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AUDITED GROUP AND COMPANY ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

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LEVEL OF ASSURANCE

These Audited Annual Financial Statements have been audited in compliance with the applicable requirement of the Companies Act (No. 71 of 2008) of South Africa.

COMPANY INFORMATION

DIRECTORS	H Adams (Non-executive Chairman) M Tajbhai (Chief Executive Officer) appointed 28 November 2018, appointed CEO 1 July 2019 C Priem (Group Financial Director) appointed 1 July 2018 A Abercrombie WD Geach (Lead Independent) MJ Bowman appointed 5 December 2018 R van Dijk appointed 5 December 2018 NV Maharaj resigned 30 April 2019 P Moodley resigned 7 December 2018 N Mlambo removed 5 December 2018 R Hargey removed 5 December 2018 K Pillay appointed 11 July 2019
PUBLIC OFFICER	C Priem
REGISTRATION NUMBER	1997/003548/06
DOMICILE AND COUNTRY OF INCORPORATION	South Africa
NATURE OF BUSINESS	Investment Holding Company
REGISTERED OFFICE	10th Floor, 33 on Heerengracht Heerengracht Street Cape Town 8001
PREPARER OF THE FINANCIAL STATEMENTS	The annual financial statements were prepared under supervision of Grand Parade Investments' (GPI) Group Financial Director, C Priem.
COMPANY SECRETARY	Statucor (Pty) Ltd 6th Floor 119 – 123 Hertzog Boulevard Foreshore Cape Town 8001
TRANSFER SECRETARIES	Computershare Investor Services (Pty) Ltd PO Box 61051 Marshalltown 2107
SPONSORS	PSG Capital (Pty) Ltd PO Box 7403 Stellenbosch 7600
AUDITORS	Ernst & Young Inc. PO Box 656 Cape Town 8000
ATTORNEYS	Cliffe Dekker Hofmeyr PO Box 695 Cape Town 8000
BANKERS	The Standard Bank of South Africa Ltd

STATEMENT OF RESPONSIBILITY BY THE DIRECTORS AND COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS' APPROVAL

The Directors are responsible for the preparation of the Annual Financial Statements (AFS) and other information contained in this report. In their opinion, the AFS set out in this report fairly represent the state of affairs of the Group and of the Company. The AFS have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act (No. 71 of 2008) of South Africa (Companies Act).

The external auditors are responsible for conducting an independent audit of the AFS of the Company and its subsidiaries in accordance with International Standards on Auditing (ISA) and reporting their opinion to shareholders. Their report is presented on pages 3 to 6.

The Directors have reviewed the Group's and Company's budget and cash flow forecast for the year to 30 June 2020. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the Directors are satisfied that the Group and Company are going concerns and have continued to adopt the going-concern basis in preparing the AFS.

The AFS were approved by the Board on 19 September 2019 and are signed on its behalf by:

M Tajbhai
Chief Executive Officer

DECLARATION BY THE COMPANY SECRETARY

TO THE MEMBERS OF GRAND PARADE INVESTMENTS LIMITED

Pursuant to section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, all returns required of the Company, in terms of the said Act, have been duly lodged with the Companies Intellectual Property Commission (CIPC), and all such returns are true, correct and are up-to-date.

Statucor (Pty) Ltd
Company Secretary

19 September 2019

PREPARATION OF ANNUAL FINANCIAL STATEMENTS

The AFS have been prepared under the supervision of the Group Financial Director.

C Priem
Group Financial Director

19 September 2019

REPORT OF THE AUDITORS

TO THE SHAREHOLDERS OF GRAND PARADE INVESTMENTS LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Grand Parade Investments Limited and it's subsidiaries ('the group') and company set out on page 15 to 112, which comprise the consolidated and separate statements of financial position as at 30 June 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 30 June 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated and separate financial statements section of our report. We are independent of the group and company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements of the group and company and in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits of the group and company and in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code) and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements. We have determined that there are no key audit matters relating to the separate financial statements and the identified key audit matters relate only to the consolidated financial statements.

REPORT OF THE AUDITORS (CONTINUED)

TO THE SHAREHOLDERS OF GRAND PARADE INVESTMENTS LIMITED

Key Audit Matter	How the matter was addressed in the audit
Recoverability of deferred tax assets on assessed losses	
The Group has recorded net deferred tax assets amounting to R149.9 million in the consolidated financial statements resulting from losses carried forward as disclosed in Note 5 of the consolidated financial statements. The significant assumptions relating to the recoverability of these deferred tax assets are disclosed in Note 1.6.2 of the financial statements. The recognition of a deferred tax asset in respect of tax losses is permitted only to the extent that there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity. The revenue growth, margin improvement, cost control and other assumptions are used in determining forecast profits for the future utilisation of deferred tax assets in separate legal entities where the losses reside is an area of significant management judgement. Changes in trading conditions and performance for existing and newly-opened stores and the store roll out plan all impact this assessment and thus require specific audit attention on an annual basis. In addition, the utilisation of losses in the Burger King group is dependent on the opening of profitable newer stores being houses in historically poorer performing statutory entities. Given the level of judgement involved in management estimates that are required to determine the forecasts and the quantitative materiality of the deferred tax asset balances recognised, we consider the recoverability of deferred tax assets to be a key audit matter.	Our procedures included, amongst others: • We assessed whether management has historically achieved budget by comparing previous year's results to the budget for that period; • We evaluated the assumptions used in preparing the budgets. This included assessing whether the information used was derived from the Group's business plans, is consistent with performance to date, and whether these plans have been subject to internal reviews and approved by those charged with governance. It also included evaluating critical assumptions including forecast gross margin, evaluating planned store rollout and the allocating of profitable newer stores to historically poorer performing statutory entities; • We tested the arithmetical accuracy of the calculations within the respective models; • We determined the adequacy of the related disclosures in the consolidated and separate financial statements in terms of IAS 12, Income Taxes.
Valuation of goodwill balances	
The Group is required to assess the recoverable amount of its Goodwill on an annual basis in accordance with IAS 36: Impairment of Assets. The carrying value of Goodwill amounted to R93.7 million being a R 1.2 million increase as at 30 June 2019 as disclosed in Note 17. The valuation process is complex and involves judgment regarding certain assumptions when concluding on inputs to the calculation. These assumptions are disclosed in Note 17.3. The major inputs include the determination of appropriate discount rates; the assessment of forecast average revenue growth rates and terminal growth rates, all of which will vary year on year based on macro-economic factors and the recent performance of the Cash Generating Units and therefore requires specific audit attention on an annual basis. Given the level of judgement involved in management estimates that are required to determine the valuation of the Cash Generating Units as well as the quantitative materiality of the goodwill balances, we consider the valuation of goodwill to be a key audit matter.	Our procedures included, amongst others: • We evaluated the forecasts and approved budgets provided by management against historical data and other relevant information; • We assessed of the principles and method applied to the discounted cash flow valuations for appropriateness; • We compared the key inputs used in the calculation (e.g. discount rates, sales growth rates) with reference to actual experience to date and external data and our own expertise; • We tested the arithmetical accuracy of the calculations within the respective models; • We performed sensitivity analyses regarding key assumptions to determine the impact on potential impairment; • We included an internal valuation specialist on our team to assist in the assessments of forecasts applied by management; by evaluating the historic performance of the Cash Generating Units, reasonability of operating leverage, historic growth rates compared to rates implied in the forward growth rate and current economic climate in which the Cash Generating Units operates; and • We determined the adequacy of the related disclosures in the within the consolidated financial statements in terms of IAS 36: Impairment of Assets.

Other information

The directors are responsible for the other information. The other information comprises the information included in the 116 page document titled "Grand Parade Investments Limited Audited Group and Company Annual Financial Statements for the year ended 30 June 2019", which includes the Company Information, the Statement of Responsibility of the Directors, Directors' Approval, Declaration by the Company Secretary, Preparation of Annual Financial Statements, Report of the Audit and Risk Committee and Report of the Directors as required by the Companies Act of South Africa. Other information also includes Appendix 1: Principal Subsidiary Companies, Appendix 2: Principal Investments, associates and joint ventures, Appendix 3: Directors Interests in Shares and Appendix 4: Analysis of ordinary shareholders. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group and company'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 and company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

REPORT OF THE AUDITORS (CONTINUED)

TO THE SHAREHOLDERS OF GRAND PARADE INVESTMENTS LIMITED

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

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

We communicate with the 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Ernst & Young Inc. has been the auditor of Grand Parade Investments Limited for 23 years.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Pierre du Plessis
Registered Auditor
Chartered Accountant (SA)
3rd Floor, Waterway House
3 Dock Road, V&A Waterfront
Cape Town
8001
19 September 2019

REPORT OF THE AUDIT AND RISK COMMITTEE

FOR THE YEAR ENDED 30 JUNE 2019

The Audit and Risk Committee is a formally constituted committee of the Board. It is appointed by the shareholders to assist the Board with its corporate governance oversight duties. The Committee operates independently of management and acts in accordance with its statutory duties and the delegated authority of the Board as documented in a formal Charter. The composition of the Audit and Risk Committee of Grand Parade Investments Limited complies with all statutory requirements relating thereto including the Companies Act 2008.

During the reporting period, the Committee attended to the following:

Engagement with external auditors

- nominated and recommended to shareholders the appointment of the external auditor of the Company and the Group who is a registered auditor;
- satisfied itself that the external auditor is independent of the Company and the Group. In considering whether the external auditor is independent, the committee, in relation to the company (and other companies within the group), ascertained that the auditor does not receive any direct or indirect remuneration or other benefit from the company, except as auditor, or for rendering other services to the company, to the extent permitted in terms of the Companies Act and as agreed with the committee. The committee also ensured compliance with other criteria relating to independence or conflict of interest as prescribed by the Independent Regulatory Board for Auditors established by the Auditing Profession Act;
- considered and approved the terms of engagement of the external auditor and the extent and scope of the audit and the timing thereof;
- reviewed and made recommendations to the Board in respect of the publicly disclosed financial information including the interim results for the six months ended 31 December 2018 and the audited annual results for the 2019 financial year;
- prior to the commencement of the audit, determined and recommended the audit fees to be paid to the auditor;
- ensured that the appointment of the auditor complies with the Companies Act, and other legislation relating to the appointment of the auditor;
- determined the nature, scope and extent of any non-audit services that the auditor may provide to the Group and the fees relating to such services, and satisfied itself that the nature of such services and fees relating thereto did not adversely impact on the independence of the external auditor.

Internal financial controls, and internal audit function

- evaluated the independence, effectiveness and performance of the internal audit function;
- reviewed and approved the internal audit annual work plan, as well as the quarterly internal audit report;
- reviewed the internal auditor's reports and noted the findings thereof and reported to the Board in connection therewith;
- assessed internal financial controls and concluded that no material breakdowns in the functioning of the internal financial controls were noted during the year under review and that the results of the internal audit tests conducted indicate that the internal financial controls provided a sound basis for the preparation of financial statements; and
- considered and confirmed its satisfaction with the effectiveness of the internal audit function, as well as the expertise and experience of the internal auditor.

Oversight of risk management including IT

- monitored the implementation of the Group risk policy and Group risk plan as approved by the Board and reviewed the risk management framework and made appropriate recommendations to the Board;
- reviewed and considered the report by internal audit on the integrity and robustness of the Group's risk management processes;
- reviewed and considered the status of financial, Information Technology and internal controls, for the year under review, and reviewed and accepted the reports relating thereto.

REPORT OF THE AUDIT AND RISK COMMITTEE

(CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Complaints and concerns
The Committee did not receive any complaints or concerns neither from within or outside the company, or find any concerns on its own initiative, relating to the following:

- the accounting practices and internal audit of the company;
- the content or auditing of the company's financial statements;
- the internal financial controls of the company; or
- any other matter.

Annual financial statements and reporting

- confirmed and satisfied itself as to the expertise and experience of the Company's Financial Director;
- reviewed and made recommendations to the Board in respect of the publicly disclosed financial information including the interim results for the six months ended 31 December 2018 and the audited annual results for the 2019 financial year;
- reviewed the Annual Financial Statements, including the valuation of unlisted investments and loans, prior to submission to the Board. In the course of the review the Audit and Risk Committee ensured that the AFS are prepared in accordance with IFRS and the Companies Act, and considered and made recommendations, where appropriate, on internal controls.

W GEACH
Chairman
Audit and Risk Committee

19 September 2019

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report on the activities of the Group and Company for the year ended 30 June 2019.

NATURE OF THE BUSINESS

The Company is an investment holding company and derives its income mainly from dividends and interest.

The consolidated annual financial statements of the Company and its subsidiaries also incorporate the equity accounted profit or loss of associated companies and joint ventures.

GROUP EARNINGS

Year ended	Notes	30 June 2018	30 June 2017
Headline earnings/(loss) (R'000)	4	**37 987**	(48 019)
Continuing (R'000)		**81 551**	19 722
Discontinued (R'000)		**(43 564)**	(67 741)
– Headline (loss)/earnings per share (cents)	4	**8.91**	(11.18)
Continuing (cents)		**19.13**	4.59
Discontinued (cents)		**(10.22)**	(15.77)
– Diluted headline (loss)/earnings per share (cents)	4	**8.88**	(11.18)
Continuing (cents)		**19.07**	4.59
Discontinued (cents)		**(10.19)**	(15.77)
Basic earnings – net profit for the year (R'000)	4	**(36 137)**	(50 064)
Continuing operations (R'000)		**73 299**	18 071
Discontinued operations (R'000)		**(109 436)**	(67 741)
– Basic earnings per share (cents)	4	**(8.48)**	(11.67)
Continuing (cents)		**17.20**	4.11
Discontinued (cents)		**(25.68)**	(15.78)
– Diluted earnings per share (cents)	4	**(8.45)**	(11.67)
Continuing (cents)		**17.14**	4.11
Discontinued (cents)		**(25.59)**	(15.78)
Dividends net of treasury shares (R'000)		**–**	50 405
– ordinary dividend per share (cents)		**–**	11.50

Economic conditions in South Africa continued to deteriorate over the last financial year. The South African economy contracted by 3.2% in the first quarter of 2019 following a marginal 1.4% increase in the last quarter of 2018. These tough macro-economic conditions affected consumer spending which in turn had devastating effects on the retail and the food and beverage sector in South Africa.

Despite these challenging economic conditions GPI has managed to grow its leading foods brand, Burger King, significantly during the period to June 2019. The profitability of the business has been long awaited by the investment community and is a major milestone in the life of the business. The growth in Burger King was driven by higher revenues from new restaurants opened and a significant improvement in same store sales of 10.3%.

GPI has reported a considerable increase of 180% in its headline earnings per share, improving from a loss of 11.18 cents in the prior year, to a profit of 8.91 cents for the 2019 financial year. The improvement can be attributed to an improvement in the headline earnings contribution of all operational businesses and the closure of the Dunkin' Brands businesses which had a major impact in mitigating losses associated with these brands.

Operating profit from continuing operations improved by 104% for the year from a profit of R21.6 million in the previous year to a current year profit of R44.2 million.

Although the impairments of the Dunkin' Brands businesses had a negative impact on the basic earnings per share, the subsequent savings made after closure had a positive impact on headline earnings. All impairments have been finalised during the last quarter of the financial year and no further adjustments are anticipated.

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

GROUP FINANCIAL REVIEW

The Group uses headline earnings to assess the underlying investment contributions to the Group's earnings. GPI reported a significant increase in headline earnings of 179% from a loss of R48.0 million in the prior year to a profit of R37.9 million at the end of June 2019.

The main contributors to the increase in headline earnings are:

- The decision to liquidate the Dunkin' Brands businesses and the savings associated with the closure of the businesses led to a reduction in the loss contribution of R26.1 million.
- Burger King has reported a significant R38.8 million improvement in headline earnings with a positive (profit) contribution of R11.7 million compared to a loss R27.1 million in the prior period. This was driven by strong top line growth due to new restaurant sales and a substantial increase in same store sales of 10.3% compared to prior year. Gross margin gains during the second half of the financial year and an improvement in labour margins, further assisted the increase in the headline earnings contribution.
- Improvement in headline loss contributions of Grand Foods Meat Plant and Mac Brothers of 54% and 97% respectively.
- Sun Slots contributed R55.1 million for the period compared to R36.7 million in the prior year, a 50% increase.
- Corporate costs before net central finance income for the period decreased by 22% to R43.9 million compared against R56.3 million in the prior year. This is largely as result of reduced tax due to a restructure of the holding company which was offset by once off retrenchment costs and two special shareholder meetings held during the financial year.

The table below shows the contribution each investment made to the Group headline earnings/(losses):

	30 June 2019 R'000	30 June 2018 R'000	R'000	Movement %
Food	**10 454**	(36 288)	46 742	129
Burger King	**11 749**	(27 082)	38 831	143
Mac Brothers	**(212)**	(6 324)	6 112	97
Spur	**512**	608	(96)	(16)
Grand Foods Meat Plant	**(1 595)**	(3 490)	1 895	54
Gaming	**132 136**	117 076	15 060	13
SunWest	**74 855**	77 739	(2 884)	(4)
Sun Slots	**55 121**	36 786	18 335	50
Worcester Casino	**2 160**	2 551	(391)	(15)
Central costs	**(61 039)**	(59 148)	1 891	(3)
Corporate costs (excluding net finance income)	**(43 878)**	(56 265)	12 387	22
Net corporate finance income	**(16 932)**	(7 786)	(9 146)	117
GPI Properties	**(229)**	4 903	(5 132)	(105)
Continuing operations	**81 551**	21 640	59 911	(277)
Discontinued operations	**(43 564)**	(69 659)	26 095	37
Dunkin' Donuts	**(25 147)**	(36 624)	11 477	31
Baskin-Robbins	**(11 466)**	(24 863)	13 397	54
Grand Bakery	**(6 951)**	(8 172)	1 221	15
Headline profit/(loss) after tax	**37 987**	(48 019)	86 006	179

Capital structure

The Group reduced its debt by R39.0 million, net of interest capitalised during the year, due to a repayment of R32.0 million on its preference debt and R7.5 million on its term loan. Furthermore, the group subsidiaries reduced their finance lease liabilities in line with their repayment terms.

		30 June 2019 R'000	30 June 2018 R'000	Movement R'000	%
Holding company facilities		**490 551**	507 118	(16 567)	(3)
SunWest	Preference shares	**230 267**	251 673	(21 406)	(9)
Spur	Preference shares	**260 284**	255 445	4 839	2
Subsidiary facilities		**69 800**	92 249	(22 834)	(25)
GPI Properties	Term loans (Mortgage)	**59 776**	67 229	(7 453)	(11)
Mac Brothers	Finance leases	**4 267**	8 704	(4 437)	(51)
Grand Foods Meat Plant	Finance leases	**5 093**	14 645	(9 552)	(65)
Burger King	Finance leases	**628**	1 324	(1 082)	(63)
Baskin-Robbins	Finance leases	**–**	124	(124)	(100)
Dunkin' Donuts	Finance leases	**–**	153	(153)	(100)
GPI Management Services	Finance leases	**36**	70	(33)	(47)
Total debt		**560 351**	599 367	(39 016)	(7)
Debt/EBITDA		**3.30**	4.98	(1.68)	(34)
Debt/equity		**30.3%**	30.5%	0.20%	0.66

REVIEW OF INVESTMENT OPERATIONS

FOOD

Burger King

The total number of Burger King restaurants as at 30 June 2019 was 92 of which 86 are corporate owned. The net restaurant movement for the year totalled 6, which included the opening of 10 new restaurants and the closure of 4 unprofitable restaurants. The average monthly restaurant revenues (ARS) increased by 14.3% from R0.911 million last year to R1.042 million this year, largely as a result of positive restaurant comparative sales of 10.32% (2018: 3.45%).

Burger King's sales for the year increased by 34.2% from R756.2 million in the prior year to R1 015 billion in the current year. Burger King continued to focus on market share growth by actively managing the menu pricing architecture to increase traffic through stores.

The medium-term inflationary increases which commenced from around July 2017 to May 2018 included an approximate 29% increase in beef prices, a 27% increase in sugary carbonated drinks, the VAT increase absorbing 0.4% of gross margin as a % of revenue and a 17% increase in the base labour wage rate. These increases were partially negated through effective negotiation with manufacturers, distributors, landlords and the further unlocking of labour efficiencies. This translated to an increase in the Restaurant EBITDA margin from 6.6% in the prior year to 8.6% in the current year. Of significant importance is the improvement of Company EBITDA (excluding impairments) from a profit of R22.9 million to a profit of R53.7 million in the current financial year.

A total of 18.6 million customers were served compared to 15.6 million in the prior year.

Dunkin' Donuts and Baskin-Robbins

In February 2019 Dunkin' Donuts and Baskin-Robbins were placed in provisional liquidation after management explored all other possible options to exit the businesses.

Dunkin' Donuts headline loss contribution reduced to R25.1 million, down from R36.6 million reported for the prior year. Baskin-Robbins headline loss contribution reduced to R11.5 million, down from R24.9 million reported for the prior year.

Spur

A total dividend of R23.7 million (2018: R23.7 million) was received during the period with a related finance charge of R23.2 million (2018: R23.1 million) resulting in a R0.5 million (2018: R0.6 million) reported net profit contribution for the period.

Grand Foods Meat Plant

Grand Foods Meat Plant is exposed to Burger King indirectly through their agreement with Burger King's main supplier, Digistics. As a result of Burger King's 34.2% increase in sales, Grand Foods Meat Plant's revenue increased by 23% from R124 million last year to R153 million this year. Cost of sales in the current year increased by 21% from R111.4 million to R134.3 million. Gross margin for the year increased by 2% points from 10% to 12% due to lower beef prices in the second half of the year caused by the shutdown of beef exports. Grand Foods Meat Plant's earnings for the year resulted in a headline earnings contribution R1.6 million loss, which is a 54% reduction compared to the R3.5 million net loss contribution in the prior year.

Mac Brothers Catering Equipment

The difficult trading conditions in the manufacturing and construction sectors continued to hamper Mac Brothers sales and margin growth. Sales decreased marginally by 0.2% to R223.6 million (2018: R224.2 million), whilst EBITDA increased from R0.04 million to R7.0 million, mainly as a result of the continued reduction in overheads, reduced stockholdings and improved product costing. The operating costs for the year amounted to R57.4 million which is 10% lower than the operating costs of R63.7 million incurred in the prior year due to the factors mentioned above.

Mac Brothers recorded a reduction the headline earnings loss contribution of 97% from a loss of R6.3 million in the prior year to a loss of R0.2 million in the current year.

OTHER

Central costs

The Group's net central costs excluding funding for the year amounted to R43.9 million, which is 22% lower than the central costs of R56.3 million last year. This is a result of reduced tax due to a centralisation process in the holding company and a R9.5 million receivable from Leratadima impaired in the prior period which was offset by once off retrenchment costs and two special shareholder meetings held during the current financial year.

Share capital

No new shares were issued or bought back during the period. Details of the share and the share capital of the Company both authorised and issued have been disclosed in Note 29 of the Consolidated Annual Financial Statements.

Treasury shares

At 30 June 2019, a total of 43.8 million GPI shares were held as treasury shares by the Grand Parade Share Incentive Trust, GPI Management Services and the GPI Women's B-BBEE Empowerment Trust. These entities are controlled by the Group, with the Grand Parade Share Incentive Trust holding 4.98 million treasury shares, GPI Management Services holding 24 million shares and the GPI Women's B-BBEE Empowerment Trust holding 14.82 million treasury shares. Details of the Group's treasury shares have been disclosed in Note 29.2 of the Consolidated Annual Financial Statements.

Preference shares

During the current year, the Group redeemed 1 063 redeemable preference shares (SunWest) to Standard Bank at an issue price of R25 400 per share, totalling R27.0 million, and 5 000 redeemable preference shares (Spur Class "A") to Standard Bank at an issue price of R1 000 per share, totalling R5.0 million. The terms of these respective preference shares and others have been disclosed in Note 23.2 of the Consolidated Annual Financial Statements.

Borrowings

The terms of Group's borrowings are fully disclosed in Note 23.3 of the Consolidated Annual Financial Statements. In terms of the Memorandum of Incorporation of the Company and its subsidiaries, the borrowing powers of the Directors of these companies are unlimited.

Capital commitments and contingent liabilities

Details of the Group's capital commitments are disclosed in Note 32 and 33 of the Consolidated Annual Financial Statements.

Subsidiary companies and investments

Particulars of subsidiary companies, equity accounted investments and other investments are disclosed in Appendix 1 and Appendix 2 of the Consolidated Annual Financial Statements.

Directors and Company Secretary

Colin Priem was appointed as Financial Director with effect from 1 July 2018. Colin Priem was previously a Non-Executive Director and stepped down from all the Board Sub-Committees. Prabashinee Moodley was appointed as Chief Executive Officer of the Group on 1 August 2018 and she resigned as Chief Executive Officer and director of the Company with effect from 7 December 2018. Mohsin Tajbhai was appointed as an executive director of the Company on 28 November 2018, promoted to the position Chief Executive Officer of the Group on 1 July 2019. On 5 December 2018, Nombeko Mlambo and Rasheed Hargey were removed as directors of the Company and on the same date Ronel van Dijk and Mark Bowman were appointed as directors of the Company. Norman Maharaj resigned on 30 April 2019 and Keshan Pillay was appointed as a non-executive director on 11 July 2019.

Particulars of the present Directors and Company Secretary are presented on page 1.

Directors' interest in contracts

Details of the directors' interests in contracts and transactions with the Group are disclosed in Note 8 of the Consolidated Annual Financial Statements.

Directors' shareholding

Details of the directors' interests in the shares of the Company are disclosed in Appendix 3 of the Consolidated Annual Financial Statements.

REPORT OF THE DIRECTORS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Going concern

These Annual Financial Statements have been prepared on the going-concern basis.

Subsequent events

The details of events occurring subsequent to the reporting date but prior to the date of issue of this report are detailed in Note 34 of the Consolidated Annual Financial Statements.

Related parties

The Group, in the ordinary course of business, entered into various transactions with related parties consistent with those as reported at 30 June 2019. Details of related parties and transactions are disclosed in Note 8 of the Consolidated Annual Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R'000	Restated* 2018 R'000
Continuing operations			
Revenue	10.2	**1 409 418**	1 101 707
Cost of sales		**(739 077)**	(569 856)
Gross profit		**670 341**	531 851
Operating costs		**(626 129)**	(510 210)
Profit from operations		**44 212**	21 641
Profit from equity-accounted investments	11.1	**132 021**	109 360
Expected credit losses	22.3.2	**2 400**	(10 647)
Impairment of assets	11.2	**(8 933)**	–
Depreciation	19.2.1	**(55 044)**	(54 285)
Amortisation	20.2	**(3 790)**	(4 406)
Profit before finance costs and taxation		**110 866**	61 663
Finance income	12	**6 535**	8 105
Finance costs	13	**(59 430)**	(48 749)
Profit before taxation		**57 971**	21 019
Taxation	5.2	**14 885**	(3 145)
Profit for the period from continuing operations		**72 856**	17 874
Discontinued operations			
Loss for the period from discontinued operations	14.3	**(109 436)**	(67 741)
Loss for the period		**(36 580)**	(49 867)
Other comprehensive (loss)/income			
Items that will be reclassified subsequently to profit or loss			
Unrealised fair value adjustments on available-for-sale investments	22.4.1	**–**	(35 303)
Items that will not be reclassified subsequently to profit or loss			
Unrealised fair value adjustments on investments held at fair value through OCI	22.4.1	**(75 882)**	–
Total comprehensive loss for the period		**(112 462)**	(85 170)
Profit for the period from continuing operations attributable to:			
– Ordinary shareholders		**73 299**	17 677
– Non-controlling interest	16.2	**(443)**	197
Loss for the period from discontinued operations attributable to:			
– Ordinary shareholders	14.3	**(109 436)**	(67 741)
– Non-controlling interest		**–**	–
		(36 580)	(49 867)
Total comprehensive loss from continuing operations attributable to:			
– Ordinary shareholders		**(2 583)**	(17 626)
– Non-controlling interest	16.2	**(443)**	197
Total comprehensive loss from discontinued operations attributable to:			
– Ordinary shareholders	14.3	**(109 436)**	(67 741)
– Non-controlling interest		**–**	–
		(112 462)	(85 170)

		Cents	Cents
Basic loss per share	4.5	**(8.48)**	(11.66)
Continuing operations	4.5	**17.20**	4.12
Discontinued operations	4.5	**(25.68)**	(15.78)
Diluted loss per share	4.5	**(8.45)**	(11.66)
Continuing operations	4.5	**17.14**	4.12
Discontinued operations	4.5	**(25.59)**	(15.78)
Headline earnings/(loss) per share	4.5	**8.91**	(11.18)
Continuing operations	4.5	**19.13**	4.59
Discontinued operations	4.5	**(10.22)**	(15.77)
Diluted headline earnings/(loss) per share	4.5	**8.88**	(11.18)
Continuing operations	4.5	**19.07**	4.59
Discontinued operations	4.5	**(10.19)**	(15.77)
Ordinary dividend per share		**–**	11.50

* *The restatement of the comparative figures relates to the separate disclosure of discontinued operations from the other line items on the face of the consolidated statement of comprehensive income. Refer to Note 14.3 for details regarding discontinued operations.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Non-current assets		**2 070 370**	2 428 528
Investments in jointly controlled entities	15.2.1	**634 198**	625 882
Investments in associates	15.3.1	**382 092**	376 762
Investments held at fair value through OCI	22.4.1	**189 523**	494 273
Goodwill	17.2	**93 702**	92 508
Investment properties	18.2	**7 599**	7 014
Property, plant and equipment	19.2.1	**578 947**	633 617
Intangible assets	20.2	**29 215**	48 584
Deferred tax assets	5.3	**155 094**	149 888
Assets classified as held for sale	21.2	**36 193**	–
Current assets		**577 462**	355 223
Inventory	26.2	**76 034**	85 804
Related party loans	9.1	**21 467**	21 467
Trade and other receivables	22.3.1	**109 186**	101 706
Investments held at fair value through OCI	22.4.1	**228 868**	–
Income tax receivable	31.2	**7 920**	9 959
Cash and cash equivalents	22.2.1	**133 987**	136 287
Total assets		**2 684 025**	2 783 751
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity		**1 881 937**	1 995 855
Ordinary share capital	29.1.3	**798 586**	798 586
Treasury shares	29.2.2	**(166 286)**	(166 286)
Accumulated profit		**1 401 781**	1 431 892
Investments held at fair value reserve	22.4.2	**(154 229)**	(78 347)
Share-based payment reserve		**2 085**	10 010
Non-controlling interest	16.2	**(30 000)**	(29 557)
Total shareholders' equity		**1 851 937**	1 966 298
Non-current liabilities		**284 644**	560 430
Preference shares	23.2	**225 190**	501 939
Interest-bearing borrowings	23.3	**52 276**	29 931
Finance lease liabilities	24.1	**1 301**	10 578
Provisions	27.2	**634**	631
Deferred tax liabilities	5.3	**5 243**	17 351
Current liabilities		**547 444**	257 023
Preference shares	23.2	**265 361**	5 179
Interest-bearing borrowings	23.3	**7 500**	37 298
Finance lease liabilities	24.1	**8 723**	14 442
Provisions	27.2	**13 659**	13 193
Trade and other payables	23.4	**179 773**	148 936
Dividends payable	31.3	**10 405**	10 416
Income tax payable	31.2	**494**	1 956
Bank overdraft	22.2.2	**61 529**	25 603
Total equity and liabilities		**2 684 025**	2 783 751

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary share capital (Note 29.1.3) R'000	Treasury shares (Note 29.2.2) R'000	Accumulated profits R'000	Financial asset fair value reserve (Note 22.4.2) R'000	Share-based payment reserve R'000	Non-controlling interest (Note 16.2) R'000	Total equity R'000
Balance at 30 June 2017	806 707	(166 286)	1 532 361	(43 044)	11 409	(29 754)	2 111 393
Total comprehensive income/(loss) for the year	–	–	(50 064)	(35 303)	–	197	(85 170)
– Profit for the year from continuing operations	–	–	17 677	–	–	197	17 874
– Loss for the year from discontinued operations	–	–	(67 741)	–	–	–	(67 741)
– Other comprehensive loss	–	–	–	(35 303)	–	–	(35 303)
Dividends declared	–	–	(50 405)	–	–	–	(50 405)
Shares cancelled [1]	(8 121)	–	–	–	–	–	(8 121)
Share-based payment reserve expense	–	–	–	–	(1 399)	–	(1 399)
Balance at 30 June 2018	798 586	(166 286)	1 431 892	(78 347)	10 010	(29 557)	1 966 298
IFRS 9 transition adjustment	**–**	**–**	**(864)**	**–**	**–**	**–**	**(864)**
Total comprehensive loss for the year	**–**	**–**	**(36 137)**	**(75 882)**	**–**	**(443)**	**(112 462)**
– Profit/(loss) for the year from continuing operations	**–**	**–**	**73 299**	**–**	**–**	**(443)**	**72 856**
– Loss for the year from discontinued operations	**–**	**–**	**(109 436)**	**–**	**–**	**–**	**(109 436)**
– Other comprehensive loss	**–**	**–**	**–**	**(75 882)**	**–**	**–**	**(75 882)**
Share-based payment reserve expense	**–**	**–**	**–**	**–**	**489**	**–**	**489**
Share options lapsed	**–**	**–**	**6 890**	**–**	**(8 414)**	**–**	**(1 524)**
Balance at 30 June 2019	**798 586**	**(166 286)**	**1 401 781**	**(154 229)**	**2 085**	**(30 000)**	**1 851 937**

Notes

[1] *Shares bought back are deducted from share capital at cost.*

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R'000	2018 R'000
Cash flows from operating activities			
Net cash generated from/(utilised in) operations	31.1	**22 167**	(64 231)
Income tax paid	31.2	**(1 425)**	(3 090)
Finance income	31.1	**6 635**	8 387
Net cash inflow/(outflow) from operating activities		**27 377**	(58 934)
Cash flows from investing activities			
Acquisition of property, plant and equipment (excluding land and buildings)	19.2.1	**(98 268)**	(109 029)
Acquisition of land and buildings	19.2.1	**–**	(27 523)
Acquisition of investment properties	18.2	**(585)**	(193)
Acquisition of intangibles	20.2	**(4 881)**	(10 210)
Proceeds from disposal of property, plant and equipment and intangible assets		**4 020**	71 080
Loan repayment received	31.4	**–**	13 816
Investments made	31.5	**(7 164)**	(9 141)
Dividends received	31.6	**140 585**	104 962
Net cash inflow from investing activities		**33 707**	33 762
Cash flows from financing activities			
Dividends paid	31.3	**(11)**	(49 733)
Shares bought back for cancellation	29.1.3	**–**	(8 121)
Preference share issue	23.2.1	**–**	251 673
Preference share redemption	31.7	**(32 000)**	–
Repayment of loans	31.7	**(7 365)**	(21 730)
Repayment of finance leases	31.7	**(14 996)**	–
Finance costs		**(44 938)**	(33 670)
Net cash (outflow)/inflow from financing activities		**(99 310)**	138 419
Net (decrease)/increase in cash and cash equivalents		**(38 226)**	113 247
Cash and cash equivalents at the beginning of the year		**110 684**	(2 563)
Total cash and cash equivalents at the end of the year		**72 458**	110 684
Total cash and cash equivalents at year end comprises of:		**72 458**	110 684
Cash and cash equivalents	22.2.1	**133 987**	136 287
Overdraft	22.2.2	**(61 529)**	(25 603)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial results

The consolidated and separate financial statements have been prepared on the historical cost basis, except where otherwise stated or disclosed, and as a going concern. The consolidated financial statements are presented in South African Rands, which is also the functional currency of the Group, and all values are rounded to the nearest thousand (R'000), except where otherwise indicated.

The accounting policies applied are consistent with those applied in the prior year except where otherwise stated.

Company financial statements
Investments in subsidiaries, associates and joint ventures in the separate financial statements presented by the Company are recognised at cost less accumulated impairment loss.

1.2 Statement of compliance

These Group Annual Financial Statements have been prepared in accordance with the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (IFRS), Interpretations issued by the International Accounting Standards Board, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the SAICA financial reporting guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the requirements of the Companies Act, 71 of 2008 of South Africa.

1.3 Changes in accounting policies

The Group has adopted all the new, revised and amended accounting standards which were effective for the Group from 1 July 2018. The adoption of significant new standards' impact on the Group's financial results or position are presented below:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

1.3.1 IFRS 9: Financial Instruments

The objective of IFRS 9 is to establish principles for the classification and measurement of financial assets and liabilities, hedging and the introduction of the expected credit loss (ECL) model for the measurement of impairment allowances for financial assets.

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria:

- the Group's business model for managing the assets; and
- whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The transition to IFRS 9 has had no significant impact on the Group's classification of financial assets which fall within the scope of IFRS 9. The Group has elected to continue measuring its financial assets previously classified as available-for-sale investments at fair value through OCI under IAS 39 as at fair value through OCI in accordance with IFRS 9. The only difference between IAS 39 and IFRS 9 on financial assets at fair value through OCI is that under IFRS 9 the unrealised fair value adjustments on these investments are never recycled to profit and loss. The Group continues to measure its financial assets that were previously classified as loans and receivable under IAS 39 at amortised cost in accordance with IFRS 9.

The key impact of IFRS 9 for the Group relates to the application of the ECL model in the measurement of the impairment allowance of our trade and other receivables (through the application of the simplified approach) and related party loans. Previously in terms of IAS 39, trade and other receivables and related party loans were impaired when there was objective evidence of default. IFRS 9 introduces an expected credit loss model. This entails the recognition of an allowance for expected credit loss looking one year into the future or over the lifetime of the financial asset. The provision must now reflect all possible future losses based on past experience as well as future economic factors.

To measure ECLs, trade receivables and related party loans are assessed on a collective basis. The ECL rates are based on historical credit losses, adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the counterparty to settle the receivable.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES (continued)

1.3 Changes in accounting policies (continued)

1.3.1 IFRS 9: Financial Instruments (continued)

The Group applied IFRS 9 with an initial application date of 1 July 2018. The Group applied the standard retrospectively but has elected not to restate comparative information, which continues to be reported under IAS 39.

Differences arising from the adoption of IFRS 9 have been made to the opening balances at the date of initial application. An additional credit loss allowance of R0.9 million, net of tax, as at 1 July 2018 has been recognised against retained earnings.

	Trade and other receivables
Loss allowance as at 30 June 2018 under IAS 39	(12 959)
Amount restated through retained earnings	(1 200)
Opening loss allowance at 1 July 2018 under IFRS 9	(14 159)

The additional loss allowance recognised upon the initial application of IFRS 9 as disclosed above resulted entirely from a change in the measurement attribute of the loss allowance relating to trade and other receivables.

The transition to IFRS 9 has had no change on the classification or measurement of the Group's financial liabilities, the Group still elects to classify and measure its liabilities at amortised cost as was done under IAS 39.

1.3.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive.

The Group principally generates revenue from the sale of goods, such as food through the quick-service restaurants, meat through the meat plant and hospitality equipment through the manufacturing company.

Recognition

Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers, this is in line with the Group's recognition of revenue under IAS 18, therefore the transition to IFRS 15 has had no significant impact on the recognition of the Group's revenue.

Measurement

Due to the nature of the goods being sold and the pricing thereof the consideration to which the Group expects to be entitled remains the quoted price less VAT for food and meat sales. Equipment sales' consideration that the Company expects to be entitled to is the consideration per the quote and the amount agreed to in the JBCC Minor Works Agreement less VAT. This is in line with the measurement used under the previous accounting policy, therefore there has been no significant change in measurement of the Group's revenue, with no impact expected on the measurement of the Group's revenue in the future.

The transition to IFRS 15 has had no significant impact on the Group's recognition or measurement of revenue.

1. ACCOUNTING POLICIES (continued)

1.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2019 and the year then ended.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, income, expenses and unrealised profits and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

A change in the ownership interest of an existing subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group relinquishes control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- recognises the fair value of the consideration received;
- recognises the fair value of the investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained income as appropriate.

1.5 Business combinations

Business combinations are accounted for by using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquirer's identifiable net assets. Acquisition costs incurred are expensed and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If a business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

A contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, that is a financial instrument, is measured at fair value with changes in fair value being recognised in profit or loss. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled in equity.

Goodwill is calculated as being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interest and the fair value of the existing interest prior to obtaining control over the net identifiable assets and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss as a bargain purchase.

1.6 Significant accounting judgements and estimates

In the preparation of the annual financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities, the accompanying disclosure and the disclosure of contingent assets and liabilities. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements within the next financial period.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements concerning the future. Estimates and judgements are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable.

Estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year are described below. Key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, as they involve assessments or decisions that are particularly complex or subjective, are discussed below.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES (continued)

1.6 *Significant accounting judgements and estimates (continued)*

Estimates and assumptions

1.6.1 Depreciation rates and residual values

The depreciation method reflects the pattern in which economic benefits attributable to the asset flow to the entity. The useful lives of these assets can vary depending on a variety of factors, including but not limited to; technological obsolescence, maintenance programmes, refurbishments, product life cycles and the intention of management.

The estimation of the useful life and residual value of an asset is a matter of judgement based on the past experience of the Group with similar assets and the intention of management (refer to Note 19).

Based on management's valuation, the residual amounts of the buildings exceed their carrying amounts and therefore no depreciation has been accounted for during the current year. An annual assessment is done in this regard.

1.6.2 Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax is provided for on unutilised assessed losses of the Group based on forecasts made by management that provide convincing evidence that the utilisation thereof is probable. Management has prepared a forecast for each statutory entity in an assessed loss position, based on the up-to-date market assumptions as well as using the experience gained in the prior years.

The most significant factors in achieving forecast profits, and therefore the utilisation of the deferred tax assets reflected in the consolidated annual financial statements are:

- continued revenue growth per Burger King store in line with the most recent store openings;
- maintaining the expected rate of store openings of between 10 – 15 stores;
- improved cost control, achieved through the benefit of economies of scale from the larger group as well as efficiencies gained from experience;
- taxable profit per store in line with the most recent stores opened;
- the closure of stores that are loss-making and not expected to become profitable within a reasonable period of time; and
- the continued allocation of profit-generating stores per statutory entity so as to utilise assessed losses within the relevant statutory entities within a reasonable period of time.

Any significant changes in these factors over the coming years could result in a potential material impact to the recoverability of the asset.

1.6.3 Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value-in-use calculation is based on a Discounted Cash Flow ("DCF") model. The cash flows are derived from the forecast for the next five years and do not include significant future investments that will enhance the asset's performance of the CGU tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGU's are disclosed and further explained in Note 17.

1. ACCOUNTING POLICIES (continued)

1.6 *Significant accounting judgements and estimates (continued)*

1.6.4 Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value of share-based awards requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 7.

1.6.5 Jointly controlled entities and associates

The Group has classified its 15.1% economic interest in SunWest as a jointly-controlled entity based on the 49.89% voting interest the Group has through contractual agreements with the other shareholders in those investments to manage and control the business jointly.

In assessing the level of influence held by GPI in respect of Worcester Casino, the voting rights in Worcester Casino as well as the extent of board representation are evaluated. With 15.1% of votes and 2 of 4 board members, management considers their relationship to be one of significant influence as they are able to participate in the policy-making processes, including participation in decisions about dividend distribution. Therefore, the Group's investment in Worcester Casino is considered to be an associate.

1.7 *Cost of sales*

Food and equipment

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

1.8 *Offsetting of financial assets and liabilities*

Financial assets and liabilities are off-set and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set-off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously or settle on a net basis.

1.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the carrying amount exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss. A previously recognised impairment loss, other than a loss related to the impairment of goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case then the asset's carrying amount is increased to its recoverable amount. The recoverable amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

1.10 *Dividends payable*

Dividends payable and the related taxation or withholding tax thereon are recognised as liabilities in the period in which the dividends are declared. A dividend declared subsequent to period-end is not charged against total equity at the reporting date as no liability exists.

1. ACCOUNTING POLICIES (continued)

1.11 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period, foreign currency:

- monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.12 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2. STANDARDS AND INTERPRETATIONS

2.1 Standard issued and effective for the current reporting period

The accounting policies adopted by the Group are consistent with the previous financial year. The Group adopted all standards and amendments that became effective in the current period of which IFRS 9 (*Financial Instruments*) and IFRS 15 (*Revenue from contracts with customer*) are the most significant.

For more information regarding the adoption and implementation of these standards refer to Note 1.3.

2.2 Standards issued not yet effective

At the date of authorisation of these annual financial statements, these are standards and interpretations in issue but not effective and will be adopted when they become effective.

Standard	Effective date – annual periods commencing on or after	Effect of change
IFRS 3 – Business Combinations	1 Jan 2019	The amendment clarifies that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held in that business. The clarification is not expected to have a material impact on the Group.
IFRS 3 – Business Combinations	1 Jan 2019	Definition of a Business: The amendments confirms that a business must include inputs and a process, and clarified that: • the process must be substantive; and • the inputs and process must together significantly contribute to creating outputs. The amendments narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets. This amendment is unlikely to have a material impact on the Group.
IFRS 9 – Financial Instruments	1 Jan 2019	Prepayment Features with Negative Compensation. The narrow-scope amendment allows companies to measure particular prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met. This amendment is unlikely to have a material impact on the Group.
IFRS 11 – Joint Arrangements	1 Jan 2019	Annual Improvements 2015 – 2017 Cycle: Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. This amendment is unlikely to have a material impact on the Group.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

2. STANDARDS AND INTERPRETATIONS (continued)

2.2 *Standards issued not yet effective* *(continued)*

Standard	Effective date – annual periods commencing on or after	Effect of change
IFRS 16 – Leases	1 Jan 2019	IFRS 16 was published in January 2016 and supersedes IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a Lease, SIC-15 Operating Leases–Incentives; and SIC-27 Evaluating the Substance of transactions involving the Legal Form of a Lease. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. IFRS 16 contains expanded disclosure requirements for lessees. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. The Group will adopt IFRS 16 from 1 July 2019, the beginning of its 2020 financial year. The Group's extensive lease portfolio will mostly be capitalised on the statement of financial position – with underlying leases recognised as right-of-use assets, with a corresponding lease liability in respect of future rental obligations. The application of IFRS 16 will have a material impact on the Group's statement of financial position, statement of comprehensive income and classifications in the statement of cash flows. Key balance sheet metrics such as gearing ratios and return on capital employed, and income statement metrics, such as earnings before interest, tax, depreciation and amortisation (EBITDA), will be impacted. IFRS 16 will have no impact on the cash-generation of the Group. Changes to the statement of comprehensive income will result in the current operating lease payments being replaced by the amortisation of the right-of-use assets and the associated finance costs of the lease liability. The amortisation of the right-of-use assets is recorded on a straight-line basis over the lease term while the associated finance costs of the lease liability is frontloaded. IFRS 16 will therefore result in a higher upfront net charge (amortisation plus finance costs) for new and young leases when compared to the related operating lease expense recorded under IAS 17. The inverse would be true for more mature leases. This will have no impact on the cash flow of the Group, although some classifications in the statement of cash flow line items will be affected. The Group has an extensive portfolio of leases of various maturities. The Group's lease terms ranges between 5 and 10 years. The Group intends to make use of the modified retrospective approach in terms of the transition provisions of IFRS 16.

2. STANDARDS AND INTERPRETATIONS (continued)

2.2 *Standards issued not yet effective* *(continued)*

Standard	Effective date – annual periods commencing on or after	Effect of change
IAS 28 – Investments in Associates and Joint Ventures	1 Jan 2019	Long-term interest in Associates and Joint Ventures: Clarification provided that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The amendment is unlikely to have a material impact on the Group.
IFRIC 23 – Uncertainty over Income Tax Treatments	1 Jan 2019	The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes. IFRIC 23 is unlikely to have a material impact on the Group.
IAS 1 – Presentation of Financial Statements	1 Jan 2020	Disclosure Initiative: The amendments clarify and align the definition of "material" and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. This amendment is unlikely to have a material impact on the Group.
IAS 12 – Income Taxes	1 Jan 2019	Annual Improvements 2015 – 2017 Cycle: Clarification that all income tax consequences of dividends should be recognised in profit or loss, regardless how the tax arises. The amendment is unlikely to have a material impact on the Group.
IAS 19 – Employee Benefits	1 Jan 2019	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19): The amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. The amendment is unlikely to have a material impact on the Group.
IAS 23 – Borrowing costs	1 Jan 2019	Annual Improvements 2015 – 2017 Cycle: The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The amendment is unlikely to have a material impact on the Group.

3. SEGMENT ANALYSIS

The chief decision makers are considered to be the members of the GPI Executive Committee, who review the Group's internal reporting firstly by industry and secondly by significant business unit. The chief decision makers do not review the Group's performance by geographical sector and therefore no such disclosure has been made. Listed below is a detailed segment analysis:

	External revenue		Inter-segment revenue [1]		Cost of sales		Operating costs [2]		Equity accounted earnings		EBITDA [3]	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Food	**1 431 708**	1 137 969	**28 303**	52 275	**(758 229)**	(596 362)	**(626 244)**	(552 326)	**–**	–	**49 637**	(10 718)
Burger King	**1 034 179**	775 006	**119**	–	**(467 901)**	(344 702)	**(512 233)**	(407 421)	**–**	–	**53 673**	22 883
Mac Brothers	**198 059**	171 895	**26 933**	52 275	**(136 833)**	(113 730)	**(59 969)**	(63 229)	**–**	–	**4 029**	(5 063)
Spur	**23 734**	23 726	**–**	–	**–**	–	**(295)**	(140)	**–**	–	**23 439**	23 586
Grand Foods Meat Plant	**153 049**	124 411	**–**	–	**(134 343)**	(111 424)	**(15 328)**	(14 049)	**–**	–	**3 377**	(1 063)
Dunkin' Donuts	**15 849**	30 523	**–**	–	**(11 947)**	(18 260)	**(23 975)**	(36 427)	**–**	–	**(20 072)**	(24 857)
Baskin-Robbins	**6 838**	12 408	**–**	–	**(7 205)**	(7 554)	**(8 055)**	(23 436)	**–**	–	**(8 421)**	(18 582)
Bakery	**–**	–	**1 251**	–	**–**	(692)	**(6 389)**	(7 624)	**–**	–	**(6 388)**	(7 622)
Gaming and leisure	**–**	–	**–**	–	**–**	–	**–**	–	**132 021**	109 360	**132 021**	109 360
SunWest	**–**	–	**–**	–	**–**	–	**–**	–	**74 750**	70 188	**74 750**	70 188
Sun Slots	**–**	–	**–**	–	**–**	–	**–**	–	**55 159**	36 621	**55 159**	36 621
Worcester Casino	**–**	–	**–**	–	**–**	–	**–**	–	**2 112**	2 551	**2 112**	2 551
Group costs	**397**	6 669	**92 765**	96 130	**–**	–	**38 216**	(26 504)	**–**	–	**(37 819)**	(29 336)
GPI Properties	**306**	6 297	**22 081**	21 359	**–**	–	**6 171**	13 224	**–**	–	**6 477**	19 521
Central costs [4]	**91**	372	**70 684**	74 771	**–**	–	**(44 387)**	(39 728)	**–**	–	**(44 296)**	(48 857)
	1 432 105	1 144 638	**121 068**	148 405	**(758 229)**	(596 362)	**(664 460)**	(578 830)	**132 021**	109 360	**143 839**	69 306

	Impairments of assets		Depreciation and amortisation		Finance income		Finance costs		Net profit/(loss) after tax		Total assets		Total liabilities	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Food	**(74 805)**	–	**(66 546)**	(63 966)	**1 518**	1 798	**(31 518)**	(29 558)	**(107 652)**	(106 203)	**1 289 002**	**1 339 427**	**(563 420)**	**(556 629)**
Burger King	**(8 933)**	–	**(52 282)**	(48 661)	**988**	1 331	**(5 158)**	(4 217)	**3 720**	(26 573)	**690 707**	**608 019**	**(213 453)**	**(210 585)**
Mac Brothers	**–**	–	**(2 490)**	(3 973)	**–**	–	**(1 656)**	(1 664)	**(1 494)**	(7 849)	**111 243**	**90 612**	**(62 543)**	**(42 807)**
Spur	**–**	–	**–**	–	**64**	–	**(22 974)**	(22 978)	**512**	608	**413 051**	**499 510**	**(260 384)**	**(255 559)**
Grand Foods Meat Plant	**–**	–	**(3 659)**	(3 411)	**366**	136	**(1 680)**	(699)	**(1 595)**	(3 490)	**57 160**	**57 953**	**(25 374)**	**(32 318)**
Dunkin' Donuts	**(39 389)**	–	**(4 780)**	(4 632)	**49**	115	**(49)**	–	**(64 263)**	(36 244)	**6 635**	**53 109**	**(110)**	**(7 957)**
Baskin-Robbins	**(15 551)**	–	**(2 770)**	(2 711)	**48**	143	**(1)**	–	**(26 650)**	(24 483)	**2 072**	**19 804**	**(507)**	**(3 889)**
Bakery	**(10 932)**	–	**(565)**	(578)	**3**	73	**–**	–	**(17 882)**	(8 172)	**8 134**	**10 420**	**(1 049)**	**(3 514)**
Gaming and leisure	**–**	–	**–**	–	**–**	–	**–**	–	**132 021**	109 360	**1 016 290**	**1 002 644**	**–**	**–**
SunWest	**–**	–	**–**	–	**–**	–	**–**	–	**74 750**	70 188	**634 198**	**625 882**	**–**	**–**
Sun Slots	**–**	–	**–**	–	**–**	–	**–**	–	**55 159**	36 621	**353 839**	**348 205**	**–**	**–**
Worcester Casino	**–**	–	**–**	–	**–**	–	**–**	–	**2 112**	2 551	**28 253**	**28 557**	**–**	**–**
Group costs	**–**	–	**(1 198)**	(1 488)	**5 117**	6 637	**(27 961)**	(19 191)	**(60 949)**	(53 024)	**378 733**	**441 680**	**(268 668)**	**(260 824)**
GPI Properties	**–**	–	**(1 171)**	(1 238)	**65**	19	**(6 516)**	(7 298)	**(229)**	10 774	**178 111**	**187 628**	**(75 468)**	**(73 208)**
Central costs [4]	**–**	–	**(27)**	(250)	**5 052**	6 618	**(21 445)**	(11 893)	**(60 720)**	(63 798)	**200 622**	**254 052**	**(193 200)**	**(187 616)**
	(74 805)	–	**(67 744)**	(65 454)	**6 635**	8 435	**(59 479)**	(48 749)	**(36 580)**	(49 867)	**2 684 025**	**2 783 751**	**(832 088)**	**(817 453)**

[1] *Transactions between segments are concluded at arms length.*
[2] *Certain costs are presented pre elimination of intergroup charges and therefore net profit are after these eliminations.*
[3] *EBITDA excludes impairments.*
[4] *Included in Central costs is a R9.5 million impairment of the Leratadima receivable.*

4. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the Weighted Average Number of Ordinary Shares (WANOS) in issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the diluted WANOS in issue.

Headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the WANOS in issue for the year.

Diluted headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the diluted WANOS in issue for the year.

4. BASIC AND DILUTED EARNINGS PER SHARE (continued)

	2019 R'000 Gross	2019 R'000 Net	2018 R'000 Gross	2018 R'000 Net
4.1 *Reconciliation of the loss for the year attributable to ordinary shareholders*				
Basic and diluted (loss)/earnings per share reconciliation				
(Loss)/profit for the year		**(36 580)**		(49 867)
– Continuing operations		**72 856**		17 874
– Discontinued operations		**(109 436)**		(67 741)
Non-controlling interest		**443**		(197)
(Loss)/profit for the year attributable to ordinary shareholders		**(36 137)**		(50 064)
No adjustments have been made to basic earnings in the calculation of diluted earnings				
4.2 *Reconciliation of headline (loss)/earnings for the year*				
(Loss) for the year attributable to ordinary shareholders		**(36 137)**		(50 064)
Continuing operations:				
Impairment of property, plant and equipment	**8 933**	**8 138**	–	–
Profit on disposal of property, plant, equipment and intangibles	**–**	**–**	(7 876)	(5 671)
Adjustments by jointly-controlled entities	**158**	**114**	10 717	7 716
Impairment of investment	**–**	**–**	10 488	7 551
(Profit)/Loss on disposal of plant and equipment	**158**	**114**	229	165
Discontinued operations:				
Impairment of property, plant, equipment and intangibles	**65 872**	**65 872**	–	–
Total Headline profit/(loss)		**37 987**		(48 019)
Total Headline profit/(loss)				
– Continuing operations		**81 551**		19 722
– Discontinued operations		**(43 564)**		(67 741)
		37 987		(48 019)

	2019 '000	2018 '000
4.3 *Reconciliation of WANOS – net of treasury shares*		
Shares in issue at beginning of the year	**426 223**	429 989
Shares repurchased and cancelled during the year weighted for period held by Group	**–**	(569)
	426 223	429 420
4.4 *Reconciliation of diluted WANOS – net of treasury shares*		
WANOS in issue – net of treasury shares	**426 223**	429 420
Effects of dilution from:		
Share options	**1 435**	–
Diluted WANOS in issue – net of treasury shares	**427 658**	429 420

	Cents	Cents
4.5 *Statistics*		
Basic loss per share	**(8.48)**	(11.66)
– Continuing operations	**17.20**	4.12
– Discontinued operations	**(25.68)**	(15.78)
Diluted loss per share	**(8.45)**	(11.66)
– Continuing operations	**17.14**	4.12
– Discontinued operations	**(25.59)**	(15.78)
Headline earnings/(loss) per share	**8.91**	(11.18)
– Continuing operations	**19.13**	4.59
– Discontinued operations	**(10.22)**	(15.77)
Diluted headline earnings/(loss) per share	**8.88**	(11.18)
– Continuing operations	**19.07**	4.59
– Discontinued operations	**(10.19)**	(15.77)

5. TAXATION

5.1 Accounting policy

5.1.1 Current normal tax

Current income tax assets and liabilities for the current year and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

5.1.2 Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are generally recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Unrecognised deferred tax assets are re-evaluated at the reporting date and are recognised to the extent that management expects there to be taxable profit available in the foreseeable future against which the asset can be utilised. The carrying amount of deferred tax assets are also reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates/laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case it is recognised in other comprehensive income or equity respectively.

5. TAXATION (continued)

	Note	2019 R'000	2018 R'000
5.2 *Taxation expense*			
South African normal tax			
– current year expense		2 002	3 198
– prior year over/(under) provision		–	71
Deferred tax		(16 978)	10 122
		(14 976)	13 391
The tax expense is made up of:			
– Continuing operations		(14 885)	3 145
– Discontinued operations	14.3	(91)	10 246
		(14 976)	13 391
		%	%
Standard rate		28.00	28.00
Exempt income [(1)]		84.59	102.20
Non-deductible expenses [(2)]		(21.08)	(26.51)
Tax on impairment loss not recognised		–	(7.30)
Assessed loss recognised		18.60	–
Assessed loss not recognised [(3)]		(81.06)	(133.10)
Effective tax rate		29.05	(36.71)

(1) Exempt income pertains mostly to dividends received and equity accounted earnings
(2) Non-deductible expenses pertains to other expenses disallowed under the apportionment basis as well as on impairments of investments.
(3) Assessed losses within the group is only recognised to the extent that there is expected to be taxable income in the future against which it can be utilised.

	2019 R'000	2018 R'000
5.3 *Deferred taxation*		
Deferred tax assets	155 094	149 888
Deferred tax liabilities	(5 243)	(17 351)
	149 851	132 537
The deferred tax balance is made up as follows:		
Operating lease	9 089	8 618
Assessed losses	154 983	138 150
Provisions and accruals	5 496	3 120
Prepayments	(1 806)	(2 388)
Property, plant and equipment	(17 911)	(14 963)
	149 851	132 537
Reconciliation of net deferred tax asset		
Opening balance	132 537	142 659
IFRS 9 opening balance adjustment	336	–
Tax expense for the period recognised in profit or loss	16 978	(10 122)
Operating lease	471	4 333
Assessed losses [(1)]	7 246	16 138
Assessed loss rerecognised [(1)]	9 587	–
Assessed loss derecognised [(2)]	–	(19 833)
Provisions and accruals	2 040	(7 922)
Prepayments	582	(565)
Property, plant and equipment	(2 948)	(2 273)
Closing balance	149 851	132 537

(1) Refer to Note 1.6.2 for significant estimates and judgements applied.
(2) Deferred tax assets relating to unused tax losses of R198.0 million (2018: R163.0 million) have not been recognised. These losses do not expire. Deferred tax assets relating to deductible temporary differences of R154.0 million (2018: R78.0 million) have not been recognised, refer to Note 22.4.2.

6. EMPLOYEE BENEFITS

6.1 *Accounting policy*

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave that are due to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts that are due to be paid when the liabilities are settled.

Long-service leave provision
The liability for long-service leave is recognised in provisions and is based on a minimum service period of 5 years accumulates up to a maximum of 35 years continuous service. Consideration is given to the current wage and salary levels and the number of employees expected to qualify for the award. Movements in the provision are taken to profit or loss.

Retirement benefit obligations
The Group has a defined contribution plan which is governed by the Pension Fund Act No.24 of 1956. The defined contribution plan receives fixed contributions from the Group and its legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Short-term incentive plan
The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation, the amount can be measured reliably and the Directors are of the opinion that it is probable that such bonuses will be paid.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either:

- terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or
- providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the reporting date are discounted to their present value.

6. EMPLOYEE BENEFITS

6.2 Directors emoluments

	Salary R'000	Short-term benefits [1] R'000	Long-term benefits [2] R'000	Bonuses R'000	Severance pay R'000	Directors fees R'000	Audit and risk committee R'000	Remuneration and nomination committee R'000	Investment committee R'000	Social and ethics committee R'000	Total remuneration R'000	Loans advanced R'000	Share-based payment expense R'000
2019													
Executive directors													
H Adams [10]	4 418	1 365	–	3 034	5 955	–	–	–	–	–	14 772	–	366
P Moodley [3]	1 282	–	190	–	–	–	–	–	–	–	1 472	–	–
M Tajbhai [4]	961	–	123	–	–	–	–	–	–	–	1 084	–	59
C Priem [5]	1 319	–	196	–	–	–	–	–	–	–	1 515	–	64
Sub-total	7 980	1 365	509	3 034	5 955	–	–	–	–	–	18 843	–	489
Non-executive directors													
A Abercrombie	–	–	–	–	–	256	–	64	10	80	410	–	–
W Geach [11]	–	–	–	–	–	246	147	–	–	20	413	–	–
R Hargey [6]	–	–	–	–	–	123	41	30	–	–	194	–	–
N Maharaj [7]	–	–	–	–	–	253	63	73	–	36	425	–	–
N Mlambo [8]	–	–	–	–	–	123	–	30	–	–	153	–	–
M Bowman [9]	–	–	–	–	–	115	–	29	–	–	144	–	–
R van Dijk [9]						123	41	–	–	–	164	–	–
Sub-total	–	–	–	–	–	1 239	292	226	10	136	1 903	–	–
Total	7 980	1 365	509	3 034	5 955	1 239	292	226	10	136	20 746	–	489

[1] *Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.*
[2] *Long-term benefits relate to defined retirement contributions.*
[3] *P Moodley was appointed 1 August 2018 and resigned as chief executive officer and executive director on 7 December 2018.*
[4] *M Tajbhai was appointed as executive director on 28 November 2018. Director's emoluments are for 7 months.*
[5] *C Priem was appointed as chief financial officer at 1 July 2018.*
[6] *R Hargey was removed as non-executive director on 5 December 2018.*
[7] *N Maharaj resigned as non-executive director on 30 April 2019.*
[8] *N Mlambo was removed as non-executive director on 5 December 2018.*
[9] *M Bowman and R van Dijk was appointed as non-executive directors on 5 December 2018.*
[10] *Non-executive chairman from 1 July 2019.*
[11] *Lead independent from 9 September 2019.*

6. EMPLOYEE BENEFITS (continued)

6.2 *Directors emoluments (continued)*

	Salary R'000	Short-term benefits[1] R'000	Long-term benefits R'000	Bonuses R'000	Directors fees R'000	Audit and risk committee R'000	Remuneration and nomination committee R'000	Investment committee R'000	Social and ethics committee R'000	Total remuneration R'000	Loans advanced R'000	Share-based payment expense R'000
2018												
Executive directors												
H Adams	3 825	1 473	124	4 862	–	–	–	–	–	10 284	–	486
T Karriem [2]	1 620	84	243	2 015	–	–	–	–	–	3 962	–	–
D Pienaar [3]	1 489	69	72	2 109	–	–	–	–	–	3 739	–	–
S Barends [4]	1 333	70	143	274	–	–	–	–	–	1 820	–	–
Sub-total	**8 267**	**1 696**	**582**	**9 260**	**–**	**–**	**–**	**–**	**–**	**19 805**	**–**	**486**
Non-executive directors												
A Abercrombie	–	–	–	–	195	–	67	10	37	309	–	–
W Geach	–	–	–	–	212	93	–	–	–	305	–	–
R Hargey	–	–	–	–	219	–	–	–	–	219	–	–
C Priem	–	–	–	–	248	143	53	10	–	454	–	–
N Maharaj	–	–	–	–	246	80	98	–	20	444	–	–
N Mlambo	–	–	–	–	212	–	67	–	–	279	–	–
Sub-total	**–**	**–**	**–**	**–**	**1 332**	**316**	**285**	**20**	**57**	**2 010**	**–**	**–**
Total	**8 267**	**1 696**	**582**	**9 260**	**1 332**	**316**	**285**	**20**	**57**	**21 815**	**–**	**486**

(1) Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.
(2) T Karriem resigned as executive director on 2 April 2018. Amounts disclosed above include remuneration for 11 months.
(3) D Pienaar resigned as executive director on 7 November 2017. Amounts disclosed above include remuneration for 5 months.
(4) S Barends resigned as executive director on 30 June 2018. Amounts disclosed above include remuneration for 12 months.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7. SHARE-BASED PAYMENTS

7.1 Accounting policy

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense (Note 11).

When these services are rendered in an associate or jointly controlled venture the fair value of these costs are capitalised to the carrying value of the investment.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified reward. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (Note 4).

7.2 Reconciliation of GPI share options granted in terms of the Grand Parade Share Incentive Trust

	Number of unvested share options 30 June 2018 '000	Granted during the year '000	Exercised during the year '000	Forfeited during the year '000	Average market price per share on vesting date R	Vesting price per share R	Number of unvested share options 30 June 2019 '000
2019							
Executive directors							
H Adams	3 504	3 263	–	(1 126)	2.29	2.18	5 641
M Tajbhai [1]	–	1 504	–	–	–	2.26	1 504
C Priem [2]	–	1 471	–	–	–	2.04	1 471
Sub-total	**3 504**	**6 238**	**–**	**(1 126)**			**8 616**

	Number of unvested share options 30 June 2017 '000	Granted during the year '000	Exercised during the year '000	Forfeited during the year '000	Average market price per share on vesting date R	Vesting price per share R	Number of unvested share options 30 June 2018 '000
2018							
Executive directors							
H Adams	2 251	2 378	–	(1 125)	2.70	3.61	3 504
T Karriem [3]	1 188	921	–	(2 109)	–	2.61	–
D Pienaar [4]	1 286	1 027	–	(2 313)	–	2.61	–
S Barends [5]	174	–	–	(174)	–	4.72	–
Sub-total	**4 899**	**4 326**	**–**	**(5 721)**			**3 504**

7.3 Share options per strike price held at 30 June

	Strike price R	H Adams '000	M Tajbhai '000	C Priem '000	Total '000
2019					
Date granted					
26 September 2017	2.61	2 378	–	–	2 378
2 July 2018	2.04	–	–	1 471	1 471
27 August 2018	1.86	3 263	–	–	3 263
1 November 2018	2.26	–	1 504	–	1 504
Sub-total		**5 641**	**1 504**	**1 471**	**8 616**

	Strike price R	H Adams '000	Total '000
2018			
Date granted			
30 August 2013	3.61	1 126	1 126
26 September 2017	2.61	2 378	2 378
Sub-total		**3 504**	**3 504**

[1] M Tajbhai was appointed as executive director on 28 November 2018.
[2] C Priem was appointed as chief financial officer at 1 July 2018.
[3] T Karriem resigned as executive director on 2 April 2018. All unvested share options are forfeited on an employee's resignation date.
[4] D Pienaar resigned as executive director on 7 November 2017. All unvested share options are forfeited on an employee's resignation date.
[5] S Barends resigned as executive director on 30 June 2018. All unvested share options are forfeited on an employee's resignation date.

7. SHARE-BASED PAYMENTS (continued)

7.4 *IFRS 2 share-based payment reserve*

The IFRS 2 share-based payment reserve has been recognised in line with the Group share-based payment accounting policy detailed in Note 7.1 of the Consolidated Annual Financial Statements.

The Group established a share option incentive scheme in which options to acquire GPI shares have been granted to key employees of the Group. All options have been granted with an exercise price equal to the 30 day VWAP of the shares on the date of the grant and are conditional on the participant remaining in service with the Group. The maximum aggregate number of shares in terms of the Group Share Options Scheme that may be utilised for the purposes of the scheme shall not exceed 46.9 million. The following are the salient features of the share options granted:

1. Five year vesting period commencing on the grant date and vests in four equal tranches.
2. The first tranche vests on the second anniversary of the Option Grant Date and annually thereafter for three years in equal tranches.
3. Share options exercised are settled on a Net Settlement Share basis.
4. No dividend rights will be attached to the share options until such time as the shares are registered in the recipients name.
5. In the event of death, retirement or retrenchment any exercisable options will only be capable of conversion for a 12-month period.
6. Upon resignation or termination of employment all unexercised options will immediately lapse.

7.4.1 Share options outstanding at the end of the year have the following vesting dates and exercise prices:

	Number '000	Weighted exercise price R	Total value R'000
2019			
Outstanding at beginning of the year	**5 084**	**4.09**	**20 810**
Granted during the year	**6 238**	**2.00**	**12 476**
Exercised during the year	**–**	**–**	**–**
Forfeited during the year	**(2 472)**	**5.11**	**(12 632)**
Outstanding at end of the year	**8 850**	**2.33**	**20 654**
Exercisable at the end of the year	**–**	**–**	**–**

	Exercise date within one year '000	Exercise date from two to five years '000	Exercise date after five years '000	Total R'000
Outstanding options				
Options with exercise price from R6.33	**114**	**–**	**–**	**114**
Options with exercise price from R7.21	**120**	**–**	**–**	**120**
Options with exercise price from R2.61	**594**	**1 784**	**–**	**2 378**
Options with exercise price from R2.04	**–**	**1 471**	**–**	**1 471**
Options with exercise price from R1.86	**–**	**3 263**	**–**	**3 263**
Options with exercise price from R2.26	**–**	**1 504**	**–**	**1 504**
	828	**8 022**	**–**	**8 850**

	Number '000	Weighted exercise price R	Total value R'000
2018			
Outstanding at beginning of the year	7 517	4.56	34 284
Granted during the year	4 326	2.61	11 291
Forfeited during the year	–	–	–
Exercised during the year	(6 759)	3.66	(24 765)
Outstanding at end of the year	5 084	4.09	20 810
Exercisable at the end of the year	766	5.63	4 313

	Exercise date within one year '000	Exercise date from two to five years '000	Exercise date after five years '000	Total R'000
Outstanding options				
Options with exercise price from R3.61	1 240	–	–	1 240
Options with exercise price from R6.33	505	–	–	505
Options with exercise price from R7.21	481	481	–	962
Options with exercise price from R2.61	–	2 377	–	2 377
	2 226	**2 858**	**–**	**5 084**

7. SHARE-BASED PAYMENTS (continued)

7.4 *IFRS 2 share based payment reserve (continued)*

7.4.2 Information on options granted during the year

During the year the Group granted 6.24 million options to key employees of the Group. These options were granted on three different dates, 2 July 2018 (1.47 million), 27 August 2018 (3.26 million) and 1 November 2018 (1.50 million). The tables below provide details of the options granted during the year.

Fair value was determined by the Black-Scholes-Merton model.

The following inputs were used for the share options granted 2 July 2018:

	2 Jul 2020	2 Jul 2021	2 Jul 2022	2 Jul 2023
– Weighted fair value per option granted (cents)	39	47	54	57
– Weighted average share price per GPI share (cents)	205	205	205	205
– Exercise price (cents)	204	204	204	204
– Expected volatility	31.59%	31.59%	31.59%	30.15%
– Dividend yield	4.00%	4.00%	4.00%	4.00%
– Risk free interest rate	7.34%	7.52%	7.68%	7.83%

The following inputs were used for the share options granted 27 August 2018:

	27 Aug 2020	27 Aug 2021	27 Aug 2022	27 Aug 2023
– Weighted fair value per option granted (cents)	46	53	59	62
– Weighted average share price per GPI share (cents)	201	201	201	201
– Exercise price (cents)	185	185	185	185
– Expected volatility	32.11%	32.11%	32.11%	30.48%
– Dividend yield	4.00%	4.00%	4.00%	4.00%
– Risk free interest rate	7.47%	7.64%	7.77%	7.90%

The following inputs were used for the share options granted 1 November 2018:

	1 Nov 2020	1 Nov 2021	1 Nov 2022	1 Nov 2023
– Weighted fair value per option granted (cents)	55	65	72	75
– Weighted average share price per GPI share (cents)	240	240	240	240
– Exercise price (cents)	227	227	227	227
– Expected volatility	34.89%	34.89%	34.89%	32.92%
– Dividend yield	4.00%	4.00%	4.00%	4.00%
– Risk free interest rate	7.61%	7.81%	7.95%	8.09%

7.4.3 Method and the assumptions to incorporate the effects of expected early exercise:

The historic volatility was measured at the standard deviation of price changes over an identified historic period. Expected volatility generally cannot be taken from a single objective source and therefore it is subjective to estimate this model input. The following factors were considered in assessing the volatility:

1) Implied volatility from traded share options on the entities shares;
2) Historical volatility of the GPI share price over the most recent period that is commensurate with the expected term of the option;
3) The length of time the entity's shares have been publicly traded;
4) The tendency of volatility to revert to its mean; and
5) Appropriate and regular intervals for price observations.

Total expense of R0.5 million (2018: R1.4 million income), relating to equity-settled share-based payments transactions were recognised during the year.

8. RELATED PARTY TRANSACTIONS

8.1 *Transactions between group companies*

The Group in the ordinary course of business entered into various transactions with related parties. Any intra-group related party transactions and balances are eliminated in the preparation of the Consolidated Annual Financial Statements as presented. Details regarding related party loans have been disclosed in Note 9 of the Consolidated Annual Financial Statements.

During the year the Group entered into the following transactions with its investments that have been classified as jointly controlled entities or associates. These transactions have not been eliminated in the preparation of the Consolidated Annual Financial Statements:

	2019 R'000	2018 R'000
Sun Slots		
Rental income received	–	1 176

8.2 *Identity of related parties*

A number of the Group and Company's directors (or parties related to them) hold positions in other entities, where they may have significant influence over the financial or operating policies of those entities. To the extent that the Group has any relationship or dealings with those entities, they are listed as follows:

Director	Entity	Relationship with entity
H Adams	Afriserv (Pty) Ltd	74.64% Shareholder (indirect)
	Nadeson Consulting Services (Pty) Ltd	37.50% Shareholder (Indirect)
	Nadesons Investments (Pty) Ltd	93.30% Shareholder
	Nadeson Projects (Pty) Ltd	30.00% Shareholder
	Proman Project Management Services (Pty) Ltd	37.50% Shareholder (Indirect)
	Risk Benefit Solutions (Pty) Ltd	23.42% Shareholder (indirect)
C Priem	Afriserv (Pty) Ltd	20.00% Shareholder (Indirect)
M Tajbhai	Nadeson Consulting Services (Pty) Ltd	5.00% Shareholder

Afriserv (Pty) Ltd
Afriserv provided office cleaning and security services to the Group to the value of R6.4 million during the year (2018: R4.4 million).

Nadeson Consulting Services (Pty) Ltd
Nadeson Consulting provided no services to the Group during the year (2018: R Nil). During the year Nadeson Consulting paid rental fees to the Group amounting to R Nil (2018: R0.02 million).

Nadeson Projects (Pty) Ltd
During the current year the Group paid Nil (2018: R0.3 million) to Nadeson Projects for project management services. The services provided to the Group during the prior year are for the development of properties including Burger King stores.

Proman Project Management Services (Pty) Ltd
Proman Project Management Services provided services of R0.01 million to the Group during the current year (2018: R0.01 million). The services provided to the Group during the current and prior year are for the development of properties including Burger King stores.

Risk Benefit Solutions (Pty) Ltd
Risk Benefit Solutions provided insurance underwriting services to the Group during the current year to the value of R5.1 million (2018: R6.4 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

8. RELATED PARTY TRANSACTIONS (continued)

8.3 *Key management*

The key management personnel compensation is as follows:

	2019 R'000	2018 R'000
– Short-term employee benefits	**24 919**	21 233
– Long-term employee benefits	**1 117**	582
– Share-based payment expense	**489**	486
	26 525	22 301

8.4 *Interest free loans*

	2019 R'000	2018 R'000
– H Adams [1]	**18 185**	18 185

[1] H Adams has ceded 5 250 692 GPI shares as security for the loan at 30 June 2019 (2018: 5 250 692 GPI shares). Per the mutual separation agreement, the loan is repayable on 30 June 2020.

8.5 *Directors fees from Group investments*

Certain of the Directors received Director fees as a result of being Board members on the Board committees of the underlying investment companies. These fees are paid directly to these Directors.

	SunWest R'000	Worcester R'000	Sun Slots R'000	Total R'000
2019				
H Adams	**105**	**22**	**–**	**127**
A Abercrombie	**76**	**42**	**202**	**320**
N Mlambo	**57**	**–**	**–**	**57**
	238	**64**	**202**	**504**
2018				
H Adams	102	29	–	131
A Abercrombie	76	41	194	311
N Mlambo	73	–	–	73
	251	70	194	515

9. RELATED PARTY LOANS

9.1 *Related party loans receivable [1]*

	2019 R'000	2018 R'000
Interest-free loans		
– Directors [2]	**18 185**	18 185
Interest-bearing loans		
– Atlas Gaming [3]	**3 282**	3 282
Total gross current assets	**21 467**	21 467
Impairment of loans receivable	**–**	–
Total net current assets	**21 467**	21 467

[1] None of the above related party loans are past due.
[2] Employee loans are secured by GPI shares purchased by employees under the rules of the Employee Share Scheme. During the year the Group issued loans with a value of R Nil (2018: R Nil) to Directors to fund their acquisition of GPI Shares under the GPI Employee Share Scheme. During the year loans with a value of R Nil were repaid by Directors (2018: R8.3 million). The market value of the shares held as security at 30 June 2019 amounted to R16.0 million (2018: R10.8 million). These above loans are interest free. Per the mutual separation agreement, the loan is repayable on 30 June 2020.
[3] The loan is denominated in Australian dollars. This loan accrues interest at 10% per annum.

10. REVENUE

10.1 *Accounting policy*

Revenue is recognised when the Group satisfies performance obligations and transfers control of goods or services to its customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for these goods or services.

The Group's revenue is disaggregated into Revenue from contracts with customers (i.e. food sales, meat sales and equipment sales), rental income, dividend income and other revenue.

The basis, on which each material revenue stream is recognised, is set out below:

Food sales
Food sales are generated through quick-service restaurants. Revenue from the sale of food is recognised at the point in time when control of the asset is transferred to the customer, the date the sale is made.

Meat sales
Revenue from the sale of meat is recognised at the point in time when control of the asset is transferred to the customer i.e. the date on which the meat is delivered to the customer.

Equipment Sales
Equipment sales are generated through the manufacturing and installation of hospitality equipment. Revenue from the sale of equipment is recognised at the point in time when control of the asset is transferred to the customer i.e. the date on which practical works completion is approved.

Dividend received
Dividend received is recognised in profit or loss when the right to receive payment is established, which is the date the dividend is declared.

Rental income
Rental income is derived from the letting of property. Rental income is straight lined over the lease term, in terms of an operating lease per IAS 17.

10.2 *Disaggregation of revenue*

	2019 R'000	2018 R'000
Revenue from transactions with customers		
Food sales	**1 015 356**	756 236
Meat sales	**152 791**	126 321
Equipment sales	**196 633**	171 895
	1 364 780	1 054 452
Other revenue		
Dividends received	**23 734**	23 726
Other income*	**20 819**	21 173
Rental income	**85**	2 356
	44 638	47 255
Total Revenue		
Revenue from contracts with customers	**1 364 780**	1 054 452
Other revenue	**44 638**	47 255
	1 409 418	1 101 707

** Other income includes SETA income and Youth wage subsidy.*

11. PROFIT FROM OPERATIONS BEFORE FINANCE COSTS AND TAXATION FROM CONTINUING OPERATIONS

Profit before finance cost and taxation is stated after:

	Notes	2019 R'000	2018 R'000
11.1 Profit from equity accounted investments		**132 021**	109 360
SunWest	15.2.1	**74 750**	70 188
Sun Slots	15.3.1	**55 159**	36 622
Worcester Casino	15.3.1	**2 112**	2 550
11.2 Operating expenses:			
Depreciation	19.2.1	**(55 044)**	(54 285)
Amortisation	20.2	**(3 790)**	(4 406)
Operating lease rentals of premises		**(63 382)**	(51 382)
– Contingent leases		**(4 606)**	(2 469)
– Straight lined leases		**(58 776)**	(48 913)
Profit on disposal of property plant and equipment		**–**	11 640
Impairment of property, plant and equipment	19.2.2	**(8 933)**	–
11.3 Auditors remuneration			
Audit fees		**(6 632)**	(4 590)
– Current year		**(5 430)**	(4 336)
– Prior year under provision		**(1 202)**	(254)
11.4 Staff costs		**(256 639)**	(242 977)
– Salaries and wages		**(227 337)**	(215 562)
– Directors remuneration	6.2	**(20 746)**	(21 815)
– Share-based payments (expense)/income	6.2	**(489)**	1 399
– Provident fund contributions		**(8 067)**	(6 999)
Staff employed		**3 317**	2 190

12. FINANCE INCOME

		2019 R'000	2018 R'000
Short-term cash deposits		**6 535**	8 105

13. FINANCE COSTS

		2019 R'000	2018 R'000
– Preference shares – interest		**(43 739)**	(34 512)
– Interest bearing borrowings		**(6 488)**	(7 271)
– Finance lease liabilities		**(1 698)**	(1 283)
– Bank overdraft		**(7 505)**	(5 683)
		(59 430)	(48 749)

14. DISCONTINUED OPERATIONS

14.1 Accounting policy

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Where a disposal group is to be abandoned, the group presents the results and cash flows of the disposal group as discontinued operations at the date on which it ceases to be used.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

14.2 Operations discontinued

The board decided to liquidate two of the subsidiaries in the Group, Grand Coffee House (operating as Dunkin' Donuts) and Grand Ice Cream (operating as Baskin-Robbins). The liquidation order was filed in February 2019 and all the stores were closed down on 29 February 2019. The liquidator was appointed in March 2019 and the liquidation process is still ongoing.

The bakery has ceased operations in February 2019 and has been classified as a held for sale asset and as such is disclosed as a discontinued operation.

The results of these three discontinued operations are presented below:

	Notes	2019 R'000	2018 R'000
14.3 Results of discontinued operations			
Revenue		**22 687**	42 931
Cost of Sales		**(19 152)**	(26 506)
Gross Profit		**3 535**	16 425
Operating costs		**(38 331)**	(67 487)
Loss from operations		**(34 796)**	(51 062)
Impairment of land and buildings	19.2.2	**(10 500)**	–
Impairment of property, plant, equipment	19.2.2	**(38 771)**	–
Impairment of intangible assets	20.2	**(16 601)**	–
Depreciation	19.2.1	**(5 080)**	(5 465)
Amortisation	20.2	**(3 830)**	(1 298)
Loss before finance costs and taxation		**(109 578)**	(57 825)
Finance income		**100**	330
Finance costs		**(49)**	–
Loss before taxation		**(109 527)**	(57 495)
Taxation		**91**	(10 246)
Loss for the period		**(109 436)**	(67 741)
14.4 Cash flows from/(used in) discontinued operations			
Net cash used in operating activity		**(41 341)**	(37 667)
Net cash generated from/(used in) investing activity		**(946)**	(23 938)
Net cash (used in)/generated from financing activity		**(447)**	(65)
Net cash flow for the year		**(42 734)**	(61 670)
14.5 Impairment of assets			
Impairment of land and buildings	19.2.2	**(10 500)**	–
Impairment of property, plant, equipment	19.2.2	**(38 771)**	–
Impairment of intangible assets	20.2	**(16 601)**	–
Impairment of inventory	26.2	**(4 188)**	–

The building from where the Bakery operated was impaired before being transferred to assets held for sale.

Due to the submission of the application for liquidation asset classes such as property, plant and equipment, and Inventory have been impaired assuming a recovery of between 5c to 10c in the rand during liquidation. Intangible assets have been fully impaired as the value can not be recovered through sale.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

15. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

15.1 Accounting policy

The Group has interests in joint ventures, whereby the joint ventures have a contractual arrangement that establishes control over the economic activities of the entity. The contractual arrangement implies unanimous agreement for financial and operating decisions amongst the joint ventures.

The Group also has investments in associates. An associate is an entity over which the Group has significant influence.

The Group recognises its interests in joint ventures and associates using the equity method. The financial statements of the joint ventures and associates are prepared for the same reporting period as the parent company.

Under the equity method, the investments in joint ventures and associates are carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint ventures or associates. Goodwill relating to joint ventures and associates is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

Losses of a joint venture or associates in excess of the Group's interest therein (which includes any long-term interest that, in substance, forms part of the Group's net investment in the joint venture and associate) are not recognised unless the Group has a legal or constructive obligation in respect of those joint ventures or associates. If a joint venture or associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

After application of the equity method, the Group assesses whether there is any objective evidence that the investment in joint ventures and associates is impaired. If any such indicators exist, the entire carrying amount of the investment in joint ventures and associates is tested for impairment by comparing the recoverable amount with its carrying amount, to determine whether it is necessary to recognise any impairment losses.

The Group makes an assessment at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indicators exist, the Group estimates the investment in joint venture or associate's recoverable amount and reverses the impairment to the lower of the recoverable amount or carrying amount, that would have been determined had no impairment losses been recognised in prior periods. Such reversals are recognised in profit or loss.

The statement of comprehensive income reflects the share of the results of operation of joint ventures and associates. Where there has been a change recognised directly in the other comprehensive income or equity of the joint venture or associates, the Group recognises its share of any changes and discloses this, where applicable, in other comprehensive income or in the statement of changes in equity.

Where a Group entity transacts with a joint venture or associate, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture or associate. Joint ventures and associates are equity-accounted until the date on which the Group ceases to have joint control or significant influence over the investment. Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retaining investments at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss. Upon derecognition of the investment in a joint venture or associate, previously recognised gains or losses in other comprehensive income will be released to profit or loss for the period.

15.2 Investment in jointly controlled entities

The Group's investments of 15.1% (2018: 15.1%) in SunWest has been classified as a jointly controlled entity. SunWest holds 100% of GrandWest Casino and Entertainment World and 100% of the Table Bay Hotel. Their principal place of business is in Western Cape, South Africa.

15.2.1 Reconciliation of carrying value

	Note	2019 R'000	2018 R'000
Carrying amount of the investment – beginning of the year		**625 882**	616 099
Profit/(loss) from jointly controlled entities	11.1	**74 750**	70 188
Dividends received		**(66 434)**	(60 405)
Carrying amount of the investment – end of the year		**634 198**	625 882

15. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

15.2 Investment in jointly controlled entities (continued)

15.2.2 Investment in jointly controlled entity's financial results

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount of the Group's jointly controlled entity which is accounted for using the equity method.

	2019 R'000	2018 R'000
Summarised statement of comprehensive income		
Revenue	**2 534 985**	2 560 814
Cost of sales and operating costs	**(1 598 538)**	(1 614 567)
Depreciation and amortisation	**(173 490)**	(143 940)
Finance income	**27 576**	13 501
Finance cost	**(96 951)**	(99 834)
Profit before tax	**693 582**	715 974
Taxation	**(198 541)**	(204 641)
Profit for the year	**495 041**	511 333
Other comprehensive income	**–**	–
Total comprehensive income for the year	**495 041**	511 333
Summarised statement of financial position		
Non-current assets	**1 292 802**	1 236 158
Current assets excluding cash and cash equivalents	**25 522**	40 535
Cash and cash equivalents included in current assets	**127 201**	78 228
Non-current liabilities (excluding trade and other payables and provisions)	**(354 556)**	(311 720)
Current liabilities (excluding trade and other payables and provisions)	**(554 993)**	(581 386)
Current trade and other payables and provisions	**(232 962)**	(213 877)
Equity	**303 014**	247 938
15.2.3 Reconciliation between Investment in jointly controlled entity's equity and carrying value		
SunWest's total equity	**303 014**	**247 938**
Group's proportionate interest	**15.1%**	15.1%
Group's proportionate share of equity	**45 755**	37 439
Goodwill	**588 443**	588 443
Carrying amount of the investment	**634 198**	625 882

15.3 Investments in associates

The Group's investments that have been classified as associates are:

	Effective Holding		
Investment	**2019**	**2018**	**Description of business**
Worcester Casino	**15.10%**	15.10%	Worcester Casino holds 100% of the Golden Valley Casino situated in Worcester
Sun Slots	**30.00%**	30.00%	Sun Slots operates limited pay-out machines throughout the country under different brands.

There has been no change in the %-holding of these investments during the current year.

15. INVESTMENT IN JOINTLY CONTROLLED ENTITIES AND ASSOCIATES (continued)

15.3 Investments in associates (continued)

15.3.1 Reconciliation of carrying value of Investment in associate

	Note	Sun Slots 2019 R'000	Sun Slots 2018 R'000	Worcester Casino 2019 R'000	Worcester Casino 2018 R'000	Total 2019 R'000	Total 2018 R'000
Carrying amount of the investment – beginning of the year		**348 205**	329 583	**28 557**	28 574	**376 762**	358 157
Profit from associates	11.1	**55 159**	36 622	**2 112**	2 550	**57 271**	39 172
Dividends received		**(48 000)**	(18 000)	**(2 417)**	(2 567)	**(50 417)**	(20 567)
Reversal of share-based payment reserve		**(1 524)**	–	**–**	–	**(1 524)**	–
Carrying amount of the investment – end of the year		**353 840**	348 205	**28 252**	28 557	**382 092**	376 762

15.3.2 Investment in associates' financial results

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount of the Group's associates which are accounted for using the equity method.

	Sun Slots 2019 R'000	Sun Slots 2018 R'000	Worcester Casino 2019 R'000	Worcester Casino 2018 R'000
Summarised statement of comprehensive income				
Revenue	**1 236 103**	1 117 890	**165 678**	180 800
Cost of sales and operating costs	**(919 693)**	(855 996)	**(137 699)**	(142 208)
Finance income	**8 852**	8 594	**1 665**	1 843
Finance cost	**(11 158)**	(12 422)	**(178)**	(194)
Depreciation and amortisation	**(56 463)**	(89 828)	**(15 631)**	(16 019)
Profit before tax	**257 641**	168 238	**13 835**	24 222
Taxation	**(73 780)**	(46 169)	**150**	(7 329)
Profit for the year	**183 861**	122 069	**13 985**	16 893
Summarised statement of financial position				
Non-current assets	**678 297**	600 811	**161 876**	166 291
Current assets excluding cash and cash equivalents	**67 582**	66 748	**5 622**	13 700
Cash and cash equivalents included in current assets	**79 911**	45 272	**19 886**	10 244
Non-current liabilities (excluding trade and other payables and provisions)	**(34 589)**	(22 213)	**(11 524)**	(8 431)
Current liabilities (excluding trade and other payables and provisions)	**(106 553)**	(67 160)	**4 510**	(521)
Current trade and other payables and provisions	**(141 889)**	(104 561)	**(19 845)**	(18 742)
Equity	**542 759**	518 897	**160 525**	162 541

15.3.3 Reconciliation between Investment in associates' equity and carrying value

	Sun Slots 2019 R'000	Sun Slots 2018 R'000	Worcester Casino 2019 R'000	Worcester Casino 2018 R'000	Total 2019 R'000	Total 2018 R'000
Investment in associates' equity	**542 759**	518 897	**160 525**	162 541	**703 284**	681 438
Group's proportionate interest	**30.00%**	30.00%	**15.10%**	15.10%		
Group's proportionate share of equity	**162 828**	155 669	**24 239**	24 544	**187 067**	180 213
Goodwill	**191 012**	191 012	**4 013**	4 013	**195 025**	195 025
Proportionate share of share-based payment reserve	**–**	1 524	**–**	–	**–**	1 524
Carrying amount of the investment	**353 840**	348 205	**28 252**	28 557	**382 092**	376 762

16. INVESTMENT IN SUBSIDIARIES

16.1 Accounting policy

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, using consistent accounting policies. All intra-group balances, transactions, income, expenses and unrealised profits and losses resulting from intra-group transactions and dividends are eliminated in full on consolidation.

16.2 Subsidiaries with material non-controlling interest

The financial information of subsidiaries that have material non-controlling interests is provided below:

	2019 R'000	2018 R'000
Non-controlling interest		
Accumulated balances of non-controlling interests:		
Burger King South Africa (Pty) Ltd – Group	**(30 000)**	(29 557)
Loss allocated to non-controlling interest:		
Burger King South Africa (Pty) Ltd – Group	**(443)**	197

16.3 Summarised financial information of subsidiaries with material non-controlling interest

Burger King South Africa (Pty) Ltd

The Group holds a 91.1% investment in Burger King South Africa (Pty) Ltd with the remaining 8.9% held by Burger King Europe. Burger King South Africa (Pty) Ltd holds the master franchise license of Burger King for South Africa.

	2019	2018
Portion of equity interest held by non-controlling interests:		
Burger King South Africa (Pty) Ltd	**8.90%**	8.90%

The summarised financial information of the Burger King South Africa – Group is provided below. This information is based on amounts before inter-company eliminations.

	2019 R'000	2018 R'000
Summarised statement of comprehensive income		
Revenue	**1 034 298**	774 999
Cost of sales and operating costs	**(994 070)**	(719 298)
Operating income/(loss)	**40 228**	55 701
Finance income	**968**	1 249
Finance expense – third party	**(5 157)**	(4 216)
Depreciation and amortisation	**(56 533)**	(52 743)
Loss before tax	**(20 494)**	(9)
Tax	**15 518**	2 218
Profit/(Loss) after tax	**(4 976)**	2 209
Total profit/(loss) attributable to		
– Ordinary shareholder	**(4 533)**	2 012
– Non-controlling interests	**(443)**	197

16. INVESTMENT IN SUBSIDIARIES (continued)

16.3 Summarised financial information of subsidiaries with material non-controlling interest (continued)

	2019 R'000	2018 R'000
Summarised statement of financial position		
Non-current assets	**580 266**	519 382
Current assets	**110 441**	88 637
Non-current liabilities	**(916)**	(599 554)
Current liabilities	**(805 386)**	(119 131)
Equity	**(115 595)**	(110 666)
Total equity attributable to:		
– Ordinary shareholder	**(85 595)**	(81 109)
– Non-controlling interest	**(30 000)**	(29 557)
Summarised cash flow information		
Operating	**93 040**	21 879
Investing	**(108 710)**	(54 912)
Financing	**(6 836)**	35 402
Net decrease in cash and cash equivalents	**(22 506)**	2 369

17. GOODWILL

17.1 Accounting policy

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interest and the fair value of the existing interest prior to obtaining control over the net identifiable assets and liabilities assumed of a business combination.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination from the acquisition date is allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

17.2 Reconciliation of goodwill

	Grand Food Meat Plant R'000	Mac Brothers R'000	Disa Road* R'000	Total R'000
2019				
Cost	**53 910**	**38 598**	**–**	**92 508**
Accumulated impairment	**–**	**–**	**–**	**–**
Carrying value at 1 July 2018	**53 910**	**38 598**	**–**	**92 508**
Acquisition of investment	**–**	**–**	**1 194**	**1 194**
Carrying value at 30 June 2019	**53 910**	**38 598**	**1 194**	**93 702**
Made up of:				
Cost	**53 910**	**38 598**	**1 194**	**93 702**
Accumulated impairment	**–**	**–**	**–**	**–**

	Grand Food Meat Plant R'000	Mac Brothers R'000	Total R'000
2018			
Cost	53 910	38 598	92 508
Accumulated impairment	–	–	–
Carrying value at 1 July 2017	**53 910**	**38 598**	**92 508**
Disposal of investment	–	–	–
Carrying value at 30 June 2018	**53 910**	**38 598**	**92 508**
Made up of:			–
Cost	53 910	38 598	92 508
Accumulated impairment	–	–	–

** Burger King purchased a store from a franchisee on 01 February 2019. The store was purchased for a total consideration of R7.1 million, with identifiable assets of R5.9 million resulting in a Goodwill of R1.2 million.*

17. GOODWILL (continued)

17.3 Goodwill impairment testing (continued)

An annual impairment test is performed to assess whether goodwill has been impaired. Goodwill has been allocated for impairment testing purposes to individual cash-generating units (CGUs). The recoverable amount of every CGU has been determined based on a value-in-use calculation using five year cash flow projections approved by the senior management of each CGU.

17.3.1 Mac Brothers

The annual impairment test was performed on the CGUs and it was determined that the recoverable amounts were higher than the carrying amounts and therefore no impairment loss has been recognised.

	2019	2018
Post-tax discount rate applied to projections	**19.81%**	17.88%
Growth rate used to extrapolate cash flows beyond 5 years	**5.50%**	5.20%

Analysis illustrating the sensitivity of the value in use calculation to the key assumptions:

	Rate	Headroom/ (impairment)
Revenue	**8.90%**	
Revenue growth plus 0.5%	9.40%	7 555
Revenue growth less 0.5%	8.40%	(7 433)
Opex Growth	**4.90%**	
Opex Growth plus 0.5%	5.40%	(6 319)
Opex Growth less 0.5%	4.40%	6 215
EBITDA	**6.60%**	
EBITDA plus 0.5%	7.10%	7 412
EBITDA less 0.5%	6.10%	(7 411)
WACC	**19.81%**	
WACC plus 0.5%	20.31%	(2 774)
WACC less 0.5%	19.31%	2 973

Revenue growth rates – The revenue growth rates used in the cash flow projections have been based on the growth rates of the preceding 2 years. The growth rates have also been adjusted to take into account the impact of annual inflation as well as projected revenue increases in newer markets.

Discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow projections. The discount rate calculation is based on specific circumstances of the Group and its CGUs and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's shareholders. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Specific risks associated with the CGU is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Gross margin and Opex growth – The growth rates used in the cash flow projections have been based on the growth in revenue as well as relevant performance.

Terminal growth rates – The terminal growth rates have been based on the long term growth forecast.

17. GOODWILL (continued)

17.3 Goodwill impairment testing (continued)

17.3.2 Grand Foods Meat Plant

The annual impairment test was performed on the CGUs and it was determined that the recoverable amounts were higher than the carrying amounts and therefore no impairment loss has been recognised.

	2019	2018
Post-tax discount rate applied to projections	**17.31%**	17.24%
Growth rate used to extrapolate cash flows beyond 5 years	**5.00%**	5.20%

Analysis illustrating the sensitivity of the value in use calculation to the key assumptions:

	Rate	Headroom/ (impairment)
Revenue	**13.20%**	
Revenue growth plus 0.5%	13.70%	14 960
Revenue growth less 0.5%	12.70%	6 773
Variable Opex growth	**8.90%**	
Variable Opex growth plus 1.0%	9.40%	8 838
Variable Opex growth less 1.0%	8.40%	11 663
EBITDA	**6.00%**	
EBITDA plus 0.5%	6.50%	19 853
EBITDA less 0.5%	5.50%	7 493
WACC	**17.31%**	
WACC plus 0.5%	17.81%	5 538
WACC less 0.5%	16.81%	15 436

Revenue growth rates – The revenue growth rates used in the cash flow projections have been based on the growth rates of the preceding 2 years. The growth rates have also been adjusted to take into account the impact of annual inflation.

Discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow projections. The discount rate calculation is based on specific circumstances of the Group and its CGU's and is derived from its WACC. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's shareholders. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Specific risks associated with the CGU is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

EBITDA and variable Opex growth – The growth rates used in the cash flow projections have been based on the growth in revenue as well as relevant performance.

Terminal growth rates – The terminal growth rates have been based on the long term growth forecasts.

18. INVESTMENT PROPERTY

18.1 *Accounting policy*

Investment properties are measured initially at cost, including transaction costs. Costs include costs incurred initially and cost incurred subsequently to add to, or to replace a part of property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Investment property is subsequently measured at cost less accumulated depreciation less any accumulated impairment losses. Depreciation is provided to write down the cost of the property to the estimated residual value by equal instalments over the useful life of the property of 20 years.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in the use of the property and the property is transferred at its carrying value. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated above.

18.2 *Reconciliation of investment property*

	Industrial Buildings R'000	Total R'000
2019		
Cost	**7 014**	**7 014**
Accumulated depreciation	**–**	**–**
Carrying value at 1 July 2018	**7 014**	**7 014**
Additions	**585**	**585**
Carrying value at 30 June 2019	**7 599**	**7 599**
Made up of:		
Cost	**7 599**	**7 599**
Accumulated depreciation	**–**	**–**
2018		
Cost	6 821	6 821
Accumulated depreciation	–	–
Carrying value at 1 July 2017	**6 821**	**6 821**
Additions	193	193
Carrying value at 30 June 2018	**7 014**	**7 014**
Made up of:		
Cost	7 014	7 014
Accumulated depreciation	–	–

Management have assessed the residual values and are satisfied that the residual values exceed the carrying values of these properties.

The property is currently vacant and held for capital appreciation, the property incurred expenses to the value of R0.5 million (2018: R0.4 million).

18.3 *Fair value of investment properties carried at cost*

The fair values of the investment properties carried at cost are as follows:

			2019		2018	
Property	**Class**	**Location**	**Fair Value R'000**	**Carrying Value R'000**	**Fair Value R'000**	**Carrying Value R'000**
Erf 33997, Goodwood	Industrial Building	Goodwood	**7 885**	**7 599**	7 014	7 014
			7 885	**7 599**	7 014	7 014

The fair value of investment property is classified as level 3 in the fair value hierarchy.

The property and its value-forming attributes are benchmarked against the current market and fair consideration is then made in order to indicate what value the property may realise in the broader investment or end-user market based on the principal of willing buyer and willing seller.

Inputs and assumptions used include property nature/use, building grade, lettable area. Competent property management, reasonably stable economic conditions and stable interest rates which influence real-estate value are assumed. It is assumed that, on lease expiry, the rental achievable from the property may increase if the rent has lagged the market or revert to market if the rent is higher than market.

The fair value is based on recent market valuations performed.

19. PROPERTY, PLANT AND EQUIPMENT

19.1 *Accounting policy*

Property, plant and equipment are initially recognised at cost, being the cash price equivalent at the recognition date. The cost of an asset comprises directly attributable costs and any costs incurred in bringing the asset to the location and condition necessary for it to operate as intended by management.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent costs are included in the asset's carrying amount or are recognised as separate assets, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably.

Maintenance and repairs, which do not meet these criteria, are charged against profit or loss as incurred. Property, plant and equipment are depreciated on the straight-line basis over the estimated useful lives of the assets to the current values of their expected residual values. The assets' residual values and useful lives are reviewed, and adjusted prospectively if appropriate, at each reporting date.

Depreciation and impairment losses are included in profit or loss. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are included in profit or loss in the year that the asset is derecognised.

The useful lives are as follows:

Computer equipment	– 3 years
Furniture and fittings	– 5 to 6 years
Leasehold improvements	– 4 to 10 years
Motor vehicles	– 5 years
Plant and equipment	– 5 years
Premises soft furnishings	– 5 to 15 years
Land and buildings	– 20 years
Plant and equipment: Food Group	– 5 to 15 years
Lift, generators and security systems	– 5 to 15 years

19. PROPERTY, PLANT AND EQUIPMENT (continued)

19.1 Accounting policy (continued)

19.2.1 Reconciliation of property, plant and equipment

	Computer equipment R'000	Furniture and fittings R'000	Leasehold improvements R'000	Motor vehicles R'000	Plant and equipment R'000	Premises soft furnishings R'000	Projects under development R'000	Land and buildings[1] R'000	Plant and equipment: Food Group R'000	Total R'000	Notes
2019											
Cost	**30 631**	**31 388**	**9 619**	**12 316**	**84 506**	**258 386**	**1 535**	**170 315**	**265 075**	**863 771**	
Accumulated depreciation	**(21 848)**	**(17 971)**	**(912)**	**(6 442)**	**(33 449)**	**(68 219)**	**–**	**(7 673)**	**(73 640)**	**(230 154)**	
Carrying value at 1 July 2018	**8 783**	**13 417**	**8 707**	**5 874**	**51 057**	**190 167**	**1 535**	**162 642**	**191 435**	**633 617**	
Additions	**5 654**	**4 079**	**–**	**324**	**2 385**	**36 195**	**3 072**	**–**	**46 559**	**98 268**	
Additions through business combinations	**376**	**333**	**–**	**–**	**135**	**377**	**–**	**–**	**4 382**	**5 603**	
Disposals	**(451)**	**(488)**	**–**	**(134)**	**(18)**	**–**	**–**	**–**	**(2 929)**	**(4 020)**	
Transfers to non-current assets held for sale	**(1 233)**	**(862)**	**–**	**(980)**	**–**	**–**	**(588)**	**(26 395)**	**(6 135)**	**(36 193)**	**21.2**
Depreciation	**(2 470)**	**(5 849)**	**–**	**(1 225)**	**(8 233)**	**(15 961)**	**–**	**(351)**	**(26 035)**	**(60 124)**	
Impairment[2]	**(124)**	**–**	**–**	**(76)**	**(421)**	**(30 237)**	**(1 340)**	**(10 500)**	**(15 506)**	**(58 204)**	**19.2.2**
Carrying value at 30 June 2019	**10 535**	**10 630**	**8 707**	**3 783**	**44 905**	**180 541**	**2 679**	**125 396**	**191 771**	**578 947**	
Made up of:											
Cost	**34 977**	**34 450**	**9 619**	**11 526**	**87 008**	**294 958**	**4 019**	**143 920**	**306 952**	**927 429**	
Accumulated depreciation	**(24 442)**	**(23 820)**	**(912)**	**(7 743)**	**(42 103)**	**(114 417)**	**(1 340)**	**(18 524)**	**(115 181)**	**(348 482)**	
The depreciation reflected above is made up of:											
– Continuing operations									**11.2**	**(55 044)**	
– Discontinued operations									**14.3**	**(5 080)**	
										(60 124)	
2018											
Cost	24 674	30 967	9 574	11 026	82 518	207 387	5 038	154 050	220 959	746 193	
Accumulated depreciation	(15 400)	(13 459)	(887)	(4 646)	(25 268)	(50 441)	–	(7 322)	(52 981)	(170 404)	
Carrying value at 1 July 2017	**9 274**	**17 508**	**8 687**	**6 380**	**57 250**	**156 946**	**5 038**	**146 728**	**167 978**	**575 789**	
Additions	5 957	421	45	1 537	2 373	50 999	290	27 523	47 407	136 552	
Disposals	–	–	–	(247)	(385)	–	(3 793)	(11 258)	(3 291)	(18 974)	
Depreciation	(6 448)	(4 512)	(25)	(1 796)	(8 181)	(17 778)	–	(351)	(20 659)	(59 750)	
Carrying value at 30 June 2018	**8 783**	**13 417**	**8 707**	**5 874**	**51 057**	**190 167**	**1 535**	**162 642**	**191 435**	**633 617**	
Made up of:											
Cost	30 631	31 388	9 619	12 316	84 506	258 386	1 535	170 315	265 075	863 771	
Accumulated depreciation	(21 848)	(17 971)	(912)	(6 442)	(33 449)	(68 219)	–	(7 673)	(73 640)	(230 154)	
The depreciation reflected above is made up of:											
– Continuing operations									11.2	(54 285)	
– Discontinued operations									14.3	(5 465)	
										(59 750)	

[1] Land and buildings includes land, buildings, generators, air conditioners, lifts and security systems.
[2] Refer to Note 23.2 and Note 24 for details of property, plant and equipment pledged as security.

19. PROPERTY, PLANT AND EQUIPMENT (continued)

19.1 Accounting policy (continued)

19.2.2 Impairment:

	Note	2019 R'000	2018 R'000
The impairment reflected above is made up of:			
– Continuing operations	11.2	(8 933)	–
– Discontinued operations		(49 271)	–
	19.2.1	(58 204)	–
Continuing operations:			
The assets impaired all relate to the Food division, Burger King. The impairment relates to the assets of four stores that were closed during the year that could not be transferred to another store. The assets were fully impaired to Nil carrying value.			
Impairment per category:			
Computer equipment		(124)	
Motor vehicles		(76)	–
Plant and equipment		(251)	–
Premises soft furnishings		(8 128)	–
Plant and equipment: Food division		(354)	–
		(8 933)	–
Discontinuing operations:			
The fixed assets impaired related to Dunkin' Donuts® and Baskin-Robbins® who are in liquidation, the assets were impaired to the fair value less cost to sell achieved at the auction held on 22 August 2019. The land and buildings impaired relate to the Bakery building which was impaired to the fair value less cost to sell and was transferred to Non-current assets held for sale, refer to Note 21.2			
Impairment per category:			
Plant and equipment		(170)	–
Premises soft furnishings		(22 108)	–
Projects under development		(1 340)	–
Plant and equipment: Food Division		(15 153)	–
		(38 771)	–
Land and buildings (Bakery building)		(10 500)	–
		(49 271)	–

20. INTANGIBLE ASSETS

20.1 Accounting policy

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets excluding capitalised development costs, are not capitalised and the expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. An intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on derecognition of assets are included in profit or loss in the year that the asset is derecognised.

Computer software costs
Computer software acquired separately is measured on initial recognition at cost. Following initial recognition computer software is carried at cost less any accumulated amortisation and accumulated impairment losses. Computer software is amortised over its useful economic life and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortisation period and the amortisation method for computer software is reviewed annually. The amortisation expense on computer software is recognised in profit or loss under the amortisation category. Computer software is amortised over its expected useful life of 3 years.

Master Franchise License
Expenditure incurred by the Group in acquiring the Master Franchise Licenses for its quick-service restaurants are measured at the original cost to acquire the license less accumulated amortisation. The intangible is amortised over its expected useful life of 20 years, which represents a period over which the Group has the right to trade under the brand names of the Master Franchise Licenses.

Franchise license fee
Expenditure incurred by the Group in acquiring Franchisee licenses in respect of the right to operate its quick-service restaurants at the various locations are measured at the original cost to acquire the license less accumulated amortisation. The intangible is amortised over its expected useful life of five to 10 years, which represents the license period over which the Group has the right to operate the quick-service restaurant.

20. INTANGIBLE ASSETS (continued)

20.2 Reconciliation of intangible assets

	Master franchise licence R'000	Franchise licences R'000	Computer software R'000	Total R'000
2019				
Cost	18 101	24 665	20 374	63 140
Accumulated amortisation	(2 230)	(5 287)	(7 039)	(14 556)
Carrying value at 1 July 2018	15 871	19 378	13 335	48 584
Additions	–	2 161	2 720	4 881
Disposal	–	–	(29)	(29)
Amortisation	(850)	(2 997)	(3 773)	(7 620)
Impairment	(13 328)	(2 381)	(892)	(16 601)
Carrying value at 30 June 2019	1 693	16 161	11 361	29 215
Made up of:				
Cost	18 101	26 826	23 065	67 992
Accumulated amortisation	(16 408)	(10 665)	(11 704)	(38 777)
Amortisation reflected above is made up of:				
– Continuing operations				(3 790)
– Discontinued operations			14.3	(3 830)
				(7 620)
Impairment reflected above is made up of:				
– Continuing operations				–
– Discontinued operations			14.3	(16 601)
				(16 601)
2018				
Cost	18 101	17 995	16 835	52 931
Accumulated amortisation	(1 379)	(3 573)	(3 900)	(8 852)
Carrying value at 1 July 2017	16 722	14 422	12 935	44 079
Additions	–	6 670	3 539	10 209
Amortisation	(851)	(1 714)	(3 139)	(5 704)
Carrying value at 30 June 2018	15 871	19 378	13 335	48 584
Made up of:				
Cost	18 101	24 665	20 374	63 140
Accumulated amortisation	(2 230)	(5 287)	(7 039)	(14 556)
Amortisation reflected above is made up of:				
– Continuing operations			11.2	(4 406)
– Discontinued operations			14.3	(1 298)
				(5 704)

At 30 June 2019, the Group's intangible assets are made up of a master franchise licence, franchise licences, and computer software and no internally generated or indefinite useful life intangibles have been recognised.

Master franchise licence:
The master license fee of R2.5 million paid to Burger King Europe is for the rights to the Master Franchise for South Africa and is being amortised over 20 years. Costs of R15.5 million was incurred to acquire a Master Franchise Development agreement for the right to trade under the brand names of Dunkin' Donuts® and Baskin-Robbins® in South Africa and was amortised over 20 years. The Master Franchise Development agreement for Dunkin' Donuts® and Baskin-Robbins® has been fully impaired due to the liquidation of the companies. There were no other movements during the year.

20. INTANGIBLE ASSETS (continued)

Franchise licences:
In terms of the Burger King Master Franchise Development Agreement, the Group is required to pay a franchise licence fee to Burger King Europe of USD20,000 per store that is opened in South Africa. The licence fees are amortised over the periods of the respective stores' lease which range between five and 10 years. In terms of the Dunkin Brands Master Franchise Development Agreement, the Group is required to pay a franchise licence fee to Dunkin Brands International of USD15,000 per Dunkin' Donuts® and Baskin-Robbins® store that is opened in South Africa. The licence fees are amortised over the periods of the respective stores' lease which range between 5 and 10 years. The franchise licence fees for Dunkin' Donuts® and Baskin-Robbins® were fully impaired due to the liquidation of the companies. There were no other movements during the year.

Computer software:
The computer software of Dunkin' Donuts and Baskin-Robbins were fully impaired due to the liquidation of the companies.

21. NON-CURRENT ASSETS HELD FOR SALE

21.1 Accounting policy

The Group classifies non-current assets and disposal groups as held-for-sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such assets and disposal groups classified as held-for-sale or are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held-for-sale.

Assets and liabilities classified as held-for-sale are presented separately in the statement of financial position.

When the Group changes its intention to sell or makes a formal decision not to sell an asset (or disposal group) classified as held-for-sale, (other than associates, joint ventures or subsidiaries) the asset (or disposal group) no longer meets the recognition criteria to be classified as an asset held-for-sale. The Group measures the asset at the lower of:

(i) its carrying amount before the asset (or disposal group) was classified as held-for-sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset (or disposal group) not been classified as held-for-sale, and

(ii) its recoverable amount at the date of the subsequent decision not to sell.

If the asset (or disposal group) is a subsidiary, joint venture or an associate the Group restates the results for all periods since the initial classification as held-for-sale to no longer recognise the asset (or disposal group) as held-for-sale in those periods.

21.2 The assets included in non-current assets held for sale are as follows:

	Note	2019 R'000	2018 R'000
Non-current assets			
Land and buildings (Bakery) [1]	19.2.1	26 395	–
Property, plant and equipment [2]		9 798	–
	19.2.1	36 193	–

[1] *Management is currently in negotiations with interested parties to sell the Building that was previously used by Grand Bakery to produce the donuts for Dunkin' Donuts®.*
[2] *The property, plant and equipment of Dunkin' Donuts® and Baskin-Robbins® will be auctioned subsequent to year end as part of the liquidation process, as well as Bakery as these are expected to be sold with the building.*

22. FINANCIAL INSTRUMENTS – FINANCIAL ASSETS

22.1 Accounting policy

22.1.1 Accounting policy – 1 July 2018 – 30 June 2019

i) Initial recognition and measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to accounting policy 10.1, Revenue recognition.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

ii) Subsequent measurement of financial assets

Financial assets are classified into three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (previously categorised as loans and receivable)
The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes:

- cash and cash equivalents,
- trade and other receivables, and
- loans receivable

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

The Group classifies its investments in unlisted and listed equity instruments, excluding investments in subsidiaries, joint ventures and associates, at fair value through OCI.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as revenue in profit or loss when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets measured at fair value through OCI includes the investment held in Spur and Atlas Gaming Africa.

22. FINANCIAL INSTRUMENTS – FINANCIAL ASSETS (continued)

22.1 Accounting policy (continued)

22.1.1 Accounting policy – 1 July 2018 – 30 June 2019 (continued)

iii) Derecognition of financial assets

A financial asset or portion of a financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a pass through arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and has either

(i) transferred substantially all rights and rewards of the asset or

(ii) has neither transferred nor retained substantially all the rights and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuous involvement in the asset.

iv) Impairment of financial assets

Impairment of financial assets carried at amortised cost
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Generally, trade receivables are written-off if past due for more than 2 years and are not subject to enforcement activity as that is when it is determined that there is no reasonable expectation of recovering a financial asset or portion thereof.

22.1.2 Accounting policy – 1 July 2017 – 30 June 2018

i) Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 are classified as loans and receivables and available-for-sale investments. The Group determines the classification on initial recognition.

All financial assets are recognised initially at fair value plus directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a timeframe established by regulation or convention in the market-place (regular way trade) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. The Group's financial assets includes cash and short-term deposits, trade and other receivables, loans and receivables, listed and unlisted equity instruments (classified as available-for-sale).

ii) Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on the classification as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and include related party loans receivable. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

22. FINANCIAL INSTRUMENTS – FINANCIAL ASSETS (continued)

22.1 Accounting policy (continued)

22.1.2 Accounting policy – 1 July 2017 – 30 June 2018 (continued)

Cash and cash equivalents
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity date of three months or less. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest method.

Trade and other receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Available-for-sale investments
Available-for-sale investments consist of investments in unlisted and listed equity instruments. After initial recognition available-for-sale investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

iii) Derecognition of financial assets

A financial asset or portion of a financial asset is derecognised when:

– the rights to receive cash flows from the asset have expired;

– the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without any material delay to a third party under a pass through arrangement; or

– the Group has transferred its rights to receive cash flows from the asset and has either (i) transferred substantially all rights and rewards of the asset or (ii) has neither transferred nor retained substantially all the rights and rewards of the asset but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuous involvement in the asset.

iv) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of assets is impaired. Where the carrying value of these instruments exceeds the recoverable amount, the asset is written-down to the recoverable amount. Impairment losses are recognised in profit or loss.

Impairment of financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, 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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced by any impairment loss. The amount of the loss is recognised in profit or loss.

Impairment of available-for-sale investments
The Group assesses at each reporting date whether there is objective evidence that an available-for-sale investment is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value less any impairment losses on that investment previously recognised in profit or loss, is removed from other comprehensive income and recycled to profit or loss.

If in a subsequent period, the fair value of an equity investment classified as available-for-sale increases, the impairment losses recognised in profit or loss are not reversed through profit or loss.

22. FINANCIAL INSTRUMENTS – FINANCIAL ASSETS (continued)

22.2 Cash and cash equivalents

Cash and cash equivalents and overnight borrowings are measured at amortised cost, using the EIR method, less accumulated impairments. The EIR amortisation is included in finance income or costs in the statement of comprehensive income. Cash and cash equivalents comprise cash on hand and amounts held on short-term deposit at financial institutions. Overnight borrowings include short-term borrowings repayable on demand.

	2019 R'000	2018 R'000
Cash and cash equivalents	**133 987**	136 287
Bank overdraft	**(61 529)**	(25 603)
Total cash and cash equivalents	**72 458**	110 684

Cash and cash equivalents include Money Market call accounts with floating interest rates that fluctuated between 6.25% and 6.50% during the year (2018: between 6.00% and 6.50%). All cash and cash equivalents are on demand with no set maturities. At year end the Group had overdraft facilities of R100.0 million (2018: R65.0 million). This is made up of a R75.0 million overdraft facility in Burger King with Nedbank Limited attracting interest at prime less 0.75% and with a monthly commitment fee of 0.5% and a R13.0 million facility held by GPI with Standard Bank Limited attracting interest at prime and with a monthly commitment fee of 0.65%. Furthermore there is a R12.0 million overnight facility in Mac Brothers attracting interest at prime less 0.5%.

22.3 Trade and other receivables

Trade and other receivables and loans are measured at amortised cost, using the EIR method, less impairment losses. The EIR amortisation is included in finance income in the statement of comprehensive income.

22.3.1 Reconciliation of trade and other receivables

	2019 R'000	2018 R'000
Trade receivables	**60 944**	45 320
Less: provision for doubtful debts	**(3 050)**	(12 959)
	57 894	32 361
Deposits and other receivables*	**26 925**	16 354
Prepayments	**12 273**	40 337
Vat receivable	**12 094**	12 654
	109 186	101 706

** Deposits and other receivables include Deposits paid, ETI credits receivable and miscellaneous receivables.*

The fair value of trade and other receivables approximates their carrying value due to the short-term nature thereof.

Group receivables are considered overdue 30 days from the invoice date. Refer to Note 25.3.2 for the maturity analysis of trade and other receivables financial assets.

22. FINANCIAL INSTRUMENTS – FINANCIAL ASSETS (continued)

22.3 Trade and other receivables (continued)

22.3.2 Past due and impaired accounts receivable

The individually impaired receivables in the prior year mainly relate to proceeds from the sale of GTM of R9.5 million that is long over due.

	2019 R'000	2018 R'000
0 to 30 Days	**366**	–
30 to 60 days	**296**	–
60 to 120 days	**63**	–
Over 120 days	**2 325**	12 959
	3 050	12 959
Opening balance	**12 959**	2 374
IFRS 9 Opening balance adjustment	**1 200**	–
Increase in expected credit loss raised	**372**	10 647
Release of unutilised expected credit loss	**(2 772)**	–
Impairment utilised (receivables written off as uncollectable)	**(8 709)**	(62)
Closing balance	**3 050**	12 959

Impairment of Trade and other receivables

Trade receivables were group according to their credit risk profiles based on account behaviour and market information to more accurately measure the ECL. Each major account grouping were aged according to days outstanding in order to apply a general or specific default rate percentage commensurate with the risk of default.

The default rate percentages used were informed by historical data and management's best judgement based on the current status of the book, the projected economic outlook (GDP growth, inflation and interest rates) over the short-term in major territories we operate in and our current collections rate achieved.

The general loss rate for the major groupings without known credit issues visible. Accounts with standard terms and accounts with special terms were 3 and 5 % respectively.

	>= 150 days	120/149 days	90/119 days	60/89 days	30/59 days	< 30 days	Balance
Provision for DD % Aged – Standard Terms	7%	6%	5%	4%	3%	2%	3%
Provision for DD % Aged – Special Terms	10%	8%	7%	6%	5%	4%	5%

The specific loss rate for Account groupings with known credit issues are between 50 to 100%.

22. FINANCIAL INSTRUMENTS – FINANCIAL ASSETS (continued)

22.4 Investments held at fair value

These investments are measured at fair value with the fair value movement included in Other Comprehensive Income. In terms of IFRS 9 these fair value adjustments will never be recycled to profit and loss.

22.4.1 Investments held at fair value through OCI

Investment	Effective Holding 2019	Effective Holding 2018	Description of business
Spur	**17.79%**	17.79%	Spur Corporation operates a franchise restaurant business with multiple brands in South Africa and internationally.
Atlas Gaming	**4.95%**	4.95%	Atlas Gaming is a gaming software and machine development company based in Melbourne, Australia.

	Spur 2019 R'000	Spur 2018 R'000	Atlas Gaming 2019 R'000	Atlas Gaming 2018 R'000	Total 2019 R'000	Total 2018 R'000
Opening balance	**488 486**	514 648	**5 787**	5 787	494 273	520 435
Acquisitions		9 141	**–**	–	–	9 141
Unrealised fair value losses	**(75 882)**	(35 303)	**–**	–	(75 882)	(35 303)
	412 604	488 486	**5 787**	5 787	418 391	494 273
Balance made up as follows:						
Short-term portion					228 868	–
Long-term portion					189 523	494 273
					418 391	494 273

Unrealised fair value losses do not have related tax consequences as the resultant deferred tax asset is not considered recoverable.

The Group has entered into a sales agreement with Spur to sell 10% of its investment to them, the agreement is subject to significant conditions precedent which have not yet been met at 30 June 2019. Refer to Note 34.

22.4.2 Investments held at fair value reserve

The movements in the unrealised gains relating to the Group's Investments held at fair value through OCI are as follows:

	Atlas Gaming 2019 R'000	Atlas Gaming 2018 R'000	Spur 2019 R'000	Spur 2018 R'000	Total 2019 R'000	Total 2018 R'000
Opening balance	**3 468**	3 468	**(81 815)**	(46 512)	**(78 347)**	(43 044)
Movement during the year:	**–**	–	**(75 882)**	(35 303)	**(75 882)**	(35 303)
Unrealised fair value (losses)/gains on Investments held at fair value through OCI (Note 22.4.1)	**–**	–	**(75 882)**	(35 303)	**(75 882)**	(35 303)
Closing balance	**3 468**	3 468	**(157 697)**	(81 815)	**(154 229)**	(78 347)
Gross	**3 468**	3 468	**(157 697)**	(81 815)	**(154 229)**	(78 347)
Tax	**–**	–	**–**	–	**–**	–
Net closing balance	**3 468**	3 468	**(157 697)**	(81 815)	**(154 229)**	(78 347)

23. FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES

23.1 Accounting policies

i) Initial recognition and measurement of financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and preference shares.

ii) Subsequent measurement of financial liabilities

The subsequent measurement of financial liabilities depends on the classification as follows:

Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

iii) Derecognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and recognised as a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

23.2 Preference shares

Preference shares that are redeemable on a specific date or at the option of the shareholder are classified as financial liabilities and are held at amortised cost using the EIR method. The dividends paid on these preference shares are recognised in profit or loss as interest expense.

	Notes	2019 R'000	2018 R'000
Standard Bank (SunWest)	23.2.1	**230 267**	251 673
Standard Bank (Spur) Class "A"	23.2.2	**71 083**	75 957
Standard Bank (Spur) Class "B"	23.2.2	**78 987**	78 863
Spur (Vendor funding)	23.2.3	**110 214**	100 625
		490 551	507 118
Balance made up as follows:			
Short-term portion		**265 361**	5 179
Long-term portion		**225 190**	501 939
		490 551	507 118
Balance below including interest accrual approximates fair value:			
Short-term portion – Capital		**265 361**	5 179
Long-term portion		**225 190**	501 939
Fair value		**490 551**	507 118

23.2.1 Preference shares – Standard Bank (SunWest)

Authorised
203 356 authorised preference shares of R1 per share (2018: 203 356)

Issued
8 937 redeemable preference shares of R25 400 per share (2018: 10 000)

23. FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES (continued)

23.2 Preference shares (continued)

23.2.1 Preference shares – Standard Bank (SunWest) (continued)

	2019 R'000	2018 R'000
Balance at beginning of year – 1 July	**251 673**	–
Preference shares issued	**–**	254 000
Capitalised raising fee – net of related amortisation	**517**	(2 327)
Interest accrued	**21 036**	–
Interest paid	**(15 959)**	–
Redemption of preference shares	**(27 000)**	–
Closing balance – 30 June	**230 267**	251 673

10 000 authorised preference shares were issued at a value of R25 400 each during the previous year with a final redemption date of 21 December 2022. Interest is paid semi-annually on 31 March and 30 September at a rate of 85% of the prime interest rate. The shares held in Sunwest, are held as security against the preference shares.

The shares have the following mandatory redemptions:

– 1 655 shares on 22 December 2020.
– 2 066 shares on 21 December 2021.
– 5 216 shares on 21 December 2022.

The preference share agreement has the following financial covenants:

– A share cover ratio of at least 4.0 must be maintained
– A Debt Service Cover ratio of at least 1.2 must be maintained

As at 30 June 2019 the share cover ratio was 5.14 (2018: 4.37), the debt service cover ratio was 5.42 (2018: 4.76)

23.2.2 Preference shares – Standard Bank (Spur)

Authorised
90 000 authorised A preference shares of R1 000 per share (2018: 90 000)
60 000 authorised B preference shares of R1 000 per shares (2018: 60 000)

Issued
70 000 redeemable A preference shares of R1 000 per share (2018: 75 000)
60 000 redeemable B preference share of R1 000 per share (2018: 60 000)

	A Preference Shares		B Preference Shares	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Balance at beginning of year – 1 July	**75 957**	75 918	**78 863**	72 652
Capitalised raising fee – net of related amortisation	**174**	151	**98**	110
Redemption	**(5 000)**	–	**–**	–
Interest accrued	**6 673**	7 493	**6 441**	6 431
Interest paid	**(6 721)**	(7 605)	**(6 415)**	(330)
Closing balance – 30 June	**71 083**	75 957	**78 987**	78 863

A cumulative redeemable preference shares:
The A cumulative redeemable preference shares are amortised with a bullet payment at their maturity date of 31 October 2019 with a rate of 95.0% of the prime interest rate. The rate, however reduces to 90.0% of the prime interest rate, if market capitalisation of the Group's investment in Spur is greater than four times the outstanding balance on the A preference shares. Interest is payable semi-annually on 31 October and 30 April.

The Group is required to maintain the following cash reserves during the first 36 months from the issue date:

- Between 12 and 24 months: R2.0 million less any voluntary redemptions;
- Between 24 and 36 months: R5.0 million less any voluntary redemptions; and
- At 36 months: R9.0 million less any voluntary redemptions.

The shares have the following mandatory redemptions:

- 70 000 shares on 30 October 2019.

23. FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES (continued)

23.2 Preference shares (continued)

23.2.2 Preference shares – Standard Bank (Spur) (continued)

The preference share agreement has the following financial covenant:

- Group must maintain a Net asset value of R1 600.0 million. The Net asset value was R1 851.9 million at 30 June 2019 (2018: R1 966.0 million)
- Group must maintain a Share cover ratio of 2.50. The Share cover ratio was 3.35 at 30 June 2019 (2018: 3.67)

As additional security the Group ceded its shares in Spur and provided a performance guarantee to Standard Bank. The carrying value of GPI's pledged holding in Spur at 30 June 2019 is R228.9 million (2018: R270.9 million).

B cumulative redeemable preference shares:
The B cumulative redeemable preference shares are redeemable in full on their maturity date of 31 October 2019. The unpaid dividends are capitalised semi-annually on 31 October and 30 April, with mandatory redemptions required to maintain the total balance outstanding below R78.0 million. The shares have a rate of 80.0% of the prime interest rate. The only security provided on the shares is a performance guarantee provided by GPI to Standard Bank.

The fair value of the A and B class preference shares approximate their carrying value as their terms are market related.

23.2.3 Preference shares – Spur

Authorised
72 328 authorised preference shares of R1 000 per share (2018: 72 328)

Issued
72 328 redeemable preference shares of R1 000 per share (2018: 72 328)

	2019 R'000	2018 R'000
Balance at beginning of year – 1 July	**100 625**	91 831
New issue of cumulative redeemable preference shares	**–**	–
Interest accrued	**9 589**	8 794
Closing balance – 30 June	**110 214**	100 625

The shares are redeemable in full on their maturity date of 31 October 2019 and have a rate of 90.0% of the prime interest rate. The interest is calculated monthly and capitalised semi-annually on 31 October and 30 April. A reversionary cession over the Spur shares ceded to Standard Bank as security for the A preference share has been given to Spur Corporation. No other security has been provided.

This preference share agreement has no financial covenants.

The fair value of the preference shares approximate their carrying value as their terms are market related.

23.3 Interest-bearing borrowings

Interest-bearing borrowings are classified as financial liabilities and are held at amortised cost using the EIR method. The interest paid is recognised in profit or loss as interest expense.

	2019 R'000	2018 R'000
Sanlam Capital Markets – Term loan 1	**29 834**	37 334
Sanlam Capital Markets – Term loan 3	**29 942**	29 895
	59 776	67 229
Balance made up as follows:		
Short-term portion	**7 500**	37 298
Long-term portion	**52 276**	29 931
	59 776	67 229

23. FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES (continued)

23.3 Interest-bearing borrowings (continued)

23.3.1 Sanlam Capital Markets – Term loan 1

The SCM term loan 1 bears interest at the 3 month JIBAR rate plus 3.15% and interest is paid quarterly on 30 June, 30 September, 31 December and 31 March annually. The interest rate at 30 June 2019 is 10.30% (2018: 10.02%). The loan is repayable in 40 quarterly instalments of R1.9 million each, with the final instalment being due in June 2023. The proceeds from the loan were used to acquire an office building in the Cape Town central business district, which is occupied by Group companies and recognised under property, plant and equipment (Note 19). The carrying value of the office building is R84.1 million (2018: R84.1 million).

The Group has also provided the following security in respect of the loan:

- A cession in security of any lease agreements in respect of the property;
- A cession of all material cash flows payable by any tenant under any lease agreements relating to the property,
- A mortgage bond to the value of R100.0 million registered over the property in favour of SCM,
- A cession of all the Group's rights under the insurance policy over the property, and
- A cession of GPI Properties' bank account.

The loan has the following financial covenant:

- Group must maintain a debt to tangible net worth ratio of no greater than 40%. The ratio was 28% at 30 June 2019 (2018: 26%).

The fair value of the term loan approximates its carrying value as the terms are market related.

23.3.2 Sanlam Capital Markets – Term loan 3

The SCM term loan 3 bears interest at the 3 month JIBAR rate plus 3% which equalled 10.15% at 30 June 2019 (2018: 9.87%). The interest is payable quarterly on 30 June, 30 September, 31 December and 31 March each year. There are no capital repayments during the term of the loan, however the total outstanding capital amount of R30 million is repayable on the maturity date of the loan on 26 January 2021.

The proceeds from the term loan 3 funds were used to fund the acquisition of two properties situated in Goodwood, Erf 33996 and Erf 33997. Erf 33996 is a meat processing plant tenanted by a Group company and has been recognised in property, plant and equipment (Note 19). Erf 33997 is vacant land classified as investment property (Note 18). The carrying value of Erf 33996 at 30 June 2019 is R19.6 million (2018: R19.6 million) and Erf 33997 R7.6 million (2018: R7.0 million).

The Group has provided the following security in respect of the loan:

- A cession in security of any lease agreements in respect of the two properties,
- A cession of all material cash flows payable by any tenants under any lease agreements relating to the two properties,
- A mortgage bond to the value of R30 million, registered over the two properties in favour of SCM,
- Cession of GPI Properties' bank account, and
- An unconditional demand guarantee in favour of SCM issued by the Group.

The loan has the following financial covenant:

- Group must maintain a debt to tangible net worth ratio of no greater than 40.0%. The ratio was 28% at 30 June 2019 (2018: 26.8%)
- The GPI Group must maintain an interest cover ratio of greater than 2.5 times for this reporting period. The interest cover ratio is calculated as EBITDA divided by net interest and was 3.13 times at 30 June 2019 (2018: 1.95 times). The required interest cover ratio for the period year was 4 times and the Group was in breach of the covenant. During the 2019 financial year, the Group re-negotiated the covenant with Sanlam and are no longer in breach of the covenant.

The fair value of the term loan approximates its carrying value as the terms are market related.

23. FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES (continued)

23.4 Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the effective interest (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through interest based on the EIR method.

Trade and other payables are short-term in nature and are classified as current liabilities in the statement of financial position.

	2019 R'000	2018 R'000
Reconciliation of trade and other payables		
Trade payables and expense accruals	**75 313**	65 140
Other payables and accruals	**104 460**	83 796
Annual leave accrual	**11 292**	8 488
Audit fee accrual	**7 838**	5 285
Deferred income	**3 146**	3 404
Payroll accruals	**9 511**	13 444
Sundry accruals	**13 250**	10 420
Operating lease straight lining liability	**32 157**	21 523
Other payables*	**26 636**	20 548
VAT	**630**	684
	179 773	148 936

** Other payables includes Deposits held, tenant installation allowances, contingent rent provisions.*

Trade payables are repaid on average of 30 days from the invoice date. The trade and other payables carrying amount approximates fair value.

24. FINANCE LEASE LIABILITY

24.1 Accounting policy

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. Leases are classified as finance leases where substantially all the risks and rewards associated with ownership have transferred from the lessor to the lessee. Finance leases are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

All other leases are treated as operating leases and the relevant rentals are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognised as incurred.

24. FINANCE LEASE LIABILITY (continued)

24.1 Accounting policy (continued)

The Group leases certain property, plant and equipment and motor vehicles.

	2019 R'000	2018 R'000
Non-current liabilities		
Finance leases – gross payables	**1 378**	11 090
Unrecognised future finance expenses	**(77)**	(512)
	1 301	10 578
Current liabilities		
Finance leases – gross payables	**9 143**	16 065
Unrecognised future finance expenses	**(420)**	(1 623)
	8 723	14 442
	10 024	25 020
Gross liabilities from finance leases:		
Not later than one year	**9 143**	16 065
Later than one year and not later than five years	**1 378**	11 090
	10 521	27 155
Unrecognised future finance expense on finance leases	**(497)**	(2 135)
	10 024	25 020
The net liability from finance leases made up as follows:		
Not later than one year	**8 723**	14 442
Later than one year and not later than five years	**1 301**	10 578
	10 024	25 020

The finance leases consist of the following material instalment sale agreements:

- with Nedbank for the acquisition of motor vehicles by Burger King. The lease liability is secured by the underlying leased motor vehicles with a carrying value of R0.3 million (2018: R1.1 million).
- with Nedbank for the acquisition of motor vehicles by Dunkin' Donuts. The lease liability was settled during liquidation.
- with Nedbank for the acquisition of a motor vehicle by Baskin-Robbins. The lease liability was settled during liquidation.
- with Standard Bank for the acquisition of a motor vehicle by Grand Parade Investments Management Services. The lease liability is secured by the underlying motor vehicle with a carrying value of R0.1 million (2018: R0.1 million)
- with Standard Bank for the acquisition of plant and machinery of Grand Foods Meat Plant. The lease liability is secured by the surety and cession of claims limited to R41.7 million by Burger King South Africa (RF) (Pty) Ltd.
- with ABSA Bank for the acquisition of machinery and of a motor vehicle by Mac Brothers. The lease liability is secured by the underlying machinery and leased motor vehicle with a carrying value of R2.0 million (2018: R7.9 million).
- with Mercantile Bank for the acquisition of machinery by Mac Brothers. The lease liability is secured by the underlying lease machinery and motor vehicles with a carrying value of R7.8 million (2018: R8.9 million) and a performance guarantee provided by GPI in favour of Mercantile Bank.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

25. FINANCIAL INSTRUMENTS – DISCLOSURE

25.1 Classification of financial instruments

The Group's principal financial assets are investments held at fair value through OCI, trade and other receivables, related party loans receivables and cash. The Group's principal financial liabilities are preference shares, interest-bearing borrowings, trade and other payables and related party loans payable. The main purpose of these instruments is to raise finance for the Group's operations and investments. The main risks arising from financial instruments are market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The fair values of each class of the financial instrument approximate the carrying amounts.

	Notes	Financial assets measured at amortised cost R'000	Investments held at fair value R'000	Non-financial assets[1] R'000	Total R'000
25.1.1 Financial assets					
2019					
Cash and cash equivalents	22.2.1	**133 987**	**–**	**–**	**133 987**
Related party loans	9.1	**21 467**	**–**	**–**	**21 467**
Trade and other receivables	22.3.1	**69 577**	**–**	**39 609**	**109 186**
Investments held at fair value	22.4.1	**–**	**418 391**	**–**	**418 391**
Total		**225 031**	**418 391**	**39 609**	**683 031**
2018					
Cash and cash equivalents	22.2.1	136 287	–	–	136 287
Related party loans	9.1	21 467	–	–	21 467
Trade and other receivables	22.3.1	48 715	–	52 991	101 706
Investments held at fair value	22.4.1	–	494 273	–	494 273
Total		206 469	494 273	52 991	753 733

[1] The non-financial assets are made up of the year-end prepayments and vat receivables balances.

	Notes	Financial liabilities measured at amortised cost R'000	Non-financial liabilities[1] R'000	Total R'000
25.1.2 Financial liabilities				
2019				
Trade and other payables	23.4	**(132 300)**	**(47 473)**	**(179 773)**
Overdraft	22.2.2	**(61 529)**	**–**	**(61 529)**
Dividends payable	31.3	**(10 405)**	**–**	**(10 405)**
Preference shares	23.2	**(490 551)**	**–**	**(490 551)**
Interest-bearing borrowings	23.3	**(59 776)**	**–**	**(59 776)**
Finance lease liabilities	24	**(10 024)**	**–**	**(10 024)**
Total		**(764 585)**	**(47 473)**	**(812 058)**
2018				
Trade and other payables	23.4	(102 077)	(46 859)	(148 936)
Overdraft	22.2.2	(25 603)	–	(25 603)
Dividends payable	31.3	(10 416)	–	(10 416)
Preference shares	23.2	(507 118)	–	(507 118)
Interest-bearing borrowings	23.3	(67 229)	–	(67 229)
Finance lease liabilities	24	(25 020)	–	(25 020)
Total		(737 463)	(46 859)	(784 322)

[1] The non-financial liabilities are made up of the year-end operating lease straight lining, VAT, deferred income and annual leave accrual.

25. FINANCIAL INSTRUMENTS – DISCLOSURE (continued)

25.2 Fair value of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

As at 30 June, the Group held the following instruments measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2019				
Investments held at fair value – Spur [1]	**183 736**	**–**	**228 868**	**412 604**
Investments held at fair value – Atlas Gaming	**–**	**–**	**5 787**	**5 787**
Total	**183 736**	**–**	**234 655**	**418 391**
2018				
Investments held at fair value – Spur [1]	217 529	–	270 957	488 486
Investments held at fair value – Atlas Gaming	–	–	5 787	5 787
Total	217 529	–	276 744	494 273

	2019 R'000	2018 R'000
Current asset	**228 868**	–
Non-current asset	**189 523**	494 273
	418 391	494 273

[1] Available-for-sale investment – Spur

The carrying value of the investment in Spur at 30 June 2019 of R412.6 million (2018: R448.5 million) is made up of the prior years acquisition price of R569.0 million and fair value adjustments of R75.9 million (2018: R35.3 million). The Group's initial investment in Spur is subject to a trading restriction linked to the Group's empowerment credentials. The restriction expires on 29 October 2019, after which the instrument may be traded without restriction. The fair value of the investment has been measured by applying a tradability discount of 3% per year remaining on the restriction against the market price of Spur, as quoted on the JSE. The tradability discount was determined with reference to the agreements which govern the trading restrictions and industry standards applied to empowerment transactions. As the terms of the trading restrictions are unobservable the instrument has been classified under level 3, had the trading restrictions not been in place, the instrument would have been classified under level 1. A change of 1.0% in the discount rate used to determine the fair value at the reporting date would have increased/decreased other comprehensive income after tax by R2.3 million (2018: R2.8 million). There were no additions to level 3 instruments in the current year.

25.3 Financial risk management

The Group and Company has exposure to the following risks from its use of financial instruments:

- Market risk;
- Credit risk; and
- Liquidity risk

This note presents information about the Group's and Company's exposure to each of the above risks, the Group's objectives, policies and processes for measuring these risks, and the Group's and Company's management of Capital. Further quantitative disclosures are included throughout these Consolidated and Company Annual Financial Statements. The Group's and Company's objective is to effectively manage each of the above risks associated with its financial instruments, in order to limit the Group's and Company's exposure as far as possible to any financial loss associated with these risks.

25. FINANCIAL INSTRUMENTS – DISCLOSURE (continued)

25.3 Financial risk management (continued)

25.3.1 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Group and Company are not exposed to any significant currency risks.

Market risk: Currency risk

Currency risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in the price of a foreign currency in relation to the ZAR. The Group's exposure to the risk of changes in the price of a foreign currency in relation to the ZAR relates to the Group's obligation in terms of the settlement of foreign trade payables. The group had foreign trade payables outstanding at year-end in USD, EUR and the GBP.

At the reporting date, the exposure to foreign currency was R7.6 million (2018: R8.9 million). An increase or decrease of 10% in the exchange rates would have an impact of approximately R0.8 million (2018: R0.9 million) on the profit and loss of the Group.

Market risk: Interest rate risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in interest rates relates to the Group's obligation in terms of the preference shares, interest-bearing borrowings, finance leases and bank accounts. The Group manages this risk by factoring in forecast movements in the market interest rates into its cash flow projections and by ensuring that sufficient available funds are maintained in bank accounts to cover the cashflows affected by the movements in the forecast market interest rate. The Group does not have fixed rate financial instruments. The table below reflects the interest rate sensitivity analysis. The analysis was calculated by increasing or decreasing the Group's interest rate by 100 basis points assuming all other variables remain constant.

	Increase in basis points	Effect on pre-tax profit R'000	Decrease in basis points	Effect on pre-tax profit R'000
2019	**100**	**(4 879)**	**(100)**	**4 879**
2018	100	(4 887)	(100)	4 887

Market risk: Other price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group is exposed to other price risk through its investment in Spur.

At the reporting date, the exposure to listed equity securities at fair value was R412.6 million (2018: R488.5 million). An increase or decrease of 10% on the JSE market index would have an impact of approximately R35.1 million (2018: R27.1 million) on other comprehensive income to the Group.

25.3.2 Credit risk

Credit risk is the risk of financial loss caused by the inability or unwillingness of a counterparty to a financial instrument to discharge contractual obligations. There is no independent rating procedure for customers as the credit quality for customers is assessed by taking into account their financial position, past experience and other factors are used in evaluating the acceptability of clients.

The Group's and Company's maximum exposure to credit risk in terms of cash and cash equivalents, loans and receivables equals the carrying amounts of these instruments are as disclosed below.

Cash and cash equivalents

The Group and Company only deposits cash surpluses with major banks of high quality and credit standing. The cash and cash equivalents are deposited with three financial institutions.

25.3.2 Credit risk (continued)

Trade receivables, other receivables and related party loans

At year-end, the Group did not consider there to be any significant concentration of credit risk and all assets that have been identified as impaired, after taking the Groups credit policy into account, have been appropriately provided for. Related party credit risk is managed by each business unit in terms of the Group's policy. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date based on payment history and the financial position of the counterparty.

Employee loans

Loans are issued to key employees to fund the acquisition of GPI Shares allocated to employees under the GPI Employee Share Scheme. The employee loan credit risk is managed by employees ceding GPI Shares to the Group as security for the loan.

The following table presents the maturity analysis of related party loans and trade and other receivables.

	Notes	Current R'000	30 to 60 days R'000	60 to 120 days R'000	Over 120 days R'000	Total R'000
2019						
Related party loans	9.1	**21 467**	**–**	**–**	**–**	**21 467**
Trade and other receivables	22.3.1	**50 429**	**8 000**	**1 648**	**9 500**	**69 577**
Total		**71 896**	**8 000**	**1 648**	**9 500**	**91 044**
2018						
Related party loans		21 467	–	–	–	21 467
Trade and other receivables		34 018	4 156	4 921	5 620	48 715
Total		55 485	4 156	4 921	5 620	70 182

25.3.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The Group monitors its risk of a shortage of funds based on future cash flow commitments. The Group's and Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group and Company manages the liquidity risk by considering all future cash flows associated with financial liabilities in the cash flow projections and ensures that adequate funds are held to meet their commitments. In addition the short-term risks are managed by ensuring that adequate banking facilities are in place.

25. FINANCIAL INSTRUMENTS – DISCLOSURE (continued)

25.3 *Financial risk management* (continued)

25.3.3 Liquidity risk (continued)

The following table presents the contractual maturity analysis of financial liabilities.

	On demand R'000	Less than 3 months R'000	3 to 12 months R'000	1 to 2 years R'000	> 2 years R'000	Total R'000
2019						
Trade and other payables	–	(137 647)	–	–	–	(137 647)
Preference shares	–	–	(256 319)	(42 037)	(184 963)	(483 319)
Interest on preference shares	(7 232)	(5 577)	(18 431)	(17 665)	(19 035)	(67 940)
Interest-bearing borrowings	–	(1 875)	(5 625)	(37 442)	(14 834)	(59 776)
Interest on interest-bearing borrowings	–	(1 017)	(2 940)	(2 387)	(494)	(6 838)
Finance leases	–	(2 476)	(6 247)	(919)	(382)	(10 024)
Interest on finance leases	–	(177)	(243)	(64)	(13)	(497)
Dividends payable	(10 405)	–	–	–	–	(10 405)
Total	(17 637)	(148 769)	(289 805)	(100 514)	(219 721)	(776 446)
2018						
Trade and other payables	–	(102 077)	–	–	–	(102 077)
Preference shares	–	–	(3 000)	(242 382)	(254 000)	(499 382)
Interest on preference shares	(7 736)	(6 102)	(28 938)	(87 224)	(19 521)	(149 521)
Interest-bearing borrowings	(30 000)	(1 875)	(5 625)	(7 500)	(20 625)	(65 625)
Interest on interest-bearing borrowings	(1 604)	(290)	(3 848)	(2 410)	(1 096)	(9 248)
Finance leases	–	(2 235)	(11 773)	(8 984)	(2 028)	(25 020)
Interest on finance leases	–	(303)	(1 219)	(527)	(86)	(2 135)
Dividends payable	(10 416)	–	–	–	–	(10 416)
Total	(49 756)	(112 882)	(54 403)	(349 027)	(297 356)	(863 424)

25.4 *Gains and losses on financial instruments*

The table below summarises the gains and losses on financial instruments.

	Fair value movement R'000	Interest income R'000	Interest expense R'000	Total R'000
2019				
Loans and receivables	–	6 635	–	6 635
Available-for-sale investments	(75 882)	–	–	(75 882)
Financial liabilities at amortised cost	–	–	(59 479)	(59 479)
Total	(75 882)	6 635	(59 479)	(128 726)
2018				
Loans and receivables	–	8 387	–	8 387
Available-for-sale investments	(35 303)	–	–	(35 303)
Financial liabilities at amortised cost	–	–	(48 714)	(48 714)
Total	(35 303)	8 387	(48 714)	(75 630)

25. FINANCIAL INSTRUMENTS – DISCLOSURE (continued)

25.5 *Capital management* (continued)

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholders' value.

The Group carefully manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the Group investment strategy. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, repurchase shares or issue new shares. The primary source of capital is issued ordinary share capital and preference share capital. Acquisitions may be geared to those levels which investments may support and the funders will allow. The entity is subject to an externally imposed maximum debt to equity ratio of 40% and this is monitored by management on an ongoing basis. Refer to Note 23.3.1 and Note 23.3.2. The Group has complied with all external capital requirements imposed.

26. INVENTORY

26.1 *Accounting policies*

Inventories are valued at the lower of cost and net realisable value. Cost is measured using standard costing and revised in light of current conditions as necessary. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchased cost on a first in, first out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity.

26.2 *Composition of inventory*

	2019 R'000	2018 R'000
Catering equipment	45 684	40 988
Stock of food and packaging	21 763	20 801
Spare parts	6 754	11 608
Consumables	288	6 555
Work in progress	4 921	1 881
Gaming machines	3 971	3 971
	83 381	85 804
Provision for impairment to net realisable value		
Stock of food and packaging	(7 347)	–
– Continuing operations	(3 159)	–
– Discontinued operations	(4 188)	–
	76 034	85 804

During the current year stock to the value of Nil was fully written off as obsolete (2018: R3.8 million).

27. PROVISIONS

27.1 *Accounting policy*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the reporting date.

27.2 *Reconciliation of provisions*

	Long service leave 2019 R'000	Employee bonuses 2019 R'000	Total 2019 R'000
At beginning of the year	**631**	**13 193**	**13 824**
Provision raised/(released) during the year	**66**	**16 158**	**16 224**
Amount utilised	**(63)**	**(15 692)**	**(15 755)**
At end of year	**634**	**13 659**	**14 293**
	2018 R'000	**2018 R'000**	**2018 R'000**
At beginning of the year	2 792	17 833	20 625
Provision raised/(released) during the year	(1 934)	15 355	13 421
Amount utilised	(227)	(19 995)	(20 222)
At end of year	631	13 193	13 824

	2019 R'000	2018 R'000
Balance made up as follows:		
Non-current provisions	**634**	631
Current provisions	**13 659**	13 193
	14 293	13 824

28. COMMITMENTS AND CONTINGENCIES

28.1 *Operating lease commitments – Group as lessee*

The Group has entered into operating leases on certain properties. The leases have terms of between five to 10 years with an option at the election of the lessee to extend for a further five years. All leases include a clause to enable upward revision of the rental charge on an annual basis on average of 8%. Rental comprise minimum monthly payments and additional payments based on turnover levels. Turnover rentals, where applicable, averaged 7% for the year.

	2019 R'000	2018 R'000
The future minimum lease payments under non-cancellable operating leases are as follows:		
Rentals due within one year	**62 012**	61 487
Due within one to five years	**250 581**	215 905
Due after five years	**164 640**	183 776
	477 233	461 168

28.2 *Operating lease commitments – Group as lessor*

The Group has entered into operating leases on its investment property portfolio consisting of certain office buildings. The leases have average terms of five years with an option at the election of the lessee to extend for a further five years. All leases include a clause to enable upward revision of the rental charge on an annual basis on average of 8.0%.

The future minimum rentals receivables under non-cancellable operating leases are as follows:

	2019 R'000	2018 R'000
Rentals due within one year	**1 606**	3 108
Due within one to five years	**–**	1 606
	1 606	4 714

29. STATED CAPITAL

29.1 Ordinary Share Capital

29.1.1 Accounting policy

Ordinary shares are classified as equity. Issued share capital is stated in the statement of changes in equity at the amount of the proceeds received less directly attributable costs.

29.1.2 Authorised share capital

	2019 R'000	2018 R'000
2 000 000 000 ordinary shares of no par value	**–**	–

29.1.3 Reconciliation of issued share capital

	2019 R'000	2018 R'000
Opening balance – 1 July	**798 586**	806 707
Shares cancelled	**–**	(8 121)
Closing balance (issued and fully paid) – 30 June	**798 586**	798 586

29.1.4 Reconciliation of number of shares in issue

	2019 '000	2018 '000
Opening balance – 1 July	**470 023**	473 789
Shares cancelled	**–**	(3 766)
Closing balance – 30 June	**470 023**	470 023

No shares were bought back or cancelled during the year ended 30 June 2019. During the prior year the Group bought back and cancelled 3.7 million shares at a average price of R2.16.

29.2 Treasury shares

29.2.1 Accounting policy

Own equity instruments which are re-acquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

29.2.2 Reconciliation of treasury shares

	2019 '000	2018 '000
Opening balance – 1 July	**(166 286)**	(166 286)
Treasury shares allocated to employees	**–**	–
Shares acquired	**–**	–
Closing balance – 30 June	**(166 286)**	(166 286)

29. STATED CAPITAL (continued)

29.1 Ordinary Share Capital (continued)

29.2.3 Reconciliation of number of treasury shares

	2019 R'000	2018 R'000
Opening balance – 1 July	**(43 800)**	(43 800)
Shares allocated to employees	**–**	–
Shares acquired	**–**	–
Closing balance – 30 June	**(43 800)**	(43 800)

At 30 June 2019, the Grand Parade Share Incentive Trust holds 4.98 million GPI shares (2018: 4.98 million GPI Shares) in treasury for the purpose of hedging GPI's Employee Share Scheme. During the year, the Grand Parade Share Incentive Trust repurchased no GPI Shares (2018: nil) and allocated no GPI Shares (2018: nil) to employees under the GPI Employee Share Scheme. At 30 June 2019, the GPI Women's B-BBEE Empowerment Trust holds 15.20 million GPI shares (2018: 14.82 million GPI Shares) in treasury to maintain the Company's minimum black female ownership. The trust did not repurchase any GPI shares during the year. At 30 June 2019, GPI Management Services holds 24.00 million GPI Shares (2018: 24 million GPI Shares) in treasury. During the year, GPI Management Services repurchased no GPI Shares (2018: nil).

30. DIVIDENDS DECLARED AND PAID

	2019 R'000	2018 R'000
Final dividend declared and paid in respect of 2018 financial year of nil cents (2018: 11.50 cents per share in respect of the 2017 financial year)	**–**	50 405

No final ordinary dividend was declared in respect of the 2019 financial year.

31. NOTES TO THE CASH FLOW STATEMENT

31.1 Cash generated from operations

	Notes	2019 R'000	2018 R'000
Profit before taxation from continuing operations		**57 971**	21 019
Profit before taxation from discontinuing operations		**(109 527)**	(57 495)
Profit before taxation from continuing and discontinuing operations		**(51 556)**	(36 476)
Adjustments for:			
– Depreciation	19.2.1	**60 124**	59 750
– Amortisation	20.2	**7 620**	5 705
– Finance income		**(6 635)**	(8 387)
– Finance costs		**59 479**	48 714
– Dividends received		**(23 734)**	(23 726)
– Profit on disposal of property, plant and equipment		**–**	(11 754)
– Share-based payments expense		**489**	(1 384)
– Impairment of trade and other receivables		**–**	9 500
– Impairment of property		**10 500**	–
– Impairment of plant and equipment and intangibles		**47 704**	–
– Impairment of intangible assets		**16 601**	–
– Profit from equity accounted investments		**(132 021)**	(109 360)
Operating cash flows before working capital changes		**(11 429)**	(67 418)
Decrease in inventory		**9 770**	2 959
Increase in trade and other receivables		**(7 480)**	(38 030)
Increase in trade and other payables		**31 306**	38 258
Net cash generated from/(utilised in) operations		**22 167**	(64 231)

31. NOTES TO THE CASH FLOW STATEMENT (continued)

	2019 R'000	2018 R'000
31.2 Taxation paid		
Taxation – beginning of the year	(8 003)	(8 182)
Amount per statement of comprehensive income (Note 5)		
– current year	2 002	3 198
– prior year over provision	–	71
Taxation – closing balance	7 426	8 003
Taxation paid during the year	1 425	3 090
The closing tax balances comprises of the following:		
– Income tax receivable	7 920	9 959
– Income tax liabilities	(494)	(1 956)
	7 426	8 003
31.3 Dividends paid		
Opening balance	10 416	9 744
Dividends declared	–	50 405
Closing balance	(10 405)	(10 416)
	11	49 733
Dividends paid relate to prior years.		
31.4 Loan repayments received		
Related party loan – GTM	–	5 500
Employee loans	–	8 316
	–	13 816
31.5 Investment made		
Acquisition of 0% (2018: 0.3%) of Spur (Note 22.4.1)	–	(9 141)
Acquisition of BK store – Disa Road	(7 164)	–
	(7 164)	(9 141)
31.6 Dividends received		
SunWest	66 434	60 405
GPI Slots	48 000	18 000
Spur	23 734	23 990
Worcester	2 417	2 567
	140 585	104 962

31.7 Disclosure of changes in liabilities arising from financing activities

	Opening balance	Cash movement	Interest incurred	Interest paid	Capital raising fee	Closing balance
2019						
Preference shares	507 118	(32 000)	43 739	(29 095)	789	490 551
Interest-bearing borrowings	67 229	(7 365)	6 488	(6 623)	47	59 776
Finance lease liabilities	25 020	(14 996)	1 698	(1 698)	–	10 024
	599 367	(54 361)	51 925	(37 416)	836	560 351
2018						
Preference shares	240 401	251 652	34 533	(19 468)	–	507 118
Interest-bearing borrowings	74 641	(7 412)	7 271	(7 318)	47	67 229
Finance lease liabilities	39 332	(14 312)	2 690	(2 690)	–	25 020
	354 374	229 928	44 494	(29 476)	47	599 367

32. CAPITAL COMMITMENTS

	2019 R'000	2018 R'000
Authorised but not contracted		
Property, plant and equipment	101 000	35 000

33. CONTINGENT LIABILITIES

A claim of R4.5 million was instituted against the Group by Bravura Capital with regard to the initial purchase of the Spur shares.

34. SUBSEQUENT EVENTS

Disposal of Atlas Gaming Africa

On 29 August 2017, the Group entered into a share swap agreement with DRGT International SARL, for its 4.95% holding in Atlas Gaming Holdings and its 100% holding in Atlas Gaming Africa in exchange for a 26% stake in DRGT's local wholly-owned subsidiary Infinity-e Gaming Africa. This swap is subject to certain conditions precedent, including SARB approval, all conditions precedent was met in July 2019. Infinity-e Gaming Africa is an industry-leading gaming systems supplier servicing licensed customers in Africa and the Indian Ocean islands.

Disposal of Sun Slots

In May 2019, through an unsolicited bid, Sun International offered to purchase the remaining 30% of GPIs equity at a total purchase consideration of R504 million. Following approval from the investment committee, management have concluded a share repurchase agreement with Sun Slots for the above-mentioned consideration. The deal is a category 1 transaction and is thus subject to an ordinary resolution by shareholders of GPI. The bulk of the proceeds, approximately R220 million, will be used to pay down preference share debt secured by the asset. It is also managements intention to propose a special dividend and or share buy-back with portion of the remaining cash.

Disposal of Spur

In June 2019, GPI entered into an agreement with Spur to sell back its BBBEE portion of equity in spur, 10.8 million shares for R24 per share and a total purchase consideration of R260 million. The entire purchase consideration will be used to pay down debt which was used to fund the initial transaction.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R'000	2018 R'000
Revenue	2.2	**70 759**	71 136
Operating costs		**(42 873)**	(23 830)
Profit from operations		**27 886**	47 306
Impairment of investments	11.2	**(101 113)**	–
Reversal of impairment of loans	10	**99 379**	–
Impairment of loans	10	**–**	(99 379)
Impairment of trade and other receivables	16.3	**–**	(9 500)
Depreciation	14.2	**(22)**	–
Amortisation	15.2	**(6)**	–
Profit/(loss) before finance costs and taxation	3	**26 124**	(61 573)
Finance income	4	**4 466**	16 100
Finance costs	5	**(361)**	(349)
Profit/(loss) before taxation		**30 229**	(45 822)
Taxation	6.2	**55**	(547)
Profit/(loss) for the year		**30 284**	(46 369)
Other comprehensive income/(loss)		**–**	–
Total comprehensive income/(loss) for the year		**30 284**	(46 369)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 R'000	2018 R'000
ASSETS			
Non-current assets		**1 632 981**	1 608 955
Investments in subsidiaries	11.2	**1 594 428**	456 213
Investments in associates	13.2	**30 972**	32 688
Investments held at fair value through OCI	16.4	**5 786**	5 786
Related party loans	10	**–**	1 112 662
Property, plant and equipment	14.2	**79**	–
Intangible assets	15.2	**91**	6
Deferred tax asset	6.3	**1 625**	1 600
Current assets		**121 637**	105 330
Related party loans	10	**17 136**	–
Trade and other receivables	16.3	**36 601**	20 957
Cash and cash equivalents	16.2	**67 580**	84 373
Income tax receivable	22.2	**320**	–
Total assets		**1 754 618**	1 714 285
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity			
Stated capital	20.3	**798 586**	794 135
Accumulated profit		**918 227**	880 723
Investments held at fair value reserve	16.5	**2 690**	2 690
IFRS 2 share-based payment reserve		**2 085**	13 267
Total shareholder's equity		**1 721 588**	1 690 815
Non-current liabilities		**108**	167
Provisions	19.2	**108**	167
Current liabilities		**32 922**	23 303
Provisions	19.2	**4 799**	4 816
Trade and other payables	17.2	**17 718**	6 115
Dividends payable	22.3	**10 405**	10 416
Income tax payable	22.2	**–**	1 956
Total equity and liabilities		**1 754 618**	1 714 285

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Stated capital R'000	Accum-ulated profits R'000	IFRS 2 Share-based payment reserve R'000	Financial asset held at fair value reserve R'000	Total equity R'000
Balance at 30 June 2017	802 256	981 578	11 409	2 690	1 797 933
Total comprehensive loss for the year	–	(46 369)	–	–	(46 369)
– Loss for the year	–	(46 369)	–	–	(46 369)
Dividends declared	–	(54 486)	–	–	(54 486)
Share based payment charge relating to investments	–	–	1 516	–	1 516
Share based payment expense	–	–	342	–	342
Shares acquired and cancelled	(8 121)	–	–	–	(8 121)
Balance at 30 June 2018	**794 135**	**880 723**	**13 267**	**2 690**	**1 690 815**
Total comprehensive income for the year	**–**	**30 284**	**–**	**–**	**30 284**
– Profit for the year	**–**	**30 284**	**–**	**–**	**30 284**
Dividends declared	**–**	**–**	**–**	**–**	**–**
Share based payment expense	**–**	**–**	**489**	**–**	**489**
Share options lapsed	**–**	**11 671**	**(11 671)**	**–**	**–**
Reclassification of reserve	**4 451**	**(4 451)**	**–**	**–**	**–**
Balance at 30 June 2019	**798 586**	**918 227**	**2 085**	**2 690**	**1 721 588**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R'000	2018 R'000
Cash flows from operating activities			
Net cash utilised in operations	22.1	**(39 158)**	(46 643)
Income tax (paid)/refunded	22.2	**(2 246)**	77
Finance income	4	**4 466**	16 100
Net cash outflow in operating activities		**(36 938)**	(30 466)
Cash flows from investing activities			
Acquisition of property, plant and equipment	14.2	**(101)**	–
Acquisition of intangibles	15.2	**(91)**	(6)
Investments made	22.4	**(1 237 824)**	–
Inter-group loans advanced	22.5	**(22 738)**	(946 033)
Inter-group loans repaid	22.6	**1 217 642**	1 053 617
Dividends received	22.7	**63 416**	66 074
Net cash inflow from investing activities		**20 304**	173 652
Cash flows from financing activities			
Dividends paid	22.3	**(11)**	(53 814)
Shares bought back	20.3	**–**	(8 121)
Finance costs	5	**(148)**	(349)
Net cash outflow from financing activities		**(159)**	(62 284)
Net (decrease)/increase in cash and cash equivalents		**(16 793)**	80 902
Cash and cash equivalents at the beginning of the year		**84 373**	3 471
Total cash and cash equivalents at the end of the year		**67 580**	84 373

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. ACCOUNTING POLICIES

The Annual Financial Statements are prepared on a historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards and the requirements of the Companies Act, (No 71 of 2008), as amended. The accounting policies are consistent with those of the previous year, for detailed accounting policies refer to the Consolidated Annual Financial Statements.

1.1 Changes in accounting policies

The Company has adopted all the new, revised and amended accounting standards which were effective for the Company from 1 July 2018. The adoption of significant new standards' impact on the Company's financial results or position are presented below:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers

1.1.1 IFRS 9: Financial instruments

The objective of IFRS 9 is to establish principles for the classification and measurement of financial assets and liabilities, hedging and the introduction of the expected credit loss (ECL) model for the measurement of impairment allowances for financial assets.

Under IFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria:

- the Company's business model for managing the assets; and
- whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The transition to IFRS 9 has had no significant impact on the Company's classification of financial assets which fall within the scope of IFRS 9. The Company has elected to continue measuring it's available-for-sale investments at fair value through OCI under IAS 39 as at fair value through OCI in accordance with IFRS 9. The only difference between IAS 39 and IFRS 9 on financial assets at fair value through OCI is that under IFRS 9 the unrealised fair value adjustments on these investments are never recycled to profit and loss. The Company continues to measure its financial assets that were previously classified as loans and receivable under IAS 39 at amortised cost in accordance with IFRS 9

The key impact of IFRS 9 for the Company relates to the application of the ECL model in the measurement of the impairment allowance of our trade and other receivables (through the application of the simplified approach) and related party loans. Previously in terms of IAS 39, trade and other receivables and related party loans were impaired when there was objective evidence of default. IFRS 9 introduces an expected credit loss model. This entails the recognition of an allowance for expected credit loss looking one year into the future or over the lifetime of the financial asset. The provision must now reflect all possible future losses based on past experience as well as future economic factors.

To measure ECLs, trade receivables and relates party loans are assessed on an individual basis. The ECL rates are based on historical credit losses, adjusted to reflect current and forward looking information on macro-economic factors affecting the ability of the counter-party to settle the receivable.

The Company applied IFRS 9 with an initial application date of 1 July 2018. The Company applied the standard retrospectively but has elected not to restate comparative information, which continues to be reported under IAS 39.

No differences arose from the adoption of IFRS 9 therefore no adjustments have been made to opening balances.

The transition to IFRS 9 has had no change on the classification or measurement of the Company's financial liabilities, the Company still elects to classify and measure its liabilities at amortised cost as was done under IAS 39.

1.1.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive.

The Company principally generates revenue from management services rendered and dividends received from investments held.

Recognition
Revenue is recognised when the Company satisfies performance obligations and transfers control of goods or services to its customers, this is inline with the Company's recognition of revenue under IAS 18, therefore the transition to IFRS 15 has had no significant impact on the recognition of the Company's revenue.

Measurement
Due to the nature of the services being rendered and the pricing thereof the consideration to which the Company expects to be entitled remains the quoted price less VAT. This is inline with the measurement used under the previous accounting policy, therefore there has been no significant change in measurement of the Company's revenue, with no impact expected on the measurement of the Company's revenue in the future.

The transition to IFRS 15 has had no significant impact on the Company's recognition or measurement of revenue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2019

2. REVENUE

2.1 *Accounting policy*

For detailed information about the accounting policy applied refer to Note 10.1 of the Consolidated Annual Financial Statements.

2.2 *Disaggregation of revenue*

	2019 R'000	2018 R'000
Revenue from transactions with customers		
Management fee income	**7 268**	7 153
Other revenue		
Dividends received	**63 416**	63 958
– Grand Casino Investments	**61 000**	29 800
– Grand Foods	**–**	3 400
– Grand Foods Investments 3	**–**	4 800
– Sunwest	**–**	7 688
– Sun Slots	**–**	18 000
– Worcester	**2 416**	270
Other income	**75**	–
Rental income	**–**	25
	63 491	63 983
Total revenue		
Revenue from contracts with customers	**7 268**	7 153
Other revenue	**63 491**	63 983
	70 759	71 136

3. PROFIT BEFORE FINANCE COSTS AND TAXATION

Profit before finance and taxation cost is stated after:

	Notes	2019 R'000	2018 R'000
Expenses:			
Auditors remuneration			
Audit fees		**(1 928)**	(1 428)
– current year		**(1 270)**	(1 254)
– prior year underprovision		**(658)**	(174)
Staff costs*		**(22 925)**	(11 353)
– Salaries and wages		**(1 690)**	(4 621)
– Directors' remuneration	7	**(20 746)**	(6 390)
– Share-based payments expense	7	**(489)**	(342)
– Provident fund contributions		**(1 070)**	(432)

* *The current year staff costs are for 12 months, the prior year costs were only for six months as the employees were transferred from GPI Management Services to GPI in December 2017.*

4. FINANCE INCOME

	2019 R'000	2018 R'000
Short-term cash deposits	**4 466**	16 100
	4 466	16 100

5. FINANCE COSTS

	2019 R'000	2018 R'000
Interest on facilities	**(361)**	(349)
	(361)	(349)

6. TAXATION

6.1 *Accounting policy*

For detailed information about the accounting policy applied refer to Note 5.1 of the Consolidated Annual Financial Statements.

6.2 *Reconciliation of tax:*

	2019 R'000	2018 R'000
South African normal tax		
– current year	**–**	1 960
– prior year	**(30)**	–
Deferred tax	**(25)**	(1 413)
	(55)	547
	%	%
Standard rate	**28.00**	28.00
Exempt income [(1)]	**(58.74)**	39.08
Non-deductible expenses [(2)]	**97.11**	(1.74)
Reversal of impairment/(Impairment) of loans	**(92.05)**	(66.53)
Assessed loss not recognised [(3)]	**25.50**	–
Effective tax rate	**(0.04)**	(1.19)

6.3 *The deferred tax balance is made up as follows:*

	2019 R'000	2018 R'000
Provisions and accruals	**1 895**	1 707
Prepayments	**(270)**	(107)
	1 625	1 600
Reconciliation of net deferred tax asset		
Opening balance	**1 600**	187
Tax expense for the period recognised in profit or loss	**25**	1 413
Provisions and accruals	**188**	1 520
Prepayments	**(163)**	(107)
Closing balance	**1 625**	1 600
Tax expense for the period recognised in other comprehensive income	**–**	–
Closing balance	**1 625**	1 600

[(1)] *Exempt income relates to dividends received.*
[(2)] *Non-deductible expenses relates to expenditure incurred in the production of the exempt income.*
[(3)] *Deferred tax assets relating to losses of R7.7 million (2018: Nil) have not been recognised. These losses do not expire.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7. DIRECTORS' EMOLUMENTS

7.1 *Accounting policy*

For detailed information about the accounting policy applied refer to Note 6.1 of the Consolidated Annual Financial Statements.

	Salary R'000	Short-term benefits [1] R'000	Long-term benefits [2] R'000	Bonuses R'000	Severance pay R'000	Directors' fees R'000	Audit and risk committee R'000	Remuneration and nomination committee R'000	Investment committee R'000	Social and ethics committee R'000	Total remuneration R'000	Loans advanced R'000	Share-based payment expense R'000
2019													
Executive directors													
H Adams [10]	4 418	1 365	–	3 034	5 955	–	–	–	–	–	14 772	–	366
P Moodley [3]	1 282	–	190	–	–	–	–	–	–	–	1 472	–	–
M Tajbhai [4]	961	–	123	–	–	–	–	–	–	–	1 084	–	59
C Priem [5]	1 319	–	196	–	–	–	–	–	–	–	1 515	–	64
Sub-total	**7 980**	**1 365**	**509**	**3 034**	**5 955**	**–**	**–**	**–**	**–**	**–**	**18 843**	**–**	**489**
Non-executive directors													
A Abercrombie	–	–	–	–	–	256	–	64	10	80	410	–	–
W Geach [11]	–	–	–	–	–	246	147	–	–	20	413	–	–
R Hargey [6]	–	–	–	–	–	123	41	30	–	–	194	–	–
N Maharaj [7]	–	–	–	–	–	253	63	73	–	36	425	–	–
N Mlambo [8]	–	–	–	–	–	123	–	30	–	–	153	–	–
M Bowman [9]	–	–	–	–	–	115	–	29	–	–	144	–	–
R van Dijk [9]						123	41	–	–	–	164	–	–
Sub-total	**–**	**–**	**–**	**–**	**–**	**1 239**	**292**	**226**	**10**	**136**	**1 903**	**–**	**–**
Total	**7 980**	**1 365**	**509**	**3 034**	**5 955**	**1 239**	**292**	**226**	**10**	**136**	**20 746**	**–**	**489**

[1] *Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.*
[2] *Long-term benefits relate to defined retirement contributions.*
[3] *P Moodley was appointed 1 August 2018 and resigned as chief executive officer and executive director on 7 December 2018.*
[4] *M Tajbhai was appointed as executive director on 28 November 2018. Director's emoluments are for 7 months.*
[5] *C Priem was appointed as chief financial officer at 1 July 2018.*
[6] *R Hargey was removed as non-executive director on 5 December 2018.*
[7] *N Maharaj resigned as non-executive director on 30 April 2019.*
[8] *N Mlambo was removed as non-executive director on 5 December 2018.*
[9] *M Bowman and R van Dijk was appointed as non-executive directors on 5 December 2018.*
[10] *Non-executive chairman from 1 July 2019.*
[11] *Lead independent from 9 September 2019.*

7. DIRECTORS' EMOLUMENTS (continued)

	Salary R'000	Short-term benefits[1] R'000	Long-term benefits R'000	Bonuses R'000	Directors' fees R'000	Audit and risk committee R'000	Remuneration and nomination committee R'000	Investment committee R'000	Social and ethics committee R'000	Total remuneration R'000	Loans advanced R'000	Share-based payment expense R'000
2018												
Executive directors [2]												
H Adams	2 318	853	–	–	–	–	–	–	–	3 171	–	342
T Karriem [3]	1 076	24	109	–	–	–	–	–	–	1 209	–	–
Sub-total	**3 394**	**877**	**109**	**–**	**–**	**–**	**–**	**–**	**–**	**4 380**	**–**	**342**
Non-executive directors												
A Abercrombie	–	–	–	–	195	–	67	10	37	309	–	–
W Geach	–	–	–	–	212	93	–	–	–	305	–	–
R Hargey	–	–	–	–	219	–	–	–	–	219	–	–
C Priem	–	–	–	–	248	143	53	10	–	454	–	–
N Maharaj	–	–	–	–	246	80	98	–	20	444	–	–
N Mlambo	–	–	–	–	212	–	67	–	–	279	–	–
Sub-total	**–**	**–**	**–**	**–**	**1 332**	**316**	**285**	**20**	**57**	**2 010**	**–**	**–**
Total	**3 394**	**877**	**109**	**–**	**1 332**	**316**	**285**	**20**	**57**	**6 390**	**–**	**342**

[1] Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.
[2] The Executive directors moved over from GPI Management Services to Grand Parade Investments in December 2017, the amounts disclosed above include remuneration for seven months.
[3] T Karriem resigned as director on 2 April 2018. Amounts disclosed above include remuneration for six months.

8. SHARE-BASED PAYMENTS

8.1 Accounting Policy

Refer to Note 7.1 of the Group financial statements for the accounting policies.

8.2 Reconciliation of GPI share options granted in terms of the Grand Parade Share Incentive Trust

Refer to Note 7.2 of the Group financial statements.

8.3 Share options per strike price held at 30 June

Refer to Note 7.3 of the Group financial statements.

8.4 IFRS 2 share based payment reserve

8.4.1 Share options outstanding at the end of the year have the following vesting dates and exercise prices:

Refer to Note 7.4.1 of the Group financial statements.

8.4.2 Information on options granted during the year

Refer to Note 7.4.2 of the Group financial statements for details regarding the options granted during the year.

9. RELATED PARTY TRANSACTIONS

Other than those disclosed in Note 10 of the Company financial statements and Note 8 of the Group financial statements there are no other related parties identified.

Certain Directors received Director fees due to them being Board members on the Board committees of the underlying investment companies. These fees are paid directly to these Directors, refer to Note 8.5 of the Group financial statements for details.

10. RELATED PARTY LOANS [3]

	2019 R'000	2018 R'000
Interest free loans		
– Atlas Gaming Africa	**13 854**	13 854
– Atlas Gaming Holdings	**3 282**	3 282
– Burger King South Africa [1]	**–**	572 839
– GPI Foods Investments 3 [1]	**–**	20 411
– GPI Management Services [1]	**–**	137 763
– GPI Properties [1]	**–**	124 479
– GPI Women's B-BBEE Empowerment Trust	**–**	57 311
– Grand Capital [1]	**–**	32
– Grand Coffee House [1]	**–**	110 383
– Grand Food Meat Plant [1]	**–**	29 686
– Grand Foods [1]	**–**	32 859
– Grand Foods Bakery [1]	**–**	15 078
– Grand Foods Management Services [1]	**–**	11 017
– Grand Ice-cream [1]	**–**	55 578
– Grand Parade Share Incentive Trust	**–**	23 695
– Utish Investments [1]	**–**	3 774
	17 136	1 212 041
Impairment of loans [2]	**–**	(99 379)
– GPI Management Services [1]	**–**	(35 699)
– Grand Coffee House [1]	**–**	(47 766)
– Grand Ice-cream [1]	**–**	(15 914)
	17 136	1 112 662
Total non-current assets	**–**	1 112 662
Total current assets	**17 136**	–
	17 136	1 112 662

[1] *These related party loans are interest free and are repayable on demand. During the current year these loans have been repaid using the proceeds from additional capital investments, refer to Note 11.2.*
[2] *During the current year the impairments from the prior year totalling R99.3 million was reversed, those loans have been repaid during the current year.*
[3] *No financial assistance was provided to group companies post the AGM of 12 December 2018.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11. INVESTMENTS IN SUBSIDIARIES

11.1 Accounting policy

Investments in subsidiaries are measured at cost.

11.2 Reconciliation of investments in subsidiaries

	2019 R'000	2018 R'000
Grand Foods	**1 236 757**	344 622
Grand Capital	**126 935**	657
Grand Sport	**254**	254
GPI Management Services	**146 967**	8 774
Grand Casino Investments	**31 294**	29 578
GPI Investments 1	**72 328**	72 328
Rilapath	**57 311**	–
Grand Parade Share Incentive Trust	**23 695**	–
	1 695 541	456 213
Impairment [(1)]	**(101 113)**	–
Grand Sport	**(254)**	–
GPI Management Services	**(29 126)**	–
GPI Investments 1 [(1)]	**(71 733)**	–
	1 594 428	456 213
During the current year the Company increased its investments in the following subsidiaries:		
Grand Foods	**892 135**	–
Grand Capital	**126 278**	–
GPI Management Services	**138 193**	–
Grand Casino Investments	**1 716**	–
Rilapath	**57 311**	–
Grand Parade Share Incentive Trust	**23 695**	–
	1 239 328	–

[(1)] The fair value of the investment in subsidiaries is based on the net asset value of the subsidiary entity and the recoverable amount is fair value less cost of disposal, classified as a level 3 in the fair value hierarchy. The decrease in the underlying NAV, mostly as a result of decreases in listed equity investments within the entities, was the driver of impairment.

12. INVESTMENT IN JOINTLY-CONTROLLED ENTITIES

12.1 Accounting policy

For detailed information about the accounting policy applied refer to Note 15.1 of the Consolidated Annual Financial Statements.

12.2 Reconciliation of investments in jointly-controlled entities

	SunWest	
	2019 R'000	2018 R'000
Carrying amount of investment – beginning of the year	**–**	28 578
Disposal of investment	**–**	(28 578)
Carrying amount of the investment – end of the year	**–**	–

In the prior year GPI sold it's shares in SunWest to Grand Casino Investments (a 100% held subsidiary of the Company) in exchange for additional shares in Grand Casino Investments. Additional shares in Grand Casino investments were issued at the same value as the carrying value of the investment held in SunWest, consequently no profit or loss was realised on the transaction.

13. INVESTMENT IN ASSOCIATES

13.1 Accounting policy

For detailed information about the accounting policy applied refer to Note 15.1 of the Consolidated Annual Financial Statements.

13.2 Reconciliation of investment in associates

	Worcester Casino		Sun Slots		Total	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000	2019 R'000	2018 R'000
Carrying amount – beginning of the year	**30 972**	30 972	**1 716**	1 716	**32 688**	32 688
Disposal of investment	**–**	–	**(1 716)**	–	**(1 716)**	–
Carrying amount – end of the year	**30 972**	30 972	**–**	1 716	**30 972**	32 688

GPI sold it's shares in Sun Slots to Grand Casino Investments (a 100% held subsidiary of the Company) in exchange for additional shares in Grand Casino Investments. Additional shares in Grand Casino investments were issued at the same value as the carrying value of the investment held in Sun Slots, consequently no profit or loss was realised on the transaction.

14. PROPERTY, PLANT AND EQUIPMENT

14.1 Accounting policy

For detailed information regarding the accounting policy applied refer to Note 19.1 of the Consolidated Annual Financial Statements.

The useful lives are as follows:

Computer equipment – 3 years

14.2 Reconciliation of property, plant and equipment

2019	Computer equipment R'000	Total R'000
Cost	**–**	**–**
Accumulated depreciation	**–**	**–**
Carrying value at 1 July 2018	**–**	**–**
Additions	**101**	**101**
Disposals	**–**	**–**
Depreciation	**(22)**	**(22)**
Carrying value at 30 June 2019	**79**	**79**
Made up of:		
Cost	**101**	**101**
Accumulated depreciation	**(22)**	**(22)**

The company did not have any property, plant and equipment in the prior year.

15. INTANGIBLE ASSETS

15.1 *Accounting policy*

For detailed information regarding the accounting policy applied refer to Note 20.1 of the Consolidated Annual Financial Statements.

Computer software:
Computer software has a useful life of 3 years and is amortised using the straight-line method.

15.2 *Reconciliation of Intangible assets*

	Computer software R'000	Total R'000
2019		
Cost	6	6
Accumulated amortisation	–	–
Carrying value at 1 July 2017	6	6
Additions	91	91
Amortisation	(6)	(6)
Carrying value at 30 June 2018	91	91
Made up of:		
Cost	97	97
Accumulated amortisation	(6)	(6)
2018		
Cost	–	–
Accumulated amortisation	–	–
Carrying value at 1 July 2017	–	–
Additions	6	6
Amortisation	–	–
Carrying value at 30 June 2018	6	6
Made up of:		
Cost	6	6
Accumulated amortisation	–	–

16. FINANCIAL INSTRUMENTS – FINANCIAL ASSETS

16.1 *Accounting policy*

For detailed information regarding the accounting policy applied refer to Note 22.1 of the Consolidated Annual Financial Statements.

16.2 *Cash and cash equivalents*

Cash and cash equivalents include Money Market call accounts with floating interest rates that fluctuated between 6.25% and 6.50% during the year (2018: between 6.00% and 6.50%).

	2019 R'000	2018 R'000
Cash and cash equivalents	67 580	84 373
	67 580	84 373

At year end the Company had unused overdraft facilities of R13 million (2018: R13 million).

16.3 *Trade and other receivables*

	2019 R'000	2018 R'000
Trade receivables [1]	33 828	16 608
Other receivables	–	2 851
Prepayments	1 686	1 498
VAT	1 087	–
	36 601	20 957

[1] *The Leratadima receivable of R9.5 million was impaired in the prior year and remains impaired in the current year.*

Impairment of Trade and other receivables
Trade receivables are group according to their credit risk profiles based on account behaviour and market information to more accurately measure the ECL. Each major account grouping is aged according to days outstanding in order to apply a general or specific default rate percentage commensurate with the risk of default.

The default rate percentage is informed by historical data and management best judgement based on the current status of the book, the projected economic outlook (GDP growth, inflation and interest rates) over the short term and our current collections rate achieved.

All trade and other receivables, other than the Leratadima receivable, are related parties within the same group, based on past experience and projected economic outlook these receivables are all considered to be recoverable.

16.4 *Investments held at fair value through OCI*

	Atlas Gaming	
	2019 R'000	2018 R'000
Opening balance	5 786	5 786
Fair value adjustment	–	–
	5 786	5 786

16.5 *Investments held at fair value through OCI reserve*

The movements in the unrealised gains relating to the Company's investments held at fair value through OCI are as follows:

	2019 R'000	2018 R'000
Opening Balance	2 690	2 690
Movement during the year:	–	–
Unrealised fair value gains	–	–
Deferred tax	–	–
Closing balance	2 690	2 690

17. FINANCIAL INSTRUMENTS – FINANCIAL LIABILITIES

17.1 Accounting policy

For detailed information regarding the accounting policy applied refer to Note 22.1 of the Consolidated Annual Financial Statements.

17.2 Trade and other payables

	2019 R'000	2018 R'000
Trade payables	**6 068**	1 541
Other payables and accruals	**11 650**	3 890
Audit fee accrual	**1 318**	1 270
Sundry accruals	**3 835**	1 767
Annual Leave	**2 054**	529
Payroll accruals	**4 443**	324
VAT	**–**	684
	17 718	6 115

18. FINANCIAL INSTRUMENTS – DISCLOSURE

18.1 Classification of financial instruments

The Company's principal financial assets are investments held at fair value through OCI, trade and other receivables, related party loans receivables and cash. The Group's principal financial liabilities are trade and other payables. The main risks arising from financial instruments are market risk (comprising interest rate risk and other price risk), liquidity risk and credit risk. The fair values of each class of the financial instrument approximate the carrying amounts.

18.2 Financial assets

	Financial assets measured at amortised cost R'000	Investments held at fair value R'000	Non-financial assets R'000	Total R'000
2019				
Cash and cash equivalents	**67 580**	**–**	**–**	**67 580**
Available for sale investment	**–**	**5 786**	**–**	**5 786**
Related party loans	**17 136**	**–**	**–**	**17 136**
Trade and other receivables	**33 828**	**–**	**2 773**	**36 601**
Total	**118 544**	**5 786**	**2 773**	**127 103**
2018				
Cash and cash equivalents	84 373	–	–	84 373
Available for sale investment	–	5 786	–	5 786
Related party loans	1 112 662	–	–	1 112 662
Trade and other receivables	19 459	–	1 498	20 957
Total	1 216 494	5 786	1 498	1 223 778

18. FINANCIAL INSTRUMENTS – DISCLOSURE (continued)

18.3 Financial liabilities

	Financial liabilities measured at amortised cost R'000	Non-financial liabilities R'000	Total R'000
2019			
Trade and other payables	**11 221**	**6 497**	**17 718**
Dividends payable	**10 405**	**–**	**10 405**
Total	**21 626**	**6 497**	**28 123**
2018			
Trade and other payables	4 578	1 537	6 115
Dividends payable	10 416	–	10 416
Total	14 994	1 537	16 531

18.4 Market risk

Market risk is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Market risk: Interest rate risk

Interest rate risk is the risk that the cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the risk of changes in interest rates relates to the Company's obligation in terms of interest-bearing borrowings and bank accounts. The Company partially mitigates this by holding interest bearing assets in the form of cash. The table below reflects the interest rate sensitivity analysis. The analysis was calculated by increasing or decreasing the Company's interest rate by 100 basis points assuming all other variables remain constant.

	Increase in basis points	Effect on pre-tax profit	Decrease in basis points	Effect on pre-tax profit
2019	**100**	**676**	**(100)**	**(676)**
2018	100	844	(100)	(844)

18.5 Credit risk

Credit risk is the risk of financial loss caused by the inability or unwillingness of a counter-party to a financial instrument to discharge contractual obligations. There is no independent rating procedure for customers as the credit quality for customers is assessed by taking into account their financial position, past experience and other factors are used in evaluating the acceptability of clients.

Cash and cash equivalents

The Company only deposits cash surpluses with major banks of high quality and credit standing. At year end, the Company did not consider there to be any significant concentration of credit risk and all assets that have been identified as impaired, after taking the Company's credit policy into account, have been appropriately provided for. The cash and cash equivalents are deposited with two financial institutions. The Company's maximum exposure to credit risk in terms of cash and cash equivalents, loans and receivables equals the carrying amounts of these instruments as disclosed above.

Related party loans receivables

Related party credit risk is managed by each business unit in terms of the Company's policy. Outstanding receivables are regularly monitored and an impairment analysis is performed at each reporting date based on payment history and the financial position of the counterparty.

18. FINANCIAL INSTRUMENTS – DISCLOSURE (continued)

18.5 Credit risk *(continued)*

The following table presents the maturity analysis of related party loans and trade and other receivables.

	Current R'000	30 to 60 days R'000	60 to 120 days R'000	Over 120 days R'000	Total R'000
2019					
Related party loans	17 136	–	–	–	17 136
Trade and other receivables	8 163	–	1 830	23 835	33 828
Total	25 299	–	1 830	23 835	50 964
2018					
Related party loans	1 112 662	–	–	–	1 112 662
Trade and other receivables	8 226	–	8 297	2 936	19 459
Total	1 120 888	–	8 297	2 936	1 132 121

18.6 Liquidity risk

Refer to Note 25.3.3 of the Consolidated Annual Financial Statements for an explanation on liquidity risk and how it is managed

The following table presents the contractual maturity analysis of financial liabilities.

	On demand R'000	Less than three months R'000	Three to 12 months R'000	One to two years R'000	Greater than two years R'000	Total R'000
2019						
Trade and other payables	–	5 761	11 957	–	–	17 718
Dividends payable	10 405	–	–	–	–	10 405
Total	10 405	5 761	11 957	–	–	28 123
2018						
Trade and other payables	–	4 578	–	–	–	4 578
Dividends payable	10 416	–	–	–	–	10 416
Total	10 416	4 578	–	–	–	14 994

18.7 Gains and losses on financial instruments

The table below summarises the gains and losses on financial instruments.

	Fair value movement R'000	Finance income R'000	Finance costs R'000	Total R'000
2019				
Financial liabilities at amortised cost	–	–	(361)	(361)
Available for sale investments (through other comprehensive income)	–	–	–	–
Loans and receivables	–	4 466	–	4 466
Total	–	4 466	(361)	4 105
2018				
Financial liabilities at amortised cost	–	–	(349)	(349)
Available for sale investments (through other comprehensive income)	–	–	–	–
Loans and receivables	–	16 100	–	16 100
Total	–	16 100	(349)	15 751

19. PROVISIONS

19.1 Accounting policy

For detailed information about the accounting policy applied refer to Note 27.1 of the Consolidated Annual Financial Statements.

19.2 Reconciliation of provisions

	Long service leave 2019 R'000	Employee bonuses 2019 R'000	Total 2019 R'000
At beginning of the year	167	4 816	4 983
Provision raised during the year	(49)	3 291	3 242
Amount utilised	(10)	(3 308)	(3 318)
At end of year	108	4 799	4 907
	2018 R'000	**2018 R'000**	**2018 R'000**
At beginning of the year	–	–	–
Provision raised during the year	302	4 948	5 250
Amount utilised	(135)	(132)	(267)
At end of year	167	4 816	4 983

	2019 R'000	2018 R'000
Balance made up as follows:		
Non-current provisions	108	167
Current provisions	4 799	4 816
	4 907	4 983

20. STATED CAPITAL

20.1 Accounting policy

For detailed information about the accounting policy applied refer to Note 29.1.1 of the Consolidated Annual Financial Statements.

20.2 Authorised share capital

	2019 R'000	2018 R'000
2 000 000 000 ordinary shares of no par value	–	–

20.3 Reconciliation of issued share capital

	2019 R'000	2018 R'000
Opening balance – 1 July	794 135	802 256
Reclassification of reserve	4 451	–
Shares bought back for cancellation	–	(8 121)
Closing balance (issued and fully paid) – 30 June	**798 586**	794 135

20.4 Reconciliation of number of shares in issue

	2019 '000	2018 '000
Opening balance – 1 July	470 023	473 789
Shares bought back for cancellation	–	(3 766)
Closing balance – 30 June	**470 023**	470 023

During the year GPI bought back and cancelled nil shares (2018: 3.7 million shares at a average price of R2.16).

21. DIVIDENDS DECLARED AND PAID

	2019 R'000	2018 R'000
Final dividend declared and paid in respect of 2018 financial year of nil cents (2018: 11.50 cents per share in respect of the 2017 financial year)	–	54 486

No dividend in respect of the 2019 financial year has been declared as yet.

22. NOTES TO THE CASH FLOW STATEMENT

	2019 R'000	2018 R'000
22.1 Cash generated from operations		
Profit before taxation	30 229	(45 822)
Adjustments for:		
– Depreciation	22	–
– Amortisation	6	
– Finance income	(4 466)	(16 100)
– Finance costs	361	349
– Dividends received	(63 416)	(63 958)
– Share-based payment expense	489	–
– Impairment of investments	101 113	–
– Reversal of impairment of loans	(99 379)	–
– Impairment of loans	–	99 379
Operating cash flows before working capital changes	**(35 041)**	(26 152)
(Increase)/decrease in trade and other receivables	(15 644)	(16 508)
Increase/(decrease) in trade and other payables	11 527	(3 983)
Net cash utilised from operations	**(39 158)**	(46 643)
22.2 Taxation paid		
Taxation – beginning of the year	1 956	(81)
Current tax per statement of comprehensive income		
– current year	–	1 960
– prior year under provision	(30)	–
Taxation – closing balance	320	(1 956)
	2 246	(77)
The closing tax balances comprises of the following:		
– Income tax refunds	320	–
– Income tax payable	–	(1 956)
	320	(1 956)
22.3 Dividends paid		
Opening balance	(10 416)	(9 744)
Dividends declared	–	(54 486)
Closing balance	10 405	10 416
Dividends paid relate to prior years.	(11)	(53 814)
22.4 Investments made		
– GPI Management Services	(137 762)	–
– Grand Capital	(126 277)	–
– Grand Foods	(892 779)	–
– Rilapath	(57 311)	–
– Grand Parade Share Incentive Trust	(23 695)	–
	(1 237 824)	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

22. NOTES TO THE CASH FLOW STATEMENT (continued)

	2019 R'000	2018 R'000
22.5 Inter-group loans advanced		
– Atlas Gaming Africa	**–**	(4)
– Burger King South Africa	**–**	(572 839)
– GPI Properties	**–**	(124 479)
– Grand Capital*	**(1 677)**	(10)
– Grand Coffee House	**–**	(110 383)
– Grand Foods*	**(21 061)**	(32 061)
– Grand Foods Bakery	**–**	(15 078)
– Grand Foods Meat Plant	**–**	(24 584)
– Grand Foods Management Services	**–**	(11 017)
– Grand Ice–cream	**–**	(55 578)
	(22 738)	(946 033)

** Inter-group loan advances relate to advances made up to 11 December 2018, the day before the AGM held on 12 December 2018 where the Company's approval to provide financial assistance was revoked. No financial assistance was provided to any group company post the AGM on 12 December 2018.*

	2019 R'000	2018 R'000
22.6 Inter-group loans repaid		
– Burger King	**572 839**	–
– GPI Foods Investments 3	**20 411**	244 859
– GPI Management Services	**137 762**	807 758
– GPI Properties	**124 479**	–
– GPI Women's BBBEE Empowerment Trust	**57 311**	–
– Grand Bakery	**15 078**	–
– Grand Capital	**1 709**	–
– Grand Coffee House	**110 383**	–
– Grand Foods	**53 920**	–
– Grand Foods Investments 1	**3 774**	–
– Grand Foods Management Services	**11 017**	–
– Grand Foods Meat Plant	**29 686**	–
– Grand Ice cream	**55 578**	–
– Grand Parade Share Incentive Trust	**23 695**	1 000
	1 217 642	1 053 617
22.7 Dividends received		
– Grand Casino Investments	**61 000**	29 800
– Grand Casino Investments KZN [(1)]	**–**	2 116
– Grand Foods	**–**	3 400
– Grand Foods Investment 3	**–**	4 800
– Sun Slots	**–**	18 000
– SunWest	**–**	7 688
– Worcester	**2 416**	270
	63 416	66 074

(1) This relates to a final distribution prior to deregistration.

23. CONTINGENT LIABILITIES

Refer to Note 34 of the Group financial statements.

APPENDIX 1
PRINCIPAL SUBSIDIARY COMPANIES

AS AT 30 JUNE 2019

Principal Subsidiary Companies at 30 June 2019:

At year end the Group consisted of GPI and principal subsidiaries as listed below:

	Ordinary share capital and premium		Effective percentage holding	
	2019 R	2018 R	2019 %	2018 %
Burger King South Africa (Pty) Ltd	**180 000 000**	180 000 000	**91.10**	91.10
GPI Investments 1 (Pty) Ltd	**72 327 960**	72 327 960	**100.00**	100.00
GPI Management Services (Pty) Ltd	**137 761 600**	–	**100.00**	100.00
GPI Properties (Pty) Ltd	**126 156 336**	100	**100.00**	100.00
GPI Women's BBBEE Empowerment Trust	**–**	–	**100.00**	100.00
Grand Capital Investment Holdings (Pty) Ltd	**126 395 955**	118 622	**100.00**	100.00
Grand Casino Investments (Pty) Ltd	**31 294 000**	29 577 967	**100.00**	100.00
Grand Casino Investments KZN (Pty) Ltd	**28 582 092**	28 582 092	**100.00**	100.00
Grand Foods (Pty) Ltd	**656 961 451**	337 021 711	**100.00**	100.00
Grand Foods Bakery (Pty) Ltd	**21 884 520**	100	**100.00**	100.00
Grand Foods Meat Plant (Pty) Ltd	**40 273 397**	100	**100.00**	100.00
Grand Parade Share Incentive Trust	**1 000**	1 000	**100.00**	100.00
Grand Property Management (Pty) Ltd	**100**	100	**100.00**	100.00
Mac Oven (Pty) Ltd	**100**	100	**100.00**	100.00
Cape Filtered Water Solutions (Pty) Ltd	**10**	10	**100.00**	100.00
Impala Lily Property Investments (Pty) Ltd	**10**	10	**100.00**	100.00
Sabenza (Pty) Ltd	**10**	10	**100.00**	100.00
Mac Brothers Catering Equipment (Pty) Ltd	**21 286 608**	102 061	**100.00**	100.00
Utish Investments (Pty) Ltd	**215 883 683**	212 109 589	**100.00**	100.00

APPENDIX 2
INVESTMENTS, ASSOCIATES AND JOINT VENTURES
AS AT 30 JUNE 2019

	30 June 2019			30 June 2018		
	Shares held	Effective interest	Voting interest	Shares held	Effective interest	Voting interest
FOOD						
Spur	**19 295 824**	**17.79%**	**17.79%**	19 295 824	17.79%	17.79%
GAMING						
Atlas Gaming	**6 763 000**	**4.95%**	**4.95%**	6 763 000	4.95%	4.95%
SunWest	**2 220 278**	**15.10%**	**Joint control**	2 220 278	15.10%	Joint control
Worcester Casino	**2 113 087**	**15.10%**	**15.10%**	2 113 087	15.10%	15.10%
Sun Slots	**300**	**30.00%**	**30.00%**	300	30.00%	30.00%

APPENDIX 3
DIRECTORS' INTERESTS IN SHARES
AS AT 30 JUNE 2019

As at 30 June, the Directors of the Company beneficially held direct and indirect ordinary shares in the issued share capital of the Company as follows:

As at 30 June 2019 **Director** **Ordinary Shares**	Direct Beneficial 000's	Indirect Beneficial 000's	Total shares Beneficial 000's	Beneficial %
H Adams	**6 506**	**37 317**	**43 823**	**9.32**
A Abercrombie	**–**	**7 000**	**7 000**	**1.49**
M Bowman	**–**	**136**	**136**	**0.03**
M Tajbhai	**42**	**–**	**42**	**0.01**
	6 548	**44 453**	**51 000**	**10.85**

As at 30 June 2018 **Director** **Ordinary Shares**				
H Adams	7 590	56 378	63 968	13.61
A Abercrombie	–	7 000	7 000	1.49
	7 590	63 378	70 968	15.10

There were no changes in directors' interest in shares between year-end and date of approval of the financial statements.

APPENDIX 4
ANALYSIS OF ORDINARY SHAREHOLDERS
AS AT 30 JUNE 2019

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	1 355	17.38%	566 263	0.12%
1 001 – 10 000	4 521	58.00%	21 475 080	4.57%
10 001 – 100 000	1 704	21.86%	46 935 423	9.99%
100 001 – 1 000 000	158	2.03%	41 940 303	8.92%
Over 1 000 000	57	0.73%	359 105 672	76.40%
Total	**7 795**	**100.00%**	**470 022 741**	**100.00%**
Distribution of shareholders				
Assurance Companies	9	0.12%	816 836	0.17%
Close Corporations	33	0.42%	1 647 953	0.35%
Collective Investment Schemes	33	0.42%	36 107 907	7.68%
Custodians	13	0.17%	1 213 808	0.26%
Foundations and Charitable Funds	5	0.06%	84 006	0.02%
Hedge Funds	6	0.08%	86 033 482	18.30%
Insurance Companies	3	0.04%	394 031	0.08%
Investment Partnerships	9	0.12%	1 439 181	0.31%
Managed Funds	1	0.01%	16 765 001	3.57%
Medical Aid Funds	1	0.01%	101 998	0.02%
Private Companies	94	1.21%	83 402 623	17.74%
Public Entities	1	0.01%	181 693	0.04%
Retail Shareholders	7 446	95.52%	111 848 391	23.80%
Retirement Benefit Funds	22	0.28%	47 167 200	10.04%
Share Schemes	2	0.03%	4 985 240	1.06%
Stockbrokers and Nominees	12	0.15%	1 430 677	0.30%
Trust	104	1.33%	76 402 713	16.26%
Unclaimed Scrip	1	0.01%	1	0.00%
	7 795	**100.00%**	**470 022 741**	**100.00%**
Shareholder type				
Non-Public Shareholders	**19**	**0.24%**	**63 681 958**	**13.55%**
Directors and Associates (Direct Holding)	6	0.08%	6 565 402	1.40%
Directors and Associates (Indirect Holding)	10	0.13%	37 316 501	7.94%
GPI Woman's BBBEE Empowerment Trust	1	0.01%	14 814 815	3.15%
Collective Investment Schemes	2	0.03%	4 985 240	1.06%
Public Shareholders	**7 776**	**99.76%**	**406 340 783**	**86.45%**
Total	**7 795**	**100.00%**	**470 022 741**	**100.00%**

Fund Managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Value Capital Partners	96 595 318	20.55%
Kagiso Asset Mgt	27 241 901	5.80%
Rozendal Partners	14 259 280	3.03%
Total	**138 096 499**	**29.38%**

Beneficial Shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Value Active PFP H4 QI Hedge Fund	63 606 938	13.53%
Chandos Trust	47 268 792	10.06%
Midnight Storm Investments 387	24 248 649	5.16%
GPI Management Services	24 000 000	5.11%
Sentinel Mining Industry Retirement Fund	16 765 001	3.57%
GPI Woman's BBBEE Empowerment Trust	14 814 815	3.15%
Rozendal Flexible Prescient QI Hedge Fund	14 259 280	3.03%
Total	**204 963 475**	**43.61%**

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