



Phumelela Gaming

Phumelela Gaming and Leisure Limited

CONDENSED INTERIM FINANCIAL RESULTS

FOR THE 7 MONTH PERIOD ENDED 28 FEBRUARY 2022

CONTENTS

PHUMELELA GAMING AND LEISURE LIMITED

Condensed Interim Financial Statements for the 7 months ended 28 February 2022.

These financial statements represent the condensed financial information of Phumelela Gaming and Leisure Limited.

These financial statements have been prepared under the supervision of Mr AR Langham CA(SA).

CONDENSED INTERIM FINANCIAL STATEMENTS

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APPROVAL OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

The Report of the Directors set out on page 2 to 4, and the condensed interim financial statements set out on page 7 to 16, were approved by the Board of Directors on 25 May 2022.

Signed on their behalf by:



E NKOSI
Chairman
25 May 2022



SH MÜLLER
Non-executive director



REPORT OF THE DIRECTORS

for the seven month period ended 28 February 2022

The directors hereby present the condensed interim financial statements for the seven month period ended 28 February 2022, which statements have been reviewed by the Company's auditors. The preparation of these financial statements was supervised by Mr AR Langham CA(SA).

NATURE OF BUSINESS

The directors resolved on 8 May 2020 that the Company voluntarily commence business rescue proceedings and be placed under supervision as the Board had reasonable grounds to believe that it could be rescued despite it being financially distressed and reasonably unlikely that the Company would be able to pay all of its debts as they became due and payable within the immediately ensuing six months.

The business rescue plan of the Company was adopted by creditors on 1 September 2020. The business rescue plan of the Company mandates the business rescue practitioner to continue to trade its businesses while all its assets are sold, realised or collected and to pay the proceeds therefrom to the employees, creditors and shareholders per the payment waterfall and preferences as set out in the plan.

Until 30 November 2021 the Company owned three racecourses with allied training centres in Gauteng, Free State and Eastern Cape, and managed a stand-alone training centre in Gauteng. The Company staged race meetings and provided betting opportunities primarily on horseracing via its totalisator system and a network of branches, agents, an internet betting site, and telephone betting ("telebet") centres. The Company also distributed simulcast products and horseracing coverage and performed international commingling of betting pools. With effect from 1 December 2021 the Company sold the majority of its business. The sale of the operations in the Northern Cape and North West provinces is still subject to regulatory approval for the transfer of licenses in these provinces to the purchaser. The Company is continuing to trade in the North West and Northern Cape and continues to fulfil certain product distribution contracts whilst those contracts are in their run out phase.

The Tellytrack Partnership, a joint operation between Phumelela Gaming and Leisure Limited, Gold Circle Proprietary Limited and Kenilworth Racing Proprietary Limited, produced a television channel containing live horseracing audio, visual and data from South Africa, the UK and other international racecourses to betting shops and private subscribers. With effect from 28 February 2022 the Partnership has ceased operations and its affairs are now being wound-up.

FINANCIAL RESULTS AND POSITION

The Company has produced results for the seven month period to 28 February 2022. This date coincides with the financial year-end of the purchaser of the business and consequently has enabled co-ordinated reconciliation and review procedures of the business transfer between the Company and the purchaser.

The Company generated R149 million in profits after accounting for the release of provisions previously held against a disputed business rescue creditor, which release includes the release of R87 million against a Realisation Surplus provision on the revaluation of Premier Gateway International Limited raised in the 2020 financial year.

As at 28 February 2022 the equity attributable to ordinary shareholders was R354 million. This equates to an estimated value per share of 345 cents (102,5 million shares in issue including treasury shares). Shareholders are reminded that a number of estimates are used in arriving at values, and the outcomes resulting from future events may positively or negatively affect shareholders' position.

Of the R623 million of assets held at 28 February 2022, R527 million was held in cash and R96 million of assets are still to be realised by the business rescue practitioner. Liabilities of R268 million are still to be settled, this amount includes accruals and provisions for costs related to the finalisation of the business rescue plan.

Further detail is set out in the financial statements and accompanying notes.

INVESTMENTS

During the period under review the Company sold its shareholding in SW Security. The Company has no remaining interest in any associate company as at 28 February 2022.

INTANGIBLE ASSETS

With effect from 1 December 2021 the Company sold the major portion of its South African horseracing and associated operations, including the intangible assets.



REPORT OF THE DIRECTORS CONTINUED

for the seven month period ended 28 February 2022

PROPERTY, PLANT AND EQUIPMENT

With effect from 1 December 2021 the Company sold the major portion of its South African horseracing and associated operations, including the properties and fixed assets used by the sold business. The remaining assets will be realised in accordance with the business rescue plan of the Company.

SHARE CAPITAL

There has been no change in the authorised share capital of the Company.

At 31 July 2021 and 28 February 2022, the issued share capital amounted to 102 500 588 shares, including 2 531 211 treasury shares.

SHORT TERM BORROWINGS

During the period under review all short term borrowings were repaid.

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The Audit Committee considered the following;

- The business rescue plan of the Company, adopted on 1 September 2020, states under 8.2 that the Company mandates the business rescue practitioner to continue to trade its businesses while all its assets are sold or collected, and pay whatever funds remain to the employees, creditors and shareholders per the payment waterfall and preferences as set out in the plan.
- The business rescue plan adopted on 1 September 2020 states under 8.1.4 that the business rescue practitioner is of the view that it is best for affected persons that once all distributions have been paid to creditors and shareholders, to wind-up the affairs of the Company.
- In terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity.

Thereafter the Audit Committee recommended to the Board that the financial statements not be prepared on a going concern basis but instead on an orderly realisation (break-up) basis as it is likely that the entity will be wound-up. The financial statements have been prepared in accordance with the Company's own accounting policies which have been derived from International Financial Reporting Standards ("IFRS") and interpretations of those standards as adopted by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act of South Africa. In terms of the break-up basis of accounting and in order to provide creditors and shareholders with an assessment as to whether creditors' claims will be met and a quantification of any surplus that may be available for distribution to shareholders, assets have been valued at estimated realisable value. All significant operating subsidiaries and investment in associates owned by the Company have been disposed of by 28 February 2022. All remaining subsidiaries have been valued at the estimated realisable value of their underlying net assets. Therefore, it has been considered that presenting consolidated financial statements would provide no additional useful information to users and consequently, consolidated financial statements have not been prepared. Refer to the basis of preparation in note 1.

GOING CONCERN

The adopted business rescue plan of the Company mandates the business rescue practitioner to wind-up the affairs of the Company. Consequently the financial statements have been prepared on an orderly realisation (break-up) basis.

The Company generated a profit for the seven month period ended 28 February 2022 of R149 million (12 months ended 31 July 2021 of R91 million).

Based on the accounting policies applied, the Company's assets exceeded its liabilities by R354 million as at 28 February 2022 (R205 million as at 31 July 2021).

SUBSEQUENT EVENTS

The business rescue practitioner publishes monthly status reports outlining progress on the implementation of the business rescue plan. These reports are available on the Company's website www.phumelela.com.

The dispute with Gold Circle (who was joined in the dispute by Kenilworth Racing) regarding various financial claims was settled by the parties in April 2022 with the Company making payments totalling R201 million, of which R176 million was paid to Gold Circle and R25 million for Kenilworth Racing. The settlement agreement confirmed that the Company retains full ownership of the shares in Phumelela Gold International Limited.

REPORT OF THE DIRECTORS CONTINUED

for the seven month period ended 28 February 2022

SUBSEQUENT EVENTS CONTINUED

The Company has adjusted the provisions in its accounts as at 28 February 2022 to accord with the settlement terms. The R25 million settlement made to Kenilworth Racing is being held in trust by the Company's attorneys pending the release by the bank of the R50 million guarantee provided by the Company pre-business rescue in respect of Kenilworth Racing's overdraft liabilities. The contingent liability of R50 million in this regard is not accounted for in the financial statements of the Company.

Post the end of the financial reporting period Rand Sporting Club Proprietary Limited declared 2 531 211 shares in the Company as a dividend in specie to the Company. On receipt of the dividend the directors of the Company resolved to cancel the shares with immediate effect. The estimated value per share of 345 cents remains unaltered by this transaction reducing the number of shares in issue to 99 969 377 shares.

Other than the above there are no significant subsequent events that have had an impact on the financial information at 28 February 2022.

MATTERS OF CORPORATE INTEREST AND LITIGATION

A comprehensive report on legal disputes was included in the Report of the Directors in the 2019 Financial Statements. Material matters that remain unresolved are:

- The Review Application of the Gauteng Gambling Regulations, 1997 amendments published on 28 March 2019 that deprived the Company of a portion of the betting levies;
- The application by Nadomine Proprietary Limited against the NHRA and Phumelela declaring the licence to hold races at Turffontein to be invalid;
- Various applications by the South African Bookmakers' Association relating to their access to the TellyTrack service.

A High Court Review Application has resulted in the setting aside of the Public Protector's Final Report on her investigation into the 1997 memorandum of understanding between industry participants that led to the corporatisation of the horseracing industry. The setting aside of this report may have a positive effect on the outcome of the Company's Review Application of the Gauteng Gambling Regulations, as noted above. The Company has been deprived of approximately R6 million per month of levy income since the amendments to the Gauteng Gambling Board Regulations took effect in April 2019 until the Company sold its operations with effect from 1 December 2021.

There are no contingent liabilities or provisions recognised in respect of the applications by Nadomine Proprietary Limited and the South African Bookmakers' Association.

Shareholders are reminded that the outcome of the relevant actions noted under Corporate Interests and Litigation, as described in the financial statements, remains uncertain and may have an impact on future earnings.

RELATED PARTIES

Other than in the normal course of business, there have been no significant transactions during the period with associates, joint operations or other related parties.

DIVIDENDS TO ORDINARY EQUITY HOLDERS

There were no dividends declared to shareholders during the seven month period ending 28 February 2022 (year ending 31 July 2021: nil).

AUDITORS

BDO South Africa Inc. are the appointed external auditors for the Company.

DIRECTORS AND SECRETARY

There have been no changes in the directorship or the appointed secretary of the Company since 31 July 2021.

SUBSIDIARY COMPANIES

Details of subsidiary companies are disclosed in note 3.



INDEPENDENT REVIEWER'S REPORT

for the seven month period ended 28 February 2022

To the shareholders of Phumelela Gaming and Leisure Limited

We have reviewed the condensed interim financial statements of Phumelela Gaming and Leisure Limited set out on pages 7 to 16, which comprise the condensed statement of financial position as at 28 February 2022 and the condensed statement of profit or loss and other comprehensive income and condensed statement of cash flows for the 7 month period then ended, and notes to the financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of these condensed interim financial statements in accordance with the basis of accounting described in note 1 and the requirements of the Companies Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

INDEPENDENT REVIEWER'S RESPONSIBILITY

Our responsibility is to express a conclusion on these condensed interim financial statements. We conducted our review in accordance with the International Standard on Review Engagements ("ISRE") 2400 (Revised), Engagements to Review Historical Financial Statements (ISRE 2400 (Revised)). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed interim financial statements.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim financial statements of Phumelela Gaming and Leisure Limited are not prepared, in all material respects, in accordance with the basis of accounting described in note 1 and the requirements of the Companies Act of South Africa.

BASIS OF ACCOUNTING

Without modifying our conclusion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Company's own accounting policies to satisfy the financial information needs of the Company's shareholders. As a result, the financial statements may not be suitable for another purpose.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT OF SOUTH AFRICA

The condensed interim financial statements include the Directors' Report as required by the Companies Act of South Africa. The directors are responsible for the Directors' Report. Our conclusion on the financial statements does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our independent review of the condensed interim financial statements, we have read the Directors' Report and, in doing so, considered whether the Directors' Report is materially inconsistent with the financial statements

INDEPENDENT REVIEWER'S REPORT CONTINUED

for the seven month period ended 28 February 2022

OTHER REPORTS REQUIRED BY THE COMPANIES ACT OF SOUTH AFRICA CONTINUED

or our knowledge obtained in the independent review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we will report that fact. We have nothing to report in this regard.



BDO South Africa Incorporated

Registered Auditors

Stephen Shaw

Director

Registered Auditor

25 May 2022

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

STATEMENTS OF FINANCIAL POSITION

for the seven month period ended 28 February 2022

	Note	COMPANY	
		28 Feb 2022 Reviewed R'000	31 Jul 2021 Audited R'000
ASSETS			
Assets held for sale		6 996	187 031
Property, plant and equipment	2	1 390	155 805
Intangible assets			10 000
Investment in subsidiaries	3	5 606	16 107
Investment in associates			5 119
Other current assets		615 702	707 618
Inventories	4	20	699
Trade and other receivables	5	13 655	96 841
Other receivables	6	60 000	78 000
Right-of-use assets			6 477
Amounts owing by subsidiary companies	3		46 940
Defined benefit funds	7	14 650	14 650
Cash and cash equivalents	8	527 377	464 011
Total assets		622 698	894 649
EQUITY AND LIABILITIES			
Total equity		354 282	205 195
Share capital and premium	9	474 143	474 143
Retained earnings		(119 861)	(268 948)
Current liabilities		268 416	689 454
Trade and other payables	10	67 416	129 615
Lease liability			7 759
Short-term borrowings			185 000
Business rescue creditors	11	201 000	360 751
Amounts owing to subsidiary companies			1 769
Betting dividends payable			4 560
Total equity and liabilities		622 698	894 649

STATEMENTS OF COMPREHENSIVE INCOME

for the seven month period ended 28 February 2022

	COMPANY	
	7 Months to 28 Feb 2022 Reviewed R'000	12 Months to 31 Jul 2021 Audited R'000
Betting income	154 062	586 424
Other operating income		
– Local operations	79 665	198 495
– International operations	91 876	305 223
Investment income	35 601	144 568
Income	361 204	1 234 710
Stakes	(43 970)	(110 007)
Value added tax	(19 276)	(73 151)
Betting taxes	(14 679)	(56 284)
National Horseracing Authority levies	(12 342)	(34 087)
Operating expenses and overheads		
– Local operations	(151 190)	(611 508)
– Impairments		(18 362)
– International operations	(57 660)	(211 274)
Profit before finance costs	62 087	120 037
Finance costs		
– Local operations		(29 217)
Profit before income tax expense	62 087	90 820
Income tax expense		
Total comprehensive income for the period	62 087	90 820
Other comprehensive income for the period		
Realisation surplus	87 000	
Total income for the period	149 087	90 820

STATEMENTS OF CASH FLOWS

for the seven month period ended 28 February 2022

	Note	COMPANY	
		7 Months to 28 Feb 2022 Reviewed R'000	12 Months to 31 Jul 2021 Audited R'000
Net cash inflow/(outflow) from operating activities		45 509	(121 009)
Cash utilised by operations	13.1	(32 706)	(7 943)
Movements in working capital	13.2	67 646	(102 517)
Cash utilised by operating activities		34 940	(110 460)
Interest received		10 569	17 161
Finance costs paid			(27 710)
Net cash inflow from investing activities		205 385	604 935
Acquisition of property, plant and equipment		(453)	(2 059)
Proceeds on disposal of property, plant and equipment		148 000	
Proceeds on disposal of intangible assets		10 000	
Proceeds on sale of investments		4 806	220 526
Increase in Investment in associates			(21)
Loans repaid		18 000	
Dividends received		25 032	386 489
Net cash outflow from financing activities		(187 528)	(129 893)
Operating lease payments in respect of:			
Right-of-use assets		(2 528)	(16 202)
Borrowings raised			296 037
Borrowings repaid		(185 000)	(409 728)
Increase in cash and cash equivalents for the year		63 366	354 033
Cash and cash equivalents at beginning of year		464 011	109 978
Cash and cash equivalents at end of year		527 377	464 011
Make up of balance of cash and cash equivalents			
Cash and cash equivalents	8	527 377	464 011
Cash and cash equivalents at end of period		527 377	464 011

STATEMENTS OF CHANGES IN EQUITY

for the seven month period ended 28 February 2022

	Share capital R'000	Share premium R'000	Retained earnings R'000	Share- holders' equity R'000
COMPANY				
Balance at 31 July 2020	2 563	471 580	(359 768)	114 375
Total comprehensive income for the year				
– Profit for the year			90 820	90 820
Balance at 31 July 2021	2 563	471 580	(268 948)	205 195
Total comprehensive income for the period				
– Profit for the period			62 087	62 087
– Other comprehensive income			87 000	87 000
Balance at 28 February 2022	2 563	471 580	(119 861)	354 282

ACCOUNTING POLICIES

for the seven month period ended 28 February 2022

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

Basis of preparation

The Company's condensed interim results have not been prepared on a going concern basis as, in terms of IAS 1, an entity shall not prepare its financial statements on a going concern basis if management intends to wind-up the entity. The business rescue plan of the Company, adopted on 1 September 2020, states under 8.1.4 that "the business rescue practitioner is of the view that it is best for affected persons that once all distributions have been paid to creditors and shareholders, to wind-up the affairs of the Company".

The financial statements have been prepared on the historical cost basis, in accordance with International Financial Reporting Standards ("IFRS"), interpretations of those standards as adopted by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act of South Africa, except as stated below.

The financial statements are not prepared on the going concern basis, as set out above, which has resulted in consideration being given to the break-up value of the in order to provide an assessment as to whether the realisation of the assets will satisfy creditors and result in a surplus for distribution to shareholders.

Consolidated financial statements have not been prepared as all significant subsidiaries and investments in associates owned by the company have been disposed of by 28 February 2022. All remaining subsidiaries have been valued at the estimated realisable value of their underlying net assets, the composition of which is disclosed in note 3.

The Company's accounting policies are consistent with those applied in the previous financial year ended 31 July 2021. Refer to the Company's financial statements for the year ending 2021 for these accounting policies. IAS 34 prescribes the minimum components of an interim financial report. These requirements have been met in this report except that the statements of comprehensive income reflect comparatives for the prior financial year. It is considered that presenting the comparative results for the financial year, rather than for the comparative reporting period, is more useful to the users of the financial statements in analysing the wind-up of the affairs of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the seven month period ended 28 February 2022

	COMPANY	
	28 Feb 2022 Reviewed R'000	31 Jul 2021 Audited R'000
2. PROPERTY, PLANT AND EQUIPMENT		
Balance at beginning of period	155 805	155 318
Current year movements		
– Additions	453	2 059
– Disposals	(154 198)	(1 572)
– Depreciation	(670)	
Balance at end of period	1 390	155 805
Made up as follows:		
Assets at cost	8 962	573 285
Accumulated depreciation	(7 572)	(417 480)
Carrying value	1 390	155 805
A register containing the information required by the Companies Act is available for inspection at the registered office of the Company.		
3. INVESTMENT IN SUBSIDIARIES		
Investment held in subsidiaries	5 606	16 107
Amounts owing by subsidiary companies		46 940
Total investment in subsidiaries	5 606	63 047
	%	%
Details of investments held in subsidiaries are as follows:	Held	Held
Direct subsidiaries incorporated in South Africa		
Highveld Racing Authority Technical Services Proprietary Limited	100	100
Highveldt Training Centre Proprietary Limited	100	100
Rand Sporting Club Proprietary Limited	100	100
Hadrian Investments Proprietary Limited	100	100
Shelanu Investments Proprietary Limited	100	100
Injector Investments Proprietary Limited	100	100
Glenfiddich Investments Proprietary Limited	100	100
Transvaal Racing Holdings Proprietary Limited	100	100
Tote Property Investments Proprietary Limited	100	100
Vaal Racecourse Proprietary Limited – (Deregistered)		100
East Cape Racing Proprietary Limited	100	100
TAB North West Proprietary Limited	100	100
Silks Gaming and Leisure Proprietary Limited	100	100
Direct subsidiaries incorporated in Isle of Man		
Phumelela Gold International Limited	100	100
<i>The investment in subsidiaries are represented by the following underlying assets and liabilities:</i>		
Property, plant and equipment		25 250
Treasury shares	8 749	5 062
Receivables	1 291	27 809
Cash and cash equivalents	1 688	5 681
Other		914
Payables	(6 122)	(1 669)
Total investment in subsidiaries	5 606	63 047

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the seven month period ended 28 February 2022

	COMPANY	
	28 Feb 2022 Reviewed R'000	31 Jul 2021 Audited R'000
4. INVENTORIES		
Digital satellite decoders	20	699
	20	699
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	24 442	110 010
Allowance for expected credit losses	(17 284)	(23 255)
Trade receivables after impairment	7 158	86 755
Prepayments	1 358	3 692
Deposits	4 509	4 648
Other receivables	630	1 746
	13 655	96 841
Trade receivables consist of non-interest-bearing receivables and are generally on 30 to 60 day terms.		
Included in debtors is the equivalent of R7 million (2021: R73 million) denominated in foreign currencies. The majority of foreign currencies are AUD, EURO, USD and GBP. The Company has no single concentration of risk to any single currency. The Company does not hold long-term positions in any one currency and the mix of currencies held is dynamic.		
6. OTHER RECEIVABLES		
Other receivables		
IHH Company Proprietary Limited	60 000	78 000
	60 000	78 000
Receivable relates to the proceeds for the sale of the Company's equity interests in Supabets Holdings SA Proprietary Limited.		
The outstanding proceeds will be settled in terms of a payment plan set out in the share sales agreement and will be settled in full by 31 October 2022.		
The outstanding balance is secured over the shares sold and 8,796,443 shares in PGL.		
7. RETIREMENT BENEFIT SURPLUS		
Defined benefit fund surplus		
<i>Pension fund surplus</i>		
Balance at beginning of period	14 650	14 650
Balance at end of period	14 650	14 650

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the seven month period ended 28 February 2022

	COMPANY	
	28 Feb 2022 Reviewed R'000	31 Jul 2021 Audited R'000
8. CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	505 173	381 356
Short-term bank deposits	1 978	55 005
Deposits held with financial institutions against guarantees issued	8 226	15 650
Deposit held in Attorneys trust accounts	12 000	12 000
	527 377	464 011
Included in cash is the equivalent of R0,1 million (2021: R23 million) denominated in foreign currencies.		
The deposit of R12 million is held in the Company's attorneys trust account and will be released to the Company on 31 May 2022, subject to no proven warranty claims relating to the sale of Betting World.		
9. SHARE CAPITAL AND RESERVES		
Share capital		
Authorised		
480 000 000 ordinary shares of 2,5 cents each	12 000	12 000
Issued		
102 500 558 ordinary shares of 2,5 cents each	2 563	2 563
Share capital	2 563	2 563
Share premium	471 580	471 580
Total share capital and premium	474 143	474 143
Rand Sporting Club Proprietary Limited, a 100% subsidiary of the Company, holds 2 531 211 (2021: 2 531 211) ordinary shares.		
10. TRADE AND OTHER PAYABLES		
Trade payables	8 720	84 495
Accruals – staff costs	443	9 346
Accruals – other	49 185	11 857
Other payables	9 068	
Betting taxes		1 937
Punters liabilities		21 980
	67 416	129 615
Trade payables are non-interest-bearing and are normally settled between 30 and 60 days.		
Included in creditors is the equivalent of R1,7 million (2021: R25 million) denominated in foreign currencies. The majority of foreign currencies are SEK and USD. The Company does not hold long-term positions in any one currency and the mix of currencies held is dynamic.		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the seven month period ended 28 February 2022

	COMPANY	
	28 Feb 2022 Reviewed R'000	31 Jul 2021 Audited R'000
11. BUSINESS RESCUE CREDITORS		
Unsecured creditors		17 127
Disputed creditors	201 000	343 624
Total business rescue creditors	201 000	360 751
Unsecured creditors		
International creditors		1 996
Local creditors		15 131
		17 127
Disputed creditors		
Local creditors	201 000	343 624
	201 000	343 624

Disputed creditors are claims that have been lodged with the business rescue practitioner and are to be resolved through the dispute resolution process as set out in the business rescue plan (as amended). These creditors have been settled post 28 February 2022.

12. COMMITMENTS AND CONTINGENCIES

12.1 Capital expenditure

There were no commitments in respect of capital expenditure as at 28 February 2022.

12.2 Guarantees and surety issued

The Company has stood surety in respect of the banking facilities of Kenilworth Racing Proprietary Limited in the amount of R50 million which is secured by means of a first bond over the Milnerton property owned by Kenilworth Racing Proprietary Limited in the amount of R60 million.

The Company's bankers have issued guarantees on behalf of the Company to regulatory authorities and utility providers for amounts totalling R8,2 million.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the seven month period ended 28 February 2022

	COMPANY	
	28 Feb 2022 Reviewed R'000	31 Jul 2021 Audited R'000
13. NOTES TO THE CASH FLOWS STATEMENTS		
13.1 Cash utilised by operations		
Profit for the year before income tax expense	62 087	90 820
Adjustments for:		
Investment income	(35 601)	(144 568)
Finance costs		27 710
Interest on lease liability	245	1 507
Derecognition of lease liability	(5 475)	
Depreciation of right-of-use asset	2 020	13 534
Derecognition of right-of-use asset	4 457	
Loss on disposal of property, plant and equipment	6 194	
Profit on sale of assets		(22 578)
Impairments of property, plant and equipment		1 572
Loss on disposal of revaluation surplus		7 015
Fair value adjustment of investments		7 429
Impairment of investments	(6 900)	
Release of leave liability	(4 422)	
Release of business rescue creditors provision	(55 624)	
Impairments of loans		9 361
Adjustment to realisable value of associates	313	(5 032)
Withholding tax written off		5 287
	(32 706)	(7 943)
13.2 Movements in working capital		
Decrease in inventories	679	2 057
Decrease in trade and other receivables	83 186	10 100
Decrease/(increase) in amounts owing from subsidiary companies	49 423	(7 671)
Increase/(decrease) in amounts owing to subsidiary companies	13 150	(29 690)
(Decrease)/increase in business rescue creditors	(17 127)	40 719
Decrease in trade and other payables	(61 665)	(118 032)
	67 646	(102 517)
13.3 Taxation paid		
Balance at beginning of year		290
Transfer to accounts receivable		(290)
Balance at end of year		

CORPORATE INFORMATION

DIRECTORS	Dr Elijah Nkosi (<i>Chairman</i>) John Barry Walters Nolwandle Jacqueline Mboweni S'celo Andreas Mahlalela Stephanus Hilgard Müller
SECRETARY	Freda Moloi
BUSINESS RESCUE PRACTITIONER	John Evans
REGISTERED OFFICE	Turffontein Racecourse 14 Turf Club Street Turffontein
AUDITOR	BDO South Africa Inc.
PRINCIPAL BANKER	First National Bank – A division of FirstRand Bank Limited
ATTORNEYS	Fluxmans Inc.
MERCHANT BANK	Investec Bank Limited
COMPANY REGISTRATION NUMBER	1997/016610/06
COUNTRY OF INCORPORATION	South Africa
WEBSITE	www.phumelela.com



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