	-	1,300,040
Project contributions from partners	-	4,236,464	-	4,236,464
	410,405	5,837,621	23,043	5,569,165

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		2021 R	2020 R	2021 R	2020 R
23. Other operating gains (losses)					
Gains (losses) on disposals, scrappings and settlements					
Property, plant and equipment	3	6,771	29,831	6,771	(1)
Reversal of impairment losses					
Investment property		950,000	-	-	-
Foreign exchange gains					
Net foreign exchange gains		456,507	-	-	-
Fair value gains (losses)					
Investment in subsidiary - SIOC CDT Operating Company (Pty) Ltd	6	-	-	-	(100)
Loans to related parties - Airlink (Pty) Ltd	8	(28,233,436)	-	-	-
Loans from group companies - SIOC CDT Properties Company (Pty) Ltd		-	-	-	(27,100,000)
Financial assets as at fair value through profit or loss - Prudential, Futuregrowth, Taquanta and OMPE		71,106,727	1,382,255	-	-
Financial assets as at fair value through profit or loss - Kathu Solar Park (RF) (Pty) Ltd		(110,949,733)	(9,051,183)	-	-
		<u>(68,076,442)</u>	<u>(7,668,928)</u>	<u>-</u>	<u>(27,100,100)</u>
Total other operating gains (losses)		<u>(66,663,164)</u>	<u>(7,639,097)</u>	<u>6,771</u>	<u>(27,100,101)</u>
24. Operating profit (loss)					
Operating profit for the year is stated after charging (crediting) the following, amongst others:					
Auditor's remuneration - external					
Audit fees		1,871,445	2,023,411	989,400	1,061,641
Adjustment for previous year		-	1,139	-	(83,868)
		<u>1,871,445</u>	<u>2,024,550</u>	<u>989,400</u>	<u>977,773</u>
Auditor's remuneration - internal					
		<u>392,193</u>	<u>1,369,143</u>	<u>392,193</u>	<u>1,369,143</u>
Remuneration, other than to employees					
Consulting and professional services		<u>4,649,477</u>	<u>6,641,340</u>	<u>4,015,596</u>	<u>5,738,334</u>
Employee costs					
Salaries, wages, bonuses and other benefits		<u>40,552,127</u>	<u>35,256,026</u>	<u>35,402,391</u>	<u>31,158,977</u>
Leases					

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Notes to the Audited Consolidated And Separate Annual Financial Statements

		Group		Company	
		2021 R	2020 R	2021 R	2020 R
24. Operating profit (loss) (continued)					
Operating lease charges					
Premises		373,557	665,593	519,521	699,237
Equipment		74,474	70,122	-	-
		448,031	735,715	519,521	699,237
Movement in credit loss allowances					
Trade and other receivables		(174,458)	238,274	-	-
Loans receivables at amortised cost		(2,849)	260,596	(2,849)	260,596
		(177,307)	498,870	(2,849)	260,596
Public Benefit Activities					
Other operating gains (losses)	23	262,257,446	211,975,599	-	-
Administration costs of Identified Beneficiary Trust		3,518,038	2,954,769	-	2,954,769
Project costs		226,129,438	126,230,447	-	126,230,447
25. Investment income					
Interest income					
Other:					
SARS		41,117	12,423	-	-
Investments in financial assets:					
Bank and other cash		107,193,186	88,272,772	106,844,584	86,975,218
Other financial assets		50,171,121	49,289,519	-	-
Loans to group companies:					
Group company - SIOC CDT Properties Company (Pty) Ltd		-	-	2,299,425	2,623,978
Associates		2,469,943	226,916	-	-
Total interest income		159,875,367	137,801,630	109,144,009	89,599,196
26. Finance costs					
Borrowings: Development Bank of Southern Africa Ltd		38,581,496	43,369,365	-	-
Borrowings: Nedbank Ltd		664,904	830,507	-	-
Trade and other payables (Filtered)		524	-	-	-
Lease liabilities		-	-	153,018	210,944
SARS		79,289	-	74,969	-
Bank		-	240	-	-
Total finance costs		39,326,213	44,200,112	227,987	210,944
27. Share of net profits / (losses) from equity accounted investments					
Share of losses in associates		(129,054,969)	(283,249,831)	-	-
Amortisation of intangible assets in associates		(916,782)	(916,782)	-	-
		(129,971,751)	(284,166,613)	-	-

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		Group		Company	
		2021 R	2020 R	2021 R	2020 R
28. Other non-operating gains (losses)					
Impairment loss reversals on					
Investment in associate - Airlink (Pty) Ltd	7	-	111,553,078	-	-
Fair value gains (losses)					
Loans to group companies - Kathu Solar Park (RF) (Pty) Ltd	8	(5,963,348)	(6,666)	-	-
Total other non-operating gains (losses)		(5,963,348)	111,546,412	-	-
29. Taxation					
Major components of the tax (income) expense					
Current					
Local income tax - current period		3,936,679	1,721,084	-	-
Deferred					
Originating and reversing temporary differences		(26,225,848)	(2,914,721)	-	-
Tax losses recognised as deferred tax asset		-	722,918	-	-
Arising from prior period adjustments		-	15,544,658	-	-
		(26,225,848)	13,352,855	-	-
		(22,289,169)	15,073,939	-	-
Reconciliation of the tax expense					
Accounting profit		1,129,007,625	201,280,061	1,323,169,345	354,452,115
Tax at the applicable tax rate		508,053,431	90,576,027	595,426,205	159,503,452
Tax effect of adjustments on taxable income					
Section 10(1)(cN) exemption		(508,053,431)	(90,576,027)	(595,426,205)	(159,503,452)
		-	-	-	-

The Trust is an approved Public Benefit Organisation in terms of section 30 of the Income Taxation Act (the Act), and the receipts and accruals are exempt from income taxation in terms of section 10(1)(cN) of the Act.

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R
30. Other comprehensive income				
Components of other comprehensive income - Group - 2021				
			Gross	Tax
				Net
Items that will not be reclassified to profit (loss)				
Fair value through other comprehensive income financial assets adjustments				
Losses arising from fair value adjustment of 3.09% shareholding in Sishen Iron Ore Company (Pty) Ltd			(1,322,071,972)	- (1,322,071,972)
Components of other comprehensive income - Group - 2020				
			Gross	Tax
				Total
Items that will not be reclassified to profit (loss)				
Fair value through other comprehensive income financial assets adjustments				
Gains arising from fair value adjustment of 3.09% shareholding in Sishen Iron Ore Company (Pty) Ltd			1,670,933,170	- 1,670,933,170
31. Depreciation, amortisation and impairment losses				
The following items are included within depreciation, amortisation and impairment losses:				
Depreciation				
Property, plant and equipment	2,706,163	2,669,594	1,120,163	1,157,378
Right-of-use assets	-	-	666,267	666,267
Investment property on the cost model	681,707	683,575	-	-
	3,387,870	3,353,169	1,786,430	1,823,645
32. Tax paid				
Balance at beginning of the year	(63,247)	705,326	100,022	97,463
Current tax for the year recognised in surplus or deficit	(3,937,050)	(1,721,084)	-	-
Balance at end of the year	(137,868)	63,247	(101,684)	(100,022)
	(4,138,165)	(952,511)	(1,662)	(2,559)

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R
33. Trustees' remuneration				
Non-executive				
2021				
For services as non-executive Trustees			Emoluments 3,206,953	Total 3,206,953
2020				
For services as non-executive Trustees			Emoluments 2,731,656	Total 2,731,656
34. Cash used in operations				
Surplus before taxation	1,129,007,625	201,280,061	1,323,169,345	354,452,115
Adjustments for:				
Depreciation	3,387,870	3,353,169	1,786,430	1,823,645
Estimated credit loss - Loan to Airlink (Pty) Ltd	28,233,436	-	-	-
Estimated credit loss - Loan to KSP	5,963,348	6,666	-	-
Gains on foreign exchange	(456,507)	-	-	-
Share of net losses from equity accounted investments	129,971,751	284,166,613	-	-
Dividends received	(1,498,544,731)	(467,675,603)	(1,498,544,731)	(467,675,603)
Interest income	(109,379,693)	(88,285,195)	(109,144,009)	(89,599,196)
Finance costs	(1,573,749)	(4,543,250)	227,987	210,944
Interest on loan to Airlink	-	(226,916)	-	-
Reversal of impairment loss on investment property	(950,000)	-	-	-
Impairment loss reversal - Investments in associates	-	(111,553,078)	-	-
Profit on disposal of property, plant and equipment	(6,769)	-	(6,769)	-
Estimated credit losses - Other loans	(2,849)	260,596	(2,849)	260,596
Accrued interest - Bank balances	6,231,899	2,625,758	6,231,899	2,519,576
Accrued interest received - Loan to KSP	(11,752,154)	(12,739,158)	-	-
Fair value adjustment of investment in KSP	110,949,733	9,051,183	-	-
Fair value gains on investments at fair value	(71,106,727)	(1,382,255)	-	-
Movements in credit loss allowances - trade receivables	(174,458)	238,274	-	-
Interest paid - Loan from DBSA	38,581,496	46,119,384	-	-
Interest received - Loan to KSP	(38,418,967)	(36,550,023)	-	-
Changes in furniture and fittings	-	(29,832)	-	-
Changes in working capital:				
Inventories	(3,684)	(24,341)	-	-
Trade and other receivables	(543,236)	(2,176,510)	(225,128)	(2,344,097)
Accrued interest	(3)	-	-	-
Trade and other payables	(2,691,173)	5,969,102	(2,125,228)	6,134,137
Provisions	26,827	(226,364)	-	-
	(283,250,715)	(172,341,719)	(278,633,053)	(194,217,783)

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35. Related parties

Relationships

Trustees

Refer to Trustees' Report for further details

Subsidiaries

SIOC CDT Investment Holdings (RF) (Pty) Ltd
SIOC CDT Operating Company (Pty) Ltd
SIOC Community Development SPV (Pty) Ltd

Other entities held by the subsidiaries

SIOC CDT Properties Company (Pty) Ltd
SIOC-CDT Resource Holdings (Pty) Ltd
SIOC-CDT Strategic Ventures (Pty) Ltd
SIOC CDT Solar Energy Company (Pty) Ltd
Subrotouch (RF) (Pty) Ltd
The Urban Hotel Kathu (Pty) Ltd

Associates of other entities held by the subsidiaries

Continental Coal Ltd
Airlink (Pty) Ltd

Other related parties

Kathu Solar Park (RF) (Pty) Ltd
Kumba Iron Ore Ltd
Sishen Iron Ore Company (Pty) Ltd

Members of key management

K. Hanisi - Group Head of Human Resources
K.N. Dick - Group Head of Investments
R. Sebogodi - Group Head of Stakeholder Relations and Communications
T. Duvenage - Group Head of Finance
V.F. Malie - Group Executive Officer
Z.C. Mathebula - Group Company Secretary

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R
35. Related parties (continued)				
Related party balances				
Loan accounts - Owning (to) by related parties				
SIOC CDT Investment Holdings (RF) (Pty) Ltd	-	-	1,381,241	6,268,163
SIOC CDT Operating Company (Pty) Ltd	-	-	4,005,964	4,005,964
SIOC CDT Operating Company (Pty) Ltd - Impairment allowance	-	-	(4,005,964)	(4,005,964)
SIOC CDT Properties Company (Pty) Ltd	-	-	51,643,686	49,993,558
SIOC CDT Properties Company (Pty) Ltd - Impairment allowance	-	-	(27,100,000)	(27,100,000)
Amounts included in Trade receivable (Trade Payable) regarding related parties				
The Urban Hotel Kathu (Pty) Ltd	-	-	(129,750)	-
SIOC Community Development SPV (Pty) Ltd	-	-	-	18,780
Subrotouch (RF) (Pty) Ltd	-	-	-	1,105,922
SIOC CDT Properties Company (Pty) Ltd	-	-	90,247	181,233
Shareholding				
Sishen Iron Ore Company (Pty) Ltd - 3.09% at fair value	3,735,635,491	5,057,707,463	-	-
Kathu Solar Park (RF) (Pty) Ltd - 12.5% at fair value	99,496,767	210,446,500	-	-
Related party transactions				
Interest paid to (received from) related parties				
Airlink (Pty) Ltd	(2,469,943)	(226,916)	-	-
SIOC CDT Properties Company (Pty) Ltd	-	-	(2,299,425)	(2,623,978)
Dividends paid to (received from) related parties				
SIOC Community Development Trust	-	-	(1,498,544,731)	(467,675,603)
Sishen Iron Ore Company (Pty) Ltd	(1,498,694,637)	(467,785,284)	-	-
Rent paid to (received from) related parties				
SIOC CDT Properties Company (Pty) Ltd	-	-	993,549	804,175
Compensation				
To non-executive Trustees	3,206,953	2,731,656	3,206,953	2,731,656

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Notes to the Audited Consolidated And Separate Annual Financial Statements

36. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Mandatory	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Other financial assets	11	-	-	99,496,767	410,850,631	510,347,398	510,347,398
Loans to related parties	9	-	-	-	7,963,277	7,963,277	36,270,077
Investments at fair value	10	3,735,635,491	374,869,689	262,257,446	-	4,372,762,626	4,372,762,626
Trade and other receivables	15	-	-	-	2,660,152	2,660,152	2,660,152
Cash and cash equivalents	13	-	-	-	2,664,129,237	2,664,129,237	2,664,129,237
Accrued interest	17	-	-	-	11,758,606	11,758,606	11,758,606
		3,735,635,491	374,869,689	361,754,213	3,097,361,903	7,569,621,296	7,597,928,096

Group - 2020

	Note(s)	Fair value through other comprehensive income - equity instruments	Fair value through profit or loss - Designated	Amortised cost	Total	Fair value
Other financial assets	11	-	210,446,500	412,528,007	622,974,507	622,974,507
Loans to related parties	9	-	-	33,726,770	33,726,770	33,726,770
Investments at fair value	10	5,057,707,463	211,975,599	-	5,269,683,062	5,269,683,062
Trade and other receivables	15	-	-	2,488,990	2,488,990	2,488,990
Cash and cash equivalents	13	-	-	1,700,701,198	1,700,701,198	1,700,701,198
Accrued interest	17	-	-	19,004,333	19,004,333	19,004,333

Trust - 2021

	Note(s)	Amortised cost	Total	Fair value
Investments in subsidiaries	6	1,147,001,100	1,147,001,100	1,147,001,100
Loans to subsidiaries	8	1,381,241	1,381,241	1,381,241
Loans to related parties	9	24,543,686	24,543,686	24,543,686
Trade and other receivables	15	492,542	492,542	492,542
Cash and cash equivalents	13	2,660,857,074	2,660,857,074	2,660,857,074
Other financial assets		42,252	42,252	42,252
		3,834,317,895	3,834,317,895	3,834,317,895

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36. Financial instruments and risk management (continued)

Trust - 2020

	Note(s)	Amortised cost	Total	Fair value
Investments in subsidiaries	6	787,001,100	787,001,100	787,001,100
Loans to subsidiaries	8	6,268,163	6,268,163	6,268,163
Loans to related parties	9	22,893,558	22,893,558	22,893,558
Trade and other receivables	15	1,573,791	1,573,791	1,573,791
Cash and cash equivalents	13	1,689,790,495	1,689,790,495	1,689,790,495
Accrued interest	17	6,231,899	6,231,899	6,231,899
Other financial assets		39,404	39,404	39,404
		2,513,798,410	2,513,798,410	2,513,798,410

Categories of financial liabilities

Group - 2021

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	15,502,045	15,502,045	15,502,045
Borrowings	18	392,610,131	392,610,131	392,610,131
		408,112,176	408,112,176	408,112,176

Group - 2020

	Note(s)	Amortised cost	Total	Fair value
Trade and other payables	19	17,877,383	17,877,383	17,877,383
Borrowings	18	402,545,536	402,545,536	402,545,536
		420,422,919	420,422,919	420,422,919

Trust - 2021

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	11,570,871	-	11,570,871	11,570,871
Finance lease obligations	4	-	1,245,258	1,245,258	1,245,258
		11,570,871	1,245,258	12,816,129	12,816,129

Trust - 2020

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	19	15,112,871	-	15,112,871	15,112,871
Finance lease obligations	4	-	1,939,825	1,939,825	1,939,825
		15,112,871	1,939,825	17,052,696	17,052,696

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37. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions 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. Instruments included in level 1 comprise primarily JSE-listed equity instruments.

Level 2

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

Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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	2021 R	2020 R	2021 R	2020 R
37. Fair value information (continued)				
Levels of fair value measurements				
Level 1				
Recurring fair value measurements				
Assets	Note(s)			
Financial assets designated at fair value through profit (loss)	10			
Futuregrowth Core Bond Investment	97,561,835	89,572,424	-	-
Prudential Core Equity Investment	164,695,611	122,403,175	-	-
Total financial assets designated at fair value through profit (loss)	262,257,446	211,975,599	-	-
Financial assets mandatorily at fair value through profit (loss)	10			
BlackRock Index Selection Fund	271,945,704	-	-	-
Total	534,203,150	211,975,599	-	-
Level 2				
Recurring fair value measurements				
Assets	Note(s)			
Equity investments at fair value through other comprehensive income	11			
Unlisted shares - 3.09% shareholding in Sishen Iron Ore Company (Pty) Ltd	3,735,635,491	5,057,707,463	-	-
Financial assets mandatorily at fair value through profit or loss	10			
OMPE Fund V Partnership	102,923,985	-	-	-
Total	3,838,559,476	5,057,707,463	-	-
Level 3				
Recurring fair value measurements				
Assets	Note(s)			
Financial assets at amortised cost	11			
Loans and receivables - Kathu Solar Park (RF) (Pty) Ltd	410,808,379	412,488,603	-	-

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	Group		Company	
	2021 R	2020 R	2021 R	2020 R
37. Fair value information (continued)				
Financial assets at fair value through profit (loss)				
Unlisted shares - Kathu Solar Park (RF) (Pty) Ltd	99,496,767	210,446,500	-	-
Total	510,305,146	602,368,477	-	-

38. Going concern

The Trustees believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The Trustees have satisfied themselves that the Group is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements. The Trustees to their best knowledge and belief are not aware of any new material changes that may adversely impact the Group, nor of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Group.

39. Events after the reporting period

SIOC Community Development SPV (Pty) Ltd

The company received dividends from Sishen Iron Ore Company (Pty) Ltd of R 398,254,954 on 28 February 2022 as full and final dividend for the 2021 financial year. Dividends to the value of R 398,196,477 were declared and paid over to the sole shareholder, SIOC Community Development Trust, on 28 February 2022.

Subrotouch (RF) (Pty) Ltd

After year end, an addendum was signed with DBSA whereby:

- The expected loan repayment dates were changed from March and September to April and October, to avoid unnecessary 1-month delay penalties;
- The JIBAR, previously stated as 6-months JIBAR in the BEE Agreement, was corrected to 3-months JIBAR; and
- The DBSA records a payment waterfall which clarifies the amounts to be paid over to the DBSA.

Other Matters

On 24 February 2022, a conflict broke out between Russia and Ukraine, and while the Russian troops were likely planning their attack and building up at the frontier with the Ukraine in the year ending 31 December 2021, this is not considered to be a critical event for determining the conflict was obvious as at 31 December 2021. Given this information, we believe no further adjustments to 31 December 2021 financial statements need to be taken into consideration, and the current conflict is considered to be a non-adjusting event. However, we have included information for disclosure purposes around the impact that the current conflict has had on the investments in the Trust, below.

The KIO share price increased in the beginning of the year as a result of good Quarter 4 production statistics, a positive FY2022 outlook and a slight resurgence in the iron ore price. However, this declined when the FY2021 Annual Financial Statements and Investor Presentation occurred on 22 February 2022 as results were below expectations and a couple of days later the Russian invasion of Ukraine was announced which had an effect on global markets, particularly commodities. The iron ore price did however recover during March 2022 on the back of Chinese demand increasing as the Olympic restrictions were eased and the outlook in the property market showed promise.

In terms of the offshore investment held in SIOC CDT Investment Holdings (RF) (Pty) Ltd, the BlackRock Index Fund's exposure to Russia is as follows:

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39. Events after the reporting period (continued)

- The iShares Emerging Markets Equity Index Fund has 3.3% exposure to the Russian Federation;
- The Developed Market Index Equity Fund has no direct exposure to the Russian Federation.

Despite the small exposure to the Russian Federation, as a result of these macroeconomic conditions, the fund dropped by approximately 13% from December 2021 to March 2022. Various macroeconomic factors are at play, which add to the uncertainties of what will happen with developed and emerging markets.

- It has sent South African export commodity prices to record highs, resulting in favourable terms of trade. This increase in commodity prices is set to exceed the increase in oil prices;

- The war is also fuelling price pressures, pushing inflation above the South African Reserve Bank's tolerance level, leading to the SARB hiking rates 3 times. It is expected that inflation rates may average 6% in 2022. The favourable commodity trade-off should support the economy's current momentum, offsetting the hit to GDP from higher inflation and the expected global slowdown;

- The Federal Reserve also hiked interest rates since the start of the war, which has an impact of general US stock prices going down from dampened investor sentiments;

- The ZAR did well with the rising commodity prices, leading to a near six-month high as investors embraced the prospect of faster tightening. However, the ZAR has subsequently weakened from mid-April from lower-than-expected inflation numbers and a stronger dollar in anticipation of the Federal Reserve meeting, as well as the devastating impact of loadshedding on the local economy. At the time of this report, the ZAR was trading above R15.90/\$ (5 May 2022).

On 23 April 2022, heavy rain and severe winds in the Tsantsabane municipal area left many houses flooded and roofless. Several areas were also stranded with no access to electricity, and a significant amount of municipal infrastructure was also damaged making many parts of the rural areas of the municipality inaccessible while disrupting service delivery in urban parts such as Postmasburg. The Trust has committed R 2.7 million towards the flashfloods disaster in the Postmasburg area. It comprises of humanitarian support including the provision of blankets and groceries to affected households, fixing of structural damages to the community ECD Centre as well as identified houses and support to the municipality fixing the road infrastructure. The storm has however not had any impact on the operations of the Trust.

The Trustees are not aware of any other material events which occurred after the reporting date and up to the date of this report.

40. Impact of COVID-19

COVID-19 did not have a significant impact on the operations of the Trust. However, it impacted the Group's investments held as follows:

The Urban Hotel Kathu (Pty) Ltd: The hotel ended the year with an increased occupancy of 46% (2020: 33.3%) and an average room rate of R 717 (2020: R 734). The higher occupancy arose directly as a result of the relaxation of the national lockdown, with travel gradually picking up for the last 6 months from July 2021 achieving an average occupancy of 48.5%. There was a positive flow through on most cost line items against budgets as the hotel strongly focused on cost controls during the year.

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	Group				Trust	
	2021	2020	2019	2021	2020	2019
	R	R	R	R	R	R
		Restated	Restated		Restated	Restated

41. Restatement

The Trust had previously disclosed the approved project amounts (the balance of the various approved project budgets which is not yet contracted or spent on the accumulated Public Benefit Projects, as approved the Board of Trustees) as a non-current asset, under cash and cash equivalents. During the current financial year, it was resolved that it would be more accurate to disclose the approved projects as a current asset, under cash and cash equivalents as the cash fulfils the definition of cash as per IAS 7.

The correction of the reclassification results in an adjustment as follows:

Statement of Financial Position

Cash and cash equivalents (non-current assets)	-	(640,446,532)	(325,195,547)	-	(640,446,532)	(325,195,547)
Cash and cash equivalents (current assets)	-	640,446,532	325,195,547	-	640,446,532	325,195,547