Remgro
Limited

ANNUAL FINANCIAL STATEMENTS 2021

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Statement of **responsibility** by the Board of Directors

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Annual Financial Statements included in this Annual Report.

The Annual Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the South African Companies Act (No. 71 of 2008), as amended (Companies Act), on the going concern basis and incorporate full and responsible disclosure. The Annual Financial Statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The financial statements have been prepared under the supervision of the Chief Financial Officer (CFO), Neville Williams CA(SA).

The directors are satisfied that the information contained in the financial statements fairly represents the results of operations for the year and the financial position of the Remgro Group at year-end. The accuracy of the other information included in the Annual Report was considered by the directors and they are satisfied that it accords with the financial statements. The Board also confirms its compliance with the Companies Act and the Company's Memorandum of Incorporation for the reporting period.

The directors are also responsible for the Remgro Group's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Remgro Group will continue as a going concern in the future.

The financial statements were audited by the independent auditor, PricewaterhouseCoopers Inc., to whom unrestricted access was given to all financial records and related information. The auditor's report is presented on page 12.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
21 September 2021

Responsibility statement of the CEO and CFO

We, Jan Jonathan Durand and Neville John Williams, being the Chief Executive Officer (CEO) and CFO of Remgro Limited (Remgro), respectively, hereby confirm that –

- the Annual Financial Statements set out on pages 20 to 122, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Report on Corporate Governance for South Africa (2016). Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Based on our confirmation that the internal financial controls are operational and effective, we are pleased to confirm that no instances of fraudulent activities involving directors were identified in the Group during the past year.

Jannie Durand
CEO

Neville Williams
CFO

Stellenbosch
21 September 2021

Statement by the **Company Secretary**

I, Danielle Ivelene Dreyer, being the Company Secretary of Remgro, hereby certify that all returns and notices of Remgro required in terms of the Companies Act (No. 71 of 2008), as amended, have in respect of the year under review, been filed with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date.

Danielle Dreyer
Company Secretary

Stellenbosch
21 September 2021

Audit and **Risk Committee** Report

to the shareholders of Remgro Limited

This report by the Audit and Risk Committee (the committee), as appointed by the shareholders in respect of the year under review, is prepared in accordance with the principles of the King IV Report on Corporate Governance for South Africa (2016) (King IV) and the requirements of the Companies Act (No. 71 of 2008), as amended (Companies Act), and describes how the committee has discharged its statutory duties in terms of the Companies Act and its additional duties assigned to it by the Board in respect of the financial year ended 30 June 2021.

Committee members and attendance at meetings

The committee comprises four independent non-executive directors (as set out in the table below) and is chaired by Ms S E N De Bruyn. All the committee members are suitably skilled and experienced. In terms of the committee's mandate, at least four meetings should be held annually.

Composition of the committee

Committee member*	Number of meetings held	Number of meetings attended
S E N De Bruyn (Chairman)	4	4
N P Mageza	4	4
P J Moleketi	4	4
F Robertson	4	4

* *Abridged curriculum vitae of all the directors of the Company are set out on pages 20 to 23 of the Integrated Annual Report.*

The Chief Executive Officer, Chief Financial Officer (CFO), head of internal audit, other members of senior management and representatives of the external auditors of the Company attend the committee meetings by invitation. Committee agendas provide for confidential meetings between committee members and the internal and external auditors, as well as management.

Role and responsibilities

The committee's role and responsibilities include its statutory duties as per the Companies Act, as well as the responsibilities assigned to it by the Board. The responsibilities of the Audit and Risk Committee are codified in a formal terms of reference, which is reviewed at least annually and which is available on Remgro's website at www.remgro.com. During the year under review, the Board reviewed the terms of reference of the Audit and Risk Committee, in light of the principles and recommended practices of King IV.

The committee is satisfied that it has fulfilled all of its duties during the financial year under review, as further detailed below.

The committee has also satisfied itself that there are effective boards and audit committees (where applicable) functioning at Remgro's significant operating subsidiaries (RCL Foods Limited (RCL Foods), Distell Group Holdings Limited (Distell), Siqalo Foods Proprietary Limited (Siqalo Foods) and Wispeco Holdings Proprietary Limited (Wispeco)), associates and joint ventures, whose minutes of meetings held are also included in the committee's agenda.

More information about the functioning of the committee and the matters dealt with in this report can be found in the Corporate Governance Report and Risk and Opportunities Management Report, which are included in the Integrated Annual Report.

Statutory duties

In its execution of its mandate, the committee has performed the following statutory duties:

- Nominated PricewaterhouseCoopers Inc. (PwC) (with Mr Anton Wentzel as designated partner), who, in the opinion of the committee, is independent of the Company, to the shareholders for appointment as the external auditor for the financial year ended 30 June 2021
- Determined the fees to be paid to the external auditor and their terms of engagement
- Ensured that the appointment of the external auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors
- Determined the nature and extent of any non-audit services that the external auditor may provide to the Company and its wholly owned subsidiaries administered by Remgro Management Services Limited (RMS)
- Pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the Company and its wholly owned subsidiaries administered by RMS.

External audit

The committee is satisfied that the Company's external auditor, PwC, is independent of the Company and is therefore able to conduct its audit functions without any influence from the Company. The designated external audit partner rotates every five years.

PwC has been the auditor of the Company for 53 years. The business of the Company was previously transacted through Rembrandt Group Limited of which, based on available statutory records, PwC and its predecessor firms have been the external auditor for 73 years. The committee is satisfied with PwC's independence from the Company, notwithstanding its tenure as external auditor.

PwC has confirmed its compliance with the ethical requirements regarding independence and is considered independent with respect to the Group as required by the codes endorsed and administered by the Independent Regulatory Board for Auditors (IRBA), the South African Institute of Chartered Accountants and the International Federation of Accountants. As required by section 3.84(g)(iii) of the JSE Listings Requirements, the committee obtained the information listed in paragraph 22.15(h) of the JSE Listings Requirements and satisfied itself that the external auditor and audit partner, Mr Anton Wentzel, have the necessary accreditation and are suitable for re-appointment. The committee nominated, for approval at the Annual General Meeting (AGM) on 25 November 2021, PwC as external auditor for the 2022 financial year. The committee is also satisfied that the designated partner is not on the JSE's list of disqualified individuals.

In terms of the requirements of the IRBA, the Company is obliged to rotate its external auditor for the 2024 financial year. Following a comprehensive tender process, the Audit and Risk Committee recommended to appoint Ernst & Young Inc. (EY) as the new external auditor of Remgro, with effect from the financial year ending 30 June 2024. An indicative non-binding advisory vote to appoint EY, with effect from the 2024 financial year, will be put forward at the Company's 2021 AGM. The ordinary resolution to affect the statutory appointment would only serve at the Company's 2023 AGM (see Ordinary Resolution number 14 in the Notice to shareholders on page 158 of the Integrated Annual Report). Subject to the passing of the relevant ordinary resolutions at the Company's 2021 and 2022 AGMs, the incumbent external auditor of the Company, PwC, will continue to act as external auditor of the Company for the financial years ending 30 June 2022 and 30 June 2023, respectively.

A formal policy governs the process whereby the external auditor of the Company is considered for non-audit services. In terms of the policy, the committee is responsible for determining the nature and extent of any non-audit services that the external auditor may provide and to pre-approve any proposed contract with the external auditor for the provision of non-audit services. For the year under review, non-audit services related mainly to normal tax services. The extent of these services was within the committee's pre-approved amount.

Internal financial control and accounting systems

The committee is responsible for assessing the systems of internal financial controls and accounting systems of the Company and its wholly owned subsidiaries administered by RMS. In this regard the committee has evaluated reports on the effectiveness of the systems of internal financial controls conducted by the internal audit function, considered information provided by management and held discussions with the external auditor on the results of their audit. The committee is of the opinion that the systems of internal financial controls are effective and form a basis for the preparation of reliable financial statements. In support of the aforementioned, the committee also received reports from the internal audit function regarding the effectiveness of the combined assurance process and anti-corruption, fraud prevention and detection measures in place.

The Remgro executives serving on the boards of investee companies (RCL Foods, Distell, Siqalo Foods, Wispeco and associates and joint ventures) are responsible for executing the Company's influence to ensure that effective internal controls are implemented and complied with.

Expertise and experience of the CFO and finance function

The committee has considered and satisfied itself of the appropriateness of the expertise and experience of the CFO, Mr Neville Williams, whose *curriculum vitae* appears on page 21 of the Integrated Annual Report.

The committee has furthermore considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the Company's finance function, and the experience of the senior members of management responsible for the financial function.

Financial statements and going concern

The committee has reviewed the standalone and consolidated financial statements of the Company, and is satisfied that they comply with International Financial Reporting Standards (IFRS) and the Companies Act, and that the accounting policies used are appropriate. In particular, the committee considered the following significant issues, identified by the management team and the external auditor, and is satisfied that these issues have been appropriately accounted for in the Annual Financial Statements:

- ### Valuation of investments and consideration of possible impairments of investments and assets

  The intrinsic net asset value (INAV) is one of the measures used to assess shareholder value created. Investee companies, which represent operating segments, are valued and included in the INAV. The committee considered the methodologies, assumptions and judgements applied by management in determining the fair value of investments and is satisfied that the approach taken was appropriate.

  The committee further considered the methodologies, assumptions and judgements applied by management in determining the impairment of investments, whose carrying values exceed its fair values, and is satisfied that the approach taken was appropriate. The most significant investment and assets tested in this regard being Remgro's investment in Mediclinic International plc (Mediclinic) and the goodwill and indefinite life intangible assets that originated from the acquisition of Distell and Siqalo Foods, respectively.

  Refer to notes 2, 4.4 and 10.3 to the Annual Financial Statements for further detail.

- ### Accounting for equity accounted investments

  The Company holds significant investments which are equity accounted for in terms of *IAS 28: Investments in Associates and Joint Ventures*. Some of the equity accounted investments have year-ends which are non-coterminous with that of the Company, the most significant investment in this regard being Mediclinic and Community Investment Ventures Holdings Proprietary Limited (CIVH). These investments are equity accounted from results for a financial period ended within three months from the Group's financial year-end. Significant transactions that occur after the equity accounted investments' period-end, but before the Company's year-end, are accounted for in Remgro's consolidated financial statements. Significant adjustments for the current year related to dividends received from equity accounted investments and the conversion of Mediclinic's financial information from its presentation currency (British pound) to the Company's presentation currency as at 30 June 2021. The committee considered these transactions and is satisfied with the accounting treatment thereof. Refer to note 4.1 to the Annual Financial Statements for further detail.

- ### Going concern

  The committee has reviewed a documented assessment by management of the going concern premise of the Company. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and various levels of lockdown could still evolve, management and the committee determined that there is not a material uncertainty that may cast significant doubt upon the Company's ability to continue as a going concern, and therefore the committee recommended to the Board that the Company will be a going concern in the foreseeable future.

Risk and opportunities management

The committee has assigned oversight of the risk and opportunities management function to the Risk, Opportunities, Technology and Information Governance Operational Subcommittee (the ROTIG Committee), which is a subcommittee of the committee. The mandate of the ROTIG Committee includes the maintenance of the Risk Management and Opportunities Policy and plan, establishment of an operational Risk and Opportunities Register, technology and information risk management, legal compliance and occupational health and safety. The ROTIG Committee is chaired by the CFO and the 15 other members are all senior managers of the Company. The chairman of the committee attends the ROTIG Committee meetings as an *ex officio* member to ensure the effective functioning of the ROTIG Committee and that appropriate risk information is shared with the committee.

During the year under review the ROTIG Committee, through the legal compliance function, embarked on a Protection of Personal Information project to:

- assess the use of personal information within the Company and its wholly owned subsidiaries administered by RMS;
- assess compliance with the newly implemented Protection of Personal Information Act (POPIA);
- develop solutions to areas of non-compliance; and
- implemented same.

Through this process various Remgro policies were identified that required amendment in line with the POPIA and also a number of new policies that needed to be drafted. These include a POPIA Framework, consisting of an overarching Internal Privacy Policy, External Privacy Policy, Information Sharing and Data Access Request Policy and Security Compromises Policy. Compliance with POPIA is enforced through an ongoing training programme. The head of legal, Mr Luche Joubert, was appointed as the Information Officer.

Internal audit

The Company's internal audit division is an effective, independent appraisal function and forms an integral part of the Enterprise-wide Risk and Opportunities Management system that provides assurance on the effectiveness of the Company's system of internal control. The committee has appointed Mr Deon Annandale as Remgro's Chief Audit Executive (CAE). The committee is satisfied with the attributes, objectivity and independence of the CAE, and that the CAE has the necessary gravitas and competence. The internal audit division of the Company is staffed by qualified and experienced personnel and services all of Remgro's wholly owned subsidiaries administered by RMS, as well as Wispeco. In addition, the internal audit division also performs independent, internal audit work for other investee companies such as CIVH, RMB Holdings Limited (RMH), Rand Merchant Investment Holdings Limited (RMI), SEACOM Capital Limited (SEACOM) and Business Partners Limited (Business Partners).

During the year under review the committee considered and recommended the internal audit charter for approval by the Board. The committee further considered the internal audit quality assurance plan and the performance of the internal audit function, and is satisfied that the internal audit function conforms to a recognised industry code of ethics. Further details on the Group's internal audit functions are provided in the Risk and Opportunities Management Report, which is included in the Integrated Annual Report.

Compliance

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations during the year under review.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Recommendation to the Board

The committee has reviewed and considered the Integrated Annual Report, including the comprehensive Annual Financial Statements and Sustainable Development Report published on the Company's website at www.remgro.com, and has recommended it for approval by the Board.

Sonja De Bruyn
Chairman of the Audit and Risk Committee

Stellenbosch
21 September 2021

Report of the **Board of Directors**

for the year ended 30 June 2021

Dear Shareholder

The Board has pleasure in reporting on the activities and financial results for the year under review.

Nature of activities

The Company is an investment holding company. Cash income is derived mainly from dividends and interest. The consolidated Annual Financial Statements of the Company and its subsidiaries also incorporate the equity accounted attributable income of associates and joint ventures.

The Group's interests consist mainly of investments in healthcare; consumer products; financial services; infrastructure; industrial and media interests.

Results

Year ended	30 June 2021	30 June 2020
Total headline earnings (R million)	**2 885**	3 167
– per share (cents)	**510.6**	560.6
– diluted (cents)	**508.1**	558.4
Headline earnings from continuing operations (R million)*	**2 885**	1 737
– per share (cents)	**510.6**	307.5
– diluted (cents)	**508.1**	305.6
Earnings – net profit for the year (R million)	**3 550**	6 646
– per share (cents)	**628.3**	1 176.4
– diluted (cents)	**625.5**	1 173.6
Dividends (R million)**	**511**	1 506
– ordinary – per share (cents)	**90.00**	265.00

* *Headline earnings from continuing operations for the comparative year was calculated by excluding the equity accounted income of RMB Holdings Limited due to the unbundling of the investment.*

** *A final dividend of 60 cents (2020: 50 cents) per share was declared after the year-end and was therefore not provided for in the Annual Financial Statements. The final dividend is subject to dividend tax.*

Investment activities

The material investment activities during the year under review were as follows:

Community Investment Ventures Holdings Proprietary Limited (CIVH)

During January 2021, Remgro subscribed for 54 738 shares in CIVH for a total amount of R1 636 million in terms of a rights issue. This share subscription increased Remgro's interest in CIVH marginally from 54.7% at 30 June 2020 to 55.2% at 30 June 2021.

Subsequent to 30 June 2021, Remgro subscribed for a further 67 364 shares in CIVH for a total amount of R2 124 million in terms of a further rights issue, increasing Remgro's interest in CIVH to 55.5%. The proceeds of both rights issues were used to reduce the CIVH group's debt, as well as to unlock capital expenditure facilities for further growth.

FirstRand Limited (FirstRand)

During May 2021 Remgro sold 40 000 000 FirstRand shares through an accelerated book build offering for a gross consideration of R2 040 million (or R51.00 per share). The transaction reduced Remgro's interest in FirstRand to 3.3% (2020: 4.0%).

RCL Foods Limited (RCL Foods)

During November and December 2020 Remgro acquired a further 28 940 412 RCL Foods shares for a total amount of R234 million. At 30 June 2021 Remgro's effective interest in RCL Foods was 80.4% (2020: 77.1%).

Asia Partners I LP (Asia Partners)

During the year under review, Remgro committed to invest $25 million in Asia Partners. Asia Partners makes private equity and private equity-related investments in technology or technology-enabled companies focused primarily on the Southeast Asia region. On 3 March 2021, Asia Partners, who had an initial target fund size of $300 million, announced its final close at $384 million in commitments. Up to 30 June 2021, Remgro invested $11 million, which included $1 million relating to fund closing costs. As at 30 June 2021 the remaining commitment to Asia Partners amounted to $15 million.

Subsequent to 30 June 2021 Remgro invested a further $6 million in Asia Partners.

Milestone China Funds

As at 30 June 2021, Remgro's total investment in Milestone China Opportunities Fund III (Milestone III) amounted to $100 million. During the year under review Remgro received distributions of $14 million from Milestone III, thereby increasing its cumulative distributions received to $85 million. As at 30 June 2021 the fair value of Remgro's investment in Milestone III amounted to $86 million.

Subsequent to 30 June 2021 Remgro received distributions of $4 million from Milestone III.

Pembani Remgro Infrastructure Fund (PRIF)

During the year under review Remgro invested a further R114 million in PRIF and received distributions of R81 million, thereby increasing its cumulative investment to R486 million and cumulative distributions received to R338 million. As at 30 June 2021 the fair value of Remgro's investment in PRIF amounted to R368 million and remaining commitment to PRIF amounted to R164 million.

Kagiso Tiso Holdings Proprietary Limited (KTH)

During November 2020 Tiso Blackstar Group Proprietary Limited exited its 20.0% investment in KTH through multiple inter-connected steps, which increased Remgro's interest in KTH. At 30 June 2021 Remgro's effective interest in KTH was 43.5% (2020: 36.3%).

Invenfin Proprietary Limited (Invenfin)

During the year under review Remgro (through its wholly owned subsidiary, Invenfin) invested a further €4 million in Bolt Technology OÜ (Bolt), thereby increasing its cumulative investment to €9 million (or 0.7%). Bolt is a leading mobility and delivery services platform, headquartered in Tallinn, Estonia and operating across Europe and Africa.

Other

Other smaller investments amounted to R167 million.

Events after year-end

Rand Merchant Investment Holdings Limited (RMI)

On 20 September 2021 RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery Limited and Momentum Metropolitan Holdings Limited, as well as an equity capital raise of up to R6.5 billion by way of a *pro rata* rights issue to optimise its capital structure (the RMI Restructure). Remgro gave its in-principle support for the RMI Restructure. Following the RMI Restructure, RMI's remaining assets will consist mainly of its 89.1% investment in OUTsurance Holdings Limited and its 30.0% investment in Hastings Group Holdings plc.

Civil unrest in South Africa

Distell Group Holdings Limited (Distell) and RCL Foods

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021, which resulted in violence and the destruction and looting of property and businesses. One of the Distell distribution centres in KwaZulu-Natal was damaged and its operations disrupted. Initial assessments placed the damage between R80 million and R100 million. Various of RCL Foods' KwaZulu-Natal-based sites in the Chicken and Vector Logistics business units were also impacted by the civil unrest and resultant looting and vandalism of property. RCL Foods estimated the impact of the civil unrest at approximately R46 million.

The impact of the civil unrest is regarded as a non-adjusting event in terms of *IAS 10: Events after the Reporting Period*. No adjustments were therefore made to the amounts recognised in the financial statements of 30 June 2021.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2021.

Financing activities

On 22 March 2016 Remgro issued exchangeable bonds (through its wholly owned subsidiary, Remgro Jersey GBP Limited) amounting to £350 million. These exchangeable bonds were redeemed in cash on 22 March 2021.

Cash resources at the centre

The Company's cash resources at 30 June 2021 were as follows:

R million	**30 June 2021** Local	Offshore	Total	30 June 2020
Per consolidated statement of financial position	**5 478**	**3 285**	**8 763**	15 631
Investment in money market funds	**5 010**	**–**	**5 010**	4 945
Less: Cash of operating subsidiaries	**(2 992)**	**(1 075)**	**(4 067)**	(3 503)
Cash at the centre	**7 496**	**2 210**	**9 706**	17 073

On 30 June 2021, approximately 51% (R4 980 million) of the available cash at the centre was invested in money market funds which are not classified as cash and cash equivalents on the statement of financial position. Refer to note 5 to the Annual Financial Statements for further details.

Group financial review

Comparison with prior year

RMB Holdings Limited (RMH) and FirstRand

During June 2020 Remgro unbundled its 28.2% interest in RMH (RMH Unbundling) and, consequently, the investment in RMH was treated as a discontinued operation for the year ended 30 June 2020. For the year under review, earnings and headline earnings measures are again presented for continuing operations and discontinued operations and, accordingly, discontinued operations for the prior year include the equity accounted income of RMH.

It should also be noted that with effect from 8 June 2020, Remgro ceased to have significant influence over FirstRand due to, among other factors, the RMH Unbundling and therefore the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). For the comparative year, the investment in FirstRand was equity accounted whereas, from the date of the FirstRand Reclassification, only dividend income is accounted for FirstRand in the income statement. Dividends of R191 million were received from FirstRand during the year under review (2020: cash dividends of R655 million). As a result of the Covid-19 pandemic, FirstRand only paid an interim dividend during the year under review.

Reporting platforms

Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics. As reported previously, the platforms under which the results of investee companies are being reported to the Chief Operating Decision-Maker were changed and certain investments reallocated in line with internal reporting to enhance stakeholder communication. The *Media and sport* and *Other investments* platforms that were reported under up to the 2020 financial year, were replaced by the following new platforms:

- *Media* (consisting mainly of eMedia Investments Proprietary Limited (eMedia Investments));
- *Portfolio investments* (non-strategic investments consisting mainly of FirstRand and British American Tobacco plc (BAT));
- *Diversified investment vehicles* (entities whose main business is to make investments consisting mainly of KTH, the Asian funds, Invenfin and PRIF); and
- *Social impact investments* (consisting mainly of the Blue Bulls rugby franchise and Stellenbosch Academy of Sport Proprietary Limited (SAS)).

Comparative figures have been re-presented accordingly.

Covid-19

The Board will continue to monitor the effects of the Covid-19 pandemic on the Remgro Group. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and various levels of lockdown could still evolve, management has determined that there is not a material uncertainty that may cast significant doubt upon Remgro's ability to continue as a going concern.

Statement of financial position

The analysis of "Equity employed" and "Source of headline earnings" below reflects the sectors into which the Group's investments have been classified. No adjustment has been made where investments are active mainly in one sector but also have interests in other sectors.

	30 June 2021		30 June 2020	
	R million	**R per share**	R million	R per share
Equity employed				
Attributable to equity holders	**88 059**	**155.86**	86 773	153.59
Employment of equity				
Healthcare	**24 581**	**43.51**	27 443	48.57
Consumer products	**22 066**	**39.06**	20 602	36.47
Financial services	**11 447**	**20.26**	10 980	19.43
Infrastructure	**6 547**	**11.59**	5 224	9.25
Industrial	**4 732**	**8.38**	4 506	7.98
Diversified investment vehicles	**5 350**	**9.47**	5 058	8.95
Media	**818**	**1.45**	846	1.50
Portfolio investments	**8 320**	**14.73**	7 850	13.89
Social impact investments	**135**	**0.24**	331	0.59
Central treasury				
– Cash at the centre	**9 706**	**17.18**	17 073	30.22
– Debt at the centre	**(7 821)**	**(13.84)**	(15 288)	(27.06)
Other net corporate assets	**2 178**	**3.83**	2 148	3.80
	88 059	**155.86**	86 773	153.59

Income statement

	30 June 2021 R million	30 June 2021 %	30 June 2020 R million	30 June 2020 %
Source of headline earnings				
Healthcare	**674**	**23**	1 655	52
Consumer products	**1 576**	**55**	545	17
Financial services	**921**	**32**	624	20
Infrastructure	**(376)**	**(13)**	(716)	(23)
Industrial	**1 014**	**35**	267	9
Diversified investment vehicles	**(260)**	**(9)**	(255)	(8)
Media	**53**	**2**	78	2
Portfolio investments	**247**	**9**	695	22
Social impact investments	**(66)**	**(2)**	19	1
Central treasury				
– Finance income	**212**	**7**	479	15
– Finance costs	**(861)**	**(30)**	(951)	(30)
– Option remeasurement	**–**	**–**	2	–
Other net corporate costs	**(249)**	**(9)**	(705)	(22)
Continuing operations	**2 885**	**100**	1 737	55
Discontinued operations	**–**	**–**	1 430	45
	2 885	**100**	3 167	100

R million	30 June 2021	30 June 2020
Composition of headline earnings		
Subsidiaries	**812**	(713)
Profits	**1 862**	783
Losses	**(1 050)**	(1 496)
Associates and joint ventures	**2 073**	3 880
Profits	**2 780**	5 060
Losses	**(707)**	(1 180)
	2 885	3 167

Share incentive schemes

Remgro currently has three long-term incentive plans, i.e. the old Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme), the Remgro Share Appreciation Rights Plan (SAR Plan) and the Remgro Equity Settled Conditional Share Plan (CSP).

In terms of the SAR Scheme and SAR Plan, participants are offered Remgro ordinary shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that can be exercised at different intervals but before the expiry of seven years from date of grant. The earliest intervals at which the share appreciation rights vest and are exercisable are as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

In terms of the CSP, participants are awarded Remgro ordinary shares that will vest as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Vesting on both schemes are conditional on fulfilment of the employment period and achievement of performance conditions (where applicable).

Refer to note 8 to the Annual Financial Statements for further details on both schemes.

Treasury shares

At 30 June 2020, 3 297 213 Remgro ordinary shares (0.6%) were held as treasury shares by a wholly owned subsidiary of Remgro. As previously reported, these shares were acquired for the purpose of hedging Remgro's share schemes.

During the year under review 17 050 Remgro ordinary shares were utilised to settle Remgro's obligation towards scheme participants.

At 30 June 2021, 3 280 163 Remgro ordinary shares (0.6%) were held as treasury shares.

Principal shareholder

Rupert Beleggings Proprietary Limited (Rupert Beleggings) holds all the issued unlisted B ordinary shares of the Company and is entitled to 42.62% (2020: 42.62%) of the total votes.

An analysis of the shareholders appears on pages 123 and 124.

Subsidiaries and investments

Particulars of subsidiaries and equity accounted investments are disclosed in note 14 of the Annual Financial Statements.

Directors

The names of the directors appear on pages 20 to 23 of the Integrated Annual Report.

The following changes were effective 30 November 2020:

- Mr P K Harris retired as independent non-executive director from the Board;
- Mr J Malherbe resigned as co-deputy Chairman;
- Mr K M S Rantloane was appointed as independent non-executive director and as a member of the Investment Committee, which director's appointment will in terms of the Company's Memorandum of Incorporation have to be confirmed by the shareholders at the next Annual General Meeting; and
- Ms S E N De Bruyn was appointed as a member of the Remuneration and Nomination Committee.

The Board wishes to thank Mr Harris for his valuable contribution over many years and wishes to welcome Mr K M S Rantloane as director to the Company.

In terms of the provision of the Memorandum of Incorporation, Messrs J J Durand, N P Mageza, J Malherbe, F Robertson and A E Rupert retire from the Board by rotation. These directors are eligible and offer themselves for re-election.

Directors' interests

At 30 June 2021 the aggregate of the direct and indirect interests of the directors and their associates in the issued ordinary share capital of the Company amounted to 3.33% (2020: 3.37%).

Mr J P Rupert is a director of Rupert Beleggings which owns all the issued unlisted B ordinary shares.

An analysis of directors' interests in the issued capital of the Company appears on page 125.

Directors' emoluments

The total directors' fees for services rendered as directors during the past financial year amounted to R5.7 million (2020: R5.7 million).

Acquisition of shares of the Company

It is recommended that a general authority be granted to the Board to acquire, should circumstances warrant it, the Company's own shares and to approve the acquisition of shares in the Company by any of its subsidiaries, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, and the Listings Requirements of the JSE Limited (JSE).

A special resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 155 of the Integrated Annual Report.

Authority to place ordinary shares under the control of the directors

It is recommended that a general authority be granted to the Board to allot and issue ordinary shares, subject to the provisions of the Companies Act (No. 71 of 2008), as amended, the Memorandum of Incorporation and the Listings Requirements of the exchange operated by JSE Limited, provided that the aggregate number of ordinary shares to be allotted and issued is limited to 5% of the number of the unissued ordinary shares in the authorised share capital of the Company (being 23 539 150 ordinary shares). This authority cannot be used to issue shares for cash.

An ordinary resolution to grant this general authority to the Board is incorporated in the notice of the Annual General Meeting that appears on page 155 of the Integrated Annual Report.

Declaration of cash dividend

Declaration of cash dividend No. 42

Notice is hereby given that a final gross dividend of 60 cents (2020: 50 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2021.

A dividend withholding tax of 20% or 12 cents per share will be applicable, resulting in a net dividend of 48 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2021 therefore amounts to 90 cents, compared to 265 cents for the year ended 30 June 2020. The final dividend of 2020, as well as the interim and final dividends of 2021, were adjusted downwards to take into account the RMH Unbundling during the prior year and the ongoing impact of the Covid-19 pandemic.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares. The income tax number of the Company is 9500-124-71-5.

Payment

The final dividend is payable on Monday, 22 November 2021, to shareholders of the Company registered at the close of business on Friday, 19 November 2021.

Share certificates may not be dematerialised or rematerialised between Wednesday, 17 November 2021, and Friday, 19 November 2021, both days inclusive.

In terms of the Company's Memorandum of Incorporation, dividends will only be transferred electronically to the bank accounts of shareholders. In the instance where shareholders do not provide the Transfer Secretaries with their banking details, the dividend will not be forfeited but will be marked as "unclaimed" in the share register until the shareholder provides the Transfer Secretaries with the relevant banking details for payout.

Secretary

The name and address of the Company Secretary appears on page 25 of the Integrated Annual Report.

Approval

The comprehensive Annual Financial Statements set out on pages 20 to 122 have been approved by the Board.

Signed on behalf of the Board of Directors.

Johann Rupert
Chairman

Jannie Durand
Chief Executive Officer

Stellenbosch
21 September 2021

Report of the **Independent Auditor**

to the shareholders of Remgro Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Remgro Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2021, and its consolidated and separate financial performance and its 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.

What we have audited

Remgro Limited's consolidated and separate financial statements set out on pages 20 to 122 comprise:

- the consolidated and company statements of financial position as at 30 June 2021;
- the consolidated and company income statements for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the annual financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

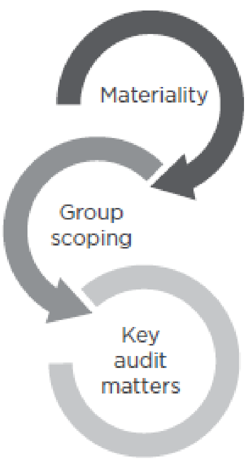
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Overall group materiality

- R335 million, which represents 5% of a three-year average consolidated profit before tax and share of profit of equity accounted investments before tax, from continuing operations, adjusted for non-recurring items.

Group audit scope

- Full scope audits were performed for all individually significant components;
- Full scope audits, audits of balances or independent reviews were performed for components that are financially significant in aggregate with other components; and
- Analytical procedures were performed over the remaining insignificant components.

Key audit matters

Consolidated financial statements

- Accounting for equity accounted investments;
- Impairment assessment of equity accounted investments; and
- Goodwill and indefinite life intangible asset impairment assessments.

Separate financial statements

- Impairment assessment of investment in subsidiaries and investment in associate.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	R335 million
How we determined it	5% of a three-year average consolidated profit before tax and share of profit of equity accounted investments before tax, from continuing operations, adjusted for non-recurring items.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax and share of profit of equity accounted investments before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users and is a generally accepted benchmark. Due to the volatility of the results in the current year as a result of the continuing impact of Covid-19 and to reflect normalised profitability levels, we used a three-year average consolidated profit before tax and share of profit of equity accounted investments before tax. The three-year average consolidated profit before tax and share of profit of equity accounted investments before tax was adjusted for non-recurring items, as reflected in note 3 to the consolidated financial statements, to better reflect the profit from normal operations. We chose 5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping included eleven components, which were either a financially significant component (based on the contribution to total headline earnings), components of which an identified financial statement line item or items were considered to be significant or an area of higher risk, or components which were financially significant in aggregate with other components. Full scope audits were performed on components which are financially significant or of which an identified financial statement line item or items were considered to be significant or an area of higher risk. In addition, full scope audits, audits of balances or independent reviews were performed for components that are not individually significant, but significant in aggregate with other components. The remainder of the components were considered to be insignificant, individually and in aggregate. We performed analytical procedures on these components.

Group instructions were communicated to the component auditors. The instructions covered those areas that we required the component auditors to focus on, as well as information that we required them to report to us. We examined the reporting received from the component auditors and assessed the impact thereof on the consolidated financial statements. We examined the working papers of component auditors of significant components relating to areas of significant risks in the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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.

Consolidated financial statements

Key audit matter	How our audit addressed the key audit matter
Accounting for equity accounted investments **(Refer to notes 4.1 and 4.2 to the consolidated financial statements)** The Group holds significant investments which are equity accounted in terms of International Accounting Standard *IAS 28: Investments in associates and joint ventures*. The Group's share of the after-tax profit of equity accounted investments for the year ended 30 June 2021 was R1 618 million, and the carrying value of the Group's equity accounted investments was R50 207 million at 30 June 2021. The equity accounting of these investments was considered a matter of most significance to our current year audit due to the manual nature of the calculations supporting equity accounting entries and the significance of the equity accounted figures in relation to the reported results of the Group. In addition, some of the equity accounted investments have year ends which are non-coterminous with that of the Group, the most significant investment in this regard being Mediclinic International plc (Mediclinic). These investments are equity accounted based on results for a financial year ended within three months before the Group's financial year-end. Any significant transactions that occur between the equity accounted investment's year-end and the Group's year-end are accounted for in the consolidated financial statements for the Group at year-end. Significant adjustments for the current period related to the following: • Dividends received from equity accounted investments; and • The conversion of Mediclinic's financial information from its presentation currency (British pound) to the Group's presentation currency at 30 June 2021.	We obtained the equity analysis prepared by management for each of the investments and performed the following procedures: • We agreed the figures used by management in the equity analysis to the financial statements of the investee companies which are equity accounted. We noted no material differences; • We re-performed management's calculation of the effective interest in each of the equity accounted investments. We agreed the inputs in management's calculation to the number of shares held by the Group and the issued share capital of the investee company. We noted no material differences; and • We tested the mathematical accuracy of the equity analysis by recalculating the Group's share in equity accounted earnings, other comprehensive income and equity movements and tracing it to the consolidation journals and the consolidation sheets. We noted no material differences. We recalculated management's consolidation workings to test for mathematical accuracy and assessed the completeness of journal entries with reference to the prior year journal entries and corporate transactions executed by the Group during the current year. We found no material inconsistencies. The financial information of significant equity accounted investments were audited by component auditors. We performed the following procedures regarding the work of the component auditors: • We held discussions with the component auditors and issued them with Group instructions as described in the section '*How we tailored our Group audit scope*'; • We assessed the competence, knowledge and experience of the component auditors; and • To assess the adequacy of the procedures performed by the component auditors of significant components to support our audit work, we examined their working papers on significant risks as well as the information they reported to us. We found the work performed by the component auditors to be sufficient and appropriate for our purposes. For investments which have year-ends that are non-coterminous with that of the Group, the following procedures were performed: • We read and examined minutes of board meetings and discussed with the Group's nominated directors to identify any significant or abnormal transactions that occurred in the period from 1 April 2021 to 30 June 2021,

Key audit matter	How our audit addressed the key audit matter
Accounting for equity accounted investments (Refer to notes 4.1 and 4.2 to the consolidated financial statements) (*continued*)	being the period not equity accounted by the Group, which could have had an effect on the results and carrying value of the equity accounted investments at 30 June 2021. No material adjustments, other than those recorded by management, were identified by our procedures and we found the accounting of these investments to be in line with *IAS 28: Investments in associates and joint ventures.* • We instructed the component auditors of Mediclinic, Community Investment Ventures Holdings Proprietary Limited and Air Products South Africa Proprietary Limited (Air Products) to perform, and report to us, procedures to identify significant events that occurred between their reporting period of 31 March 2021 and the Group's year-end which could have an effect on the financial results equity accounted by the Group. We examined the reports received from the component auditors in this regard and assessed the impact thereof on the consolidated financial statements. No significant events other than those adjusted by management relating to Mediclinic and Air Products and were identified from these procedures.
Impairment assessment of equity accounted investments (Refer to note 4.4 to the consolidated financial statements) The Group has significant equity accounted investments. In terms of *IAS 28: Investments in associates and joint ventures* and *IAS 36: Impairment of assets*, impairment assessments should be performed if any indicators of impairment are identified. During the current year, management identified impairment indicators in relation to certain investments held at 30 June 2021. Based on management's assessment, impairment losses to the value of R145 million were recognised on the investment in Business Partners Limited (Business Partners) and the loan relating to BOS Brands Proprietary Limited (BOS Brands). The impairment losses represent a write-down of the equity accounted carrying value of the investments to the recoverable amount. Management calculated the recoverable amount based on the higher of fair value less cost of disposal or value-in-use using: • discounted cash flows; or • net asset values of the underlying assets. Management assessed the recoverable amount of Mediclinic and eMedia Investments Proprietary Limited (eMedia) as at 30 June 2021 to determine whether an impairment loss should be recognised. Based on the value-in-use recoverable amount, management determined that no impairment loss should be recognised.	We obtained management's impairment assessment and independently assessed the equity accounted investments for indicators of impairment by comparing the carrying value to the fair value of the investments. We noted no material additional investments that required a detailed impairment test. For Mediclinic, eMedia, Business Partners and BOS Brands, we obtained management's calculations of the recoverable amount based on fair value less cost of disposal or value-in-use. Using this information, we performed the following procedures: • Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and discount rates to industry benchmarks and economic forecasts; and • We agreed the underlying cash flow forecasts to approved budgets and the current trading performance of the investee companies and obtained reasons for the growth profiles used. We followed up on variances and obtained evidence for variances noted. Based on our work performed, we accepted the recoverable amounts based on management's value-in-use and fair value less cost of disposal calculations. For the impairments recognised, we recalculated the write-down of the equity accounted carrying value of the investments to the recoverable amounts and noted no material variances.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of equity accounted investments (Refer to note 4.4 to the consolidated financial statements) (*continued*) During the current year, management accounted for a reversal of previously recognised impairment losses of R1 156 million that were recorded in respect of Grindrod Limited, Grindrod Shipping Limited, ArcAqua Proprietary Limited and TD Spirits LLC. This represents an adjustment of the carrying value to the investment's fair value less costs of disposal at 30 June 2021. The impairment assessment was considered a matter of most significance to our current year audit because of the following: • The financial significance of impairment losses and reversals recognised in the consolidated financial results; and • The impairment assessment required management to apply judgement in determining the key assumptions in calculating the recoverable amounts of the equity accounted investments. The key assumptions applied by management included the discount rate, terminal growth rate and cash flow projections.	For investments where no impairment loss was required, we compared the recoverable amount to the carrying value and noted no material impairment losses. For Grindrod Limited and Grindrod Shipping Holdings Limited, we agreed the fair value less cost of disposal to the quoted market prices at the reporting date. For investments where reversals of impairment losses were recorded, we recalculated the write-up of the equity accounted carrying value of the investments to the recoverable amounts and noted no differences. We assessed the disclosures regarding the impairment losses, reversals and the impairment assessments in the consolidated financial statements against the requirements of *IAS 36: Impairment of assets*.
Goodwill and indefinite life intangible asset impairment assessments (Refer to note 10.3 to the consolidated financial statements) The Group's net assets include a significant amount of goodwill and indefinite life intangible assets amounting to R8 064 million and R10 720 million respectively. Management performs annual impairment tests, in line with *IAS 36: Impairment of assets*, to assess the recoverability of the carrying value of goodwill and indefinite life intangible assets. The assessment in the current year was performed using value-in-use or fair value less cost of disposal calculations for the relevant cash-generating units (CGUs). Based on the impairment assessment, management concluded that no impairment loss be recognised in the current year. Management performed sensitivity analysis on the assets by varying the key assumptions used (discount rates and perpetuity growth rates) to assess the impact on the valuation and available headroom, as disclosed in note 10.3 to the consolidated financial statements.	We held discussions with management to obtain an understanding of the methodology applied by management in performing its impairment test for each of the relevant CGUs and we found the approach adopted by management in the valuation models to be consistent with market practice and the applicable requirements of *IAS 36: Impairment of assets*. We tested management's calculation for each model by: • Testing the mathematical accuracy of management's impairment calculations. • Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and discount rates to industry benchmarks and economic forecasts. • We agreed cash flows to the business plans approved by the respective boards. • In assessing management's forecasts for reasonableness, we considered the historical accuracy of forecasts by comparing the actual results for the current year to the original forecasts. Where variances were noted, we followed up with management and assessed the reasonability of the variances. • Where the fair value was determined based on the market price, we agreed the share price to the listed market price as at 30 June 2021.

Key audit matter	How our audit addressed the key audit matter
Goodwill and indefinite life intangible asset impairment assessments (Refer to note 10.3 to the consolidated financial statements) (*continued*) We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance to our audit due to the following: • The judgement and assumptions (discount rates and terminal growth rates) applied by management in their impairment assessment; and • The magnitude of the related goodwill and indefinite life intangible asset balances to the consolidated financial statements.	Based on our work performed, we accepted the recoverable amounts based on management's value-in-use and fair value less cost of disposal calculations. We performed independent sensitivity calculations on the impairment assessments in order to ascertain the impact of changes to the key assumptions on the available headroom and the level of impairment recognised in the current year. Based on the outcome of our procedures, we accepted management's assessment. We assessed the disclosure of management's impairment testing, in note 10.3 to the consolidated financial statements, against the requirements of *IAS 36: Impairment of assets.*

Separate Financial Statements

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of investment in subsidiaries and investment in associate (Refer to note 2 and 3 to the separate financial statements for the related disclosures). The Company holds investments in subsidiaries and an investment in an associate with a historical cost of R40 279 million and of R14 224 million respectively. A decline in the listed market price of Remgro Healthcare Holdings Proprietary Limited's (RHH) underlying investment in Mediclinic was identified as an impairment indicator relating to this investment. The improvement of the listed share price of Rand Merchant Investment Holdings Limited (RMI) indicated a possible reversal of the previously recorded impairment loss. Management recognised a reversal of R516 million of the previously recorded impairment losses of the investment in RMI. The value-in-use recoverable amount of RHH exceeded the carrying value and accordingly no impairment loss was required on this investment. We considered this to be a matter of most significance to our current year audit because of the financial significance of the impairment loss relating to RMI to the Company's financial statements and the estimation involved in determining the recoverable amount of RHH.	For the investment in RMI, we obtained the listed share price at 30 June 2021 and recalculated the market value of the investment at that date. We recalculated the reversal of the previously recognised impairment loss based on the difference between the carrying value and the recoverable amount and noted no material variances. We obtained management's calculation of the recoverable amount for RHH and performed the following procedures: • Using our valuation expertise, we challenged management's key assumptions by comparing terminal growth rates and discount rates to industry benchmarks and economic forecasts. • We agreed the underlying cash flow forecasts to approved budgets and the current trading performance of the investee companies and obtained reasons for the growth profiles used. We followed up on variances and obtained evidence for variances noted. Based on our work performed, we accepted the recoverable amount based on management's value-in-use calculation. We assessed the disclosures regarding the impairment assessment in the financial statements against the requirements 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 document titled "Remgro Limited Annual Financial Statements 2021", which includes the Statement by the Company Secretary, the Audit and Risk Committee Report and the Report of the Board of Directors as required by the Companies Act of South Africa and the document titled "Remgro Limited Integrated Annual Report 2021". The other information does not include the consolidated or the 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 identified above 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 the 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/or the 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.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the 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 and the 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 and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/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 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, actions taken to eliminate threats or safeguards applied.

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 PricewaterhouseCoopers Inc. has been the auditor of Remgro Limited for 53 years. The business of Remgro Limited was previously transacted through Rembrandt Group Limited of which based on available statutory records, PricewaterhouseCoopers Inc. and its predecessor firms have been the auditor for 73 years.

PricewaterhouseCoopers Inc.

Director: A Wentzel
Registered Auditor

Stellenbosch, South Africa
21 September 2021

Statement of **financial position**

at 30 June 2021

R million	Notes	30 June 2021	30 June 2020
Assets			
Non-current assets			
Property, plant and equipment	10.1	**16 765**	16 845
Investment properties	10.2	**124**	109
Intangible assets	10.3	**20 680**	21 067
Investments – Equity accounted	4.1	**50 207**	50 991
– Financial assets at fair value through other comprehensive income (FVOCI)	4.3	**14 342**	12 505
Financial assets at fair value through profit and loss (FVPL)	6.4	**214**	309
Hedge derivatives	6.5	**–**	101
Retirement benefits	10.4	**692**	868
Long-term loans and debtors	10.5	**146**	181
Deferred taxation	11.1	**208**	190
		103 378	103 166
Current assets		**37 388**	43 933
Inventories	10.6	**12 621**	12 032
Biological agricultural assets	10.7	**955**	805
Debtors and short-term loans	10.8	**9 597**	9 958
Loans to equity accounted investments	4.1	**94**	–
Financial assets at FVPL	6.4	**83**	11
Taxation		**258**	258
Investment in money market funds	5.1	**5 010**	4 945
Cash and cash equivalents	5.2	**8 763**	15 631
		37 381	43 640
Assets held for sale	10.10	**7**	293
Total assets		**140 766**	147 099
Equity and liabilities			
Stated capital	7.1	**13 416**	13 416
Reserves	7.2	**75 204**	73 921
Treasury shares		**(561)**	(564)
Shareholders' equity		**88 059**	86 773
Non-controlling interest	7.3	**15 517**	14 670
Total equity		**103 576**	101 443
Non-current liabilities		**20 103**	23 139
Retirement benefits	10.4	**136**	141
Long-term loans	6.1	**11 978**	15 167
Lease liabilities	6.3	**1 440**	1 725
Deferred taxation	11.1	**6 389**	6 106
Hedge derivatives	6.5	**160**	–
Current liabilities		**17 087**	22 517
Trade and other payables	10.9	**12 844**	11 616
Short-term loans	6.2	**3 401**	10 158
Lease liabilities	6.3	**275**	310
Financial liabilities at FVPL	6.4	**471**	279
Taxation		**96**	154
Total equity and liabilities		**140 766**	147 099

Income statement

for the year ended 30 June 2021

R million	Notes	30 June 2021	30 June 2020
Continuing operations			
Revenue	12.1	**65 803**	54 732
Inventory expenses		**(38 387)**	(32 291)
Staff costs	12.2	**(9 251)**	(8 451)
Depreciation	12.3	**(1 711)**	(1 682)
Other net operating expenses	12.3	**(12 005)**	(10 763)
Trading profit		**4 449**	1 545
Dividend income	4.5	**366**	45
Interest received		**446**	862
Fair value adjustment on exchangeable bonds' option		**–**	2
Finance costs		**(1 548)**	(1 876)
Net impairment of investments, assets and goodwill	12.3	**1 039**	(4 234)
Loss allowances on loans		**(205)**	(290)
Bargain purchase gain	15	**8**	278
Profit on sale and dilution of investments	12.3	**17**	4 220
Consolidated profit before tax		**4 572**	552
Taxation	11.3	**(1 135)**	(452)
Consolidated profit after tax		**3 437**	100
Share of after-tax profit/(loss) of equity accounted investments	4.2	**1 618**	(2 272)
Net profit/(loss) for the year from continuing operations		**5 055**	(2 172)
Discontinued operations[(1)]			
Profit for the year from discontinued operations	10.11	**–**	8 755
Net profit for the year		**5 055**	6 583
Attributable to:			
Equity holders		**3 550**	6 646
Continuing operations		**3 550**	(2 109)
Discontinued operations		**–**	8 755
Non-controlling interest		**1 505**	(63)
		5 055	6 583
Earnings per share (cents)	3.2		
Basic		**628.3**	1 176.4
Continuing operations		**628.3**	(373.3)
Discontinued operations		**–**	1 549.7
Diluted		**625.5**	1 173.6
Continuing operations		**625.5**	(373.9)
Discontinued operations		**–**	1 547.5

(1) *Discontinued operations for the comparative year represent the investment in RMH. Refer to note 10.11 for further detail.*

Statement of **comprehensive income**

for the year ended 30 June 2021

R million	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
30 June 2021							
Net profit for the year				**3 550**	**3 550**	**1 505**	**5 055**
Other comprehensive income, net of tax	**(1 703)**	**(2 592)**	**3 073**	**(983)**	**(2 205)**	**(307)**	**(2 512)**
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	**(308)**	**(2 401)**	**(47)**	**(1 061)**	**(3 817)**	**(371)**	**(4 188)**
Fair value adjustments for the year	**–**	**(254)**	**(317)**	**–**	**(571)**	**51**	**(520)**
Deferred taxation on fair value adjustments	**–**	**55**	**71**	**–**	**126**	**(14)**	**112**
Reclassification of other comprehensive income to the income statement	**–**	**8**	**–**	**–**	**8**	**1**	**9**
Other comprehensive income of equity accounted investments	**(2 626)**	**–**	**–**	**–**	**(2 626)**	**(1)**	**(2 627)**
Items that will not be reclassified to the income statement:							
Fair value adjustments for the year	**–**	**–**	**4 156**	**–**	**4 156**	**(6)**	**4 150**
Deferred taxation on fair value adjustments	**–**	**–**	**(447)**	**–**	**(447)**	**(1)**	**(448)**
Capital gains taxation on disposal of FVOCI investments	**–**	**–**	**(343)**	**–**	**(343)**	**–**	**(343)**
Remeasurement of post-employment benefit obligations	**–**	**–**	**–**	**109**	**109**	**48**	**157**
Deferred taxation on remeasurement of post-employment benefit obligations	**–**	**–**	**–**	**(31)**	**(31)**	**(14)**	**(45)**
Change in reserves of equity accounted investments	**1 231**	**–**	**–**	**–**	**1 231**	**–**	**1 231**
Total comprehensive income for the year	**(1 703)**	**(2 592)**	**3 073**	**2 567**	**1 345**	**1 198**	**2 543**
30 June 2020							
Net profit for the year				6 646	6 646	(63)	6 583
Other comprehensive income, net of tax	2 549	4 223	(1 780)	1 262	6 254	300	6 554
Items that may be reclassified subsequently to the income statement:							
Exchange rate adjustments	1 096	4 247	26	1 209	6 578	302	6 880
Fair value adjustments for the year	–	(33)	101	–	68	(71)	(3)
Deferred taxation on fair value adjustments	–	9	(23)	–	(14)	20	6
Reclassification of other comprehensive income to the income statement	(1 073)	–	–	–	(1 073)	–	(1 073)
Other comprehensive income of equity accounted investments	2 671	–	–	–	2 671	–	2 671
Items that will not be reclassified to the income statement:							
Fair value adjustments for the year	–	–	(1 215)	–	(1 215)	5	(1 210)
Deferred taxation on fair value adjustments	–	–	(669)	–	(669)	1	(668)
Remeasurement of post-employment benefit obligations	–	–	–	73	73	60	133
Deferred taxation on remeasurement of post-employment benefit obligations	–	–	–	(20)	(20)	(17)	(37)
Change in reserves of equity accounted investments	(145)	–	–	–	(145)	–	(145)
Total comprehensive income for the year	2 549	4 223	(1 780)	7 908	12 900	237	13 137

Statement of **changes in equity**

for the year ended 30 June 2021

R million	Stated and issued capital	Treasury shares	Equity reserves	Other reserves	Fair value reserves	Retained earnings	Share-holders' equity	Non-controlling interest	Total equity
30 June 2021									
Balances at 1 July	**13 416**	**(564)**	**10 814**	**4 470**	**(1 660)**	**60 297**	**86 773**	**14 670**	**101 443**
Total comprehensive income for the year	**–**	**–**	**(1 703)**	**(2 592)**	**3 073**	**2 567**	**1 345**	**1 198**	**2 543**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(452)**	**(452)**	**(54)**	**(506)**
Transactions with non-controlling shareholders	**–**	**–**	**–**	**161**	**–**	**(9)**	**152**	**(393)**	**(241)**
Transfer between reserves and other movements	**–**	**1**	**–**	**13**	**–**	**–**	**14**	**4**	**18**
Transfer of retained income of equity accounted investments	**–**	**–**	**576**	**–**	**–**	**(576)**	**–**	**–**	**–**
Transfer of gain on disposal of FVOCI investments to retained earnings	**–**	**–**	**–**	**–**	**(53)**	**53**	**–**	**–**	**–**
Business acquired	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Long-term share incentive scheme reserve	**–**	**2**	**–**	**225**	**–**	**–**	**227**	**89**	**316**
Balances at 30 June	**13 416**	**(561)**	**9 687**	**2 277**	**1 360**	**61 880**	**88 059**	**15 517**	**103 576**
30 June 2020									
Balances at 1 July	13 416	(570)	25 500	231	527	61 670	100 774	15 092	115 866
Total comprehensive income for the year	–	–	2 549	4 223	(1 780)	7 908	12 900	237	13 137
Dividends paid	–	–	–	–	–	(3 187)	(3 187)	(696)	(3 883)
Dividends *in specie*	–	–	–	–	–	(23 716)	(23 716)	–	(23 716)
Transactions with non-controlling shareholders	–	–	(1)	(2)	–	(6)	(9)	67	58
Transfer between reserves and other movements	–	–	–	14	–	(13)	1	(26)	(25)
Transfer of retained income of equity accounted investments	–	–	(17 234)	–	–	17 234	–	–	–
Transfer of gain on disposal of FVOCI investments to retained earnings	–	–	–	–	(407)	407	–	–	–
Long-term share incentive scheme reserve	–	6	–	4	–	–	10	(4)	6
Balances at 30 June	13 416	(564)	10 814	4 470	(1 660)	60 297	86 773	14 670	101 443

Statement of **cash flows**

for the year ended 30 June 2021

R million	Notes	30 June 2021	30 June 2020
Cash flows – operating activities			
Trading profit		**4 449**	1 545
Adjustments	5.3.1	**2 320**	2 515
Trading profit before working capital changes		**6 769**	4 060
Working capital changes	5.3.2	**248**	280
Cash generated from operations		**7 017**	4 340
Cash flows generated from returns on investments		**1 739**	3 761
Interest received		**446**	777
Dividends received	5.3.3	**1 293**	2 984
Finance costs		**(1 676)**	(1 592)
Taxation paid	5.3.4	**(1 628)**	(772)
Cash available from operating activities		**5 452**	5 737
Proceeds from retirement fund assets transferred to Distell		**405**	–
Dividends paid	5.3.5	**(506)**	(3 883)
Cash inflow from operating activities		**5 351**	1 854
Cash flows – investing activities			
Investment in property, plant and equipment to maintain operations		**(1 044)**	(847)
Investment in property, plant and equipment and other assets to expand operations		**(1 004)**	(1 620)
Proceeds on disposal of property, plant and equipment and intangible assets		**242**	131
Proceeds on disposal of assets held for sale		**510**	10
Additions to investments and loans		**(2 317)**	(417)
Businesses acquired	15	**(64)**	110
Proceeds on disposal of investments and loans		**2 542**	925
Investment in money market funds		**(800)**	(2 275)
Withdrawal of money market funds		**735**	2 505
Cash outflow from investing activities		**(1 200)**	(1 478)
Cash flows – financing activities			
Loans repaid		**(7 579)**	(11)
Loans advanced		**414**	271
Lease payments		**(454)**	(406)
Investments in subsidiary companies		**(258)**	(105)
Cash outflow from financing activities		**(7 877)**	(251)
Net increase/(decrease) in cash and cash equivalents		**(3 726)**	125
Exchange rate profit/(loss) on foreign cash		**(892)**	1 549
Cash and cash equivalents at the beginning of the year		**13 219**	11 545
Cash and cash equivalents at the end of the year		**8 601**	13 219
Cash and cash equivalents – per statement of financial position		**8 763**	15 631
Bank overdraft		**(162)**	(2 412)

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Notes to the Annual Financial Statements

for the year ended 30 June 2021

1. Accounting policies

The Annual Financial Statements are prepared on the historical cost basis, unless otherwise indicated, in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the requirements of the Companies Act (No. 71 of 2008), as amended, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the exchange operated by JSE Limited (JSE).

As in the prior year, management assessed the impact of the Covid-19 pandemic and the resultant lockdown and economic restrictions imposed on businesses both in South Africa and worldwide. Management has implemented and will continue to implement measures to monitor and mitigate the effects of Covid-19 on the Group. These measures include ongoing board representation and monitoring budgets and cash flow projections. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and resulting government measures could evolve, management has determined that there is not a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and, therefore, the use of the going concern assumption is appropriate.

These financial statements incorporate accounting policies that have been consistently applied to all periods presented and are consistent with those applied in the previous financial year. Various changes in IFRS became effective for the financial year under review, but did not impact the Group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note VIII of the accounting policies.

The over-arching accounting policies that the Group applied in the preparation of the financial statements are set out below, while those that are applicable to each line item are included in the relevant notes.

(I) Impact of major transactions on the financial statements

As a result of the unbundling of Remgro's 28.2% interest in RMH (RMH Unbundling) during the 2020 financial year, earnings and headline earnings measures are presented for continuing operations and discontinued operations. The investment in RMH is treated as a discontinued operation and, accordingly, discontinued operations include the equity accounted income of RMH, as well as the profit realised on the RMH Unbundling. The investment in RMH was equity accounted for the nine months to 31 March 2020.

It should also be noted that FirstRand was equity accounted until 8 June 2020, the date on which Remgro ceased to have significant influence over FirstRand, due to among other factors, the RMH Unbundling, and therefore the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). Subsequently, only dividend income is accounted for FirstRand in the income statement.

(II) Consolidation

Consolidation – subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

1. Accounting policies (continued)

(II) Consolidation (continued)

Consolidation – subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed an asset or liability are recognised in accordance with *IFRS 9: Financial Instruments* either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of the consideration transferred, non-controlling interest recognised and previously held interest measured are less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Intergroup transactions, balances and unrealised gains and losses are eliminated on consolidation. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

Subsidiaries are measured at cost less accumulated impairments in the separate financial statements.

(III) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e. its functional currency. The functional currency of the Company and the presentation currency of both the Company and the Group is rand. All amounts, unless otherwise indicated, are stated in millions.

Transactions and balances

Foreign currency transactions are translated to the functional currency using the exchange rates prevailing at the date of the transactions. Except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges, foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of foreign currency denominated monetary assets and liabilities are recognised in the income statement. Translation differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on financial instruments classified as at fair value through other comprehensive income are included in other comprehensive income, whereas those on financial instruments held at fair value through profit and loss are reported as part of the fair value gain or loss.

Group entities

The results and financial position of all foreign operations (excluding those operating in hyperinflationary economies) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate on the reporting date;
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised directly in other comprehensive income.

1. Accounting policies (continued)

(III) Foreign currencies (continued)

Group entities (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. On disposal of foreign operations, the related exchange differences are recognised in the income statement as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operation and translated at closing rates at the reporting date.

Foreign currencies used

	30 June 2021	30 June 2020	*Movement (%)*
Closing exchange rates			
SA rand/British pound	**19.7408**	21.4537	*8.0*
SA rand/USA dollar	**14.2832**	17.3475	*17.7*
SA rand/Swiss franc	**15.4302**	18.3145	*15.7*
SA rand/euro	**16.9270**	19.5021	*13.2*
Average exchange rates			
SA rand/British pound	**20.7035**	19.7171	*(5.0)*
SA rand/USA dollar	**15.4003**	15.6594	*1.7*
SA rand/Swiss franc	**16.9174**	16.0512	*(5.4)*
SA rand/euro	**18.3537**	17.3139	*(6.0)*

(IV) Impairment of assets

Goodwill and intangible assets with indefinite lives

These assets are assessed annually for possible impairments. For purposes of impairment testing, goodwill is allocated to cash-generating units, being the lowest component of the business measured in the management accounts that is expected to generate cash flows that are largely independent of another business component. Impairment losses relating to goodwill are not reversed. Any impairment is recognised in the income statement.

Other assets

The Group assesses at each reporting date whether there is objective evidence that other assets may be impaired.

- Impairment – subsidiaries, joint ventures and associates
  An asset is impaired if its carrying amount is greater than its estimated recoverable amount, which is the higher of its fair value less cost to sell or its value in use. The carrying amounts of subsidiaries (referring to the separate financial statements), joint ventures and associates are reviewed, if there is objective evidence of impairment, and written down where necessary.

- Investment properties, property, plant and equipment and intangible assets with finite useful lives
  Where these assets are identified as being impaired, that is when the recoverable amount has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. Such written-off amounts are accounted for in the income statement.

- Financial assets measured at amortised cost
  The Group recognises an allowance for expected credit losses for all debt instruments measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. Expected credit losses are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months. 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.

  For trade receivables only, the Group applies the simplified approach permitted by *IFRS 9*, which requires lifetime expected credit losses to be recognised from initial recognition of the receivables. 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, for example growth in gross domestic product and changes in unemployment rates. Trade receivables have been grouped based on shared credit risk characteristics, such as the days past due. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

  If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the income statement.

1. Accounting policies (continued)

(IV) Impairment of assets (continued)

Other assets (continued)

- Financial assets carried at fair value
  These financial assets are measured at fair value, either through profit and loss or other comprehensive income, based on the classification of the asset. As the assets are measured at fair value, no impairment review is performed.

- Presentation
  Due to the nature and significance of the item, it is presented in a separate line below trading profit in the income statement.

(V) Current/non-current distinction

Items are classified as current when it is expected to be realised, traded, consumed or settled within 12 months after the reporting date, or the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

(VI) Income statement

The composition of the Group's net profit is relevant for a proper understanding of its financial results. Due to the nature of the Group's operations, a significant portion of its net profit results from associates and joint ventures. Consequently, additional information relating to the Group's share of the after-tax profit of associates and joint ventures is disclosed separately in note 4.2. In order to promote comparability, equity accounted income from associates and joint ventures, which is presented on an after-tax basis, is disclosed after the tax line in the income statement.

"Consolidated profit" represents the profit of the Company and its subsidiaries before equity accounted income, while "trading profit" represents the profit of the operating subsidiaries in the Group, before investment income, finance costs, results of corporate actions and impairments.

(VII) Earnings measures

From time to time corporate actions may lead to significant items being recognised in the income statement that may not be excluded from the calculation of headline earnings. In these instances, the Group may elect to disclose alternative earnings measures excluding these items in order to promote comparability between reporting periods. The Group elected not to disclose alternative earnings measures for the year under review.

In accordance with paragraph 3.4(b)(v) of the JSE Listings Requirements, the Company again confirms the use of headline earnings per share for trading statement purposes. This is still considered an appropriate measure given that, as an investment holding company, the assessment of headline earnings is a key performance measure.

(VIII) Critical accounting judgements and critical accounting estimates and assumptions

The preparation of the financial statements necessitates the use of estimates, assumptions and judgements that affect the reported amounts in the statement of financial position and income statement. Although estimates are based on management's best knowledge and judgements of current facts as at the reporting date, the actual outcome may differ from those estimates.

Critical judgements in applying the Group's accounting policies

The most critical judgement exercised relates to the classification of investments. Refer to note 4 for further detail.

Judgement is also exercised with regard to the determination of the functional currency of the offshore entities that hold the Group's cash and short-term financial investments, as well as held the exchangeable bonds that were settled during the current financial year. The functional currencies of these entities are determined with reference to the currency in which the entities receive their operating cash inflows, as this most fairly presents the economic effects of the underlying transactions, events and conditions. The structure that held the Group's exchangeable bonds also has a strong British pound residual risk, both through the underlying investment in Mediclinic and the external funding obtained. The funding is largely separate from Remgro as the funding came from bondholders and the underlying investments.

The operations of these entities are clearly separated from those of the parent and are managed separately from each other in terms of a strategic investment plan to invest and/or raise finance in hard currencies based on specific and pre-determined portfolio allocations. As a result, exchange differences arising on the translation of those entities into the reporting currency of the Group are deferred in other comprehensive income until being realised, as opposed to being reported in the income statement on a continuous basis.

1. Accounting policies (continued)

(VIII) Critical accounting judgements and critical accounting estimates and assumptions (continued)

Accounting for the effect of the RMH Unbundling

On 31 March 2020 Remgro announced that it will proceed with the full distribution of its 28.2% interest in RMH (RMH Unbundling). Judgement was applied to determine the effective date of the transaction and the date that significant influence in FirstRand was lost. Based on an analysis of the relevant criteria, it was concluded that the investment in RMH met the criteria for classification as an asset held for distribution on 31 March 2020, as it was highly likely at that stage that the distribution would occur within a year.

Remgro's investment in RMH was previously classified as an associate and accounted for using the equity method, but with effect from 31 March 2020 the investment met the criteria to be classified as a disposal group under *IFRS 5* and was classified as a non-current asset held for distribution. For the comparative year the investment in RMH was equity accounted for the nine months to 31 March 2020. As a result of the RMH Unbundling, earnings and headline earnings measures are also presented for continuing operations and discontinued operations. The investment in RMH was treated as a discontinued operation and, accordingly, results from discontinued operations for the 2020 financial year included the equity accounted income of RMH, as well as the accounting profit realised on the RMH Unbundling.

FirstRand was equity accounted until 8 June 2020, the date on which Remgro ceased to have significant influence over FirstRand, due to the RMH Unbundling and Remgro no longer being entitled to board representation, and the investment was reclassified from an equity accounted investment to a financial asset at fair value through other comprehensive income realising an accounting profit on the reclassification (FirstRand Reclassification).

Critical estimates and assumptions

Deferred tax on investments

The Group provides deferred tax on all temporary differences between the carrying value and tax base on investments, measuring the estimated tax consequences based on the manner in which the entity, at the reporting date, expects to recover the carrying value of its various investments:

- Equity accounted investments' carrying values are mainly recovered through non-taxable dividends and deferred tax on temporary differences is therefore raised at nil percent.
- Financial instruments at fair value's carrying values are recovered through sale and dividends, therefore the Group assesses the most likely manner in which the carrying value will be realised and, based on that, uses a combination of the dividend tax rate or the capital gains tax rate to determine deferred tax on related temporary differences.

Impairments and expected credit losses

The Covid-19 pandemic continues to impact the global economy and affected the Group's investments across several industries. These factors were considered to represent impairment indicators and, accordingly, non-financial assets were tested for impairment in terms of the Group's accounting policies as stated above. Significant impairment losses for property, plant and equipment (note 10.1), intangible assets (note 10.3) and investments (note 4.4) were accounted for in the prior year. Refer to these notes for further detail.

Furthermore, the grim financial outlook impacted debtors' ability to repay their debts, thus leading to increased expected credit losses on loans and receivables in the 2020 financial year. Refer to notes 10.5 and 13.2 for further detail.

As an indirect consequence of the pandemic, the value of assets measured at fair value decreased in line with the global recession at 30 June 2020, with a recovery from a lower base at 30 June 2021.

Higher inventory levels of certain categories of products resulted in additional inventory provisions due to the impact of vintage changes in the next financial year. Refer to note 10.6 for further detail.

Other significant estimates and assumptions

Significant estimates and assumptions were used in determining and/or measuring:

- the useful lives and residual values of investment properties, property, plant and equipment and intangible assets;
- retirement benefit obligations; and
- share-based payments expenses.

Details of these estimates and assumptions are set out in the relevant notes to the Annual Financial Statements.

2. Segment report

R million	Year ended 30 June 2021 Headline earnings[1]	30 June 2021 Net assets Book value[2]	Intrinsic value	Year ended 30 June 2020 Headline earnings[1]	30 June 2020 Net assets Book value[2]	Intrinsic value
Healthcare						
Mediclinic	**674**	**24 581**	**19 358**	1 655	27 443	18 769
Consumer products						
RCL Foods	**759**	**8 262**	**6 926**	92	7 189	6 029
Distell – entity contribution	**538**	**7 578**	**11 665**	165	7 128	5 330
– *IFRS 3* charge[3]	**(47)**	**–**	**–**	(47)	–	–
Siqalo Foods – entity contribution	**405**	**6 226**	**7 277**	414	6 285	6 145
– *IFRS 3* charge[3]	**(79)**	**–**	**–**	(79)	–	–
Financial services						
RMI	**898**	**10 174**	**14 713**	599	9 736	13 708
Business Partners	**23**	**1 273**	**1 273**	25	1 244	1 232
Infrastructure						
CIVH	**(435)**	**4 981**	**12 054**	(649)	4 458	10 584
Grindrod	**16**	**842**	**842**	(12)	532	532
SEACOM	**26**	**23**	**799**	(10)	8	909
Other infrastructure interests	**17**	**701**	**701**	(45)	226	226
Industrial						
Air Products	**322**	**1 063**	**4 523**	333	1 264	3 979
TotalEnergies	**366**	**2 242**	**2 539**	(20)	2 029	2 515
Wispeco	**264**	**1 229**	**1 188**	80	1 008	810
Other industrial interests	**62**	**198**	**415**	(126)	205	309
Diversified investment vehicles						
KTH	**(182)**	**1 456**	**2 044**	(164)	1 601	1 961
Milestone III	**–**	**1 234**	**1 234**	–	1 251	1 251
Prescient China Equity Fund	**–**	**1 211**	**1 211**	–	1 156	1 156
Other diversified investment vehicles	**(78)**	**1 449**	**1 567**	(91)	1 050	1 107
Media						
eMedia Investments	**43**	**815**	**616**	78	805	947
Other media investments	**10**	**3**	**137**	–	41	41
Portfolio investments						
FirstRand	**191**	**7 659**	**7 659**	657	7 068	7 068
Other portfolio investments	**56**	**661**	**661**	38	782	782
Social impact investments	**(66)**	**135**	**135**	19	331	331
Central treasury						
Finance income/cash at the centre	**212**	**9 706**	**9 706**	479	17 073	17 073
Finance costs/debt at the centre	**(861)**	**(7 821)**	**(7 821)**	(949)	(15 288)	(15 288)
Other net corporate costs/assets	**(249)**	**2 178**	**2 919**	(705)	2 148	2 817
Continuing operations	**2 885**	**88 059**	**104 341**	1 737	86 773	90 323
Discontinued operations	**–**	**–**		1 430	–	–
Potential CGT liability			**(4 150)**			(3 050)
Total	**2 885**	**88 059**	**100 191**	3 167	86 773	87 273

Additional segmental information is disclosed in note 12.1.

(1) *Refer to note 3.1 for the calculation of headline earnings.*
(2) *Total book value equals shareholders' equity.*
(3) *IFRS 3 charge represents the amortisation and depreciation expenses, net of tax, relating to the additional assets identified when Remgro obtained control over these entities.*

2. Segment report (continued)

Change to platforms

Remgro changed the platforms under which the results of investee companies are being reported to the Chief Operating Decision-Maker. *The Media and sport* and *Other investments* platforms were replaced by the following new platforms:

- *Media* (consisting mainly of eMedia Investments);
- *Portfolio investments* (non-strategic investments consisting mainly of FirstRand and BAT);
- *Diversified investment vehicles* (entities whose main business is to make investments consisting mainly of KTH, the Asian funds, Invenfin and PRIF); and
- *Social impact investments* (consisting mainly of the Blue Bulls rugby franchise and SAS).

Comparative figures have been re-presented accordingly.

Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company, who makes strategic decisions. Each significant investment is classified as an operating segment. Operating segments are presented in platforms. Platforms consist of investments with similar economic characteristics.

The measures the Chief Operating Decision-Maker uses are headline earnings and the intrinsic net asset value (INAV). The INAV is used to assess shareholder value created as well as the performance of each operating segment. It is therefore presented as part of the Group's segment information. The intrinsic value of assets is determined as follows:

- Listed investments – number of shares held multiplied by the quoted share price at the reporting date (level 1);
- Unlisted investments – valuations using the principles as prescribed in *IFRS 13* (level 3);
- Cash and debt at the centre – IFRS carrying value. Cash at the centre excludes cash held by subsidiaries that are separately valued (mainly RCL Foods, Distell, Siqalo Foods and Wispeco); and
- Other corporate assets – IFRS carrying value, with the exception of investment properties (level 3) included at fair value as disclosed in note 10.2.

Refer to note 14.3 that indicates which investments are listed and which are unlisted. The INAV will not necessarily correspond with the values per the statement of financial position, since the latter is measured in accordance with IFRS as described in the Group's accounting policies.

The potential capital gains tax (CGT) liability is calculated on the specific identification method using the most favourable calculation for investments acquired before 1 October 2001 and taking into account the corporate relief provisions. The fair values of investments at FVOCI are disclosed net of deferred CGT.

Valuation of unlisted investments

The main assumptions used in the valuation of unlisted investments were discount rates, which varied between 10.7% and 13.7% (2020: 11.0% and 13.8%), and terminal growth rates, which varied between 1.0% and 5.0% (2020: 5.5% and 1.0%). Where the discounted cash flow method is used as valuation methodology, the forecast free cash flow period is limited to a maximum of five years.

Where Remgro holds a non-controlling interest, a tradeability discount (or discount for lack of control) is applied. No control premiums are applied.

Continuing from the previous reporting period, Covid-19 and the resultant lockdown regulations decimated an already weak economy, exposing longstanding fault lines. Certain sectors of the economy were less affected and financial results have surprised to the upside. To ensure an appropriate forecasting base for future cash flow projections, careful attention was paid to the recovery assumptions. Discussions with investee management centered around expected impact on revenue and recovery, operating margins, capital expenditure, working capital requirements and measures undertaken to remain profitable.

Remgro's unlisted investments were valued as follows:

Investment	Valuation methodology
Air Products	Discounted cash flow method
Business Partners	Net asset value (NAV)
CIVH	Discounted cash flow method
eMedia Investments	Comparable market price
KTH	Sum-of-the-parts (external valuation)
Milestone III	Sum-of-the-parts
PGSI	Discounted cash flow method
Prescient China Equity Fund	Sum-of-the-parts
PRIF	Sum-of-the-parts
SEACOM	Discounted cash flow method
Siqalo Foods	Discounted cash flow method
TotalEnergies	Discounted cash flow method
Wispeco	Discounted cash flow method

Non-current assets, amounting to R32 988 million (2020: R35 913 million), are located in foreign countries.

2. Segment report (continued)

Segmental income statement

R million	RCL Foods[1]	Distell	Siqalo Foods[1]	Wispeco	Inter-segment elimi-nations	Other segments	Total as per income statement
30 June 2021							
Revenue	**31 688**	**28 254**	**3 088**	**2 925**	**(152)**	**–**	**65 803**
Depreciation	**(825)**	**(732)**	**(53)**	**(63)**	**–**	**(38)**	**(1 711)**
Amortisation	**(98)**	**(81)**	**(1)**	**–**	**–**	**(315)**	**(495)**
Interest received	**37**	**66**	**20**	**2**	**–**	**321**	**446**
Finance costs	**(326)**	**(357)**	**(1)**	**(7)**	**–**	**(857)**	**(1 548)**
Net impairments of investments, assets and goodwill	**(15)**	**59**	**–**	**–**	**–**	**995**	**1 039**
Equity accounted investments	**(5)**	**59**	**–**	**–**	**–**	**1 078**	**1 132**
Property, plant and equipment	**(10)**	**–**	**–**	**–**	**–**	**(83)**	**(93)**
Profit on sale and dilution of investments	**19**	**11**	**–**	**–**	**–**	**(13)**	**17**
Bargain purchase gain	**–**	**–**	**8**	**–**	**–**	**–**	**8**
Taxation	**(339)**	**(669)**	**(105)**	**(110)**	**–**	**88**	**(1 135)**
Share of after-tax profit of equity accounted investments	**147**	**114**	**–**	**–**	**–**	**1 357**	**1 618**
Net profit for the year	**996**	**2 003**	**280**	**288**	**–**	**1 488**	**5 055**
Attributable to equity holders	**993**	**1 936**	**280**	**286**	**–**	**55**	**3 550**
Non-controlling interest	**3**	**67**	**–**	**2**	**–**	**1 433**	**1 505**
30 June 2020							
Revenue	27 804	22 370	2 712	1 991	(145)	–	54 732
Depreciation	(838)	(702)	(46)	(60)	–	(36)	(1 682)
Amortisation	(97)	(107)	(3)	–	–	(316)	(523)
Interest received	33	54	24	–	–	751	862
Finance costs	(488)	(435)	(1)	(7)	–	(945)	(1 876)
Net impairments of investments, assets and goodwill	(1 520)	(252)	–	–	–	(2 462)	(4 234)
Equity accounted investments	(19)	(203)	–	–	–	(635)	(857)
Property, plant and equipment	(588)	(49)	–	–	–	–	(637)
Intangible and other assets	(913)	–	–	–	–	(1 827)	(2 740)
Profit on sale and dilution of investments	–	11	–	–	–	4 209	4 220
Fair value adjustment on exchangeable bonds' option	–	–	–	–	–	2	2
Bargain purchase gain	278	–	–	–	–	–	278
Taxation	156	(305)	(122)	(22)	–	(159)	(452)
Share of after-tax profit/(loss) of equity accounted investments	165	97	–	–	–	(2 534)	(2 272)
Discontinued operations	–	–	–	–	–	8 755	8 755
Net profit for the year	(959)	394	300	78	–	6 770	6 583
Attributable to equity holders	(901)	312	300	76	–	6 859	6 646
Non-controlling interest	(58)	82	–	2	–	(89)	(63)

(1) *The company reports on the retail calendar of trading weeks that treats each financial year as an exact 52-week period, incorporating trade from Monday to Sunday each week. This treatment effectively results in the loss of a day (or two in a leap year) per calendar year. These days are brought to account approximately every six years by including a 53rd week.*

3. Results

3.1 Earnings

R million	30 June 2021 Gross	30 June 2021 Net	30 June 2020 Gross	30 June 2020 Net
Headline earnings reconciliation				
Continuing operations				
Net profit/(loss) for the year attributable to equity holders (earnings)		**3 550**		(2 109)
– Impairment of equity accounted investments	**22**	**22**	930	788
– Reversal of impairment of equity accounted investments	**(1 154)**	**(1 114)**	(73)	(73)
– Impairment of property, plant and equipment	**97**	**83**	639	342
– Reversal of impairment of property, plant and equipment	**(3)**	**(3)**	(2)	(2)
– Impairment of investment properties	**–**	**–**	10	6
– Impairment of intangible and other assets	**–**	**–**	2 730	2 456
– Bargain purchase gain	**(8)**	**(8)**	(278)	(191)
– Profit on sale and dilution of equity accounted investments	**(29)**	**(17)**	(4 241)	(4 234)
– Loss on sale and dilution of equity accounted investments	**12**	**12**	21	21
– Capital gains taxation on investments at FVOCI	**–**	**–**	–	20
– Profit on disposal of property, plant and equipment	**(249)**	**(101)**	(56)	(21)
– Loss on disposal of property, plant and equipment	**17**	**9**	18	12
– Non-headline earnings items included in equity accounted earnings of equity accounted investments	**468**	**452**	4 725	4 722
– (Profit)/loss on disposal of property, plant and equipment	**(31)**	**(29)**	16	15
– Profit on sale of investments	**(70)**	**(65)**	(130)	(129)
– Loss on sale of investments	**76**	**76**	8	8
– Impairment of investments, assets and goodwill	**507**	**484**	4 810	4 807
– Other headline earnings adjustable items	**(14)**	**(14)**	21	21
Headline earnings from continuing operations		**2 885**		1 737
Discontinued operations				
Net profit for the year attributable to equity holders (earnings)		**–**		8 755
– Profit on sale of equity accounted investments	**–**	**–**	(7 360)	(7 360)
– Non-headline earnings items included in equity accounted earnings of equity accounted investments				
– Loss on sale of investments	**–**	**–**	35	35
Headline earnings from discontinued operations		**–**		1 430
Total headline earnings from continuing and discontinued operations		**2 885**		3 167

3. Results (continued)

3.2 Per share measures

Cents	30 June 2021	30 June 2020
Earnings per share		
Total headline earnings per share		
Basic	**510.6**	560.6
Continuing operations	**510.6**	307.5
Discontinued operations	**–**	253.1
Diluted	**508.1**	558.4
Continuing operations	**508.1**	305.6
Discontinued operations	**–**	252.8
Earnings per share		
Basic	**628.3**	1 176.4
Continuing operations	**628.3**	(373.3)
Discontinued operations	**–**	1 549.7
Diluted	**625.5**	1 173.6
Continuing operations	**625.5**	(373.9)
Discontinued operations	**–**	1 547.5
Dividend per share		
Ordinary	**90**	265
Interim	**30**	215
Final	**60**	50
Asset value per share		
Intrinsic net asset value (Rand)	**177.33**	154.47
Book net asset value (Rand)	**155.86**	153.59
Remgro share price (Rand)	**114.60**	99.90
Percentage discount to intrinsic net asset value (%)	**35.4**	35.3

3. Results (continued)

3.2 Per share measures (continued)

Earnings per share

In determining earnings per share and headline earnings per share, the weighted number of shares in issue after deduction of treasury shares was used as denominator.

Reconciliation of the weighted number of shares	**30 June 2021 Number of shares**	30 June 2020 Number of shares
Number of shares in issue at the beginning of the year	**568 273 994**	568 273 994
Weighted number of treasury shares	**(3 289 232)**	(3 312 695)
Weighted number of shares	**564 984 762**	564 961 299

Diluted earnings per share

In determining diluted earnings per share and diluted headline earnings per share, the weighted number of shares in issue was adjusted for the deemed dilutive effect of the offers accepted by participants in the Remgro Equity Settled Share Schemes (the Schemes), but not yet delivered.

The delivery of scheme shares to participants will be regarded as an issue of shares. As the market value (fair value) of the shares at date of delivery will differ from the offer value, the number of shares represented by the difference will be regarded as an issue of ordinary shares for no consideration.

Some subsidiary and equity accounted investments have similar management incentive schemes as well as other instruments that can dilute these companies' earnings in the future. To calculate Remgro's diluted earnings per share, R6 million (2020: R7 million) and R6 million (2020: R8 million) were offset against earnings and headline earnings respectively to account for the potential dilutive effect.

Reconciliation of the weighted number of shares in issue for diluted earnings per share	**30 June 2021 Number of shares**	30 June 2020 Number of shares
Weighted number of shares	**564 984 762**	564 961 299
Adjustment for potential dilutive effect of the Remgro share schemes	**1 571 534**	779 809
Diluted weighted number of shares	**566 556 296**	565 741 108

Asset value per share

In determining asset value per share the number of shares in issue, after deduction of treasury shares, was used as denominator (refer to note 7.1.3) and intrinsic NAV and book NAV, as per the segment report, as the respective nominators.

3.3 Cash dividend declared after year-end

A final gross dividend of 60 cents (2020: 50 cents) per share has been declared out of income reserves in respect of both the ordinary shares of no par value and the unlisted B ordinary shares of no par value, for the year ended 30 June 2021.

A dividend withholding tax of 20% or 12 cents per share will be applicable, resulting in a net dividend of 48 cents per share, unless the shareholder concerned is exempt from paying dividend withholding tax or is entitled to a reduced rate in terms of an applicable double-tax agreement.

The total gross dividend per share for the year ended 30 June 2021 therefore amounts to 90 cents, compared to 265 cents for the year ended 30 June 2020. The final dividend of 2020, as well as the interim and final dividends of 2021, were adjusted downwards to take into account the RMH Unbundling during the prior year and the ongoing impact of the Covid-19 pandemic.

The issued share capital at the declaration date is 529 217 007 ordinary shares and 39 056 987 B ordinary shares.

4. Investments

R million	30 June 2021	30 June 2020
Associates	**44 756**	46 347
Joint ventures	**5 451**	4 644
Investments – equity accounted	**50 207**	50 991
Loans to equity accounted investments - Current	**94**	–
	50 301	50 991
Financial assets at fair value through other comprehensive income	**14 342**	12 505
Total investments	**64 643**	63 496

4.1 Investments – equity accounted

Equity accounted investments

Investments accounted for using the equity method consist of joint ventures (entities or arrangements over which Remgro has joint control stemming from contractual rights) and associates (entities in which the Group has significant influence, but not control; normally accompanying a shareholding of between 20% and 50% of voting rights in the investment).

The equity method of accounting

Under the equity method of accounting investments are initially recognised at cost. The carrying value includes goodwill identified on acquisition. Subsequent to initial recognition, the carrying value of the investment is adjusted to recognise the Group's share of the post-acquisition profits or losses, movements in other comprehensive income and other equity movements, with the corresponding entry accounted for in either the income statement (for the Group's share of profits and losses) or other comprehensive income (for the Group's share of other comprehensive income and other equity movements after considering the substance of each transaction). Dividends received are accounted for against the carrying value of the investment. The Group ceases to account for its share of losses once those equal or exceed its interests in the investment (which includes any long-term loans that in substance form part of the Group's net investment).

Accounting policies of equity accounted investments have been changed where necessary to ensure consistency with the policies adopted by the Group.

Unrealised gains and losses on transactions between the Group and its equity accounted investments are eliminated to the extent of the Group's interest in these investments, unless losses provide evidence of impairment of the underlying asset.

The Group determines whether there is any objective evidence that its investments are impaired at each reporting date. An impairment is the difference between the lower recoverable amounts of the equity accounted investment and its carrying value and is recognised in the income statement.

If the ownership interest in an equity accounted investment is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Equity transactions by these entities that cause a dilution in the Group's ownership interest are likewise treated as part disposals.

Critical judgements

The most critical judgement exercised relates to the classification of investments as associates rather than subsidiaries or financial instruments at fair value. There are also investments, with specific reference to the investment in Mediclinic, in which Remgro holds an interest of less than 50% of the voting rights, but over which the Group may have *de facto* control. The directors considered whether the Group has *de facto* control over this investment and concluded that Remgro does not control Mediclinic. Mediclinic's relevant activities are controlled by Mediclinic's board of directors. Remgro does not have the right to appoint a majority of Mediclinic board members and, accordingly, cannot control Mediclinic's relevant activities. Accordingly, Mediclinic is accounted for as an associate using the equity method and not as a subsidiary. Remgro is believed to have had significant influence over the investment in FirstRand, although it had an interest of less than 20% in this entity. As Remgro had board representation, was one of the major shareholders of this investment and had a shareholders agreement in place, its influence over FirstRand's financial and operating policies was significant. Accordingly, this investment was classified as an associate and not as a financial instrument at fair value. In June 2020, due to the unbundling of RMH, Remgro lost significant influence over FirstRand and reclassified the investment at fair value held through other comprehensive income. Remgro holds an interest of 50% in Air Products' voting rights, but has neither control, nor joint control over the entity's relevant activities. Accordingly, Remgro has significant influence over Air Products and it is classified as an associate.

Remgro also has investments in which it holds more than 50% of the voting rights but where an assessment of its influence over the business's relevant activities indicated that it does not have control. With reference to CIVH in which Remgro held 55.2% on 30 June 2021, the limitations placed on shareholders by the entity's Memorandum of Incorporation effectively gives Remgro joint control over the entity.

4. Investments (continued)

4.1 Investments – equity accounted (continued)

The Group's principal associates and joint ventures are:

Investment	Classification	Business
Air Products	Associate	Produces oxygen, nitrogen, argon, hydrogen and carbon dioxide for sale in gaseous form by pipeline under long-term contracts to major industrial users
Mediclinic	Associate	Incorporated in the United Kingdom and operates private medical facilities in South Africa, the Middle East, Switzerland and the United Kingdom
RMI	Associate	South African investment holding company with significant investments in the insurance sector
TotalEnergies	Associate	Refines and markets petroleum and petroleum in South Africa, as well as distributes to neighbouring countries.
CIVH	Joint venture	South African holding company that builds, owns, maintains and monitors its fibre-optic network and related infrastructure

4.1.1 Associates

	30 June 2021			30 June 2020		
R million	***Listed***	***Unlisted***	**Total**	*Listed*	*Unlisted*	Total
Shares – at cost	**25 650**	**3 592**	**29 242**	24 554	3 473	28 027
Equity adjustment	**11 267**	**4 230**	**15 497**	13 964	4 245	18 209
Carrying value	**36 917**	**7 822**	**44 739**	38 518	7 718	46 236
Non-current loans	**–**	**17**	**17**	–	111	111
Current loans	**–**	**91**	**91**	–	–	–
	36 917	**7 930**	**44 847**	38 518	7 829	46 347
Market values of listed investments	**35 575**			33 611		

Reconciliation of carrying value at the beginning and end of the year (R million)	**30 June 2021**	30 June 2020
Carrying value at the beginning of the year	**46 347**	65 094
Share of net attributable profit/(loss) of associates	**2 216**	(99)
Dividends received from associates	**(894)**	(2 589)
Investments made	**179**	64
Investments disposed	**(36)**	–
Dilutionary effects	**(12)**	(21)
Exchange rate differences[(1)]	**(2 688)**	5 560
Reversal of impairments/(impairments) (refer note 4.4)	**1 075**	(899)
Equity accounted movements on reserves	**(1 338)**	2 537
Loans advanced	**27**	9
Loan repaid	**(29)**	(66)
RMH Unbundling (refer note 10.11)	**–**	(17 182)
FirstRand reclassified to investment – FVOCI (refer note 10.11)	**–**	(6 061)
Carrying value at the end of the year	**44 847**	46 347

[(1)] *Mainly due to exchange rate differences between GBP and ZAR on Mediclinic.*

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.1 Associates (continued)

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

	Year ended			
	30 June 2021		31 March 2021	
R million	**RMI**	**TotalEnergies**	**Air Products**	**Mediclinic[1]**
Summarised statement of comprehensive income				
Revenue	19 094	61 280	3 250	63 794
Profit before tax	4 426	2 026	900	2 215
Taxation	(1 140)	(558)	(249)	(533)
Profit after tax	3 286	1 468	651	1 682
Attributable to non-controlling shareholders	(341)	–	(5)	(234)
Attributable profit for the year	2 945	1 468	646	1 448
Headline earnings	2 929	1 468	643	1 514
Other comprehensive income attributable to shareholders	(1 212)	–	1	(2 407)
Total comprehensive income attributable to shareholders	1 733	1 468	647	(959)
Summarised statement of financial position				
Net advance, loans and bank-related securities	1 140	–	–	–
Intangible assets	213	263	15	20 944
Property, plant and equipment and other	1 673	5 653	2 425	86 205
Investments and loans	46 060	1 714	134	237
Current assets	5 042	19 028	850	24 320
Total assets	54 128	26 658	3 424	131 706
	(26 838)	(17 656)	(1 049)	(75 466)
Non-controlling interest	(1 789)	–	(18)	(2 329)
Non-current liabilities	(22 763)	(2 204)	(585)	(59 635)
Current liabilities	(2 286)	(15 452)	(446)	(13 502)
Net assets	27 290	9 002	2 375	56 240
Reconciliation to carrying value				
Remgro's effective interest	30.65%	24.90%	50.00%	44.56%
Remgro's effective interest in net assets	8 364	2 242	1 188	25 061
Goodwill	1 810	–	–	3 418
Dividends received subsequent to associates' reporting date	–	–	(125)	–
Cumulative impairment	–	–	–	(3 898)
Carrying value at 30 June 2021	10 174	2 242	1 063	24 581
Fair value of listed investments	14 713	–	–	19 358
Dividends received	106	149	525	–

(1) *Remgro's interest in Mediclinic on 31 March 2021. The Group pledged 30 949 879 Mediclinic shares as security for the exchangeable bonds. The bonds were settled during the year under review.*

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.1 Associates (continued)

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

	Year ended			
				31 March
	30 June 2020			2020
R million	RMI	RMH[(1)]	FirstRand[(2)]	Mediclinic[(3)]
Summarised statement of comprehensive income				
Revenue	16 575	22	62 915	57 837
Profit/(loss) before tax	2 941	32 689	23 628	(5 159)
Taxation	(1 031)	(93)	(4 848)	(450)
Profit/(loss) after tax	1 910	32 596	18 780	(5 609)
Attributable to non-controlling shareholders	(318)	–	(614)	(394)
Attributable profit/(loss) for the year	1 592	32 596	18 166	(6 003)
Headline earnings	1 956	5 377	17 326	3 715
Other comprehensive income attributable to shareholders	1 583	(821)	6 468	2 983
Total comprehensive income attributable to shareholders	3 175	31 775	24 634	(3 020)
Summarised statement of financial position				
Net advances, loans and bank-related securities	1 338	–	155 345	–
Intangible assets	117	–	11 638	25 122
Property, plant and equipment and other	1 706	–	17 844	93 967
Investments and loans	45 478	4 292	9 593	4 076
Current assets	2 742	762	11 854	26 023
Total assets	51 381	5 054	206 274	149 188
	(25 533)	(94)	(68 745)	(87 188)
Non-controlling interest	(1 697)	–	(14 391)	(2 424)
Non-current liabilities	(22 054)	(18)	(32 817)	(68 266)
Current liabilities	(1 782)	(76)	(21 537)	(16 498)
Net assets	25 848	4 960	137 529	62 000
Reconciliation to carrying value				
Remgro's effective interest	30.65%	–	–	44.56%
Remgro's effective interest in net assets	7 922	–	–	27 626
Goodwill/bargain purchase adjustment	1 814	–	–	3 715
Impairment	–	–	–	(3 898)
Carrying value at 30 June 2020	9 736	–	–	27 443
Fair value of listed investments	13 708	–	–	18 769
Dividends received	516	787	655	200

(1) *RMH was classified as a discontinued operation on 31 March 2020 and unbundled as a dividend in specie on 8 June 2020. RMH's results disclosed here are for the 12 months ended 30 June 2020.*

(2) *FirstRand was reclassified as an investment – FVOCI on 8 June 2020. FirstRand's results disclosed here are for the 12 months ended 30 June 2020.*

(3) *Remgro's interest in Mediclinic on 31 March 2020. The Group pledged 30 949 879 Mediclinic shares as security for the exchangeable bonds.*

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.1 Associates (continued)

R million	30 June 2021	30 June 2020
Information pertaining to Remgro's other associates is aggregated as follows:		
Carrying value	**6 695**	9 168
The Group's share of:		
– Profit/(loss) from operations	**22**	(44)
– Other comprehensive income	**(51)**	(274)
– Total comprehensive income	**(29)**	(318)
– Headline earnings	**(202)**	(213)

4.1.2 Joint ventures

R million	30 June 2021	30 June 2020
Unlisted shares – at cost	**6 904**	5 249
Equity adjustment	**(1 525)**	(782)
Carrying value	**5 379**	4 467
Non-current loans	**72**	177
Current loans	**3**	–
	5 454	4 644
Reconciliation of carrying value at the beginning and end of the year		
Carrying value at the beginning of the year	**4 644**	5 766
Share of net attributable loss of joint ventures	**(598)**	(779)
Dividends received from joint ventures	**(34)**	(31)
Investments made[1]	**1 651**	190
Exchange rate differences	**(39)**	(33)
Reversal of impairments/(impairments) (refer note 4.4)	**(64)**	14
Equity accounted movements on reserves	**(60)**	(11)
Loans advanced	**31**	168
Investments disposed	**(68)**	4
Dark Fibre Africa loans reclassified to debtors and short-term loans	**–**	(468)
Loans repaid	**(9)**	(176)
Carrying value at the end of the year	**5 454**	4 644

[1] *During the year under review, Remgro participated in CIVH's rights issue by investing R1 636 million.*

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.2 Joint ventures (continued)

Set out below is the summarised financial information, as well as a reconciliation of that information to the carrying amount of CIVH, the Group's most significant joint venture that is accounted for using the equity method.

R million	30 June 2021 CIVH	30 June 2020 CIVH
Summarised statement of comprehensive income		
Revenue	**4 759**	3 704
Depreciation and amortisation	**(1 937)**	(1 446)
Interest income	**43**	100
Interest expense	**(1 758)**	(1 915)
Loss before tax	**(1 023)**	(1 223)
Taxation	**(51)**	5
Loss after tax	**(1 074)**	(1 218)
Attributable to non-controlling shareholders	**20**	10
Attributable loss for the year	**(1 054)**	(1 208)
Headline earnings	**(797)**	(1 269)
Total comprehensive income attributable to shareholders	**(1 054)**	(1 208)
Summarised statement of financial position		
Non-current assets	**27 363**	25 871
Cash and cash equivalents	**1 031**	523
Other current assets	**829**	914
Total assets	**29 223**	27 308
	(20 587)	(20 342)
Non-controlling interest	**(30)**	(57)
Non-current financial liabilities	**(13 547)**	(16 639)
Other non-current liabilities	**(1 907)**	(1 537)
Current financial liabilities (excluding trade and other payables and provisions)	**(3 652)**	(870)
Current liabilities	**(1 451)**	(1 239)
Net assets	**8 636**	6 966
Reconciliation to carrying value		
Remgro's effective interest	**55.16%**	54.69%
Remgro's effective interest in net assets	**4 764**	3 810
Goodwill	**217**	180
Carrying value at 30 June	**4 981**	3 990

R million	30 June 2021	30 June 2020
Information pertaining to Remgro's other joint ventures is aggregated as follows:		
Carrying value	**526**	653
The Group's share of:		
– Loss from operations	**(37)**	(121)
– Other comprehensive income	**(7)**	(4)
– Total comprehensive income	**(44)**	(125)
– Headline earnings	**(38)**	(17)

4. Investments (continued)

4.1 Investments – equity accounted (continued)

4.1.3 Accounting periods

The following principal equity accounted investments have different year-ends to that of the Group:

Investment	Financial year-end	Reporting period used to equity account
Associates		
Air Products	30 September	12 months ended 31 March 2021
Business Partners	31 March	Year ended 31 March 2021
eMedia Investments	31 March	Year ended 31 March 2021
Grindrod	31 December	12 months ended 30 June 2021
Grindrod Shipping	31 December	12 months ended 30 June 2021
Mediclinic	31 March	Year ended 31 March 2021
PGSI	25 December	12 months ended 25 June 2021
SEACOM	31 December	12 months ended 30 June 2021
TotalEnergies	31 December	12 months ended 30 June 2021
Joint venture		
CIVH	31 March	Year ended 31 March 2021

The "reporting period used to equity account" the above investments was used as it is impractical to adjust their reported numbers to conform to the Group's reporting period. Significant events and transactions in the intermediate period are adjusted for. Significant adjustments for the current period relate to the conversion of Mediclinic at the 30 June 2021 exchange rate as its presentation currency is British pound.

No adjustments as a result of Covid-19 were made to the results of any equity accounted investments on any lag period between the individual companies and 30 June 2021. The individual equity accounted investments have already provided for Covid-19 adjustments in their respective reported results and have not reported any significant subsequent post-balance sheet events.

4.2 Equity adjustment

R million	30 June 2021	30 June 2020
Share of after-tax profit/(loss) of equity accounted investments		
Profit before taking into account impairments and non-recurring items	**3 404**	5 176
Net impairment of investments, assets and goodwill	**(507)**	(4 810)
Profit/(loss) on the sale of investments	**(6)**	87
Other headline earnings adjustable items	**14**	(21)
Profit before tax and non-controlling interest	**2 905**	432
Taxation	**(1 111)**	(952)
Non-controlling interest	**(176)**	(358)
Share of net attributable profit/(loss) of equity accounted investments – per income statement	**1 618**	(878)
Continuing operations	**1 618**	(2 272)
Discontinued operations	**–**	1 394
Dividends received from equity accounted investments	**(928)**	(2 620)
Share of net profit/(loss) retained by equity accounted investments	**690**	(3 498)
Non-controlling interest of subsidiaries	**(12)**	(21)
RMH Unbundling	**–**	(9 136)
FirstRand Reclassification	**–**	(4 440)
Dilution loss of interest in equity accounted investments	**(102)**	(139)
Equity adjustment transferred to non-distributable reserves (Refer to statement of changes in equity)	**576**	(17 234)

4.3 Investments – FVOCI

Other long-term financial instruments are classified at initial recognition by applying irrevocable choice to designate the instruments as at fair value through other comprehensive income. This classification is appropriate as the Group does not intend to actively trade these assets and are thus carried at fair value through other comprehensive income. Unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised through other comprehensive income in the period in which they arise. Accumulated fair value adjustments relating to financial instruments at fair value through other comprehensive income are never reclassified to the income statement, but are, along with the related current and deferred CGT, transferred to retained earnings.

4. Investments (continued)

4.3 Investments – FVOCI (continued)

R million	30 June 2021 Listed	30 June 2021 Unlisted	30 June 2021 Total	30 June 2020 Listed	30 June 2020 Unlisted	30 June 2020 Total
Investments – FVOCI	**11 934**	**2 408**	**14 342**	10 542	1 963	12 505
Fair values of listed investments	**11 934**	**–**	**11 934**	10 542	–	10 542
Valuation of unlisted investments	**–**	**2 408**	**2 408**	–	1 963	1 963
Fair values and unlisted valuations	**11 934**	**2 408**	**14 342**	10 542	1 963	12 505

Reconciliation of carrying value at the beginning and end of the year (R million)	**30 June 2021**	30 June 2020
Carrying value at the beginning of the year	**12 505**	3 727
Fair value adjustments for the year[(1)]	**4 158**	(1 213)
Investments made	**423**	137
Received as a dividend *in specie*	**–**	138
Exchange rate adjustments	**(478)**	495
Disposals[(2)(3)]	**(2 266)**	(706)
Reclassification of FirstRand from equity accounted investment (refer note 10.11)	**–**	9 927
Carrying value at the end of the year	**14 342**	12 505

(1) *The year under review includes a fair value adjustment on the investment in FirstRand amounting to R3 300 million (2020: negative fair value adjustment of R1 558 million).*

(2) *The year under review includes a partial disposal in Milestone III of R215 million, due to the distribution done by Milestone. The net fair value gain on disposal of R180 million was transferred from fair value reserves to retained income (2020: a partial disposal in Milestone III of R686 million, due to the distribution done by Milestone). Capital gains taxation of R53 million was incurred on this transaction and accounted for in other comprehensive income.*

(3) *During May 2021 Remgro sold 40 000 000 FirstRand shares through an accelerated book build offering for a total consideration of R2 040 million. The net fair value gain realised on disposal of R216 million was transferred from fair value reserves to retained earnings. Capital gains taxation of R290 million was incurred on this transaction and accounted for in other comprehensive income. Dividends received from FirstRand during the current period amounted to R245 million.*

Significant FVOCI investments	**30 June 2021**	30 June 2020
Number of shares held in listed investments (million)		
FirstRand Limited, South Africa	**182 853 406**	219 828 140
British American Tobacco Plc, United Kingdom	**1 252 712**	1 252 712
Percentage interest held in unlisted investments[(1)]		
Milestone China Opportunities Fund III, L.P.	**28.1**	28.1
Prescient China Equity Fund	**44.1**	44.1

(1) *The Milestone China Opportunities Fund III and the Prescient China Equity Fund are managed by the respective fund managers. Remgro has a 5% interest in the Prescient Fund Manager as well as a 7.5% interest in the Milestone Fund Manager. Therefore, Remgro does not have control or significant influence in these funds.*

4. Investments (continued)

4.4 Investments – net impairments and loss allowances on loans

R million	30 June 2021	30 June 2020
Reversal of impairments/(impairments) and loss allowances on loans were recognised for the following equity accounted investments:		
Associates	**1 075**	(899)
ArcAqua (loan)	**2**	(28)
Best Global Brands Limited (Distell associate) (refer note 4.4.1)	**–**	(144)
Business Partners	**(22)**	–
Grindrod[(1)]	**488**	(596)
Grindrod Shipping[(1)]	**607**	(112)
HMH Rainbow Limited (RCL Foods associate)	**–**	(19)
Joint ventures	**(64)**	14
TD Spirits LLC (Distell joint venture)	**59**	(59)
Bos Brands (loan)[(2)]	**(123)**	–
Mainstreet 1131[(3)]	**–**	73

(1) *Impairments previously recognised were partially reversed during the year under review due to an increase in the share price which, in management's view, indicates a sustainable recovery in the sectors in which these investments operate (2020: impaired to their listed market prices following a significant decline in the share price).*

(2) *The expected credit loss provision on the loan is as a result of loss-making operations. The recoverable amount was calculated using the discounted cash flow valuation methodology.*

(3) *The reversal of impairment during the prior year is as a result of an increase in the recoverable amount of the investment.*

The current South African economic environment, further exacerbated by the Covid-19-related lockdown regulations and limitations on economic activity, led to decreased profitability in several of Remgro's investments. For this reason, management performed an impairment assessment on all of its investments. The recoverable amounts of the investments impaired were based on fair value less cost to sell. Refer to note 2 for information regarding the valuation methods and assumptions used to value Remgro's unlisted investments.

4.4.1 Best Global Brands Limited (BGB)

The devaluation of the Angolan kwanza during the current and previous financial years has negatively impacted the earnings of BGB, the owner of the Best brand. Although BGB has grown volumes and maintained market share since Distell's investment, profit margins declined substantially as a large component of raw materials used in production is imported and paid for in foreign currency. The investment in BGB is tested for impairment as a single asset, including goodwill. The recoverable amount was based on a fair value less cost of disposal calculation. The impairment calculations indicated that the carrying value of the investment, after taking into account previous impairments, was supported by the most recent cash flow projections and no further impairment provision (2020: R144 million) was therefore raised.

Post-tax cash flow projections are based on financial budgets approved by BGB management covering a five to ten-year period. A perpetual growth rate of 2.2% (2020: 3.0%) and a post-tax discount rate of 14.1% (2020: 16.5%) was assumed. A 0.5% increase in the discount rate will not result in an additional impairment. A 0.5% decrease in the growth rate will not result in an additional impairment. The fair value is classified as a level 3 fair value as the valuation inputs are unobservable.

4.4.2 Mediclinic

The listed market value of the investment in Mediclinic was R19 358 million on 30 June 2021 (2020: R18 769 million), which is significantly lower than the carrying value of R24 581 million (2020: R27 443 million) before impairment. Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates and it assumes a stable regulatory environment. These estimates are based on publicly available information such as analysts' consensus forecast and guidance provided by Mediclinic in its annual results. Given that Mediclinic, in terms of London Stock Exchange listing requirements and its Disclosure Guidance and Transparency Rules, must monitor such publicly available information for reasonability against its internal budgets and forecast and publish guidance should there be a significant deviance, management has comfort that the estimates used in the discounted cash flow calculation are reasonable.

Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings.

4. Investments (continued)

4.4 Investments – net impairments and loss allowances on loans (continued)

4.4.2 Mediclinic (continued)

The discount and terminal growth rates used for the business segments are as follows:

%	**30 June 2021** Discount rate	**30 June 2021** Terminal growth rate	30 June 2020 Discount rate	30 June 2020 Terminal growth rate
South Africa	**12.7**	**4.5**	13.0	4.5
Switzerland	**5.1**	**1.6**	5.0	1.6
Middle East	**8.7**	**3.0**	8.8	3.0

Any increase in the discount rate or decreases in the short-term cash flow projections or terminal growth rate could give rise to an impairment charge in future.

The value in use of the investment is R29 625 million and, since it is higher than the carrying value, no impairment was recognised for the year under review. No impairment was recognised during the prior year.

Sensitivity analysis of assumptions used in the impairment test:

	Movement in discount rates	***Movement in growth rates***
South Africa (%)	**+0.50**	**-0.50**
Switzerland (%)	**+0.25**	**-0.25**
Middle East (%)	**+0.50**	**-0.50**
Potential impairment (R million)	**–**	**–**

Mediclinic operates in three regions. Each of its operations were separately valued as the economic indicators for each area vary. Accordingly, the sensitivity analysis took account thereof.

4.4.3 eMedia Investments

The fair value of the investment in eMedia Investments was valued at R616 million on 30 June 2021 (2020: R947 million), which is lower than the carrying value of R815 million (2020: R805 million). Accordingly, management assessed for impairment by means of a value in use calculation. The value in use calculation is based on a discounted cash flow model. The calculation requires the use of estimates in respect of cash flows, growth and discount rates.

Cash flow projections for a five-year period were estimated and reflect management's best view of future earnings. The discount and terminal growth rates used were 12.3% and 4.5%, respectively. The value in use of the investment of R1 315 million exceeded the carrying value, thus no impairment was recognised for the year under review.

A 0.5% increase in the discount rate will not result in an additional impairment. A 0.5% decrease in the growth rate will not result in an additional impairment.

4. Investments (continued)

4.5 Dividend income

R million	30 June 2021	30 June 2020
Included in profit:		
Listed	**301**	40
Unlisted	**65**	5
	366	45
Dividends from equity accounted investments set off against investments	**928**	2 620

5. Cash position

5.1 Investment in money market funds

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

R million	30 June 2021	30 June 2020
Money market fund investments are held in the following currencies:		
SA rand	**5 010**	4 945

Local money market funds relate to investments in South African unit trusts offered by Nedgroup Collective Investments, STANLIB Collective Investments and Ninety One Corporate Money Market Fund mandated to invest only in money market instruments of major South African banks, government securities and government-related entities. These instruments carry very low credit risk (with AA+ GCR credit ratings) and provide daily liquidity but cannot be classified as cash and cash equivalents as the individual instruments held by the funds do not meet the maturity criteria of *IAS 7: Statement of Cash Flows*. These investments are categorised as “financial assets at fair value through profit and loss”. Local money market funds at 30 June 2020 included funds invested in the Absa Money Market Fund, which was withdrawn during the year under review.

5. Cash position (continued)

5.2 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in short-term interest-bearing loans.

R million	**30 June 2021**	30 June 2020
Cash at the centre	**4 726**	12 723
Operating subsidiaries	**4 037**	2 908
	8 763	15 631
The cash is held in the following currencies:		
SA rand	**5 344**	4 196
British pound	**443**	7 924
USA dollar	**2 331**	2 929
Euro	**140**	196
Botswana pula	**53**	76
New Taiwan dollar	**55**	20
Kenyan shilling	**185**	144
Namibian dollar	**110**	44
Eswatini lilangeni	**34**	30
Other	**68**	72
	8 763	15 631
At year-end cash and cash equivalents earned interest at effective interest rates that varied between 0.001% and 7.00% (2020: 0.48% and 12.57%) per annum at local financial institutions and between -0.60% and 4.83% (2020: 0.02% and 6.90%) per annum abroad.		
Cash and cash equivalents are represented by the following:		
Current accounts and call accounts	**8 761**	15 629
Cash on hand	**2**	2
	8 763	15 631
At year-end the Group's cash was invested at financial institutions with the following Moody's credit rating (unless otherwise indicated):		
Aa2	**1**	–
Aa3	**675**	4 071
A1	**2 073**	5 271
Ba1	**–**	6 076
Ba2	**5 509**	–
A- (GCR credit rating)	**100**	50
AA (S&P rating)	**400**	159
AA(NA) (GCR credit rating)	**3**	2
Cash on hand	**2**	2
	8 763	15 631

Remgro considered the expected credit losses on its investments in cash and cash equivalents and concluded that those losses would be negligible.

5.3 Cash flow information

5.3.1 Adjustments

Amortisation of intangible assets and depreciation	**2 206**	2 205
Movement in retirement benefits and provisions	**170**	174
Net movement in derivative instruments	**(125)**	14
Share scheme cost	**334**	207
Profit on the sale of property, plant and equipment	**(233)**	(39)
Other	**(32)**	(46)
	2 320	2 515

5. Cash position (continued)

5.3 Cash flow information (continued)

R million	30 June 2021	30 June 2020
5.3.2 Decrease/(increase) in working capital		
Decrease/(increase) in inventories and biological agricultural assets	**(887)**	183
Decrease/(increase) in trade and other receivables	**355**	(312)
Increase/(decrease) in trade and other payables	**780**	409
	248	280
5.3.3 Reconciliation of dividends received		
Receivable at the beginning of the year	**74**	393
Per income statement	**366**	45
Dividends from equity accounted investments set off against investments	**928**	2 620
Receivable at the end of the year	**(75)**	(74)
Cash received	**1 293**	2 984
5.3.4 Reconciliation of taxation paid with the amount disclosed in the income statement		
Paid in advance at the beginning of the year	**258**	108
Unpaid at the beginning of the year	**(154)**	(43)
Per income statement	**(1 100)**	(741)
Capital gains taxation per other comprehensive income	**(343)**	–
Provision for taxation on retirement fund assets transferred to Distell	**(117)**	–
Foreign exchange translation	**(10)**	8
Unpaid at the end of the year	**96**	154
Paid in advance at the end of the year	**(258)**	(258)
Cash paid	**(1 628)**	(772)
5.3.5 Reconciliation of dividends paid		
Per statement of changes in equity	**(452)**	(3 187)
Paid by subsidiaries to non-controlling shareholders	**(54)**	(696)
Cash paid	**(506)**	(3 883)

5.3.6 Reconciliation of liabilities arising from financing activities

R million	30 June 2020 Carrying value	*Loans advanced*	*Loans and leases repaid*	*Non-cash flow move-ments*[(1)]	30 June 2021 Carrying value
Included in debt at the centre	15 288	**–**	**(7 089)**	**(378)**	**7 821**
RCL Foods	4 371	**385**	**(421)**	**48**	**4 383**
Distell	5 251	**29**	**(523)**	**(68)**	**4 689**
Other loans and leases	38	**–**	**–**	**2**	**40**
Total loan and lease liabilities (excluding bank overdrafts)	24 948	**414**	**(8 033)**	**(396)**	**16 933**
Per statement of financial position:					
Long-term and short-term loans	25 325				**15 379**
Current and non-current lease liabilities	2 035				**1 715**
Less: Bank overdrafts	(2 412)				**(162)**

(1) *Non-cash flow movements relate mainly to foreign exchange translation reserves, accrued interest, lease liabilities recognised in terms of IFRS 16 as well as the corresponding interest incurred and remeasurements.*

6. Financing and commitments

Borrowings

Borrowings are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Preference shares issued by the Group that carry non-discretionary dividend obligations are classified as borrowings.

Compound financial liabilities

Compound financial liabilities issued by the Group comprised exchangeable bonds that may have been redeemed in either cash or Mediclinic shares or a combination thereof at the Group's discretion. At initial recognition, the derivative component was separated from the compound financial liability and recognised at fair value.

6. Financing and commitments (continued)

Compound financial liabilities (continued)

The liability component was also recognised initially at the fair value of a similar liability that does not have an exchangeable option. Subsequent to initial recognition, the liability component was measured at amortised cost, while the derivative instrument was measured at fair value. Any changes in the fair value of the derivative are accounted for in profit and loss.

Financial instruments at fair value through profit and loss

These instruments, consisting of financial instruments held for trading and those designated at fair value through profit and loss at inception, are carried at fair value. Derivatives are also classified as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these financial instruments are recognised in the income statement in the period in which they arise.

6.1 Long-term loans

R million	**30 June 2021**	30 June 2020
Included in debt at the centre	**7 821**	15 288
Exchangeable bonds of £350 million with a coupon rate of 2.625% and effective interest rate of 4.48% per annum. The bonds were settled on 22 March 2021[(1)]	**–**	7 468
20 000 Class A 7.5% cumulative redeemable preference shares Redeemable on 15 January 2024 with bi-annual dividend payments	**3 508**	3 507
10 000 Class B 7.8% cumulative redeemable preference shares (8.3% until 15 March 2021) Redeemable on 17 March 2025 with bi-annual dividend payments	**4 313**	4 313
Distell	**4 424**	4 892
Secured term and revolving facility rand loans, bearing interest at variable rates of between 4.967% – 5.167% (2020: 5.908% – 6.108%) per annum. Interest is payable quarterly and the loans are repayable in the 2022, 2023 and 2024 financial years respectively[(2)(3)]	**3 100**	3 500
Secured inventory UK pound facility, bearing interest at the Bank of England base rate plus 1.35%, for a minimum period of five years from February 2017[(3)]	**1 317**	1 392
Unsecured loans with varying terms and interest rates	**7**	–
RCL Foods	**2 652**	2 564
Term-funded debt package consisting of two bullet loans, repayable in 2023. The loans bear interest at an effective rate of Jibar with a margin of between 1.50% and 1.55% (2020: between 1.50% and 1.55%) and is guaranteed by RCL Foods[(4)]	**2 350**	2 350
Secured long-term loan with a fixed rate of three-month Jibar plus 4.08% per annum repayable annually, over a maximum period of three years[(5)]	**76**	80
Secured long-term loan with a fixed rate of prime less 1.5% (2020: fixed rate of prime less 1.5%) repayable annually, over a maximum period of three years	**183**	2
Unsecured long-term loans repayable based on the growth of the underlying operations. These loans bear interest at an effective interest rate of three-month Jibar with a margin of between 1.50% and 4.25% (2020: 1.50% and 1.55%)	**33**	35
Unsecured loans with varying terms and interest rates	**10**	97
	14 897	22 744
Instalments payable within one year transferred to short-term interest-bearing loans	**(2 919)**	(7 577)
	11 978	15 167
Payable – two to five years	**11 919**	15 089
Payable thereafter	**59**	78
	11 978	15 167

Refer to note 13.1 for the fair value of loans.

(1) *The exchangeable bonds were redeemable in either cash, Mediclinic shares or a combination thereof. It was settled in cash. The bonds were classified as a compound financial instrument and the liability and derivative components were determined at initial recognition.*

(2) *The covenants related to Distell's secured term borrowings were amended for the 30 June 2020 measurement period due to the impact that the Covid-19 regulations had on the operating activities of Distell. The covenants have since reverted to the original agreed terms and are measured by net debt to EBITDA (less than 2.75:1 (2020: 5:1)), interest cover (more than 3.5:1) and various guarantor ratios. The covenant measurements for 30 June 2021 were as follows: net debt to EBITDA 0.53:1 (2020: 3.11:1) and interest cover 11.46:1 (2020: 5.1:1).*

(3) *Distell's borrowings include secured liabilities of R4 424 million (2020: R4 892 million). These borrowings are secured by mortgages over Distell's immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5.5 billion.*

(4) *The covenants related to RCL Foods' term-funded debt package require compliance with a senior leverage ratio of <3:1 and senior interest cover of >3.5:1. For the year under review RCL Foods was within the limits of its financial covenants.*

(5) *Secured by notarial bond, bank accounts and shares held by non-controlling shareholders in Matzonox Proprietary Limited.*

6. Financing and commitments (continued)

6.2 Short-term loans

R million	30 June 2021	30 June 2020
Interest-bearing loans		
Portion of long-term interest-bearing loans payable within one year	**2 919**	7 577
Bank overdrafts	**162**	2 412
Various secured and unsecured loans with varying terms and interest rates	**316**	165
	3 397	10 154
Interest-free loans with no fixed repayment conditions	**4**	4
	3 401	10 158

6.3 Leases

The Group leases various items of property, plant and equipment under non-cancellable operating lease agreements. The leases have varying terms, renewal rights and escalation clauses. The majority of escalation clauses are linked to the consumer price index or equivalent inflation rate and there are no contingent or restrictive lease arrangements.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of property for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if applicable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the incremental borrowing rate of the Group entity incurring the lease is used. That is the rate that the individual entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and
- makes adjustments specific to the lease, for example term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. A lease agreement of which the underlying asset's value is R85 000 or less will be considered a low-value lease.

Some property and equipment leases contain extension and termination options. These options provide operational flexibility for managing the assets required for the Group's operations. The majority of extension and termination options held are exercisable only by the Group lessee entity and not by the respective lessor.

The Group sometimes provides residual value guarantees for vehicle leases to optimise costs.

6. Financing and commitments (continued)

6.3 Leases (continued)

R million	30 June 2021	30 June 2020
Lease liabilities		
Non-current	**1 440**	1 725
Current	**275**	310
	1 715	2 035
Gross lease liabilities – minimum lease payments	**2 755**	2 977
Due within one year	**427**	461
Due – two to five years	**1 137**	1 345
Due thereafter	**1 191**	1 171
Future finance charges on lease liabilities	**(1 040)**	(942)
Present value of lease liabilities	**1 715**	2 035
Due within one year	**275**	310
Due – two to five years	**765**	849
Due thereafter	**675**	876
	1 715	2 035
Right-of-use assets are included in:		
Buildings	**1 207**	1 515
Machinery and equipment	**42**	60
Vehicles	**165**	211
Office equipment	**1**	–
	1 415	1 786
Additions to right-of-use assets during the year	**166**	664
The following relating to leases are recognised in the income statement:		
Depreciation charge of right-of-use assets	**380**	400
Buildings	**271**	296
Machinery and equipment	**19**	20
Vehicles	**90**	84
Interest expense (included in finance costs)	**171**	174
Expense relating to short-term leases	**492**	539
Expense relating to leases of low-value assets (not included as short-term leases)	**37**	40
Expense relating to variable lease payments not included in lease liabilities	**118**	98
Lease repayments made during the year included in the statement of cash flows	**454**	406

6. Financing and commitments (continued)

6.4 Financial instruments at FVPL

The Group was party to the following instruments:

R million	30 June 2021	30 June 2020
Non-current assets		
Put option derivative (refer note 6.4.1)	**–**	177
Investment in LIVEKINDLY co (refer note 6.4.2)	**214**	132
	214	309
Current assets		
Foreign exchange contracts	**11**	10
Commodity option contracts	**72**	1
	83	11
Current liabilities		
Interest rate swaps (refer note 6.4.3)	**78**	134
Zero cost collar (refer note 6.5.1)	**335**	–
Foreign exchange contracts	**20**	23
Commodity option contracts	**–**	20
Interest rate collar options	**38**	102
	471	279

6.4.1 Put option derivative

The Group entered into an agreement regarding its shareholding in Saracens Copthall LLC (Copthall), which was classified as an associate up to 24 October 2018. The Group had the right to put its interest in Copthall for £8.25 million for a period of six months starting from 24 October 2021 (exercise date). The Group also had the right to repurchase its interest for £8.25 million and could share in 50% of the upside if Copthall was sold prior to the exercise date. During the 2021 financial year, Remgro exercised the put for £7.0 million and received R142 million.

6.4.2 LIVEKINDLY co (LIVEKINDLY)

During January 2020 RCL Foods secured a minority shareholding in LIVEKINDLY for R114 million. LIVEKINDLY is a start-up Swiss entity with a vision to create a vertically integrated plant-based food and beverage value chain of scale and with global reach. The increase in value at year-end is due to a fair value gain of R98 million and the foreign exchange translation of the investment. On 30 June 2021, the investment was valued at R214 million (2020: R132 million).

6.4.3 Interest rate swaps

In order to hedge specific exposures in the interest rate repricing profile of existing borrowings the Group may use interest rate derivatives to generate the desired interest profile.

Covid-19 had a major impact on the fair value losses of the interest rate swaps as the South African Reserve Bank implemented deep interest rate cuts in the aftermath of the pandemic which flowed through to the market interest rates against which the swaps were taken out.

	Final reset date	*Borrowings hedged* R million	*Interest payable* %	*Interest receivable* %	*Fair value of liability* R million
30 June 2021					
Interest rate swaps (0 – 1 year)	**19-Apr-22**	**1 000**	**7.19**	**3M Jibar**	**33**
Interest rate swaps (0 – 2 years)	**17-Apr-22**	**700**	**7.29**	**3M Jibar**	**39**
Interest rate swaps (0 – 4 years)	**25-Mar-25**	**1 000**	**3M Jibar**	**5.35**	**6**
					78
30 June 2020					
Interest rate swaps (0 – 2 year)	19-Apr-22	1 000	7.19	3M Jibar	68
Interest rate swaps (0 – 3 years)	17-Apr-22	700	7.29	3M Jibar	66
					134

3M Jibar: Three-month Johannesburg Interbank Agreed Rate.

6. Financing and commitments (continued)

6.5 Hedge derivatives

6.5.1 Zero cost collar

Fair value hedge accounting

Remgro applies *IFRS 9* hedge accounting for qualifying designated instruments that hedge the fair value of recognised assets. The hedged item is an equity instrument for which Remgro has elected to present changes in fair value in other comprehensive income. Accordingly, the hedged exposure affects other comprehensive income and recognised hedge ineffectiveness, as well as the hedge effectiveness, is presented in other comprehensive income. Remgro separated the intrinsic value and time value of an option contract and designated as the hedging instrument only the change in intrinsic value of the option.

The change in the time value of such option is recognised in other comprehensive income to the extent it relates to the hedged item (aligned time value) and is accumulated in the fair value reserve (a separate component of equity). Changes in the intrinsic value of the hedge are accumulated in the fair value hedge reserve.

Hedge accounting is discontinued prospectively only when the hedging relationship ceases to meet the qualifying criteria. If hedge accounting is discontinued in terms of *IFRS 9* for the hedging relationship that includes the change in intrinsic value of the option as the hedging instrument, the amount of the time value that has been accumulated in the separate component of equity shall be immediately reclassified into profit or loss as a reclassification adjustment.

Remgro hedged the fair value risk (i.e. the equity price risk) within a price range of the specifically designated portion of 60 million shares of its investment in FirstRand using a zero cost collar, which consists of put and call European options, which are referenced to the FirstRand share price. The effective date of the transaction was 17 June 2020 and the underlying options have an approximate lifetime of two years. The intrinsic value portion of the options was designated as a hedging instrument and is expected, over the lifetime of the instruments, to be an effective hedge. However, on measurement dates, hedge ineffectiveness is expected due to the nature of the measurement of the intrinsic value of an option using forward prices of a financial instrument versus the actual spot price thereof. A put and call option was entered into for each share hedged, resulting in a 1:1 hedge ratio. The hedge ratio remained 1:1 on the reporting date. Remgro also entered into a scrip lending agreement with the hedge provider in terms of which any dividends received on the hedged FirstRand shares during the contract term will be paid to the hedge provider as a cost of hedging.

6. Financing commitments (continued)

6.5 Hedge derivatives (continued)

6.5.1 Zero cost collar (continued)

The details of the options are as follows:

	30 June 2021		30 June 2020	
	Option 1	**Option 2**	Option 1	Option 2
Put strike price (Rand)	**36.46**	**40.51**	36.46	40.51
Call strike price (Rand)	**47.92**	**51.97**	47.92	51.97
Average forward price (Rand)	**55.82**	**55.52**	41.17	41.17
Number of options (million)	**30**	**30**	30	30
Remaining option life (years)	**1**	**1**	2	2

R million	30 June 2021	30 June 2020
The hedging instrument		
Included in the statement of financial position under the following line items:		
Non-current assets		
Hedge derivatives	**–**	101
Non-current liabilities		
Hedge derivatives	**(160)**	–
Current liabilities		
Financial liabilities at FVPL (refer note 6.4)	**(335)**	–
Carrying value of the collar instrument	**(495)**	101
Fair value of the collar instrument	**(495)**	101
Less: Intrinsic value of the collar instrument	**279**	–
Time value of the collar instrument	**(216)**	101
The change in fair value of the hedging instrument used as the basis for calculating hedge ineffectiveness for the period	**(279)**	–
The hedged item: 60 million FirstRand Limited shares		
Carrying value of hedged FirstRand shares included in investments – FVOCI	**3 215**	2 284
Investments – FVOCI included in the statement of financial position	**9 799**	8 482
The accumulated amount of fair value hedge adjustments on the hedged item	**–**	–
Change in value of the hedged shares that is used as the basis for recognising hedge ineffectiveness for the period	**292**	(147)
Hedge ineffectiveness (included in fair value adjustment of investments at FVOCI in the statement of other comprehensive income in the fair value hedge reserve)	**(13)**	(147)

The intrinsic value of the options was calculated using the estimated forward price of FirstRand at the relevant date and the strike prices of the put and call options that established the collar. The intrinsic value of the options was R279 million on the reporting date (2020: Rnil). The time value portion of the collar amounted to R216 million on the reporting date (2020: R101 million).

6.6 Commitments

R million	30 June 2021	30 June 2020
Capital commitments		
Uncompleted contracts for capital expenditure	**1 200**	639
Capital expenditure authorised but not yet contracted	**2 054**	1 174
Investments	**2 564**	486
	5 818	2 299

6.7 Borrowing powers

There are no limitations on the borrowing powers of the Company and its subsidiaries in respect of loans and guaranteed debts.

6. Financing commitments (continued)

6.8 Guarantees and contingent liabilities

R million	30 June 2021	30 June 2020
Guarantees to third parties	**3 692**	3 353

Remgro issued a guarantee to Rand Merchant Bank for a loan facility, which was granted to CIVH to fund the Vumatel acquisition. Remgro's exposure at 30 June 2021 amounted to R3 594 million (2020: R3 329 million).

7. Equity position

7.1 Stated and issued capital

7.1.1 Stated capital

Ordinary shares and B ordinary shares of the Company are classified as equity. Costs directly attributable to the issue of new shares are accounted for in equity as a deduction from the proceeds.

R million	30 June 2021	30 June 2020
Stated and issued capital		
Authorised		
1 000 000 000 ordinary shares of no par value		
100 000 000 B ordinary shares of no par value		
Issued		
529 217 007 ordinary shares of no par value	**12 729**	12 729
39 056 987 B ordinary shares of no par value	**687**	687
	13 416	13 416

Each ordinary share has one vote.
Each B ordinary share has ten votes.

7.1.2 Treasury shares

Shares in the Company held by Group companies are classified as treasury shares and are held at cost. These shares are treated as a deduction from the issued number of shares and taken into account in the calculation of the weighted average number of shares. The cost price of the shares is deducted from the Group's equity.

	30 June 2021 Number of shares	30 June 2020 Number of shares
Balances at the beginning of the year	**3 297 213**	3 334 936
Shares utilised to settle share incentive schemes' obligations	**(17 050)**	(37 723)
Balances at the end of the year	**3 280 163**	3 297 213

Remgro ordinary shares are held as treasury shares by a wholly owned subsidiary of Remgro. These shares were acquired for the purpose of hedging Remgro's obligation in terms of its share incentive scheme.

Details in respect of the SAR Scheme and the current year's offers are disclosed in note 8.

7. Equity position (continued)

7.1 Stated and issued capital (continued)

7.1.3 Shares in issue

	30 June 2021 Number of shares	30 June 2020 Number of shares
Stated capital	**568 273 994**	568 273 994
Treasury shares	**(3 280 163)**	(3 297 213)
	564 993 831	564 976 781

7.2 Reserves

7.2.1 Composition of shares

R million	30 June 2021	30 June 2020
Subsidiaries	**65 517**	63 107
Fair value reserve	**1 360**	(1 660)
Other reserves*	**2 277**	4 470
Retained earnings	**61 880**	60 297
Equity accounted investments		
Equity reserves	**9 687**	10 814
	75 204	73 921

* *Other reserves consist mainly of share scheme reserves and foreign currency translation reserves.*

7.2.2 Included in the respective reserves above are reserves arising on exchange rate translation

R million	*Equity reserves*	*Other reserves*	*Fair value reserves*	*Retained earnings*	30 June 2021 Total	30 June 2020 Total
Balances at the beginning of the year	**(592)**	**3 972**	**(67)**	**2 266**	**5 579**	(999)
Exchange rate adjustments during the year	**(308)**	**(2 401)**	**(47)**	**(1 061)**	**(3 817)**	6 578
Reclassification to the income statement	**–**	**8**	**–**	**–**	**8**	–
Balances at the end of the year	**(900)**	**1 579**	**(114)**	**1 205**	**1 770**	5 579

7. Equity position (continued)

7.3 Non-controlling interest

R million	30 June 2021	30 June 2020
Balances at the beginning of the year	**14 670**	15 092
Total comprehensive income for the year	**1 198**	237
Net profit for the year	**1 505**	(63)
Exchange rate adjustments	**(371)**	302
Fair value adjustments for the year	**30**	(45)
Reclassification to the income statement	**1**	–
Other comprehensive income of equity accounted investments	**(1)**	–
Remeasurement of post-employment benefit obligations	**34**	43
Dividends paid	**(54)**	(696)
Transactions with non-controlling shareholders	**(393)**	67
Long-term share incentive scheme reserve	**89**	(4)
Businesses acquired	**3**	–
Other movements	**4**	(26)
Balances at the end of the year	**15 517**	14 670
RCL Foods	**2 445**	2 643
Distell	**13 035**	11 996
Other non-wholly owned subsidiaries	**37**	31

The Group consists of various investing and operating subsidiaries, details of which are disclosed in note 14.2. The main operating subsidiaries are RCL Foods and Distell in which the Group has interests of 80.4% (2020: 77.1%) and 31.7% (2020: 31.8%), respectively. Remgro owns all the unlisted B-shares issued by Distell. These shares carry voting rights only and, in conjunction with the ordinary shares held, Remgro has voting rights of 56.4% (2020: 56.4%) in Distell.

RCL Foods consists of five business divisions, namely Groceries (Culinary, Pies and Beverages operations), Baking (Milling, Speciality, Sunbake bakeries and Buns and Rolls operations), Chicken (including the Chicken and grain-based feed operations), Sugar (Sugar and molasses-based feed operations) and Vector Logistics Proprietary Limited (Vector) (specialist third-party logistics provider). The group's revenue and operating profit are mainly driven by these business divisions and are presented as trading profit in the income statement. RCL Foods' non-controlling shareholders own 18.6% (2020: 22.9%) of RCL Foods. During the year under review Remgro acquired further shares in RCL Foods for R234 million.

Distell derives its revenue primarily from the production, marketing and distribution of alcoholic beverages. Distell's non-controlling shareholders own 68.3% (2020: 68.2%) of Distell.

7. Equity position (continued)

7.3 Non-controlling interest (continued)

Below is RCL Foods' and Distell's summarised financial information:

R million	30 June 2021 RCL Foods	30 June 2021 Distell	30 June 2020 RCL Foods	30 June 2020 Distell
Statement of financial position				
Assets				
Non-current assets	**11 855**	**11 228**	11 647	11 737
Current assets	**10 553**	**14 523**	10 840	13 535
	22 408	**25 751**	22 487	25 272
Equity and liabilities				
Shareholders' equity	**10 730**	**13 087**	9 878	11 583
Non-controlling interest	**(36)**	**454**	(56)	409
Non-current liabilities	**4 684**	**3 377**	5 099	6 350
Current liabilities	**7 030**	**8 833**	7 566	6 930
	22 408	**25 751**	22 487	25 272
Income statement				
Income				
Revenue	**31 688**	**28 254**	27 804	22 370
Finance income	**37**	**66**	53	61
Fair value adjustment – biological assets	**298**	**–**	284	–
Share of profit of equity accounted investments	**147**	**114**	146	97
Expenses				
Finance costs	**326**	**357**	508	442
Fair value adjustment – derivative instruments	**102**	**–**	42	–
Repairs and maintenance	**1 064**	**308**	937	237
Depreciation, amortisation and impairments	**932**	**875**	2 442	1 033
Operating lease and rental charges	**520**	**121**	520	107
Taxation	**339**	**669**	(156)	305
Profit/(loss) for the year	**996**	**2 003**	(959)	394
Profit/(loss) for the year attributable to equity holders	**993**	**1 936**	(901)	312
Profit/(loss) for the year attributable to non-controlling interest	**3**	**67**	(58)	82
Statement of comprehensive income				
Other comprehensive income	**(12)**	**(533)**	31	613
Total comprehensive income	**984**	**1 470**	(928)	1 008
Total comprehensive income attributable to equity holders	**981**	**1 403**	(870)	926
Total comprehensive income attributable to non-controlling interest	**3**	**67**	(58)	82
Dividends paid to non-controlling interest	**3**	**4**	2	9
Cash flow information				
Cash inflow from operating activities	**945**	**4 080**	2 113	1 042
Cash inflow/(outflow) from investing activities	**(1 043)**	**113**	(818)	(2 000)
Cash outflow from financing activities	**(36)**	**(499)**	(154)	(908)

7. Equity position (continued)

7.4 Capital management

The Company manages its shareholders' equity, i.e. its stated capital, reserves and treasury shares, as capital. The Group's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to shareholders in the form of dividends and capital appreciation.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue shares or repurchase shares from shareholders. For the year under review cash dividends amounting to R511 million (2020: R1 506 million) were declared. During the prior year the investment in RMH, fair valued at R23 855 million, was distributed to shareholders as a dividend *in specie* on 8 June 2020.

Refer to the statement of changes in equity for further details regarding the Group's capital.

8. Share-based payments

Equity compensation plans

The Remgro Group operates various equity settled share-based compensation plans. The fair value of offers is determined on the grant date and is accounted for as an employee services expense over the vesting period of the offer, with a corresponding increase in equity, based on the Group's estimate of the number of shares that will eventually vest. Fair value is determined using a binomial model. The expected contract life used in the model has been adjusted based on management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

Any profits or losses that realise from shares being delivered to participants of the schemes are recognised directly in equity. The proceeds received net of any directly attributable transaction costs are accounted for against treasury shares when the options are exercised.

The share-based payments that are accounted for in the financial statements are in respect of the Remgro Equity Settled Share Appreciation Right Scheme, the Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan (or the "Remgro Share Schemes"), as well as RCL Foods' and Distell's share schemes.

Background to the Remgro Share Schemes

The valuations of the Remgro Share Schemes were performed using an actuarial model that was developed by an independent third party from the standard binomial option pricing model in order to address the unique nature of the schemes, especially with regard to early exercise of offers.

The expected contract lifetimes are estimated by considering each of the tranches within that grant separately. The risk-free rate was estimated by using the implied yield on an SA zero-coupon government bond and the yield curve over the expected contract lifetimes of five, six and seven years from the offer date.

Share price volatility of ordinary shares in Remgro Limited was determined with reference to movements in the share price since 1 October 2000, that being the date from which Remgro commenced trading on the JSE.

Dividend yield was calculated using the two-year moving average dividend yield at each offer date.

8.1 Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme)

Participants of the SAR Scheme are remunerated with shares to the value of the appreciation of their rights to a specified number of Remgro ordinary shares that must be exercised within a period of seven years after the grant date.

The earliest intervals at which the share appreciation rights (SARs) are exercisable are as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Following the unbundling of RMH during the 2020 financial year, the exercise prices of all options were reduced by between R47.82 and R95.43 in order to place participants in the same position they would have been had the unbundling not taken place. During the current financial year, option lives of certain awards were extended to compensate for closed periods during which participants were not allowed to exercise options. These changes were treated as modifications to the scheme and resulted in additional expenses that will be amortised over the remaining option lives.

R million	**30 June 2021**	30 June 2020
Share-based payment cost included in the income statement	**68**	33

8. Share-based payments (continued)

8.1 Remgro Equity Settled Share Appreciation Right Scheme (SAR Scheme) (continued)

Number and weighted average option prices of all SARs offered to participants of the SAR Scheme:

	30 June 2021		30 June 2020	
	Number of SARs	**Weighted average option price (Rand)**	Number of SARs	Weighted average option price (Rand)
Carried forward from previous financial years	**3 576 141**	**130.97**	3 812 458	133.47
Forfeited during the year	**(1 193)**	**155.81**	(50 925)	215.29
Expired during the year	**–**	**–**	(59 083)	228.62
Exercised during the year	**–**	**–**	(126 309)	126.65
Outstanding at the end of the year	**3 574 948**	**130.97**	3 576 141	130.97
Exercisable at the end of the year	**2 836 887**	**133.24**	2 121 656	132.86

Exercise prices of all options:

	30 June 2021		30 June 2020	
	Number of SARs outstanding at year-end	**Weighted average remaining contract lifetime in years**	Number of SARs outstanding at year-end	Weighted average remaining contract lifetime in years
R90.00 – R99.99	**471 898**	**2.42**	471 898	3.42
R110.00 – R119.99	**673 464**	**3.41**	673 464	4.41
R120.00 – R129.99	**1 432 725**	**2.42**	1 432 811	3.42
R130.00 – R139.99	**49 919**	**2.46**	49 919	3.46
R140.00 – R149.99	**64 924**	**1.98**	65 630	2.96
R150.00 – R159.99	**92 684**	**2.12**	92 684	3.12
R160.00 – R169.99	**302 370**	**2.35**	302 370	3.35
R170.00 – R179.99	**478 466**	**2.34**	478 615	3.34
R180.00 – R189.99	**8 498**	**1.71**	8 750	2.67

Due to the extension of the option lifetimes during the year an additional R17 million was expensed during the current financial year. The 2020 weighted average remaining contract lifetime was re-presented in accordance with the modification.

8. Share-based payments (continued)

8.2 Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan

During the 2019 financial year, Remgro implemented two share-based payment plans to replace the Remgro Share Appreciation Right Scheme.

Remgro Conditional Share Plan (CSP)

The CSP provides employees with the opportunity to receive shares in the Company through the award of conditional rights to a fixed number of shares in Remgro (either in the form of performance shares or retention shares).

Awards under the CSP will vest as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

There were also special retention awards that vested as follows:

- Half of the awards granted vested after one year
- The remainder of the awards granted vested after two years

All awards under the CSP lapse after a period of 90 days following the last vesting date.

Remgro Share Appreciation Rights Plan (SAR Plan)

The SAR Plan provides employees with the opportunity to receive shares in the Company. Participants in the SAR Plan are remunerated with Remgro shares to the value of the appreciation of their rights to a specific number of Remgro ordinary shares.

The earliest intervals at which the SARs vest and are exercisable are as follows:

- One-third after the third anniversary of the grant date
- An additional third after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.

Some of the awards granted under the CSP and SAR plans will vest based on certain performance conditions. These non-market-related performance conditions will therefore not affect the value of the awards, but will affect the number of awards that vest.

Following the unbundling of RMH, the exercise prices of all options awarded under the SAR Plan were reduced by R92.69, while an additional 130 780 options were awarded under the CSP. These modifications to the plans were made to place participants in the same position they would have been had the unbundling not taken place. This change was treated as a modification to the scheme and resulted in an additional expense that will be amortised over the remaining option lives.

8. Share-based payments (continued)

8.2 Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan (continued)

R million	30 June 2021	30 June 2020
Share-based payment cost included in the income statement	66	21
Fair value of offers made during the year	200	–

Number of all CSPs offered to participants of the CSP:

	30 June 2021 Number of CSPs	30 June 2020 Number of CSPs
Outstanding at the beginning of the year	476 142	378 963
Awarded during the year	1 990 881	–
Adjustment due to RMH Unbundling	–	130 780
Awarded following Remgro dividend	1 005	473
Exercised during the year	(17 050)	(10 083)
Forfeited during the year	(38 440)	(23 991)
Outstanding at the end of the year	2 412 538	476 142
Exercisable at the end of the year	–	–

All awards offered during the current year were offered on 5 December 2020, while awards from previous years were on 5 December 2018.

Number and weighted average option prices of all SARs offered to participants of the SAR Plan:

	30 June 2021		30 June 2020	
	Number of SARs	Weighted average option price (Rand)	Number of SARs	Weighted average option price (Rand)
Outstanding at the beginning of the year	223 559	112.38	239 224	112.38
Offered during the year	1 212 391	93.82	–	-
Forfeited during the year	–	–	(15 665)	112.38
Outstanding at the end of the year	1 435 950	96.71	223 559	112.38
Exercisable at the end of the year	–	–	–	-

All awards offered during the current year were offered on 5 December 2020, while awards from previous years were on 5 December 2018.

8. Share-based payments (continued)

8.2 Remgro Share Appreciation Rights Plan and the Remgro Conditional Share Plan (continued)

The following assumptions were used to value offers made during the year:

Assumptions	**30 June 2021**
Weighted average Remgro share price for the year (Rand)	**99.50**
Average expected exercise period (years)	**1 – 5**
Price volatility (%)	**29.52 – 45.26**
Risk-free rate (%)	**4.22 – 6.50**
Expected dividend yield (%)	**3.56**

In terms of the rules of the SAR Plan and the CSP, no award will be made if at the time of or as a result of the making of such award, the aggregate number of Remgro ordinary shares in respect of which any unexercised SAR Plan may be exercised or CSP awards, shall exceed 26 450 000 Remgro ordinary shares, being approximately 5% of issued ordinary shares.

If it is assumed that all awards made under the CSP vest in full and all of the participants to the SAR Plan exercise all options awarded to them based on Remgro's closing share price on 30 June 2021 of R114.60 (2020: R99.90), the number of Remgro ordinary shares available for new awards will be limited to:

	30 June 2021 Number of shares	30 June 2020 Number of shares
Overall limit, adjusted for unexercised SARs and CSPs, at the beginning of the year	**25 973 858**	26 071 037
CSP	**(1 936 396)**	(97 179)
Awarded during the year	**(1 990 881)**	–
Adjustment due to RMH Unbundling	**–**	(130 780)
Awarded following Remgro dividend	**(1 005)**	(473)
Exercised during the year	**17 050**	10 083
Forfeited during the year	**38 440**	23 991
SAR Plan	**(224 161)**	–
Calculated Remgro ordinary shares at the beginning of the year	**–**	–
Calculated Remgro ordinary shares at the end of the year	**(224 161)**	–
Overall limit, adjusted for unexercised SARs and CSPs, at the end of the year	**23 813 301**	25 973 858

8.3 Distell share schemes

Distell has equity settled share appreciation rights schemes to remunerate selected employees and executive directors with shares to the value of the appreciation of a specified number of Distell ordinary shares that must be exercised within a period of seven years after the grant date. Specific performance criteria, which are linked to revenue and EBITDA growth, are stipulated for SARs offered after 1 July 2015.

The earliest intervals at which the SARs are exercisable are as follows:

- One-third after the third anniversary of the grant date
- Two-thirds after the fourth anniversary of the grant date
- The remainder after the fifth anniversary of the grant date

Distell also established a conditional share plan scheme to promote the continued growth of the group and to incentivise, motivate and retain the appropriate calibre of employees and executive directors with the opportunity to receive shares as remuneration, subject to certain employment-related and performance conditions being met. No new allocations under the SAR scheme have been made during the year under review.

An expense of R107 million (2020: R16 million) relating to equity settled share-based payments was recognised in Distell's income statement for the year ended 30 June 2021.

8.4 RCL Foods share schemes

RCL Foods has an equity settled share scheme, as well as a share appreciation right scheme, for certain of its employees in terms of which share options offered are exercisable in three equal tranches from two, three and four years (for the share scheme) and three, four and five years (for the share appreciation right scheme) after the grant date. Subject to the discretion of the RCL Foods Share Incentive Trust's trustees, options are forfeited if not exercised before termination of employment. An expense of R75 million (2020: R120 million) relating to these schemes was recognised in the income statement.

9. Directors' and key management personnel's emoluments

R'000	**30 June 2021** *Executive*	*Non-executive*	**Total**	30 June 2020 Executive	Non-executive	Total
Executive directors						
Fees	**1 170**	**–**	**1 170**	1 170	–	1 170
Salaries	**18 232**	**–**	**18 232**	16 560	–	16 560
Retirement fund contributions	**3 844**	**–**	**3 844**	3 486	–	3 486
Other benefits	**1 257**	**–**	**1 257**	1 211	–	1 211
Subtotal	**24 503**	**–**	**24 503**	22 427	–	22 427
Non-executive directors						
Independent	**–**	**4 105**	**4 105**	–	3 957	3 957
Non-independent	**–**	**390**	**390**	–	585	585
Total	**24 503**	**4 495**	**28 998**	22 427	4 542	26 969
Share options exercised						
Increase in value – Remgro SAR Scheme*	**–**	**–**	**–**	–	–	–

* *This refers to the increase in value of the SAR Scheme shares of participants from the offer date to the date of payment and delivery.*

R'000	**30 June 2021** *Fees*	*Salaries and other*	**Total**	30 June 2020 Fees	Salaries and other	Total
Paid by:						
The Company	**4 495**	**–**	**4 495**	4 542	–	4 542
Subsidiaries	**1 170**	**23 333**	**24 503**	1 170	21 257	22 427
Total	**5 665**	**23 333**	**28 998**	5 712	21 257	26 969

9. Directors' and key management personnel's emoluments (continued)

Directors: Fixed pay

R'000	**30 June 2021** Fees	Salaries	Retirement fund	Other benefits[9]	Total[10]	30 June 2020 Fees	Salaries	Retirement fund	Other benefits[9]	Total[10]
Executive										
J J Durand	**390**	**11 596**	**2 377**	**441**	**14 804**	390	10 751	2 194	398	13 733
M Lubbe	**390**	**2 327**	**535**	**412**	**3 664**	390	1 834	435	410	3 069
N J Williams	**390**	**4 309**	**932**	**404**	**6 035**	390	3 975	857	403	5 625
Subtotal	**1 170**	**18 232**	**3 844**	**1 257**	**24 503**	1 170	16 560	3 486	1 211	22 427
Non-executive (independent)										
S E N De Bruyn[1]	**791**	**–**	**–**	**–**	**791**	753	–	–	–	753
G T Ferreira[2]	**–**	**–**	**–**	**–**	**–**	228	–	–	–	228
P K Harris[3]	**227**	**–**	**–**	**–**	**227**	456	–	–	–	456
N P Mageza[4]	**678**	**–**	**–**	**–**	**678**	603	–	–	–	603
P J Moleketi[5]	**678**	**–**	**–**	**–**	**678**	576	–	–	–	576
M Morobe	**510**	**–**	**–**	**–**	**510**	510	–	–	–	510
G G Nieuwoudt[6]	**390**	**–**	**–**	**–**	**390**	228	–	–	–	228
K M S Rantloane[7]	**228**	**–**	**–**	**–**	**228**	–	–	–	–	–
F Robertson	**603**	**–**	**–**	**–**	**603**	603	–	–	–	603
Subtotal	**4 105**	**–**	**–**	**–**	**4 105**	3 957	–	–	–	3 957
Non-executive (non-independent)										
E de la H Hertzog[2]	**–**	**–**	**–**	**–**	**–**	195	–	–	–	195
J Malherbe	**390**	**–**	**–**	**–**	**390**	390	–	–	–	390
P J Neethling[6, 8]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
A E Rupert[8]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
J P Rupert[8]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–
Subtotal	**390**	**–**	**–**	**–**	**390**	585	–	–	–	585
Total	**5 665**	**18 232**	**3 844**	**1 257**	**28 998**	5 712	16 560	3 486	1 211	26 969

(1) *Ms S E N De Bruyn was appointed as a member of the Remuneration and Nomination Committee with effect from 30 November 2020.*
(2) *Mr G T Ferreira and Dr E de la H Hertzog retired on 28 November 2019.*
(3) *Mr P K Harris retired as independent non-executive director with effect from 20 November 2020.*
(4) *During the year under review Mr N P Mageza also received R746 000 (2020: R704 000) as director's fees from RCL Foods Limited, a subsidiary of Remgro Limited. Mr Mageza also attended three Mandatory Audit Firm Rotation (MAFR) meetings.*
(5) *Mr P J Moleketi was appointed as a member of the Remuneration and Nomination Committee with effect from 28 November 2019. Mr Moleketi also attended three MAFR meetings.*
(6) *Messrs G G Nieuwoudt and P J Neethling were appointed as non-executive directors with effect from 28 November 2019.*
(7) *Mr K M S Rantloane was appointed as an independent non-executive director and member of the Investment Committee with effect from 20 November 2020.*
(8) *Messrs A E Rupert, J P Rupert and P J Neethling receive no emoluments.*
(9) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*
(10) *Salary reduction of 30% due to Covid-19 during April, May and June 2020 for all executive directors reflected in the 30 June 2020 amounts.*

Prescribed officers: Fixed pay

R'000	**30 June 2021** Salaries	Retirement fund	Other benefits[2]	Total[3]	30 June 2020 Salaries	Retirement fund	Other benefits[2]	Total[3]
P R Louw	**2 912**	**578**	**412**	**3 902**	2 688	529	410	3 627
R S M Ndlovu[1]	**–**	**–**	**–**	**–**	1 169	211	167	1 547
P J Uys	**5 828**	**1 156**	**384**	**7 368**	5 366	1 064	389	6 819
Total	**8 740**	**1 734**	**796**	**11 270**	9 223	1 804	966	11 993

(1) *Mr R S M Ndlovu resigned on 30 November 2019.*
(2) *Benefits include medical scheme contributions, vehicle benefits and UIF contributions.*
(3) *Salary reduction of 30% due to Covid-19 during April, May and June 2020 for all prescribed officers reflected in the 30 June 2020 amounts.*
(4) *Messrs P R Louw and P J Uys are members of the Management Board and the Social and Ethics Committee.*

9. Directors' and key management personnel's emoluments (continued)

Share-based payments to directors and key management personnel

Share appreciation rights (SARs)

Directors

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2020	Adjusted offer price[3] (Rand)	SARs accepted/ (exercised or expired) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2021[5]
Executive										
J J Durand	29-Nov-12[6]	147.25	271 258	10 763	271 258	94.22				271 258
	04-Dec-13[6]	191.70	93 128	5 064	93 128	127.40				93 128
	26-Nov-14[6]	253.53	108 468	7 442	108 468	164.57				108 468
	24-Nov-15[6]	272.00	192 676	15 591	192 676	170.38				192 676
	01-Dec-16	209.11	150 872	10 554	150 872	125.95				150 872
	14-Dec-17	206.35	132 309	9 705	132 309	118.86				132 309
	05-Dec-18	205.07	87 135	5 436	87 135	112.38				87 135
	05-Dec-20[7]	93.82	235 427	6 111	–	93.82	235 427			235 427
	05-Dec-20	93.82	235 454	6 631	–	93.82	235 454			235 454
M Lubbe	29-Nov-12[6]	147.25	13 961	554	13 961	94.22				13 961
	04-Dec-13[6]	191.70	7 444	405	7 444	127.40				7 444
	26-Nov-14[6]	253.53	4 011	275	4 011	164.57				4 011
	24-Nov-15[6]	272.00	8 036	650	8 036	170.38				8 036
	01-Dec-16	209.11	65 632	4 591	65 632	125.95				65 632
	14-Dec-17	206.35	15 481	1 136	15 481	118.86				15 481
	05-Dec-18	205.07	14 648	914	14 648	112.38				14 648
	05-Dec-20[7]	93.82	39 078	1 014	–	93.82	39 078			39 078
	05-Dec-20	93.82	46 448	1 308	–	93.82	46 448			46 448
N J Williams	29-Nov-12[6]	147.25	81 901	3 250	81 901	94.22				81 901
	04-Dec-13[6]	191.70	22 221	1 208	22 221	127.40				22 221
	26-Nov-14[6]	253.53	16 430	1 127	16 430	164.57				16 430
	24-Nov-15[6]	272.00	27 492	2 225	27 492	170.38				27 492
	01-Dec-16	209.11	98 716	6 905	98 716	125.95				98 716
	14-Dec-17	206.35	55 677	4 084	55 677	118.86				55 677
	05-Dec-18	205.07	28 465	1 776	28 465	112.38				28 465
	05-Dec-20[7]	93.82	72 103	1 871	–	93.82	72 103			72 103
	05-Dec-20	93.82	72 124	2 031	–	93.82	72 124			72 124
Total					1 495 961		700 634		–	2 196 595

(1) *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.*

(2) *Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*

(3) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.*

(4) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

(5) *SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.*

(6) *The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.*

(7) *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*

9. Directors' and key management personnel's emoluments (continued)

Share-based payments to directors and key management personnel (continued)

Share appreciation rights (SARs) (continued)

Directors (continued)

Participant	Offer date[(1)]	Offer price[(2)] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2019	Adjusted offer price[(3)] (Rand)	SARs accepted/ (exercised or expired) during the year	Share price on exercise date (Rand)	Cash value of of SARs exercised during the year[(4)] (R'000)	Balance of SARs accepted as at 30 June 2020[(5)]
Executive										
J J Durand	29-Nov-12[(6)]	147.25	271 258	10 763	271 258	94.22				271 258
	04-Dec-13	191.70	93 128	5 064	93 128	127.40				93 128
	26-Nov-14	253.53	108 468	7 442	108 468	164.57				108 468
	24-Nov-15	272.00	192 676	15 591	192 676	170.38				192 676
	01-Dec-16	209.11	150 872	10 554	150 872	125.95				150 872
	14-Dec-17	206.35	132 309	9 705	132 309	118.86				132 309
	05-Dec-18	205.07	87 135	5 436	87 135	112.38				87 135
M Lubbe	29-Nov-12[(6)]	147.25	13 961	554	13 961	94.22				13 961
	04-Dec-13	191.70	7 444	405	7 444	127.40				7 444
	26-Nov-14	253.53	4 011	275	4 011	164.57				4 011
	24-Nov-15	272.00	8 036	650	8 036	170.38				8 036
	01-Dec-16	209.11	65 632	4 591	65 632	125.95				65 632
	14-Dec-17	206.35	15 481	1 136	15 481	118.86				15 481
	05-Dec-18	205.07	14 648	914	14 648	112.38				14 648
N J Williams	29-Nov-12[(6)]	147.25	81 901	3 250	81 901	94.22				81 901
	04-Dec-13	191.70	22 221	1 208	22 221	127.40				22 221
	26-Nov-14	253.53	16 430	1 127	16 430	164.57				16 430
	24-Nov-15	272.00	27 492	2 225	27 492	170.38				27 492
	01-Dec-16	209.11	98 716	6 905	98 716	125.95				98 716
	14-Dec-17	206.35	55 677	4 084	55 677	118.86				55 677
	05-Dec-18	205.07	28 465	1 776	28 465	112.38				28 465
Total					1 495 961		–		–	1 495 961

(1) *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after the grant date, upon which date unexercised SARs lapse.*

(2) *Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*

(3) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions. During the 2020 financial year offer prices were reduced by between R47.82 and R92.69 (depending on the offer date) as a result of the RMH Unbundling.*

(4) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

(5) *SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.*

(6) *The expiry dates of these awards were extended because of restrictions under prohibited periods.*

9. Directors' and key management personnel's emoluments (continued)

Share-based payments to directors and key management personnel (continued)

Share appreciation rights (SARs) (continued)

Prescribed officers

Participant	Offer date[1]	Offer price[2] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2020	Adjusted offer price[3] (Rand)	SARs accepted/ (exercised or expired) during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[4] (R'000)	Balance of SARs accepted as at 30 June 2021[5]
P R Louw	29-Nov-12[6]	147.25	22 646	899	22 646	94.22				22 646
	04-Dec-13[6]	191.70	12 944	704	12 944	127.40				12 944
	26-Nov-14[6]	253.53	5 952	408	5 952	164.57				5 952
	24-Nov-15[6]	272.00	9 497	768	9 497	170.38				9 497
	01-Dec-16	209.11	91 120	6 374	91 120	125.95				91 120
	14-Dec-17	206.35	20 301	1 489	20 301	118.86				20 301
	05-Dec-18	205.07	17 881	1 116	17 881	112.38				17 881
	05-Dec-20[7]	93.82	46 428	1 205	–	93.82	46 428			46 428
	05-Dec-20	93.82	46 448	1 308	–	93.82	46 448			46 448
P J Uys	02-Apr-13[6]	183.15	218 400	10 519	218 400	121.67				218 400
	04-Dec-13[6]	191.70	3 325	181	3 325	127.40				3 325
	26-Nov-14[6]	253.53	14 774	1 014	14 774	164.57				14 774
	24-Nov-15[6]	272.00	11 533	933	11 533	170.38				11 533
	01-Dec-16	209.11	91 463	6 398	91 463	125.95				91 463
	14-Dec-17	206.35	85 936	6 303	85 936	118.86				85 936
	05-Dec-18	205.07	35 822	2 235	35 822	112.38				35 822
	05-Dec-20[7]	93.82	88 088	2 286	–	93.82	88 088			88 088
	05-Dec-20	93.82	88 108	2 481	–	93.82	88 108			88 108
Total					641 594		**269 072**		**–**	**910 666**

(1) *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.*
(2) *Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*
(3) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions.*
(4) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*
(5) *SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.*
(6) *The expiry dates of these awards were extended to November 2023. As an alternative option to the 2012 SAR awards, a special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, the special CSP award will lapse.*
(7) *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*

9. Directors' and key management personnel's emoluments (continued)

Share-based payments to directors and key management personnel (continued)

Share appreciation rights (SARs) (continued)

Prescribed officers (continued)

Participant	Offer date[2]	Offer price[3] (Rand)	Number of SARs offered and accepted	Fair value of SARs on offer date (R'000)	Balance of SARs accepted as at 30 June 2019	Adjusted offer price[4] (Rand)	SARs expired during the year	Share price on exercise date (Rand)	Cash value of SARs exercised during the year[5] (R'000)	Balance of SARs accepted as at 30 June 2020[6]
P R Louw	29-Nov-12[7]	147.25	22 646	899	22 646	94.22				22 646
	04-Dec-13	191.70	12 944	704	12 944	127.40				12 944
	26-Nov-14	253.53	5 952	408	5 952	164.57				5 952
	24-Nov-15	272.00	9 497	768	9 497	170.38				9 497
	01-Dec-16	209.11	91 120	6 374	91 120	125.95				91 120
	14-Dec-17	206.35	20 301	1 489	20 301	118.86				20 301
	05-Dec-18	205.07	17 881	1 116	17 881	112.38				17 881
R S M Ndlovu[1]	04-Dec-13[7]	191.70	375	20	375	185.07	(375)			–
	26-Nov-14	253.53	1 080	74	1 080	245.53	(1 080)			–
	24-Nov-15	272.00	10 699	866	10 699	262.77	(10 699)			–
	01-Dec-16	209.11	15 605	1 092	15 605	209.11	(15 605)			–
	14-Dec-17	206.35	10 267	753	10 267	206.35	(10 267)			–
	05-Dec-18	205.07	15 665	977	15 665	205.07	(15 665)			–
P J Uys	02-Apr-13[7]	183.15	218 400	10 519	218 400	121.67				218 400
	04-Dec-13	191.70	3 325	181	3 325	127.40				3 325
	26-Nov-14	253.53	14 774	1 014	14 774	164.57				14 774
	24-Nov-15	272.00	11 533	933	11 533	170.38				11 533
	01-Dec-16	209.11	91 463	6 398	91 463	125.95				91 463
	14-Dec-17	206.35	85 936	6 303	85 936	118.86				85 936
	05-Dec-18	205.07	35 822	2 235	35 822	112.38				35 822
Total					695 285		(53 691)		–	641 594

(1) *Mr R S M Ndlovu resigned on 30 November 2019 and forfeited all SARs.*

(2) *Unless otherwise indicated, one-third of the SARs are exercisable after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date. All SARs must be exercised within seven years after grant date, upon which date unexercised SARs lapse.*

(3) *Offer price of SARs granted before December 2018 is equal to the face value on grant date. Offer price of SARs granted from December 2018 onwards is the five-day VWAP on offer date.*

(4) *In terms of the rules of the share schemes, the offer price of SARs that were awarded prior to unbundlings, rights issues, special dividends, etc., was reduced to ensure that the participants were placed in substantially the same position as they were prior to such corporate actions. During the 2020 financial year offer prices were reduced by between R47.82 and R92.69 (depending on the offer date) as a result of the RMH Unbundling. The offer prices of Mr R S M Ndlovu's SARs were not adjusted due to his resignation.*

(5) *This refers to the increase in value of the SARs of the indicated participants from the offer date to the date of exercise.*

(6) *SARs offered from December 2018 onwards, have performance conditions and reflect the number of SARs as if performance conditions were fully met.*

(7) *The expiry dates of these awards were extended because of restrictions under prohibited periods.*

9. Directors' and key management personnel's emoluments (continued)

Share-based payments to directors and key management personnel (continued)

Conditional share plan shares (CSPs)

Directors

Participant	Offer date[(1)]	Offer price[(2)] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2020	CSPs accepted/ (exercised or expired) during the year	Share price on vesting date[(3)] (Rand)	Cash value of CSPs vesting in year[(4)] (R'000)	Balance of CSPs accepted as at 30 June 2021[(5, 6)]
Executive									
J J Durand	**05-Dec-18**	**205.07**	**120 107**	**15 933**	120 107				**120 107**
	05-Dec-20[(7)]	**93.82**	**235 427**	**20 366**	–	**235 427**			**235 427**
	05-Dec-20	**93.82**	**235 454**	**19 655**	–	**235 454**			**235 454**
	05-Dec-20[(8)]	**93.82**	**95 672**	**8 728**	–	**95 672**			**95 672**
M Lubbe	**05-Dec-18**	**205.07**	**20 191**	**2 678**	20 191				**20 191**
	05-Dec-20[(7)]	**93.82**	**39 078**	**3 380**	–	**39 078**			**39 078**
	05-Dec-20	**93.82**	**46 448**	**3 877**	–	**46 448**			**46 448**
	05-Dec-20[(8)]	**93.82**	**4 924**	**449**	–	**4 924**			**4 924**
N J Williams	**05-Dec-18**	**205.07**	**39 237**	**5 205**	39 237				**39 237**
	05-Dec-20[(7)]	**93.82**	**72 103**	**6 237**	–	**72 103**			**72 103**
	05-Dec-20	**93.82**	**72 124**	**6 021**	–	**72 124**			**72 124**
	05-Dec-20[(8)]	**93.82**	**28 887**	**2 635**	–	**28 887**			**28 887**
Total					179 535	**830 117**		**–**	**1 009 652**

(1) *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
(2) *Offer price of CSPs granted is the five-day VWAP on offer date.*
(3) *Five-day VWAP of Remgro on vesting date.*
(4) *This refers to the total value of the CSP shares on vesting.*
(5) *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
(6) *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
(7) *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*
(8) *As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.*

Participant	Offer date[(1)]	Offer price[(2)] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2019	Additional CSPs with RMH Unbundling[(3)]	Share price on vesting date[(4)] (Rand)	Cash value of CSPs vesting in year[(5)] (R'000)	Balance of CSPs accepted as at 30 June 2020[(6, 7)]
Executive									
J J Durand	05-Dec-18	205.07	87 135	15 933	87 135	32 972			120 107
M Lubbe	05-Dec-18	205.07	14 648	2 678	14 648	5 543			20 191
N J Williams	05-Dec-18	205.07	28 465	5 205	28 465	10 772			39 237
Total					130 248	49 287		–	179 535

(1) *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
(2) *Offer price of CSPs granted is the five-day VWAP on offer date.*
(3) *As a result of the RMH Unbundling, additional CSPs, being a factor of 0.3784 of the CSPs held, were allocated during the 2020 financial year.*
(4) *Five-day VWAP of Remgro on vesting date.*
(5) *This refers to the total value of the CSP shares on vesting.*
(6) *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
(7) *Dividend equivalents will be accumulated and delivered in shares upon vesting.*

9. Directors' and key management personnel's emoluments (continued)

Share-based payments to directors and key management personnel (continued)

Conditional share plan shares (CSPs) (continued)

Prescribed officers

Participant	Offer date[1]	Offer price[2] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2020	CSPs accepted/ (exercised or expired) during the year	Share price on vesting date[3] (Rand)	Cash value of CSPs vesting in year[4] (R'000)	Balance of CSPs accepted as at 30 June 2021[5, 6]
P R Louw	05-Dec-18	205.07	24 648	3 270	24 648				24 648
	05-Dec-20[7]	93.82	46 428	4 016	–	46 428			46 428
	05-Dec-20	93.82	46 448	3 877	–	46 448			46 448
	05-Dec-20[8]	93.82	7 988	729	–	7 988			7 988
P J Uys	05-Dec-18	205.07	49 378	6 550	49 378				49 378
	05-Dec-20[7]	93.82	88 088	7 620	–	88 088			88 088
	05-Dec-20	93.82	88 108	7 355	–	88 108			88 108
Total					74 026	277 060		–	351 086

[1] *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
[2] *Offer price of CSPs granted is the five-day VWAP on offer date.*
[3] *Five-day VWAP of Remgro on vesting date.*
[4] *This refers to the total value of the CSP shares on vesting date.*
[5] *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
[6] *Dividend equivalents will be accumulated and delivered in shares upon vesting.*
[7] *These awards relate to the 2019 award not made and will vest in one-thirds on the second, third and fourth anniversaries of the grant date, respectively.*
[8] *As an alternative to the 2012 SAR awards, this special award of CSPs was also made to employees. Should the employee choose to exercise the 2012 SAR award, this special CSP award will lapse.*

Participant	Offer date[2]	Offer price[3] (Rand)	Number of CSPs offered and accepted	Fair value of CSPs on offer date (R'000)	Balance of CSPs accepted as at 30 June 2019	Additional CSPs with RMH Unbundling and forfeited[4]	Share price on vesting date[5] (Rand)	Cash value of CSPs vesting in year[6] (R'000)	Balance of CSPs accepted as at 30 June 2020[7, 8]
P R Louw	05-Dec-18	205.07	17 881	3 270	17 881	6 767			24 648
R S M Ndlovu[1]	05-Dec-18	205.07	15 665	2 864	15 665	(15 665)			–
P J Uys	05-Dec-18	205.07	35 822	6 550	35 822	13 556			49 378
Total					69 368	4 658		–	74 026

[1] *Mr R S M Ndlovu resigned on 30 November 2019 and forfeited all CSPs.*
[2] *Unless otherwise indicated, one-third of the CSPs vest, after the third anniversary of the grant date, an additional third after the fourth anniversary of the grant date and the remainder after the fifth anniversary of the grant date.*
[3] *Offer price of CSPs granted is the five-day VWAP on offer date.*
[4] *As a result of the RMH Unbundling, additional CSPs, being a factor of 0.3784 of the CSPs held, were allocated during the 2020 financial year.*
[5] *Five-day VWAP of Remgro on vesting date.*
[6] *This refers to the total value of the CSP shares on vesting date.*
[7] *CSPs have performance conditions and reflect the number of CSP shares as if performance conditions were fully met.*
[8] *Dividend equivalents will be accumulated and delivered in shares upon vesting.*

10. Other assets and liabilities

10.1 Property, plant and equipment

Property, plant and equipment

Property, plant and equipment consist mainly of land and buildings, machinery, equipment, office equipment, bearer plants and vehicles. All property, plant and equipment are stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Refer to note 6.3 for the accounting treatment of right-of-use assets.

Depreciation on buildings, machinery, equipment, office equipment, bearer plants and vehicles is provided on a straight-line basis at rates that reduce the cost thereof to an estimated residual value over the expected useful life of the asset. The residual values and expected useful lives of assets are reviewed annually on the reporting date and adjusted where necessary. No depreciation is provided for land.

Depreciation rates (%) are as follows:	**30 June 2021**	30 June 2020
Bearer plants	**5.0 – 10.0**	5.0 – 10.0
Buildings	**1.7 – 50.0**	1.7 – 50.0
Machinery and equipment	**2.2 – 50.0**	2.2 – 50.0
Vehicles	**3.0 – 50.0**	3.0 – 50.0
Office equipment	**5.0 – 50.0**	5.0 – 50.0

10. Other assets and liabilities (continued)

10.1 Property, plant and equipment (continued)

R million	*Land and buildings*	*Machinery and equipment*	*Vehicles*	*Office equipment*	*Bearer plants*	Total
Carrying value at 1 July 2019	7 654	6 503	1 167	385	306	16 015
Cost	9 169	15 084	1 962	784	479	27 478
Accumulated depreciation	(1 515)	(8 581)	(795)	(399)	(173)	(11 463)
Additions	1 844	896	122	108	6	2 976
Businesses acquired	11	206	16	–	–	233
Disposals	(12)	(75)	(40)	–	(7)	(134)
Depreciation	(399)	(967)	(188)	(82)	(42)	(1 678)
Impairments	(259)	(357)	(18)	(3)	–	(637)
Foreign exchange translation	63	115	5	(1)	–	182
Transfers and other	(893)	787	25	22	(53)	(112)
Carrying value at 30 June 2020	8 009	7 108	1 089	429	210	16 845
Cost	10 179	16 773	2 023	895	401	30 271
Accumulated depreciation	(2 170)	(9 665)	(934)	(466)	(191)	(13 426)
Additions	**661**	**1 125**	**188**	**95**	**12**	**2 081**
Businesses acquired	**57**	**18**	**1**	**–**	**–**	**76**
Disposals	**(117)**	**(53)**	**(39)**	**(2)**	**(4)**	**(215)**
Depreciation	**(379)**	**(1 014)**	**(194)**	**(83)**	**(36)**	**(1 706)**
Impairments	**(55)**	**(2)**	**(36)**	**–**	**–**	**(93)**
Foreign exchange translation	**(129)**	**(95)**	**(5)**	**(4)**	**–**	**(233)**
Transfers and other	**(473)**	**454**	**26**	**3**	**–**	**10**
Carrying value at 30 June 2021	**7 574**	**7 541**	**1 030**	**438**	**182**	**16 765**
Cost	**10 056**	**17 724**	**2 047**	**967**	**407**	**31 201**
Accumulated depreciation	**(2 482)**	**(10 183)**	**(1 017)**	**(529)**	**(225)**	**(14 436)**

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million.

The registers containing details of land and buildings are available for inspection by shareholders or their proxies at the registered offices of the companies to which the relevant properties belong.

RCL Foods impairment assessments

During the prior year, a total net impairment of R1 506 million was recognised across the RCL Foods group. R593 million of this impairment related to items of property, plant and equipment. This impairment consisted of the following cash-generating units (CGU): Chicken (R346 million), Vector (R131 million), Sugar (R53 million), Beverages (R47 million) and other (R16 million). The Covid-19 pandemic significantly impacted the profitability of the Chicken and Sugar businesses in the prior year, which was an indicator of impairment.

The key assumptions used in the value in use calculation are presented below. These calculations use cash flow projections based on financial budgets approved by management, which include assumptions on profit before tax, working capital and capital maintenance expenditure.

The forecast cash flows used in the value in use calculations are the output of RCL Foods' five-year business planning process.

10. Other assets and liabilities (continued)

10.1 Property, plant and equipment (continued)

RCL Foods impairment assessments (continued)

The assumptions used in the value in use calculations include:

- volume growth: RCL Foods is a food producer with products sold mainly in the South African market. Volume assumptions are therefore closely linked to population and gross domestic product (GDP) growth forecasts for South Africa. Compounded volume growth over the five-year period does not exceed long-term GDP forecasts, apart from additional volume resulting from recent capital investments which have yet to reach full production and innovation/new product launches serviced from existing capacity;
- selling price and cost growth are linked to consumer price index (CPI) and food inflation (which tracks ahead of CPI);
- capital expenditure: capex spend is limited to replacement capex, in line with the group's maintenance programmes;
- working capital: working capital is held at a constant percentage of revenue based on the historic averages achieved in each CGU; and
- the cash flow beyond year five (terminal cash flow) has assumed a steady state of growth with capital expenditure equal to depreciation, volumes and profit margins maintained at year five levels with the growth beyond year five resulting solely from price inflation.

Key assumptions	**30 June 2021**	30 June 2020
Discount rate (pre-tax) (%)	**14.5 – 18.6**	12.2 – 17.7
Growth rate (%)	**4.0**	4.0
Period (years)	**5**	5

Sensitivity analysis of assumptions used in the impairment test:

Assumptions (R million)	***Movement***	**30 June 2021 Additional impairment**
Discount rate (%)	**+1.0**	**345**
Growth rate (%)	**-0.5**	**73**

Note that the impairment above relates to the entire carrying value of the CGU and not only to the value of the property, plant and equipment.

Distell impairment assessments

During the prior year the constrained trading environment had a significant impact on the profitability of the South African operations. The significant adverse change to the market and economic environment and the decline of profits compared to the previous forecasts were identified as impairment indicators. These impairment indicators were not noted on 30 June 2021.

Impairment assessments for specific assets resulted in no additional impairments for the year under review (2020: impairments of R49 million).

10. Other assets and liabilities (continued)

10.2 Investment properties

Investment properties are held to generate rental income and appreciate in capital value. Investment properties are treated as long-term investments and are carried at cost less accumulated depreciation. Buildings are depreciated to their estimated residual values on a straight-line basis over their expected useful lives. Depreciation rates between 4% and 20% per annum are applied on significant components.

The fair values disclosed for investment properties are determined by external independent valuators every third year and adjusted by management by taking into account property-specific information in each intermediary year.

R million	**30 June 2021** *Cost*	**30 June 2021** *Accumulated depreciation*	**30 June 2021** *Carrying value*	30 June 2020 *Cost*	30 June 2020 *Accumulated depreciation*	30 June 2020 *Carrying value*
Land	**7**	**–**	**7**	3	–	3
Buildings	**147**	**(30)**	**117**	122	(16)	106
	154	**(30)**	**124**	125	(16)	109

Reconciliation of carrying value at the beginning and end of the year (R million)	***Land***	***Buildings***	**30 June 2021**	*Land*	*Buildings*	30 June 2020
Balances at the beginning of the year	**3**	**106**	**109**	3	116	119
Additions	**4**	**16**	**20**	–	4	4
Depreciation	**–**	**(5)**	**(5)**	–	(4)	(4)
Impairments	**–**	**–**	**–**	–	(10)	(10)
Balances at the end of the year	**7**	**117**	**124**	3	106	109

The Group's diverse investment property portfolio was valued at 30 June 2020 by independent, qualified valuers using, depending on the specific property, either a discounted cash flow or a depreciated replacement cost approach utilising inputs appropriate to each specific property. The Group obtains external valuations of its properties every three years, which are subsequently adjusted for inflation until the next valuations are performed. Management's current fair value estimate of investment properties (level 3), VAT exclusive, is R810 million (2020: R760 million), by taking into account property-specific information such as market rental growth, vacancy rate and vacancy periods to estimate a 4% increase on the prior year value plus the cost price of additions for the year.

The registers containing details of investment properties are available for inspection by shareholders or their proxies at the registered offices of the companies to which the relevant properties belong.

10. Other assets and liabilities (continued)

10.3 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Remgro's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is carried at cost less accumulated impairment losses.

Identifiable intangible assets include trade marks, customer contracts and customer and supplier relationships and software

The cost of developing and establishing identifiable intangible assets is expensed as incurred. Consequently, the value thereof is not reflected in the Annual Financial Statements. The cost of purchased identifiable intangible assets is written off on a straight-line basis over their expected useful lives. Identifiable intangible assets with indefinite useful lives are not amortised, but are annually tested for impairment.

An intangible asset is regarded as having an indefinite useful life if, based on all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Indefinite life is not the same as infinite, i.e. limitless. The useful life of an intangible reflects only the level of future maintenance (and management's ability and intention to carry out such maintenance) that is necessary to preserve the asset's operating capability as assessed when initially estimating the asset's useful life. The following factors were taken into account to determine the useful life of intangible assets:

- Track record of stability;
- High barriers to market entry; and
- Management's commitment to continue to invest for the long term to extend the period over which the intangible asset is expected to continue to provide economic benefits.

Industrial property rights

Industrial property rights are intangible assets held by the Group for use in the manufacturing and distribution of its alcoholic products and are expected to be used during more than one period. All industrial property rights are carried at historical cost less amortisation and impairment. The historical cost includes all expenditure that is directly attributable to the acquisition of the industrial property rights and is depreciated on a straight-line basis to an estimated residual value over the expected useful life of the assets.

Research and development costs

Research cost is expensed as incurred. Where the asset recognition criteria have been met, development cost is capitalised and written off over the expected useful life of the product. Development cost previously expensed is not recognised as an asset in a subsequent period.

10. Other assets and liabilities (continued)

10.3 Intangible assets (continued)

R million	*Goodwill*	*Trade marks*	*Customer and supplier relationships*	*Software*	*Industrial property rights*	Total
Carrying value at 1 July 2019	10 417	11 818	1 459	315	15	24 024
Cost	11 721	12 201	2 323	766	37	27 048
Accumulated amortisation	(1 304)	(383)	(864)	(451)	(22)	(3 024)
Additions	–	–	8	141	–	149
Businesses acquired	8	–	–	–	–	8
Impairments	(2 415)	(315)	–	–	–	(2 730)
Amortisation	–	(87)	(328)	(108)	–	(523)
Foreign exchange translation	–	127	9	1	(5)	132
Transfers and other	–	(15)	–	22	–	7
Carrying value at 30 June 2020	8 010	11 528	1 148	371	10	21 067
Cost	11 729	12 318	2 340	917	14	27 318
Accumulated amortisation	(3 719)	(790)	(1 192)	(546)	(4)	(6 251)
Additions	**–**	**–**	**–**	**143**	**–**	**143**
Businesses acquired	**54**	**–**	**5**	**–**	**–**	**59**
Amortisation	**–**	**(77)**	**(331)**	**(87)**	**–**	**(495)**
Foreign exchange translation	**–**	**(76)**	**(11)**	**(1)**	**(3)**	**(91)**
Transfers and other	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Carrying value at 30 June 2021	**8 064**	**11 375**	**811**	**423**	**7**	**20 680**
Cost	**11 783**	**12 239**	**2 334**	**1 017**	**12**	**27 385**
Accumulated amortisation	**(3 719)**	**(864)**	**(1 523)**	**(594)**	**(5)**	**(6 705)**

Amortisation periods (years)	**30 June 2021**	30 June 2020
Trade marks	**5 – 20**	5 – 20
Customer and supplier relationships	**3 – 20**	3 – 20
Software	**3 – 20**	3 – 20
Industrial property rights	**60**	60

Based on Distell's fair value, no impairment is required on the Distell CGU for the current financial year. At 30 June 2020, Remgro recognised an impairment amounting to R1 809 million relating to the goodwill allocated to Distell with the business combination of the company during May 2018. The Covid-19 national lockdown and accompanying ban on the sale of alcohol had a significant impact on Distell's business. Accordingly, the cash flows forecast in the discounted cash flow model used to determine Distell's value in use was diminished. This resulted in a lower recoverable amount. Revenue and cash flow projections for a five-year period were estimated and reflect management's best view of future earnings. A discount rate of 11.4% and a terminal growth rate of 4.5% were used to determine the value in use.

Based on current forecasts and projections, no impairment on RCL Foods' goodwill is required for the 2021 financial year. During the 2020 financial year, RCL Foods recognised an impairment on goodwill (R598 million) relating to its Vector (R287 million), Beverages (R123 million), Pies (R114 million) and Speciality (R74 million) business units, including indefinite life intangible assets of R315 million in the Milling business unit. The impairments were due to the negative impact of the Covid-19 pandemic on the global and South African economy. The recoverable amounts of the RCL Foods CGUs were based on their value in use.

No impairment on the goodwill allocated to Siqalo Foods was required for both the 2021 and 2020 financial years.

10. Other assets and liabilities (continued)

10.3 Intangible assets (continued)

Distell recognised no impairments on trade marks and industrial property rights.

Software with a book value of R19 million is still in the development phase (2020: R13 million).

No intangible assets were pledged as security.

Goodwill and indefinite life intangible assets are tested annually for possible impairment and for this purpose are allocated to the respective cash-generating units as indicated below:

Goodwill	*Siqalo Foods*[(1)]	*Distell and its subsidiaries*[(2)]	*RCL Foods and its subsidiaries*[(3)]	*Wispeco and its subsidiaries*	Total
30 June 2021					
Carrying value (R million)	**4 320**	**1 726**	**1 998**	**19**	**8 063**
Basis of valuation of cash-generating units	**Fair value**	**Fair value**	**Value in use**	**Value in use**	
Discount rate (%)	**12.1**	**n/a**	**14.5 – 17.0**	**13.3**	
Growth rate (%)	**5.0**	**n/a**	**4.0**	**3.0 – 9.0**	
Period (years)	**5**	**n/a**	**5**	**5**	
30 June 2020					
Carrying value (R million)	4 320	1 726	1 945	19	8 010
Basis of valuation of cash-generating units	Value in use	Value in use	Value in use	Value in use	
Discount rate (%)	12.1	11.4	15.7 – 18.1	13.8	
Growth rate (%)	5.5	4.5	4.0	6.8 – 8.8	
Period (years)	5	5	5	5	

(1) *Goodwill of R5 208 million was recognised with the acquisition of Siqalo Foods. R888 million was impaired during the 2019 financial year.*

(2) *Goodwill of R3 535 million was recognised with the acquisition of Distell during May 2018. R1 809 million was impaired during the 2020 financial year.*

(3) *Goodwill relates to the acquisition of Vector Logistics Proprietary Limited in 2005, New Foodcorp Holdings Proprietary Limited (Foodcorp) in 2013, the sweetener operation in 2018, Driehoek Voere in 2019 and L&A Logistics Limited during the 2021 financial year. The carrying value includes accumulated impairments amounting to R993 million.*

Indefinite life intangible assets	*Siqalo Foods*[(1)]	*Distell and its subsidiaries*[(2)]	*RCL Foods and its subsidiaries*[(3)]	Total
30 June 2021				
Carrying value included in trade marks (R million)	**1 153**	**8 355**	**1 212**	**10 720**
Basis of valuation	**Fair value**	**Fair value**	**Value in use**	
Discount rate (%)	**12.1**	**n/a**	**14.5 – 17.0**	
Growth rate (%)	**5.0**	**n/a**	**4.0**	
Period (years)	**5**	**n/a**	**5**	
30 June 2020				
Carrying value included in trade marks (R million)	1 153	8 387	1 212	10 752
Basis of valuation	Value in use	Value in use	Value in use	
Discount rate (%)	12.1	7.2 – 16.7	15.7 – 18.1	
Growth rate (%)	5.5	2.0 – 5.0	4.0	
Period (years)	5	5 – 10	5	

(1) *Relates to the acquisition of Siqalo Foods.*
(2) *Relates to the acquisition of Distell.*
(3) *Relates to the acquisition of Foodcorp.*

10. Other assets and liabilities (continued)

10.3 Intangible assets (continued)

Sensitivity analysis of assumptions used in the impairment tests:

Siqalo Foods

	30 June 2021		30 June 2020	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Discount rate (%)	**+1.0**	**–**	+1.0	140
Growth rate (%)	**-1.0**	**–**	-1.0	140

The recoverable amount of Siqalo Foods, being its fair value, exceeded its carrying amount at 30 June 2021.

Distell

	30 June 2021		30 June 2020	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Discount rate (%)	**+0.5**	**n/a**	+0.5	708
Growth rate (%)	**-0.5**	**n/a**	-0.5	517

At 30 June 2021, the fair value of the Distell CGU measured at its listed share price of R167 per share, exceeded its carrying value. Accordingly, no impairment was recognised relating to the underlying assets. Should the share price decline by 10%, the fair value of the CGU will still exceed its carrying value at that date. At 30 June 2020, the carrying amount of the Distell CGU exceeded its recoverable amount, being its value in use. Accordingly, goodwill amounting to R1 809 million was impaired during the previous financial year.

RCL Foods

	30 June 2021		30 June 2020	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Discount rate (%)	**+1.0**	**110**	+1.0	956
Growth rate (%)	**-0.5**	**21**	-0.5	761

Wispeco

	30 June 2021		30 June 2020	
Assumptions (R million)	***Movement***	***Additional impairment***	*Movement*	*Additional impairment*
Discount rate (%)	**+1.0**	**–**	+1.0	–
Growth rate (%)	**-1.0**	**–**	-1.0	–

10. Other assets and liabilities (continued)

10.4 Retirement benefits

Pension obligations

The Group provides defined-benefit and defined-contribution post-employment plans for their employees. The plan assets are held in separate trustee-administered funds. These plans are funded by payments from the employees and the Group, taking into account recommendations of independent qualified actuaries.

For the defined-benefit plans, the pension accounting costs are assessed using the projected unit credit method. The cost of providing pensions is charged to the income statement to spread the regular costs over the service lives of the employees in accordance with advice of qualified actuaries. The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of government securities that have maturity terms approximating the terms of the related liability.

Past service costs are immediately expensed.

The net surplus or deficit of the benefit obligation is the difference between the present value of the funded obligations and the fair value of the plan assets. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The Group's contribution to the defined-contribution pension plans is charged to the income statement in the period to which they relate.

Post-employment medical obligations

The Group provides post-employment medical benefits to its retirees. The entitlement to post-employment medical benefits is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The projected unit credit method of valuation is used to calculate the liability for post-employment medical benefits.

The expected costs of these benefits are expensed, and the liabilities accumulated over the period of employment, using accounting methodology similar to that for defined-benefit pension plans. Independent qualified actuaries value these obligations.

R million	**30 June 2021**	30 June 2020
Statement of financial position obligations		
Post-employment medical benefits	**(136)**	(141)
	(136)	(141)
Statement of financial position assets	**692**	868
Retirement benefits	**281**	198
Defined-contribution fund employer's surplus	**60**	69
Post-employment medical benefits	**351**	601
Net defined-benefit post-retirement asset	**556**	727
Represented by:		
Retirement benefits (refer note 10.4.1)	**281**	198
Post-employment medical benefits (refer note 10.4.2)	**215**	460
Defined-contribution fund employer's surplus	**60**	69
	556	727
Income statement*		
Retirement benefits	**(15)**	(22)
Post-employment medical benefits	**(75)**	(18)
Income	**(90)**	(40)
Statement of comprehensive income – other comprehensive income		
Retirement benefits (refer note 10.4.1)	**(80)**	(7)
Post-employment medical benefits (refer note 10.4.2)	**(77)**	(126)
Income	**(157)**	(133)

* *Refer to note 12.2 on page 96.*

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.1 Retirement benefits

Some of the Company's subsidiaries have various defined-benefit and defined-contribution funds which are privately administered independent of the finances of the Group. The Group operates defined-benefit funds in South Africa, governed by the Pension Funds Act, 1956 (as amended). All salaried employees are obliged to accept membership of one of these funds.

	Statement of financial position				Income statement	Statement of other comprehensive income
R million	*Fair value of plan assets*	*Present value of funded obligations*	*Effect of the asset limit*	*Amount recognised in the statement of financial position*	*(Income)/ expense included in staff costs*	*(Income)/ expense*
Balances at 1 July 2019	882	(523)	(195)	164		
Current service cost	–	(6)	–	(6)	6	–
Past service cost	–	12	–	12	(12)	–
Net interest income/(expense)	77	(43)	(18)	16	(16)	–
Change in effect of asset limit	–	–	5	5	–	(5)
Fund expenses	(2)	2	–	–	–	–
Contributions	4	–	–	4	–	–
Exchange rate differences	21	(20)	–	1	–	–
Benefit payments	(43)	43	–	–	–	–
Liability settled*	(54)	54	–	–	–	–
Remeasurements:						
– Return on plan assets excluding interest	(47)	–	16	(31)	–	31
– Experience adjustments	–	(2)	–	(2)	–	2
– Change in financial assumptions	–	35	–	35	–	(35)
Balances at 30 June 2020	838	(448)	(192)	198	(22)	(7)
Current service cost	**–**	**(3)**	**–**	**(3)**	**3**	**–**
Net interest income/(expense)	**76**	**(40)**	**(18)**	**18**	**(18)**	**–**
Change in effect of asset limit	**–**	**–**	**(12)**	**(12)**	**–**	**12**
Fund expenses	**(2)**	**2**	**–**	**–**	**–**	**–**
Exchange rate differences	**(12)**	**12**	**–**	**–**	**–**	**–**
Benefit payments	**(39)**	**39**	**–**	**–**	**–**	**–**
Employer surplus utilised	**(12)**	**–**	**–**	**(12)**	**–**	**–**
Remeasurements:						
– Return on plan assets excluding interest	**69**	**–**	**21**	**90**	**–**	**(90)**
– Change in financial assumptions	**–**	**2**	**–**	**2**	**–**	**(2)**
Balances at 30 June 2021	**918**	**(436)**	**(201)**	**281**	**(15)**	**(80)**

* *During the 2020 financial year, the pension fund in which V&R Management Services AG's employees participate changed the fund's rules. The fund no longer meets the definition of a defined-benefit fund and, accordingly, the liability was settled.*

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.1 Retirement benefits (continued)

R million	30 June 2021	30 June 2020
Actual return on plan assets	145	30
Expected contributions for the year ending 30 June 2022: R1 million		
Number of members	348	192
Composition of plan assets (%)		
Cash	10.5	11.7
Equity	20.8	14.2
Bonds	43.9	45.8
Property	0.3	0.2
International	24.5	28.1
	100.0	100.0
Principal actuarial assumptions on reporting date (%)		
Discount rate	9.7 – 10.2	0.0 – 9.4
Future salary increases	6.2 – 6.7	5.2
Future pension increases	5.2 – 5.7	4.2
Inflation rate	5.2 – 5.7	1.2 – 4.2

The sensitivity of the defined-benefit obligation to changes in the principal assumptions is:

	30 June 2021 Impact on defined-benefit obligation			30 June 2020 Impact on defined-benefit obligation		
R million	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
South Africa						
Discount rate	1.0%	(25)	24	1.0%	(25)	29
Inflation rate	1.0%	28	(22)	1.0%	24	(21)

The above sensitivity analysis are based on a change in assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some assumptions may be correlated.

10.4.2 Post-employment medical benefits

The Group operates a number of post-employment medical benefit schemes in South Africa. The majority of these plans are unfunded.

During the current financial year, plan assets used to fund Distell's Southern African post-employment medical liability was restructured and R405 million excess cash was transferred to Distell in line with the rules of the fund. Distell's post-employment medical liability is still funded.

The amounts recognised in the statement of financial position are determined as follows:

R million	30 June 2021	30 June 2020
Present value of funded obligations	(826)	(803)
Fair value of plan assets	1 152	1 368
Excess/(deficit) of the funded plans	326	565
Present value of unfunded obligations	(111)	(105)
Asset/(liability) included in the statement of financial position	215	460

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.2 Post-employment medical benefits (continued)

R million	Statement of financial position: *Fair value of plan assets*	Statement of financial position: *Present value of funded obligations*	Statement of financial position: *Amount recognised in the statement of financial position*	Income statement: *(Income)/ expense included in staff costs*	Statement of other comprehensive income: *(Income)/ expense*
Balances at 1 July 2019	1 412	(1 103)	309		
Current service cost	–	(38)	(38)	38	–
Past service cost	–	21	21	(21)	–
Net interest income/(expense)	153	(118)	35	(35)	–
Benefit payments	(34)	41	7	–	–
Remeasurements:					
– Change in financial assumptions	(14)	234	220	–	(220)
– Return on plan assets excluding interest income	(149)	–	(149)	–	149
– Gain/(loss) due to experience adjustment	–	55	55	–	(55)
Balances at 30 June 2020	1 368	(908)	460	(18)	(126)
Current service cost	**–**	**(26)**	**(26)**	**26**	**–**
Net interest income/(expense)	**198**	**(123)**	**75**	**(75)**	**–**
Contributions	**–**	**1**	**1**	**–**	**–**
Benefit payments	**(36)**	**43**	**7**	**–**	**–**
Liability settled	**(405)**	**26**	**(379)**	**(26)**	**–**
Remeasurements:					
– Change in financial assumptions	**–**	**39**	**39**	**–**	**(39)**
– Return on plan assets excluding interest income	**26**	**–**	**26**	**–**	**(26)**
– Gain/(loss) due to experience adjustment	**–**	**12**	**12**	**–**	**(12)**
Balances at 30 June 2021	**1 151**	**(936)**	**215**	**(75)**	**(77)**

R million	30 June 2021	30 June 2020
Amount of plan assets represented by investment in the entity's own financial instruments	**2**	28
Actual return on plan assets	**224**	4
Expected medical premiums for the year ending 30 June 2022: R6 million		
Number of members	**3 210**	3 649
Composition of plan assets (%)		
Cash	**0.3**	14.8
Equity	**5.9**	65.3
Bonds	**93.8**	19.4
Property	**–**	0.5
	100.0	100.0

10. Other assets and liabilities (continued)

10.4 Retirement benefits (continued)

10.4.2 Post-employment medical benefits (continued)

Principal actuarial assumptions on reporting date (%)	30 June 2021	30 June 2020
Discount rate	**8.2 – 12.6**	8.8 – 14.7
Annual increase in healthcare costs	**6.7 – 9.6**	6.0 – 11.0

The sensitivity of the post-employment medical liability to changes in the principal assumptions is:

	30 June 2021	**Impact on post-employment medical liability**		30 June 2020	Impact on post-employment medical liability	
R million	***Change in assumption***	***Increase in assumption***	***Decrease in assumption***	*Change in assumption*	*Increase in assumption*	*Decrease in assumption*
Discount rate	**1.0%**	**(117)**	**141**	1.0%	(112)	135
Healthcare cost inflation	**1.0%**	**148**	**(118)**	1.0%	140	(90)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice this is unlikely to occur and changes in some assumptions may be correlated.

10.5 Long-term loans and debtors

R million	30 June 2021	30 June 2020
Loans advanced to Distell's and RCL Foods' producers and other unrelated parties with varying interest rates and repayment terms	**59**	62
Gross loans	**66**	74
Expected credit loss allowance	**(7)**	(12)
Loans advanced by Distell to related parties, denominated in SA rand and USA dollar, with market-related interest rates and no specific repayment terms	**45**	57
Loans advanced to an RCL Foods producer. Secured by a second mortgage bond over properties. This loan is interest-free and repayable from April 2028 (refer note 10.5.1).	**14**	28
Gross loans	**71**	65
Expected credit loss allowance	**(57)**	(37)
Other smaller loans advanced with varying interest rates	**28**	34
USA dollar savings bonds of the Reserve Bank of Zimbabwe. Two-year tenure with an effective interest rate of 6.80% per annum (refer note 10.5.2)	**–**	–
Gross loans	**358**	436
Expected credit loss allowance	**(358)**	(436)
	146	181

Other than the below mentioned loss allowances provided for, the lifetime expected loss assessment for the other loans indicated that no significant credit loss exposure exists.

10.5.1 Loss allowance on loans advanced to an RCL Foods producer

RCL Foods has access to the results and forecast information for the forthcoming years in order to assess the borrower's capacity to meet its contractual cash flow obligations as they become due. In assessing the expected credit losses arising on the loan to this producer, both internal (current profitability and forward looking information) and external (current and future state of sugar industry and macroeconomic factors) factors were considered and concluded that the producer is facing major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to it not having adequate capacity to meet its financial commitments. Based on RCL Foods management's assessment, a R20 million loss allowance (2020: R37 million) has been recognised.

10. Other assets and liabilities (continued)

10.5 Long-term loans and debtors (continued)

10.5.2 Reserve Bank of Zimbabwe savings bonds

During a previous period Distell invested $23.4 million in these bonds following foreign currency restrictions which severely limited the ability of a major customer in Zimbabwe to repatriate funds to South Africa. The bonds have a tenure of two years, which expired during the current financial year. The credit risk increased significantly since initial recognition, as economic conditions deteriorated further, exacerbated by the Covid-19 pandemic, and the inflation rate grew exponentially. A lifetime expected loss allowance was recognised of the full outstanding amount in prior financial years, based on an expected credit loss ratio of 98.3%, which factors in a probability of default of 100%, based on adjusted measure of an expected S&P Global Corporate Default rate for CCC-rated corporates, and a loss given default of 98.3%. These assumptions have not changed in the current financial year and the bonds were not redeemed on the agreed due dates. In assessing forward looking information, Distell took into account that the majority of Zimbabwe government debt is in arrears and that growth prospects do not indicate that a substantial economic recovery is imminent, and that the probability of continuing default remains very high.

10.6 Inventories

Inventories are stated at the lower of cost or net realisable value. The basis of determining cost, which excludes finance costs, is the first-in-first-out cost method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Work in progress and finished goods include direct costs and an appropriate allocation of manufacturing overheads.

R million	30 June 2021	30 June 2020
Raw materials	**891**	776
Finished products	**5 459**	4 422
Work in progress	**5 450**	5 991
Consumables	**821**	843
	12 621	12 032
Inventory expensed during the year	**38 387**	32 291
Inventory carried at net realisable value	**162**	133

Inventories at year-end consist primarily of RCL Foods' and Distell's inventories.

RCL Foods' net realisable value write-down of R20 million (2020: R69 million) relates to the Chicken segment. Due to the fast-moving nature of the products, RCL Foods based its write-down calculation on actual selling price information available, post year-end, related to these products which supports the net realisable value of stock on hand.

RCL Foods has considered the impact of the Covid-19 pandemic on the valuations of inventories. No material change to the valuation of inventory was considered necessary due to the nature of the inventory holdings, being mainly food products.

Certain products in Distell's portfolio have a limited shelf-life. Due to the Covid-19-related ban on the sale of its products in some countries, Distell had to make provision for additional obsolete inventory. Higher inventory levels of certain categories of products, mainly in the wine category, resulted in additional inventory provisions due to the impact of vintage changes in the next financial year. Covid-19 is not expected to affect future selling prices in the short to medium term. Net selling prices, after the consideration of sales incentives in the future, are not expected to be lower than the cost of inventories and no further provisions are considered to arise as a result of it. Due to lower production volumes as a result of Covid-19, production overhead costs could not be fully recovered and resulted in additional write-offs to the income statement compared to the previous year. Inventory provisions amounted to R115 million (2020: R209 million) at year-end.

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million (2020: R5 500 million). Bank borrowings are secured by inventories of Distell for a maximum value of R1 190 million (2020: R1 277 million).

10. Other assets and liabilities (continued)

10.7 Biological agricultural assets

Biological assets are measured at fair value less estimated harvesting, transport, packing and point-of-sale costs. Gains and losses arising from the remeasurement of biological assets are accounted for in the income statement during the period in which they arise.

Growing crops

Growing crops consist of consumable biological assets, i.e. sugar cane plants and banana fruit. The fair value of growing crops is determined with reference to current market prices, considering the following:

- Sugar cane plants – sucrose content and age; and
- Banana fruit – estimated yields, quality standards and age.

Chicken stock

Chicken stock includes breeding and broiler stock. Breeding stock includes the breeding and laying operations, including hatching eggs. The fair value of chicken stock is determined with reference to current market prices or, where market prices are not available, by reference to sector benchmarks.

Biological assets are measured at fair value using inputs that are not based on observable market data. Accordingly, these assets are classified as level 3 in terms of *IFRS 13*. There were no transfers to either level 1 or level 2 fair value assets during the periods under review.

R million	*Breeding stock*	*Broiler stock*	*Sugar cane plants*	*Banana fruit*	Total
Carrying value at 1 July 2019	351	209	287	19	866
Additions	1 058	3 335	–	–	4 393
Decrease due to harvest	(1 050)	(3 381)	(287)	(19)	(4 737)
Fair value adjustment	8	14	258	3	283
Carrying value at 30 June 2020	367	177	258	3	805
Additions	**1 302**	**4 126**	**–**	**–**	**5 428**
Decrease due to harvest	**(1 264)**	**(4 030)**	**(259)**	**(3)**	**(5 556)**
Fair value adjustment	**4**	**19**	**248**	**7**	**278**
Carrying value at 30 June 2021	**409**	**292**	**247**	**7**	**955**

10. Other assets and liabilities (continued)

10.7 Biological agricultural assets (continued)

The following valuation techniques and significant inputs were used to measure the biological assets:

Description	**Valuation technique**	**Unobservable inputs**	**Range of unobservable inputs**	**Relationship of unobservable input to fair value**	**Fair value at 30 June 2021 R million**
Chicken stock	**Replacement cost of the components of growing the stock**	**Eggs per hen**	**140 to 202 per hen**	**The higher the eggs per hen, the higher the fair value**	
		Cost of a day-old breeder bird	**R58.79 to R94.00 per chick**	**The higher the cost per chick, the higher the fair value**	
		Mortality rates	**3.0% to 8.9%**	**The higher the mortality, the lower the fair value**	
		Average live mass	**1.54kg to 1.87kg per bird**	**The higher the average live mass, the higher the fair value**	
		Feed cost	**R6 085 to R6 846 per ton**	**The higher the feed cost per ton, the higher the fair value**	**701**
Sugar cane plants	**Recoverable value**	**Recoverable value (price per ton of sucrose) less harvesting, transport and other costs to sell**	**R3 644 to R4 017 per ton**	**The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar cane plants**	**247**
Banana fruit	**Recoverable value**	**Market-related selling price per ton of bananas less harvesting, transport and other costs to sell**	**R3 954 per ton**	**The higher the market-related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit**	**7**

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value	Fair value at 30 June 2020 R million
Chicken stock	Replacement cost of the components of growing the stock	Eggs per hen	140 to 170 per hen	The higher the eggs per hen, the higher the fair value	
		Cost of a day-old breeder bird	R64.43 to R70.70 per chick	The higher the cost per chick, the higher the fair value	
		Mortality rates	3.8% to 9.6%	The higher the mortality, the lower the fair value	
		Average live mass	1.57kg to 1.86kg per bird	The higher the average live mass, the higher the fair value	
		Feed cost	R5 373 to R5 544 per ton	The higher the feed cost per ton, the higher the fair value	544
Sugar cane plants	Recoverable value	Recoverable value (price per ton of sucrose) less harvesting, transport and other costs to sell	R3 039 to R3 305 per ton	The higher the recoverable value of sucrose less harvesting, transport and other costs to sell per ton, the higher the value of sugar cane plants	258
Banana fruit	Recoverable value	Market-related selling price per ton of bananas less harvesting, transport and other costs to sell	R2 040 per ton	The higher the market-related selling price value less harvesting, transport and other costs to sell per ton of bananas, the higher the value of banana fruit	3

10. Other assets and liabilities (continued)

10.7 Biological agricultural assets (continued)

Sensitivity analysis

A sensitivity analysis is shown for the significant unobservable inputs below:

Input	Sensitivity
Feed cost – chicken stock	A 5.0% change in feed cost would result in a R8 million (2020: R5 million) change in fair value.
Recoverable value price per ton – sugar cane plants	A change of 5.0% in recoverable value would result in a R17 million change in fair value (2020: R18 million).

10.8 Debtors and short-term loans

R million	30 June 2021	30 June 2020
Trade debtors (gross)	7 962	8 004
Less: Loss allowance	(295)	(268)
Trade debtors (net)	7 667	7 736
Dividends receivable	75	74
Dark Fibre Africa loans reclassified from joint venture loan	–	468
Short-term loans	100	135
Advance payments	328	380
VAT receivable	233	115
Accrued finance income	28	36
Other*	1 166	1 014
	9 597	9 958

* *Includes RCL Foods' Vector distribution contract of R473 million (2020: R505 million).*

Debtors with a carrying value of R4 385 million (2020: R4 629 million) provided collateral to the Group. The collateral consists of mortgage and notarial bonds, cessions, bank guarantees and credit insurance.

The secured term facility of Distell is secured by mortgages over immovable property, general notarial bonds over movable assets and a cession over trade and other receivables of specific subsidiaries to a maximum of R5 500 million (2020: R5 500 million).

Movements on the Group loss allowance for trade debtors are as follows:

R million	30 June 2021	30 June 2020
Balances at the beginning of the year	268	186
Loss allowance	91	172
Trade debtors written off as uncollectable during the year	(54)	(88)
Unused amounts written back	(9)	(4)
Exchange difference	(1)	2
Balances at the end of the year	295	268

During the year, bad debts amounting to R54 million (2020: R88 million) were written off. The other classes of assets in trade debtors and short-term loans have no assets where impairments were made. Refer to note 13 for further details.

Refer to note 13.2 regarding details of the expected credit loss and related Covid-19 impact.

10. Other assets and liabilities (continued)

10.9 Trade and other payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

R million	30 June 2021	30 June 2020
Trade payables	**6 938**	6 307
Accrued expenses	**3 816**	3 207
Excise duty	**1 847**	1 812
VAT payable	**243**	290
	12 844	11 616

10.10 Assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. These assets (or disposal groups) are measured at the lower of its carrying amount or fair value less costs to sell.

The Group classifies a component as a discontinued operation when that component 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 coordinated 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 resell.

A component of the Group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group.

R million	30 June 2021	30 June 2020
Assets held for sale comprise:		
Assets held for sale	**7**	293
The details are as follows:		
During March 2020 Distell announced plans to sell the premium wine farms Alto and Plaisir de Merle on the open market. The farms and related enterprises, including trade marks, were sold in the current financial year. The operating results of the trade marks and farming operations do not meet the criteria to be classified as major lines of business and have therefore not been disclosed separately as discontinued operations.		
The carrying value of the assets held for sale were	**–**	267
Property, plant and equipment	**–**	194
Intangible assets	**–**	15
Inventories	**–**	58
Other	**7**	26
Non-current assets held for sale	**7**	293

10. Other assets and liabilities (continued)

10.11 Discontinued operations

R million	30 June 2021	30 June 2020
Profit for the year from discontinued operations:		
Share of after-tax profit of equity accounted investment	–	1 395
Profit on unbundling of investment in RMH	–	7 360
Cash flows for the year from discontinued operations:		
Operating activities	–	787

Unbundling of investment in RMH

On 31 March 2020 Remgro announced the full distribution of its 28.2% interest in RMH (RMH Unbundling) and to retain its 3.9% direct interest in FirstRand. The interest in RMH amounting to R23 855 million, being its fair value, was distributed to shareholders on 8 June 2020 in the ratio of 0.69939 RMH ordinary shares for every 1 Remgro share held.

As a result of the RMH Unbundling, earnings and headline earnings measures were presented for continuing operations and discontinued operations. The investment in RMH was treated as a discontinued operation and, accordingly, discontinued operations include the equity accounted income of RMH, as well as the profit realised on the RMH Unbundling. During the prior year the investment in RMH was equity accounted for the nine months to 31 March 2020.

It should also be noted that FirstRand was equity accounted until 8 June 2020, the date on which Remgro ceased to have significant influence over FirstRand, due to the RMH Unbundling and Remgro no longer being entitled to board representation, and the investment was reclassified from an equity accounted investment to an investment at fair value through other comprehensive income (FirstRand Reclassification). Subsequently, only dividend income is accounted for FirstRand in the income statement.

11. Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Interest and penalties are disclosed as part of other payables.

Current taxation is provided by using rates that have been enacted or substantially enacted in terms of applicable tax laws.

Deferred taxation is provided for at rates that have been enacted or substantially enacted using the statement of financial position liability method. Full provision is made for all temporary differences between the taxation base of an asset or liability and its carrying amount on the statement of financial position. No deferred tax liability is recognised in those circumstances where the initial recognition of an asset or liability has no impact on accounting profit or taxable income. Deferred tax assets are not raised unless it is probable that future taxable profits will be available against which the deferred taxation asset can be realised in the foreseeable future.

No deferred tax is provided on temporary differences relating to investments in subsidiaries as Remgro controls the dividend policy of these companies and consequently also controls the reversal of the temporary differences.

Deferred taxation is provided at a rate of 0% on temporary differences relating to the investments in associates and joint ventures, as the carrying values of these investments are expected to be recovered through dividends, which are exempt from taxation.

11. Taxation (continued)

11.1 Deferred taxation

Deferred tax assets

R million	*Property, plant and equipment*	*Inventories and biological assets*	*Intangible assets*	*Provisions*	*Investments*	*Tax losses*	*Other*	**Total**
At 1 July 2019	(64)	(32)	4	116	–	120	55	199
As per the income statement	7	6	–	28	–	15	(6)	50
Accounted for in other comprehensive income	–	–	–	–	–	–	(7)	(7)
Businesses disposed	–	–	–	–	–	(5)	–	(5)
Businesses acquired	(65)	–	–	–	–	–	–	(65)
Transfer between categories	14	2	–	1	–	1	–	18
At 30 June 2020	(108)	(24)	4	145	–	131	42	190
As per the income statement	**9**	**36**	**2**	**(7)**	**–**	**52**	**(59)**	**33**
Accounted for in other comprehensive income	**–**	**–**	**–**	**–**	**(1)**	**–**	**(8)**	**(9)**
Businesses acquired	**–**	**–**	**–**	**–**	**–**	**–**	**(2)**	**(2)**
Transfer between categories	**–**	**–**	**–**	**–**	**–**	**–**	**(3)**	**(3)**
Foreign exchange translation reserve	**–**	**–**	**–**	**–**	**–**	**(1)**	**–**	**(1)**
At 30 June 2021	**(99)**	**12**	**6**	**138**	**(1)**	**182**	**(30)**	**208**

Deferred tax liabilities

R million	*Property, plant and equipment*	*Inventories and biological assets*	*Intangible assets*	*Provisions*	*Investments*	*Tax losses*	*Other*	**Total**
At 1 July 2019	(1 748)	(172)	(3 692)	186	(165)	113	(85)	(5 563)
As per the income statement	(42)	10	278	(50)	(11)	109	(55)	239
Accounted for in other comprehensive income	–	–	–	(8)	(1 539)	875	(20)	(692)
Transfer between categories	(14)	(2)	–	(1)	–	(1)	–	(18)
Foreign exchange translation reserve	(10)	(2)	(56)	1	(7)	–	2	(72)
At 30 June 2020	(1 814)	(166)	(3 470)	128	(1 722)	1 096	(158)	(6 106)
As per the income statement	**(181)**	**(25)**	**90**	**229**	**(15)**	**(128)**	**(38)**	**(68)**
Accounted for in other comprehensive income	**–**	**(21)**	**–**	**(24)**	**(135)**	**(61)**	**(19)**	**(260)**
Transfer between categories	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**3**
Foreign exchange translation and other	**8**	**2**	**23**	**–**	**5**	**1**	**3**	**42**
At 30 June 2021	**(1 987)**	**(210)**	**(3 357)**	**333**	**(1 867)**	**908**	**(209)**	**(6 389)**

11. Taxation (continued)

11.2 Tax losses

R million	30 June 2021	30 June 2020
Estimated tax losses available for set off against future taxable income	**695**	1 357
Utilised to create deferred tax asset	**(384)**	(1 088)
	311	269

The Group has the following capital losses and assessed tax losses in respect of which no deferred tax asset has been recognised due to the uncertainty that future capital gains and taxable income will arise and against which these losses can be utilised:

- Assessed tax losses amounting to R311 million (2020: R269 million);
- Capital losses amounting to R4 897 million (2020: R5 153 million); and
- Capital losses amounting to R3 437 million (2020: R3 437 million), which can be utilised against future capital gains in limited circumstances.

11.3 Taxation in income statement

R million			30 June 2021	30 June 2020
Current	– current year	– South African normal taxation	**1 080**	652
		– Capital gains tax	**18**	30
		– Foreign income	**2**	28
		– Foreign taxation	**9**	5
	– previous year	– South African normal taxation	**(9)**	26
			1 100	741
Deferred	– current year		**42**	(280)
	– previous year		**(7)**	(9)
			1 135	452

11.4 Tax rate reconciliation

%	30 June 2021	30 June 2020
Effective tax rate	**24.8**	5.7
Reduction/(increase) in standard rate as a result of:		
Exempt dividend income	**2.2**	0.2
Non-taxable capital profit	**(0.1)**	–
Non-deductible expenditure[(1)]	**(26.9)**	(111.2)
Non-taxable income[(2)]	**26.4**	134.5
Foreign taxation	**(0.3)**	(0.8)
Previous year taxation	**2.2**	(0.1)
Tax losses utilised	**(0.3)**	(0.3)
Standard rate	**28.0**	28.0

(1) *Non-deductible expenditure includes finance costs pertaining to debt at the centre amounting to R861 million (2020: R951 million). The finance costs have a tax effect of R241 million (2020: R266 million), resulting in an increase in the effective tax rate of 19.6% (2020: decrease of 3.3%). In the prior year, non-deductible expenditure mainly included impairments of investments, assets and loans amounting to R4 524 million.*

(2) *Non-taxable income mainly includes the reversal of impairments of investments, assets and loans amounting to R1 157 million (2020: non-taxable profit of R7 360 million on the RMH Unbundling as well as R4 228 million on the FirstRand Reclassification).*

11.5 Taxation in statement of comprehensive income

R million			30 June 2021	30 June 2020
Current	– current year	– Capital gains tax	**343**	–

12. Other income and expenses

12.1 Revenue

Revenue

Revenue comprises the fair value of the consideration received/receivable arising in the course of the Group's ordinary activities through the sale of goods and services. Revenue is disclosed net of value added tax, general sales taxes, returns, rebates, discounts and other allowances and after eliminating sales within the Group.

Sales of goods comprise the sale of alcoholic beverages, milling, agricultural produce and consumer goods, as well as aluminium products. Sales of services comprise logistics, warehousing and distribution services where the Group acts as an agent on behalf of a principal and earns commission, as well as consulting and management services.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control of a product or when services are rendered to a customer. In certain instances, the sale of goods includes delivery and these sales are identified as being a single performance obligation. In all other cases, where the Group is requested to arrange transport for the customer, two separate performance obligations arise – the sale of goods and the provision of transport. To the extent that the Group is responsible for the provision of the transport services to the customer, the Group acts as a principal and revenue from transport services is recorded at the gross amount.

Revenue from the sale of goods is recognised only when the performance obligations arising from the contract with a customer are satisfied and the amount of revenue that it expects to be entitled to can be determined. For sales that include delivery (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

The products sold often include various discounts, including volume discounts based on aggregate sales and early settlement discounts. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

In instances where the delivery is a separate performance obligation (as indicated above), revenue from the sale of goods is recognised when the goods are transferred to the transport provider for delivery.

A refund liability (included in trade and other payables) is recognised for expected discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with credit terms which are consistent with market practice. The Group's obligation to replace or accept return of faulty products is recognised as a refund liability (included in trade and other payables) and a right to the returned goods (included in other current assets) is recognised for the products expected to be returned. Accumulated experience is used to estimate such returns at the time of sale at a category level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Revenue from the sale of services relates mainly to transport services and is recognised when the underlying goods have been delivered. The Group is not entitled to payment until the delivery service has been completed. Revenue from other services provided by the Group is recognised when the service has been rendered with reference to completion of the specific transaction assessed on the basis of actual service provided as a proportion of total services to be provided.

The Group currently accepts returns from customers for damaged goods, with the corresponding refund liability recorded within trade and other receivables, unless a separate obligation to settle with the customer exists, in which case the liability is recorded in trade and other payables.

The Group bases its estimates of incentive rebates and settlement discounts on historical results. Variable consideration is calculated by applying percentages agreed with the customer to actual sales for the period.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Recognition of other income

Interest is recognised on a time proportion basis (taking into account the principal outstanding, the effective rate and the period), unless collectability is in doubt. Dividends are recognised when the right to receive payment is established.

12. Other income and expenses (continued)

12.1 Revenue (continued)

Segment revenue

R million	30 June 2021	30 June 2020
Consumer products		
Distell	**28 254**	22 370
RCL Foods	**31 536**	27 659
Siqalo Foods	**3 088**	2 712
Industrial		
Wispeco	**2 925**	1 991
Total revenue	**65 803**	54 732

Disaggregated revenue information

R million	30 June 2021	30 June 2020
Distell		
Spirits	**11 127**	8 942
Wine	**6 880**	5 656
Cider and RTDs	**10 223**	7 725
Other	**24**	47
	28 254	22 370
RCL Foods		
Groceries	**5 522**	4 984
Baking	**5 849**	5 195
Chicken	**10 336**	8 814
Sugar	**8 398**	7 622
Vector	**3 154**	2 589
Sales between RCL Foods' business units	**(1 766)**	(1 566)
Group	**195**	166
	31 688	27 804
Siqalo Foods		
Spreads	**3 088**	2 712
Wispeco		
Extrusions and related products	**2 545**	1 721
Other	**380**	270
	2 925	1 991
Elimination of intersegment revenue	**(152)**	(145)
Total revenue	**65 803**	54 732

Geographical segmental information: Revenue from RCL Foods, Distell and Wispeco amounting to R7 877 million (2020: R6 570 million), is derived from outside of South Africa.

12. Other income and expenses (continued)

12.2 Staff costs

Short-term employee benefits

Employee entitlements to leave are recognised when they accrue to employees involved. A creditor is created for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

R million	30 June 2021	30 June 2020
Salaries and wages	**8 076**	7 394
Share-based payments	**316**	190
Pension costs – defined-contribution	**622**	603
Pension costs – return on defined-contribution asset	**(11)**	(2)
Pension costs – defined-benefit	**(15)**	(22)
Post-employment medical benefits	**(75)**	(18)
Other	**338**	306
	9 251	8 451

12.3 Profit

R million	30 June 2021	30 June 2020
Profit includes the following separately disclosable as well as significant income and expense items:		
Income		
Fair value adjustment – biological assets	**278**	283
Fair value adjustment – derivative instruments	**152**	207
Rental income – investment properties	**14**	13
Profit on sale and dilution of investments	**17**	4 220
Dilution profit of interest in equity accounted investments	**17**	(8)
Profit on reclassification of FirstRand	**–**	4 228
Net profit on the sale of property, plant and equipment	**232**	38
Exchange rate differences	**–**	251
Expenses		
Amortisation of intangible assets	**495**	523
Expenses – investment properties	**6**	5
Lease payments	**649**	677
Short-term leases	**494**	539
Low-value assets	**37**	40
Variable lease payments	**118**	98
Repairs and maintenance	**1 495**	1 270
Research and development costs written off	**37**	32
Auditors' remuneration – audit fees	**65**	59
– other services	**3**	5
Net impairment of investments, assets and goodwill	**(1 039)**	4 234
Investments (refer note 4.4)	**(1 132)**	857
Property, plant and equipment (refer note 10.1)	**93**	637
Intangible and other assets	**–**	2 740
Loss allowances on loans	**205**	290
Professional fees	**130**	119
Depreciation	**1 711**	1 682
Property, plant and equipment (refer note 10.1)	**1 706**	1 678
Investment properties (refer note 10.2)	**5**	4
Exchange rate losses	**246**	–
Water, electricity and municipal services	**1 517**	1 384
Fuel and gas	**666**	642
Transportation and vehicle expenses	**1 538**	1 323
Advertising expenses	**1 650**	1 711
Sugar industry levy	**329**	341

13. Financial instruments

Financial instruments disclosed in the financial statements include cash and cash equivalents, investment in money market funds, financial assets at fair value, derivative instruments, debtors and short-term loans, trade and other payables and borrowings.

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through other comprehensive income;
- Those to be measured at fair value through profit and loss; and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group reclassifies financial assets when, and only when, its business model for managing those assets changes.

The Group classifies its financial liabilities apart from derivatives as other financial liabilities. Derivative financial liabilities are classified as financial liabilities at fair value through profit and loss.

Measurement

Financial instruments are initially recognised at fair value, including directly attributable transaction costs, when the Group becomes party to the contractual terms of the instruments. Transaction costs relating to the acquisition of financial instruments held at fair value through profit and loss are expensed. Subsequent to initial recognition, financial instruments that are not measured at fair value are measured as follows:

Loans and receivables

These assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit and loss and presented in other gains/(losses), together with foreign exchange gains and losses.

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is recognised at fair value and subsequently measured at the higher of the expected credit loss relating to the guarantee given and the amount initially recognised less accumulated amortisation, where appropriate.

Derecognition of financial instruments

Financial assets (or portions thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in other comprehensive income, are included in the income statement.

Financial liabilities (or portions thereof) are derecognised when the Group's obligation specified in the contract is discharged or cancelled, or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs and the amount paid for it is included in the income statement.

Fair value estimation

Financial instruments that are measured at fair value in the statement of financial position are disclosed by level of the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in an organised financial market is measured at the applicable quoted prices. The fair value of the financial instruments that are not traded in an organised financial market is determined using a variety of methods and assumptions that are based on market conditions and risk existing at the reporting date, including independent appraisals and discounted cash flow methods. Fair values represent an approximation of possible value, which may differ from the value that will finally be realised.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value

Financial instruments on the statement of financial position include investments, investment in money market funds, loans receivable, debtors, cash, creditors, short-term loans, long-term loans and derivative instruments. Details of the nature, extent and terms of these instruments are explained in the notes to the relevant items.

The accounting policy for financial instruments was applied to the following statement of financial position line items:

Financial assets (R million)	*Non-financial assets*	*Loans and receivables*	*Financial assets at FVPL*	*Financial assets at FVOCI*	*Carrying value*	*Fair value*
30 June 2021						
Financial assets at FVOCI	**–**	**–**	**–**	**14 342**	**14 342**	**14 342**
Financial assets at FVPL	**–**	**–**	**297**	**–**	**297**	**297**
Long-term loans and debtors	**–**	**146**	**–**	**–**	**146**	**146**
Loans to equity accounted investments	**–**	**183**	**–**	**–**	**183**	**183**
Debtors and short-term loans	**1 727**	**7 870**	**–**	**–**	**9 597**	**9 597**
Investment in money market funds	**–**	**–**	**5 010**	**–**	**5 010**	**5 010**
Cash and cash equivalents	**–**	**8 763**	**–**	**–**	**8 763**	**8 763**
Assets held for sale	**7**	**–**	**–**	**–**	**7**	**7**
	1 734	**16 962**	**5 307**	**14 342**	**38 345**	**38 345**
30 June 2020						
Financial assets at FVOCI	–	–	–	12 505	12 505	12 505
Financial assets at FVPL	–	–	320	–	320	320
Long-term loans and debtors	–	181	–	–	181	181
Loans to equity accounted investments	–	288	–	–	288	288
Debtors and short-term loans	1 509	8 449	–	–	9 958	9 958
Investment in money market funds	–	–	4 945	–	4 945	4 945
Cash and cash equivalents	–	15 631	–	–	15 631	15 631
Assets held for sale	293	–	–	–	293	293
Hedge derivatives	–	–	–	101	101	101
	1 802	24 549	5 265	12 606	44 222	44 222

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value (continued)

Financial liabilities (R million)	Non-financial liabilities	Liabilities at amortised cost	Financial liabilities at FVPL	Financial liabilities at FVOCI	Carrying value	Fair value
30 June 2021						
Long-term loans	**–**	**11 978**	**–**	**–**	**11 978**	**12 386**
Trade and other payables	**243**	**12 601**	**–**	**–**	**12 844**	**12 844**
Short-term loans	**–**	**3 401**	**–**	**–**	**3 401**	**3 401**
Current instruments at FVPL	**–**	**–**	**471**	**–**	**471**	**471**
Hedge derivatives	**–**	**–**	**–**	**160**	**160**	**160**
	243	**27 980**	**471**	**160**	**28 854**	**29 262**
30 June 2020						
Long-term loans	–	15 167	–	–	15 167	15 181
Trade and other payables	290	11 326	–	–	11 616	11 616
Short-term loans	–	10 158	–	–	10 158	10 158
Current instruments at FVPL	–	–	279	–	279	279
	290	36 651	279	–	37 220	37 234

Fair value

Except for the term-funded debt package (refer note 6.1) with a fair value of R2 420 million (2020: R2 490 million), the fair value of the financial instruments approximates their carrying value on 30 June 2021 and 30 June 2020.

Fair value estimation

The following methods and assumptions are used to determine the fair value of each class of financial instrument:

- Financial instruments at fair value and investment in money market funds: Fair value is based on quoted market prices or, in the case of unlisted instruments, appropriate valuation methodologies, being discounted cash flows, liquidation valuation or actual net asset value of the investment.
- Cash and cash equivalents, debtors, creditors and short-term loans: Due to the expected short-term maturity of these financial instruments, their carrying values approximate their fair value.
- Borrowings: The fair value of long-term borrowings is based on discounted cash flows using the effective interest rate method. As the interest rates of long-term borrowings are all market-related, their carrying values approximate their fair value.
- Derivative instruments: The fair values of derivative instruments are determined by using appropriate valuation methodologies and mark-to-market valuations.

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value (continued)

Fair value estimation (continued)

The following table illustrates the fair values of financial assets that are measured at fair value, by hierarchy level:

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2021				
Assets				
Non-current assets				
Financial assets at FVOCI	**11 933**	**3**	**2 406**	**14 342**
Financial assets at FVPL	**–**	**–**	**214**	**214**
Current assets				
Financial assets at FVPL	**–**	**83**	**–**	**83**
Investment in money market funds	**5 010**	**–**	**–**	**5 010**
	16 943	**86**	**2 620**	**19 649**
30 June 2020				
Assets				
Non-current assets				
Financial assets at FVOCI	10 542	101	1 963	12 606
Financial assets at FVPL	–	–	309	309
Current assets				
Financial assets at FVPL	–	11	–	11
Investment in money market funds	4 945	–	–	4 945
	15 487	112	2 272	17 871

Reconciliation of carrying value of level 3 assets at the beginning and end of the year (R million)	*Financial assets at FVOCI*	*Financial assets at FVPL*	Total
Balances at 1 July 2019	2 181	288	2 469
Additions	136	132	268
Disposals	(691)	(141)	(832)
Exchange rate adjustment	284	–	284
Fair value adjustments through other comprehensive income	53	–	53
Fair value adjustments through profit and loss	–	30	30
Balances at 30 June 2020	1 963	309	2 272
Additions	**403**	**–**	**403**
Disposals	**(244)**	**(142)**	**(386)**
Exchange rate adjustment	**(242)**	**82**	**(160)**
Fair value adjustments through other comprehensive income	**526**	**–**	**526**
Fair value adjustments through profit and loss	**–**	**(35)**	**(35)**
Balances at 30 June 2021	**2 406**	**214**	**2 620**

Level 3 financial assets consist mainly of investments in the Milestone China entities (Milestone) and PRIF amounting to R1 273 million (2020: R1 299 million) and R368 million (2020: R341 million), respectively. These investments are all valued based on the fair value of each investment's underlying assets, which are valued using a variety of valuation methodologies. Listed entities are valued at the last quoted share price on the reporting date, whereas unlisted entities' valuation methods include discounted cash flow valuations, appropriate earnings and revenue multiples.

Milestone's fair value consists of listed investments (33%), cash and cash equivalents (5%) and unlisted investments (62%) (2020: 13%, 2% and 85%, respectively). Unlisted investments included at transaction prices in Milestone's fair value amounted to R649 million (2020: R988 million), while its remaining three unlisted investments were valued at R140 million (2020: R117 million). PRIF's main assets are the investments in ETG Group, Lumos Global, Solar Saver, Icolo, Zimborders and GridX. ETG Group was valued using a market-based approach, specifically the comparable company method (Enterprise value/EBITDA), while the other investments were valued using the discounted cash flow method. The investments in LifeQ and Bolt were valued at R186 million and R336 million, respectively, at 30 June 2021.

Changes in the valuation assumptions of the above unlisted investments will not have a significant impact on Remgro's financial statements as the underlying assets of the funds in which Remgro made its investments are widely spread.

13. Financial instruments (continued)

13.1 Classes of financial instruments and fair value (continued)

The following table illustrates the fair value of financial liabilities that are measured at fair value, by hierarchy level:

R million	*Level 1*	*Level 2*	*Level 3*	Total
30 June 2021				
Current instruments at FVPL	**–**	**471**	**–**	**471**
30 June 2020				
Current instruments at FVPL	–	279	–	279

13.2 Financial instruments and risk management

Various financial risks have an impact on the Group's results: market risk (including price risk, interest rate risk and foreign exchange risk), credit risk and liquidity risk. The Company and its subsidiaries' risk management programmes, of which key aspects are explained below, acknowledge the unpredictability of financial markets and are aimed to minimise any negative effect thereof. Derivative instruments are used to hedge against certain financial risk exposures.

Remgro's risk management is performed by its central treasury department in terms of policy that was approved by the Board of Directors. A Treasury Committee identifies, evaluates and hedges financial risks in terms of the Group's risk appetite, sets risk limits and monitors compliance to policy and procedures. The committee is assisted by the internal audit department that regularly, and on an *ad hoc* basis, reviews risk management controls and procedures. It is the responsibility of the Remgro Audit and Risk Committee to supervise these functions and assess the appropriateness of risk management strategies.

Risk management at subsidiary level is performed by the respective subsidiaries themselves and Remgro's Board of Directors monitors this on a continuous basis through representation on the subsidiaries' boards.

Relevant financial risks and risk management programmes are summarised as follows:

Market risk

Price risk

Exposure to price risk is due to investments in listed and unlisted shares which are classified as either FVOCI or FVPL, investment in money market funds and investments in commodity future contracts.

Equity investments at FVOCI consist primarily of FirstRand. This investment is partially hedged, the details of which are disclosed in note 6.5. Other investments at FVOCI consist mainly of the investments in BAT, PRIF, Prescient China Equity Fund and the Milestone China Funds, the details of which are disclosed in note 4.3. Investments at FVPL consist mainly of put option derivatives, the investment in LIVEKINDLY and interest rates swaps, the details of which are disclosed in note 6.4. The Management Board monitors all these investments continuously and makes recommendations to the Investment Committee and the Board of Directors in this regard.

Investment in money market funds consists mainly of interest-bearing liquid investments with a low risk. Refer to note 5.1 for further details.

Some operating subsidiaries have commodity options and future contracts that are influenced by the prices of the underlying commodities. The Board of Directors monitors this through representation on the subsidiaries' boards.

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Market risk (continued)

Foreign exchange risk

Certain subsidiaries operate internationally and are therefore exposed to foreign currency risk due to commercial transactions and offshore borrowings denominated in foreign currencies. These risks are limited by using foreign exchange contracts when deemed necessary.

The Group is also exposed to foreign exchange translation risk through its investment in money market funds (note 5.1), foreign cash (note 5.2) and a put option derivative (note 6.4.1).

The Board of Directors monitors the exposure on money market funds, foreign cash and offshore debt on a regular basis and the risk is limited through the diversification in foreign currencies.

Interest rate risk

Due to significant cash investments, movements in market interest rates influence income. The profile of the cash and cash equivalents is explained in note 5.2. Interest rate risk is managed by Remgro's treasury department, as well as the respective subsidiaries, by using approved counter parties that offer the best rates.

The Company and its subsidiaries are also exposed to interest rate risk due to long-term and short-term debt. The interest rate profile of the liabilities is disclosed in note 6.1.

The Group's sensitivity to market risk

The following table illustrates the sensitivity of the Group's profit and other comprehensive income to market risk if markets change with the following percentages:

	30 June 2021			30 June 2020		
	Change	***Income statement*** **R million**	***Equity*** **R million**	*Change*	*Income statement* R million	*Equity* R million
Interest rates	**+2.0%**	**140**	**(1)**	+2.0%	90	(2)
Foreign exchange	**+5.0%**	**(60)**	**291**	+5.0%	9	280
Equity prices	**+10.0%**	**15**	**854**	+10.0%	10	793

The above sensitivity analysis was calculated with reference to the carrying value of financial instruments at year-end and a possible change in the market risk factor.

Credit risk

The Group's exposure to credit risk is the fair value of loans, loans to equity accounted investments and other investee companies, debtors, short-term loans, derivative instruments, investments in money market funds and cash and cash equivalents as indicated above, as well as financial guarantee contracts.

Loans receivable

Management continuously assesses the credit risk of loans to equity accounted investments through its representation on the respective boards. The credit risk of loans to other investee companies is assessed through regular reporting from the respective investee companies. Loans to equity accounted investments and other investee companies are within their mandated terms. The loss allowances for loans to external parties are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward looking estimates at the end of each reporting period.

Trade receivables

No significant concentration of credit risk existed regarding debtors, as customers are spread over a wide geographical area. Policies and procedures are in place ensuring that sales occur only to customers with an acceptable credit history. Other debtors consist mainly of dividends receivable.

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Credit risk (continued)

Trade receivables (continued)

The Group applies the simplified approach for providing the expected credit losses prescribed by *IFRS 9*, which permits the use of lifetime expected loss provision for all trade receivables.

RCL Foods and Distell are Remgro subsidiaries with significant trade receivables.

RCL Foods' exposure to credit risk with regards to trade and other receivables is influenced mainly by the individual characteristics of each customer and there is no significant concentration of risk related to industry segments. The granting of credit is controlled by well-established criteria that are reviewed on a regular basis. The terms granted to trade debtors are determined by the respective credit policies of each operating subsidiary. The maximum exposure to credit risk at the reporting date is the carrying amount of each trade receivable and amounts guaranteed as disclosed in note 28.

In the current year, 90.4% (2020: 89.7%) of RCL Foods' trade debtors, which have not been specifically impaired, have been covered by credit insurance. Vector segment debtors in excess of R75 000 are selected for insurance cover with Lombard Insurance which covered 89.5% of their trade debtors in the current financial year (2020: 94.2%). The Sugar, Epol, Milling and Bread, buns and rolls operating units trade debtors are covered by Lombard Insurance on all debtors balances in excess of R75 000 which covered 87.9% of their debtors in the current financial year (2020: 93.0%). The Chicken and Groceries segment trade debtors represent large retail customers assessed as being a low risk of default. Chicken and Groceries segment trade debtors are managed by the Vector segment and subject to the covers that Vector has in place. Credit insurance premiums are paid on a monthly basis based on net invoiced sales. The credit policy requires each new customer to be analysed individually for creditworthiness before delivery and payment terms are offered. RCL Foods' review includes external ratings where available and in some cases bank references. Limits are established for each customer which represents the maximum trading amount without requiring further approval. These limits are reviewed on an ongoing basis. Customers that fail to meet RCL Foods' benchmark creditworthiness may transact with RCL Foods on a cash basis. Customers that default on payments are closely monitored and put on "stop supply" if required.

Distell has no insured trade receivables, holds no collateral as security and there is a cession, as per note 7, on trade receivables. Credit granting is controlled by a robust application process and credit limits are assigned and are updated continuously taking into account financial position, past experience and other factors.

In assessing the credit risk associated with trade debtors, Distell's debtors are categorised in various customer segments with similar risk profiles. These categories include national grocer chains, retailers, smaller liquor groups, independent retailers, sub-Saharan African and international customers in various regions. Expected credit losses are recognised using the simplified model based on a provision matrix which incorporates historical observed default rates and which is adjusted for forward looking information and other observable inputs. Forward looking information includes expected economic growth and employment rates of the regions assessed and the potential impact thereof on the buying power of consumers and sustainability of customers. Covid-19 is expected to have a detrimental impact on customers in the near term due to the restrictions imposed on the trading of alcohol by various governments. Debtors are analysed in various age buckets and varying loss rates applied to each age bucket, with long-overdue buckets having higher loss rates.

Distell's provision matrix of the lifetime expected loss allowance for trade debtors as at 30 June 2021 is as follows:

	Current	*Up to 60 days past due*	*Up to 90 days past due*	*Above 90 days past due*	**Total**
South African grocers and retailers	**3.0%**	**12.6%**	**84.1%**	**90.9%**	**3.5%**
South African liquor groups and redistributors	**4.0%**	**20.0%**	**90.0%**	**94.3%**	**5.9%**
South African other	**5.9%**	**40.5%**	**79.6%**	**89.6%**	**22.4%**
International	**0.1%**	**0.9%**	**1.7%**	**80.0%**	**2.0%**
Africa	**1.1%**	**5.8%**	**16.2%**	**33.9%**	**8.7%**
	2.5%	**17.5%**	**27.1%**	**50.3%**	**7.2%**

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Credit risk (continued)

Trade receivables (continued)

Distell's gross carrying amount of trade debtors per risk segment for the current financial year is as follows:

R million	*Current*	*Up to 60 days past due*	*Up to 90 days past due*	*Above 90 days past due*	Total
South African grocers and retailers	995	11	1	3	1 010
South African liquor groups and redistributors	260	25	1	1	287
South African other	276	42	6	52	376
International	468	21	7	12	508
Africa	516	54	24	155	749
	2 515	153	39	223	2 930

Remgro's loss allowance is as follows:

Loss allowance matrix (R million)	*Low risk of defaults*	*Insured trade receivables*	*Trade receivables specifically provided*	*Current*	*Up to 60 days past due*	*More than 60 days past due*	30 June 2021 Total
Gross carrying amount							
RCL Foods	2 018	844	76	1 484	140	35	4 597
Distell	–	–	–	2 516	153	261	2 930
Wispeco	–	–	–	229	51	17	297
Siqalo Foods	503	–	–	1	–	–	504
	2 521	844	76	4 230	344	313	8 328
Loss allowance							
RCL Foods				7	4	4	15
Distell				63	27	123	213
Wispeco				1	14	11	26
Siqalo Foods				n/a	n/a	n/a	n/a
				71	45	138	254
Specific allowance							
RCL Foods							30
Total loss allowance							284
Expected loss rate							
RCL Foods				0.49%	2.73%	10.17%	
Distell				2.49%	17.52%	46.87%	
Wispeco				0.64%	26.84%	63.33%	
Siqalo Foods				n/a	n/a	n/a	
				1.69%	12.86%	43.61%	

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Credit risk (continued)

Trade receivables (continued)

Loss allowance matrix (R million)	*Low risk of defaults*	*Insured trade receivables*	*Trade receivables specifically provided*	*Current*	*Up to 60 days past due*	*More than 60 days past due*	30 June 2020 Total
Gross carrying amount							
RCL Foods	3 725	1 007	85	161	30	13	5 021
Distell	–	–	–	2 086	255	289	2 630
Wispeco	–	–	–	121	40	44	205
Siqalo Foods	37	–	–	1	–	–	38
Other	110	–	–	–	–	–	110
	3 872	1 007	85	2 369	325	346	8 004
Loss allowance							
RCL Foods				9	7	9	25
Distell				15	19	139	173
Wispeco				2	5	21	28
Siqalo Foods				n/a	n/a	n/a	n/a
				26	31	169	226
Specific allowance							
RCL Foods							42
Total loss allowance							268
Expected loss rate							
RCL Foods				5.48%	23.68%	67.58%	
Distell				0.70%	7.26%	48.71%	
Wispeco				1.46%	12.51%	49.18%	
Siqalo Foods				n/a	n/a	n/a	
				1.06%	9.43%	49.46%	

Derivative instrument transactions and cash investments

Derivative instruments consist mainly of the zero cost collar described in note 6.5, as well as interest rate swaps and collars, commodity option contracts and foreign exchange contracts as described in note 6.4. Derivative instruments (excluding the put option described in note 6.4.1) are limited to transactions with financial institutions with an acceptable credit rating. Remgro's Treasury Committee and/or the respective subsidiaries approve these institutions and determine the limit of credit exposure of each separate entity.

Investment in money market funds and cash and cash equivalents are only held by approved institutions with acceptable creditworthiness. The Treasury Committee sets the limit for each financial institution. Refer to the investment in money market funds note (note 5.1) and cash and cash equivalents note (note 5.2) for additional information.

13. Financial instruments (continued)

13.2 Financial instruments and risk management (continued)

Liquidity risk

Debt levels within the Group are monitored on a continuous basis. The Company and its subsidiaries have substantial cash balances at their disposal and adequate credit facilities that limit their liquidity risk. Liquidity risk is further limited due to the fact that the Company also has substantial investments which can be realised on short notice.

The pandemic and, in particular, the South African government's ban and restrictions on the trading of alcoholic beverages, had a significant impact on the trading of Distell since the start of the first lockdown on 26 March 2020. Distell showed resilience and was able to improve its financial health following further bans from mid-July 2020 to mid-August 2020, and again during January 2021. Easing of export restrictions provided Distell the ability to operate, although at a much reduced capacity, during the periods of the ban on sale of alcohol in South Africa. Operations in the Botswana, Lesotho, Namibia and Eswatini regions, as well as to a lesser extent in various other territories Distell operates, were also adversely affected by specific country bans or restrictions on alcohol sales in the period up to 30 June 2021.

Although the duration of the pandemic is still uncertain, Distell has put in place the necessary structures and processes to monitor and mitigate against existing and emerging risks. These include the following:

- all discretionary spend has been prioritised while ensuring continued efficient operations of Distell;
- the Distell board has taken the decision to temporarily suspend dividend payments;
- a portion of Distell's capital expenditure programme was deferred and reprioritised without compromising Distell's growth prospects or compliance obligations;
- Distell unlocked value through the planned sale of two of its premium wine farms, Alto and Plaisir de Merle and by returning excess plan assets, used to fund Distell's post-retirement medical liability; and
- by using forecasting models, a month-by-month liquidity analysis is monitored and updated continuously. The analysis demonstrates that Distell is liquid and will continue to meet its obligations for the next 12 months and beyond.

During June 2020 the measurement of the debt to EBITDA covenant was amended by the financial institutions from 2.75:1 to 5:1 on its South African rand term funding for the 30 June 2020 measurement period. The covenant has reverted back to 2.75:1 for measurement periods after 30 June 2020 and Distell was able to comfortably meet all covenant requirements. The covenant measurements for 30 June 2021 were as follows:

- Net debt to EBITDA 0.53:1 (2020: 3.11:1)
- Interest cover 11.46:1 (2020: 5.1:1)

Distell has sufficient committed banking facilities in South Africa which will allow it to meet its forecasted financial commitments for the next financial year based on the various scenarios Distell considered for how long sales restrictions could be in place.

The following schedule indicates the repayment terms of outstanding debt:

			Non-discounted cash flow		
Financial liabilities (R million)	***Carrying value***	***Contractual cash flow***	***0 to 12 months***	***1 to 5 years***	***5 years and longer***
30 June 2021					
Long-term loans	**11 978**	**13 747**	**160**	**13 518**	**69**
Trade and other payables	**12 844**	**12 844**	**12 844**	**–**	**–**
Short-term loans	**3 401**	**6 943**	**6 943**	**–**	**–**
Current instruments at FVPL	**471**	**1 073**	**1 073**	**–**	**–**
Financial guarantee	**–**	**3 692**	**3 692**	**–**	**–**
	28 694	**38 299**	**24 712**	**13 518**	**69**
30 June 2020					
Long-term loans	15 167	15 780	123	15 556	101
Trade and other payables	11 616	11 616	11 616	–	–
Short-term loans	10 158	10 395	10 395	–	–
Current instruments at FVPL	279	540	499	41	–
Financial guarantee	–	3 353	3 353	–	–
	37 220	41 684	25 986	15 597	101

14. Related parties

Related parties that have been identified consist of subsidiaries, equity accounted investments, key management personnel and certain shareholders. Details of these parties and transactions with them are disclosed below.

14.1 Related party transactions

R million	**30 June 2021**	30 June 2020
Transactions of Remgro Limited and its subsidiaries with:		
Principal shareholder		
Dividends	**(31)**	(220)
Dividends *in specie*	**–**	(1 640)
Equity accounted investments		
Interest received	**17**	75
Interest paid	**(20)**	(371)
Dividends received	**928**	2 619
Administration fees received	**17**	16
Administration fees paid	**(4)**	–
Sales	**175**	160
Purchases	**(1 551)**	(1 686)
Corporate finance transactions and underwriting fees paid	**(14)**	(18)
Key management personnel (refer note 9)		
Salaries and other benefits	**(30)**	(28)
Retirement benefits	**(6)**	(5)
Share-based payments	**66**	24
Balances due from/(to) related parties:		
Equity accounted investments	**–**	(24)
Equity accounted investments	**313**	899

No security is given for any outstanding balances. No provisions for expected credit losses against outstanding balances with related parties have been made. This has been assessed and considered to be immaterial. No bad debt of related parties has been written off during the year.

14. Related parties (continued)

14.2 Principal subsidiaries

Name of company **Incorporated in South Africa unless otherwise stated**		**Share capital R (unless otherwise stated)**	**Effective interest 30 June 2021 %**	Effective interest 30 June 2020 %
Distell Group Holdings Limited[(1)]	*	27 844 564 000	**31.7**	31.8
Eikenlust Proprietary Limited		100	**100.0**	100.0
Entek Investments Proprietary Limited		16 029 279	**100.0**	100.0
Historical Homes of South Africa Limited		555 000	**65.8**	65.1
Industrial Electronic Investments Proprietary Limited		1 000	**100.0**	100.0
Industrial Partnership Investments Proprietary Limited		125 000	**100.0**	100.0
Invenfin Proprietary Limited		100	**100.0**	100.0
IPI (Overseas) Limited – Jersey		918 530 004	**100.0**	100.0
IPROP Holdings Limited – British Virgin Islands	(USD)	4 882 892	**100.0**	100.0
Metkor Group Proprietary Limited		82 978 237	**100.0**	100.0
Millennia Jersey Limited – Jersey	(GBP)	458 000 000	**100.0**	100.0
Partnership in Mining Proprietary Limited		100	**100.0**	100.0
RCL Foods Limited	*	10 318 078 334	**80.4**	77.1
Remgro Beverages Proprietary Limited		8 940 134 267	**100.0**	100.0
Remgro Finance Corporation Proprietary Limited		958 430	**100.0**	100.0
Remgro Health Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Healthcare Holdings Proprietary Limited		36 543 642 592	**100.0**	100.0
Remgro International Holdings Proprietary Limited		2	**100.0**	100.0
Remgro International Limited – Jersey		5 014 710	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited		100	**100.0**	100.0
Remgro Jersey GBP Limited – Jersey	(GBP)	100 000 000	**100.0**	100.0
Remgro Loan Corporation Proprietary Limited		700	**100.0**	100.0
Remgro Management Services Limited		100	**100.0**	100.0
Remgro South Africa Proprietary Limited		48 614	**100.0**	100.0
Remgro Sport Investments Proprietary Limited		100	**100.0**	100.0
Remgro USA Limited – Jersey	(USD)	2	**100.0**	100.0
Remont Proprietary Limited		100	**100.0**	100.0
Robertsons Holdings Proprietary Limited		1 000	**100.0**	100.0
RPII Holdings Proprietary Limited		8 600 000	**100.0**	100.0
SEACOM SA SPV Proprietary Limited		100	**100.0**	100.0
Siqalo Foods Proprietary Limited		1	**100.0**	100.0
Stellenbosch Academy of Sport Proprietary Limited		2	**100.0**	100.0
TSB Sugar Holdings Proprietary Limited		7 532 040 746	**100.0**	100.0
V&R Management Services AG – Switzerland	(CHF)	100 000	**100.0**	100.0
VenFin Holdings Limited – Jersey	(USD)	88 578 773	**100.0**	100.0
VenFin Proprietary Limited		2 849 304 076	**100.0**	100.0
VenFin Media Investments Proprietary Limited		2	**100.0**	100.0
Wispeco Holdings Proprietary Limited		11 641 000	**100.0**	100.0

Details of income and investments in subsidiaries are disclosed in the Company's separate Annual Financial Statements.

(GBP) British pound
(USD) USA dollar
(CHF) Swiss franc
** Listed company*

(1) *Remgro owns all the unlisted B-shares issued by Distell. These shares carry voting rights only and, in conjunction with the ordinary shares held, Remgro has voting rights of 56.4% (2020: 56.4%) in Distell.*

A complete register of subsidiaries is available for inspection at the registered office of the Company.

14. Related parties (continued)

14.3 Principal equity accounted investments

Name of company Incorporated in South Africa unless otherwise stated	Listed (L)/ Unlisted (U)	30 June 2021 Shares held	30 June 2021 Effective interest %	30 June 2020 Shares held	30 June 2020 Effective interest %
Healthcare					
Mediclinic International plc – UK	L	**328 497 888**	**44.6**	328 497 888	44.6
Financial services					
Rand Merchant Investment Holdings Limited	L	**469 448 728**	**30.6**	469 448 728	30.6
Business Partners Limited	U	**76 276 317**	**44.1**	76 276 317	44.1
Infrastructure					
Community Investment Ventures Holdings Proprietary Limited	U	**324 777**	**55.2**	270 039	54.7
Grindrod Limited	L	**173 183 235**	**25.8**	173 183 235	23.3
Grindrod Shipping Holdings Limited – Singapore	L	**4 329 580**	**22.5**	4 329 580	22.8
SEACOM Capital Limited – Mauritius	U	**1 000**	**30.0**	1 000	30.0
Industrial					
Air Products South Africa Proprietary Limited	U	**4 500 000**	**50.0**	4 500 000	50.0
TotalEnergies Marketing Proprietary Limited	U	**12 872 450**	**24.9**	12 872 450	24.9
PGSI Limited – BVI	U	**26 297 697**	**37.7**	26 297 697	37.7
Media					
eMedia Investments Proprietary Limited	U	**17 730 595**	**32.3**	17 730 595	32.3
Diversified investment vehicles					
Kagiso Tiso Holdings Proprietary Limited (RF)	U	**325 892**	**43.5**	325 892	36.3

Details of investments in and income from equity accounted investments are disclosed in note 4.1.

All these investments were equity accounted.

BVI – British Virgin Islands
UK – United Kingdom

Details of investments which are not material to the evaluation of the business of the Group, are not shown.

14.4 Key management personnel

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appears in notes 8 and 9 as well as on page 125.

14.5 Shareholders

A detailed analysis of shareholders appears on pages 123 and 124.

15. Businesses acquired

15.1 L&A Logistics Limited (L&A Logistics)

During the year under review RCL Foods, via its subsidiary Vector, acquired an additional effective holding of 40% in L&A Logistics for R9 million, involved in the storage, trading and distribution of dry, frozen and chilled food, taking its total effective holding to 85%.

The acquisition of L&A Logistics is considered a business combination in terms of *IFRS 3: Business Combinations*.

Based on the preliminary accounting for the business combination, the fair value of the major classes of assets and liabilities acquired is as follows:

R million	At acquisition date
Assets	
Property, plant and equipment (refer note 10.1)	**7**
Intangible assets (refer note 10.3)	**5**
Debtors and short-term loans	**14**
Inventories	**14**
Cash and cash equivalents	**5**
Liabilities	
Deferred taxation (refer note 11.1)	**(2)**
Lease liabilities (refer note 6.3)	**(7)**
Trade and other payables	**(19)**
Non-controlling interest	**(3)**
Fair value of net assets acquired	**14**
Goodwill (refer note 10.3)	**54**
Purchase consideration	**68**
Fair value of previously held interest	**59**
Cash consideration	**9**
Cash outflow on acquisition	**4**

No additional acquisition-related costs have been incurred in the current financial year. L&A Logistics has not had a material impact on results for the year. Its contribution to key income statement line items for the current year was as follows:

R million	30 June 2021
Revenue	**46**
Operating profit before depreciation, amortisation and impairment (EBITDA)	**6**
Operating profit	**5**
Profit before tax	**5**

15. Businesses acquired (continued)

15.2 Assets of a letting enterprise

On 9 October 2020 Siqalo Foods purchased a letting enterprise from Unilever South Africa Proprietary Limited for a consideration of R61 million. The assets purchased consist of a steam boiler business, refinery assets and land from which rental income will be generated.

Based on the preliminary accounting for the business combination, the fair value of the major classes of assets acquired is as follows:

R million	At acquisition date
Assets	
Property, plant and equipment (refer note 10.1)	**68**
Fair value of assets acquired	**68**
Gain on bargain purchase	**8**
Purchase consideration	**60**

No additional acquisition-related costs have been incurred in the current financial year. The letting enterprise has not had a material impact on results for the year. Its contribution to revenue for the year under review amounted to R41 million.

15.3 Imperial Logistics South Africa Group Proprietary Limited (ICL)

During the 2020 financial year RCL Foods, via its subsidiary Vector, concluded an agreement with ICL and acquired certain assets and employees related to its cold chain business in South Africa, effective from 1 December 2019. This will enable Vector to combine the two separate temperature-controlled distribution networks into a single optimised network. Vector also entered into new agreements with a number of previous ICL customers.

The acquisition of ICL was considered a business combination in terms of *IFRS 3: Business Combinations*. The acquisition consisted of the assets, the leases related to the Linbro and Bloemfontein sites and a freehold Polokwane site for a total consideration payable of R1 on 1 December 2019. RCL Foods also kept ICL's established workforce in its employ along with the related liabilities.

The fair value of the major classes of assets and liabilities acquired, as previously reported, is as follows:

R million	At acquisition date
Assets	
Property, plant and equipment (refer note 10.1)	**697**
Debtors and short-term loans	**134**
Liabilities	
Lease liabilities	**(465)**
Deferred taxation (refer note 11.1)	**(65)**
Trade and other payables	**(23)**
Fair value of net assets acquired	**278**
Gain on bargain purchase	**278**
Cash inflow on acquisition (representing cash and cash equivalents, net of bank overdraft, of subsidiary acquired)	**110**

No additional acquisition-related costs have been incurred in the current financial year.

It is impracticable to disclose the revenue and profit and loss relating to the ICL business included in the income statement, since the ICL business has been fully combined with the existing Vector segment, operating as a single business unit.

16. Events after year-end

RMI

On 20 September 2021 RMI announced its decision to restructure its investment portfolio by the distribution of all the shares held by it in its two life insurance-focused assets, Discovery Limited and Momentum Metropolitan Holdings Limited, as well as an equity capital raise of up to R6.5 billion by way of a pro rata rights issue to optimise its capital structure (the RMI Restructure). Remgro gave its in-principle support for the RMI Restructure. Following the RMI Restructure, RMI's remaining assets will consist mainly of its 89.1% investment in OUTsurance Holdings Limited and its 30.0% investment in Hastings Group Holdings plc.

Civil unrest in South Africa

Distell and RCL Foods

Civil unrest occurred in South Africa's KwaZulu-Natal and Gauteng provinces from 9 to 17 July 2021, which resulted in violence and the destruction and looting of property and businesses. One of the Distell distribution centres in KwaZulu-Natal was damaged and its operations disrupted. Initial assessments placed the damage between R80 million and R100 million. Various of RCL Foods' KwaZulu-Natal-based sites in the Chicken and Vector Logistics business units were also impacted by the civil unrest and resultant looting and vandalism of property. RCL Foods estimated the impact of the civil unrest at approximately R46 million.

The impact of the civil unrest is regarded as a non-adjusting event in terms of *IAS 10: Events after the Reporting Period*. No adjustments were therefore made to the amounts recognised in the financial statements of 30 June 2021.

Other than the above-mentioned events, there were no other significant events subsequent to 30 June 2021.

17. New accounting standards and interpretations

Management considered all new accounting standards, interpretations and amendments to IFRS that were issued prior to 30 June 2021, but not yet effective on that date.

Published standards, amendments and interpretations not yet effective and not early adopted:

The following new accounting standards, interpretations and amendments will not have a material impact on the financial statements:

- *IFRS 17: Insurance Contracts*

  (effective date – financial periods commencing on/after 1 January 2023)

  IFRS 17 will replace the current *IFRS 4: Insurance Contracts. IFRS 4* allows users to use local Generally Accepted Accounting Principles (GAAP) while *IFRS 17* defines clear and consistent rules that significantly increase the comparability of financial statements. Under *IFRS 17*, various prescribed models are used to measure insurance contracts. For insurers, this standard will have an impact on financial statements and key performance indicators.

- Amendments to *IFRS 3: Business Combinations*

  (effective date – financial periods commencing on/after 1 January 2022)

  The International Accounting Standards Board (IASB) added a new exception in *IFRS 3* for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying *IFRS 3* should instead refer to *IAS 37: Provisions, Contingent Liabilities and Contingent Assets*, or *IFRIC 21: Levies*, rather than the 2018 Conceptual Framework. The IASB has also clarified that the acquirer should not recognise contingent assets, as defined in *IAS 37*, at the acquisition date.

- Amendments to *IAS 1: Classification of Liabilities as Current or Non-current*

  (effective date – financial periods commencing on/after 1 January 2022)

  The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

- Amendments to *IFRS 9*, *IAS 39*, *IFRS 7*, *IFRS 4 and IFRS 16 – Interest rate benchmark reform (Phase 2)*

  (effective date – financial periods commencing on/after 1 January 2021)

  The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

- Amendments to *IAS 16: Property, Plant and Equipment* – Proceeds before Intended Use

  (effective date – financial periods commencing on/after 1 January 2021)

  The amendment to *IAS 16* prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

- Amendments to *IAS 37: Provisions, Contingent Liabilities and Contingent Assets* – Onerous Contracts (cost of fulfilling a contract)

  (effective date – financial periods commencing on/after 1 January 2022)

  The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of "costs to fulfil a contract". Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

- Annual improvements cycle 2018 – 2020

  (effective date – financial periods commencing on/after 1 January 2022)

  These amendments include minor changes to *IFRS 1*, *IFRS 9*, *IFRS 16* and *IAS 41*.

Statement of **financial position**

at 30 June 2021

R million	Notes	30 June 2021	30 June 2020
Assets			
Non-current assets			
Investments – Subsidiaries	2	**10 870**	10 870
– Equity accounted investment	3	**14 224**	13 708
– At fair value through other comprehensive income (FVOCI)	4	**9 799**	8 367
Hedge derivatives		**–**	101
		34 893	33 046
Current assets			
Financial guarantee receivable	8	**–**	78
Intergroup debt	5	**14 272**	12 768
Trade and other receivables		**1**	1
Total assets		**49 166**	45 893
Equity and liabilities			
Stated capital	6	**13 416**	13 416
Derivative fair value reserve		**(168)**	78
Fair value reserve		**879**	(1 853)
Fair value hedge reserve		**(216)**	–
Retained earnings		**33 320**	32 857
Shareholders' equity		**47 231**	44 498
Non-current liability			
Deferred taxation		**836**	647
Hedge derivatives		**160**	–
Current liabilities		**939**	748
Financial guarantees	8	**561**	705
Hedge derivatives		**334**	–
Trade and other payables	5, 7	**25**	43
Taxation		**19**	–
Total equity and liabilities		**49 166**	45 893

Income statement

for the year ended 30 June 2021

R million	Note	30 June 2021	30 June 2020
Dividend received		**351**	61 214
Guarantee fee income		**143**	152
Interest received		**4**	5
Profit on unbundling of investment in RMH		**–**	2 327
Expected credit loss on financial guarantee fee		**–**	56
Hedge instrument expense		**(54)**	–
Other net operating expenses		**(27)**	(34)
Reversal of impairment/(impairment) of equity accounted investment		**516**	(516)
Net profit before taxation		**933**	63 204
Taxation	10	**(1)**	(18)
Net profit for the year		**932**	63 186

Statement of **comprehensive income**

for the year ended 30 June 2021

R million	30 June 2021	30 June 2020
Net profit for the year	**932**	63 186
Other comprehensive income, net of tax	**2 255**	(1 775)
Items that may be reclassified subsequently to the income statement:		
Fair value adjustment for the year	**(596)**	101
Deferred taxation on fair value adjustment	**133**	(23)
Items that will not be reclassified to the income statement:		
Fair value adjustment for the year	**3 330**	(1 229)
Deferred taxation on fair value adjustment	**(322)**	(624)
Capital gains tax on disposal of FVOCI investment	**(290)**	–
Total comprehensive income for the year	**3 187**	61 411

Statement of **changes in equity**

for the year ended 30 June 2021

R million	*Stated capital*	*Derivative fair value reserve*	*Fair value reserve*	*Fair value hedge reserve*	*Retained earnings*	Total
Balances at 1 July 2019	13 416	–	–	–	(3 269)	10 147
Total comprehensive income for the year	–	78	(1 853)	–	63 186	61 411
Dividends paid	–	–	–	–	(3 205)	(3 205)
Dividend *in specie* (Unbundling of RMH)	–	–	–	–	(23 854)	(23 854)
Balances at 30 June 2020	13 416	78	(1 853)	–	32 858	44 499
Total comprehensive income for the year	**–**	**(246)**	**2 717**	**(216)**	**932**	**3 187**
Transfer of loss on disposal of FVOCI investment to retained earnings	**–**	**–**	**15**	**–**	**(15)**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**(455)**	**(455)**
Balances at 30 June 2021	**13 416**	**(168)**	**879**	**(216)**	**33 320**	**47 231**

Statement of **cash flows**

for the year ended 30 June 2021

R million	Notes	30 June 2021	30 June 2020
Cash flows – operating activities			
Net profit/(loss) before taxation		**933**	63 204
Adjustments	11	**(1 014)**	(63 260)
Operating loss before working capital changes		**(81)**	(56)
Working capital changes	11	**64**	16
Cash utilised by operations		**(17)**	(40)
Dividends received		**351**	15 889
Dividends paid		**(455)**	(3 205)
Taxation paid	11	**(272)**	(18)
Cash inflow/(outflow) from operating activities		**(393)**	12 626
Cash flows – investing activities			
Addition to investments		**(122)**	–
Proceeds on disposal of investment		**2 019**	–
Increase in intergroup debt		**(2 489)**	(34 310)
Decrease in intergroup debt		**985**	22 663
Cash inflow/(outflow) from investing activities		**393**	(11 647)
Cash flows – financing activities			
Increase in intergroup debt		**–**	(979)
Cash outflow from financing activities		**–**	(979)
Net increase/(decrease) in cash and cash equivalents		**–**	–
Cash and cash equivalents at the beginning of the year		**–**	–
Cash and cash equivalents at the end of the year		**–**	–

Notes to the Annual Financial Statements

for the year ended 30 June 2021

1. Accounting policies

The Annual Financial Statements are prepared on the 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. Refer to note 1 of the consolidated Annual Financial Statements for detailed accounting policies.

As in the prior year, management assessed the impact of the Covid-19 pandemic and the resultant lockdown and economic restrictions imposed on businesses both in South Africa and worldwide. The impact on the Company entailed a decrease in dividend income, as well as a potential decrease in future dividend income from investments. Management has implemented and will continue to implement measures to monitor and mitigate the effects of Covid-19 on the Company. These measures include ongoing board representation and monitoring budgets and cash flow projections. Based on the facts and circumstances known and the possible scenarios about how the Covid-19 pandemic and resulting government measures could evolve, management has determined that there is not a material uncertainty that may cast significant doubt upon the entity's ability to continue as a going concern and, therefore, the use of the going concern assumption is appropriate.

2. Investments – subsidiaries

R million	**30 June 2021**	30 June 2020
Unlisted shares – at cost	**40 279**	40 279
Less: Provision for impairment	**(29 409)**	(29 409)
	10 870	10 870

The provision for impairment recognised during the prior financial years relates to the investment in Remgro Healthcare Holdings Proprietary Limited (RHH). During the year under review the Company performed an impairment assessment on its investment in RHH and determined that the value in use exceeds the carrying value, thus no impairment was recognised.

During the prior year the Company's subsidiary company, Financial Securities Proprietary Limited (FinSec), unbundled its investments in RMH, FirstRand and RMI as a dividend *in specie* to the Company. FinSec subsequently applied for voluntary liquidation. The investment in RMH amounting to R23 854 million, was declared as a dividend *in specie* to the Company's shareholders. The investment in FirstRand was classified as an investment at fair value through other comprehensive income. The investment in RMI was classified as an equity accounted investment.

Percentage interest held in unlisted shares (%)	**30 June 2021**	30 June 2020
Industrial Partnership Investments Proprietary Limited	**100.0**	100.0
Partnership in Mining Proprietary Limited	**100.0**	100.0
Remgro Healthcare Holdings Proprietary Limited	**100.0**	100.0
Remgro International Holdings Proprietary Limited	**100.0**	100.0
Remgro Investment Corporation Proprietary Limited	**100.0**	100.0
Remgro South Africa Proprietary Limited	**100.0**	100.0
Remont Proprietary Limited	**100.0**	100.0
VenFin Proprietary Limited	**100.0**	100.0

3. Investments – equity accounted

Associates

R million	30 June 2021	30 June 2020
Listed shares – at cost (refer note 2)	**14 224**	14 224
Less: Provision for impairment	**–**	(516)
	14 224	13 708
Market value of listed investment	**14 713**	13 708
Number of shares held in listed company (million)		
Rand Merchant Investment Holdings Limited	**469**	469

The recoverable amount for RMI is its listed share price as at 30 June 2021. The reversal of impairment for RMI for the year under review is thus as a result of the increase in its share price. During the prior year, the investment in RMI was impaired to its listed market price following a significant decline in the share price.

4. Investments – FVOCI

R million	30 June 2021	30 June 2020
Listed shares	**9 799**	8 367
The movement between the balance of the FVOCI investment at the beginning and end of the year can be analysed as follows:		
Beginning of the year	**8 367**	–
Additions	**122**	–
Disposals	**(2 019)**	–
Dividend *in specie* received (refer note 2)	**–**	9 595
Fair value adjustment for the year	**3 329**	(1 228)
End of the year	**9 799**	8 367
Market value of listed shares	**9 799**	8 367
Number of shares held in listed company (million)		
FirstRand Limited	**183**	220

Refer to note 6.5 of the consolidated Annual Financial Statements for information pertaining to the hedging and scrip lending of shares held in FirstRand.

5. Intergroup debt

R million	30 June 2021	30 June 2020
Owing by subsidiaries		
Interest-free loan payable on demand	**14 272**	12 768
Owing to subsidiaries		
Included in trade and other payables	**(6)**	(24)
	14 266	12 744

Intercompany loans receivable are repayable on demand and are interest free. Expected credit losses on these loans are realised based on the counter party's ability to settle its debt on the reporting date. In the event that the counter party has insufficient liquid assets to settle its debt, the Company strategy is to recover the outstanding balance over time, in which case the expected cash flows are discounted at the effective rate of the intercompany loan, i.e. 0%. Consequently, expected credit losses are realised to the extent that the counter party has insufficient assets to repay its debt. During the year, there were no material expected credit losses.

6. Stated capital

The detail of the stated capital is presented in note 7.1 of the consolidated Annual Financial Statements.

7. Trade and other payables

R million	30 June 2021	30 June 2020
Subsidiary	**6**	24
Other	**19**	19
	25	43

8. Financial guarantees

The Company entered into various guarantee agreements as guarantor for debt raised by its subsidiaries and a joint venture. As a result of the Company acting as guarantor, the subsidiaries and joint venture negotiated favourable interest rates on the debt instruments.

Guarantee to a subsidiary

Since the Company does not receive a guarantee fee from the subsidiary, the beneficial interest increment is regarded as a deemed income received by the Company for accounting purposes. A guarantee fee liability was raised on entering this agreement and annual guarantee fee income will be recognised in the income statement until settlement of the underlying debt. The financial guarantee is not recognised on consolidation as separate contracts, since it is included in the Group's liability to the third party.

Guarantee to a joint venture

The Company issued a guarantee to Rand Merchant Bank for a loan facility amounting to R3 500 million, plus accrued interest, the latter granted to CIVH. In terms of the agreement with CIVH, the Company would receive a guarantee fee income unless CIVH refinanced the debt by 7 December 2019. The debt was not refinanced before that date and, as a result, a guarantee fee was recognised. In the unlikely event that CIVH defaults on the debt, Remgro will immediately be liable to settle the outstanding amount of R3 594 million (2020: R3 329 million) in terms of the guarantee towards Rand Merchant Bank. The guarantee fee was received during the year under review.

9. Other net operating expenses

Other net operating expenses are stated after taking into account directors' emoluments of R4.5 million (2020: R4.5 million). The detail of the remuneration and benefits received by each director of the Company is presented in notes 8 and 9 of the consolidated Annual Financial Statements.

10. Taxation

10.1 Deferred taxation

R million	*Fair value adjustments*	*Tax losses*	Total
Deferred tax liabilities			
At 1 July 2019	–	–	–
Accounted for in other comprehensive income	(1 522)	875	(647)
At 30 June 2020	(1 522)	875	(647)
Accounted for in other comprehensive income	**(126)**	**(66)**	**(192)**
At 30 June 2021	**(1 648)**	**809**	**(839)**

The Company has a calculated capital loss of R3 700 million (2020: R3 906 million), which can be set off against future capital gains. Previously no deferred tax asset has been recognised in respect of this capital loss since, prior to FinSec's unbundling of the investments in FirstRand and RMI to the Company, it was improbable that future taxable capital gains would arise against which the loss could be utilised.

10. Taxation (continued)

10.2 Taxation in income statement

R million	30 June 2021	30 June 2020
Current – current year – South African normal taxation	**1**	18

10.3 Tax rate reconciliation

%	30 June 2021	30 June 2020
Effective tax rate	**–**	–
Reduction/(increase) in standard rate as a result of:		
Non-taxable income	**30.0**	28.0
Non-deductible expenses	**(2.0)**	–
Standard rate	**28.0**	28.0

10.4 Taxation in other comprehensive income

R million	30 June 2021	30 June 2020
Current – current year – Capital gains tax	**290**	–

11. Cash flow information

R million	30 June 2021	30 June 2020
Adjustments		
Dividends received	**(351)**	(61 214)
Expected credit loss on guarantee fee	**–**	(56)
Guarantee fee income	**(143)**	(152)
Interest received	**(4)**	(5)
Profit on unbundling of investment in RMH	**–**	(2 349)
(Reversal of impairment)/impairment of investment	**(516)**	516
	(1 014)	(63 260)
Decrease/(increase) in working capital		
Increase/(decrease) in financial guarantee receivable and liability	**82**	(9)
Increase/(decrease) in trade and other payables	**(18)**	25
	64	16
Reconciliation of taxation received/(paid) with the amount disclosed in the income statement		
Paid per income statement	**(1)**	(18)
Paid per other comprehensive income	**(290)**	
Unpaid at the end of the year	**19**	–
Cash paid	**(272)**	(18)

12. Related party information

Subsidiaries

Details of income from and investments in subsidiaries are disclosed in the income statement and note 2 respectively.

Key management personnel

Only Remgro's directors and members of the Management Board are key management personnel. Information on directors' emoluments and their shareholding in the Company appear in notes 8 and 9 of the consolidated Annual Financial Statements as well as on page 125.

Shareholders

A detailed analysis of shareholders appears on pages 123 and 124.

Related party transactions (R million)	30 June 2021	30 June 2020
Transactions of Remgro Limited with:		
Principal shareholder		
Dividends paid	**(31)**	(221)
Dividends *in specie* paid	**–**	(1 640)
Subsidiary		
Dividends received	**–**	15 888
Dividends *in specie* received	**–**	45 326
Joint venture		
Interest received	**4**	5
Guarantee fee income	**–**	63
Balances due by/(owed to) related parties:		
Subsidiaries	**14 266**	12 744

No security is given for any outstanding balances. No provisions for bad debts against outstanding balances with related parties have been made.

13. Financial instruments

The Company has the following exposure to financial risks resulting from the use of financial instruments:

13.1 Credit risk

Credit risk is the risk of financial loss should a counter party fail to meet its contractual obligations and arises from credit exposure from outstanding loans and debtors. The risk in terms of outstanding loans and debtors is limited as it consists primarily of intergroup debt and the maximum exposure to credit risk at the reporting date is the carrying value of this class of asset.

The Company is also exposed to credit risk as it acts as guarantor for debt raised by its subsidiary and a joint venture. The exposure from these guarantees amounts to R11 390 million (2020: R18 591 million). The directors assessed the credit risk as low since the underlying subsidiary holds Mediclinic shares in excess of the debt balance.

13.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Cash resources are managed centrally by the Group's treasury division and flexibility in funding is ensured through the availability of guaranteed credit lines.

The Company's liabilities consist of financial guarantees as well as trade and other payables. The risk in terms of the financial guarantees is limited as the Company guarantees repayment of debt incurred by its subsidiary and a joint venture. The exposure from these guarantees amounts to R11 390 million (2020: R18 591 million). The risks in terms of the outstanding trade and other payables are also low due to the size of the amount involved.

The Company provided letters of support to certain subsidiaries, which enable them to perform all their obligations of whatsoever nature in the conduct of business for as long as they remain subsidiaries of the Company. Refer to note 1 for information pertaining to the impact of Covid-19 on the going concern assumption.

13.3 Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and market prices of equity instruments will affect the Company's income.

Foreign exchange risk

The Company has no transactions in foreign currency and as such is not exposed to any foreign currency risk.

Interest rate risk

The Company has no exposure to interest rate risk at 30 June 2021. Exposure for the prior year was due to an interest-bearing guarantee fee receivable from its joint venture which was settled during the year under review.

Price risk

The Company is exposed to price risk due to its investment held and classified as a FVOCI investment. The market price of this investment is monitored on a continuous basis by management.

The impact on equity of a 5% change in the market price of the FVOCI investment on the reporting date, amounts to R380 million (2020: R324 million).

Refer to note 6.5 of the consolidated Annual Financial Statements for the price risk relating to the derivative instrument recognised on the hedging and scrip lending of shares held in FirstRand.

13.4 Fair value

At 30 June 2021 and 30 June 2020, the fair value of financial assets and liabilities disclosed in the statement of financial position approximates their carrying value.

Financial instruments measured at fair value are disclosed by level of the following fair value hierarchy:

- Level 1 – Unadjusted listed prices in an active market for identical assets or liabilities; or
- Level 2 – Inputs, other than listed prices, that are directly or indirectly observable; or
- Level 3 – Inputs that are not based on observable market data.

The fair value of listed shares that are classified as at fair value through other comprehensive income are determined from listed share prices in an active market and included in level 1.

13.5 Capital management

There are no limitations on the borrowing powers of the Company in respect of loans and guaranteed debts. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue shares or repurchase shares from shareholders.

Shareholders' information

Statistics at 30 June 2021

	30 June 2021 %	30 June 2021 Number of shares	30 June 2020 %	30 June 2020 Number of shares
Major beneficial shareholders				
Ordinary shares				
Public Investment Corporation	**17.43**	**92 226 021**	16.35	86 513 326
Other	**82.57**	**436 990 986**	83.65	442 703 681
	100.00	**529 217 007**	100.00	529 217 007
B ordinary shares				
Rupert Beleggings Proprietary Limited	**100.00**	**39 056 987**	100.00	39 056 987
Total		**568 273 994**		568 273 994

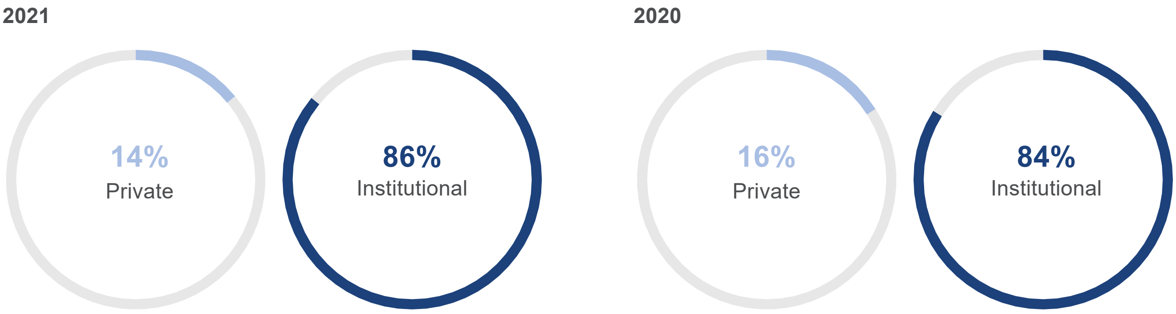
No other shareholder held a beneficial interest of more than 5% in the ordinary shares of the Company on 30 June 2021.

	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Distribution of shareholders				
Ordinary shares				
Public shareholders	**42 695**	51 228	54 812	60 496
Percentage of shareholders	**99.90**	99.92	99.91	99.93
Number of shares	**508 022 346**	507 822 981	504 306 132	513 954 491
Percentage of shares issued	**96.00**	95.96	95.29	97.12
Non-public shareholders				
Directors and their associates/Share Trust/Treasury shares/ Prescribed officers	**43**	43	48	44
Percentage of shareholders	**0.10**	0.08	0.09	0.07
Number of shares	**21 194 661**	21 394 026	24 910 875	15 262 516
Percentage of shares issued	**4.00**	4.04	4.71	2.88
Number of shareholders	**42 738**	51 271	54 860	60 540

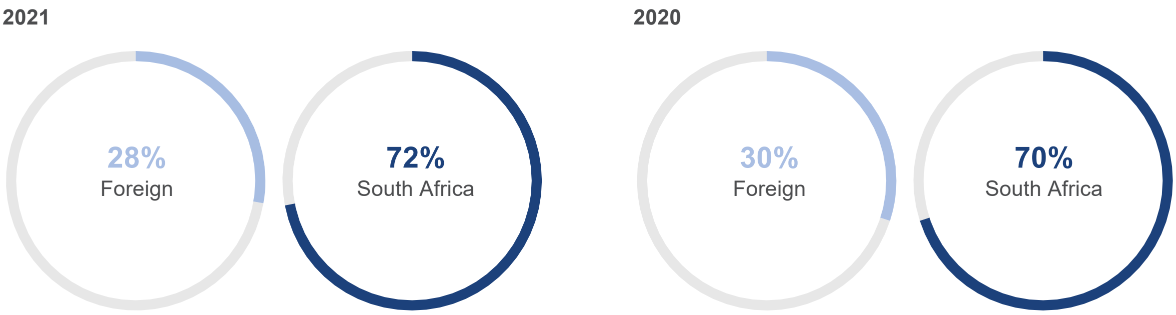
	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Number of shares in issue				
– Ordinary shares of no par value	**529 217 007**	529 217 007	529 217 007	529 217 007
– Unlisted B ordinary shares of no par value	**39 056 987**	39 056 987	39 056 987	39 056 987
Total number of shares in issue	**568 273 994**	568 273 994	568 273 994	568 273 994
Number of shares held in treasury				
Ordinary shares repurchased and held in treasury	**(3 280 163)**	(3 297 213)	(3 334 936)	(1 389 033)
	564 993 831	564 976 781	564 939 058	566 884 961
Weighted number of shares	**564 984 762**	564 961 299	565 619 396	566 773 693

Additional information

Institutional and private shareholding in Remgro Limited ordinary shares



Foreign and local shareholding in Remgro Limited ordinary shares



Interests of the directors in the issued capital of the Company

Ordinary shares

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2021				
S E N De Bruyn	**497**	**–**	**–**	**497**
J J Durand	**–**	**849 376**	**1 650**	**851 026**
M Lubbe	**32 184**	**–**	**–**	**32 184**
N P Mageza	**–**	**296**	**–**	**296**
J Malherbe	**–**	**1 176 061**	**2 934**	**1 178 995**
P J Moleketi	**1 243**	**–**	**19 718**	**20 961**
M Morobe	**–**	**633**	**–**	**633**
P J Neethling	**–**	**–**	**7 898 806**	**7 898 806**
K M S Rantloane	**57**	**–**	**–**	**57**
F Robertson	**–**	**5 500**	**–**	**5 500**
J P Rupert*	**–**	**–**	**7 553 865**	**7 553 865**
N J Williams	**25 000**	**–**	**66 000**	**91 000**
	58 981	**2 031 866**	**15 542 973**	**17 633 820**

* *Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.*

Of Mr N J Williams's shareholding, 25 000 shares have been pledged as collateral for an overdraft facility at a financial institution.

On 30 November 2020, when Mr P K Harris retired, his indirect beneficial holding was 186 030 ordinary shares in Remgro Limited.

Directors	Direct beneficial	Indirect beneficial	Associates	Total
30 June 2020				
S E N De Bruyn	497	–	–	497
J J Durand	–	849 376	1 650	851 026
P K Harris	–	186 030	–	186 030
M Lubbe	32 184	–	–	32 184
N P Mageza	–	296	–	296
J Malherbe	1 148 670	27 391	2 934	1 178 995
P J Moleketi	1 243	–	19 718	20 961
M Morobe	–	633	–	633
P J Neethling	–	–	7 898 806	7 898 806
K M S Rantloane	57	–	–	57
F Robertson	–	5 500	–	5 500
J P Rupert*	–	–	7 553 865	7 553 865
N J Williams	25 000	–	66 000	91 000
	1 207 651	1 069 226	15 542 973	17 819 850

* *Messrs J P Rupert and A E Rupert are both directors of an Associate that holds 7 551 005 ordinary shares in Remgro Limited.*

Of Mr N J Williams's shareholding, 25 000 shares have been pledged as collateral for an overdraft facility at a financial institution.

B ordinary shares

Mr J P Rupert is a director of Rupert Beleggings Proprietary Limited which owns all the issued unlisted B ordinary shares.

Since the end of the financial year to the date of this report the interests of the directors remained unchanged.