ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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General Information

Country of incorporation and domicile	South Africa
Registration number	RBN is defined as a Traditional Council in terms of the Traditional Leadership and Governance Act,2005 (Act 2 of 2005), and the Traditional Leadership and Governance Framework Act,2003 (Act 41 of 2003)
Nature of business and principal activities	Provision of community services, education, infrastructure development, economic development, safety and security, health and social services.
Business address	1 Direpotsane Street Bafokeng Civic Centre Phokeng 0335
Postal address	PO Box 1 Phokeng 0335
Ultimate holding company	Royal Bafokeng Nation/Administration
Auditor	PricewaterhouseCoopers Inc. Registered Auditor 4 Lisbon Lane Waterfall City Juskei View 2090 Private Bag X36 Sunninghill South Africa 2157
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of IFRS.
Preparer	The annual financial statements were internally prepared under the supervision of: Boitumelo Koshane CA(SA)

Statement of Responsibility by Supreme Council

The Supreme Council is responsible for the preparation, integrity, and fair presentation of the financial statements of the Royal Bafokeng Nation (Administration) and its subsidiaries. The financial statements presented on pages 4 to 82 have been prepared in accordance with International Financial Reporting Standards (IFRS) and include amounts based on judgements and estimates made by management.

The Supreme Council considers that in preparation of the financial statements it has used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all statements of IFRS that they consider to be applicable have been followed. The Supreme Council is satisfied that the information contained in the financial statements fairly presents the results of operations for the year and the financial position of the group at year end.

The Supreme Council has the responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the group and to enable the Supreme Council to ensure that the financial statements comply with relevant legislation.

The going-concern basis has been adopted in preparing the financial statements. The Supreme Council has no reason to believe that the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the group.

Supreme Council's approval of financial statements

The consolidated financial statements for the year ended 31 December 2020 set out on page 4 to 82 were approved by the Supreme Council on 26 MAY 2022 and were signed on its behalf by:

Kgosi Leruo Molotlegi
Chairman: Supreme Council

Aubrey Modisane
Chairman: Audit Committee

Supreme Council Report

The Supreme Council ("Council") presents its report on the activities of the Royal Bafokeng Nation (Administration) ("RBN(A)") and its subsidiaries for the year ended 31 December 2020 to the Royal Bafokeng Nation.

1. Nature of Business

The Royal Bafokeng Nation ("RBN") is a community of about 150,000 people, led by Kgosi Leruo Molotlegi. The RBN owns some 1,200 km² of land in the Rustenburg Valley, in South Africa's North West Province. The Bafokeng land consists of 29 villages the largest being Phokeng and these villages have been clustered into five planning regions being Capital, Central, North, North East and South East region. This land overlay a valuable portion of the Bushveld Complex, one of the richest known reserves of platinum group metals and chrome in the world. The RBN leases portions of this land to some of the world's largest mining companies, including Impala Platinum,Sibanye Rustenburg Platinum Mine, Royal Bafokeng Platinum and Merafe Resources.

Dividends and royalties paid to the RBN by mining companies and from other investee companies are being used to uplift the Bafokeng and the surrounding communities, mainly through the Royal Bafokeng Administration ("RBA"). The RBA is an unregistered functionary of the RBN and accordingly the RBA is part of the same legal entity as RBN.

In this regard, the RBN's strategy with respect to certain community services, education, infrastructure development, economic development, safety and security, health and social services, developmental planning, property administration is implemented through the RBA and other registered entities. Community services provided by the RBN(A) includes the supply of water, construction of roads, schools, clinics, electrical reticulation, maintenance of roads, collection and disposal of refuse and other community amenities.

The RBN owned area falls under the jurisdiction of the Rustenburg Local Municipality ("RLM"). In terms of the current legislative framework, Bojanala Platinum District Municipality ("BPDM") exercises jurisdiction over Rustenburg Local Municipality ("RLM"). The RLM therefore exercise legislative commitments of building infrastructure and delivering services to the community.

It is on this basis that, the RBN entered into a memorandum of understanding ("MOU") with the BPDM and the RLM on 12 January 2003, which inter alia provides that the parties agree to corporate in the following spheres of delivery; Infrastructural development, health, economic development, tourism, arts and culture and any other portfolio that the parties may agree from time to time.

RBN's vision statement:
"A relevant and innovative traditional African community in a changing world."

RBN's mission statement:
"We the Bafokeng, Kgosi, Supreme Council and Makgotla together with those who share our vision and values, will create an enabling environment for the prosperity of current and future generation by developing the people, the economy and the land."

"Our strategy for excellence is realised through zero tolerance for corruption and through courageous, innovative leadership rooted in Bafokeng values."

2. Legal framework and Governance Structures

The Bophuthatswana Traditional Authorities Act, 1978 (Act 23 of 1978) was repealed by the North West Traditional Leadership and Governance Act, 2005 (Act 2 of 2005) as Amended on 20 March 2007. In terms of this Act and the Traditional Leadership and Governance Framework Act, 2003 (Act 41 of 2003) the RBN is defined as a Traditional Council.

With the coming into effect of the North West Traditional Leadership and Governance Act, 2005 (Act 2 of 2005) as amended, the RBN was required to reconstitute its Traditional Council according to the prescribed format.

The term of office for the elected and appointed Traditional Council members is 5 years.

The elected and appointed Traditional Council members (appointed August 2017) are as stated below:

Name and Surname	Region	Elected/ Appointed
CAPITAL A & B		
Keorapetse Nameng	Lemenong	Elected
Thabiso Lefyedi	Lefaragatlhe	Elected
Mmathapelo Pitsoe	Lefaragatlhe	Appointed
Daphne Montsho	Masosobane	Appointed
Moatlhodi Tumagole	Phokeng	Appointed
Mogari Mokgatle	Salema	Appointed
NORTH A REGION		
Tshepo Mekgoe	Luka	Elected
Seth Mputle	Luka	Appointed
NORTH B REGION		
Tshepo Mabule	Chaneng	Elected
CENTRAL REGION		
Richard Ntsimane	Kanana	Elected
Martha Khuduge	Serutube	Appointed
NORTH EAST REGION		
William Mokone	Mogakane	Elected
Rebecca Modibane	Mamerotse	Appointed
Katlego Mosito	Kopman	Appointed
Jennifer Thebyane	Tsitsing	Appointed
SOUTH EAST REGION		
Patrick Phutu	Tlapa	Elected
George Khunou	Photsaneng	Appointed

Independent auditor's report

To the Members of Royal Bafokeng Nation (Administration)

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Royal Bafokeng Nation (Administration) and its subsidiaries (together the Group) as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Royal Bafokeng Nation (Administration) 's consolidated financial statements set out on pages 9 to 82 comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

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Other information

The Supreme Council is responsible for the other information. The other information comprises the information included in the document titled “Royal Bafokeng Nation (Administration) and its subsidiaries consolidated financial statements for the year ended 31 December 2020”. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

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

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

If, based on the work we have performed, 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 Supreme Council for the consolidated financial statements

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Supreme Council.
- Conclude on the appropriateness of the Supreme Council' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: NBT Mtetwa

Registered Auditor

Waterfall City

16 November 2022

ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

Figures in R'000	Notes	2020	2019
Assets			
Non-current assets		31,376,354	33,007,528
Property, plant and equipment	4	1,659,143	1,717,337
Right of use assets	20	3,061	5,948
Intangible assets	5	11	158
Other financial assets	7	12,838,776	1,947,569
Investment in associates at fair value through profit or loss	8	10,899,354	24,219,533
Equity accounted investments	9	5,550,509	4,384,184
Trade and other receivables	10	281,193	655,807
Finance lease asset	11	49	2,078
Deferred income tax assets	12	144,258	74,914
Current assets		3,519,935	3,442,860
Trade and other receivables - short-term portion	10	473,544	361,974
Inventories	16	2,396	2,322
Prepaid tax	13	12,258	46,844
Finance lease asset - short-term portion	11	403	1,616
Cash investments	15	1,420,635	1,351,411
Cash and cash equivalents	14	1,610,699	1,678,693
Total assets		**34,896,289**	**36,450,388**

ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2020

Figures in R'000	Notes	2020	2019
Equity and liabilities			
Equity			
Accumulated funds		19,539,459	20,213,313
Retained earnings		19,483,444	20,155,682
Reserves		56,015	57,631
Non-controlling interests		5,922	13,272
Total equity		**19,545,381**	**20,226,585**
Liabilities			
Non-current liabilities		13,936,609	15,239,055
Deferred income tax liabilities	12	3,188,394	3,762,790
Employee benefits	17	25,700	34,206
Borrowings	18	4,077,568	4,389,614
Financial lease liabilities	19	960	5,790
Deferred royalty income	31	6,643,988	7,046,655
Current liabilities		1,414,299	984,748
Employee benefits	17	18,851	34,075
Current income tax liabilities	13	64,894	3,353
Bank overdraft	14	2	15,930
Borrowings	18	813,703	422,821
Financial lease liabilities - short-term portion	19	4,954	4,566
Trade and other payables	21	109,195	101,303
Deferred royalty income - short-term portion	31	402,700	402,700
Total liabilities		**15,350,908**	**16,223,803**
Total equity and liabilities		**34,896,289**	**36,450,388**

ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2020

Figures in R'000	Notes	2020	2019
Continuing Operations			
Revenue	22	2,343,713	4,532,948
Cost of sales and services rendered		(5,640)	(1,166,847)
Gross Profit		**2,338,073**	**3,366,101**
Administrative Expenses		(818,477)	(1,239,518)
Impairment loss	23	(2,510)	(59,824)
Other income	24	33,383	63,247
Other gains	25	716,539	1,516,042
Other losses	25	(2,788,227)	(17,991,569)
Operating loss	28	**(521,219)**	**(14,345,521)**
Net finance cost		(1,569,470)	(1,619,947)
Finance income	26	95,937	160,794
Finance cost	26	(1,665,407)	(1,780,741)
Impairment loss for equity accounted investments	23	(30,703)	(96,881)
Share of profits /(losses) from equity accounted investments	9	1,015,163	(427,163)
Loss before tax		(1,106,229)	(16,489,512)
Income tax expense	27	435,607	174,036
Loss for the year from continuing operations		(670,622)	(16,315,477)
Attributable to:			
Equity holder of the parent		(677,098)	(8,238,643)
Non controlling interest		6,476	(8,076,834)
Loss for the year		**(670,622)**	**(16,315,477)**
Other comprehensive (loss) / income:		**(1,616)**	**27,852**
Items that may not be reclassified to profit or loss			
Share of other comprehensive losses from equity accounted investments		-	62,008
Fair value adjustment on financial asset at fair value through other comprehensive income		(1,616)	(34,156)
Total comprehensive loss for the year		(672,238)	(16,287,625)
Attributable to equity shareholder		(678,714)	(8,210,791)
Attributable to non-controlling interest		6,476	(8,076,834)

ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2020

Figures in R'000	Non-Distributable Reserves***	Other Reserves**	Share Based Payment Reserve	Retained Earnings	Attributable to Equity Holders	Non-Controlling Interest	Total
Balance at 1 January 2019	55,202	(25,423)	338,102	26,898,145	27,266,026	4,763,256	32,029,282
Total (loss) for the year	-	-	-	(8,238,643)	(8,238,643)	(8,076,834)	(16,315,477)
Other comprehensive income/(loss) for the year	(34,156)	62,008	-	(62,008)	(34,156)	-	(34,156)
Total comprehensive (loss) for the year				(8,300,651)	(8,272,799)	(8,076,834)	(16,349,633)
Change in ownership from underlying subsidiaries	-	-	(338,102)	1,558,188	1,220,086	3,332,470	4,552,556
Dividends paid*	-	-	-	-	-	(5,620)	(5,620)
Balance at 31 December 2019	21,046	36,585	-	20,155,682	20,213,313	13,272	20,226,585

	Non-Distributable Reserves***	Other Reserves**	Retained Earnings	Attributable to Equity Holders	Non-Controlling Interest	Total
Balance at 1 January 2020	21,046	36,585	20,160,542	20,218,173	13,272	20,231,445
Total profit / (loss) for the year	-	-	(677,098)	(677,098)	6,476	(670,622)
Other comprehensive income/(loss) for the year	(1,616)	-	-	(1,616)	-	(1,616)
Total comprehensive (loss) for the year			(677,098)	(678,714)	6,476	(672,238)
Dividends paid*	-	-	-	-	(13,827)	(13,827)
Balance at 31 December 2020	19,430	36,585	19,483,444	19,539,459	5,922	19,545,381

*Dividend per share of R25.28 (2019: R21.78), paid to DHL minority shareholders.
**Other reserves comprises of the share of equity of associates
***Non-distributable reserves comprises of fair value adjustment on investments

ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2020

Consolidated Statement of Cash Flows

Figures in R'000	Notes	2020	2019
Cash flow from operating activities			
Cash used in operations	32	(603,038)	(1,005,357)
Interest paid		(245,331)	(378,219)
Income tax paid	13	(110,920)	(54,826)
Net cash used in operating activities		**(959,289)**	**(1,438,402)**
Cash flow from investing activities			
Proceeds from disposal of property, plant & equipment		110	4,340
Finance lease receipts		874	-
Acquisition of property, plant & equipment		(11,938)	(8,595)
Acquisition of Ethos		(874)	-
Acquisition of RIM		(2,750)	-
Dividend received from RIM (Associate)		4,250	-
Acquisition of financial assets		-	(566,062)
Proceeds from sale of investments at fair value		983,556	1,095,749
Repayment of loan from associates		27,669	50,457
Acquisition of investment at fair value		(434,457)	-
Purchase of investment in associate at fair value through profit and loss		(51,750)	-
Net cash disposed as a result of disposal of subsidiary		-	(838,627)
Dividend received		285,041	1,104,109
Interest received		198,854	236,335
Decrease in maturity investment		(69,915)	(298,347)
Net cash generated from investing activities		**928,670**	**779,359**
Cash flow from financing activities			
Repayment of borrowings		-	(157,158)
Dividend paid to non-controlling interest		(13,827)	(5,620)
Repayment of shareholders loan - non-controlling interest		(3,008)	-
Soul City loan		-	(1,878)
Payment of lease liabilities		(4,611)	-
Net cash utilised in financial activities		**(21,446)**	**(164,656)**
Net decrease in cash and cash equivalents		(52,066)	(823,699)
Cash and cash equivalents at the beginning of the year		1,662,763	2,485,794
Effect of exchange rate movement on cash balances		-	668
Cash and cash equivalents at the end of the year		**1,610,697**	**1,662,763**

Summary of Significant Accounting Policies

1. General information

Royal Bafokeng Nation ("RBN") is a traditional council with a Universitas Personarum. The North West Traditional Leadership and Governance Act, 2005 (Act 2 of 2005) governs its existence and governance. The Act, in addition to several other pieces of legislation affecting the RBN's operations, is not prescriptive as to the accounting governance and reporting requirements of the RBN. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The Supreme Council is of the opinion that the consolidated financial statements thus prepared will not mislead the users of the consolidated financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out in note 2 below.

2. Significant accounting policies

The principal accounting policies applied in the preparation of this consolidated financial statements are set out in detail in the relevant notes. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Compliance with IFRS

The consolidated 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 audited annual financial statements.

This consolidated financial statements complies with IFRS as issued by the International Accounting Standards Board (IASB), 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.

2.1.2 Historical convention

The consolidated 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 in detail in the relevant notes.

2.1.3 Functional and presentation currency

The consolidated financial statements are presented in South African Rands (Rands), which is the Royal Bafokeng Nation (Administration) and its subsidiaries ("Group") functional and presentation currency. Except stated otherwise, the amounts in the financial statements are rounded to Rmillion.

2.1.4 Significant judgements and sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of

2.1.4 Significant judgements and sources of estimation uncertainty (continued)

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.

The resulting accounting judgements, estimates and assumptions will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed in detail in the relevant notes to the consolidated financial statements.

2.1.5 Going concern

The consolidated financial statements have been prepared on the going concern assumption. This assumption presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

2.1.6 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale, are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

3. New Standards and Interpretations

3.1 New standards, amendments and interpretations adopted by the group in the current year

Standard/ Interpretation:	Effective date:	Impact Analysis	Impact
IAS 1. Presentation of financial statements : disclosure	01 January 2020	These amendments will clarify and align the definition of "material" and provide guidance to improve consistency in the application of what constitutes materiality in the financial statements	No material impact
IAS 8. Accounting policies , change in accounting estimates and errors: disclosure initiative	01 January 2020		No material impact

3.2 Standards and Interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods begining on or after 01 January 2021 or later periods:

Standard/ Interpretation:	Effective date:	Impact Analysis	Impact
COVID-19 related rent concessions - amendment to IFRS16	01 June 2021	The COVID-19 pandemic has resulted in amendment of IFRS16 leases.	No material impact
Annual improvement to IFRS standards 2018 to 2020 : amendments to IFRS9	01 January 2022	The amendment concerns fees in the"ten percent" test for de-recognition of financial liabilities. Accordingly, in determining the relevent fees,only fees paid or received between the borrower and the lender are to be included.	No material impact
Classification of liabilities as current or noncurrent - amendment to IAS1	01 January 2023	The amendment changes the requirement to classify a liability as current or non-current. If an entity has a right at the end of the reporting period to defer settlement of a liability for atleast twelve months after the reporting period, the the liability if classified as non-current. If this right is subject to conditions imposed on the entity,the right only exist, if, at the end of the reporting period the entity has complied with those conditions.	No material impact

4. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Land is not depreciated.

Depreciation is calculated as indicated below and approximates the following:

Item	Average useful life in years and depreciation method
Buildings	5-30 years (straight line)
Plant and machinery	5-30 years (straight line)
Office and computer equipment	3-5 years (straight line)
Furniture and fittings	4-10 years (straight line)
Vehicles and equipment	6 years (straight line)
Capitalised lease improvements	6 years (straight line)
Computer Software	6 years (straight line)

Depreciation periods are assessed annually and adjusted if and where appropriate.

Critical accounting estimates and assumptions

Asset lives

The group's assets, are depreciated over their expected useful lives which are reviewed annually to ensure their appropriateness. In assessing useful lives, technological innovation, product life cycle physical condition of the assets and maintenance programme are taken into consideration.

4.1 Impairment

An impairment review of property, plant and equipment is carried out when there is an indication that these assets may be impaired by comparing the carrying amount thereof to its recoverable amount.

Where the recoverable amount is less than the carrying amount, the impairment charge will reduce the carrying amount of property, plant and equipment to its recoverable amount. The adjusted carrying amount is depreciated over the remaining useful life of property, plant and equipment.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

Figures in R'000	Land and Buildings	Furniture and Fittings	Plant * and Machinery	Work-in-progress	Office * and Computer Equipment	Vehicles and Equipment	Computer Software	Capitali-sed Lease-hold Improve-ments	Total
Balance at 01/01/2020	1,619,960	5,184	27,184	12,197	22,499	14,607	13,905	1,801	1,717,337
Additions	8,232	790	139	1,080	5,690	-	-	-	15,931
Disposal of assets	(1,022)	(29)	(3,119)	-	-	-	-	(45)	(4,215)
Depreciation	(57,959)	(791)	(3,010)	-	(4,079)	(3,282)	(43)	(746)	(69,910)
Balance at 31/12/2020	**1,569,211**	**5,154**	**21,194**	**13,277**	**24,110**	**11,325**	**13,862**	**1,010**	**1,659,143**

Reconciliation of property, plant and equipment - 2020

	Land and Buildings	Furniture and Fittings	Plant * and Machinery	Work-in-progress	Office * and Computer Equipment	Vehicles and Equipment	Computer Software	Capitali-sed Lease-hold Improve-ments	Total
Cost	2,726,876	78,518	3,015,633	9,778,835	263,520	200,615	22,856	11,274	16,098,127
Accumulated depreciation and impairment	(1,157,665)	(73,364)	(2,994,439)	(9,765,558)	(239,410)	(189,290)	(8,994)	(10,264)	(14,438,984)
Balance at 31/12/2020	**1,569,211**	**5,154**	**21,194**	**13,277**	**24,110**	**11,325**	**13,862**	**1,010**	**1,659,143**

No assets were pledged as security during the current financial year.

*** For the year ended December 2019, the derecognition of assets as a results of the disposal of subsidiary (RBPlats) of R34million was incorrectly disclosed under office and computer equipment instead of being disclosed under plant and machinery. This resulted in the office and computer equipment showing a negative asset value of R11,5million and plant and machinery showing an overstated value of R61,3million. The disclosure has been corrected retrospectively in the first year it occured (2019) in accordance with the requirements of IAS 8, accounting policies, changes in accounting estimates and errors.***

ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2020

Notes to the Consolidated Financial Statements

Figures in R'000	Land and Buildings	Furniture and Fittings	Mining Assets (including decom missioning asset)	Plant and Machinery	Work-in-progress	Office and Computer Equipment	Vehicles and Equipment	Computer Software	Capitali-sed Lease-hold Improve-ments	Total
Balance at 01/01/2019	2,046,870	7,684	2,908,186	1,742,154	9,725,229	22,576	20,282	13,744	2,966	16,489,691
Additions	1,791	1,266	-	80	4,169	3,239	955	205	-	11,705
Disposal of subsidiary	(318,981)	(2,174)	(2,908,186)	(1,712,022)	(9,717,201)	0	(2,902)	-	-	(14,661,466)
Disposal of asset	-	(5)	-	(25)	-	(1,051)	(478)	-	(18)	(1,577)
Impairment charge	(49,208)	-	-	-	-	-	-	-	-	(49,208)
Depreciation	(60,512)	(1,587)	-	(3,003)	-	(3,326)	(3,250)	(44)	(1,147)	(72,869)
Scrapping	-	-	-	-	-	1,091	-	-	-	1,091
Transfer	-	-	-	-	-	(30)	-	-	-	(30)
Balance at 31/12/2019	**1,619,960**	**5,184**	**-**	**27,184**	**12,197**	**22,499**	**14,607**	**13,905**	**1,801**	**1,717,337**

Reconciliation of property, plant and equipment - 2019

Cost	2,719,666	77,757	6,712,868	3,015,494	9,777,755	260,949	200,615	22,856	11,319	22,799,279
Accumulated depreciation and impairment	(1,099,706)	(72,573)	(6,712,868)	(2,988,310)	(9,765,558)	(238,450)	(186,008)	(8,951)	(9,518)	(21,081,942)
As at 31/12/2019	**1,619,960**	**5,184**	**-**	**27,184**	**12,197**	**22,499**	**14,607**	**13,905**	**1,801**	**1,717,337**

5. Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

6. Investment in subsidiaries

6.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

6.2 Disposal of subsidiaries

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

6.3 Significant subsidiary

Detailed information on the group's significant subsidiaries is stated below:

Royal Bafokeng Nation Development Trust

Name of entity	Country of incorporation
Royal Bafokeng Development Trust	South Africa
Royal Bafokeng Holdings	South Africa

Royal Bafokeng Nation Development Trust ("RBNDT") is the principal subsidiary of Royal Bafokeng Nation (Administration) ("RBA") and is responsible for the management and development of the commercial assets of RBA. This is mainly done through Royal Bafokeng Holdings (Pty) Ltd ("RBH"), wholly owned subsidiary of the Royal Bafokeng Nation Development Trust.

6.3 Significant subsidiary (continued)

Summarised financial information on subsidiary

	Royal Bafokeng Nation Development Trust Group	
	2020	2019
	R'000	R'000
Summarised statement of financial position		
Current		
Assets	2,697,519	2,668,536
Liabilities	(1,857,093)	(1,405,935)
Total current net assets	840,426	1,262,601
Non-current		
Assets	30,446,148	31,992,115
Liabilities	(6,578,519)	(7,478,666)
Total non-current net assets	23,867,629	24,513,449
Net assets	24,708,055	25,776,050
Summarised statement of comprehensive income		
Revenue	113,650	489,261
Loss before tax	(1,870,097)	(13,355,594)
Taxation	437,699	174,234
Total comprehensive loss	(1,432,398)	(13,181,360)
Summarised cash flows		
Cash flows from operating activities		
Cash flow generated from operations	(152,999)	(594,241)
Interest paid	(244,797)	(376,777)
Income tax paid	(109,593)	(54,224)
Interest received	187,941	222,081
Dividend received	284,729	1,103,807
Net cash (used in)/generated from operating activities	(34,719)	300,646
Net cash generated/(used in) investing activities	456,755	(552,630)
Net cash used in financing activities	(1,033,469)	(1,086,191)
Net decrease in cash and cash equivalents	(611,433)	(1,338,175)
Cash opening balance	1,406,742	2,253,635
Effects of exchange rate movement on cash balances	-	668
Cash and Cash equivalents at end of year	795,309	916,128

7. Financial Instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments. Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; 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).

Derivatives which are not part of a hedging relationship:
- Mandatorily at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. These are initially and subsequently measured at amortised cost.

Trade and other receivables

<u>Classification</u>
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 company's business model is to collect the contractual cash flows on trade and other receivables.

<u>Recognition</u>
Trade and other receivables are recognised when the company 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.

<u>Application of the effective interest method</u>
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 finance income (note 26).

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;

7. Financial Instruments (continued)

- 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.

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.

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 administrative expenses in profit or loss as a movement in credit loss allowance (note 23).

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

Credit risk
Details of credit risk are included in the trade and other receivables note (note 11) and the financial instruments and risk management note.

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 (note 25).

Investments in equity instruments

Classification
Investments in equity instruments are presented in note 9. They are classified as mandatorily at fair value through profit or loss. Associates and joint ventures are equity accounted for at group level.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised in profit or loss.

7. Financial Instruments (continued)

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

Fair value gains or losses are included in fair value gain or loss.

Financial liabilities

Loans from group companies, bank overdraft and trade and other payables are classified as financial liabilities subsequently measured at amortised cost.

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the liability. The financial liabilities 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.

Financial liabilities expose the company to liquidity risk and interest rate risk.

Trade and other payables

<u>Classification</u>
Trade and other payables (note 21), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

<u>Recognition and measurement</u>
They are recognised when the company 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.

7. Financial Instruments (continued)

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 26).

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

Financial liabilities at fair value through profit or loss

Classification
Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss. Refer to note 34.

The group, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Recognition and measurement
Financial liabilities at fair value through profit or loss are recognised when the company becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition and subsequently, at fair value. Transaction costs are recognised in profit or loss.

Fair value gains or losses recognised on investments at fair value through profit or loss are included in fair value through profit or loss (note 26).

For financial liabilities designated at fair value through profit or loss, the portion of fair value adjustments which are attributable to changes in the company's own credit risk, are recognised in other comprehensive income and accumulated in equity in the reserve for valuation of liabilities, rather than in profit or loss. However, if this treatment would create or enlarge an accounting mismatch in profit or loss, then that portion is also recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 26).

Derecognition
The changes in fair value attributable to changes in own credit risk which accumulated in equity for financial liabilities which were designated at fair value through profit or loss are not reclassified to profit or loss. Instead, they are transferred directly to retained earnings on derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. These are initially and subsequently measured at amortised cost.

7. Financial Instruments (continued)

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The company's analysis is based on the following three components:

• short term, highly liquid;
• readily convertible to known amounts; and
• insignificant risk of changes in value.

The maturity period used for classification is measured from date of classification and not reporting date.

Further to meeting the above components the company considers whether the instrument is used (normal operating cash cycle) as a cash equivalent and that it should be held for purpose of meeting short-term cash commitments. For example, is the instrument a short-term investment or is it used to pay operating expenses and day-to-day activities.

Money market funds
Investments in money market funds are classified as either cash or cash equivalents or equity investments based on the following criteria:

• if the amount of cash that will be received is known with a high degree of certainty at the time of the initial investment;
• an assessment indicating the following is satisfied:
  - substantially all of the money market funds' investments qualify individually as cash and cash equivalents;
• the fund policies only permit investments in cash and cash equivalents with some of the following policies, amongst others:
  - constant net asset value with limitations on volatility (0.5%);
  - returns benchmarked to short-term money market interest rates;
  - highest credit rating;
  - investment in high-quality instruments, typically short term, with high liquidity and a maximum weighted average maturity of a few weeks (typically 60 – 90 days);
  - highly diversified portfolio; and
  - affiliation to or membership of a money market association that ensures maintenance of high standards in its code of practice.

Money market funds that have a constant net asset value of 1:1 or insignificant risks of changes in value are classified as cash and cash equivalents and measured in terms of IFRS 9 amortised cost or fair value through profit or loss. If the cash and cash equivalent definition is not met, money market funds are classified as equity or debt instruments measured in terms of IFRS 9 amortised cost or fair value through profit or loss.

7. Financial Instruments (continued)

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 company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company 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 company's 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.

7.1 Non-current financial assets

	Notes	2020 R'000	2019 R'000
Financial asset at fair value through profit and loss(FVTPL):			
Investment in NEPI Roc	7.1.1	482,603	639,276
Investment in First Rand	7.1.2	10,723,500	-
Investment in Big Yellow Group	7.1.3	649,867	639,285
Adams and Electra Option	7.1.4	337,334	332,214
Investment in Stanlib	7.1.5	293,102	283,538
Investment in Transaction Capital	7.1.6	298,680	-
Other financial assets	7.1.8	32,689	30,639
Total Financial asset at FVTPL		**12,817,775**	**1,924,952**
Financial asset at fair value through other comprehensive income(OCI) or at amortised cost:			
Investment in Bakwena Platinum Corridors Concessionaire	7.1.7	18,828	20,444
Nuco chrome		2,173	2,173
Total non-current financial assets		**12,838,776**	**1,947,569**

Refer below for details of the investments classified as financial assets at fair value through profit and loss and Other Comprehensive Income.

7.1.1 NEPI Rockcastle Plc("NEPIRoc")

Background
NEPI and Rockcastle Global Real Estate Company Limited ("Rockcastle") – a real estate investment company merged in an entity newly-incorporated in the Isle of Man, NEPI Rockcastle Plc ("NEPIRoc") listed on the Main Board of the JSE and Euronext Amsterdam.

7.1.1 NEPI Rockcastle Plc("NEPIRoc") (continued)

During the current financial year, NEPIRoc announced a capitalisation issue of shares to shareholders, pro rata to their shareholding at a ratio of 4.2920 ordinary shares for every 100 ordinary shares held. Lisinfo 222 Investments (Pty) Ltd received 221,576 additional NEPIRoc shares as a result of the capitalisation issue.

The company disposed of 222,576 of its shares in NEPIRoc.

Proportion of ownership
The percentage shareholding in NEPI Roc is 0.85% percent (2019:1.61% percent).

	2020 R'000	2019 R'000
Non-current		
Opening balance	639,277	580,011
Fair value adjustment	(156,674)	59,266
Closing balance	**482,603**	**639,277**

The fair value of the NEPIRoc shares are determined by reference to the closing price of R93.5 (2019: R123.83) per share at 31 December 2020 at level 1 on the fair value hierarchy.

7.1.2 FirstRand ("FSR")

Background
FirstRand is a portfolio of integrated financial services businesses and offers a universal set of transactional, lending, investment and insurance products services. The shares were trading at R51.04 as at 31 December 2020.

231,499,917 FSR shares were received as a result of the RMH unbundling. Subsequent to the unbundling, the company sold 21.4 million FSR shares. With 210,099,917 shares remaining.

The Group, through its SPV Salestalk 268 Proprietary Limited, disposed of 21.4 million shares in First-Rand for a total consideration of R898 million. 8.9 million of these shares were disposed as part of recreating the dividend which RMH had not paid out as a result of implementing the unbundling whilst the remaining 12.5 million shares were disposed of in line with the board's strategy to decrease the concentration risk on the financial assets and diversify the portfolio.

185,625,795 FSR shares are pledged as security for the Salestalk HoldCo Proprietary Limited preference shares and the Royal Bafokeng Holdings Proprietary Limited revolving credit facility.

Proportion of ownership
The shareholding in FirstRand was 3.75% at year-end.

7.1.2 FirstRand ("FSR") (continued)

	2020 R'000	2019 R'000
Non-current		
Opening balance	-	-
Fair value adjustment	2,365,283	-
Disposals	(806,865)	-
Additions	9,165,082	-
Closing balance	**10,723,500**	**-**

The closing price for FirstRand was R51.04 at 31 December 2020.

7.1.3 Big Yellow Group ("BYG")

Background
During the 2016 financial year, Royal Bafokeng Impala Investment Holding Company (Pty) Ltd (a subsidiary of RBH) made an investment in BYG, a London Stock Exchange listed entity. BYG PLC is the UK's brand leader in self storage.

Proportion of ownership
The percentage shareholding in BYG is 1.87% percent (2019: 1.87% percent).

	2020 R'000	2019 R'000
Non-current		
Opening balance	639,285	463,890
Fair value adjustment	(43,146)	175,141
Foreign currency translation differences	53,728	254
Closing balance	**649,867**	**639,285**

The fair value is determined by reference to the closing price of GBP 10.97 (2019: GBP 12) as at 31 December 2020. The foreign currency translation loss is exchange rate translation differences on the fair value in a foreign currency (GBP) of BYG which is reported as part of the fair value gain or loss in the income statement.

7.1.4 Enel Option

Background
RBH entered into two agreements with ENEL Green Power RSA Proprietary Limited (Enel), the details of which are below:

Adams Solar
The Group entered into an agreement with ENEL Green Power RSA Proprietary Limited (Enel) and Adams Community Trust Investments (CIT) to acquire a stake in Adams Solar Project PV Two (RF) Proprietary Limited (Project Company). RBH through its subsidiary Lisinfo 245 Investments (Pty) Ltd

7.1.4 Enel Option (continued)

holds 30% of the project company.

The Group's total commitment to the project company is R373,276 345, which will be funded primarily through loans from the BEE funders ABSA and Nedbank (2019: ABSA , Nedbank, MMI and Prescient). The loans from the BEE funder have been guaranteed by Enel. RBH committed R50 million of its own cash resources towards the project. The funds from the project company will first be utilized to settle the loans from the BEE funders.

Electra
The Group entered into an agreement with ENEL Green Power RSA Proprietary Limited (Enel) and Electra Community Investments (ECI) to acquire a 30% stake in Electra Capital (RF) Proprietary Limited (Project company). The project company was awarded the right to the development, construction and operations of a renewable energy facility. RBH through its subsidiary Lisinfo 219 Trading (Pty) Ltd holds 30% of the project company.

The Group's total commitment to the project company is R371,861,326, which will be funded entirely through loans from the BEE funders (Nedbank and ABSA). The loans from the BBE funder have been guaranteed by Enel. RBH will not contribute any of its cash resources towards the project.

Adams Solar and Electra option
The only risk the Group has in the project is the R50 million commitment RBH has made to the Adams Solar project as the funding has been fully guaranteed by Enel. This is insignificant when looking at the scope and expected returns of the project. In the event that the returns received are not as projected, the BEE funders will call on the guarantees. The RBH Group will lose the R50 million investment in the project, but no other company affiliated to Group can be called on to make good any losses. RBH did not contribute any cash resources towards the Electra project. The Electra funding has also been fully guaranteed by Enel.

<u>Valuation</u>
The fair value of the options is Level 3 on the fair value hierarchy. The valuation was performed by an independent expert using the Monte Carlo technique. Within the valuation the critical inputs are the spot value, shareholder loan and BEE funder loan facility balance. The valuation as at 31 December 2020 of R194 million (2019: R204 million) and R144 million (2019: R128 million) for Adams Solar and Electra respectively was determined using the following inputs:

	2020		2019	
	Adams Solar	**Electra**	**Adams Solar**	**Electra**
Valuation Date	2020/12/31	2020/12/31	2019/12/31	2019/12/31
Expiry Date	2028/12/31	2028/08/31	2028/12/31	2028/08/31
Spot Value	978,189,371	1,035,402,178	1,134,792,256	1,082,941,348
RBH 30% portion of equity value	293,456,811	310,620,653	340,437,677	324,882,404
Volatility	38.46%	38.46%	12.73%	12.73%
Dividend yield	18.95%	19.69%	16.17%	16.18%

7.1.4 Enel Option (continued)

Structure change

Adams Solar

Initially, on 31 December 2016 shareholders' loans with the BEE Co portion equal to R282,758,831 accruing interest at 24% NACA was in place. This loan has been converted to B-ordinary shares. For the purpose of this option valuation, the B-ordinary shares are assumed to be in place for the remaining operational life of the project. The B-ordinary shares will participate in 50.45% of the dividends of Adams until 31 December 2028.

Electra

Initially, on 31 August 2016 shareholders' loans accruing interest at 24% NACA was in place. This loan has been converted to B-ordinary shares. For the purpose of this option valuation, the B-ordinary shares are assumed to be in place for the remaining operational life of the project. The B-ordinary shares will participate in 42.68% of the dividends of Electra until 31 August 2028.

Sensitivity analysis

A 1% increase/decrease in the spot value will increase/decrease the option value by R3.3 million (2019: R3.3 million) and R3.4 million (2019: R2.3 million) for Adams Solar and Electra respectively.

A 5% increase/decrease in the volatility will increase/decrease the option value by R2.5 million (2019: R0.9 million) and R5.3 million (2019: R1.8 million) for Adams Solar and Electra respectively.

	2020 R'000	2019 R'000
Non-current		
Opening balance	332,214	178,382
Fair value adjustment	5,120	153,832
Closing balance	**337,334**	**332,214**
The fair value split of the options is as follows:	**337,334**	**332,214**
Adam Solar	193,575	204,036
Electra	143,759	128,178

7.1.5 Investment in Stanlib Infrastructure Private Equity Fund (Pty) Ltd ("Stanlib")

Background

The fund was established in May 2013 with a mandate to make long-term equity related investments in greenfield and brownfield infrastructure projects located in sub-Saharan Africa, principally South Africa. Durring the current year amendments were made to the Stanlib partnership including, amongst others, that the carried interest provision will be reinvested in the fund NAV diluting other Limited Partners. The reinvestment of the carried interest provision resulted in an effective interest of 13.50% for the group from 16.82%. The investment is classified as a financial asset at fair value.

Proportion of ownership

The percentage shareholding in Stanlib is 13.50% (2019: 16.82%).

7.1.5 Investment in Stanlib Private Equity Infrastructure Fund (Pty) Ltd ("Stanlib") (continued)

	2020 R'000	2019 R'000
Non-current		
Opening balance	283,538	324,810
Investment	-	3,924
Fair value adjustment	9,564	(45,196)
Closing balance	**293,102**	**283,538**

7.1.6 Transaction Capital Limited ("TCP")

Background
Transaction Capital is an active investor and operator of credit-orientated alternative assets managed by experienced entrepreneurial management teams employing a rigorous value-led investment approach to generate risk-adjusted interest returns & capital appreciation whilst delivering social value.

During the current financial year, the group made an investment in TCP, a JSE listed entity, by purchasing 12,000,000 shares in TCP at a price of R21 per share. Subsequently , the TCP shareholders approved the specific share issue, which resulted the company executing the subscription agreement by acquiring 12,400,000 shares for R248,000,000 on 15 January 2021.

Proportion of ownership
The percentage shareholding in TCP is 1.8% as at 31 December 2020.

	2020 R'000	2019 R'000
Non-current		
Opening balance	-	-
Acquisition of TCP	262,440	-
Fair value adjustment	36,240	-
Closing balance	**298,680**	-

The fair value is determined by reference to the closing price of R24.89 per share at 31 December 2020.

7.1.7 Bakwena Platinum Corridors Concessionaire

Background
Bakwena Platinum Corridors Concessionaire operates the N1N4 tolled road between Pretoria and Bela Bela N1 and Pretoria and Botswana border N4.

7.1.7 Bakwena Platinum Corridors Concessionaire

Proportion of ownership
The percentage shareholding in Bakwena is 0.78% (2019: 0.78%).

	2020 R'000	2019 R'000
Non-current		
Opening balance	20,444	54,600
Fair value adjustment	(1,616)	(34,156)
Closing balance	18,828	20,444

7.1.8 Other financial assets

Other financial assets includes the investment Ethos with a value of R7.94 million (2019: R10.61 million), invetsment in InfraSaliance with a value of R14.68 million (2019: R13.99 million), investment in Yebo Yethu R7.21 million (2019: R3.6 million) and investment in MTN Zakhele Futhi R2.85 million (2019: R2.43 million)

IIH invested in the Ethos mid-market fund. In 2016, Ethos launched an inaugural midmarket private equity fund. The Fund seeks to make investments of between R100 million and R350 million, predominantly in midmarket leveraged buyout transactions. Importantly, the Fund will be BEE-majority owned and will be able to participate in deals as the BEE Partner.

Also included in other financial assets is an investment in InfraSaliance with a value of R14.68 million (2019: R13.99 million). During the 2019 financial year the group acquired a 1.82% shareholding in a UK based company, InfraSaliance Limited. The company manufactures chemicals that remove environmentally harmful emissions from manufacturing facilities and converts them into usable chemicals.

The other financial assets includes the investment in Algold Resources and Thabametsi capitalised transaction costs.

	2020 R'000	2019 R'000
Non-current		
Opening balance	7	308
Fair value adjustment	-	(301)
Closing balance	7	7

8. Investments in associates at fair value through profit or loss

Associates are all entities over which the company has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and others, except those whose SPV's are classified as venture capital organisations are carried at fair value through profit or loss.

8. Investments in associates at fair value through profit or loss (continued)

The SPV's that hold these investments qualify for the venture capital exemption and therefore the investments are carried at fair value through profit and loss with changes in the fair value recognised in the statement of comprehensive income in the period of change.

	2020 % holdings	2019 % holdings	2020 R'000	2019 R'000
The principal associates which are all listed are:				
Eldo Group Holdings (Pty) Ltd ("Eldo")	14.36%	0.00%	14,537	-
Rand Merchant Bank Holdings Limited	12.50%	12.50%	247,048	14,194,676
Rand Merchant Investment Holdings Limited	15.00%	15.00%	7,142,447	6,872,794
Attacq Limited	5.53%	5.53%	205,954	511,778
Liquid Telecoms Jersey Holdings Limited	8.47%	7.90%	2,143,948	1,819,457
Blue Falcon 140 Trading (Pty) Ltd	25.10%	25.10%	260,065	234,694
Hallcore Water (Pty) Ltd	30.00%	0.00%	51,750	-
Windfall 59 Properties (RF) (Pty) Ltd	25.10%	25.10%	304,418	323,128
YeboYethu (RF) Limited	28.60%	28.60%	529,186	263,006
Investments in associates at FVTPL			**10,899,354**	**24,219,533**

8.1 Eldo Group Holdings (Pty) Ltd ("Eldo")

Background
ELDO is a Group of Energy Management Companies that specialize in Smart Metering Software, Energy Efficient and Generation Technologies, as well as Energy Management Services. They offer energy management solutions across Residential, Commercial, Retail and Industrial applications, packaged to achieve optimal energy and money savings with optional funding model.

Proportion of ownership

Tholo Investment Holding Company (Pty) Ltd acquired a 10% equity stake in Eldo Group Holdings (Pty) Ltd ("Eldo") for R10 million. Tholo further participated in a rights rights issue in Eldo for R2.856 million bringing its effective interest in Eldo to 14.36% as at 31 December 2020.

	2020 R'000	2019 R'000
Non-current		
Opening balance	-	-
Additions	12,856	-
Fair value adjustment	1,681	-
Closing balance	**14,537**	**-**

8.2 Rand Merchant Bank Holdings Limited ("RMH")

Background
RMH is an investment company, holding a 34% interest in First Rand Group, and a 100% interest in RMH Property (Pty) Ltd. RMH is incorporated in South Africa and its principal place of business is in South Africa. The year end of RMH is 30 June.

8.2 Rand Merchant Bank Holdings Limited ("RMH") (continued)

The investment in RMH was trading at R1.40 as at 31 December 2020 post the unbundling (2019: R80.44 pre unbundling).

In June 2020 RMH shareholders voted for the unbundling of RMH's entire stake in FirstRand Limited ("FSR"). RMH remains listed on the JSE board post unbundling, leaving the company with its property portfolio as its sole remaining asset but no links to the financial services industry.

The FSR shares have been distributed to shareholders in the ratio of 1.31189 FSR shares for every RMH share held as at 23 June 2020. The FSR Distribution Shares are to be posted by registered post at the risk of the Certificated Shareholders on the 29 June 2020.

As at 23 June 2020, 176 462 902 shares were held by the company in RMH at a closing price of R51.04 per share. As at 24 June 2020, being the ex-entitlement date, the RMH unbundling transaction resulted in 176 462 902 RMH shares at a share price of R1.70 per share being held and 231,499,917 FSR shares at a share price of R39.59 per share, which would be received on the 29 June 2020. The base cost of the RMH shares will be apportioned at a ratio of 96.83% as announced by RMH on 25 June 2020.

The total dividends received from RMH was Rnil

<u>Proportion of ownership</u>

The total number of ordinary shares held in RMH is 176 462 902 (2019: 176 462 902) which is below the 20% threshold for an investment to be treated as an associate. However, significant influence is exercised through Board representation.

	2020 R'000	2019 R'000
Non-current		
Opening balance	14,194,676	13,866,455
Fair value adjustment	(4,782,546)	328,221
Disposal	(9,165,082)	-
Closing balance	**247,048**	**14,194,676**

8.3 Rand Merchant Investment Holdings Limited ("RMI")

<u>Background</u>

RMI is a listed investment holding company. RMI is a specialist financial services investment holding company. RMI's investments include Discovery, Hastings, MMI, Outsurance, RMI Investment Managers and Alpha Code. RMI is incorporated in South Africa and its principal place of business is in South Africa. The year end of RMI is 30 June.

<u>Proportion of ownership</u>

The total number of ordinary shares held in RMI is 222,853,251 (2019: 222,853,251) which is below the 20% threshold for an investment to be treated as an associate. However, significant influence is exercised through Board representation.

8.3 Rand Merchant Investment Holdings Limited ("RMI") (continued)

Proportion of ownership

The percentage shareholding in RMI is 15% (2019: 15%)

	2020 R'000	2019 R'000
Non-current		
Opening balance	6,872,794	8,120,772
Fair value adjustment	269,653	(1,247,978)
Closing balance	**7,142,447**	**6,872,794**

The fair value is determined by reference to the closing of R32.05 (2019: R30.84) at 31 December 2020. 154 864 208 RMI shares are pledged as security for the Salestalk Holdco (Pty) Ltd preference shares and the Royal Bafokeng Holdings (Pty) Ltd Revolving Credit Facility.

The total dividends received from RMI is R100 283 963 (2019: R245 138 576)

8.4 Attacq Limited ("Attacq")

Background
Attacq is a property investment company that is focused on long term sustainable capital growth. Attacq is listed on the JSE. The total number of ordinary shares held in Attacq is 41,439,525 (2019: 41,439,525) which is below the 20 % threshold for an investment to be treated as an associate. However, significant influence is exercised through Board representation. Attacq is incorporated in South Africa and its principal place of business is in South Africa. The year end of Attacq is 30 June.

Proportion of ownership

The percentage shareholding in Attacq is 5.31% (2019: 5.31%)

	R'000	R'000
Non-current		
Opening balance	511,778	611,233
Fair value adjustment	(305,824)	(99,455)
Closing balance	**205,954**	**511,778**

The fair value is determined by reference to the closing price of R4.97 per share as at 31 December 2020 (2019: R12.35).

8.5 Liquid Telecoms Jersey Holdings Limited ("LTJ") (continued)

LTJ provides data, voice, cloud and IP services in eastern, central and southern Africa. The company supplies fibre-optic, satellite and international carrier services to mobile network operators, ISPs and businesses of various sizes. Its products and services include carrier services, such as connectivity services, to subsea cable systems as well as data centre services through its investee company Africa Data Centers.

The investment is classified as an associate. Significant influence is exercised through board representation. The investment is measured at fair value.

It is the company policy for derivatives embedded in other financial instruments not to be separated if the hybrid contract contains a host that is a financial asset within the scope of IFRS 9, the IFRS 9 classification and measurement is applied to the entire instrument.

As the investment in LTJ is within the scope of IFRS 9 the call option (floor) is not separated from the host contract (investment in LTH), the entire instrument is classified and measured at fair value through profit or loss. The company determines the equity value to assess whether the equity value is below or above the call option to determine the valuation technique used for the entire instrument. If the equity value is below the floor the entire instrument is measured at the AEP (floor), meaning the call option is in the money and if the equity value is above the AEP (floor) the entire instrument is measured at the equity value, meaning the call option is out of the money. As IFRS 9 does not require the instrument to be separated, the derivative (in the money call option) was not measured separately. However the features of the derivative must be disclosed; refer below for the features of the derivative.

Equity component

The investment in LTJ was valued using a contractually guaranteed price, the floor price RBH is entitled to in the event of a listing or expiration of 24 months from the date of acquisition. This price is referred to as the AEP (Anti-embarrassment price valuation methodology).

• The AEP methodology as at 31 December 2020 implies a valuation of R1.96 billion. This represents an 8.8% increase from the prior year of R1.8 billion.
• The impact is a R124.4 million gain (2019: R125 million gain) as a result of the CPI + 5.5% on the "flipped up" shares (share repurchase and sale agreement) and price increase of R12.4 million (2019: decrease of R7.9 million) from USD/ZAR movement for the year.

8.5 Liquid Telecoms Jersey Holdings Limited ("LTJ") (continued)

Acquisition information

RBH, through its SPV Lisinfo 213 (RF) Proprietary Limited, has invested in Liquid Telecoms Jersey Holdings (LTJ) through two instruments:
1. ordinary shares that have a value protection of the anti-embarrassment price (AEP); and
2. convertible preference shares.

RBH initially invested in Liquid Telecoms Holdings (LTH) through two tranches in 2017:
• the first tranche of R1 billion was invested through Liquid Telecoms Holdings SA (i.e. LTHSA) to acquire 100% of the equity in Neotel in February 2017, resulting in RBH having an effective 30% shareholding; and
• the second tranche was the flip-up of RBH's equity in LTHSA to LTH (i.e. group) as well as a top-up equity contribution of USD22.2 million to acquire further equity, which resulted in RBH's shareholding in LTH of 10.34%.

As part of the second tranche, RBH agreed with LTH and the rest of the shareholders a concept of an AEP.

In the current financial year LTH had an opportunity to further expand its data centre strategy when an opportunity arose to acquire the Standard Bank Samrand Data Centre (Samrand DC). Unfortunately, due to the funding restrictions at LTH it was not possible to raise funding at LTH level and a workaround was sought:
• A solution was an LTH company reorganisation in which the fibre (i.e. traditional) business and the data centre business (i.e. ADC) would be separated into two businesses which would fall under a new holding company, Liquid Telecommunications Jersey Holdings Limited (LTJ). This would assist with raising funding at ADC level to implement the data centre strategy and acquire the Samrand DC.
• As part of the reorganisation RBH and the rest of the shareholders "flipped up" to the new holding company.
• Furthermore, LTJ then raised capital through convertible preference shares to be able to fund the equity for the Samrand DC. RBH participated in the rights issue subscribing for USD10 million

Proportion of ownership

The percentage shareholding in LTJ is 8.47% (2019: 7.91%), which is below the 20% threshold for an investment to be treated as an associate. However, significant influence is exercised through Board representation.

	2020 R'000	2019 R'000
Non-current		
Opening balance	1,819,456	1,702,604
Asset for share exchange	168,100	-
Shares repurchased	-	(63,792)
Fair value adjustments	156,392	180,644
Closing balance	**2,143,948**	**1,819,456**

8.5 Liquid Telecoms Jersey Holdings Limited ("LTJ") (continued)

	Weighted average range of probabilities	
Figures in %	**2020**	**2019**
Price escalation		
CPI	3.90%	4.35%
Margin	5.50%	5.50%

8.6 Blue Falcon 140 Trading (Pty) Ltd ('Blue Falcon")

Background
The company is a renewable energy company with the purpose of producing wind energy (Gouda Wind Facility, a 135.2 MW wind plant) and consequently supplying of electricity to Eskom. The investment is classified as an associate. The investment is measured at fair value.

Proportion of ownership
The number of shares held by the group through its subsidiary Celanex (Pty) Ltd in Blue Falcon are 54 468 which represents 25.1% of the Blue Falcon's equity. Significant influence is exercised through board representation.

	2020 R'000	2019 R'000
Non-current		
Opening balance	234,694	224,997
Fair value adjustment	25,371	9,697
Closing balance	**260,065**	**234,694**

The directors valued the stake in Blue Falcon of 25.10% at R260 million at 31 December 2020 (2019: R234,7 million).

Valuation
The fair value of the investment is Level 3 on the fair value hierarchy. The fair value of Blue Falcon is not based on observable market data. The fair value was determined using the discounted cash flow method. Future cash flows were discounted at an appropriate discount rate. The key unobservable inputs are as follows:

	2020	2019
Valuation Date	2020/12/31	31/12/2019
Discount rate - based on cost of equity	14.00%	14.00%
Discount rate applied for lack of marketability (Liquidity discount)	12.50%	11.00%

8.6 Blue Falcon 140 Trading (Pty) Ltd ('Blue Falcon") (continued)

The cash flow forecast is based on expected dividends extracted from the projects company financial model in terms of the shareholders agreement. The forecast period is 31 December 2018 to 31 December 2035, using a 6 months period cash flows. The cash flow forecast is for the fixed period of the project thus no terminal year is applicable.

8.7 Hallcore Water

Background
Hallcore Water is a company that develops and operates ground water resources in order to provide access to fresh water daily to communities, mines, agricultural businesses as well as commercial and industrial companies. During the year ended 31 December 2020, the company acquired a 30% equity investment in Hallcore Water for R51 750 000. The execution of the transaction was on the 30th of November 2020 and the funds were transferred on the 2nd of December 2020.

Proportion of ownership
The number of shares held by the group through its subsidiary Royal Bafokeng Astrapak (Pty) Ltd in Hallcore Water represents 30% of the equity. Significant influence is exercised through board representation.

	2020 R'000	2019 R'000
Non-current		
Opening balance	-	-
Additions	51,750	-
Closing balance	**51,750**	**-**

Valuation
Management is of the view that the transaction price of R51,750,000 is the fair value for the 30% equity investment in the business which implies a total valuation of 172,500,000 for the entire business. This was an arms length transaction in which management agreed with the counterparty a 9.8x EV/EBITDA multiple to determine the valuation. Industry multiples ranged from 7x - 14x with a median of 9.6x.

As the transaction price is fair value at initial recognition and a valuation technique that uses unobservable inputs will be used to measure fair value in subsequent periods, the valuation technique will be calibrated so that at initial recognition the result of the valuation technique equals the transaction price.

As this represents a recent transaction between market participants with no fundamental change to the business as at 31 December 2020 (month difference), the year end fair value will be unadjusted.

8.8 Windfall 59 Properties (RF) (Pty) Ltd ("Windfall")

Background
The company is a renewable energy company with the purpose of producing solar energy (Sishen Solar PV Facility, a 74 MW solar PV plant) and consequently supplying electricity to Eskom. The investment is classified as an associate. The investment is measured at fair value.

Proportion of ownership
The number of shares held by the Group through its subsidiary Celanex (Pty) Ltd in Windfall are 251 which represents 25.1% of the Windfall's equity. Significant influence is exercised through board representation.

	2020 R'000	2019 R'000
Non-current		
Opening balance	323,128	325,446
Additions	(18,710)	(2,318)
Closing balance	**304,418**	**323,128**

The directors valued the stake in Windfall of 25.10% at R304.4 million at 31 December 2020 (2019: R323 million).

Valuation
The fair value of the investment is Level 3 on the fair value hierarchy. The fair value of Windfall is not based on observable market data. The fair value was determined using the discounted cash flow method. Future cash flows were discounted at an appropriate discount rate.

	2020	2019
Valuation Date	2020/12/31	31/12/2019
Discount rate - based on cost of equity	10.56%	13.00%
Discount rate applied for lack of marketability (Liquidity discount)	12.50%	14.00%

The cash flow forecast is based on expected dividends extracted from the projects company financial model in terms of the shareholders agreement. The forecast period is 31 December 2019 to 31 December 2034, using a 6 months period cash flows. The cash flow forecast is for the fixed period of the project thus no terminal year is applicable.

8.9 YeboYethu (RF) Limited

Background
The company was incorporated for the specific purpose of acquiring an interest in Vodacom SA. YY is a ring-fenced limited special purpose vehicle whose sole purpose is to buy and hold Vodacom SA ordinary shares and Vodacom SA A shares for the benefit of shareholders. YY is listed on the B-BBEE segment of the JSE.

The investment is classified as an associate. Significant influence is exercised through board representation. The investment is measured at fair value using the closing price. The YY shares as at 31 December 2020 were trading at R35,01 (2019: R17,40).

Proportion of ownership
The number of shares held by the group through its subsidiary Lisinfo 209 Investments (Pty) Ltd is 28,6% of YeboYethu (RF) Limited 's equity. Significant influence is exercised through board representation.

	2020 R'000	2019 R'000
Non-current		
Opening balance	263,007	486,713
Additions	266,179	(223,706)
Closing balance	**529,186**	**263,007**

9. Equity accounted investments

9.1 Associates

Associates are all entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and others which are classified as venture capital organisations are carried at fair value through profit and loss. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss and movements in other comprehensive income of the investee after the date of acquisition. The investor's share of the profit or loss and movements in other comprehensive income are presented in the statement of profit or loss or statement of other comprehensive based on the investee's annual financial statements. The group's investment in associates includes goodwill identified on acquisition.

Changes in the fair value of associates carried at fair value through profit and loss are recognised in the income statement in the period of change.

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

9.1 Associates (continued)

The group's share of post-acquisition profit or loss is recognised in the income statement, its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income, and its equity movements, recognised directly in equity as "other reserves" with a correspondi adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investme in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the income statement.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. 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.

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

9.2 Equity accounted investments

The group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor, rather than the legal structure of the joint arrangement. RBH has in the prior year assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

9.2 Equity accounted investments (continued)

The principal equity accounted investments that are listed and unlisted are:

	2020 % holdings	2019 holding	2020 R'000	2019 R'000
DHL International (Pty) Ltd	0.00%	25.00%	-	37,708
Royal Bafokeng Platinum Ltd ("RB Plats")	40.20%	40.20%	4,965,029	3,554,488
Dipalopalo Consortium (Pty) Ltd[2]	27.73%	27.73%	1,754	2,260
JCD Sub Saharan Africa (Pty) Ltd	30.00%	30.00%	48,943	103,616
Royal Investment Managers (Pty) Ltd	50.00%	45.00%	86,367	137,382
Mogs (Pty) Ltd	51.00%	51.00%	448,415	548,730
Total equity accounted investments			**5,550,509**	**4,384,184**

There are no contingent liabilities relating to the group's interest in the associates. All the associates and joint ventures are unlisted.

1 - The associates and joint ventures are incorporated in South Africa and their principal place of business is in South Africa except for Leopard Guernsey BK JV LP, which is incorporated in Guernsey and its principal place of business is in Guernsey.

2 - All equity accounted investments have a 31 December year end, with the exception of Dipalopalo Consortium, which has a 31 March year end, Royal Investment Managers and Bafokeng Concor Technicrete, which have 30 June year ends.

** In the current year, the SPVs; RB BCT and RB Met Engineering were liquidated.*

DHL (Pty) Ltd

DHL is involved in the business of transporting parcels and documents both locally and internationally. It serves both corporates and individuals, and has an extensive international network. The investment in DHL was disposed of during the current year.

Dipalopalo Consortium (Pty)Ltd

Dipalopalo was formed to enter into a public-private partnership (PPP) with the Department of Statistic South Africa for the establishment of head office accomodation. The investment is classified as an associate.

Royal Bafokeng Platinum Limited ("RB Plats")

RBPlats is a mid-tier platinum group metals(PGM) producer listed on the JSE which operates Bafokeng Rasimone Platinum Mine (BRPM) and is constructing the Styldrift project.

JCD Sub Saharan Africa (Pty) Ltd ("JCD SSA")

JCD SSA is one of the leading outdoor advertising companies in Africa, operating in 16 countries across the African continent. RBH, through its subsidiary Jenzotype (Pty) Ltd acquired a 30% interest in JCD SSA in 2015.

9.2 Equity accounted investments (continued)

Royal Investment Managers (Pty) Ltd

Royal Investment Managers (RIM) is an investment holding company that acquires stakes in either existing or new asset management firms with a strong and unrelenting focus on diversit The investment is classified as joint venture.

Royal Bafokeng Impala Investment Holding Company (Pty) Ltd (IIH) owns 50% of RIM, a joint venture between Rand Merchant Invetment Holdings Ltd (RMI) and IIH. IIH and RMI are precluded by shareholder agreements from exercising any control over RIM. As a result RIM is accounted for as a joint venture.

Mogs (Pty) Ltd ("MOGS")

MOGS is a pan - African leader in the oil and gas infrastructure and mining services sectors.

9.3 Movement in equity accounted investments balance

	2020 R'000	2019 R'000
Opening balance	4,384,184	1,044,328
Share of post acquisition profits and losses #	1,236,236	(286,606)
Cost ^	2,750	3,647,163
Post acquisition dividends	(4,250)	(8,078)
Impairment	(30,703)	(94,195)
Disposal of associate	(56,000)	-
Equity movements	-	62,008
Profit/loss on disposal of associate	18,292	-
Other reclassifications	-	19,564
	5,550,509	4,384,184

 # Share of profit or loss is after tax and minority interest of equity accounted investments.
^ Relates to additional equity of R2.75 million acquired in Royal Investment Managers ("RIM") the current financial year.

Summary of share of profit or loss

	2020 R'000	2019 R'000
Praxima Holdings (Pty) Ltd	-	581
DHL (Pty) Ltd	-	8,277
Dipalopalo Consortium (Pty) Ltd	(506)	291
Royal Bafokeng Platinum Limited ("RB Plats")	1,410,541	37,397
JCD Sub Saharan Africa (Pty) Ltd	(23,969)	6,270
Royal Investment Managers (Pty) Ltd	(49,515)	5,817
Mogs (Pty) Ltd	(100,315)	(345,240)
	1,236,237	**(286,607)**
Loan receivable		
Leopard Guernsey BK JV LP*	(221,074)	(140,556)
Total	**1,015,163**	**(427,162)**

9.2 Equity accounted investments (continued)

** The accumulated losses has exceeded the cost of the equity investment, the excesses losses has been allocated to the loan receivable as it forms part of the net investment (Refer to note 10 trade and other receivables).*

	2020 R'000	2019 R'000
Summary of the impairment in associates		
JCD Sub Saharan Africa (Pty) Ltd	(30,703)	-
Royal Investment Managers (Pty) Ltd	-	(72,342)
MOGS (Pty) Ltd^	-	(21,853)
Total impairments	**(30,703)**	**(94,195)**
Summary of equity movements		
MOGS (Pty) Ltd	-	62,008

10. Trade and other receivables

Loans and receivables

Initial recognition
Loans and receivables are non-derivative financial assets with fixed or determinable payment periods that are not quoted in an active market. Loans and receivables comprise trade and other receivables in the statement of financial position excluding prepaid tax, prepaid expenses and VAT refund. Environmental trust deposit and cash and cash equivalents form part of loans and receivables.

Loans and receivables are initially measured at fair value. They are included in current assets except for maturities greater than 12 months after the reporting date, these are classified as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision made for impairment of trade receivables is established when there is objective evidence (e.g. when amounts are overdue for a significant period of time) that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the original effective interest rates. Significant financial difficulties of the debtors, probabilities that the debtors will enter bankruptcy, default or delinquency in payments are considered indicators that the trade receivables are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income as an administrative expense.

Subsequent measurement
Loans and receivables are carried at amortised cost using the effective interest rate method. The gains or losses in the changes in the value of the loan and other receivables are classified in the income statement under finance cost or income.

10. Trade and other receivables (continued)

The amount of the provision is the difference between the assets carrying amount and the recoverable amount, being the present value of expected cash flow, discounted at the original effective interest rates. When a trade receivable is uncollected, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are taken to other income in the income statement.

Prepaid expenses are initially recorded at cost and subsequently amortised through to the income statement when the service is received. Value Added Tax (VAT) refunds are initially recorded at cost and subsequently realised when the cash is received from the South African Revenue Service (SARS).

Critical accounting estimates and assumptions

The group follows the guidance of IFRS 9 to determine when a financial asset is impaired. The determination requires significant judgement. In making the judgement, the group evaluates, among other factors, the history of defaults by the debtors and the financial position of the debtor.

10.1 Current trade receivables

	2020 R'000	2019 R'000
Trade receivables	105,556	11,206
Less: Impairment provision	(4,747)	(2,056)
Trade receivables net	100,809	9,150
Other receivables	6,470	4,591
Related party loans and receivables	645,032	1,001,352
Prepaid expenses	1,640	1,576
Deposits	785	785
VAT refundable	-	327
	754,737	1,017,781
Less: non-current trade receivables (refer below)	(281,193)	(655,807)
Total trade and other receivables	**473,544**	**361,974**

Current related party loans and receivables

	2020 R'000	2019 R'000
Loans		
Loan to Dipalopalo Consortium (Pty) Ltd	54,445	56,960
Loan to JCD Sub Saharan Africa (Pty) Ltd	166,490	166,490
Mogs (Pty) Ltd	-	31,000
Receivables		
Big Yellow Group dividend receivable	7,972	7,433
Lisinfo 245 Investments (Pty) Ltd	46,614	46,413
Other receivables	88,318	37,249
Closing balance	**363,839**	**345,545**
Non-current trade receivables (refer below)	281,193	655,807
Total related party loans and receivables	**645,032**	**1,001,352**

10.1 Current trade receivables(continued)

The carrying amount of trade and other receivables approximate the fair value. The loans bear no interest and have no fixed repayment terms except the Dipalopalo loan which bears interest at 13% per annum which is repayable after service commencement date.

	2020 R'000	2019 R'000
Non-current trade and other receivables		
Related party loans and receivables	281,193	655,807
Non-current related party loans and receivables		
Loan to Leopard Guernsey BK JV LP	232,312	574,275
Loans to Blue Falcon 140 Trading (Pty) Ltd	48,881	81,532
Closing balance	281,193	655,807

The Blue Falcon 140 Trading and Leopard Guernsey BK JV loans accrue interest at prime interest rate less 0.5% and have no fixed repayment terms.

Employee housing loan receivable		
Opening balance	-	611,434
Fair value adjustment and interest income	-	(14,576)
Closing balance	-	(596,858)
	-	-

11. Finance lease receivable

Finance leases

They are presented as lease receivables on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- 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 receivable by the group from the lessee, a party related to the lessee or a third party unrelated to the group under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);

11. Finance lease receivable(continued)

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in finance income in profit or loss (note 26).

The group applies the impairment provisions of IFRS 9 to lease receivables.

Maturity analysis of lease payments receivable		
- within one year	427	2,356
- in second to fifth year inclusive	49	1,661
Gross investment in the leases	**476**	**4,017**
Less: unearned interest income	(24)	(323)
Net investment in the lease	**452**	**3,694**
Non-current assets	49	2,078
Current assets	403	1,616
	452	3,694

The group entered into finance leasing arrangements for a portion of the RBH office building. The average lease terms are three years and the average effective lending rate was 9% (2019: 9%).

	2020 R'000	2019 R'000
Reconciliation of significant changes in net investment in leases*		
Opening balance	3,694	-
IFRS 16 initial application	-	4,368
Interest income	65	356
Derecognition and impairment	(2,510)	-
Receipts during the year	(1,057)	(1,030)
Closing balance	**192**	**3,694**

Other information

Interest income recognised on net investment in the leases	65	356

** Values per signed RBH 2020 Annual financial statements.*

Exposure to credit risk

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

In order to mitigate the risk of financial loss from defaults the group only deals with reputable counter-parties with consistent payment histories. Credit risk is mitigated by holding the leased assets as

11. Finance lease receivable (continued)

collateral. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Finance lease receivables are subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for finance lease receivables is calculated based on twelve-month expected losses if the credit risk has not increased significantly since initial recognition. In cases where the credit risk has increased significantly since initial recognition the loss allowance is calculated based on lifetime expected credit losses. The loss allowance is updated to either twelve-month or lifetime expected credit losses at each reporting date based on changes in the credit risk since initial recognition. If a lease 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.

In determining the amount of expected credit losses, the group has taken into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the industries in which the counterparties operate or are employed. This information has been obtained from the counterparties themselves, as well as from economic reports, financial analyst reports and various external sources of actual and forecast data and is applied to estimate a probability of default. occurring as well as estimating the loss upon default.

The maximum exposure to credit risk is the carrying amount of the leases as presented above.

Exposure to interest rate risk

Refer to note 35 Financial instruments and financial risk management for details of interest rate risk management for finance lease receivables.

12. Deferred income tax

Deferred taxation

Deferred tax assets and liabilities are provided in full, using the liability method, temporary differences arising between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted before the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised.

12. Deferred income tax - (continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

	2020 R'000	2019 R'000
Opening balance	**(3,689,126)**	**(7,012,258)**
Reduction of base cost due to disposal of investments	(91,427)	-
Disposal of subsidiary	-	3,123,587
Reclassification	-	(69,775)
Statement of profit or loss charge	731,081	193,744
Increase in capital tax loss available for set off against future capital gain	-	3,031
Statement of other comprehensive charge	5,336	72,545
Closing balance	**(3,044,136)**	**(3,689,126)**

Deferred income tax liabilities		Fair value and impairment R'000	Other deferred tax liabilities R'000	Total R'000
2020				
Opening balance		**3,762,409**	**380**	**3,762,789**
Charge to income statement		(656,638)	(377)	(657,018)
Derecognition		82,620	-	82,620
Closing balance		**3,188,391**	**3**	**3,188,394**
2019				
Opening balance	**5,530,877**	**1,581,340**	**15,372**	**7,127,589**
Charge to income statement	(169,048)	-	382	(168,666)
Charge directly to equity	(1,599,420)	(1,581,340)	(15,373)	(3,196,133)
Closing balance	**3,762,409**	-	**381**	**3,762,790**

Deferred income tax assets	Provisions R'000	Fair value and Impairment R'000	Tax loss R'000	Other deferred tax asset R'000	Total R'000
2020					
Opening balance	(224)	40,227	33,662	1,249	74,914
Charge to income statement	-	73,864	-	-	73,864
Derecognition	-	(3,271)	-	(1,249)	(4,520)
Closing balance	(224)	110,821	33,662	-	144,258

12. Deferred income tax - (continued)

	Provisions R'000	Fair value and Impairment R'000	Tax loss R'000	Other deferred tax asset R'000	Total R'000
2019					
Opening balance	**69,554**	**12,100**	**33,677**	**282**	**115,613**
Charge to income statement	-	25,096	(18)	-	25,078
Other Movement	(69,778)	-	-	967	- 68,811
Capital losses available for set of against future capital gains	-	3,031	-	-	3,031
Reclassification	-	-	3	-	3
Closing balance	**(224)**	**40,227**	**33,662**	**1,249**	**74,914**

The unrecognised deferred tax assets amount to:	2020 R million	2019 R million
Royal Bafokeng Tholo Investment Holdings (Pty) Ltd	488	488
Royal Bafokeng Impala Investment Holding Company (Pty) Ltd	1,158	1,148
Royal Bafokeng Resource Holdings (Pty) Ltd	65	75
Royal Bafokeng Platinum Holdings (Pty)Ltd	42	42
Royal Bafokeng Holdings (Pty) Ltd	12	15
RBH Services Holdings	18	18
Jenzotype (Pty) Ltd	63	35
Royal Bafokeng Management Services	32	32

13. Current income tax assets and liability

Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to set off current assets against current tax liabilities and intends either to settle on a net basis, to realise the asset and settle the liability simultaneously.

	2020 R'000	2019 R'000
Amounts unpaid at the beginning of year	43,491	16,211
Current year charge- per income statement	(208,135)	(26,079)
Tax paid per the cash flow statement	110,920	54,828
Accrued interest	1,088	(1,469)
(Liability) and asset	**(52,636)**	**43,491**
Current income tax liability	(64,894)	(3,353)
Prepaid tax	12,258	46,844
Net tax per balance sheet	**(52,636)**	**43,491**

14. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, bank overdraft and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings and under current liabilities on the statement of financial position.

	2020 R'000	2019 R'000
Cash and cash equivalents comprise of:		
Petty cash	28	100
Cash and cash equivalents	1,610,671	1,678,593
	1,610,699	**1,678,693**
Bank overdraft	(2)	(15,930)
	1,610,697	**1,662,763**

The cash and cash equivalents in the current year are denominated in South African Rand, except for the USD and GBP foreign denominated accounts.

The carrying value of the amount of cash and cash equivalents approximates fair value due to short-term maturity of these financial assets.

	Maximum R'000	Utilised R'000	Unutilised R'000
Banking facilities of the Group			
2020			
Revolving credit facility lenders			
Rand Merchant Bank			
Revolving credit facility	**2,000,000**	**-**	**2,000,000**
Banking facilities of the Group			
2019			
Revolving credit facility lenders			
Rand Merchant Bank			
Revolving credit facility	**2,000,000**	**-**	**2,000,000**

The R 2 billion RCF was raised by RBH with the lenders being Standard Bank, Rand Merchant Bank, ABSA and Nedbank. The RCF incurs interest at JIBAR plus a margin of 1.85% (2019: 1.85%) and has a maturity of 14 December 2021.

15. Cash Investment and stanlib money market account

The cash investment includes cash held in fixed investment of R 1.220 billion (2019: R 1.212 billion) and investment in stanlib at fair value through profit and loss of R 191 million (2019: R 131 million).

	2020 R'000	2019 R'000
Investments		
Stanlib money market	191,487	130,883
Short-term bank deposits	1,229,148	1,220,528
	1,420,635	1,351,411

16. Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories comprises all cost of purchasec, cost of conversion and other costs incurred in bringing the inventories to their present location and condition and is assigned by using the weighted average cost formula. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

	2020 R'000	2019 R'000
Consumable goods	2,396	2,322

All inventories are carried at cost. There has been no inventory written down to net realisable value.

17. Employee benefits

The Group operates various post-employment schemes, including defined contribution pension plans and post-employment medical plans.

17.1 Short-term benefit

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

17.2 Short-term benefit (continued)

	2020 R'000	2019 R'000
Current		
Leave pay and bonus provision	18,851	34,075

17.3 Share based payments

17.3.1 Long Term Incentive Scheme

Cash-settled share based compensation plans

The services acquired and the liability incurred are measured at fair value for cash settled share based payments. Until the liability is settled, it is measured at fair value at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

A Long Term Incentive Scheme (LTI) liability of R25.7 million (2019: R34.2 million) is a notional plan in that participants will not be entitled to acquire actual or representative shares, but will enable a participant to receive a future cash amount subject to the conditions of the plan and calculated, in the case of Share Appreciation Rights(SARs), with reference to the appreciation in value of a specified number of Representative Shares over a fixed period and in the case of conditional awards, with reference to the value of a specified number of representative shares on the vesting date.

SARs and conditional shares will be awarded annually in the ratio of:
• 2/3 SARs; and
• 1/3 conditional shares
SARs will be subject to financial and non-financial performance conditions and continued employment, as well as a dividend gatekeeper.

Conditional shares will be subject to continued employment and the dividend gatekeeper.

The participation in the scheme is limited to executives and senior management individuals. The value of the reference shares is the NAV of the RBH portfolio based on the fair value of the assets net of deferred capital gain as at year end divided by 100,000,000 units. The conditional awards vest three years from when they were granted and the SARs vests three years from when they were granted but will have a two year period after the vesting date to exercise vested SARs. A Black Scholes model was used to measure the LTI and the volatility index was determined by assessing the volatility of the listed assets. The value of the scheme was calculated using the following inputs:

17.3.1 Long Term Incentive Scheme (continued)

	2020 R'000	2019 R'000
Non-current		
Long-term incentive scheme	25,700	34,206
Share Appreciation Rights		
Inputs		
Weighted average option value on grant date(rand)	91.42	68.64
Weighted average share price on grant date(rand)	260.74	228.80
Volatility(%)	21 to 51	21 to 51
Dividend yield	0%	0%
Risk-free interest rate(%)	6.84	7.72
Vesting years	2023	2022
Value		
Weighted average option value on grant date(rand)	68.64	68.64
Conditional Awards		
Weighted average share price on grant date(rand)	260.74	228.80
Vesting years	2023	2022

Activity on Awards outstanding

	Conditional Awards		SARs	
	Number of shares	Weighted average share price	Number of shares	Weighted average option price
For the year ended 31 December 2020				
At January 2020	67,270	260.74	513,395	91.42
Granted	25,859	260.74	172,388	91.42
Forfeited	(9,390)	-	(64,733)	-
Exercised	(17,720)	-	(83,000)	-
Expired	-	-	(89,902)	-
At 31 December 2020	**66,019**	**260.74**	**448,148**	**91.42**
For the year ended 31 December 2019				
At January 2019	67,939	234.95	603,905	65.79
Granted	32,786	228.00	221,020	68.64
Forfeited	(7,286)	-	(53,639)	-
Exercised	(26,169)	-	(28,355)	-
Expired	-	-	(229,536)	-
At 31 December 2019	**67,270**	**228.00**	**513,395**	**68.64**

18. Borrowings

Financial liabilities which are held for trading are classified as financial liabilities mandatorily at fair value through profit or loss.

The company, does, from time to time, designate certain financial liabilities as at fair value through profit or loss. The reason for the designation is to reduce or significantly eliminate an accounting

18. Borrowings (continued)

mismatch which would occur if the instruments were not classified as such; or if the instrument forms part of a group of financial instruments which are managed and evaluated on a fair value basis in accordance with a documented management strategy; or in cases where it forms part of a contract containing an embedded derivative and IFRS 9 permits the entire contract to be measured at fair value through profit or loss.

Loans from shareholder and financial liabilities are classified as financial liabilities and loans from related parties subsequently measured at amortised cost.

Financial liabilities and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

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

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 25).

Financial liabilities and loans from related parties expose the company to liquidity risk and interest rate risk. Refer to note 32 for details of risk exposure and management thereof.

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

	Note	2020 R'000	2019 R'000
Non-current			
Redeemable preference shares	18.1	4,077,568	4,389,614
Current			
Loan from Impala*		30,000	30,000
Redeemable preference shares		769,587	375,697
Related party loan*		14,115	17,124
		813,703	422,821
Total Borrowings		4,891,271	4,812,435
Effective interest rate		-2%	13%

** Included in this line are related party loans. The loans are non-interest bearing and are repayable on demand.*

18. Borrowings (continued)

	2020 R'000	2019 R'000
Maturity analysis		
Due within 1 year	813,703	423,321
Due within 1 to 2 year	4,077,568	316,801
Due within 2 to 5 years	-	4,072,812
	4,891,271	**4,812,934**

The carrying amount and the fair value of the non-current borrowings are as follows:

	Carrying value 2020 R'000	Carrying value 2019 R'000	Fair value 2020 R'000	Fair value 2019 R'000
Non-current				
Redeemable preference shares	**4,077,568**	**4,389,614**	**4,077,568**	**4,389,614**

18.1 Redeemable preference shares

	Preference shares R'000	IDC preference shares R'000	Total R'000
2020			
Non-current			
Balance at 1 January 2020	4,088,910	316,801	4,405,711
Preference shares redeemed in RBH	-	(316,801)	(316,801)
Transaction costs	(11,342)	-	(11,342)
	4,077,568	**-**	**4,077,568**
2020			
Current			
Balance at 1 January 2020	42,261	333,437	375,698
Accrued preference dividend / dividend accrual	231,409	76,334	307,743
Preference shares redeemed/accrued dividend paid	(230,655)	-	(230,655)
	43,015	**409,771**	**452,786**

	213 Preference shares R'000	Preference shares R'000	IDC preference shares R'000	Total R'000
2019				
Non-current				
Balance at 1 January 2019	150,010	6,088,930	316,801	6,555,741
Preference shares redeemed in RBH	(150,010)	(2,000,020)	-	(2,150,030)
Transaction costs	-	(16,098)	-	(16,098)
	-	**4,072,812**	**316,801**	**4,389,614**

18.1 Redeemable preference shares (continued)

	213 Preference shares R'000	Preference shares R'000	IDC preference shares R'000	Total R'000
2019				
Current				
Balance at 1 January 2019	5,080	92,776	260,787	358,643
Accrued preference dividend	12,003	392,596	73,754	478,353
Preference shares redeemed/accrued dividend paid	(17,083)	(443,110)	(1,105)	(461,299)
	-	42,262	333,436	375,697

Preference shares
The preference shares are repayable on 13 December 2022 and accrue interest at 71% of prime. The group settled R2 billion worth of the debt through a shares for cash transaction with Salestalk HoldCo during the current year. The preference shares are secured by investments in the following fellow subsidiaries through a financial guarantee:

- Salestalk 268 Proprietary Limited
- Royal Bafokeng Platinum Holdings Proprietary Limited
- Royal Bafokeng Impala Investment Holding Company Proprietary Limited
- Lisinfo 222 Investments Proprietary Limited

IDC preference shares
In 2014 the preference shares were issued to the Industrial Development Corporation (IDC) to fund the exercising of the rights issue in RBPlats. Ten preference shares were issued for a term of seven years and are redeemable in April 2021.

The group can at any time after the issue date redeem all or some of the preference shares by paying the subscription price, the required return amount and the equity value growth in respect of the redemption shares. An early redemption notice should be issued to IDC and the notice is revocable.

The IDC is entitled to receive a return of 8.3% (being the real per annum after-tax internal rate of return) on the preference shares. The IDC is also entitled to 25% of the equity growth of the RBPlats share price above R100. The equity growth receivable by the IDC will not, however, exceed 14% (real after-tax internal rate of return (RATIRR)).

The equity value growth is treated as an embedded derivative. The value of the derivative at year-end is Rnil (2019: Rnil) as RBPlats is trading at a price which is significantly below R100 and the group has the ability to settle the preference shares early to avoid having to share the equity growth on the RBPlats shares with the IDC.

19. Lease liabilities

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 28).

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).

	2020 R'000	2019 R'000
Minimum lease payments due		
-within one year	5,267	5,204
-in second to fifth year inclusive	964	6,230
	6,231	11,434
Less: future finance charges	(317)	(1,078)
Present value of minimum lease payments	**5,914**	**10,356**
Present value of minimum lease payments due		
-within one year	4,954	4,566
-in second to fifth year inclusive	960	5,790
	5,914	**10,356**
Non-current liabilities	960	5,790
Current liabilities	4,954	4,566
Total	**5,914**	**10,356**

The lease term was three years and the average effective borrowing rate was 9% (2019: 9%), being R5 914 (2019: R10 356).

Interest rates are fixed at the contract date. The lease escalates at 7% p.a. and no arrangements have been entered into for contingent rent.

The group's obligations under leases are secured by the lessor's charge over the leased assets.

20. 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 determines 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 judgements and sources of estimation uncertainty" section of these accounting policies.

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 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).

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.

20. Leases (continued)

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 the lease term and useful life of the underlying asset using the straight-line method. 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.

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

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sublease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

The group leases several assets, including the office building, computer equipment (including printers, binders and laptops) and a storage facility. The average lease term is three years (2019: three years).

20. Leases (continued)

Details pertaining to leasing arrangements, where the company is the lessee, are presented below.

	2020 R'000	2019 R'000
Net carrying amounts of right-of-use assets		
The carrying amount of right-of-use assets are as follows:		
Buildings	3,061	5,948
Impact of adoption of IFRS 16		
Building	-	8,572

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.

	2020 R'000	2019 R'000
Building	2,642	2,642
Other Disclosures*		
Notional finance costs on lease liabilities	761	1,140
Expenses on short-term leases and leases of low-value assets included in operating expenses	501	509
Variable lease payments not included in the measurement of lease liabilities included in operating expenses	1,909	1,642
Income from subleasing right-of-use assets	-	124
Non-lease components not included in the measurement of lease liabilities included in operating expenses	1,755	1,154
Total cash outflow from lease liabilities including notional finance costs	4,611	5,414

At 31 December 2020 the group is committed to R501,177 (2019: R508,707) for short-term leases and low-value leases.

Lease liabilities

Lease liabilities have been included in the financial liabilities line item on the statement of financial position. Refer to note 19.

Future cash outflows not reflected in lease liabilities

The company has a total of R3,319,715 (2019: R5,922,895) and R1,904,879 (2019: R3,428,417), including VAT, future cash outflows not reflected in the lease liabilities. These relate to non-lease components and variable lease payments that will be included in expenses when incurred.

21. Trade and other payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Trade payables are initially carried at the fair value of the consideration agreed for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. Subsequently, they are measured at amortised cost using the effective interest rate method.

	2020 R'000	2019 * R'000
Trade payables	52,853	47,335
Other payables *	17,198	10,885
Financial liabilities	**70,051**	**58,220**
Accruals	7,443	9,725
Vat liabilities	1,453	882
Deposits*	9,371	10,575
Deferred income*	20,877	21,901
Non-financial liabilities	**39,144**	**43,083**
Current	109,195	101,303

* The December 2019 deposits of R10.6 million and deferred income of R21.9 million were previously classified as part of other payables and have been subsequently reclassified separately in the note. These reclassification was made retrospectively and in accordance with the IAS 8, accounting policies, changes in accounting estimates and errors.

22. Revenue

Rental income

Rental income is obtained from the rental of various assets to various leases. The rental income is recognised on a straight-line basis over the lease term.

Royalty income

Royalty income is derived from the leasing of the land owned by the RBN to mining entities mining in the RBN lease area. The royalty income is recognised as revenue when the income accrues to RBN based on the contractual terms.

Revenue from sale of products

Accommodation revenue is recognised overtime as the guests use the rooms. Food and beverages are recognised at a point in time when the foods and beverages are sold to the customer. Other revenue is recognised as the performance of service is provided to the customer.

22.1 Revenue recognition and measurement (continued)

Deferred royalty income
Royalty income received in advance is presented as a liability "deferred royalty income" and is amortised to the income statement as royalty income on a straight line basis over the period (32 years) the contract The difference between the deferred royalty income amortised and the fair value of the deferred royalty income on recognition date is recognised as a national interest and debited to finance cost.

Dividend income
Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). RBA receive dividends from the investment in Bakwena Platinum Corridor Concessionaire (Pty) Ltd and investments at RBH from its investee companies.

	2020 R'000	2019 R'000
Sale of goods	23,857	39,141
Mining operations	-	1,550,837
Royalty income	110,513	102,581
Dividends income	284,729	1,104,109
Deferred royalty income	1,737,735	1,559,351
Investment revenue	113,650	106,058
Other revenue	73,229	70,871
	2,343,713	4,532,948

23. Impairment loss

23.1 For non-financial assets

Property, plant and equipment and other non-current assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, that is, the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets, other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date.

23.2 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Assets carried at amortised cost
For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

Critical accounting estimates and assumptions
The Group follows the guidance of IFRS 9 to determine when a financial asset is impaired. The determination requires significant judgement. In making the judgement, the Group evaluates the duration and the extent to which the fair value of a financial asset is less than its cost, and the financial health of the near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology, and operational and financing cash flows.

23.2 Impairment of financial assets (continued)

Impairment loss

	2020 R'000	2019 R'000
Impairment loss - Trade and receivables	-	(10,616)
Impairment loss - Finance lease receivable	(2,510)	-
Impairment loss - PPE	-	(49,208)
	(2,510)	(59,824)
Impairment loss for equity accounted investments	(30,703)	(96,881)
Total impairments	**(33,213)**	**(156,705)**

24. Other income

Other income is recognised on an accrual basis when it is both probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be measured reliably.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where the items are remeasured. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies; are recognised in other income.

The Group recognises dividend income when the Group's right to receive payment is established. This is on the last day to trade for listed shares and on the date of declaration for unlisted shares. The Group includes dividend income under 'other income' in the statement of profit or loss.

	2020 R'000	2019 R'000
Other income	32,359	62,223
Amortisation of deferred income	1,024	1,024
	33,383	**63,247**

25. Other gains/(losses)

	2020 R'000	2019 R'000
Other gains		
Gains from financial assets at fair value through profit and loss	529,091	1,426,065
Profit on sale of associate	110,479	77,222
Foreign currency translation gains	76,969	12,755
	716,539	1,516,042
Other losses		
Losses from financial assets at fair value through profit and loss	(2,788,227)	(1,451,452)
Foreign currency translation loss	-	(13)
Loss of disposal of subsidiary	-	(16,540,104)
	(2,788,227)	(17,991,569)
Net loss	(2,071,688)	(16,475,528)

26. Net finance cost

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period of maturity, when it is probable that such income will accrue to the Group.

Borrowing costs are charged to interest expense.

	2020 R'000	2019 R'000
Finance (cost)		
Interest paid - Borrowings	(315,360)	(616,519)
Interest paid - bank overdraft and credit card	-	(1,407)
Notional interest on deferred royalty income	(1,335,069)	(1,156,684)
Unwinding of discount on decommissioning and restoration provision	-	(1,788)
Interest paid - Other	(14,978)	(4,343)
	(1,665,407)	(1,780,741)
Finance Income		
Interest received from the banks	12,960	29,036
Interest received from joint venture partner	32,137	33,281
Interest received - Other	50,840	98,477
	95,937	160,794
Net finance (cost)	(1,569,470)	(1,619,947)

27. Income tax expense

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

27. Income tax expense (continued)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax comprises tax payable calculated on the basis of the tax laws enacted at the reporting date.

Critical accounting estimates and assumptions

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

	2020 R'000	2019 R'000
Current tax		
South African	204,376	22,814
Foreign	3,759	3,282
(Over)/Under provision	(1)	2
Deferred tax		
Statement of profit or loss charge	(643,741)	(200,509)
Under provision	-	375
	(435,607)	(174,036)
Tax rate reconciliation		
Net profit before tax	(1,106,229)	(16,440,677)
Tax rate percentage	28%	28%
Tax at standard rate	(355,726)	(4,603,355)
Non deductible expenditure	286,119	327,550
Under/(over) provision of tax in prior year	(1)	(27,288)
Non taxable income	(263,405)	4,265,694
Profits taxed at CGT rates	3,781	(3,379)
Housing contribution	(198)	(382)
Securities Transfer Tax	-	375
Tax on equity accounted earnings	(284,359)	119,297
Withholding tax^	35	1,337
Deferred tax not raised *	178,146	(253,885)
	(435,607)	(174,036)
	39.32%	**1.06%**

^ Withholding tax relates to securities transfer tax paid on the redemption of the preference shares in the current year.

27. Income tax expense (continued)

** Deferred tax not raised relates to movements on deferred tax assets which are not considered recoverable and is made up of:*

Royal Bafokeng Tholo Investment Holding Company
Royal Bafokeng Impala Investment Holding Company
Jenzotype (Pty) Ltd
Royal Bafokeng Holdings
Emikaway
Moumo Intergrated Development
Royal Bafokeng Nation Development Trust
Royal Bafokeng Sports
Platinum Stars FC
Cross Point Traiding
RBH Services Holdings

28. Operating loss is stated after charging the following, amongst others:

Expenses		
Depreciation	(72,534)	(75,559)
Impairment of assets	-	(49,208)
Legal fees	(17,730)	(18,843)
Professional fees	(28,418)	(40,798)
Corporate office expenses	(136,169)	(359,680)
Auditors remuneration	(9,904)	(14,408)
Audit fees	(9,858)	(14,397)
Audit fees - other services	(46)	(11)
Operating lease rental	(1,810)	(1,210)
Bad debt write-off	(5,212)	(1,873)
Repairs and maintenance	(63,514)	(59,215)
Net foreign exchange	(76,969)	(11,939)
Realised foreign exchange	176	-
Unrealised foreign exchange	(77,145)	(11,939)
Employee benefits(note 28.1)	(347,028)	(340,704)
Educational expenses	(43,241)	(38,856)
Water expenses	(100,391)	(97,169)
Executives, directors and trustee's remuneration*	(60,511)	(44,234)

28.1 Employee benefits

Salaries and wages	(313,247)	(253,213)
Incentive bonus	(16,473)	(20,362)
Leave provision	(15,069)	(12,673)
Staff fringe benefits	(1,403)	(1,372)
Provision for long-term benefits	(836)	(19,384)
	(347,028)	**(307,002)**

* 2019 amount did not include non-executive directors and trustee's remuneration

29. Commitments

Leopard Guernsey BK JV LP ("Leopard Guernsey")

Zenprop UK and Royal Bafokeng Holdings (RBH) have established an exclusive partnership to pursue property investment opportunities in the UK and continental Europe through a separate vehicle Leopard Guernsey. RBH holds 50% in Leopard Guernsey. Leopard Guernsey was established in Guernsey; and its principal place of business is Guernsey. (Refer to Note 10).

RBH committed GBP50 million to Leopard Guernsey. As at 31 December 2020, GBP49.9 million (2019: GBP 49.9 million) had been drawn, and the remaining undrawn commitment amounts to GBPnil (2019: GBPnil).

30. Related party disclosure

Refer note 11 for related party receivables and note 21 for related party payables.

30.1 Executives

Refer to note 2 of the Supreme Council report for a full list of Council members. The following were Executive Committee members of Royal Bafokeng Nation (Administration) during the financial year:

Kgosi Leruo Molotlegi	Kgosi/Chairman
Mmemogolo Semane B Molotlegi*	Community Affairs Executive
Bothata Molotlegi	Ambassador/Strategic Relations
Bashi Makgale	Director Operations
Dr Kebalepile Mokgethi	Health & Safety Executive and Acting GCOO

**Deceased*

30.2 Executive's remuneration

	2020 R'000	2019 R'000
Short-term employee benefits		
Supreme council emoluments	27,455	23,755
Executive management emoluments	16,942	20,479
	44,397	**44,234**

31. Deferred royalty income

Impala Holdings Limited		
Opening balance	7,449,355	7,852,020
Notional interest recognised	1,335,069	1,156,684
Amortisation	(1,737,736)	(1,559,349)
	7,046,688	**7,449,355**
Non-current liabilities	6,643,988	7,046,655
Current liabilities	402,700	402,700
	7,046,688	**7,449,355**

31. Deferred royalty income (continued)

The Impala Holdings Limited royalty income relates to an advance payment on all royalties due to the RBN on the Notarial Mineral Lease K5966/03LM in respect of the period between 1 July 2007 and the last day of the lease period.

The lease period ends 30 June 2038.

Per the agreement the royalty income accrues on a straight-line basis over the lease period. Deferred income is therefore recognised on a straight-line basis to reflect the substance of the agreement.

32. Cash generated from operations

	Note	2020 R'000	2019 R'000
Loss before tax		**(1,106,229)**	**(16,489,512)**
Impairment loss other		2,208	59,824
Impairment loss on investments		32,319	96,881
Interest income		(193,959)	(266,852)
Interest accrued from associate		(7,325)	-
Profit on sale of PPE		21	398
Profit on sale of interest in associates		(93,280)	(76,682)
Loss on dilution of subsidiary		-	16,540,104
Foreign exchange gain		(368)	(12,755)
Loss on scrapping of assets		4,233	-
Other gains		(31,623)	(1,426,605)
Other losses		2,195,153	1,451,423
Depreciation		72,533	75,612
Deferred income amortisation		(1,024)	(1,024)
Mogs preference share interest		(7,637)	-
Dividends received		(285,041)	(1,104,109)
Share of (profit) / losses from equity accounted investments	9	(1,015,163)	427,163
SARS interest		(163)	-
Interest expenses	26	1,665,407	1,780,745
Broker fees		-	3,866
Movement in provisions		(8,195)	(65)
Deferred royalties	31	(1,737,736)	(1,559,351)
Movement in employee benefits		-	17,300
Operating cash before working capital changes		**(515,869)**	**(483,639)**
Change in working capital		(87,167)	(521,718)
- Increase in trade and other receivables		(92,803)	(44,732)
- (Increase) / decrease in inventory		(74)	361
- Increase / (decrease) in trade and other payables		5,711	(477,347)
Net cash used in operating activities		**(603,036)**	**(1,005,357)**

32.1 Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2020 R'000	2019 R'000
Cash and cash equivalents	1,610,697	1,662,771
Cash investments	1,420,635	1,351,411
Borrowings repayable within one year	(813,703)	(423,321)
Borrowings repayable after one year	(4,077,568)	(4,389,613)
Net debt	**(1,859,939)**	**(1,798,752)**

	Investments R'000	Cash and cash equivalents R'000	Borrowings repayable within one year R'000	Borrowings repayable after one year R'000	Total R'000
Balance at 1 January 2020	1,351,411	1,662,771	(423,321)	(4,389,613)	(1,798,752)
Cash flows	69,224	(52,074)	(274,541)	312,045	54,654
Interest accrued	-	-	(118,849)	-	(118,849)
Other non-cash movements	-	-	3,008	-	3,008
Balance at 31 December 2020	**1,420,635**	**1,610,697**	**(813,703)**	**(4,077,568)**	**(1,859,939)**
Balance at 1 January 2019	1,050,555	2,485,793	(472,151)	(12,089,736)	(9,025,539)
Cash flows	300,856	- 823,690	98,962	7,700,123	7,276,251
Foreign exchange differences	-	668	-	-	668
Interest accrued	-	-	(116,016)	-	(116,016)
Other non-cash movements	-	-	65,884	-	65,884
Balance at 31 December 2019	**1,351,411**	**1,662,771**	**(423,321)**	**(4,389,613)**	**(1,798,752)**

33. Events after the reporting period

33.1 Disposal of investments

Rand Merchant Investment Holdings Proprietary Limited (RMI)

RBH, through its SPV Salestalk 268 Proprietary Limited (268), further implemented its strategy of decreasing its portfolio concentration risk with the disposal of 5,918,124 RMI shares for R191 million.

33.2 Additional investments

Transaction Capital Limited

Subsequent to year-end RBH, through its SPV Royal Bafokeng Resources Holdings Proprietary Limited, made an additional investment in TCP through the acquisition of 12.4 million newly issued shares for R248 million.

Distributed Power Africa

On 23 April 2021 the company made a 60% investment in Distributed Power Africa Asset Holdings Limited (DPA) for USD1.1 million.

34. Financial Instruments

34.1 Categories of financial instruments

Financial assets	Notes	Financial assets at fair value through profit and loss R'000	Financial assets at amortised cost R'000	Total R'000
2020				
Assets per balance sheet				
Other financial assets	7	12,838,776	-	12,838,776
Investments in associates at FVTPL	8	10,899,354	-	10,899,354
Trade and other receivables (excludes VAT, prepaid, deposits)	10	-	752,312	752,312
Cash and cash equivalents	14	-	1,610,699	1,610,699
Cash investments	15		1,420,635	1,420,635
		23,738,130	**3,783,646**	**27,521,776**
2019				
Assets per balance sheet				
Other financial assets	7	1,947,569	-	1,947,569
Investments in associates at FVTPL	8	24,219,533	-	24,219,533
Trade and other receivables (excludes VAT, prepaid, deposits)	10	-	1,015,093	1,015,093
Cash and cash equivalents	14	-	1,678,693	1,678,693
Cash investments	15	-	1,351,411	1,351,411
		26,167,102	**4,045,197**	**30,212,299**

Financial liabilities	Notes	Financial liabilities at fair value through profit and loss R'000	Financial liabilities at amortised cost R'000	Total R'000
2020				
Liabilities per balance sheet				
Borrowings	18	-	4,891,271	4,891,271
Trade and other payables (excludes VAT, deposits, deferred income and accruals)	21	-	70,051	70,051
Lease liabilities	19	5,914	-	5,914
Bank overdraft	14	-	2	2
		5,914	**4,961,324**	**4,967,238**

34.1 Categories of financial instruments (continued)

	Notes	Financial liabilities at fair value through profit and loss R'000	Financial liabilities at amortised cost R'000	Total R'000
2019				
Liabilities per balance sheet				
Borrowings	18	-	4,812,434	4,812,434
Trade and other payables (excludes VAT, deposits, deferred income and accruals)	21	-	58,220	58,220
Lease liabilities	19	10,356	-	10,356
Bank overdraft	14	-	15,930	15,930
		10,356	**4,886,584**	**4,896,940**

35. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, credit risk, market risk and commodity price risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

35.1 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial commitments in any location or currency. This risk is minimised through the holding of cash balances and sufficient available borrowing facilities (refer to Note 20). In addition, detailed cash flow forecasts are regularly prepared and reviewed by the Finance Department and the Board. The cash needs of the Group are managed according to its requirements. The following table details the Group's contractual maturity for its non-derivative financial liabilities. The table has been compiled based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to repay the liability. The cash flows include both the principal and interest payments.

	Notes	Due within 1 year R'000	Due within 1 to 2 year R'000	Due within 2 to 5 years R'000	Due thereafter R'000	Total R'000
2020						
Non-current borrowings	18	-	-	4,077,567	-	4,077,567
Current borrowings	18	813,703	-	-	-	813,703
Trade and other payables	21	109,195	-	-	-	109,195
Financial lease liability	19	4,954	960	-	-	5,914
		927,852	**960**	**4,077,567**	**-**	**5,006,377**

35.1 Liquidity risk (continued)

	Notes	Due within 1 year R'000	Due within 1 to 2 year R'000	Due within 2 to 5 years R'000	Due thereafter R'000	Total R'000
2019						
Non-current borrowings	18	-	316,801	4,072,812	-	4,389,613
Current borrowings	18	422,821	-	-	-	422,821
Trade and other payables	21	101,303	-	-	-	101,303
Financial lease liability	19	4,566	5,760	-	-	10,326
		528,690	**322,561**	**4,072,812**	**-**	**4,924,063**

Redeemable preference shares and RCF

Financial guarantee
During the 2017 financial year, the Group refinanced the redeemable preference shares issued by RBH and the Revolving Credit Facility raised by Central Lake Trading 342 (Pty) Ltd from the proceeds of R6 billion redeemable preference shares issued by Salestalk Holdco (Pty) Ltd. The preference shares are redeemable on 13 December 2022 and a new revolving credit facility (the New RCF) of R2 billion raised by RBH repayable on 14 June 2020.

Salestalk Holdco's obligations under the New Preference Shares and RBH's obligations under the New RCF are guaranteed by RBH, Lisinfo 222 Investments (Pty) Ltd, Royal Bafokeng Impala Investment Holdings Company (Pty) Ltd, Salestalk 268 (Pty) Ltd and Royal Bafokeng Platinum Holdings (Pty) Ltd (collectively the "Obligors").

The funding structure provides for certain financial covenants that need to be maintained. Should the terms of the funding agreement be breached and the Issuer of the New Preference Shares or the borrower of the New RCF fail to pay, the Obligors will be required to repay the New Preference Shares and the new RCF outstanding balance. The finance agreements provide for a process to be followed in the event that there is a breach of the covenants and the mechanisms to remedy the breach before any security can be enforced.

The financial covenants stipulated in the agreements are as follows:

	Listed assets cover ratio	Total asset cover ratio
Discussion Triggers	2.75	3.70
Default Triggers	2.25	3.20
As at 31 December 2020 the financial covenants were as follows:		
Financial covenants	6.66	8.01
As at 31 December 2019 the financial covenants were as follows:		
Financial covenants	6.79	8.43

35.1 Liquidity risk (continued)

Valuation

Due to the change in IFRS 9, the financial guarantee was valued by considering the price that the issuer would demand for accepting the guarantee obligation. This was estimated using a probability adjusted discounted cash flow analysis. The technique looks at the probability of default by Salestalk Holdco (Pty) Ltd ("SHC") and loss in the event of default.

The valuation was estimated using a monte carlo simulation, this simulates the portfolio value over the maturity of the SHC preference shares. If a default event occurs the simulation calculates a recoverable value based on an average portfolio value over a 100 day period following default. The loss in the default events is the difference between the recoverable value and debt.

According to the monte carlo simulation the loss in the default event is Rnil, as in all default events the recovery value exceeds the value of the debt (in the default events SHC is always able to repay the debt without the financial guarantors). The financial guarantee liability as at 31 December 2020 is Rnil for all the financial guarantors listed above. Therefore the financial guarantee asset in the fair value of SHC is Rnil.

The probability of the VWAP** falling by the percentages stipulated above is remote as at year-end and highly unlikely. An assessment is performed on a monthly basis to track the financial covenants and assess the risk of potential default.

***Volume weighted average price*

213 Preference shares

Financial guarantee

The group had the benefit of a financial guarantee from Lisinfo 209 Investments (Pty) Ltd ("Lisinfo 209"), a fellow subsidiary, Lisinfo 213 entered into a bridge loan of R350 million with FirstRand Bank Limited, acting through its Rand Merchant Bank division ("RMB"), which was repaid from subscription proceeds of 45,000 redeemable preference share issued by 213 to RMB amounting to R450 million. 31,000 additional preference shares of R310 million were later issued to RMB to acquire shares in LTH .

Lisinfo 213 entered into a cession and pledge in security to pledge initially the shares and shareholder loans in Neotel to RMB, and, after the LTH acquisition, Lisinfo 213's shares in LTH.

Lisinfo 213 and Lisinfo 209 Investments (Pty) Ltd ("Lisinfo 209") entered into a guarantee agreement with RMB wherein Lisinfo 209 guarantees Lisinfo 213's obligations under the preference shares. Lisinfo 209 shall, until such time that the preference shares are redeemed in full, advance all proceeds received by it in respect of its investment in Vodacom (Pty) Ltd ("VSA") shares, to Lisinfo 213 by way of loans. These loans from Lisinfo 209 to Lisinfo 213 had been subordinated in favour of RMB.

As at the 2018 financial year end covenants were still on hold while the new terms were negotiated. The covenants become effective in the 2019 financial year. The company settled the preference shares in full during the current year. Therefore no covenants were determined at the end of the financial year.

35.2 Credit risk

Credit risk arises from the risk that the financial asset counterparty may default or not meet its obligations timeously. The Group's exposure to the credit risk is represented by the carrying amount of Trade and other receivables, cash and cash equivalents, and derivative financial instruments. Credit risk is managed on a subsidiary by subsidiary basis and is monitored on a group level through board representation.

Cash and cash equivalents and cash investments across the Group are only held by approved institutions with acceptable credit-worthiness. At year end, the Group's cash was invested as financial institutions with the following Moody's credit rating of at least Baa2.

The counterparty for the derivative financial instrument is a bank with a Moody's credit rating of Baa3.

Due to the fact the trade receivables are monitored differently by each subsidiary, management of credit risk disclosure has been disclosed on a subsidiary by subsidiary basis. Refer below for the summary:

	2020 R'000	2019 R'000
Summary of trade and other receivables*		
TJET	228	627
Current related party loans	620,771	628,073
Total current trade receivables	**620,999**	**628,700**
Non-current related party loans	**281,193**	**655,807**
Total trade and other receivables	**902,193**	**1,284,507**

** Excludes VAT and prepaid expenses.*

Credit risk management has been disclosed for the material subsidiaries below:

35.2.1 RBH and its SPVs

Trade receivables
The credit risk exposure for Royal Bafokeng Holdings and its SPVs on trade receivables is not considered material as relates mostly to loans advanced to related entities.

35.3 Market risk

35.3.1 Foreign exchange risk

The group is exposed to foreign exchange risk arising from exposure to commitments for investments that are denominated in GBP. The Group is exposed to foreign exchange risk through investment in Leopard Guernsey BK JV LP.

The group's exposure as at 31 December 2020 was GBP39,871,035 (2019: GBP49,691,772).

35.3.1 Foreign exchange risk (continued)

The group is also exposed to foreign currency risk through its investment in Big Yellow as the fair value gain is measured in foreign currency (GBP). The group's exposure as at 31 December 2019 was GBP32,349,554 (2019: GBP35,386,931).

35.3.2 Interest rate risk

Fluctuations in interest rates impact on the long-term loans and preference shares, which result in interest rate risk. The impact of the change in the interest is indicated below:

	2020 R'000	2019 R'000
Financial liabilities		
Variable interest rate borrowings (Cash flow interest rate risk)	4,847.155	4.765.310

Interest rate sensitivity analysis
A change of 100 basis points in interest rates at the reporting date would increase (decrease) future equity and profit or loss by the amounts shown below. This assumes that all variables in particular foreign currency rates remain constant.

The table below show the shows the analysis of the increase in the interest rate by 1%.

		Profit/loss	
	Balance at year end R'000	Increase in interest rate variable R'000	Decrease in interest rate variable R'000
31 December 2020			
Variable interest rate borrowings - Sensitivity analysis	4,847,155	(48,472)	48,472
31 December 2019			
Variable interest rate borrowings - Sensitivity analysis	4,765,310	(47,653)	47,653

35.3.3 Price risk

The group through its subsidiaries is exposed to equity securities price risk because of the investments it holds that are classified on the consolidated statement of financial position as either available-for-sale investment or at fair value through profit and loss. To manage the risk, the Group diversifies its portfolio. The Group's investments in equities of other entities are publicly traded and are included as part of the All Share Index (ALSI).

The table below summarises the impact of increases or decreases of the ALSI on the Group's equity and profit for the year. The analysis is based on assumptions that equity indexes had increased or decreased by 100 basis points with all other variables held constant and all the Group's equity instruments moved according to historic correlation with the index.

35.3.3 Price risk (continued)

	Index	Name	Equity movements: Increase by 100 basis points	Equity movements: Decrease by 100 basis points
2020				
JSE	J300	ALSI	286,621	(286,621)
2019	J300	ALSI	281,688	(281,688)
JSE				

The table below summarises the impact of increases or decreases of the FTSE 100 on the Group's equity and profit for the year. The analysis is based on assumptions that equity indexes had increased or decreased by 100 basis points with all other variables held constant and all the Group's equity instruments moved according to historic correlation with the index.

	Index	Name	Equity movements: Increase by 100 basis points	Equity movements: Decrease by 100 basis points
	J300	ALSI	286,621	(286,621)
	J300	ALSI	281,688	(281,688)
2020				
LSE	FTSE100	FTSE	6,503	(6,503)
2019				
LSE	FTSE100	FTSE	6,567	(6,567)

Available-for-sale reserves and profit or loss will increase/decrease as a result of gains/losses on equity securities classified as available-for-sale investment and investments held at fair value through profit or loss.

35.4 Capital risk management

The group's objectives, when managing capital, is to safeguard its ability to continue as a going-concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain optimum capital structure to reduce cost of capital. In order to maintain or adjust the capital structure, the Group will sell assets to reduce debts.

36. Fair value estimation

The group has adopted IFRS 7 for financial instruments that are measured in the statement of financial position at fair value and this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy i.e. Quoted price, inputs other than quoted prices that are based on the observable data and inputs that are based on unobservable inputs.

36. Fair value estimation (continued)

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for the identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The assumptions relating to the level 3 valuations have been included in the applicable notes.

	Notes	Level 1 R'000	Level 3 R'000	Total R'000
2020				
Financial assets at FVTPL	7 & 8	20,289,340	3,427,789	23,717,129
Financial liability	19	-	5,914	5,914
Cash investments	15	1,420,635	-	1,420,635
2019				
Financial assets at FVTPL	7 & 8	23,126,846	3,017,639	26,144,485
Financial liability	19	-	10,356	10,356
Cash investments	15	1,351,411	-	1,351,411

37. Material direct subsidiaries

37.1 Subsidiaries

Entity	Ownership interest 2020	Ownership interest 2019
Subsidiaries		
Royal Bafokeng Nation Development Trust	100%	100%
Royal Bafokeng Holdings (Pty) Ltd	100%	100%
Crosspoint Trading (Pty) Ltd	100%	100%
Lebone 11 College NPC	100%	100%
Platinum Stars FC (Pty) Ltd	100%	100%
Royal Bafokeng Institute NPC	100%	100%
Royal Bafokeng Sports (Pty) Ltd	100%	100%
Royal Bafokeng Nation Platinum Province BBBEE Trust	100%	100%
Royal Bafokeng Enterprise Development	100%	100%
Moumo Intergrated Development (Pty) Ltd	100%	100%
Bafokeng Civil Works (Pty) Ltd	100%	100%
Struthio (Pty) Ltd	100%	100%
Boitshemoledi (Pty) Ltd	100%	100%
Boitshemoledi boswa (Pty) Ltd	100%	100%
Dimeneral (Pty) Ltd	100%	100%
Kwena Crome (Pty) Ltd	100%	100%
Kwena Granite (Pty) Ltd	100%	100%

37. Material direct subsidiaries (continued)

Entity	Ownership interest 2020	Ownership interest 2019
Subsidiaries		
Kwena Vanadium (Pty) Ltd	100%	100%
K2017414142 (Pty) Ltd	100%	100%
K2017414117 (Pty) Ltd	100%	100%
K2018508700 (Pty) Ltd	100%	100%
K2018234087 (Pty) Ltd	100%	100%
Theroyalfuturesgroup (Pty) Ltd	100%	100%
Royal Ventures Capital Management (Pty) Ltd	100%	100%
Royal Impact Holdings (Pty) Ltd	100%	100%
Royal Laboratories Holdings (Pty) Ltd	100%	100%
Dewdrops Properties (Pty) Ltd	100%	100%