

**ROYAL BAFOKENG NATION (ADMINISTRATION) AND ITS SUBSIDIARIES
AUDITED ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

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for the year ended 31 December 2022

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General information

Country of incorporation and domicile	South Africa
Registration number	RBN(A) 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 Jukskei View 2090 Private Bag X36 Sunninghill South Africa 2157
Level of assurance	These audited annual consolidated financial statements have been audited in compliance with the applicable requirements of IFRS.
Preparer	The audited annual consolidated financial statements were internally prepared under the supervision of: Boitumelo Koshane CA(SA)

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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 93 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 for 2023 to 2028 and available cash resources. These financial statements support the viability of the group.

Supreme Council's approval of financial statements

The annual audited consolidated financial statements for the year ended 31 December 2022 set out on pages 4 to 93, were approved by the Supreme Council on 30/11/2023 and were signed on 14/12/2023 and on its behalf by :



Kgosi Leruo Molotlegi
Chairman: Supreme Council



Aubrey Modisane
Chairman: Audit Committee

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Supreme Council Report

The Supreme Council ("Council") presents its report on the activities of Royal Bafokeng Nation (Administration) ("RBN(A)") and its subsidiaries for the year ended 31 December 2022 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.

Royalties paid to the RBN by mining companies and dividends from the 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 cooperate 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."

RBN strategy is underpinned under the key pillars of :

Individual Development

A better standard of living for all individuals by improving individual quality of life and social wellbeing.

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Supreme Council Report

Community Development

Collaboratively building an inclusive traditional community of which we are proud.

Sustainability and Economic Growth

Respecting resources as treasured assets, achieving inclusive growth and full employment into the long-term

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 ("TC Members") were appointed during August 2017 and their term in office should have ended in August 2022. However, due to the amendments to the Traditional and Khoi-San Leadership Act 3 of 2019 the election of new members were delayed and the the previously appointed members will still be in office until the new TC members are appointed. The list of the the current TC members are stated below:

Name and Surname	Region	Elected/ Appointed	
<u>CAPITAL A & B</u>			
Keorapetse Nameng	Lemenong	Elected	Deceased 29/09/2023
Thabiso Lefyedi	Lefaragatlhe	Elected	
Mmathapelo Pitsoe	Lefaragatlhe	Appointed	Resigned 01/09/2022
Daphne Montsho	Masosobane	Appointed	
Moathodi Tumagole	Phokeng	Appointed	
Mogari Mokgatle	Salema	Appointed	
<u>NORTH A REGION</u>			
Tshepo Mekgoe	Luka	Elected	
Seth Mputle	Luka	Appointed	
<u>NORTH B REGION</u>			
Tshepo Mabule	Chaneng	Elected	
<u>CENTRAL REGION</u>			
Richard Ntsimane	Kanana	Elected	
Martha Khuduge	Serutube	Appointed	
<u>NORTH EAST REGION</u>			
William Mokone	Mogakane	Elected	
Rebecca Modibane	Mamerotse	Appointed	
Katlego Mosito	Kopman	Appointed	
Jennifer Thebyane	Tsitsing	Appointed	
<u>SOUTH EAST REGION</u>			
Patrick Phutu	Tlapa	Elected	
George Khunou	Photsaneng	Appointed	Resigned 05/08/2020



Independent auditor's report

To the Supreme Council of Royal Bafokeng Nation / Administration

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Royal Bafokeng Nation / Administration (the 'Entity') and its subsidiaries (together the 'Group') as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standard.

What we have audited

Royal Bafokeng Nation / Administration's consolidated financial statements set out on pages 9 to 93 comprise:

- the consolidated statement of financial position as at 31 December 2022;
- 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 consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of consolidated 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 directors are responsible for the other information. The other information comprises the information included in the document titled “Royal Bafokeng Nation / Administration Annual Consolidated Financial Statements for the year ended 31 December 2021”, which includes the Supreme Council Report. The other information does not include the consolidated 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 directors for the consolidated financial statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to



those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: NBT Mtetwa
Registered Auditor
Johannesburg

14 December 2023

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Consolidated Statement of Financial Position

Figures in R'000	Notes	2022	2021
Assets			
Non-current assets			
		43,239,361	40,958,439
Property, plant and equipment	4	1,585,379	1,608,527
Right of use assets	19	5,234	6,110
Non-current financial assets	6	21,539,145	17,153,337
Investment in associates and joint ventures at fair value through profit or loss	7	19,208,369	21,532,347
Equity accounted investments	8	601,936	567,085
Trade and other receivables	9	-	71,525
Deferred income tax assets	11	299,298	19,508
Current assets			
		10,305,068	12,294,770
Derivatives	12	45,736	195,889
Trade and other receivables - short-term portion	9	462,578	463,348
Deferred consideration	6	-	5,664,246
Inventories	16	3,393	2,858
Current income tax assets	13	8,429	109,020
Finance lease receivable - short-term portion	10	-	75
Cash investments	15	2,720,081	2,085,631
Cash and cash equivalents	14	7,064,851	3,773,703
Total assets		53,544,429	53,253,209

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Consolidated Statement of Financial Position

Figures in R'000	Notes	2022	2021
Equity and liabilities			
Equity			
Accumulated funds		40,921,465	39,027,121
Retained earnings		40,846,467	38,947,579
Reserves		74,998	79,542
Non-controlling interests		77,622	76,203
Total equity		40,999,087	39,103,324
Liabilities			
Non-current liabilities			
		11,755,631	13,261,593
Deferred income tax liabilities	11	3,668,766	3,886,698
Employee benefits	17	60,634	57,905
Borrowings	18	2,187,153	3,075,183
Financial lease liabilities	19	422	485
Deferred royalty income	29	5,838,656	6,241,322
Current liabilities			
		789,711	888,292
Employee benefits	17	47,846	28,082
Derivatives	12	136,486	251,771
Current income tax liabilities	13	8,215	17,826
Bank overdraft	14	6	7
Borrowings	18	69,152	51,355
Financial lease liabilities - short-term portion	19	5,288	5,969
Trade and other payables	20	101,189	110,729
Deferred grant income	29	18,829	19,853
Deferred royalty income - short-term portion	29	402,700	402,700
Total liabilities		12,545,342	14,149,885
Total equity and liabilities		53,544,429	53,253,209

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Consolidated Statement of Profit of Loss and Other Comprehensive Income

Figures in R'000	Notes	2022	2021
Continuing Operations			
Revenue	21	9,165,353	4,295,448
Cost of sales and services rendered		(11,832)	(8,113)
Gross Profit		9,153,521	4,287,335
Administrative Expenses		(1,073,974)	(992,799)
Other income	23	272,654	24,598
Other (losses) / gains		(5,274,714)	13,262,343
Other gains	23	879,234	13,262,343
Other losses	23	(6,153,948)	-
Operating profit		3,077,487	16,581,477
Net finance cost		(1,352,395)	(1,595,981)
Finance income	24	567,111	180,426
Finance cost	24	(1,919,506)	(1,776,407)
Impairment loss for equity accounted investments	22	(32,988)	(9,319)
Share of profits from equity accounted investments	8	36,140	5,746,094
Profit before tax		1,728,244	20,722,271
Income tax expense / benefit	25	141,245	(1,208,593)
Profit for the year from continuing operations		1,869,489	19,513,678
Attributable to:			
Equity holder of the parent		1,868,070	19,443,388
Non controlling interest		1,419	70,290
Profit for the year		1,869,489	19,513,678
Other comprehensive (loss) / income:			
<i>Items that may not be reclassified to profit or loss</i>			
Fair value adjustment on financial asset at fair value through other comprehensive income		(4,544)	23,527
Total comprehensive profit for the year		1,864,945	19,537,205
Attributable to equity shareholder		1,863,526	19,466,915
Attributable to non-controlling interest		1,419	70,290

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Consolidated Statement of Changes in Equity

Figures in R'000

	Non-Distributable Reserves***	Other Reserves**	Retained Earnings	Attributable to Equity Holders	Non-Controlling Interest	Total
Balance at 1 January 2022	42,957	36,585	38,947,579	39,027,121	76,203	39,103,324
Adjustment to retained earnings	-	-	30,818	30,818	-	30,818
Total profit for the year	-	-	1,868,070	1,868,070	1,419	1,869,489
Other comprehensive loss for the year	(4,544)	-	-	(4,544)	-	(4,544)
Balance at 31 December 2022	38,413	36,585	40,846,467	40,921,465	77,622	40,999,087
	Non-Distributable Reserves***	Other Reserves**	Retained Earnings	Attributable to Equity Holders	Non-Controlling Interest	Total
Balance at 1 January 2021	19,430	36,585	19,484,199	19,540,214	5,922	19,546,136
Adjustment to retained earnings	-	-	19,992	19,992	(9)	19,983
Total profit for the year	-	-	19,443,388	19,443,388	70,290	19,513,678
Other comprehensive loss for the year	23,527	-	-	23,527	-	23,527
Balance at 31 December 2021	42,957	36,585	38,947,579	39,027,120	76,203	39,103,324

**Other reserves comprises of the share of equity of associates

***Non-distributable reserves comprises of fair value adjustment on investments

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Consolidated Statement of Cash Flows

Figures in R'000	Notes	2022	2021
Cash flow from operating activities			
Cash used in operations	30	(523,452)	(545,710)
Interest paid		(140,064)	(115,368)
Income tax paid	13	(260,930)	(517,399)
Net cash used in operating activities		(924,446)	(1,178,477)
Cash flow from investing activities			
Proceeds from disposal of property, plant & equipment		65	-
Finance lease receipts		49	284
Acquisition of property, plant & equipment		(47,401)	(18,362)
Acquisition of Ethos		(1,049)	(2,436)
Dividend received from RIM (Associate)		6,400	13,200
Acquisition of financial assets		(2,724,248)	(325,422)
Proceeds from sale of investments at fair value		562,703	6,256,407
Repayment of loan from associates		60,384	33,149
Repayment of shareholder loan		3,124	-
Acquisition of investment at fair value		(5,496)	(3,398)
Purchase of investment in associate at fair value through profit and loss		(285,622)	(17,560)
Dividend received		1,854,183	2,046,226
Interest received		558,466	170,690
Cash received on behalf of shareholder		3,602	2,188
Deferred consideration received		5,664,246	-
Proceeds from disposal of associates and joint ventures		213,730	-
Decrease in maturity investment		(634,450)	(664,996)
Net cash generated from investing activities		5,228,686	7,489,970
Cash flow from financing activities			
Repayment of borrowings		(997,570)	-
Repayment of shareholders loan - non-controlling interest		(2,092)	(2,073)
IDC dividend paid during the year		-	(87,022)
Return of capital		-	(3,390,410)
Redemption of IDC preference shares		-	(663,138)
Payment of lease liabilities		(5,112)	(5,748)
Net cash utilised in financial activities		(1,004,774)	(4,148,391)
Net increase in cash and cash equivalents		3,299,466	2,163,004
Cash and cash equivalents at the beginning of the year		3,773,703	1,610,699
Effect of exchange rate movement on cash balances		(8,316)	-
Cash and cash equivalents at the end of the year		7,064,851	3,773,703

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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

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Summary of Significant Accounting Policies

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 amounts are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value 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.

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Summary of Significant Accounting Policies

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

The group has not adopted any standards and interpretations that are effective for the current financial year as none of these standards and interpretations that are effective for the current financial year are relevant to its operations.

3.2 Standards and interpretations not yet effective

Standard/ Interpretation:	Effective date:	Impact Analysis	Impact
IAS 8. Accounting policies, change in accounting estimates and errors.	'01 January 2023	Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged.	No material impact
Classification of liabilities as Current or Non-current - Amendment to IAS1	'01 January 2023	The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.	No material impact

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Summary of Significant Accounting Policies

3.2 Standards and interpretations not yet effective (continued)
year (continued)

Standard/ Interpretation:	Effective date:	Impact Analysis	Impact
IAS 12 Income Taxes	'01 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction: The amendment clarifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations, by when the exemption from clarifying recognising deferred tax would apply to the initial recognition of such items.	No material impact

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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.

Work-in-progress is not depreciated. These relates to the work or construction not yet completed at year end and will be depreciated when the work or construction is completed and ready for use.

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)
Drones	4 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.

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4. Property, plant and equipment (Continued)

Figures in R'000	Land and Buildings	Furniture and Fittings	Plant and Machinery	Work-in- progress	Office and Computer Equipment	Vehicles and Equipment	Helicopters and Drones	Capital- ised Lease- hold Improve- ments	Total
Balance at 01/01/2022	1,518,159	3,227	57,718	13,622	10,916	4,470	-	415	1,608,527
Additions	7,477	1,909	6,383	10,922	12,623	5,968	2,099	21	47,402
Disposal of assets	-	-	-	-	(69)	-	-	-	(69)
Depreciation	(57,181)	(1,152)	(2,870)	-	(6,630)	(2,415)	(102)	(133)	(70,483)
Balance at 31/12/2022	1,468,455	3,984	61,231	24,544	16,841	8,024	1,997	303	1,585,379
Reconciliation of property, plant and equipment - 2022									
Cost	2,375,915	58,253	160,532	24,544	102,165	68,901	91,051	10,720	2,892,081
Accumulated depreciation and impairment	(907,460)	(54,269)	(99,301)	-	(85,324)	(60,877)	(89,054)	(10,417)	(1,306,702)
Balance at 31/12/2022	1,468,455	3,984	61,231	24,544	16,841	8,024	1,997	303	1,585,379

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

Work-in-progress

This relates to construction cost of Lefaragathe pump station which was not completed at year end. The project completion date is 2023.

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4. Property, plant and equipment (Continued)

Figures in R'000	Land and Buildings	Furniture and Fittings	Plant * and Machinery	Work-in- progress	Office * and Computer Equipment	Vehicles and Equipment	Capital- ised Lease- hold Improve- ments	Total
Balance at 01/01/2021	1,566,800	2,940	60,341	13,277	11,111	4,419	1,010	1,659,898
Additions	9,272	1,042	-	345	4,797	2,905	-	18,361
Disposal of assets	-	-	-	-	(141)	-	-	(141)
Depreciation	(57,913)	(755)	(2,623)	-	(4,851)	(2,854)	(595)	(69,591)
Balance at 31/12/2021	1,518,159	3,227	57,718	13,622	10,916	4,470	415	1,608,527
Reconciliation of property, plant and equipment - 2021								
Cost	2,733,737	77,346	3,054,780	13,622	255,177	196,614	11,274	6,342,550
Accumulated depreciation and impairment	(1,215,578)	(74,119)	(2,997,062)	-	(244,261)	(192,144)	(10,859)	(4,734,023)
Balance at 31/12/2021	1,518,159	3,227	57,718	13,622	10,916	4,470	415	1,608,527

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5. Investment in subsidiaries

5.1 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.

5.2 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.

5.3 Significant subsidiary

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

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.

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5.3 Significant subsidiary (continued)

Summarised financial information on subsidiary

	Royal Bafokeng Nation Development Trust Group	
	2022	2021
	R'000	R'000
Summarised statement of financial position		
Current		
Assets	10,284,239	12,220,993
Liabilities	(1,362,481)	(1,328,195)
Total current net assets	<u>8,921,758</u>	<u>10,892,798</u>
Non-current		
Assets	41,648,885	40,760,898
Liabilities	(5,202,979)	(6,303,533)
Total non-current net assets	<u>36,445,906</u>	<u>34,457,365</u>
Net assets	<u>45,367,664</u>	<u>45,350,163</u>
Summarised statement of comprehensive income		
Revenue	149,592	86,759
Profit before tax	2,002,315	36,922,958
Taxation	140,143	(1,205,810)
Total comprehensive profit	<u>2,142,458</u>	<u>35,717,148</u>
Summarised cash flows		
Cash flows from operating activities		
Cash flow (used in) operations	(211,239)	(253,332)
Interest paid	(139,916)	(115,331)
Income tax paid	(260,930)	(522,071)
Net cash generated from operating activities	<u>1,790,016</u>	<u>1,319,464</u>
Net cash generated from investing activities		
Interest received	697,793	164,313
Dividend received	1,853,900	2,045,885
Net cash used in financing activities	<u>(2,307,993)</u>	<u>(5,223,848)</u>
Net increase in cash and cash equivalents	<u>2,353,385</u>	<u>1,392,939</u>
Cash opening balance	2,757,647	1,364,708
Effects of exchange rate movement on cash balances	(8,316)	-
Cash and Cash equivalents at the end of the year	<u>5,102,716</u>	<u>2,757,647</u>

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6. Financial instruments

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

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated 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.

Financial liabilities which are at amortised costs; or

- Mandatorily at fair value through profit or loss; (This applies to liabilities which are held for trading) 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; the liabilities forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Below are the specific accounting policies for the classification, recognition and measurement of each type of financial instruments held by the group.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments are classified as financial assets subsequently measured at amortised costs (note 9).

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.

Recognition

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.

Application of the effective interest method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method, and is included in profit or loss in finance income (note 26).

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6. Financial instruments (continued)

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

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

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 22).

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 9) and the financial instruments and risk management note (note 33)

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 24).

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6. Financial instruments (continued)

Investments in equity instruments

Classification

Investments in equity instruments are presented in note 8. 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. Fair value gains or losses recognised are included in fair value gains or losses (note 22)

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 group to liquidity risk and interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

Trade and other payables

Classification

Trade and other payables (note 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

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6. Financial instruments (continued)

Recognition and measurement

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.

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 24).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 33 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 32.

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 23).

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.

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6. Financial instruments (continued)

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 24)

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.

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.

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6. Financial instruments (continued)

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.

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.

6.1 Non-current financial assets

	Notes	2022 R'000	2021 R'000
Financial asset at fair value through profit and loss(FVTPL):			
Investment in NEPI Roc	6.1.1	531,999	547,122
Investment in First Rand	6.1.2	10,367,822	10,147,513
Investment in Big Yellow Group	6.1.3	696,497	1,086,403
Enel Option - Adams Solar & Electra	6.1.4	189,764	308,919
Investment in Stanlib	6.1.5	269,098	286,458
Investment in Transaction Capital	6.1.6	1,273,837	1,098,731
Investment in RB Plats	6.1.7	1,568,771	1,487,146
Investment in Dis-chem Pharmacies	6.1.8	1,636,956	2,016,730
Investment in ISQ	6.1.9	95,460	63,066
Option asset in AFF2B	6.1.10	22,741	21,660
Investment in Bakwena Platinum Corridors Concessionaire	6.1.11	37,811	42,355
Investment in Discovery	6.1.12	2,921,539	-
Investment in Momentum Metropolitan	6.1.13	426,501	-
Investment in Global Equity Funds	6.1.14	600,640	-
Investment in All Weather Capital	6.1.15	150,264	-
Investment in Nuco chrome	6.1.16	697,168	2,173
Other financial assets	6.1.17	52,277	45,061
Total Financial asset at FVTPL		21,539,145	17,153,337

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6. Financial instruments (continued)

6.1 Non-current financial assets (continued)

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

6.1.1 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.

During the current financial year NEPIROCK redomiciled from Isle of Man to the Netherlands and changed its name to NEPI Rockcastle NV. The number of shares held by the company remain unchanged.

Proportion of ownership

The percentage shareholding in NEPI Roc is 0.85% percent (2021: 0.85% percent).

	2022	2021
	R'000	R'000
Non-current		
Opening balance	547,122	482,603
Fair value adjustment	(15,123)	64,519
Closing balance	531,999	547,122

The investment is classified as financial asset. The investment is measured at fair value using the closing spot price. The closing price for NEPIROCK was R103.07(2021:R106) per share at 31 December 2022.

6.1.2 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 R62.12 (2021: R60.80) as at 31 December 2022.

231 499 917 FSR shares were received as a result of the RMH unbundling in 2020. Subsequent to the unbundling, the group sold 21.4 million FSR shares with 210 099 917 shares remaining in 2020. The group sold 43.2 million FSR shares in 2021 with 166 899 896 shares remaining in 2022. No FRS shares were sold in 2022.

In the prior year 166 825 795 FSR shares were are pledged as security for the Salestalk HoldCo (Pty) Ltd preference shares and the Royal Bafokeng Holdings Proprietary Limited revolving credit facility. In the current year, Salestalk HoldCo (Pty) Ltd refinanced the debt and the FSR shares were released from the security previously held.

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6. Financial instruments (continued)

6.1.2 FirstRand ("FSR") (continued)

Proportion of ownership

The shareholding in FirstRand was 3% at year-end.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	10,147,513	10,723,500
Fair value adjustment	220,308	1,928,001
Disposals	-	(2,503,988)
Closing balance	10,367,821	10,147,513

The closing price for FirstRand was R62.12 at 31 December 2022.

6.1.3 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 1.9% percent (2021: 1.6% percent).

Non-current

Opening balance	1,086,403	649,867
Fair value adjustment	(336,013)	382,808
Foreign currency translation differences	(53,893)	53,728
Closing balance	696,497	1,086,403

The fair value is determined by reference to the closing price of GBP 11.47 (2021: GBP 17.07) as at 31 December 2022. 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.

6.1.4 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 holds 30% of the project company.

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6. Financial instruments (continued)

6.1.4 Enel Option (continued)

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.

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.

Valuation

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 2022 of R94.3 million (2021: R180 million) and R95.5 million (2021: R129 million) for Adams Solar and Electra respectively was determined using the following inputs:

	2022		2021	
	Adams Solar	Electra	Adams Solar	Electra
Valuation Date	2022/12/31	2022/12/31	2021/12/31	2021/12/31
Expiry Date	2028/12/31	2028/08/31	2028/12/31	2028/08/31
Spot Value	728,698,101	815,791,780	1,026,398,280	1,035,577,476
RBH 30% portion of equity value	218,609,430	244,737,534	307,919,484	310,673,243
Volatility	27.17%	27.77%	27.31%	26.84%
Dividend yield	12.83%	25.46%	9.22%	12.88%

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6. Financial instruments (continued)

6.1.4 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 in 2018 financial year. This loan has been in place for the remaining operational life 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 R1.7 million (2021: R2.7 million) and R2.4 million (2021: R2.8 million) for Adams Solar and Electra respectively.

A 5% increase/decrease in the volatility will increase/decrease the option value by R7.2 million (2021: R5.0 million) and R2.5 million (2021: R6.6 million) for Adams Solar and Electra respectively.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	308,919	337,334
Fair value adjustment	(119,155)	(28,415)
Closing balance	189,764	308,919
	189,764	308,919
The fair value split of the options is as follows:		
Adam Solar	94,282	179,646
Electra	95,482	129,273

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

Background

RBH Group Ltd holds 13.5% in Stanlib Private Equity Infrastructure Fund (Pty) Ltd (Stanlib) incorporated in South Africa. The purpose of the fund is to carry on business as a long term investor and to acquire and hold investments to derive income and achieve long term appreciation. The total fund size is R1 189 million. The investment in Stanlib is carried at fair value. The fair value of the Investment in Stanlib is R269.1 million (2020: R286.5 million) (Level 3) which was determined by fair valuing a sum-of-the-parts valuations by valuing all the underlying projects based on a discounted cash flow methodology.

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6. Financial instruments (continued)

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

Proportion of ownership

The percentage shareholding in Stanlib is 13.50% (2021: 13.50%).

	2022	2021
	R'000	R'000
Non-current		
Opening balance	286,458	293,102
Fair value adjustment	(17,360)	(6,644)
Closing balance	269,098	286,458

6.1.6 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 prior 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. On 14 January 2021, 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.

An additional R500 million was invested in the current financial year.

Proportion of ownership

The percentage shareholding in TCP is 5.1% as at 31 December 2022 (2021: 3.4%)

Non-current

Opening balance	1,098,731	298,680
Acquisition of TCP	500,000	248,000
Fair value adjustment	(324,895)	552,051
Closing balance	1,273,836	1,098,731

The fair value is determined by reference to the closing price of R33.10 per share at 31 December 2022.

6.1.7 Royal Bafokeng Platinum Limited ("RB Plats")

Background

RBPlat 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 I project. RBPlat was incorporated in South Africa and its principal place of business is in South Africa.

The shares in RBPlat are held in two SPVs within the RBH Group, i.e. Royal Bafokeng Investment Holding Company Proprietary Limited (RBIH) and Emikaway Proprietary Limited (Emikaway).

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6. Financial instruments (continued)

6.1.7 Royal Bafokeng Platinum Limited ("RB Plats") (continued)

On 8 November 2021 Royal Bafokeng Investment Holding Company Proprietary Limited (RBIH), an SPV within the RBH Group, entered into a sale of shares agreement with Northam Platinum Limited (Northam) to sell 93.9 million shares in RBPlat amounting to 32.8% for a purchase consideration of R17 billion, which purchase consideration would be settled by way of a combination of the issue of ordinary shares by Northam, upfront cash and deferred consideration. Further, RBIH entered into a put and call option on the remaining 1.6 million shares in RBPlat, in terms of which RBIH granted Northam a call option to acquire a further 0.5% of the RBPlat shares from RBIH for a purchase consideration of R135 per share escalating at 12% nominal annual compounded quarterly (NACQ), and Northam granted RBIH a put option to require Northam to acquire 0.5% of the RBPlat shares.

Emikaway Proprietary Limited currently holds 7.8 million shares in RBPlat, therefore the Royal Bafokeng Holdings group holds 3.3% of the investment in RBPlat at year-end (2021: 3.29%).

Further to the above, on 3 December 2021, Emikaway entered into an option and right of first refusal (ROFR) agreement with Northam on the 7.8 million shares held in RBPlat. Emikaway granted Northam a call option to acquire 4 472 103 RBPlat shares held by Emikaway at R135 per shares in a 24-month exercisable period. Concurrently, Northam granted Emikaway a put option to sell 1 891 342 RBPlat shares at R135 per share. The put option is exercisable from 3 June 2022 until the expiry date of 3 December 2023.

On the remaining 3 367 673 RBPlat shares, Emikaway granted Northam a right of first refusal based on a five-day volume weighted average price (VWAP) purchase price per share. In terms of the ROFR, which remains in effect until 8 November 2024, if Emikaway wishes to dispose of all or a portion of the shares, it shall not be entitled to do so, nor shall it agree to do so, unless it first offers to sell the shares to Northam. No financial instrument has been recognised as these are rights afforded to Northam.

Emikaway has recognised a derivative asset on the put option received from Northam and a derivative liability on the call option granted to Northam. The investment is classified as financial asset at fair value (previously an associate). The investment is measured at fair value using the closing spot price.

The value of RBPlat disclosed above is the number of remaining shares (9 513 471) at the closing price. The value of the options granted and issued are disclosed in note 13.

Proportion of ownership

The shareholding in RBPlats was 3.3% at year-end.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	1,487,146	-
Additions	-	876,352
Fair value adjustment	81,625	610,794
Closing balance	1,568,771	1,487,146

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6. Financial instruments (continued)

6.1.7 Royal Bafokeng Platinum Limited ("RB Plats") (continued)

The investment is classified as financial asset at fair value (previously an associate). The closing price for RBPlats was R164.90 at 31 December 2022 (2021: R156.32).

Deferred consideration

The deferred consideration was settled in 2 tranches, being the 30th of April 2022 by payment of R4,000,000,000 and the 30th of September 2022 by payment of R1,585,286,843. As from the

8 November 2021, the deferred consideration has been escalated at a nominal annual rate equal to 12%, calculated on a daily basis, based on a 365-day year, compounded quarterly in arrears.

Summary of the deferred consideration:

	2022	2021
	R'000	R'000
Current		
Opening balance	5,664,246	-
Deferred consideration on the disposal of RB Plats shares	-	5,585,287
Interest on the deferred consideration	301,632	78,959
Payment received	(5,965,878)	-
Closing balance	-	5,664,246

6.1.8 Dischem Pharmacies Limited ("Dis-Chem")

Background

Dis-Chem is the second-largest retail pharmacy chain based in South Africa with operations within South Africa, Namibia and Botswana. It was co-founded in 1978 by Ivan and Lynette Saltzman and the group has since grown into a well-known brand amongst South African consumers, with 194 stores currently operational.

The group, through its SPV Royal Bafokeng Investment Holding Company, acquired an investment in Dis-Chem for R1.4 billion in the prior year.

Proportion of ownership

The shareholding in Dis-Chem was 6.6% at year-end.

Non-current

Opening balance	2,016,730	-
Additions	-	1,483,225
Fair value adjustment	(379,774)	533,505
Closing balance	1,636,956	2,016,730

The closing price for Dis-Chem was R28.75 at 31 December 2022 (2021: R35.42).

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6. Financial instruments (continued)

6.1.9 I-Squared Infrastructure Fund 2 ("ISQ")

Background

ISQ Global Infrastructure Fund, L.P. is a private equity fund operated by I Squared Capital Advisors (US) Llc and has approximately \$2.2 billion in assets. On 30 June 2021 the company, through its SPV Jenzoprox, signed a partnership agreement to be a limited partner of the ISQ Global Infrastructure Fund III (ISQ). As per the agreement, Jenzoprox has committed to make aggregate cash contributions to the fund up to the commitment value of USD50 million.

Proportion of ownership

The percentage shareholding in ISQ is 0.34% as at 31 December 2022.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	63,066	-
Fair value adjustment	4,171	-
Acquisition of ISQ	28,223	63,066
Closing balance	95,460	63,066

6.1.10 Option asset in RMI Affiliates ("AFF2B") entered into by Royal Bafokeng RIM (RF) (Pty) Ltd

Summary of the option asset:

Non-current		
Opening balance	21,660	-
Option asset in AFF2B	-	17,560
Fair value adjustment	1,081	4,100
Closing balance	22,741	21,660

In the prior year, RBH entered into an empowerment transaction with AFF2B, acquiring a 30% stake through RIM in the business for a total purchase consideration of R58.53 million. An upfront payment of R17.56 million was made in cash and the remaining R40.97 million was funded through a Momentum Metropolitan Life (MML) preference share facility accruing interest monthly at prime plus 1.5% expiring on 23 July 2028.

RBH receives a 3% (escalating annually at CPI) trickle dividend on the upfront capital invested by RBH (R17.56 million), whereas the remaining dividends received on the 30% shareholding are used to service the outstanding preference share debt.

At the expiry date RBH may repay the rolled up value of the outstanding preference share debt and keep the shares that have accrued. Alternatively, they may walk away from the entire structure if it holds no value. Thus the structure represents a European call option on the package of shares with the strike being the rolled up value of the preference share debt. Again this rolled up value is stochastic as it is determined materially by the dividend payout rate of AFF2B. Thus, to provide appropriate valuation of this option, a Monte Carlo valuation technique was applied.

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6. Financial instruments (continued)

6.1.10 Option asset in RMI Affiliates ("AFF2B") entered into by Royal Bafokeng RIM (RF) (Pty) Ltd

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, preference share loan balance. The valuation for AFF2B was R22 million as at 31 December 2022 (2021: R22 million). The AFF2B was determined using the following inputs:

Valuation Date	31/12/2022	31/12/2021
Expiry Date	23/07/2028	23/07/2028
Spot Value	257 915 707	301 433 333
RBH 30% portion of equity value	77 374 712	70 283 407
Volatility	38.49%	36.82%
Dividend yield	4.26%	3.31%

Sensitivity Analysis

A 1% increase/decrease in the spot value will increase/decrease the option value by R361 426 (2021: R368 470) for AFF2B.

A 5% increase/decrease in the spot value will increase/decrease the option value by R428 525 (2021: R1 612 305) for AFF2B.

6.1.11 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.

Proportion of ownership

The percentage shareholding in Bakwena is 0.78% (2021: 0.78%).

	2022	2021
	R'000	R'000
Non-current		
Opening balance	42,355	18,828
Fair value adjustment	(4,544)	23,527
Closing balance	37,811	42,355

6.1.12 Discovery Limited ("Discovery")

Background

Discovery is a JSE-listed entity that offers a full suite of insurance, financial and wellness products services. 23 684 955 Discovery shares were received as a result of the RMI unbundling in the current year. The investment is classified as a financial asset. The investment is measured at fair value using the closing spot price. The closing price for Discovery was R123.35 as at 31 December 2022.

Proportion of ownership

The percentage shareholding in Discovery was 3.6% as at 31 December 2022.

Non-current

Opening balance	-	-
Additions	3,745,065	-
Fair value adjustment	(823,526)	-
Closing balance	2,921,539	-

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6. Financial instruments (continued)

6.1.12 Discovery Limited ("Discovery") (continued)

The closing price for Discovery was R123.25 as at 31 December 2022.

6.1.13 Momentum Metropolitan Limited ("Momentum")

Background

Momentum is a financial services group listed on the JSE. 56 796 566 Momentum shares were received as a result of the RMI unbundling in the current year. Subsequent to the unbundling the company sold 32 million Momentum shares with 24 796 565 remaining in 2022. The investment is classified as a financial asset. The investment is measured at fair value using the closing spot price.

Proportion of ownership

The percentage shareholding in Momentum was 1.08% as at 31 December 2022.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	-	-
Additions	948,503	-
Fair value adjustment	30,679	-
Disposal	(552,681)	-
Closing balance	426,501	-

The closing price for Momentum was R17.20 as at 31 December 2022.

6.1.14 Global Equity Funds

Background

During the current financial year the company, through its SPV Royal Bafokeng Automotive Proprietary Limited, subscribed for shares in various global asset manager funds and allocated the initial \$35 million global asset manager investment capital as follows:

- Metropolis Value Fund, \$5 million
- Crosby Street Global Large Cap Fund, \$9 million
- Sands Capital Global Growth Fund, \$5 million
- Virtus SGA Global Fund, \$5 million
- Lansdowne Development Market, \$11 million

Below is a summary of the funds:

Metropolis Value Fund

UK-based high-conviction global equity manager whose methodology draws extensively from the founders' experience building and running successful businesses, particularly past experience from management consultancy and private company buyouts.

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6. Financial instruments (continued)

6.1.14 Global Equity Funds (continued)

	2022 R'000	2021 R'000
Opening balance	-	-
Additions	79,036	-
Fair value adjustment	10,449	-
Closing balance	89,485	-

Sands Capital Global Growth fund

US-based independent, staff-owned investment firm that combines analytical rigour and creative thinking to identifying high-quality growth businesses.

Opening balance	-	-
Additions	77,844	-
Fair value adjustment	(1,095)	-
Closing balance	76,749	-

Lansdowne Development Market

UK-based investment management partnership focused on the developed markets with an ability to invest up to 10% in emerging markets.

Opening balance	-	-
Additions	174,419	-
Fair value adjustment	30,809	-
Closing balance	205,228	-

Virtus SGA Global

US-based growth equity fund manager specialising in managing high-conviction US, global, international and emerging markets portfolios.

Opening balance	-	-
Additions	78,995	-
Fair value adjustment	5,769	-
Closing balance	84,764	-

Crosby Street Global Large Cap fund

US-based private investment firm that manages assets across long- only and long/short equity strategies that aims to invest in high-quality companies across geographies and market capitalisations.

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6. Financial instruments (continued)

6.1.14 Global Equity Funds (continued)

	2022 R'000	2021 R'000
Opening balance	-	-
Additions	140,119	-
Fair value adjustment	4,294	-
Closing balance	144,413	-

6.1.15 Investment in All Weather Capital

In October 2022 Royal Bafokeng Investment Holdings (RBIH) signed an application to participate in a hedge fund portfolio called the All Weather Capital H4 Market Neutral Retail Hedge Fund (the portfolio), managed under All Weather Capital Proprietary Limited (AWC) as the hedge fund manager. As per the application, RBIH has indicated that it will make aggregate cash contributions to the Fund of up to the value of R150 million.

The portfolio is a product that has the desired properties that will enable the RBH portfolio to generate enhanced returns from its excess cash position with limited downside risk while retaining adequate access to capital. The portfolio has a strong focus on long-term capital appreciation targeting an absolute return in excess of cash and seeks to exploit investment opportunities unique to some specific group of stocks while maintaining a neutral exposure to broad groups of stocks defined, for example, by sector, industry, market capitalisation, country or region. The portfolio aims to provide returns with lower volatility and lower drawdowns than the South African equity market.

The investment is accounted for as an equity investment at fair value through profit or loss for all the cash contributions.

Fair value information

The fair value is not based on observable market data. The fair value is determined using the NAV for the fund at year-end. The NAV attributable to any class of shares within a fund will be determined by deducting the share of liabilities of that class from its share of the assets of the fund. The NAV of each share of each class will be determined by dividing the NAV attributable to the class by the number of shares of that class.

Opening balance	-	-
Additions	150,000	-
Fair value adjustment	264	-
Closing balance	150,264	-

6.1.16 Nuco Chrome Bophuthatswana (Pty) Ltd

Nuco Chrome Bophuthatswana (Pty) Ltd ("Nuco") is a private company, which holds prospective and mining rights on farms located on the Royal Bafokeng Nation's land for minerals as well as precious metals such as chrome platinum group metals and gold.

The investment in Nuco is classified as investment in associate measured at fair value through profit or loss. The fair value is under pinned by the chrome ore deposit of over 10million tonnes as per the mining rights and the price offering of chrome. Furthermore, this growth was prompted by being

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6. Financial instruments (continued)

6.1.16 Nuco Chrome Bophuthatswana (Pty) Ltd (continued)

granted additional mining rights during June 2022 in addition to the initial rights (Kookfontein) which were granted during September 2016.

	2022	2021
	R'000	R'000
Opening balance	2,173	2,173
Fair value adjustment	694,995	-
Closing balance	697,168	2,173

6.1.17 Other financial assets

The other financial assets includes the investment in Ethos Mid Market Fund, InfraSaliance, Lango Real Estate, MTN Zakhelefuthi and YeboYethu(RF) Ltd("YY"). The investments are classified as financial assets measured at fair value.

RBH Group 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.

InfraSaliance Ltd is a UK-domiciled company with interests in various operating entities in the UK, US and South Africa. The company manufactures chemicals that remove environmentally harmful emissions from manufacturing facilities and converts them into usable chemicals.

YeboYethu (RF) Ltd ("YY") is a South African based special purpose vehicle. YY is ring-fenced limited special purpose vehicle which holds Vodacom Group shares for the benefit of shareholders. YY is listed on the BBBEE segment of the JSE.

MTN Zakhele Futhi shares were locked in for a period of 3 years ("The minimum period") which ended on 24 November 2019. Restricted trading is allowed during years 4 to 8 years, where after 8 years the shares are no longer restricted. During the prior financial year, the MTN Zakhele Futhi shares listed on the Johannesburg Stock Exchange ("JSE") under the JSE empowerment category on 25 November 2019. The shares will be listed on the JSE for a minimum of 5 years.

During the current financial year the company, through its SPV Royal Bafokeng Automotive Proprietary Limited invested in Lango Real Estate, a real estate company focused on generating sustainable investor returns through the acquisition of prime commercial real estate assets in key gateway cities across the African continent and is domiciled in Mauritius. A vendor loan note (Note 6) was used to finance the investment in Lango Real Estate Management.

7. Investments in associates and joint ventures 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.

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7. Investments in associates and joint ventures at fair value through profit or loss (continued)

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. The Group 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, except those whose SPV's are classified as venture capital organisations are carried at fair value through profit or loss.

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.

		2022	2021	2022	2021
		% holdings	% holdings	R'000	R'000
The principal associates which are all listed are:					
Eldo Group Holdings (Pty) Ltd ("Eldo")	7.1	27.90%	27.90%	18,443	15,732
Rand Merchant Bank Holdings Limited	7.2	12.50%	12.50%	95,290	264,694
OUTSurance Group Limited (name change)	7.3	14.20%	14.20%	6,842,134	9,798,960
Attacq Limited ("Attacq")	7.4	0.00%	0.00%	-	-
Northam Platinum Holdings Limited	7.5	8.70%	8.70%	6,438,941	7,206,742
Liquid Telecoms Jersey Holdings Limited	7.6	7.80%	7.80%	2,028,298	2,283,315
Blue Falcon 140 Trading (Pty) Ltd	7.7	25.10%	25.10%	310,548	287,397
Hallcore Water (Pty) Ltd	7.8	30.00%	30.00%	64,496	58,249
Windfall 59 Properties (RF) (Pty) Ltd	7.9	25.10%	25.10%	317,436	337,558
YeboYethu (RF) Limited	7.10	28.60%	28.60%	559,266	771,031
Growthpoint Student Accommodation Holding:	7.11	29.73%	35.00%	550,500	500,000
Enviroserv Holdings (Pty) Ltd	7.13	24.50%	0.00%	285,622	-
Keg Holding (Pty) Ltd	7.14	20.75%	0.00%	1,690,683	-
Investments in associates at FVTPL				19,201,657	21,523,678

Joint ventures

The principal joint ventures are:

Distributed Power Africa Asset Holding Ltd	7.12	60.00%	60.00%	6,712	8,669
Total investments in associates and joint ventures at FVTPL				19,208,369	21,532,347

7.1 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 issue in Eldo for R2.856 million bringing its effective interest in Eldo to 14.36% as at 31 December 2020. In 2021 the effective shareholding was increased to 27.90% due to the re-organisation of Eldos capital structure and an injection on additional equity capital by Tholo. The investment is classified as associate. The investment

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7. Investments in associates and joint ventures at fair value through profit or loss (continued)

7.1 Eldo Group Holdings (Pty) Ltd ("Eldo") (continued)

is measured at fair value.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	15,732	14,537
Additions	2,720	24,271
Fair value adjustment	(8)	(3,672)
Disposal	-	(19,404)
Closing balance	18,444	15,732

7.2 Rand Merchant Bank Holdings Limited ("RMH")

Background

RMH is a JSE-listed investment holding company investing in disruptive and entrepreneurial financial services business. It holds a 100% interest in RMH Property Proprietary Limited. In 2020 RMH distributed its FirstRand shareholdings to RMH shareholders.

Proportion of ownership

The total number of ordinary shares held in RMH is 176 462 902 (2021: 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.

The investment is measured at fair value using the closing spot price. The investment in RMH was trading at R0.54 as at 31 December 2022 (2021: R1.50).

During the current year RMH declared a special dividend arising from the sale of Atterbury Europe Holding BV. Of the special dividend of 141.6728 cents per share, 123.96373 cents per share was from the Atterbury disposal and an additional distribution of 17.98676 cents per share was from cash reserves.

Associates pledged as security

In the prior year 147 152 196 RMH shares were pledged as security for the Salestalk Holdco Proprietary Limited preference shares and the Royal Bafokeng Holdings Proprietary Limited Revolving Credit Facility. In the current year Salestalk Holdco Proprietary Limited refinanced the debt and the RMH shares were released from the security previously held.

The total dividends received from RMH was R249 999 987 (2021: R141 170 322).

Non-current

Opening balance	264,694	247,048
Fair value adjustment	(169,404)	17,646
Closing balance	95,290	264,694

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7. Investments in associates and joint ventures at fair value through profit or loss (continued)

7.3 OUTsurance Group Limited (previously Rand Merchant Investment Holdings Limited ("RMI"))

Background

RMI was a specialist financial services investment holding company. RMI's investments previously included Discovery, Hastings, MMI, OUTsurance, RMI Investment Managers and AlphaCode.

RMI announced the unbundling of its stake in Discovery Limited and Momentum Metropolitan Holdings Limited effective on 22 April 2022. The Discovery and Momentum Metropolitan shares have been distributed to shareholders in the ratio of 10.91799 and 26.18136 Discovery and Momentum Metropolitan shares respectively for every RMI share held as at 25 April 2022. Salestalk 268 received 23 684 955 Discovery shares and 56 796 567 Momentum shares.

The company disposed of 32 000 000 of its shares in Momentum Metropolitan Holdings Limited during the 2022 financial year.

On 11 October 2022 Rand Merchant Investment Holdings Limited made an announcement that it would change its name to OUTsurance Group Limited effective from 6 December 2022.

The unbundled investments in Discovery and Momentum are disclosed in note 6.

Proportion of ownership

The investment is classified as an associate. Significant influence is exercised through board representation. The investment is measured at fair value using the closing spot price. The closing price for OUTsurance was R31.54 (2021: RMI: R45.17) at 31 December 2022.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	9,798,960	7,142,447
Fair value adjustment	(2,956,826)	2,841,542
Disposal	-	(185,029)
Closing balance	6,842,134	9,798,960

Associates pledged as security

In the prior year 154 864 208 RMI shares were pledged as security for the Salestalk Holdco Proprietary Limited preference shares and the Royal Bafokeng Holdings Proprietary Limited Revolving Credit Facility. In the current year Salestalk Holdco Proprietary Limited refinanced the debt and the RMI shares were released from the security previously held.

The total dividends received from RMI is R450 140 389 (2021: R97 620 807).

7.4 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. During the prior financial year, the entire shareholding in Attacq, consisting

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7.4 Attacq Limited ("Attacq") (continued)

of 41 493 525 shares was disposed of.

Proportion of ownership

The percentage shareholding in Attacq is 0% (2021: 0%)

	2022	2021
	R'000	R'000
Non-current		
Opening balance	-	205,954
Fair value adjustment	-	65,824
Disposal	-	(271,778)
Closing balance	-	-

7.5 Northam Platinum Holdings Limited ("Northam")

Background

Northam is an independent integrated PGM producer listed on the JSE. The primary operations are centred on their two wholly owned mines, Zondereinde and Booyssendal, and the additional metallurgical operations at Zondereinde including a smelter and base metals removal plant.

The company, through its SPV Royal Bafokeng Investment Holding Company, acquired an investment in Northam in exchange for the partial disposal of its shares in RBPlat.

Proportion of ownership

The total number of ordinary shares held in Northam is 34 399 725 shares which is below the 20% threshold for an associate. Significant influence is exercised through the ability to appoint a board representative. The closing price for Northam was R187.18 (2021: R209.50) at 31 December 2022.

Non-current

Opening balance	7,206,742	-
Acquisition of shares	-	7,693,154
Fair value adjustment	(767,801)	(486,412)
Closing balance	6,438,941	7,206,742

7.6 Liquid Telecoms Jersey Holdings Limited ("LTJ")

Background

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, ISP's and businesses of various sizes. Its products and services include carrier services, such as connectivity services, to subsea cable systems. The investment is classified as an associate. Significant influence is exercised through board representation. The investment is measured at fair value.

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.

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7. Investments in associates and joint ventures at fair value through profit or loss (continued)

7.6 Liquid Telecoms Jersey Holdings Limited (“LTJ”) (continued)

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 previous 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.

It is the group’s 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 and that 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.

Proportion of ownership

The percentage shareholding in LTH is 7.8% (2021: 7.8%), which is below the 20% threshold for an investment to be treated as an associate. However, significant influence is exercised through Board representation.

	2022	2021
	R’000	R’000
Non-current		
Opening balance	2,283,315	2,143,948
Fair value adjustments	(255,017)	139,367
Closing balance	2,028,298	2,283,315

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7.6 Liquid Telecoms Jersey Holdings Limited (“LTJ”) (continued)

Valuation

Fair value information

RBH has two different instruments, (1) the ordinary shares and (2) the convertible preference shares, in LTJ post the flip-up and the rights issue.

Having considered the two instruments, the valuation of the ordinary shares and the convertible preference shares do not have to be split and, as such, one valuation was performed for both the equity and preference share component (as the preference shares will be treated as equity).

The preference share component does not enjoy the same protection as the other equity shares.

RBH (1) continues to carry its equity component at the higher of the AEP and fair value and (2) carries the preference share component at the greater of face value or equity value on a fully converted basis as there’s a true-up if LTJ issues any shares below the conversion price.

RBH has been carrying the valuation of LTJ at the AEP per the agreements entered into in 2017 but will not enjoy the AEP protection from 28 February 2022 and going forward.

In order to determine fair value, RBH has performed a valuation based on a discounted cash flows (DCF) methodology while also performing a market approach (i.e. EBITDA multiple) valuation to assess reasonability of the DCF approach.

Equity component

The investment in LTJ was valued using the DCF approach as at 31 December 2022. In the prior year 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.

DCF and market approach methodologies:

- The DCF valuation of the equity component was R1.82 billion (2021: R1.25 billion) with the market approach valuation being R2.45 billion (2021: R1.68 billion).
- The price impact is a R28 million decrease for the year as the DCF value in the current year is lower than the AEP value used in the previous year.

The key unobservable inputs, together with the weighted average range of probabilities, are as follows:

Figures in %	Weighted average range of	
	High	Low
<i>Price escalation</i>		
CPI	4.35%	4.35%
Margin	5.50%	5.50%

The value of the preference shares ranges from R211.0 million to R287.3 million based on the different valuation methodologies. The preference share value would be carried at face value based on the DCF valuation as it is above the initial investment.

The DCF value is R211.0 million which implies a 25.5% increase on the R168.1 million initially invested (i.e. USD10 million at USD/ZAR of R16.81). The DCF is above the face value in USD.

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7.7 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.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	287,397	260,065
Fair value gain	23,151	27,332
End of year	310,548	287,397

The directors valued the stake in Blue Falcon of 25.10% at R311 million at 31 December 2022 (2021: R287 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:

	2022	2021
	2022/12/31	2021/12/31
Valuation Date		
Discount rate - based on cost of equity	14.00%	14.00%
Discount rate applied for lack of marketability (Liquidity discount)	10.50%	12.50%

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.

7.8 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.

During the current year the shareholding was diluted due to Hall Core's acquisition of Blue Dot Water (renamed Hall Core Water Commercial and Industrial), which resulted in an additional shareholder in the Hall Core structure.

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7. Investments in associates and joint ventures at fair value through profit or loss (continued)

7.8 Hallcore Water (continued)

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.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	58,249	51,750
Fair value adjustment	6,247	6,499
Closing balance	64,496	58,249

7.9 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.

Non-current

Opening balance	337,558	304,418
Fair value adjustment	(20,122)	33,140
Closing balance	317,436	337,558

The directors valued the stake in Windfall of 25.10% at R317.4 million at 31 December 2022 (2021: R337.6 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.

	2022	2021
	2022/12/31	2021/12/31
Valuation Date		
Discount rate - based on cost of equity	14.00%	12.62%
Discount rate applied for lack of marketability (Liquidity discount)	10.00%	12.50%

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.

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7.10 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.

Proportion of ownership

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

	2022	2021
	R'000	R'000
Non-current		
Opening balance	771,031	529,186
Fair value adjustment	(211,765)	241,845
Closing balance	559,266	771,031

The investment is classified as an associate. The investment is measured at fair value using the closing price. The closing price for YY was R37.00 (2021: R51.01) at 31 December 2022.

7.11 Growthpoint Student Accommodation Holdings

Background

During the prior financial year the company, through its SPV, Royal Bafokeng Management Services Proprietary Limited subscribed for 50 000 A class shares (equivalent to 35% of total ordinary A class shares at subscription) in Growthpoint Student Accommodation Holdings (previously Joburg Stay Proprietary Limited (Joburg Stay)) at subscription price of R10 per A class share which is equivalent to R500 million. GSAH is an unlisted student accommodation REIT founded by Growthpoint and seeded by third-party investors including Royal Bafokeng Management Services.

GSAH owns an initial portfolio comprising seven student accommodation properties which were acquired mainly from the Feenstra Group.

The REIT portfolio is based in Gauteng and split between the University of Pretoria (71%) and the University of Johannesburg (29%). During October 2022 GSAH raised additional equity from Government Institutions Pension Fund of Namibia (GIPF) through subscription of A class ordinary shares amounting to R250 million, resulting in Royal Bafokeng Management Services' 50 000 ordinary A class shares reducing from 35% of total capital to 29.73%.

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7.11 Growthpoint Student Accommodation Holdings (continued)

	2022	2021
	R'000	R'000
Non-current		
Opening balance	500,000	-
Acquisition of shares	-	500,000
Fair value adjustment	50,500	-
Closing balance	550,500	500,000

The investment is classified as an associate. The investment is measured at fair value. The fair value is determined using the net asset value (NAV) per share calculation from Growthpoint Manco. The main elements of the NAV calculation are: (1) the value of the property assets within the portfolio which are independently valued by registered valuers and (2) the third-party senior debt held.

7.12 Distributed Power Africa Asset Holdings Limited

Background

Distributed Power Africa Asset Holdings Limited (DPA) is a market leader in innovative solar energy solutions. They have operations in Kenya, South Africa and Zimbabwe. Part of the Cassava Technologies Group of Companies, DPA supplies commercial and industrial customers with efficient, green solar energy installations without an initial capital outlay. The company, through its SPV Jenzoprox Proprietary Limited, has committed equity to acquire a 60% equity stake in DPA AssetCo. The remaining 40% is held by Econet Energy Limited (EEL).

The main business objective of DPA AssetCo is to acquire renewable energy power projects developed by DPA DevCo, a wholly owned subsidiary of EEL. DevCo is responsible for the origination of power lease agreements (PLAs) with customers, development of the projects, and performing operations and maintenance (O&M) activities relating to the projects at agreed fees, over the tenure of the contracts with customers. AssetCo then acquires completed projects from DevCo at an agreed price.

Proportion of ownership

The Group holds 60% of the shares in DPA. The investment is a joint venture as joint control is exercised.

Non-current

Opening balance	8,669	-
Acquisition of shares	-	15,744
Fair value adjustment	(1,957)	(7,076)
Closing balance	6,712	8,669

The investment is measured at fair value. The fair value of DPA is not based on observable market data. The fair value was determined using the sum of parts valuation methodology.

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7.13 EnviroServ Holdings (Pty) Ltd

Background

EnviroServ is a leading integrated waste management and recycling business operating in South Africa and selective economies in sub-Saharan Africa. It collects, analyses, treats and disposes of hazardous and general waste to treatment and disposal sites, with operations in South Africa, Mozambique and Uganda.

During the 2022 financial period RBH, through Royal Bafokeng Astrapak Proprietary Limited (RB Astrapak), subscribed for 24.5% in Umzwilili Environmental Solutions Proprietary Limited (Bidco), a consortium developed between Suez Group (Suez), African Infrastructure Investment Managers (AIIM) and RB Astrapak, formed to implement the EnviroServ transaction. Subsequently, a 100% shareholding in EnviroServ Holdings Proprietary Limited (EnviroServ) was purchased by Bidco.

The investment is classified as an associate. The investment is measured at fair value.

	2022	2021
	R'000	R'000
Non-current		
Opening balance	-	-
Acquisition of shares	285,622	-
Closing balance	285,622	-

The fair value is not based on observable market data. The fair value is determined as the transaction price because the transaction was concluded at arm's length close to the company's financial year-end.

7.14 KEG Holdings (Pty) Ltd

KEG Holdings Limited is the leading vertically integrated LPG business in East Africa. It imports c. 300 000 MT of LPG annually through its terminal and distributes it through its market-leading downstream business. Africa Oil and Gas Company (AGOL) and Proto Energy (Proto) are the key operational entities in KEG Holdings Limited.

During the current year RBH, through its SPV K2021425492 Proprietary Limited, acquired a 20.75% shareholding in KEG Holdings Limited, a Mauritian holding company for liquefied petroleum gas (LPG) integrated assets located mainly in Kenya. The business of KEG is the operation of a LPG business (including, but not limited to, import, export, wholesale, distribution, cylinder manufacturing and marketing activities, and excluding production) in East Africa.

The transaction was settled by RBH as follows:

- Internal cash resources of US\$99.56 million.
- Vendor loan notes (VLN) issued to the sellers, of which RBH's portion was US\$20.8 million (Offshore financing):
 - VLN1: Initial value of US\$8.3 million to be funded by debt and dividend recapitalisation applied. The VLN1 (including accrued interest) was settled in November 2022;
 - VLN2: Initial value of US\$12.5 million is a performance-based instrument that incurs interest of 15% per annum payable at an exit event.

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7.14 KEG Holdings (Pty) Ltd (continued)

	2022	2021
	R'000	R'000
Non-current		
Opening balance	-	-
Acquisition of shares	1,806,404	-
Fair value adjustments	27,668	-
Disposal	(143,389)	-
Closing balance	1,690,683	-

The vendor loan note used to finance the investment in KEG is disclosed in Note 18.

8. Equity accounted investments

(a) 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.

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 corresponding 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 investment 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.

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8. Equity accounted investments (continued)

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.

(b) Joint arrangements

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 policies adopted by the Group.

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

	2022	2021	2022	2021
	% holdings	% holdings	R'000	R'000
Dipalopalo Consortium (Pty) Ltd*	28.00%	28.00%	8,146	9,660
JCD Sub Saharan Africa (Pty) Ltd	30.00%	30.00%	605	32,654
Royal Investment Managers (Pty) Ltd	50.00%	50.00%	58,042	73,100
Mogs (Pty) Ltd	51.00%	51.00%	535,143	451,671
Total equity accounted investments			601,936	567,085

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

* - 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 which have 30 June year end.

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8. Equity accounted investments (continued)

Royal Bafokeng Platinum Limited ("RB Plats")

RB Plats was derecognised as an associate during the current year and is recognised as a financial asset at year end (Refer to note 6.1.7).

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 accommodation.

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

JCD SSA is one of the leading outdoor advertising companies in Africa, operating in 14 countries across the African continent. RBH, through its subsidiary Jenzotype (Pty) Ltd acquired a 30% interest in JCD SSA in 2015.

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 diversity.

Mogs (Pty) Ltd ("MOGS")

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

Movement in equity accounted investments balance

	2022	2021
	R'000	R'000
Opening balance	567,085	5,550,509
Share of post acquisition profits #	74,239	5,747,104
Post acquisition dividends	(6,400)	(13,200)
Impairment	(32,988)	(9,319)
Disposal of associate	-	(10,708,009)
	601,936	567,085

Share of profit is after tax and minority interest of equity accounted investments.

Summary of share of profit or loss

Dipalopalo Consortium (Pty) Ltd	(1,514)	7,906
Royal Bafokeng Platinum Limited ("RB Plats")	-	5,742,980
JCD Sub Saharan Africa (Pty) Ltd	939	(6,970)
Royal Investment Managers (Pty) Ltd	(8,659)	(67)
Mogs (Pty) Ltd	45,408	3,255
	36,174	5,747,104

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8. Equity accounted investments (continued)

	2022 R'000	2021 R'000
Loan receivable		
Leopard Guernsey BK JV LP*	(36)	(1,011)
Total	36,138	5,746,093

* During the current year, the accumulated losses has exceeded both the cost of the equity investment as well as the loan receivable. The loan receivable has thus been limited to a net investment of Rnil. This has resulted in a reversal of impairment loss which has been allocated to the loan receivable (Refer to note 9 and note 22).

Summary of the impairment in associates

JCD Sub Saharan Africa (Pty) Ltd	(32,988)	(9,319)
Total impairments	(32,988)	(9,319)

9. 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.

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.

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9. Trade and other receivables (continued)

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.

	2022	2021
	R'000	R'000
9.1 Current trade receivables		
Trade receivables	80,827	27,791
Less: impairment provision	(7,383)	(5,405)
Trade receivables net	73,444	22,386
Other receivables	386	53,888
Related party loans and receivables	378,866	455,741
Prepaid expenses	2,053	1,757
Deposits	785	785
VAT refundable	6,842	219
	462,376	534,776
Less: non-current trade receivables (refer below)	-	(71,525)
Total trade and other receivables	462,376	463,251
Current related party loans and receivables		
Loans		
Loan to Dipalopalo Consortium (Pty) Ltd	48,427	51,245
Loan to JCD Sub Saharan Africa (Pty) Ltd	163,366	166,490
Receivables		
Big Yellow Group dividend receivable	4,486	10,446
Other receivables	162,587	156,035
Closing balance	378,866	384,216
Non-current trade receivables (refer below)	-	71,525
Total related party loans and receivables	378,866	455,741

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.

The loan advanced to Leopard Guernsey Joint Venture is interest free and has no fixed repayment terms. The loan was advanced in order to pursue property investments in the UK and Continental Europe. During the current year, a portion of the loan was repaid, resulting in a significant reduction of the loan balance.

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9. Trade and other receivables (continued)

9.1 Current trade receivables (continued)

The equity accounted accumulated losses of Leopard Guernsey BK JV LP have thus exceeded both the cost of the equity investment as well as the loan receivable. The loan receivable has thus been limited to a net investment of Rnil, and this has resulted in a reversal of impairment loss which has been allocated to the loan receivable.

During the current year, the Blue Falcon loan receivable was fully paid off.

	2022	2021
	R'000	R'000
Non-current trade and other receivables		
Related party loans and receivables	-	71,525
Non-current related party loans and receivables		
Loan to Leopard Guernsey BK JV LP	-	50,853
Loans to Blue Falcon 140 Trading (Pty) Ltd	-	20,672
Closing balance	-	71,525
Summary of the reversal of impairment in associates		
Leopard Guernsey BK JV LP	(208,740)	-
Total reversal of impairments	(208,740)	-

10. 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);
- 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.

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10. Finance lease receivable (continued)

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 24).

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

	2022	2021
	R'000	R'000
Maturity analysis of lease payments receivable		
- within one year	-	75
Gross investment in the leases	-	75
Net investment in the lease	-	75
Current assets	-	75
	-	75

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% (2021: 9%).

Reconciliation of significant changes in net investment in leases*

Opening balance	75	478
Interest income	-	24
Receipts during the year	(75)	(427)
Closing balance	-	75

Other information

Interest income recognised on net investment in the leases	-	24
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* Values per signed RBH 2022 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 counterparties with consistent payment histories. Credit risk is mitigated by holding the leased assets as 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

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10. Finance lease receivable (continued)

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.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The maximum exposure to credit risk is the carrying amount of the leases as presented above.

Exposure to interest rate risk

Refer to note 33 Financial instruments and financial risk management for details of interest rate risk management for finance lease receivables.

11. 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.

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11. Deferred income tax (continued)

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

	2022	2021
	R'000	R'000
Opening balance	(3,867,190)	(3,044,136)
Derecognition	(63,481)	1,084,642
Reclassification	180,265	(312,418)
Statement of profit or loss charge	269,185	(769,718)
Change in tax rate	111,752	(825,560)
Closing balance	(3,369,469)	(3,867,190)
Deferred tax asset	299 298	19,508
Deferred tax liability	(3,668,766)	(3,886,698)

	Fair value and impairment R'000	Other deferred tax liabilities R'000	Amortisation R'000	Total R'000
Deferred income tax liabilities				
2022				
Opening balance	3,886,656	42	-	3,886,698
Charge to income statement	(269,933)	99	10,908	(258,926)
Reclassification	(1,047)	86,639	6,976	92,568
Change in tax rate	(115,055)	-	-	(115,055)
Derecognition	63,481	-	-	63,481
Closing balance	3,564,102	86,780	17,884	3,668,766
2021				
Opening balance	3,188,190	4	-	3,188,194
Charge to income statement	731,156	38	-	731,194
Reclassification	312,418	-	-	312,418
Utilization of prior year assessed loss	825,560	-	-	825,560
Derecognition	(1,170,668)	-	-	(1,170,668)
Closing balance	3,886,656	42	-	3,886,698

	Provisions R'000	Fair value and impairment R'000	Tax loss R'000	Other deferred tax asset R'000	Total R'000
Deferred income tax assets					
2022					
Opening balance	(224)	(13,930)	33,662	-	19,508
Charge to income statement	-	8,451	-	1,808	10,259
Change in tax rate	-	(3,302)	-	-	(3,302)
Reclassification	-	84,930	40	187,863	272,833
Closing balance	(224)	76,149	33,702	189,671	299,298

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11. 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
2021					
Opening balance	(224)	110,820	33,662	-	144,258
Charge to income statement	-	(38,524)	-	-	(38,524)
Derecognition	-	(86,226)	-	-	(86,226)
Closing balance	(224)	(13,930)	33,662	-	19,508

	2022 R million	2021 R million
The unrecognised deferred tax assets amount to:		
Royal Bafokeng Tholo Investment Holdings (Pty) Ltd	470	487
Royal Bafokeng Holdings (Pty) Ltd	25	24
RBH Services Holdings	-	1
Jenzotype (Pty) Ltd	71	63
Royal Bafokeng Management Services	-	244

12. Derivatives

12.1 RBPlat Options entered into by Emikaway Proprietary Limited (Emikaway)

Option asset	2022 R'000	2021 R'000
Opening balance	103,436	-
Put option entered into	-	116,806
Fair value adjustment	(79,008)	(13,371)
RB Plat put option	24,428	103,436

On 3 December 2021 Emikaway entered into an option agreement with Northam whereby Northam granted Emikaway a put option to sell 1 891 342 RBPlat shares held by Emikaway at an option strike price of R135 per share. The put option is exercisable from 3 June 2022 until the expiry date of 3 December 2023. Emikaway has recognised a put option on the date of agreement, 3 December 2021. The put option was valued at a market value of R61.76 per share on 3 December 2021 and subsequently measured at a market value of R12.92 per share on 31 December 2022.

Option liability	2022 R'000	2021 R'000
Opening balance	(182,371)	-
Call option entered into	-	(185,100)
Fair value adjustment	83,141	2,730
RB Plat call option	(99,230)	(182,371)

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12. Derivatives (continued)

12.1 RBPlat Options entered into by Emikaway Proprietary Limited (Emikaway) (continued)

On 3 December 2021 Emikaway entered into an option agreement with Northam whereby Emikaway granted Northam a call option to buy 4,472,103 RBPlat shares held by Emikaway at an option strike price of R135 per share. The call option is exercisable from 3 December 2021 for a period of 24 months. Emikaway has recognised a call option on the date of agreement, 3 December 2021. The call option was valued at a market value of R41.39 per share on 3 December 2021 and subsequently measured at a market value of R22.19 per share on 31 December 2022.

Valuation

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. The valuation as at 31 December 2021 of R24 million and R99 million for the put option and call option respectively was determined using the following inputs:

	<u>Put Option</u>	<u>Call Option</u>
	31 Dec 2022	31 Dec 2022
Valuation date		
Exercise period	3 Jun 2022 -	3 Jun 2022 -
Expiry date	3 Dec 2023	3 Dec 2023
Spot value - RBPlat share price	164.90	164.90
Volatility	26.23%	26.23%
Dividend yield	5.21%	5.21%

12.2 RBPlat Options entered into by Royal Bafokeng Investment Holding Company (RBIH)

Option asset

	2022	2021
	R'000	R'000
Opening balance	92,453	-
Put option entered into on 8 November 2021	-	115,970
Fair value adjustment	(71,145)	(23,517)
RB Plat put option	<u>21,308</u>	<u>92,453</u>

On 8 November 2021 an SPV of RBH, Royal Bafokeng Investment Holding Company (RBIH), entered into an option agreement with Northam whereby Northam granted RBIH a put option to sell 1 673 695 RBPlat shares held by RBIH at an option strike price of R135 per share. The put option is exercisable from 3 May 2022 until the expiry date of 8 November 2023. RBIH has recognised a put option on the date of agreement, 8 November 2021. The put option was valued at a market value of R69.29 per share on 8 November 2021 and subsequently measured at a market value of R12.73 per share on 31 December 2022.

Option liability

Opening balance	(69,400)	
Call option entered into	-	(39,432)
Fair value adjustment	32,144	(29,968)
RB Plat call option	<u>(37,256)</u>	<u>(69,400)</u>

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12. Derivatives (continued)

12.2 RBPlat Options entered into by Royal Bafokeng Investment Holding Company (RBIH) (continued)

On 8 November 2021 RBIH entered into an option agreement with Northam whereby RBIH granted Northam a call option to buy 1 673 695 RBPlat shares at an option strike price of R135 per share. The call option is exercisable from 19 November 2021 for a period of 24 months. RBIH has recognised a call option on the date of agreement, 8 November 2021. The call option was valued at a market value of R23.56 per share on 8 November 2021 and subsequently measured at a market value of R22.26 per share on 31 December 2022.

Valuation

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. The valuation as at 31 December 2022 of R23.1 million and R37.3 million (2021: R92 million and R69 million) for the put option and call option respectively was determined using the following inputs:

	<u>Put Option</u> <u>Call Option</u>	
date	31 Dec	31 Dec
Exercise period	19 May	19 May
Expiry date	19 Nov	19 Nov
Spot value - RBPlat share price	164.90	164.90
Volatility	26.67%	26.67%
Dividend yield	5.43%	5.43%
	2022	2021
	R'000	R'000
Total Derivative put options	45,736	195,889
Total Derivative call options	(136,486)	(251,771)

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.

Amounts unpaid at the beginning of year	12,075	(52,636)
Over / under provision	(822)	-
Current year charge- per income statement	(253,445)	(374,268)
Tax paid per the cash flow statement	198,694	517,151
Translations of foreign operations	43,418	84
Accrued interest	294	863
(Liability) and asset	214	91,194
Current income tax liability	(8,215)	(17,826)
Current income tax asset	8,429	109,020
Net tax per balance sheet	214	91,194

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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.

Investments in money market funds relate to investments in shares of liquidity funds of which the underlying investments have maturities of up to one year. The shares in these funds are callable daily.

	2022	2021
	R'000	R'000
Cash and cash equivalents comprise of:		
Petty cash	160	77
Cash and cash equivalents	7,064,691	3,773,626
	7,064,851	3,773,703
Bank overdraft	(6)	(7)
	7,064,845	3,773,696

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	Utilised	Unutilised
	R'000	R'000	R'000
Banking facilities of the Group			
2022			
Revolving credit facility lenders			
Rand Merchant Bank			
Revolving credit facility	2,000,000	-	2,000,000
Banking facilities of the Group			
2021			
Revolving credit facility lenders			
Rand Merchant Bank			
Revolving credit facility	2,000,000	-	2,000,000

During the 2017 financial year, the Revolving Credit Facility (RCF) that Central Lake Trading 342 (Pty) Ltd (a subsidiary of RBH) held with Rand Merchant Bank, was refinanced and settled. A new R2 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% (2021: 1.85%) and has a maturity of 5 October 2026.

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15. Cash investments

The cash investment includes cash held in fixed investment of R 2,520 billion (2021: R 1.852 billion) and investment in Stanlib at fair value through profit and loss of R 200 million (2021: R 234 million).

	2022	2021
	R'000	R'000
Investments		
Stanlib money market	199,894	234,019
Short-term bank deposits	2,520,187	1,851,612
	<u>2,720,081</u>	<u>2,085,631</u>

16. Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories comprises all cost of purchases, 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.

Consumable goods	<u>3,393</u>	<u>2,858</u>
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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.

Current

Leave pay and bonus provision	<u>47,846</u>	<u>28,082</u>
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17.2 Share based payments

17.2.1 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 R60.6 million (2021: R57.9 million) is a

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17.2.1 Long Term Incentive Scheme (continued)

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.

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 share appreciation rights (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.

During the 2021 financial year a review of the LTI scheme was performed and a revised instrument (nil cost option) was approved by the board. The allocations for the 2021 financial year were only made in April 2022, following approval by the shareholder of the new instrument and revised total rewards philosophy in March 2022. Therefore no new allocations were made in the 2021 financial year and the value of the LTI in the prior year is based on the previously issued instruments which were in flight. Nil cost option awards under the scheme are subject to the participant being in continued employment for a three-year vesting period to receive 60% of the awards and a four-year vesting period to receive the remaining 40% of the awards. The company operates one cash-settled long-term incentive plan, which allows for the award of three types of LTI instruments:

- appreciation rights in the form of SARs;
- full value shares in the form of conditional awards; and
- nil cost options (NCOs), which are full shares subject to performance conditions.

	2022	2021
	R'000	R'000
Non-current		
Long-term incentive scheme	60,634	57,905

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 2022				
At January 2022	49,154	261	392,943	91
Exercised	(22,952)	435	(133,130)	-
Forfeited	(888)	-	(59,123)	-
Expired	-	-	(19,893)	-
At 31 December 2022	25,314	696	180,797	91
For the year ended 31 December 2021				
At January 2021	66,019	261	513,395	91
Exercised	(16,865)	-	(70,324)	-
Expired	-	-	(50,128)	-
At 31 December 2021	49,154	261	392,943	91

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18. Borrowings

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

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.

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 24).

Financial liabilities and loans from related parties expose the company to liquidity risk and interest rate risk. Refer to note 33 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.

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18. Borrowings (continued)

	Notes	2022 R'000	2021 R'000
Non-current			
Redeemable preference shares	18.1	2,087,750	3,075,183
Lango Vendor Loan	18.2	10,023	-
KEG Vendor Loan	18.3	89,380	-
		<u>2,187,153</u>	<u>3,075,183</u>
Current			
Loan from Impala*		30,000	30,000
Redeemable preference shares	18.1	29,201	9,313
Related party loan**		9,951	12,042
		<u>69,152</u>	<u>51,355</u>
Total Borrowings		<u>2,256,305</u>	<u>3,126,538</u>
Effective interest rate		7%	8%

* The loan is non-interest bearing and is repayable on demand.

**The Soul City loan shall: rank *pari passu*, be repaid as and when the board of directors determines that they shall be repaid, be repaid *pro rata* to each other and shall not bear interest. The directors shall repay the loans with any amounts received from Blue Falcon and Windfall.

Maturity analysis

Due within 1 year	69,152	51,355
Due within 1 to 2 year	-	3,075,183
Due within 2 to 5 years	2,087,750	-
Due thereafter	99,403	-
	<u>2,256,305</u>	<u>3,126,538</u>

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

	Notes	Carrying value		Fair value	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current					
Redeemable preference shares	18.1	2,087,750	3,075,183	2,087,750	3,075,183
Lango Vendor Loan	18.2	10,023	-	10,023	-
KEG Vendor Loan	18.3	89,380	-	89,380	-
		<u>2,187,153</u>	<u>3,075,183</u>	<u>2,187,153</u>	<u>3,075,183</u>

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18. Borrowings (continued)

18.1 Redeemable preference shares

	Preference shares R'000	IDC preference shares R'000	Total R'000
2022			
Non-current			
Balance at 1 January 2022	3,088,900	-	4,077,568
Preference shares redeemed in RBH	(1,000,010)	-	(1,000,010)
Transaction costs	(1,140)	-	(2,375)
	2,087,750	-	3,075,183
2022			
Current			
Balance at 1 January 2021	9,313	-	9,313
Accrued preference dividend / dividend accrual	144,028	-	144,028
Preference shares redeemed/accrued dividend paid	(124,139)	-	(124,139)
	29,202	-	29,202
2021			
Non-current			
Balance at 1 January 2021	4,088,910	-	4,088,910
Preference shares redeemed in RBH	(1,000,010)	-	(1,000,010)
Transaction costs	(13,717)	-	(13,717)
	3,075,183	-	3,075,183
2021			
Current			
Balance at 1 January 2021	43,016	409,771	452,787
Accrued preference dividend / dividend accrual	201,735	23,586	225,321
Preference shares redeemed/accrued dividend paid	(235,438)	(433,357)	(668,795)
	9,313	-	9,313

Preference shares

The preference shares are repayable on 22 September 2027 and accrue interest at 67% of prime. During the current financial year RBH, through its SPV Salestalk Holdco, voluntarily redeemed the A preference shares. The interest rate was also amended from 69% of prime to 67% of prime. The amended agreement was effective from 22 September 2022. The preference shares are secured by investments in the following fellow subsidiaries through a financial guarantee:

- Royal Bafokeng Investment Holding Company Proprietary Limited;
- Salestalk 268 Proprietary Limited;

Previously Lisinfo 222 Proprietary Limited was an obligor for the redeemable preference shares. In the current year Lisinfo 222 Proprietary Limited resigned as an obligor when the preference shares were redeemed as part of their refinance.

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18. Borrowings (continued)

18.2 Lango Vendor Loan

The vendor loan note was used to finance an investment on Lango Real Estate Management.

18.3 KEG Vendor Loan

The vendor loan note was used to finance an investment in KEG Holdings. Vendor Loan note 1 was settled during the current year.

19. Financial lease liabilities and right of use assets

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 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 26).

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 24).

	2022	2021
	R'000	R'000
Minimum lease payments due		
-within one year	5,554	6,150
-in second to fifth year inclusive	465	515
	<u>6,019</u>	<u>6,665</u>
Less: future finance charges	(309)	(211)
Present value of minimum lease payments	<u>5,710</u>	<u>6,454</u>
 Present value of minimum lease payments due		
-within one year	5,288	5,969
-in second to fifth year inclusive	422	485
	<u>5,710</u>	<u>6,454</u>
 Non-current liabilities	422	485
Current liabilities	5,288	5,969
Total	<u>5,710</u>	<u>6,454</u>

The lease term was three years and the average effective borrowing rate was 9.11% (2021: 5.53%), with the lease liability balance being R5 709 313 (2021: R6 454 632). The effective borrowing rate was revised due to the lease modification which took place during the current financial year.

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19. Financial lease liabilities and right of use assets (continued)

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. 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.

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19. Financial lease liabilities and right of use assets (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 (2021: two years).

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

During the 2021 financial year there was a lease modification on the lease of the building. The lease of the building (together with the non-lease items) was extended by 12 months from 28 February 2022 to 28 February 2023.

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19. Financial lease liabilities and right of use assets (continued)

	2022 R'000	2021 R'000
Net carrying amounts of right-of-use assets		
The carrying amount of right-of-use assets are as follows:		
Buildings	<u>5,234</u>	<u>6,110</u>

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss.

Building	(5,204)	(2,932)
Right-of-use assets		
Opening balance	6,071	3,061
Depreciation	(5,204)	(2,932)
Lease modification	4,367	5,981
Balance at the end of the year	<u>5,234</u>	<u>6,110</u>

Other Disclosures

Notional finance costs on lease liabilities included in operating expenses	226	348
lease liabilities included in operating expenses	840	799
liabilities included in operating expenses	2,221	2,035
liabilities included in operating expenses	608	2,803
Total cash outflow from lease liabilities including notional finance costs	5,112	5,400

At 31 December 2022 the group is committed to R840 266 (2021: R798 852) 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.

Future cash outflows not reflected in lease liabilities

The group has a total of R2 454 618 (2021: R2 374 954) and R1 244 590 (2021: R1 324 438), 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.

20. 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.

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20. Trade and other payables (continued)

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.

	2022	2021
	R'000	R'000
Trade payables	67,293	61,201
Other payables	12,391	17,744
Financial liabilities	79,684	78,945
Accruals	13,697	14,035
Vat liabilities	36	290
Deposits	12	12
Deferred income	7,760	17,447
Non-financial liabilities	21,505	31,784
Current	101,189	110,729

21. 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.

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).

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.

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21.1 Revenue recognition and measurement

	2022	2021
	R'000	R'000
Sale of products	38,452	28,365
Royalty income	170,979	108,545
Dividends income	6,555,669	2,045,885
Deferred royalty income	2,158,060	1,936,527
Investment revenue	149,592	86,759
Other revenue	92,601	89,367
	9,165,353	4,295,448

22. Impairment loss

22.1 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.

22.2 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.

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22.2 Impairment of financial assets (continued)

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.

Impairment loss

	2022	2021
	R'000	R'000
Impairment loss for equity accounted investments	(32,988)	(9,319)
Total impairments	(32,988)	(9,319)

23. 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.

Other income	271,630	23,574
Amortisation of deferred income	1,024	1,024
	272,654	24,598

Other gains

Gains from financial assets at fair value through profit and loss	695,322	6,710,178
Profit on sale of associate	669	6,473,940
Foreign currency translation gains	183,243	78,225
	879,234	13,262,343

Other losses

Losses from financial assets at fair value through profit and loss	(6,153,948)	-
	(6,153,948)	-
Net loss	(5,274,714)	13,262,343

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24. 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.

	2022	2021
	R'000	R'000
Finance (cost)		
Interest paid - Borrowings	(152,236)	(230,002)
Notional interest on deferred royalty income	(1,755,394)	(1,533,861)
Interest paid - Other	(11,874)	(12,544)
	<u>(1,919,504)</u>	<u>(1,776,407)</u>
Finance income		
Interest received from the banks	23,388	16,773
Interest received from joint venture partner	9,948	6,857
Interest received - Other	533,774	156,796
	<u>567,110</u>	<u>180,426</u>
Net finance (cost)	<u>(1,352,394)</u>	<u>(1,595,981)</u>

25. 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.

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.

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25. Income tax expense (continued)

	2022	2021
	R'000	R'000
Current tax		
South African	244,306	378,747
Foreign	3,675	4,356
Under / (Over) provision	4,151	37
Deferred tax		
Statement of profit or loss charge	(396,496)	822,953
Withholding tax	3,119	2,500
	(141,245)	1,208,593
Tax rate reconciliation		
Net profit before tax	1,726,546	20,722,271
Tax rate percentage	36%	28%
Tax at standard rate	620,401	13,232,960
Non-deductible expenditure	173,287	56,491
Under/(over) provision of tax in prior year	4,053	(2)
Non-taxable income	(827,871)	(4,223,704)
Profits taxed at CGT rates	27,150	825,565
Housing contribution	-	297,057
Changes in tax rate	(132,268)	377
Tax on equity accounted earnings	(68,840)	(1,607,135)
Withholding tax [^]	6,175	6,856
Tax loss utilised	(1,585)	(116,052)
Deferred tax not raised *	58,254	(7,263,820)
	(141,245)	1,208,593
	-8.18%	5.83%

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

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

Lisinfo 222 Investments (Pty) Ltd
Jenzotype (Pty) Ltd
Royal Bafokeng Automotive (Pty)Ltd
Royal Bafokeng Management Services (Pty) Ltd
Platinum Stars FC (Pty) Ltd
Moumo Integrated Development (Pty) Ltd
Royal Bafokeng Nation Development Trust
Royal Bafokeng Sports (Pty) Ltd
Cross Point Trading 67 (Pty) Ltd

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

	2022	2021
	R'000	R'000
Expenses		
Depreciation	(75,240)	(72,772)
Impairment of assets	-	(13,862)
Legal fees	(17,466)	(23,582)
Professional fees	(92,733)	(80,804)
Corporate office expenses	(112,349)	(110,802)
Auditors remuneration	(16,784)	(13,880)
Audit fees	(16,784)	(13,880)
Audit fees - other services	-	-
Operating lease rental	2,682	(2,083)
Bad debt write-off	(1,506)	(768)
Repairs and maintenance	(89,601)	(60,269)
Net foreign exchange	(183,242)	(78,225)
Realised foreign exchange	(205,807)	(8,393)
Unrealised foreign exchange	22,565	(69,832)
Employee benefits(note 17.1)	(380,647)	(383,190)
Educational expenses	(56,655)	(51,917)
Water expenses	(110,148)	(98,560)
Executives, directors and trustee's remuneration	(58,686)	(56,677)

26.1 Employee benefits

Salaries and wages	(303,119)	(313,951)
Incentive bonus	(34,535)	(24,912)
Leave provision	(1,267)	397
Staff fringe benefits	(1,629)	(1,627)
Provision for long-term benefits	(40,097)	(43,097)
	(380,647)	(383,190)

27. Commitments

27.1 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 9).

RBH committed GBP50 million to Leopard Guernsey. As at 31 December 2022, GBP49.9 million (2021: GBP 49.9 million) had been drawn.

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27. Commitments (continued)

27.2 I-Squared Infrastructure Fund 2 (“ISQ”)

ISQ is an independent global infrastructure investment manager focusing on projects in the energy, utilities, telecom and transport industry in the Americas, Europe and Asia. ISQ Global Infrastructure Fund III is a closed private equity fund managed by I Squared Capital Advisors, LLC.

On 30 June 2021, RBH committed \$50 million to ISQ. As at 31 December 2022, \$5,5 million had been drawn, and the remaining undrawn commitment amounts to \$44,5 million.

28. Related party disclosure

Refer note 9 for related party receivables and note 20 for related party payables.

28.1 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
Bothata Molotlegi	Ambassador/Strategic Relations
Bashi Makgale	Director Operations
Dr Kebalepile Mokgethi	Health & Safety Executive and RBA Managing Director

28.2 Executive's remuneration

	2022 R'000	2021 R'000
Short-term employee benefits		
Supreme council emoluments	30,646	29,606
Executive management emoluments	15,253	14,289
	45,899	43,895

29. Deferred income

29.1 Deferred royalty income

Impala Holdings Limited

Opening balance	6,644,022	7,046,688
Notional interest recognised	1,755,394	1,533,861
Amortisation	(2,158,060)	(1,936,527)
	6,241,356	6,644,022
Non-current liabilities	5,838,656	6,241,322
Current liabilities	402,700	402,700
	6,241,356	6,644,022

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29. Deferred income (continued)

29.1 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.

29.2 Deferred grant income

	2022	2021
	R'000	R'000
Department of Trade and Industry		
Opening balance	19,853	20,877
Amortisation	(1,024)	(1,024)
	<u>18,829</u>	<u>19,853</u>

The deferred income relates to a grant received from Department of Trade and Industry in 2011 amounting to R 28,084,838. The grant has been amortised on straight-line basis to reflect the substance of the agreement.

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30. Cash generated from operations

		2022	2021
		R'000	R'000
Profit before tax		1,728,244	20,722,373
Reversal of impairment loss		(126,477)	-
Impairment loss on investments		32,988	9,319
Interest income		(550,396)	(260,181)
Interest accrued from associate		(16,482)	(6,857)
Profit on sale of interest in associates		(669)	(6,473,940)
Loss on dilution of subsidiary		-	-
Foreign exchange loss		(184,827)	(78,225)
Loss on scrapping of assets		4	128
Other gains		(694,995)	(6,682,432)
Other losses		6,077,230	-
Depreciation		75,687	72,772
STT		-	(2,500)
Other expenses		-	8,998
Reversal of trade payables		-	3,565
Deferred income amortisation		(1,024)	(1,024)
Dividends received		(6,555,669)	(2,046,226)
Share of (profit) / losses from equity accounted investments	9	(36,138)	(5,746,094)
SARS interest		(135)	(10)
Interest expenses	26	1,919,505	1,776,407
Deferred royalties	31	(2,158,060)	(1,936,527)
Operating cash before working capital changes		(491,214)	(640,454)
Change in working capital		(32,238)	95,206
- Increase in trade and other receivables		2,462	45,491
- (Increase) / decrease in inventory		(506)	-
- Increase / (decrease) in trade and other payables		(34,194)	49,715
Net cash used in operating activities		(523,452)	(545,248)

30.1 Net debt reconciliation

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

Cash and cash equivalents	7,064,851	3,773,703
Cash investments	2,720,081	2,085,631
Borrowings repayable within one year	(69,152)	(51,355)
Borrowings repayable after one year	(2,187,153)	(3,075,183)
Net debt	7,528,627	2,732,796

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30.1 Net debt reconciliation (continued)

	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 2022	2,085,631	3,773,703	(51,355)	(3,075,183)	2,732,796
Cash flows	634,450	3,291,148	9,313	888,030	4,822,941
Interest accrued		-	(29,202)	-	(29,202)
Other non-cash movements		-	2,092	-	2,092
Balance at 31 December 2022	2,720,081	7,064,851	(69,152)	(2,187,153)	7,528,627
Balance at 1 January 2021	1,420,635	1,610,697	(813,703)	(4,077,568)	(1,859,939)
Cash flows	664,996	2,163,006	793,174	1,002,385	4,623,561
Interest accrued		-	(32,899)	-	(32,899)
Other non-cash movements		-	2,073	-	2,073
Balance at 31 December 2021	2,085,631	3,773,703	(51,355)	(3,075,183)	2,732,796

31. Events after the reporting period

31.1 Decline in Transaction Capital Limited ("TCP") share price

On 13 March 2023 the board of TCP released a SENS announcement to indicate that the core earnings per share for the half-year ending 31 March 2023 is expected to decline by 20% but not exceed 50%. The decline in earnings is as a result of macroeconomic circumstances which are affecting the underlying SA Taxi business. This cautionary announcement was met unfavourably by the market and resulted in an increase in the sell-off of shares. The TCP share price decreased significantly and the impact on the RBH portfolio is a decrease of R806 million from 31 December 2022 to 28 April 2023.

31.2 Disposal of investments

31.2. Momentum Metropolitan Holdings Limited ("MMH")

RBH, through its SPV Salestalk 268 Proprietary Limited, disposed of 13 663 775 shares in MMH for a total consideration of R268 million. This is in line with the diversification strategy of reducing the portfolio concentration risk in the insurance sector.

31.2. Implats, Northam and RBPlats

During April 2023, Northam announced that it will no longer pursue the acquisition of the remaining shares in RBPlats and further on the 20th of July 2023, they (Northam) officially accepted the offer by Implats and disposed all RBPlats shares held and accepted cash and Implats shares in exchange for their shares.

This transaction provided Implats with a majority shareholding of RBPlats. RBH also followed to cancel the Option and Right of First Refusal ("ROFR") Agreement between RBH entities and Northam and sold the majority of their RBPlats shares to Implats at the same terms as with Northam above. To date, RBH sold 2,360,074 Implats shares at an average price of R129.04, realizing gross proceeds of R304.5m and currently holds only 493,967 Implats shares valued at R56.1m as at the 7 August 2023 Implats closing share price of R113.60.

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31.2.2 Implats, Northam and RBPlats (continued)

This transaction provided Implats with a majority shareholding of RBPlats. RBH also followed to cancel the Option and Right of First Refusal (“ROFR”) Agreement between RBH entities and Northam and sold the majority of their RBPlats shares to Implats at the same terms as with Northam above. To date, RBH sold 2,360,074 Implats shares at an average price of R129.04, realizing gross proceeds of R304.5m and currently holds only 493,967 Implats shares valued at R56.1m as at the 7 August 2023 Implats closing share price of R113.60.

The proceeds from the disposal of Implats shares was utilized to pay portion of the preference share debt at R 1bn. Therefore, the remaining debts is at R1.1bn.

32. Financial instruments

32.1 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
2022				
Assets per balance sheet				
Other financial assets	6	-	-	-
Investments in associates at FVTPL	7	19,208,369	-	19,208,369
Trade and other receivables (excludes VAT, prepaid, deposits)	9	-	452,696	452,696
Cash and cash equivalents	14	-	7,064,851	7,064,851
Cash Investments	15	-	2,720,081	2,720,081
		19,208,369	10,237,628	29,445,997
2021				
Assets per balance sheet				
Other financial assets	6	17,153,337	-	17,153,337
Investments in associates at FVTPL	7	21,532,347	-	21,532,347
Trade and other receivables (excludes deposits)	9	-	532,015	532,015
Cash and cash equivalents	14	-	3,773,703	3,773,703
Cash Investments	15	-	2,085,631	2,085,631
		38,685,684	6,391,349	45,077,033

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32. Financial instruments (continued)

32.1 Categories of financial instruments (continued)

Financial liabilities	Notes	Financial liabilities at fair value through profit and loss R'000	Financial liabilities at amortised cost R'000	Total R'000
2022				
Liabilities per balance sheet				
Borrowings	19	-	2,256,305	2,256,305
Trade and other payables (excludes VAT, deposits, deferred income and accruals)	21	-	79,684	79,684
Lease liabilities	20	5,710	-	5,710
Bank overdraft	15	-	6	6
		5,710	2,335,995	2,341,705

Financial liabilities	Notes	Financial liabilities at fair value through profit and loss R'000	Financial liabilities at amortised cost R'000	Total R'000
2021				
Liabilities per balance sheet				
Borrowings	18	-	3,126,538	3,126,538
Trade and other payables (excludes VAT, deposits, deferred income and accruals)	21	-	78,945	78,945
Lease liabilities	20	6,454	-	6,454
Bank overdraft	15	-	7	7
		6,454	3,205,490	3,211,944

33. 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.

33.1 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 18). In addition, detailed cash flow forecasts are regularly prepared

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33. Financial risk management (continued)

33.1 Liquidity risk (continued)

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.

	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
2022					
Non-current borrowings	-	-	2,087,750	99,403	2,187,153
Current borrowings	69,152	-	-	-	69,152
Trade and other payables	101,189	-	-	-	101,189
Financial lease liability	5,288	422	-	-	5,710
	175,629	422	2,087,750	99,403	2,363,202

	Notes	Due within 1 year R'000	Due within 1 to 2 year R'000	Due within 2 to 5 years R'000	Total R'000
2021					
Non-current borrowings	19	-	-	3,075,183	3,075,183
Current borrowings	19	51,355	-	-	51,355
Trade and other payables	21	110,729	-	-	110,729
Financial lease liability	19	5,969	485	-	6,454
		168,053	485	3,075,183	3,243,719

Redeemable preference shares and RCF

Financial guarantee

During the current financial year RBH, through its SPV Salestalk Holdco, voluntarily redeemed the A preference shares and entered into a refinancing agreement with one of the lenders, FirstRand, acting through its RMB division to issue B preference shares. Upon refinance, Salestalk Holdco was discharged from the financial liability and released from any financial obligation in terms of the 2017 preferences shares' amended common terms agreement. The interest rate was also amended from 69% of prime to 67% of prime. The amendment agreement was effective from 22 September 2022.

Salestalk Holdco's obligations under the new preference shares and RBH's obligations under the new RCF are guaranteed by RBH, Royal Bafokeng Investment Holding Company Proprietary Limited and Salestalk 268 Proprietary Limited (collectively the "obligors"). Previously Lisinfo 222 Proprietary Limited was an obligor for the redeemable preference shares. In the current year Lisinfo 222 Proprietary Limited resigned as an obligor when the preference shares were redeemed as part of the refinance.

154 864 208 RMI shares, 166 825 795 FSR shares and 147 152 196 RMH shares were pledged as security for the Salestalk Holdco Proprietary Limited preference shares and the Royal Bafokeng Holdings (Pty)

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33. Financial risk management (continued)

33.1 Liquidity risk (continued)

Limited revolving credit facility in the prior year. The shares were released from security in the current year as a result of the refinance.

No shares are pledged as security under the B preference shares.

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.

The financial covenants contained in the new agreement were for RBH to maintain a:

- R5 billion NAV;
- listed asset cover ratio of 2.25:1; and
- specified listed asset cover ratio of 1.00:1.

The financial covenants stipulated in the agreements are as follows:

	Listed assets cover ratio	Total asset cover ratio
Discussion Triggers	1.25	3.70
Default Triggers	2.25	3.20
As at 31 December 2022 the financial covenants were as follows:		
Financial covenants	18.52	N/A
As at 31 December 2021 the financial covenants were as follows:		
Financial covenants	11.55	15.61

Valuation

The financial guarantee is 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 Proprietary Limited (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 2022 is Rnil for all the financial guarantors listed above.

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33. Financial risk management (continued)

33.2 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The group is exposed to credit risk on loans to group companies at fair value through profit or loss, preference share investments at fair value through profit or loss, trade and other receivables, finance lease receivables, cash and cash equivalents, loan commitments and financial guarantees.

Credit risk for exposure other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. 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 are continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the group through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but exclude those measured at fair value through profit or loss. Credit loss allowance are also recognised for loan commitments and financial guarantee contracts if not designated through profit or loss.

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:

	2022	2021
	R'000	R'000
Summary of trade and other receivables*		
TJET	511	183
Current related party loans	612,533	618,211
Total current trade receivables	613,044	618,394
Non-current related party loans	-	71,526
Total trade and other receivables	613,044	689,920

* Excludes VAT and prepaid expenses.

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

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33. Financial risk management (continued)

33.2.1 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.

33.3 Market risk

33.3.1 Foreign exchange risk

The Group has direct exposure to foreign currency risk through foreign denominated invoices incurred during the year and accruals raised at year-end.

The portfolio is exposed to foreign currency risk through foreign investments held by its underlying SPVs.

The net carrying amounts, in foreign currency, of the above exposure was as follows:

Financial liabilities

Investment	Currency	2022 R'000	2021 R'000
Leopard Guernsey	GBP	17,577	28,922
Big Yellow Group	GBP	33,824	50,228
InfraSalience	USD	1,000	1,000
I-Squared Global Infrastructure Fund III	USD	5,614	3,927
KEG Holdings Limited	USD	94,172	-
Global Equity Funds	USD	35,323	-

33.3.2 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:

	2022 R'000	2021 R'000
Financial liabilities		
Variable interest rate borrowings (Cash flow interest rate risk)	2,116,952	3,084,496

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.

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33. Financial risk management (continued)

33.3.2 Interest rate risk (continued)

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

	Balance at year end R'000	Profit/loss Increase in interest rate variable R'000	Decrease in interest rate variable R'000
31 December 2022			
Variable interest rate borrowings - Sensitivity analysis	2,116,952	(21,170)	21,170
31 December 2021			
Variable interest rate borrowings - Sensitivity analysis	3,084,496	(30,845)	30,845

33.3.3 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 portfolio's foreign listed equities are publicly traded and are included as part of the Financial Times Stock Exchange (FTSE).

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.

	Index	Name	Equity movements Increase by 100 basis points	Decrease by 100 basis points
2022				
JSE	J300	ALSI	325,446	(325,446)
2021				
JSE	J300	ALSI	47,637	(47,637)

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.

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33. Financial risk management (continued)

33.3.3 Price risk (continued)

			Equity movements	
	Index	Name	Increase by 100 basis points	Decrease by 100 basis points
2022				
LSE	FTSE100	FTSE	6,965	(6,965)
2021				
LSE	FTSE100	FTSE	6,503	(6,503)

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.

33.4 Capital risk management

The Group's objective when managing capital (which includes share capital, liabilities, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The Group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure the group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The Group measures capital through its debt covenant ratios which are disclosed in note 35.

34. 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.

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.

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34. Fair value estimation (continued)

	Notes	Level 1 R'000	Level 3 R'000	Total R'000
2022				
Financial assets at FVTPL	7 & 8	23,731,835	3,605,306	27,337,141
Financial liability	20	-	5,710	5,710
Cash investments	16	2,720,081	-	2,720,081
2021				
Financial assets at FVTPL	7 & 8	23,714,454	3,605,306	27,319,760
Financial liability	20	-	6,454	6,454
Cash investments	16	2,085,631	-	2,085,631

35. Material direct subsidiaries

35.1 Subsidiaries

Entity	Ownership interest	
	2022	2021
Subsidiaries		
Royal Bafokeng Nation Development Trust	100%	100%
Royal Bafokeng Holdings (Pty) Ltd	100%	100%
Crosspoint Trading (Pty) Ltd	100%	100%
Lebone II 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 Integrated Development (Pty) Ltd	100%	100%
Bafokeng Civil Works (Pty) Ltd	100%	100%
Struthio (Pty) Ltd	100%	100%