Sun International

GROUP AUDITED CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2021

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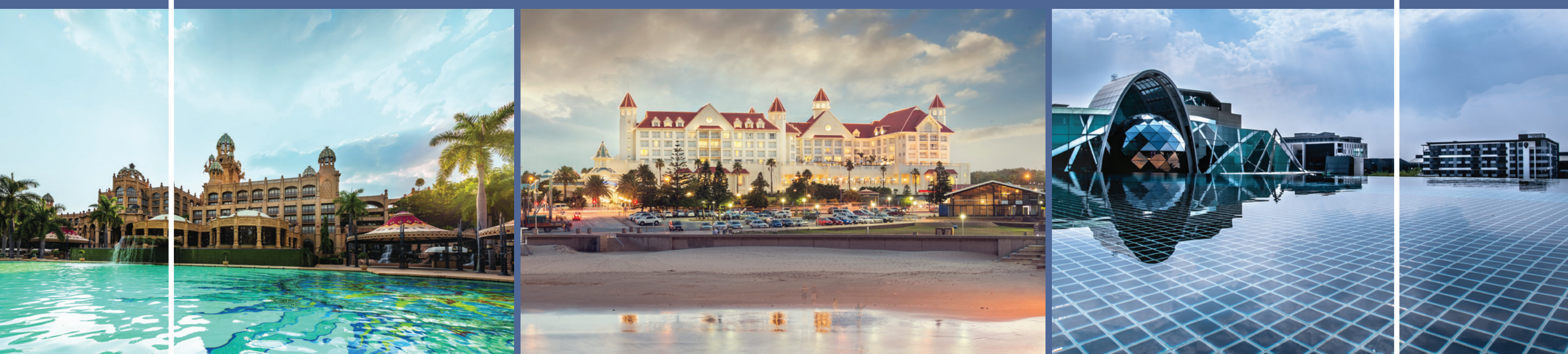

REPORT OF THE AUDIT COMMITTEE

for the year ended 31 December 2021

Dear stakeholders

I am pleased to present the report of the Sun International audit committee ("the committee") for the year ended 31 December 2021. The committee assists the board in fulfilling its responsibilities regarding the company's corporate and financial reporting, internal controls, risk management, as well as assessing the independence and effectiveness of the external auditors. This is supplemented with the statutory duties set out in the Companies Act 71 of 2008, as amended (Companies Act). The committee performs the requisite statutory functions on behalf of all subsidiaries within the group and reports to these subsidiary boards confirming the performance of its duties each year.

Composition, meetings and assessment

The committee comprises of five independent non-executive directors and meets at least three times a year, as per the committee's mandate and terms of reference. The Sun International chief executive, chief financial officer, director of internal audit, the external auditor and other responsible heads of department (group tax manager and group finance manager) attend meetings by invitation.

	Attendance	Attendance	Attendance
	March 2021	August 2021	November 2021
MEMBERS			
Peter Bacon	√	√	√
Enrique Cibie	√	–	√
Caroline Henry (Chairman)	√	√	√
Sindi Mabaso-Koyana*	√	√	√
Zimkhitha Zatu	√	√	√
RIGHT OF ATTENDANCE			
Anthony Leeming (CE)†	√	√	√
Muxe Mambana†	√	√	√
Norman Basthdaw (CFO)†	√	√	√

* Sindi Mabaso-Koyana was appointed to the committee on 2 July 2021.

† Executive

The committee members have the necessary financial literacy, skills and experience to discharge their duties effectively. The committee's terms of reference prescribe that, as part of the board's review of the committee's performance and effectiveness, that the committee's activities and effectiveness should be assessed periodically by self-evaluation. The last internal self-evaluation was conducted in 2020, and reflected the committee was performing its functions effectively, with limited areas for improvement. The next internal self-evaluation will take place at the end of 2022.

The nomination committee recommended to the board (and shareholders) the re-election of Mr Cibie and Mmes Henry, Mabaso-Koyana and Zatu as members of the Sun International audit committee at the AGM to be held on 10 May 2022. During 2021, the nomination committee noted that in terms of Sun International's MOI any director who has reached the age of 70 years or older shall retire at the AGM. Shareholders were advised on 22 November 2021 that in accordance with paragraph 3.59 of the JSE Listings Requirements, Mr Bacon has decided that he will be retiring from Sun International's board effective 31 March 2022. He will not be re-elected as a director of Sun International's at the AGM.

Role and responsibilities

The committee has executed its responsibilities in keeping with the recommendations of the King Report of Corporate Governance for South Africa, 2016 (King IV™[1]), the JSE Listings Requirements and the Companies Act. This is in addition to the supplementary responsibilities prescribed by our mandate and terms of reference, as approved by the board. Our key areas of responsibility are to:

- perform and fulfill the audit committee's duties pursuant to section 94 of the Companies Act and its responsibilities as set out in paragraph 3.84(g) of the JSE Listings Requirements;
- oversee the group's integrated reporting process and assess the disclosures made to all the stakeholders, which includes the annual financial statements for the year under review;
- consider the risk and compliance management processes and the relevant assurance thereof;
- consider the effectiveness of internal controls;
- oversee the appointment and function of internal and external audit and the non-audit services rendered during the year;
- assess the independence and performance of both the internal and external audit processes and providers; and
- recommend to shareholders the re-appointment of the external auditor.

1 Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.

Financial statements and accounting policies

The committee assessed the group's accounting policies and the consolidated annual financial statements for the year ended 31 December 2021. The chief executive and chief financial officer's responsibility statement confirm that the company's annual financial statements are a complete and an accurate reflection of the group's financial performance as well as confirmation that adequate and effective internal controls are in place.

The committee satisfied itself as to the establishment of appropriate financial reporting procedures and that those procedures are operating, which included consideration of all entities included in the consolidated group IFRS financial statements, to ensure that the audit committee has access to all the financial information of Sun International to allow Sun International to effectively prepare and report on Sun International's financial statements.

The committee recommended the audited consolidated annual financial statements to the board for approval, which the board subsequently approved, and they will be presented to shareholders at the 2022 AGM.

The committee confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005. The committee did not receive any complaints relating to the accounting practices, internal audit, the content or auditing of the group's audited consolidated annual financial statements, the internal financial controls of the group or any related matters.

At the committee meetings held during November 2021 and March 2022, the committee considered the reports of the external auditor and internal audit. It concluded that there was no reason to believe that any material breaches of financial reporting procedures occurred group-wide that warranted the attention of the board or shareholders.

External auditor appointment, independence and fees

The committee is responsible for determining that the external audit firm and designated individual auditor have the necessary independence, experience, qualifications and skills, and that the audit fees and non-audit fees are reviewed and approved.

In accordance with the Independent Regulatory Board for Auditors' (IRBA) rule regarding mandatory audit firm rotation, the Sun International audit committee embarked on a "Request for Proposals" process during June 2021, in respect of the provision of external audit services. Following the conclusion of this process, the audit committee recommended and the board endorsed the proposed appointment of Deloitte & Touche as the new external auditor of Sun International for the financial year commencing on 1 January 2022, with Ms Carmeni Naidoo Bester as the designated individual auditor. Deloitte & Touche will replace PricewaterhouseCoopers Inc. ("PwC") which remains the company's auditors for the 2021 financial year. In considering the appointment of Deloitte & Touche, the audit committee (following consultations with Deloitte & Touche in this regard) had received and satisfied itself regarding the required information detailed in paragraph 22.15(h) of the JSE Listings Requirements in their assessment of the suitability for the appointment of Deloitte & Touche and the designated audit partner for the financial year commencing on 1 January 2022. The committee is satisfied that Deloitte & Touche is independent. The appointment of Deloitte & Touche will be put to the shareholders of Sun International at the AGM scheduled for 10 May 2022.

The audit committee satisfied itself as to information received from PwC in accordance with paragraph 22.15(h) of the JSE Listings Requirements (and following consultations with the external auditor in this regard) in the assessment of the suitability PwC for the year ended 31 December 2021. In addition, the audit committee satisfied itself as to the suitability of the designated individual partner, Elenor Jensen, and that the appointment and independence of the external auditor as per the requirements of the Companies Act and that the individual audit partner was an accredited auditor (as per the JSE Listings Requirements).

The committee is satisfied that PwC is independent, which review included the extent of non-audit work undertaken by PwC for the group for the year ended 31 December 2021 and compliance with criteria relating to independence or conflicts of interest, as prescribed by IRBA and other international bodies. The requisite assurance was also sought and provided by PwC, that internal governance processes within the audit firm support and demonstrate its claim to independence. A formal policy governs the process whereby PwC is considered for non-audit services. The audit committee determines the nature and extent of non-audit services that PwC can provide and pre-approves all permitted non-audit assignments by PwC.

The committee, in consultation with executive management, agreed to the terms of the 31 December 2021 PwC audit engagement letter, the audit plan and budgeted audit fees. Refer to note 4 in the annual financial statements disclosing audit fees and fees for non-audit services.

Significant accounting matters

DEFERRED TAX ASSET ASSESSMENT

IAS 12.34 allows for a deferred tax asset to be recognised for an unused tax loss carry forward or unused tax credit, only if it is considered probable that there would be sufficient future taxable profit against which the loss or credit carry forward can be utilised. At every reporting period management assess the recoverability of deferred tax assets recognised associated with past and current assessed losses. At year end management performed this assessment.

The group recognised the majority of the deferred tax assets relating to the 2021 year's losses.

IFRS 9 FINANCIAL INSTRUMENTS

As a result of us re-negotiating a raft of debt service amendments with our Lenders and repaying R1.4 billion on 30 June 2021, IFRS 9 requires the amendments to be accounted for as an extinguishment of the original loan and recognition of a new loan facility at its fair value.

IFRS 9 is a standard (implemented in 2018) with annual updates issued on the interpretation of the standard. IFRS 9 has a requirement whereby a company has to account for a liability relating to any cross guarantees provided. As part of the group's funding structure the group's underlying operations provides cross guarantees to Sun Treasury. Although not impacting group numbers, financial guarantee liabilities were accounted for in the respective annual financial statements of Sun International South Africa (SISA) Sun International Limited (SIL), and Sun Treasury.

TSOGO PUT OPTION LIABILITY VALUATION:

In terms of the restructure agreements of the group's Western Cape assets, a put option has been given to Tsogo Sun in the event that any party acquires 35% or more of the issued ordinary shares of Sun International, triggering a change of control of the company. The Western Cape assets include Worcester and SunWest. In terms of the put option, Tsogo Sun may elect to put its equity interests (20%) in the Western Cape assets to Sun International. Sun International can elect to either settle the put by the issue of Sun International shares or in cash. A liability has been raised of R464 million (31 December 2020: R280 million) in this regard. The adjustment of R184 million recorded in profit and loss. The liability is calculated in accordance with the terms of the put option agreement, effectively a 7.5 times adjusted EBITDA multiple valuation of the Western Cape assets, less net debt, times the 20% shareholding which Tsogo Sun holds.

The procedures performed on the key audit matters noted above have been discussed and agreed with management and presented to the audit committee. The audit committee has satisfied itself that the procedures performed are adequate and appropriate.

Refer to the independent auditor's report for a detailed description of the key audit matters.

Governance of risk

During the period under review, the risk committee chairman attended committee meetings as an ex-officio member, while the committee's chairman is a standing member of the risk committee. This provides the audit committee with oversight of the group's risk management function, including the risks relating to operational, financial reporting, fraud, internal control, information technology (IT) governance and compliance, among others.

The group's strategic risk register and risk committee minutes are included in the audit committee meeting pack for review.

COMBINED ASSURANCE

Sun International's combined assurance strategy and framework objective is to ensure optimal, cost-efficient and focused assurance coverage across the group. Our hybrid top-down and bottom-up approach ensures adequate assurance on key business risks and processes is obtained.

The group's newly adopted four lines of defence model is used as a basis for risk management, governance and oversight structures to obtain assurance at various levels group-wide. The group's combined assurance model is robustly evaluated by management, the risk committee and the audit committee during the year. Sun International's combined assurance framework provides comfort to the board that adequate assurance is provided for the mitigation of key risks across the group.

Successful assurance enhances the degree of confidence that the control environment is functioning optimally, to mitigate material risks and promote the achievement of group-wide objectives. The group's combined assurance model is designed such that the level of assurance required is dependent on the level of risk assessed, taking into account inherent risk and risk appetite. The assurance quality provided by the various assurance providers depends on factors such as nature, timing, and extent of assurance activities as well as the assurance provider's level of independence, skill and qualifications. Sun International's assurance strategy is tailored so that the higher the level of risk, the higher the level of assurance required.

Lines of defence (LoD)	Example and description of role players
1st LoD	**Management** The definition of management includes all levels of the business and management, including exco and the chief executive.
2nd LoD	**Support functions** Corporate functions independent from the operations – includes compliance, sustainability and risk management that perform key functions to provide a second line of assurance to the board.
3rd LoD	**Internal assurance** Internal assurance – incorporates internal assurance providers that provide objective assurance such as Group Internal Audit.
4th LoD	**External assurance** External assurance – incorporates assurance providers, such as external auditors, environmental auditors, and other external parties. These structures are largely independent of the operational activities of the company and provide assurance to the board.

GROUP INTERNAL AUDIT (GIA)

The committee is mandated to ensure that the internal audit function is independent, properly resourced and effective. The independence and resources of GIA are amended annually by the committee. The effectiveness of the committee is assessed every two years and will take place again during 2022. External independent quality assurance reviews on internal audit work are performed every five years, GIA achieved the highest rating of "Generally Conforms" at the latest review performed in July 2021 .

The purpose, authority and responsibilities of GIA are formally defined in an internal audit charter, which is reviewed and approved by the committee annually. GIA is designed to maintain an appropriate degree of independence from management to render impartial and unbiased judgements in performing its services. The scope of its function includes:

- Performing independent evaluations of and reporting on the adequacy and effectiveness of group controls, financial reporting mechanisms and records, information systems and operations.
- Providing additional assurance regarding the safeguarding of assets and financial information.
- Reviewing and providing opinions on the effectiveness of internal financial controls, governance, risk management and control processes.

The director internal audit is accountable to the audit committee chairman and chief executive of Sun International and reports administratively to the chief financial officer. GIA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation. GIA provides management and the committee with independent evaluations and examinations of the group's activities and resultant business risks.

The director internal audit reports at audit and risk committee meetings and has unrestricted access to the chairmen of these committees, with whom he meets independently of management several times during the year. The appointment or dismissal of the director internal audit requires consensus from the audit committee. The internal audit director also attends the social and ethics committee meetings to provide feedback on audits considered relevant to the social and ethics committee's work.

The independence and resources of GIA are assessed annually by the committee. The effectiveness of the committee is assessed every two years and will take place again during 2022.

Internal financial controls

The board of directors is responsible for the group's internal financial controls systems. These systems are designed to provide reasonable but not absolute assurance as to the integrity and reliability of the audited consolidated annual financial statements.

The systems safeguard, verify and maintain accountability of group assets, as well as detect and minimise significant fraud, potential liability, loss and material misstatement while complying with the applicable laws and regulations. The board tasked the committee to oversee the testing of the group's internal financial controls.

The committee confirms that GIA has adequately tested the group's internal financial controls to provide the board with positive assurance on the key areas of the group's internal financial controls.

The committee is of the opinion, having received the written assurance provided by GIA, that the group's systems of internal financial controls, in all key material aspects, are effective and provide reasonable assurance that the financial records may be relied upon for the preparation of the audited consolidated annual financial statements.

Internal controls

The controls throughout the group concentrate on all risk areas with an emphasis on critical risk areas in the casino and hotel control environments. These risk areas are closely monitored and subject to GIA reviews. Assessments of the IT environments are also performed. Continual review and reporting structures enhance the control environments. GIA is of the opinion that the control environment of the group is adequate and effective in mitigating the risks, to which the group is exposed.

Evaluation of the expertise and experience of the chief financial officer and the finance function

The committee satisfied itself that the expertise and experience of the chief financial officer, Norman Basthdaw, is appropriate. The committee also satisfied itself that the expertise and resources within the finance function are appropriate, as is the experience of the senior members engaged to perform the financial responsibilities within the group.

Going concern

Based on the results of the committee's assessment of the going concern, the committee believes that no material uncertainties existed to impact the group's going concern and was comfortable in recommending to the board that the group will be a going concern for the next financial year, and that the going concern basis of accounting was appropriately applied. The committee, having fulfilled its responsibilities, has recommended the audited consolidated annual financial statements for the year ended 31 December 2021, for approval by the board of directors.

CM HENRY
Chairman

14 March 2022

CHIEF EXECUTIVE AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

for the year ended 31 December 2021

The directors, whose names are stated below, hereby confirm that

- the annual financial statements, set out on pages 14 to 133, fairly present in all material respects the financial position, 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 Code. Where we were not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal controls and any fraud that involves directors, and have taken the necessary remedial action.

AM LEEMING
Chief Executive

N BASTHDAW
Chief Financial Officer

14 March 2022

COMPANY SECRETARY'S CERTIFICATE

for the year ended 31 December 2021

To the members of Sun International Limited

I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission, all such returns required of a public company in terms of the Companies Act, No. 71 of 2008, as amended, in respect of the financial year ended 31 December 2021 and that all such returns are true, correct and up to date.

AG JOHNSTON
Company secretary

14 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN INTERNATIONAL 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 Sun International Limited (the Company) and its subsidiaries (together the Group) as at 31 December 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

Sun International Limited's consolidated and separate financial statements set out on pages 19 to 133 comprise:

- the group and company statements of financial position as at 31 December 2021;
- the group and company statements of comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

- R78 million, which represents 1% of consolidated income (comprising net gaming wins and revenue).

GROUP AUDIT SCOPE

- We performed audit procedures over 21 out of 48 (25 operational and 23 non-operational) components in total within the Group. The most significant operations are located in South Africa.
- The indicators used to identify significant components was based on their contribution to total consolidated income and total consolidated assets.
- Virtual file reviews were performed by the group team for the work performed on significant components by PwC Teams.

KEY AUDIT MATTERS

- Impairment assessment of non-financial assets (Group); and
- Measurement of financial guarantees (Company).

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	R78 million.
How we determined it	1% of consolidated income (comprising net gaming wins and revenue).
Rationale for the materiality benchmark applied	We selected consolidated income as our materiality benchmark because, in our view, it reflects the operations of the Group and it is a benchmark against which the performance and growth of the Group can be consistently measured in circumstances of volatile year-on-year earnings attributable to fluctuation in interest and impairment charges. We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply to groups operating within this industry.

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. This scoping included consideration of financially significant components, risk characteristics of the components, as well as taking into consideration sufficiency of work performed over material line items in the financial statements.

To ensure that the audit teams both at Group and at component levels included the appropriate skills and competencies, experts in valuations, IT, actuarial, and specialists in tax were included in the team structures.

The Group operates within Africa. The Group financial statements are a consolidation of 48 (25 operational and 23 non-operational) components. An analysis was performed, taking into account the contributions of individual components to total consolidated income and total consolidated assets, in order to determine the group audit scope. Out of the 21 reporting components identified, which comprise the Group's significant operating businesses and centralised functions, 4 were subject to a full scope audit due to them being financially significant components, 11 were subject to a full scope audit in order to ensure that we obtained sufficient coverage over total consolidated income and total consolidated assets in the consolidated financial statements, and an audit of specific account balances was performed on the 6 remaining reporting components in order to ensure that we obtained sufficient coverage of other specific consolidated line items in the consolidated financial statements. In addition, analytical procedures were performed on the remaining components not identified as reporting components. The group engagement team also performed audit procedures over the consolidation process.

In accordance with the ISAs, we determined the level of involvement we needed to have in the audit work at the various components in order to be satisfied that sufficient and appropriate audit evidence has been obtained at appropriate levels within the Group in order to express an opinion on the consolidated financial statements. A combination of procedures were performed, including issuing detailed group audit instructions, a review of significant component working papers and reporting between the Sun International group engagement team and component auditors. Various calls and discussions throughout the planning, execution and completion phases of the audit were held with all reporting components.

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
IMPAIRMENT ASSESSMENT OF NON-FINANCIAL ASSETS (GROUP) *(Refer to notes 11 and 12 in the consolidated financial statements)*	
The Group owns casinos and hotels within individual cash generating units ("CGUs") across various territories. The attributable property, plant and equipment and intangible assets amount to R9.1 billion (2020: R9.3 billion) and R902 million (2020: R956 million), respectively. Business combinations that the Group has entered into in prior years, resulted in goodwill and indefinite useful life intangible assets amounting to R464 million (2020: R464 million) and R149 million (2020: R149 million), respectively, which are allocated to the CGUs as indicated in note 12 to the consolidated financial statements. An impairment assessment of a CGU is performed when there is an indication that it may be impaired. CGUs that include goodwill and indefinite useful life intangible assets are however tested at least annually for impairment, or whenever there is an indicator of impairment. The Group determines the recoverable amount of CGUs by calculating the respective CGU's value in use. The value in use is determined by using a discounted cash flow valuation model. Refer to the critical accounting estimates and assumptions section and notes 11 and 12 to the consolidated financial statements where the impairment assessment of non-financial assets has been discussed. The impairment assessment of non-financial assets was a matter of most significance to our current year audit due to: • The significant judgments made by management regarding the discount rates, the terminal growth rates and forecast cash flows included in the analysis used to perform the impairment assessment; and • The magnitude of these balances to the Group.	We assessed whether there were any impairment indicators for all non-financial assets by considering the following: • Actual to budgeted performance; • Return on assets ratio; • Entities that are in a loss-making position; and • The expected changes in the trading environment due to the Covid-19 pandemic and the recovery of the future operations of the entity. No material indicators that were not already identified by management were noted. For those CGUs where an impairment indicator was noted, or where the CGU included goodwill and indefinite useful life intangible assets, we tested the reasonableness of management's assumptions in their impairment assessments by performing the following: • We utilised our valuation expertise to independently calculate the discount rates, taking into account independent data such as the cost of debt, risk-free rates in the market, market risk premiums, the beta of comparable companies and debt/equity ratios. • We utilised our valuation expertise to compare the terminal growth rates to long-term growth rates obtained from independent sources. The year-on-year growth rates were compared to various industry outlooks. • We agreed the forecast cash flows included in the valuation to underlying documentation such as approved budgets for the individual CGUs. We assessed the reliability of the Group's budget which forms the basis of the forecast cash flows by evaluating: – (i) the current and past performance of the business, including the time that will be required for the business to achieve 2019 revenues (pre-Covid revenues); – (iii) the consistency with external market and industry data; and – (iv) the corroboration of strategic initiatives with evidence obtained in other areas of the audit. We found management's cash flow forecasts to be materially consistent with the historical actual results (pre-Covid 19) and obtained corroboration from management where the budgeted numbers significantly differed from actuals. • We tested the mathematical accuracy of the discounted cash flow model and its consistency with market practice and the applicable requirements of International Accounting Standard (IAS) 36: Impairment of Assets. We did not note any aspects which required further consideration. No material exceptions were noted. • We applied the independently sourced discount rates and terminal growth rate to management's forecasts and compared the recoverable amount of each CGU to the results of our independent calculations. We did not identify any further impairments based on our independent calculations. • We performed sensitivity analyses to assess the maximum change in discount rates, terminal growth rates and forecast cash flows that would result in no headroom remaining between the value in use and the carrying value. We compared our results to management's sensitivity analyses for purposes of identifying whether further impairments were needed. We did not identify any further impairments.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
MEASUREMENT OF FINANCIAL GUARANTEES (COMPANY) *(refer to note 12 in the separate financial statements)*	
The Company acts as a guarantor for certain of its subsidiaries' borrowings, including the R3.6 billion term facilities, the R1 billion revolving credit facility, the R2.3 billion short-term banking facility and the R1.6 billion redeemable preference shares as disclosed in note 22 in the consolidated financial statements. The financial guarantee contract is accounted for as a financial instrument and is recognised initially at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model (ECL) or the amount initially recognised (fair value) less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from contracts with customers. The initial fair value and subsequent measurement at the ECL value, is determined based on the probability of the subsidiaries defaulting on their obligations, the loss given default and the increase in credit risk, which involves judgement. Management applied assumptions in order to measure the fair value and ECL of the financial guarantee liability associated with these facilities. The measurement of the financial guarantee liability for the Company was considered a key audit matter, due to: • The significant judgements made by management in determining the probability of default, the loss given default and the extent of increase in credit risk; and • The magnitude of the balances to the Company, amounting to R140 million as at 31 December 2021 (2020: R705 million).	We utilised our valuation expertise to evaluate the judgements applied by management by performing the following: • We assessed the appropriateness of management's valuation model by comparing the model to market practice and the applicable requirements of IFRS 9: Financial instruments. We found the model to be consistent with market practice and the requirements of IFRS 9; • We challenged the appropriateness of management's assumptions used in the valuation model consisting of the probability of default, the loss given default and the increase in credit risk by comparing them to industry benchmarks, historical data and forward looking information. The impact of Covid-19 has been considered within the forward-looking assessment. We found management's assumptions to be within a reasonable range of the industry benchmarks; and • We recalculated the fair value of the financial guarantee liability and the amount determined in accordance with the expected credit loss model and compared the results to the value calculated by management. No material exceptions were noted.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sun International Group Audited Consolidated Financial Statements for the year ended 31 December 2021", which includes the Directors' Report, the Report of the Audit Committee and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Sun International 2021 Integrated Annual Report", which is expected to be made available to us after that date. 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 and will 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 on the other information that we obtained prior to the date of this auditor's report, 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 Sun International Limited for 38 years.

PRICEWATERHOUSECOOPERS INC.
DIRECTOR: E JENSEN
Registered Auditor

Johannesburg, South Africa
14 March 2022

DIRECTORS' REPORT

for the year ended 31 December 2021

To the Shareholders of Sun International Limited ("Sun International" or "the company")

The directors have pleasure in submitting the financial statements of the Sun International group for the year ended 31 December 2021. Kindly take note that the period covered by this directors' report is from 1 January 2021 to 31 December 2021.

Nature of business

The Sun International group has interests in, and provides management services to businesses in the hotel, resort, casino and gambling industry. There have not been any material changes in the nature of the group's businesses from the prior year save for the transactions as detailed in the summarised consolidated audited financial statements released on SENS on 14 March 2022.

The company maintains a listing on the main board of the JSE and a secondary listing on A2X Markets.

Financial results

Particulars of the Sun International group's attributable earnings and earnings per share for the year ended 31 December 2021 are given in the statement of comprehensive income, whilst particulars of the Sun International group headline earnings per share for the year ended 31 December 2021 are given in note 9 of the financial statements.

Full details of the financial position and results of the Sun International group are set out in these financial statements.

Dividends

The company did not declare an interim or final dividend during the year ended 31 December 2021.

Associate companies and other investments

Particulars of the associate companies, joint ventures and other investments are provided in the group financial statements in note 13.

Corporate activity during the year and after the balance sheet date

Commentary on the nature of business of the company, and its subsidiaries, acquisitions, future developments and prospects of the group are addressed in the summarised consolidated audited financial statements of the Sun International group, which were released on SENS on 14 March 2022.

Share plans

Full particulars relating to awards and grants made under the various Sun International share plans are provided in note 21 to the group financial statements.

At the date of this report, a total of 17 616 548 ordinary shares remain reserved for the purposes of the company's employee share plans. 10 780 000 in respect of the Bonus Share Matching Plan and 6 836 548 in respect of the Sun International 2020 Conditional Share Plan.

Share capital

The total issued share capital of the company for the period under review constitutes 263 905 660 (2020: 263 905 660) ordinary shares. The company has an authorised share capital of 800 000 000 (2020: 800 000 000) ordinary shares.

Further details regarding the authorised and issued share capital appear as note 21 to the group's financial statements.

Directorate

APPOINTMENTS

During the period under review, Mr NT Payne was appointed as an independent non-executive director on the company's board, effective 11 May 2021.

DEATH

On 16 June 2021, Dr JA Mabuza, Sun International's Chairman, tragically passed away from Covid-19 complications.

Dr JA Mabuza was succeeded by Mr S Sithole as Chairman of the Sun International board on 2 July 2021.

DIRECTORS' REPORT continued

RETIREMENTS

In accordance with articles 25.5, 25.6.1 and 25.17 of the company's memorandum of incorporation, Messrs TR Ngara, PD Bacon, JA Mabuza, S Sithole, as well as Mesdames BLM Makgabo-Fiskerstrand and ZP Zatu retired from the board at the annual general meeting held on 11 May 2021, but being eligible for election / re-election, were duly elected / re-elected to the company's board.

On 22 November 2021, shareholders were advised that Mr PD Bacon, an independent non-executive director of the company had decided that he will be retiring from the Sun International board effective 31 March 2022 and will not be standing for re-election at the company's annual general meeting to be held on or about 10 May 2022. Furthermore and on 11 March 2022, Ms BLM Makgabo-Fiskerstrand ("Tumi"), has indicated that she intends retiring from the Sun International board at the 2022 annual general meeting of the company which will be taking place on Tuesday, 10 May 2022 and will not be standing for re-election as a director.

In terms of the company's memorandum of incorporation, Messrs NT Payne and GW Dempster, as well as Mesdames CM Henry and SN Mabaso-Koyana are required to retire in accordance with the company's memorandum of incorporation at the upcoming annual general meeting to be held on 10 May 2022 and being eligible, offer themselves for election / re-election, as the case may be.

Their profiles appear in the annual statutory report to be posted to shareholders on or about 31 March 2022 and which will be available on the company's website at http://www.suninternational.com/investors.

Secretaries

The secretaries' business and postal addresses appear in the annual statutory report to be posted to shareholders on or about 31 March 2022 and which will be available on the company's website at http://www.suninternational.com/investors.

Directors' interests

At 31 December 2021, the directors of the company held interests in 60 955 354 of the company's issued ordinary shares (31 December 2020: 59 969 151). Details of shares held per individual director and which includes restricted shares held through the various share schemes are listed below.

	Ordinary shares direct beneficial		Ordinary shares indirect beneficial
2021 – 31 December	**Unrestricted**	**Restricted**	**Unrestricted**
N Basthdaw	**111 815**	**338 821**	**–**
AM Leeming	**402 717**	**745 697**	**–**
JA Mabuza[+]	**24 435**	**–**	**–**
S Sithole/TR Ngara	**–**	**–**	**59 331 869**
TOTAL	**538 967**	**1 084 518**	**59 331 869**

[+] Passed away as a non-executive director on 16 June 2021.

None of the directors' holdings were subject to security, guarantee, collateral or similar arrangement as envisaged in terms of paragraph 8.63 (c) (i) of the JSE Listings Requirements. There were no changes to the above number of shares between the end of the financial year and the date of approval of the annual financial statements.

	Ordinary shares direct beneficial		Ordinary shares indirect beneficial
2020 – 31 December	Unrestricted	Restricted	Unrestricted
N Basthdaw	104 135	250 444	–
NN Gwagwa[+]	–	–	140 985
AM Leeming	379 966	520 000	–
JA Mabuza	24 435	–	–
S Sithole (alt. TR Ngara)	–	–	58 549 186
TOTAL	508 536	770 444	58 690 171

[+] Retired as a non-executive director on 12 May 2020.

PUBLIC AND NON-PUBLIC SHAREHOLDERS (AS AT 31 DECEMBER 2021)

Ordinary shares	Number of shareholders	%	Number of shares	%
NON-PUBLIC SHAREHOLDERS	**14**	**0.11**	**75 358 819**	**28.56**
Directors and associates of the company	5	0.04	60 955 354	23.10
Sun International Employee Share Trust and Plans*	8	0.06	7 683 706	2.91
Dinokana Investments**	1	0.01	6 719 759	2.55
PUBLIC SHAREHOLDERS	**13 252**	**99.89**	**188 546 841**	**71.44**
TOTALS	**13 266**	**100.00**	**263 905 660**	**100.00**

* The Sun International Employee Share Trusts and Plans have been adjusted by including the portion held via Dinokana and deducting the portion of shares allocated to directors.

** Dinokana Investments is a subsidiary of Sun International Limited and its holding of Sun International Limited ordinary shares qualifies as Treasury shares.

Material shareholders

Beneficial shareholders (excluding directors) holding 5% or more of the company's listed ordinary shares as at 31 December 2021 were the following:

	Number of shares	%
Allan Gray	29 114 636	11.03
Old Mutual	27 129 461	10.28
Value Capital Partners H4 Q1 Hedge Fund	25 469 764	9.65
PSG Konsult	19 255 432	7.30
Alexander Forbes Investments	13 587 332	5.15

Special resolutions

The company passed eighteen special resolutions during the period under review, which included the following:

- approving the acquisition by the company or any of its subsidiaries of the company's shares;
- approving the remuneration of the non-executive directors;
- approving the provision of financial assistance and / or the issue of securities to employee share scheme participants; and
- approving the provision of financial assistance to related or inter-related companies and corporations.

Except for the above, no other special resolutions, the nature of which might be significant to shareholders in their appreciation of the state of affairs of the Sun International group, were passed by the company or its subsidiaries during the period covered by this directors' report.

Corporate governance

During the period under review, the board endorsed and when applicable, applied the 16 Principles contained in the King IV Report on Corporate Governance for South Africa, 2016 ("King IV"). The board has satisfied itself that throughout the period under review, Sun International has complied in all material aspects with King IV and the Listings Requirements of the JSE as the case may be.

Sun International's compliance with paragraphs 3.84 and 8.63 (a) of the Listings Requirements of the JSE plus application of the Principles set out in King IV (as contained in a corporate governance register), form part of the integrated annual report which will be made available on the company's website on or about 31 March 2022 at http://www.suninternational.com/investors/governance/

Laws of incorporation and MOI

The directors confirm that:

- Sun International adheres to and complies with the provisions of the Companies Act, the JSE Listings Requirements and its relevant laws of establishment, specifically relating to its incorporation; and
- Sun International is in compliance with the provisions of the Companies Act, specifically relating to its incorporation and operating in conformity with its MOI.

Material risks

During the period under review and at each risk committee meeting held during the year and at board meetings held thereafter, the directors considered the material risks of Sun International. A description of these material risks relative to the company and its securities including the hospitality and gaming industry in which Sun International operates can be found in the company's integrated annual report which will be made available on the company's website on or about 31 March 2022 at www.suninternational.com/investors

Director's emoluments

The individual directors' emoluments paid in respect of the financial period under review are contained in the audited financial statements in note 27.

Repurchased equity securities

Neither Sun International nor any of its subsidiary companies repurchased any Sun International equity securities during the period covered by this directors' report.

Borrowing powers and restrictive funding arrangements

In terms of its memorandum of incorporation, Sun International has unlimited borrowing powers. At 31 December 2021, unutilised borrowing facilities amounted to R2.196 billion (31 December 2020: R3.230 billion).

No restrictive funding arrangements were undertaken by Sun International or any of its subsidiaries during the period covered by this directors' report.

Issues for cash

Sun International did not undertake any issues of securities for cash, whether general or specific, during the period covered by this directors' report.

Solvency and liquidity tests

The directors have performed the required solvency and liquidity tests for Sun International as required by the Companies Act.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of Sun International, comprising the statements of financial position at 31 December 2021 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes. In accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa including paragraph 8.62 (d) of the Listings Requirements of the JSE, Sun International has published group consolidated and company financial statements.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the financial statements.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated financial statements

The consolidated audited financial statements of Sun International, as identified in the aforementioned paragraph, were approved by the board of directors on 14 March 2022 and signed by:

For: Sun International Limited

MR S SITHOLE
Chairman

AM LEEMING
Chief Executive

N BASTHDAW
Chief Financial Officer

14 March 2022

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	31 December 2021 Rm	*Restated 31 December 2020 Rm
CONTINUING OPERATIONS			
Net gaming wins	1	**6 632**	5 065
Revenue[#]	1	**1 180**	989
Insurance receipts[$]		**522**	–
INCOME	1	**8 334**	6 054
Consumables and services		**(789)**	(667)
Depreciation	11	**(772)**	(818)
Amortisation	12	**(91)**	(103)
Employee costs	2	**(1 674)**	(1 612)
Impairment of property, plant and equipment	11	**–**	(1 183)
Impairment of intangible assets	12	**–**	(74)
Levies and VAT on casino revenue		**(1 568)**	(1 164)
LPM site owners commission^		**(362)**	(258)
Promotional and marketing costs		**(341)**	(272)
Property and equipment rentals	3	**(26)**	(12)
Property costs		**(729)**	(618)
Net impairment (loss)/gains on financial assets	17	**(10)**	32
Other operational costs**		**(663)**	(683)
OPERATING PROFIT/(LOSS)		**1 309**	(1 378)
Foreign exchange losses		**(30)**	(269)
IFRS 9 debt extinguishment/modification adjustment	22	**43**	(43)
Finance income	5	**45**	17
Finance expense	6	**(609)**	(941)
Change in estimated redemption value of put option	15	**(184)**	1 007
Share of profit of investments accounted for using the equity method	13	**–**	2
PROFIT/(LOSS) BEFORE TAX		**574**	(1 605)
Tax	8	**(192)**	417
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**382**	(1 188)
Loss for the year from discontinued operations	20	**(2)**	(1 235)
PROFIT/(LOSS) FOR THE YEAR		**380**	(2 423)
OTHER COMPREHENSIVE INCOME/(LOSS):			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	16	**1**	25
Tax on remeasurements of post employment benefit obligations	8	**–**	(7)
Items that may be reclassified to profit or loss			
Net profit/(loss) on cash flow hedges[@]	14	**84**	(66)
Tax on (loss)/profit on cash flow hedges	8	**(18)**	18
Currency translation reserve related to the sale of Dreams S.A.		**–**	(255)
Currency translation reserve		**(12)**	706
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**435**	(2 002)

Refer to next page for notes.

GROUP STATEMENT OF COMPREHENSIVE INCOME continued

for the year ended 31 December 2021

	Notes	31 December 2021 Rm	*Restated 31 December 2020 Rm
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Minorities		**117**	(594)
Ordinary shareholders		**263**	(1 829)
		380	(2 423)
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Minorities		**106**	(280)
Ordinary shareholders		**329**	(1 722)
		435	(2 002)
TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ARISES FROM:			
Continuing operations		**324**	(970)
Discontinued operations	20	**5**	(752)
		329	(1 722)
BASIC AND DILUTED EARNINGS/(LOSS) PER SHARE (CENTS)			
Basic	9	**105**	(1 045)
Continuing operations		**103**	(529)
Discontinued operations		**2**	(516)
Diluted basic earnings/(loss) per share (cents)		**105**	(1 045)
Diluted adjusted headline earnings/(loss) per share (cents)		**44**	(633)

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

** Other operational costs include administration and general costs, loss on disposals of assets, IT costs, professional fees, training costs, travel costs and repairs and maintenance costs *inter alia*.

^ "LPM" refers to Limited Payout Machines and relate to the group's Sun Slot business.

Revenue includes "other revenue" (refer to Note 1).

$ Insurance receipts include R517 million Covid-19 and R5 million other business interruption claims received.

@ Relates to the interest rate swap liability.

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	31 December 2021 Rm	31 December 2020 Rm
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**9 091**	9 333
Intangible assets	12	**902**	956
Equity-accounted investments	13	**31**	31
Pension fund asset	16	**9**	9
Deferred tax	8	**1 345**	1 208
Trade and other receivables	17	**67**	58
		11 445	11 595
CURRENT ASSETS			
Inventory	18	**88**	100
Trade and other receivables	17	**1 224**	1 110
Cash and cash equivalents	19	**374**	538
		1 686	1 748
ASSETS HELD FOR SALE	20	**26**	26
TOTAL ASSETS		**13 157**	13 369
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Ordinary shareholders' equity before put option reserve		**3 293**	3 001
Put option reserve		**(1 286)**	(1 286)
Ordinary shareholders' equity		**2 007**	1 715
Minorities' interests		**(291)**	(253)
		1 716	1 462
NON-CURRENT LIABILITIES			
Deferred tax	8	**440**	330
Borrowings	22	**6 716**	7 047
Derivative financial instruments	14	**–**	74
Put option liability	15	**464**	280
Contract liabilities and other liabilities	23	**580**	698
		8 200	8 429
CURRENT LIABILITIES			
Borrowings	22	**1 242**	1 377
Trade payables and accruals	24	**1 827**	1 849
Derivative financial instruments	14	**56**	125
Contract liabilities and other liabilities	23	**116**	127
		3 241	3 478
LIABILITIES HELD FOR SALE	20	**–**	–
TOTAL LIABILITIES		**11 441**	11 907
TOTAL EQUITY AND LIABILITIES		**13 157**	13 369

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	31 December 2021 Rm	*Restated 31 December 2020 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations before:	25.1	**1 547**	338
Insurance receipts		**522**	–
Vacation Club timeshare sales		**89**	96
Taxes paid	25.2	**(449)**	(94)
Net cash inflow from operating activities		**1 709**	340
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	**(550)**	(440)
Disposal of property, plant and equipment		**54**	21
Purchase of intangible assets	12	**(36)**	(58)
Investment income received	5	**4**	2
Disposal of shareholding in subsidiaries	10	**–**	2 247
Net cash (outflow)/outflow from investing activities		**(528)**	1 772
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for purchase of treasury shares	21	**(33)**	(61)
Purchase of additional non-controlling shareholding in subsidiaries	10	**–**	(36)
Capital raised through a rights offer	21	**–**	1 207
Repayment of capital lease liabilities	22	**(101)**	(150)
Additional borrowings	25.4	**1 151**	432
Repayment of borrowings	25.4	**(1 692)**	(2 865)
Interest paid	25.3	**(543)**	(754)
Dividends paid	9	**(158)**	(141)
Net cash outflow from financing activities		**(1 376)**	(2 368)
Effects of exchange rate changes on cash and cash equivalents		**31**	5
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(164)**	(251)
Cash and cash equivalents at beginning of the year		**538**	789
Cash held by discontinued operations	10	**–**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	**374**	538
Cash flows from discontinued operations	20	**–**	(215)

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year cash flows included eSwatini as continued operations.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Notes	Share capital and premium Rm	Treasury shares and share options Rm	Foreign currency translation reserve Rm	Share based payment reserve Rm
BALANCE AT 31 DECEMBER 2019		1 893	(352)	(89)	60
Total comprehensive income for the year		–	–	137	–
Treasury shares purchased		–	(61)	–	–
Rights offer#		1 207	–	–	–
Employee share plans		–	–	–	16
Reclassification of share option reserve		–	13	–	(13)
Disposal of equity interest in subsidiary^		–	–	–	–
Dividends paid		–	–	–	–
BALANCE AT 31 DECEMBER 2020		3 100	(400)	48	63
Total comprehensive income for the year		**–**	**–**	**(1)**	**–**
Treasury shares purchased		**–**	**(33)**	**–**	**–**
Employee share plans		**–**	**–**	**–**	**(3)**
Reclassification of share option reserve		**–**	**14**	**–**	**(14)**
Derecognition of eSwatini^		**–**	**–**	**–**	**–**
Dividends paid		**–**	**–**	**–**	**–**
BALANCE AT 31 DECEMBER 2021		**3 100**	**(419)**	**47**	**46**

* Reserve for non-controlling interests relates to the premium paid on purchases of minorities' interests and profits and losses on disposals of interests to minorities, where there is no change in control.

^ Refer to note 10.

Refer to note 21.

** Including hedging and pension fund reserve.

Reserve for non-controlling interests* Rm	Other reserve** Rm	Retained earnings Rm	Ordinary share-holders' equity before put option reserve Rm	Put option reserve Rm	Ordinary share-holders' equity Rm	Minorities' interests Rm	Total equity Rm
(3 007)	194	5 208	3 907	(1 286)	2 621	1 614	4 235
–	(30)	(1 829)	(1 722)	–	(1 722)	(280)	(2 002)
–	–	–	(61)	–	(61)	–	(61)
–	–	–	1 207	–	1 207	–	1 207
–	–	–	16	–	16	–	16
–	–	–	–	–	–	–	–
(346)	–	–	(346)	–	(346)	(1 446)	(1 792)
–	–	–	–	–	–	(141)	(141)
(3 353)	164	3 379	3 001	(1 286)	1 715	(253)	1 462
–	**66**	**263**	**328**	**–**	**328**	**106**	**434**
–	**–**	**–**	**(33)**	**–**	**(33)**	**–**	**(33)**
–	**–**	**–**	**(3)**	**–**	**(3)**	**–**	**(3)**
–	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**–**	**–**	**14**	**14**
–	**–**	**–**	**–**	**–**	**–**	**(158)**	**(158)**
(3 353)	**230**	**3 642**	**3 293**	**(1 286)**	**2 007**	**(291)**	**1 716**

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2021

Overall accounting basis

All policies stated in the consolidated financial statements relate to the group and the companies within the group. The consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, International Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRSC) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements and in compliance with the JSE Listings Requirements and the Companies Act of South Africa.

The financial statements have been prepared under the historical cost convention except as disclosed in the annexure to these financial statements. The policies used in preparing the financial statements are consistent with those of the previous year except in instances where new accounting standards or amendments have been adopted.

Preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

These financial statements were prepared under the supervision of the group chief financial officer – Mr Norman Basthdaw.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. Actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. Estimates are annually re-evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

ASSET USEFUL LIVES AND RESIDUAL VALUES

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. As the residual values relates to the superstructures on our buildings and infrastructure, the effects of Covid-19 on the future market conditions lead to no material adjustments, the residual values were assessed and valued as appropriate by an independent 3rd party as at 31 December 2021. As the greater part of our assets which useful lives is subject to change relates to our casino equipment, the effect of Covid-19 on the market conditions were assessed and due to the equipment not being in use for merely a short period of approximately 3 months during the hard lock down in the prior period and analysing the current and foreseeable usage of the equipment, management do not foresee the useful lives to materially change. The group had therefore no material adjustments to the useful lives and residual values were made.

ASSESSING THE RECOVERABILITY OF DEFERRED TAX ASSETS

IAS 12.34 allows for a deferred tax asset to be recognised for an unused tax loss carry forward or unused tax credit, only if it is considered probable that there would be sufficient future taxable profit against which the loss or credit carry forward can be utilised. At every reporting period management assess the recoverability of deferred tax assets recognised associated with past and current assessed losses. At year end management performed this assessment by assessing the following:

- Using the approved budget for the following year as well as the 5 year forward-looking forecast approved by the group's board and adjusting this for market risks identifiable at that point in time that could pose a risk for reaching the forecasted financial performance for the foreseeable future.
- The forward-looking forecast are compared to past financial performance to determine the appropriateness of the assumptions used in determining the forecasted growth to be achieved.
- Including future strategies in terms of where growth in the group will be achieved whether from acquisitions, expansions or current market growth, which the terms and conditions of these strategies are reasonably certain to be pursued.

The group recognised majority of the deferred tax assets relating to the 2021 year's losses.

IMPAIRMENT OF NON FINANCIAL ASSETS

Property, plant and equipment and intangible assets other than goodwill are considered for impairment if there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the economic viability of the asset itself and where it is a component of a larger economic unit, the viability of that unit itself.

Future cash flows expected to be generated by the CGUs to which the assets have been allocated are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. If the information to project future cash flows is not available or could not be reliably established, management uses the best alternative information available to estimate a possible impairment. Impairments recognised are allocated first to goodwill and on a pro rata basis to intangible assets and property, plant and equipment.

Refer to note 11 and 12.

ESTIMATED IMPAIRMENT OF GOODWILL

The group tests annually whether goodwill has suffered any impairment. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to note 12.

Critical accounting judgements

Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CONSOLIDATION OF AN ENTITY WHERE THE PERCENTAGE OWNERSHIP IS LESS THAN 50%

Management has applied judgement to conclude that the group has control over the Tourist company of Nigeria Plc (Federal Palace) acquired in 2008, even though it has less than 50% of the voting rights due to its 49.33% current equity stake. Control is determined by applying the application guidance of IFRS 10, which includes an assessment of various factors including, but not limited to the following:

- what the relevant activities are and how decisions about those activities are made – relevant activities include the efficient management of the property which the group is responsible for through its management agreement;
- whether the rights of the investor give it the current ability to direct the relevant activities – the group appoints the key management of the company and these employees have the ability to direct the relevant activities; and
- the group has the largest individual shareholding.

CLASSIFICATION OF THE ESWATINI SUBSIDIARY AS IFRS 5: NON CURRENT ASSETS AND LIABILITIES HELD FOR SALE FROM DISCONTINUED OPERATIONS, AS AT 30 JUNE 2021 AND DECONSOLIDATED IN TERMS OF IFRS 10: CONSOLIDATED FINANCIAL STATEMENTS

Since the start of the Covid-19 pandemic in March 2020, the eSwatini subsidiary ("eSwatini") has ceased trading which continued into 2021. During June 2021 creditors of eSwatini initiated a liquidation process whereby the court appointed liquidators assumed control of eSwatini in June 2021.

eSwatini was considered a subsidiary of Sun International and was until now consolidated into the results of Sun International. The liquidation of eSwatini has the following implications for Sun International.

- Accounting for eSwatini as a discontinued operation for the June 2021 interim period and restating the prior year comparative results; and
- Accounted for the loss of control in terms of IFRS 10.

As a result of the appointment of the liquidators and that trading has ceased, management has assessed a loss of control from the date that the liquidators were appointed and have therefore classified eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued operations for the first six months of 2021 comparatives have been restated. As of the date of liquidation, eSwatini has been deconsolidated from the group in terms of IFRS 10: Consolidated Financial Statements.

COVID-19

During 2020 and 2021 we experienced the full extent of the Covid-19 pandemic. The consequences of the pandemic had a significant operational and financial impact on the group. In the face of these pervasive challenges, Sun International responded swiftly, making bold decisions, to protect its business in the short term and position the group for a sustainable recovery post Covid-19. During this period we focused on cost reductions, optimising working capital, prioritising capital investment and negotiating with service providers, suppliers and lessors for either a waiver, reduction or deferment of payments. Management formulated and implemented plans to achieve operational efficiencies and restructured certain parts of the business, including the employee cost base. Based on the magnitude of the pandemic and its impact on the consolidated annual financial statements, management has noted the below review of all possible financial effects Covid-19 could have on the measurement, presentation and disclosure provided.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 31 December 2021

Covid-19 CONSIDERATIONS	ASSESSMENT	POTENTIAL IMPACT	NOTE REFERENCE
Subsequent events	Covid-19 was assessed as being prevalent in the group's industry prior to 31 December 2021.	**Low**	30
Going concern	Significant disruption to operations due to the approximate 3-month hard lock down in the prior period and 1 month in the current year, the further restrictions to our trading conditions and the uncertainty of when "normal" trading conditions will commence. Significant progress was made to deleverage debt, strengthen the liquidity position and improving the overall cost base of the group.	**Low**	Below paragraph
Impairment of non financial assets	Certain impairments to goodwill, other intangibles and property, plant and equipment were made as a result of the impact of Covid-19 on our business, in 2020. There are no impairments in the current year.	**Medium**	11 and 12
Deferred tax assets recoverability	Deferred tax assets relating to assessed losses were only raised if the probability of foreseeable future taxable income was proved.	**Low**	8
Contingent purchase consideration from the sale of subsidiary	After considering the quantitative factors like the growth in financial performance to be achieved to meet the contingent consideration in 2024/25, Sun International management assessed the probability as highly unlikely that Dreams S.A. will recover quickly enough in the current market conditions to achieve the financial performance conditions required by the conditional period and that the fair value of the contingent considerations to be measured at nil on the effective date of the transaction and 31 December 2021.	**Low**	10 and 28

GOING CONCERN

The IFRS Conceptual Framework states that going concern is an underlying assumption in the preparation of IFRS financial statements. Therefore, the financial statements presume that an entity will continue in operation in the foreseeable future or, if that presumption is not valid, disclosure and a different basis of reporting are required. The Board of directors ('Board') believes that, as of the date of this report, the going concern presumption is still appropriate and accordingly the consolidated annual financial statements of the group have been prepared on the going concern basis.

IAS 1 – Preparation of Financial Statements ('IAS 1') requires management to perform an assessment of the Group's ability to continue as a going concern. If management is aware of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, IAS 1 requires these uncertainties to be disclosed.

In conducting this assessment, the Board has taken into consideration the following factors:

Although the effect of Covid-19 continues to impact trading subsequent to 31 December 2021, and despite the current restrictions and reduced capacity, the group's operations has shown a strong trend of recovering, following the lifting of the lockdown and other restrictions.

The group focused on cost reductions, optimising working capital, prioritising capital investment and negotiating with service providers, suppliers and lessors for more favourable terms, or deferral of payments. Further plans to achieve operational efficiencies and restructure certain parts of the business have been implemented, including critically evaluating the employee cost base. These efficiencies have significantly reduced the group's sustainable cost base ensuring the future profitability and sustainability of the group into the future.

Since trading commenced in July 2020 after the initial hard lock-down, trading has shown a steady recovery to pre-Covid-19 operating levels.

The group has achieved adjusted EBITDA of R1.69 billion, a net profit after tax of R382 million and was able to generate operating cashflows of R1.7 billion, the group is therefore generating sufficient cash flows to cover all operational commitments. Details of the financial performance and cash flows for the Group are explained in the consolidated financial statements.

The group has showed its ability to respond to unexpected challenges whilst managing the liquidity of the group throughout the period significantly impacted by the Covid-19 pandemic. As part of implementing various cost saving initiatives, the group had also focused on improving the capital structure of the group as follows:

- A R1.2 billion rights offer was successfully concluded on during August 2020, with the results reflecting overwhelming shareholder support for the transaction. The rights offer improved Sun International's liquidity and materially strengthened its balance sheet; and
- In November 2020, after providing for a tax contingency, dividend withholding taxes and the settling of local debt in Chile, approximately R1.34 billion of the proceeds from the sale of Dreams S.A. was repatriated to South Africa. This has been applied to repay a portion of the South African debt during 2021.

The group had after the above transactions, successfully renegotiated their long-term debt facilities (Refer to Note 22) to further improve their liquidity and solvency position.

The group has prepared a 12-month December 2022 budget. The budget process and analysis were based on a scenario, whereby each of the gaming and hospitality units considered continued restrictions and took into account the continued impact of the Covid-19 pandemic and the expected impact of difficult market conditions on trading levels.

The approved 2022 budget was based on a scenario where a 100% of 2019 gaming income is achieved. With continued uncertainty in the current trading and market conditions, management has factored in alternative budget scenarios to determine the impact on our business, and in all scenario's the group continues to be expected to generate positive operating cashflows. The group have undrawn debt facilities of R2 196 million that they can access if any cashflow shortfall is experienced.

Due the stronger post lockdown recovery of SunBet and Sun Slots, their budgets were prepared on a growth on 2019 gaming income.

Annually in parallel with the budget process, the group performs a 5-year forecasted budget. This forward-looking budget up to 2027 was assessed and approved by the group's Board of Directors in November 2021. The director's assessment of whether the group is a going concern was considered and the directors concluded that:

- The group and company are solvent, with its assets exceed its liabilities and are expected to remain solvent after considering the approved budget and expected performance;
- Based on the short and longer term forecasts the group is expected to be able to meet all its short-term obligations through a combination of the cash generated by operations and the utilisation of the current facilities available to the group;
- There has been no event of default over the past 12 months on any of the company or group's debt facilities. No facilities previously available to the company or the group have been withdrawn and remain committed by our lenders;
- As a result of the successful capital raise, and utilising the proceeds from the disposal of Dreams S.A. to repay outstanding debt, the group has managed to negotiate new covenant measures and a debt repayment schedule with its South African lending group which positively impacted the group's liquidity forecast over short and longer term; and
- The group has forecast that it will remain within the required Debt to EBITDA ranges as per the new debt covenants agreed with our lenders for the next 12 months.

The company and the group have been able to meet all obligations as and when they fall due and has met the required debt covenants as at 31 December 2021 (Refer to Note 22).

Sun Treasury (RF) Pty Ltd, the treasury function of the group, has facilities available from various banks which units throughout the group are available to draw from as agreed with the lenders. The available facilities of the group (through Sun Treasury (RF) Pty Ltd) amount to R2.196 billion as at 31 December 2021.

The Board, after considering the negotiated terms and other factors described above, has concluded that the group should be able to discharge its liabilities as they fall due in the normal course of business and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the consolidated financial statements.

Exchange rates

The exchange rates used in converting foreign subsidiaries statement of comprehensive income (average rate) and statement of financial position (closing rate) are set out below:

	12 months 31 December 2021		12 months 31 December 2020	
	Average rate	**Closing rate**	Average rate	Closing rate
US dollar (USD)	**14.94**	**15.90**	16.49	14.62
Chilean peso (CLP)	**51.11**	**53.46**	47.98	48.66
Nigerian naira (NGN)	**27.34**	**26.67**	21.71	25.96

1. Segmental analysis

	NET GAMING WINS							
	Total net Gaming wins		Tables		Slots		Alternative gaming income	
	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm
SOUTH AFRICAN OPERATIONS	**6 575**	5 044	**827**	735	**4 325**	3 286	**1 423**	1 023
GrandWest	**1 243**	993	**138**	123	**1 105**	870	**–**	–
Sun City	**402**	198	**88**	32	**314**	166	**–**	–
Sibaya	**875**	708	**171**	178	**704**	530	**–**	–
Sun Time Square	**896**	744	**204**	219	**692**	525	**–**	–
Carnival City	**612**	502	**103**	96	**509**	406	**–**	–
Boardwalk	**305**	223	**45**	23	**260**	200	**–**	–
Wild Coast Sun	**301**	209	**35**	24	**266**	185	**–**	–
Carousel and Sun Carousel	**–**	15	**–**	–	**–**	15	**–**	–
Meropa	**173**	142	**19**	17	**154**	125	**–**	–
The Table Bay Hotel	**–**	–	**–**	–	**–**	–	**–**	–
Windmill	**151**	123	**14**	15	**137**	108	**–**	–
Sun Slots	**1 242**	886	**–**	–	**–**	–	**1 242**	886
Flamingo	**93**	76	**3**	5	**90**	71	**–**	–
Golden Valley	**101**	85	**7**	3	**94**	82	**–**	–
SunBet	**181**	137	**–**	–	**–**	–	**181**	137
The Maslow	**–**	–	**–**	–	**–**	–	**–**	–
Other operating segments	**–**	3	**–**	–	**–**	3	**–**	–
Management and corporate office	**–**	–	**–**	–	**–**	–	**–**	–
NIGERIAN OPERATIONS – FEDERAL PALACE	**57**	21	**9**	5	**48**	16	**–**	–
INTER-COMPANY MANAGEMENT FEES	**–**	–	**–**	–	**–**	–	**–**	–
TOTAL	**6 632**	**5 065**	**836**	**740**	**4 373**	**3 302**	**1 423**	**1 023**

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

Income Streams are reported on separately as below:

Income outside the scope of IFRS 15:

– Tables and slots: Income from casino gambling operations.

– Alternative gaming income: Income from Sun Slots and SunBet

IFRS 15: Revenue from contracts with customers:

– Food and beverage: Revenue from bars, restaurant and conferencing operations.

– Rooms: Revenue from hotel rooms operations.

Other: Refer to other revenue table.

All segments are subsidiaries. Refer to note 26 for the minority interests.

The operations disclosed above are considered subsidiaries of the group. Refer to note 26 for information on subsidiaries with non-controlling interests.

Total revenue		Revenue from contracts with customers						Total income	
		Rooms		Food and beverage		Other			
31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm
1 945	1 186	404	368	410	335	1 131	483	8 520	6 230
92	31	1	1	20	17	71	13	1 335	1 024
672	501	219	190	186	140	267	171	1 074	699
79	35	8	10	16	22	55	3	954	743
131	64	19	15	43	34	69	15	1 027	808
81	30	5	4	14	18	62	8	693	532
93	31	16	11	24	15	53	5	398	254
125	62	24	21	31	22	70	19	426	271
11	13	–	–	–	–	11	13	11	28
58	15	5	3	9	11	44	1	231	157
126	112	74	86	29	24	23	2	126	112
34	5	–	–	4	4	30	1	185	128
50	–	–	–	–	–	50	–	1 292	886
20	5	–	–	5	4	15	1	113	81
33	11	6	4	7	6	20	1	134	96
1	–	–	–	–	–	1	–	182	137
53	41	27	23	21	18	5	–	53	41
3	1	–	–	1	–	2	1	3	4
283	229	–	–	–	–	283	229	283	229
53	30	28	16	21	12	4	2	110	51
(296)	(227)	–	–	–	–	(296)	(227)	(296)	(227)
1 702	**989**	**432**	**384**	**431**	**347**	**839**	**258**	**8 334**	**6 054**

The revenue derived from the below revenue streams are included in "other revenue" streams and not considered the main activities of the entity (refer to accounting policies). Revenue is recognised as performance obligations are met over time or at a point in time, and include the following (refer to the accounting policies):

Other revenue:	31 December 2021 Rm	31 December 2020 Rm
Revenue within the scope of IFRS 15		
Other income (refer to accounting policies for other revenue streams)	202	184
Revenue excluded from the scope of IFRS 15 (Rental and Concessionaire income^)	115	74
Insurance receipts@	522	–
TOTAL	839	258

^ Concessionaire income is based on an agreed percentage of that concessionaire's turnover.

@ Insurance receipts comprise of R517 million Covid-19 and R5 million other business interruption claims received.

1. Segmental analysis continued

	Adjusted EBITDA		Depreciation and amortisation		Adjusted operating profit		Adjusted tax	
	31 Dec 2021 Rm	*Restated 31 Dec 2020 Rm	**31 Dec 2021 Rm**	*Restated 31 Dec 2020 Rm	**31 Dec 2021 Rm**	*Restated 31 Dec 2020 Rm	**31 Dec 2021 Rm**	*Restated 31 Dec 2020 Rm
SOUTH AFRICAN OPERATIONS	**1 688**	984	**(846)**	(902)	**842**	82	**(50)**	22
GrandWest	**399**	275	**(116)**	(117)	**283**	158	**(86)**	(46)
Sun City	**(52)**	(142)	**(144)**	(166)	**(196)**	(308)	**100**	132
Sibaya	**302**	224	**(49)**	(52)	**253**	172	**(65)**	(46)
Sun Time Square	**274**	215	**(189)**	(210)	**85**	5	**40**	(3)
Carnival City	**138**	87	**(59)**	(59)	**79**	28	**(9)**	1
Boardwalk	**50**	(1)	**(45)**	(50)	**5**	(51)	**6**	24
Wild Coast Sun	**49**	17	**(38)**	(44)	**11**	(27)	**7**	13
Carousel and Sun Carousel	**2**	(16)	**–**	(6)	**2**	(22)	**(1)**	6
Meropa	**49**	34	**(17)**	(19)	**32**	15	**(10)**	(2)
The Table Bay Hotel	**(21)**	(4)	**(23)**	(14)	**(44)**	(18)	**21**	18
Windmill	**47**	30	**(18)**	(17)	**29**	13	**(7)**	(2)
Sun Slots	**313**	202	**(87)**	(86)	**226**	116	**(61)**	(32)
Flamingo	**18**	12	**(14)**	(12)	**4**	–	**–**	1
Golden Valley	**15**	9	**(13)**	(13)	**2**	(4)	**(1)**	1
SunBet	**(2)**	46	**(4)**	(3)	**(6)**	43	**1**	(14)
The Maslow	**(32)**	(29)	**–**	(4)	**(32)**	(33)	**25**	24
Other operating segments	**–**	(2)	**–**	–	**–**	(2)	**4**	(3)
Management and corporate office	**139**	27	**(30)**	(30)	**109**	(3)	**(14)**	(50)
NIGERIAN OPERATIONS– FEDERAL PALACE	**2**	(38)	**(17)**	(19)	**(15)**	(57)	**(16)**	53
SUN CHILE AND SUN LATAM	**(5)**	(10)	**–**	–	**(5)**	(10)	**–**	(13)
OTHER	**–**	–	**–**	–	**487**	(1 393)	**(126)**	355
Exceptional items (refer note 7)	**–**	–	**–**	–	**487**	(1 393)	**(126)**	355
TOTAL	**1 685**	936	**(863)**	(921)	**1 309**	(1 378)	**(192)**	417

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

1. Segmental analysis continued

	Non Current Assets		Borrowings[$]		Capital expenditure[^]	
	31 Dec 2021 Rm	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm
SOUTH AFRICAN OPERATIONS	**9 788**	10 077	**(7 258)**	(7 757)	**715**	411
GrandWest	**1 029**	1 081	**31**	(129)	**69**	61
Sun City	**1 289**	1 247	**(2 960)**	(2 537)	**197**	103
Sibaya	**743**	723	**(215)**	(210)	**46**	51
Sun Time Square	**3 240**	3 414	**(5 393)**	(5 407)	**17**	13
Carnival City	**619**	642	**(487)**	(575)	**39**	51
Boardwalk	**435**	463	**(532)**	(563)	**19**	14
Wild Coast Sun	**369**	384	**(239)**	(282)	**29**	17
Carousel and Sun Carousel	**57**	58	**145**	131	**–**	3
Meropa	**182**	191	**(8)**	(55)	**11**	8
The Table Bay Hotel	**118**	50	**(660)**	(600)	**99**	2
Windmill	**153**	162	**(49)**	(89)	**9**	9
Sun Slots	**917**	919	**(83)**	(33)	**88**	47
Flamingo	**86**	90	**(61)**	(82)	**6**	8
Golden Valley	**126**	130	**5**	(1)	**14**	6
SunBet	**6**	–	**18**	–	**2**	–
The Maslow	**7**	7	**(685)**	(596)	**1**	4
Other operating segments	**–**	258	**(47)**	32	**–**	7
Management and corporate office	**412**	258	**3 962**	3 239	**69**	7
NIGERIAN OPERATIONS – FEDERAL PALACE	**236**	243	**(700)**	(643)	**5**	6
TOTAL OPERATING SEGMENTS	**10 024**	10 320	**(7 958)**	(8 400)	**720**	417
ELIMINATION OF INTRAGROUP	**–**	–	**–**	–	**–**	–
	10 024	10 320	**(7 958)**	(8 400)	**720**	417
OTHER NON-CURRENT ASSETS						
Trade and other receivables	**67**	58	**–**	–	**–**	–
Deferred tax	**1 345**	1 208	**–**	–	**–**	–
Non-current assets held for sale	**26**	26	**–**	–	**–**	–
Other	**9**	9	**–**	–	**–**	–
TOTAL	**11 471**	11 621	**(7 958)**	(8 400)	**720**	417

$ This includes receivable balances owed to the group's treasury company from operating units, which eliminate on consolidation as well as IFRS 16 Lease liabilities.

^ Excluding of goodwill and other intangibles.

2. Employee costs

	31 December 2021 Rm	*Restated 31 December 2020 Rm
Salaries, wages, bonuses and other benefits	**(1 593)**	(1 514)
Pension costs – defined contribution plans	**(70)**	(85)
Other benefits – long service award	**(3)**	1
– post retirement	**(10)**	2
– farewell gifts	**(1)**	1
Employee share-based payments	**3**	(17)
	(1 674)	(1 612)

3. Property and equipment rentals

	31 December 2021 Rm	*Restated 31 December 2020 Rm
Property and equipment rentals expense is made up of the following short-term, low value and variable rental charges:		
Plant, vehicles and equipment (short-term and low value rentals)	**(26)**	(12)
Variable rental charges	**–**	–
Cash charge	**–**	–
	(26)	(12)
RENTAL COMMITMENTS		
The group has no material rental agreements as at 31 December 2021		
The future aggregate minimum lease payments under non-cancellable short-term rentals are as follows:		
No later than 1 year	**(7)**	(39)
Later than 1 year and no later than 5 years	**–**	–
Later than 5 years	**–**	–
	(7)	(39)

Refer to note 11 and 12, on the IFRS 16 impact on the group's rental commitments.

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

4. Operating profit/(loss) is stated after charging the following:

	31 December 2021 Rm	*Restated 31 December 2020 Rm
Auditors' remuneration	**(22)**	(24)
Audit fees	**(19)**	(18)
Fees for other services	**(3)**	(6)
Professional fees	**(9)**	(7)
Net (loss)/profit on disposal of property, plant and equipment	**(22)**	8
Impairment of continued operations assets and intangibles^	**–**	(1 258)

^ Refer to notes 11 & 12.

	31 December 2021 Rm	*Restated 31 December 2020 Rm
5. Finance income		
Interest earned on cash and cash equivalents	**4**	2
Interest earned on Sanlam pension fund surplus	**41**	15
	45	17

	31 December 2021 Rm	*Restated 31 December 2020 Rm
6. Finance expense		
Interest paid on borrowings	**(479)**	(621)
Profit/(loss) relating to interest rate swaps (refer to note 14)	**59**	(135)
Preference share dividends	**(94)**	(99)
Interest on lease liabilities	**(85)**	(75)
Imputed interest on loans payable	**(10)**	(11)
	(609)	(941)

LEASE LIABILITIES

The below provides a breakdown of the interest associated to IFRS 16 Lease Liabilities per right of use asset class.

	31 December 2021 Rm	*Restated 31 December 2020 Rm
INTEREST ON LEASE LIABILITIES:		
Buildings	**(74)**	(68)
Land	**(8)**	(5)
Equipment	**(2)**	(2)
Vehicles	**(1)**	–
	(85)	(75)

* The prior year comparative financial information was restated to reflect the operations of eSwatini as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

7. Adjusted EBITDA reconciliation

	31 December 2021 Rm	*Restated 31 December 2020 Rm
OPERATING PROFIT/(LOSS)	**1 309**	(1 378)
Depreciation and amortisation	**863**	921
EXCEPTIONAL ITEMS	**(487)**	1 393
Net loss/(profit) on disposal of property, plant and equipment	**22**	(8)
Impairment of non current assets	**–**	1 258
Rights issue cost	**–**	21
Insurance proceeds	**(522)**	–
South African operations restructuring cost	**10**	134
Other^	**3**	(12)
ADJUSTED EBITDA	**1 685**	936

^ The consolidation of the Sun International Employee Share Trust are reversed for the adjusted EBITDA reconciliation as the group did not receive the economic benefits of trust. Inclusive of expenses which are of an unusual and infrequent nature as a result of unforeseen and atypical events. Refer to Annexure: Accounting Policies.

* The prior year comparative financial information was restated to reflect the operations of eSwatini as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

8. Tax

	31 December 2021 Rm	*Restated 31 December 2020 Rm
(a) STATEMENT OF COMPREHENSIVE INCOME		
Attributable to continued operations	**192**	417
Income tax expense – South African	**192**	404
Income tax expense – Foreign	**–**	13
	188	434
Current tax – current year	**283**	(146)
– prior years	**(12)**	–
Deferred tax – current year	**(21)**	609
– prior years	**(62)**	(29)
– recognition of previously unrecognised tax losses	**–**	–
Deferred tax – adjustment due to rate change	**–**	–
CGT	**–**	–
Withholding taxes	**(2)**	(2)
Latam income tax provision	**6**	(15)
	192	417
Tax losses not recognised as deferred tax assets	**26**	151

The recent budget announcement that the corporate income tax rate change from 28% to 27% is considered a non-adjusting post balance sheet event.

* The prior year comparative financial information was restated to reflect the operations of eSwatini as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

8. Tax continued

GROUP RECONCILIATION OF EFFECTIVE TAX RATE

2021	South Africa Rm	Nigeria Rm	Sun Latam and Sun Chile Rm	Total continuing operations Rm	eSwatini (discontinued operations) Rm	Group Rm
PROFIT/(LOSS) BEFORE TAX – CONTINUING OPERATIONS	661	(77)	(10)	574	–	574
PROFIT/(LOSS) BEFORE TAX – DISCONTINUING OPERATIONS	–	–	–	–	(8)	(8)
Tax effects of amounts which are not deductible/(non-taxable) in calculating taxable income:				–		–
Preference share funding (interest)	94	–	–	94	–	94
Depreciation on non-qualifying buildings	62	–	–	62	–	62
Fair value adjustments	3	–	–	3	–	3
Other non-deductible expenditure (Fines & Penalties, Legal fees and CSI, amortisation costs, IFRS 2, SIEST distributions)	(1)	–	–	(1)	–	(1)
Other exempt income	(40)	–	–	(40)	–	(40)
Change in estimate of redemption value of put option	184	–	–	184	–	184
Tax incentives	(8)	–	–	(8)	–	(8)
Losses for which no deferred tax asset raised	10	77	10	97	8	105
TAXABLE INCOME/(LOSS)	965	–	–	965	–	965
Statutory country tax rate	28.0%	30.0%	27.0%	–	27.5%	–
Tax at standard rate	(270)	–	–	(270)	–	(270)
Withholding taxes	(2)	–	–	(2)	–	(2)
Interest adjustment on Latam tax provision	6	–	–	6	–	6
Adjustments for current tax of prior periods	74	–	–	74	–	74
	(192)	–	–	(192)	–	(192)
EFFECTIVE TAX RATE	(29%)	0%	0%	33%	–	34%

8. Tax continued

GROUP RECONCILIATION OF EFFECTIVE TAX RATE continued

2020	South Africa Rm	Nigeria Rm	Sun Latam and Sun Chile Rm	Total continuing operations Rm	eSwatini Rm	Sun Dreams (dis-continued operations) Rm	Group Rm
PROFIT/(LOSS) BEFORE TAX – CONTINUING OPERATIONS	(1 132)	(314)	(158)	(1 604)	–	–	(1 604)
PROFIT/(LOSS) BEFORE TAX – DISCONTINUING OPERATIONS	–	–	–	–	(49)	(939)	(988)
Tax effects of amounts which are not deductible/(non-taxable) in calculating taxable income:							
Depreciation on non-qualifying buildings	52	–	–	52	1	–	53
Impairment of assets and fair value adjustments	72	–	–	72	–	53	125
Remeasurement to fair value less cost to sell – (Dreams S.A. IFRS 5 impairment)	–	–	–	–	–	612	612
Other non-deductible expenditure (Fines & Penalties, Legal fees and CSI, amortisation costs, IFRS 2, SIEST distributions)	91	–	–	91	1	70	162
Change in estimate of redemption value of put option	(1 007)	–	–	(1 007)	–	–	(1 007)
Other exempt income	–	–	–	–	–	(25)	(25)
Tax incentives	(15)	–	–	(15)	–	–	(15)
Price level adjustment on taxable equity – loan tax effect	–	–	–	–	–	(260)	(260)
Inflation on taxable cost of investment in subsidiaries	–	–	–	–	–	(570)	(570)
Losses for which no deferred tax asset raised	539	314	110	963	–	91	1 054
TAXABLE INCOME/(LOSS)	(1 400)	–	(48)	(1 448)	(47)	(968)	(2 463)
Statutory country tax rate	28.0%	30.0%	27.0%	–	27.5%	27.0%	–
Tax at standard rate	392	–	13	405	13	261	679
Withholding taxes	(2)	–	–	(2)	–	–	(2)
Interest adjustment on Latam tax provision	(15)	–	–	(15)	–	–	(15)
Adjustments for current tax of prior periods	29	–	–	29	–	–	29
	404	–	13	417	13	261	691
EFFECTIVE TAX RATE	36%	0%	8%	29%	26%	0%	16%

8. Tax continued

	31 December 2021 Rm	31 December 2020 Rm
DEFERRED TAX		
(b) STATEMENT OF FINANCIAL POSITION		
NET DEFERRED TAX ASSET		
Balance at beginning of period	**(878)**	(163)
Credited to the statement of comprehensive income	**(27)**	(821)
– Current year credit to profit or loss	**(12)**	(832)
– Prior year under provision	**3**	(1)
– Adjustment due to rate change	**–**	–
– Charged/(credited) to other comprehensive income	**(18)**	12
– Recognition of previously unrecognised tax losses	**–**	–
Disposal of a subsidiary	**–**	106
TOTAL DEFERRED TAX ASSET AT END OF THE YEAR FROM CONTINUING OPERATIONS	**(905)**	(878)

Deferred tax arises from the following temporary differences:

	Accelerated asset allowances/ prepaid expenses	
	31 December 2021 Rm	31 December 2020 Rm
DEFERRED TAX LIABILITIES		
Balance at beginning of period	**660**	952
Credited to statement of comprehensive income	**33**	(292)
– current year charge/(credit) to profit or loss	**40**	(270)
– prior year under provision	**(7)**	(22)
Disposal of subsidiary		–
	693	660
To be recovered after more than 12 months	**675**	637
To be recovered within 12 months	**18**	23
	693	660

8. Tax continued

	Assessable losses		Contract liabilities		Trade payables and other accruals	
	31 Dec 2021 Rm	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm
DEFERRED TAX ASSETS						
Balance at beginning of period	**(1 113)**	(711)	**(248)**	(185)	**(178)**	(220)
(Charged)/credited to:	**(115)**	(508)	**70**	(63)	**(14)**	42
– current year (credit)/charge to profit or loss	**(118)**	(515)	**65**	(63)	**(14)**	16
– prior year under/(over) provision	**3**	7	**5**	–	–	14
– recognition of previously unrecognised tax losses	**–**	–	**–**	–	**–**	–
– charged to other comprehensive income	**–**	–	**–**	–	**–**	12
Disposal of subsidiary	**–**	106	**–**	–	**–**	–
BALANCE AT END OF PERIOD	**(1 228)**	(1 113)	**(178)**	(248)	**(192)**	(178)

Included in the group's recognised deferred tax assets is an amount of R1 272 million which is mainly attributable to Sun International South African Limited (2020: R808 million), of which the utilisation depends on future taxable profits based on the updated business plans for the subsidiary, in excess of the profits arising from the reversal of existing taxable temporary differences.

IAS 12.34 allows for a deferred tax asset to be recognised for an unused tax loss carry forward or unused tax credit, only if it is considered probable that there would be sufficient future taxable profit against which the loss or credit carry forward can be utilised. At every reporting period management assess the recoverability of deferred tax assets recognised associated with past and current assessed losses. At year end management performed this assessment by assessing the following:

Using the approved budget for the following year as well as the 5-year forward-looking forecast approved by the group's board and adjusting this for market risks identifiable at that point in time that could pose a risk for reaching the forecasted financial performance for the foreseeable future.

The forward-looking forecast are compared to past financial performance to determine the appropriateness of the assumptions used in determining the forecasted growth to be achieved.

Including future strategies in terms of where growth in the group will be achieved whether from acquisitions, expansions or current market growth, which the terms and conditions of these strategies are reasonably certain to be pursued.

The group recognised the majority of the deferred tax assets relating to the 2021 year's losses, with exception of a tax asset of R26 million. This deferred tax asset could be recognised in future years once sufficient taxable income is available for it to be utilised.

	31 December 2021 Rm	31 December 2020 Rm
To be recovered after more than 12 months	**(1 406)**	(1 361)
To be recovered within 12 months	**(193)**	(178)
	(1 599)	(1 539)
Net deferred tax liability/(asset)	**(905)**	(878)
AGGREGATE ASSETS AND LIABILITIES ON SUBSIDIARY COMPANY BASIS:		
Deferred tax assets	**(1 345)**	(1 208)
Deferred tax liabilities	**440**	330
	(905)	(878)

9. Return to shareholders

(a) EARNINGS PER SHARE (EPS)

	31 December 2021				*Restated 31 December 2020			
	Gross Rm	Tax Rm	Minorities Rm	Net Rm	Gross Rm	Tax Rm	Minorities Rm	Net Rm
PROFIT/(LOSS) FOR THE YEAR	**380**			**263**	(2 423)			(1 829)
HEADLINE EARNINGS ADJUSTMENTS	**10**	**(5)**	**(3)**	**2**	1 890	(330)	(140)	1 420
Net loss/(profit) on disposal of property, plant and equipment	**22**	**(5)**	**(3)**	**14**	(8)	–	(1)	(9)
Net gain on deconsolidation/ disposal of subsidiary	**(12)**	**–**	**–**	**(12)**	(25)	–	–	(25)
Remeasurement to fair value less cost to sell – (Dreams S.A. IFRS 5 impairment)	**–**	**–**	**–**	**–**	612	–	(100)	512
Impairments of assets: Dreams S.A.	**–**	**–**	**–**	**–**	53	–	(19)	34
Impairment of assets: South Africa	**–**	**–**	**–**	**–**	1 258	(330)	(20)	908
HEADLINE EARNINGS				**265**				(409)
ADJUSTED HEADLINE EARNINGS ADJUSTMENTS	**(343)**	**131**	**57**	**(155)**	(453)	(107)	(137)	(697)
IFRS 9 debt extinguishment/ modification adjustment	**(43)**	**–**	**–**	**(43)**	43	–	–	43
Pension fund interest	**–**	**–**	**–**	**–**	(15)	4	–	(11)
Insurance claim received	**(522)**	**149**	**78**	**(295)**	–	–	–	–
IFRS 16 Lease liability impairment (Discontinued operations)	**–**	**–**	**–**	**–**	(24)	–	9	(15)
Amortisation of Dreams S.A. intangibles assets raised as part of PPA	**–**	**–**	**–**	**–**	51	(14)	(13)	24
Change in estimated redemption value of put option	**184**	**–**	**–**	**184**	(1 007)	–	–	(1 007)
Foreign exchange and net monitory (profit)/losses	**28**	**(9)**	**(21)**	**(2)**	211	(68)	(71)	72
Rights offer expenses	**–**	**–**	**–**	**–**	21	–	–	21
Impairment of other financial assets relating to Dreams S.A.	**–**	**–**	**–**	**–**	65	–	(23)	42
Interest adjustment on Latam tax provision	**–**	**(6)**	**–**	**(6)**	–	–	–	–
Restructuring costs (South Africa)	**10**	**(3)**	**–**	**7**	134	(29)	(14)	91
Restructuring costs (Latam)	**–**	**–**	**–**	**–**	70	–	(25)	45
Other	**–**	**–**	**–**	**–**	(2)	–	–	(2)
ADJUSTED HEADLINE EARNINGS	**47**	**126**	**54**	**110**	(986)	(437)	(277)	(1 106)

* The prior year comparative financial information was restated to reflect the operations of eSwatini as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

9. Return to shareholders continued

	31 December 2021	*Restated 31 December 2020
NUMBER OF SHARES FOR DILUTED EPS AND HEPS CALCULATION (000'S)		
Weighted average number of shares in issue	**249 441**	174 973
Adjustment for dilutive share awards	**1 626**	–
Diluted weighted average number of shares in issue	**251 067**	174 973
EPS/(LPS) (CENTS)		
Basic	**105**	(1 045)
Headline	**106**	(234)
Adjusted headline	**44**	(633)
Diluted basic	**105**	(1 045)
Diluted headline	**106**	(234)
Diluted adjusted headline	**44**	(633)
CONTINUING OPERATIONS EPS/(LPS) (CENTS)		
Basic	**103**	(529)
Headline	**109**	(15)
Adjusted headline	**47**	(467)
Diluted basic	**103**	(529)
Diluted headline	**109**	(15)
Diluted adjusted headline	**47**	(467)
DISCONTINUED OPERATIONS EPS/(LPS) (CENTS)		
Basic	**2**	(516)
Headline	**(3)**	(219)
Adjusted headline	**(3)**	(165)
Diluted basic	**2**	(516)
Diluted headline	**(3)**	(219)
Diluted adjusted headline	**(3)**	(165)

EPS is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue.

Adjusted headline earnings include adjustments made for certain items of income or expense. These adjustments include restructuring expenses and other material items considered to be outside the normal operating activities of the group. Refer to note 7.

For the diluted EPS calculation the weighted average number of ordinary shares in issue is adjusted to take account of potential dilutive share awards granted to employees. The number of shares taken into account is determined by taking the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share awards. This calculation is done to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. There was a dilutive effect in 2021, but not in 2020.

Adjusted HEPS are after HEPS are adjusted for exceptional items. Exceptional items are defined as gains and losses included in the statement of comprehensive income from events, which are of an unusual and infrequent nature and are the result of unforeseen and atypical events. Adjusted HEPS provides a measurement of how current performance compares with performance in previous years. Refer to "Annexure Accounting policy"

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

9. Return to shareholders continued

(b) DIVIDENDS DECLARED AND PAID

	31 December 2021	31 December 2020
No dividends were declared by the company for the period ended 31 December 2021 or for the period ended 31 December 2020		
Dividends paid by the company	**–**	–
Dividends paid to minorities in subsidiaries	**(158)**	(141)
TOTAL DIVIDENDS PAID BY THE GROUP	**(158)**	(141)

10. Acquisition/disposal of subsidiaries

(1) PURCHASE OF SHARES IN SUBSIDIARIES

During the year the group acquired additional shares in the following companies:

	31 December 2021		31 December 2020	
	Shareholding acquired %	Purchase price Rm	Shareholding acquired %	Purchase price Rm
Sun Latam	**–**	**–**	0.79%	36.1

The above noted acquisitions resulted in the group holding the following effective shareholding as at 31 December 2020:

- Sun Chile – 99.96%

(2A) DECONSOLIDATION OF SUBSIDIARY

Since the start of the Covid-19 pandemic in March 2020, eSwatini has ceased trading which continued into 2021. During June 2021 creditors of eSwatini initiated a liquidation process whereby the court appointed liquidators assumed control of eSwatini in June 2021.

eSwatini was considered a subsidiary of Sun International and was until now consolidated into the results of Sun International. The liquidation of eSwatini has the following implications for Sun International:

- Accounting for eSwatini as a discontinued operation for the June 2021 interim period and restating the prior year comparative results; and
- Accounting for the loss of control in terms of IFRS 10.

As a result of the appointment of the liquidators and that trading has ceased, management has assessed a loss of control from the date that the liquidators were appointed and have therefore classified eSwatini as a discontinued operation for the first six months of 2021, comparatives have been restated. As of the date of liquidation, eSwatini has been deconsolidated from the group in terms of IFRS 10: Consolidated Financial Statements.

The fair value of the consideration receivable is deemed to be Rnil as a return on liquidation is unlikely. The liquidation has not been completed at year-end. The fair value of the retained interest approximates Rnil as the underlying entity is being liquidated.

The retained interest is recognised as an investment in associate. Refer to note 13.

10. Acquisition/disposal of subsidiaries continued

(2B) DETAILS OF THE DECONSOLIDATION OF THE SUBSIDIARY continued

	30 June 2021 Rm
FAIR VALUE OF CONSIDERATION RECEIVABLE	**–**
Net asset value (NAV)	**(26)**
Add back of NCI portion	**(14)**
NAV – OWNERS PORTION	**(12)**
Fair value of retained interest	**–**
GAIN ON DECONSOLIDATION OF SUBSIDIARY	**12**

Refer to note 20, for the financial performance and cashflow information for the period controlled.

The carrying amounts of assets and liabilities as at the date of deconsolidation (30 June 2021) were:	30 June 2021 Rm
Property, plant and equipment	**41**
Deferred tax assets	**21**
Trade receivables and other receivables	**3**
Cash and cash equivalents	**3**
TOTAL ASSETS	**68**
Other non-current liabilities	**4**
Trade creditors and other payables	**65**
Bank overdraft	**25**
TOTAL LIABILITIES	**94**
NET LIABILITIES	**(26)**

(3) DISPOSAL OF SHARES IN SUBSIDIARY

During the year the group disposed of shares in the following company:

	31 December 2021		31 December 2020	
	Shareholding disposed %	**Purchase price Rm**	Shareholding disposed %	Purchase price Rm
Dreams S.A.		**–**	64,94%	2 628

The above noted disposal resulted in the group holding the following effective shareholding as at 31 December 2020:

- Dreams S.A. – 0%

10. Acquisition/disposal of subsidiaries continued

(3) DISPOSAL OF SHARES IN SUBSIDIARY continued

(3a) Background to the sale of the equity of 64.94% in Dreams S.A.

In the 2020 financial period Sun International Limited ("Sun International" or "Sun") held 64.94%, through its subsidiary Sun Latam (held 99.164%), of the issued share capital of Dreams S.A. Sociedad Anonima, a company incorporated in Chile ("Dreams S.A."), while Nueva Inversiones Pacifico Sur Limitada ("Pacifico") at the start of the financial period held the remaining 35.06% of the issued share capital. Dreams S.A. operates a number of casinos, hotels as well as entertainment, food and beverage facilities throughout Latin America ("Latam") including in Argentina, Chile, Colombia, Panama and Peru.

In 2019, Sun International announced that it had entered into an agreement with Pacifico whereby it had agreed to sell 14.94% of its interest in Dreams S.A. for US$85.8 million (R1 232 million), which would have resulted in each party holding a 50% equity interest in Dreams S.A. ('Transaction 1'). Sun Latam declared a dispute with Pacifico and approached the International Chamber of Commerce to resolve the dispute.

Following discussions between the parties, on 21 August 2020 Sun International announced on SENS that the parties had reached agreement whereby:

- Sun Latam and Pacifico had agreed to settle their dispute in respect of Transaction 1 and to implement the transfer of Sun Latam's 14.94% equity interest in Dreams S.A. to Pacifico on the terms of a settlement agreement that was to be concluded by the parties; and
- To acquire Sun Latam's remaining 50% equity interest in Dreams S.A. ("Transaction 2"), on terms and conditions as set out in the Share Purchase Agreement ("SPA") concluded between the Parties on 20 August 2020. Transaction 2 was conditional on, inter alia:
  - the approval of Transaction 2 by the Sun International shareholders in general meeting, on or before 31 December 2020; and
  - the approval of the SCJ (Chilean casino regulator) will have been obtained on or before 31 December 2020.

The sale of the 64.94% equity stake in the subsidiary is deemed to be one transaction, the above noted separate transactions is only for purposes to demonstrate the historical background of how this transaction came to conclusion. The above conditions were met and the transaction became effective on 31 October 2020.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

10. Acquisition/disposal of subsidiaries continued

(3) DISPOSAL OF SHARES IN SUBSIDIARIES continued

(3b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the ten months ended 31 October 2020:

	31 October 2020 Rm
Revenue	1 210
Expenses	(2 084)
LOSS BEFORE TAX	(874)
Income tax expense	261
LOSS AFTER TAX OF DISCONTINUED OPERATION	(613)
Remeasurement to fair value less cost to sell	(612)
Profit on sale of subsidiary after income tax	25
LOSS FROM DISCONTINUED OPERATION	(1 200)
Minority portion	(314)
Ordinary shareholders portion	(886)
Release of FCTR	(255)
Exchange differences on translation of discontinued operations	640
TOTAL COMPREHENSIVE LOSS FROM DISCONTINUED OPERATIONS	(815)
Minority portion	(81)
Ordinary shareholders portion	(734)
Net cash outflow from operating activities	(459)
Net cash inflow from investing activities	8
Net cash inflow from financing activities	271
NET DECREASE IN CASH GENERATED BY THE SUBSIDIARY	(180)

(3c) Details of the sale of the subsidiary

	31 October 2020 Rm
CONSIDERATION RECEIVED OR RECEIVABLE	
Purchase consideration	2 628
Fair value of contingent consideration	–
TOTAL DISPOSAL CONSIDERATION	2 628
Carrying amount of net asset sold	(4 293)
Add back of NCI portion	1 435
Gain/(loss) on sale before income tax and reclassification of foreign currency translation reserve	(230)
Reclassification of foreign currency translation reserve	255
Income tax expense or gain	–
PROFIT OF SALE AFTER INCOME TAX	25

The sale consideration is $160 million (R2.628 million) as well as a contingent consideration. On disposal of the 64.94% interest in Dreams S.A., Sun International effectively lost control of Dreams S.A. in terms of IFRS10.B98 on the effective date.

10. Acquisition/disposal of subsidiaries continued

(3) DISPOSAL OF SHARES IN SUBSIDIARY continued

(3c) Details of the sale of the subsidiary continued

Contingent consideration if the following occurs:

- First contingent consideration: If Dreams S.A.' casino licences for its operations in Monticello, Temuco, Valdivia and Punta Arenas (the "SCJ Licences") are all renewed for a period of 15 or more years, on or before December 31, 2024, a first contingent payment of CLP$ 10,585,000,000 (R198 million) from Pacifico to Sun Latam shall be made;
- Second contingent consideration: if the conditions for the first contingent consideration are met and in addition to that the EBITDAR of the companies holding the renewed SCJ Licences during the first calendar year following the renewal is equal or higher than CLP$52,490,000,000 (R990 million), a second contingent payment of CLP$31,755,000,000 (R594 million) from Pacifico to Sun Latam shall be triggered.

Management's assessment of the fair value of the contingent considerations:

Contingent 1 – Renewal of the above noted casino licenses:

Towards the end of 2020 the local casino regulator announced that the licenses would be awarded to the highest bidders instead of using a process that would factor in prior investments and the quality of their existing projects. The regulator has declined to publicly commit to whether a promise to keep bidding rules unchanged will be upheld. The regulator has however indicated that while the 2005 auction was held with the goal of launching a nascent industry, casinos are now well established in Chile and the government has an obligation to seek as much money as possible.

The risk is that the government will change the way it will auction off its next round of gaming concessions by selling the 15-year concessions to the highest bidder, instead of giving preference to current operators as it was expected. The above risk became evident in 2018 when the Puerto Varas and Pucon licenses were awarded to Enjoy, another gaming operator in Chile, based purely on their economical bid.

During 2021, a bid for licenses was submitted, however it is not yet virtually certain that the SCJ will award these licenses and might run a new process if not satisfied.

Management therefore assesses the fair value of the 1st contingent as zero at the effective date of the transaction and 31 December 2021.

Contingent 2 – Future performance:

Due to the ongoing pandemic, Chile has been in a 6-month hard lockdown since March 2020 with all casinos being closed. Dreams S.A. has only opened Monticello late in December 2020 with limited performance. Chile has again increased their lockdown regulations in January 2021 to combat the resurgence of the virus and therefore indicative that Dreams S.A. will take longer than initially expected to recover to normal operating levels. Based on the published Dreams S.A. results of 30 September 2021, the indicative economic trading appears to be below normal levels as revenues are indicating trading at 43% of 2019 levels.

This, along with licence renewal risk in Chile, Dreams S.A. faces several challenges, including political and social reforms in the country and the need to secure funding for its new casino project in Iquique. Additionally, the impact of the COVID-19 pandemic on Dreams S.A. along with other judicial matters and uncertainty on overall costs, current retrenchments and the last several years Dreams S.A. has not been able to achieve their yearly budgeted financial targets approved by their Board due to the factors noted above. The performance target could only be reached with a 85% growth in 2022 and thereafter more than double inflationary growth year on year.

After considering the above and the quantitative factors like the growth in revenue to be achieved to meet the 2nd contingent consideration of equal or higher than CLP$52,490,000,000 (R990 million) in 2024/25, Sun International management assessed the probability as highly unlikely that Dreams S.A. will recover quickly enough to achieve the financial performance conditions required by the conditional period likely being 2025 and that the fair value of the 2nd contingent consideration also zero is at the effective date of the transaction and 31 December 2021.

10. Acquisition/disposal of subsidiaries continued

(3) DISPOSAL OF SHARES IN SUBSIDIARY continued

(3c) Details of the sale of the subsidiary continued

No financial asset was raised as at 31 December 2021 (2020: Rnil) for either of the contingent considerations. Management will however assess the considerations on an annual basis to determine whether it is appropriate to recognise the asset on our balance sheet in future years.

The carrying amounts of assets and liabilities as at the date of sale (31 October 2020) were:

	*31 October 2020 Rm
Property, plant and equipment	6 323
Intangible assets	1 125
Investment in associate	18
Trade receivables and other receivables	1 511
Cash and cash equivalents	46
Inventory	51
TOTAL ASSETS	9 074
Trade creditors and other payables	451
Borrowings	4 330
TOTAL LIABILITIES	4 781
NET ASSETS	4 293

11. Property, plant and equipment

	~Right of use assets	Freehold land and buildings	Leasehold land and buildings	Infra-structure	Plant, equip-ment and machinery	Furniture and fittings	Operating equip-ment	Capital work in progress	Total
CLOSING BALANCE AS AT 31 DECEMBER 2019	**532**	**9 089**	**1 944**	**1 330**	**3 199**	**315**	**220**	**255**	**16 884**
Cost	636	12 168	3 075	2 342	9 101	1 225	310	255	29 112
Accumulated depreciation	(104)	(3 079)	(1 131)	(1 012)	(5 902)	(910)	(90)	–	(12 228)
Reclassifications[$]	152	19	(113)	39	71	31	1	(199)	1
Exchange rate adjustments	33	431	(11)	67	37	6	(2)	16	577
Additions		9	30	23	248	14	30	129	483
Disposals	–	(39)	–	(1)	(9)	(1)	(1)	(4)	(55)
Subsidiaries disposed of[^]	(341)	(4 423)	–	(761)	(584)	(97)	(4)	(113)	(6 323)
Operating equipment usage	–	–	–	–	–	–	(24)	–	(24)
Depreciation	(73)	(163)	(72)	(64)	(607)	(65)	(11)		(1 055)
Continued Operation	(46)	(93)	(72)	(33)	(517)	(53)	(11)	–	(825)
Discontinued operations	(27)	(70)	–	(31)	(90)	(12)	–	–	(230)
Hyperinflation adjustment[#]	–	–	–	8	19	1	–	–	28
Impairments	(96)	(180)	(781)	(119)	(7)	–	–	–	(1 183)
CLOSING BALANCE AS AT 31 DECEMBER 2020	**207**	**4 743**	**997**	**522**	**2 367**	**204**	**209**	**84**	**9 333**
Cost	310	6 232	2 168	1 089	6 389	797	302	84	17 371
Accumulated depreciation	(103)	(1 489)	(1 171)	(567)	(4 022)	(593)	(93)	–	(8 038)

^ Dreams S.A. movements in PPE have been disclosed throughout the PPE note up to 31 October 2020 when the subsidiary was disposed. Refer to note 10.

The hyperinflation adjustment relating to the Argentinian operations in Dreams S.A..

$ Included in reclassifications from operating equipment to property plant and equipment and machinery due to more appropriate classification, however this has no impact on the statement of comprehensive income.

~ **Right-of-use asset**

Right-of-use assets will be measured at the amount of the lease liability on inception (adjusted for any prepaid or accrued lease expenses) and depreciated over the period of the lease period.

The right-of-use assets' titles are restricted by lease liabilities.

11. Property, plant and equipment continued

	~Right of use assets	Freehold land and buildings	Leasehold land and buildings	Infra-structure	Plant, equip-ment and machinery	Furniture and fittings	Operating equip-ment	Capital work in progress	Total
CLOSING BALANCE AS AT 31 DECEMBER 2020	**207**	**4 743**	**997**	**522**	**2 367**	**204**	**209**	**84**	**9 333**
Cost	**310**	**6 232**	**2 168**	**1 089**	**6 389**	**797**	**302**	**84**	**17 371**
Accumulated depreciation	**(103)**	**(1 489)**	**(1 171)**	**(567)**	**(4 022)**	**(593)**	**(93)**	**–**	**(8 038)**
Reclassifications	**–**	**–**	**4**	**1**	**6**	**14**	**–**	**(29)**	**(4)**
Exchange rate adjustments	**–**	**(1)**	**6**	**–**	**–**	**1**	**–**	**–**	**6**
Additions	**134**	**34**	**66**	**16**	**259**	**22**	**46**	**107**	**684**
Disposals	**–**	**(59)**	**(6)**	**(3)**	**(7)**	**–**	**(1)**	**–**	**(76)**
Subsidiaries derecognised*	**–**	**(22)**	**–**	**(1)**	**(5)**	**(6)**	**(7)**	**–**	**(41)**
Operating equipment usage	**–**	**–**	**–**	**–**	**–**	**–**	**(39)**	**–**	**(39)**
Depreciation	**(55)**	**(85)**	**(48)**	**(28)**	**(499)**	**(47)**	**(10)**		**(772)**
CLOSING BALANCE AS AT 31 DECEMBER 2021	**286**	**4 610**	**1 019**	**507**	**2 121**	**188**	**198**	**162**	**9 091**
Cost	438	6 085	2 107	1 051	6 423	777	291	162	17 334
Accumulated depreciation	(152)	(1 475)	(1 088)	(544)	(4 302)	(589)	(93)	–	(8 243)

* eSwatini movements in PPE have been disclosed throughout the PPE note up to 30 June 2021 when the subsidiary was derecognised. Refer to note 10.

~ **Right-of-use asset**

Right-of-use assets will be measured at the amount of the lease liability on inception (adjusted for any prepaid or accrued lease expenses) and depreciated over the period of the lease period.

The right-of-use assets' titles are restricted by lease liabilities.

11. Property, plant and equipment continued

	31 December 2021 Rm	31 December 2020 Rm
Amounts recognised in the statement of financial position		
This note provides information for leases where the group is a lessee.		
RIGHT-OF-USE ASSETS		
Land	**209**	43
Buildings	**56**	156
Equipment	**18**	5
Other	**3**	3
	286	207
Amounts recognised in the statement of comprehensive income		
DEPRECIATION CHARGE OF RIGHT-OF-USE ASSETS		
Buildings	**(36)**	(23)
Land	**(3)**	(5)
Equipment	**(13)**	(15)
Others	**(3)**	(3)
	(55)	(46)

The lease liability disclosure relating to IFRS 16: Leases is included in note 22.

The prior period impairments includes a Right-of-Use-Assets relating to The Maslow building lease.

IMPAIRMENTS

Impairment of cash generating units ("CGU"):

For the purpose of assessing impairment assets are grouped at the lowest levels for which there are separately identifiable cash flows CGUs.

To determine if an impairment of the assets of CGU is required a value in use calculation (discounted cash flow valuation) is carried out. Impairment charges are raised where the carrying value of the CGU exceeds the value-in-use.

11. Property, plant and equipment continued

Sun International elected to use the weighted average cost of capital (WACC) for the entity, which was calculated in accordance with IAS 36. The rates are adjusted to take into account the way in which the market would assess the specific risks associated with the estimated cash flows and to exclude risks that are not relevant to the estimated cash flows or for which the estimated cash flows have been adjusted. Factors to consider:

- country risk, such as the risk of political unrest
- currency risk, such as the risk of devaluation
- the nature of the asset being tested; intangible assets are a higher risk
- whether the cash flows are optimistic or stretch targets
- price risk, such as the risk that prices might be forced down by competitive pressures.

The factors above were tailored in the discount rates.

In terms of IAS 36.A19, the discount rate is independent of the entity's capital structure and the way in which the purchase of the asset or CGU was financed. The future cash flows from the asset do not depend on how the asset was purchased. The rate Sun International has used is independent of the manner in which the asset is financed. It is estimated using the WACC for a portfolio of assets that are similar, in terms of service potential and risks, to the asset under review.

The pre tax discount rate was determined to be (11.26% to 22.14%), (2020: between 10.3% to 19.06%).

The following assumptions were used in calculating the discount rates for the respective countries:

- market risk premium of 5.24% (2020 – 6.25%);
- beta co-efficient of 0.96 (2020 – 1.29); and
- risk free rate of 10.52% (2020 – 10.26%) based on the average annualized yields to maturity on short and medium term Government bonds issued.

The terminal growth rate of 4.3% (2020: 4.7%) has been determined based on long-term CPI forecasts and real GDP forecasts.

The revenue growth rate from 2021 to 2022 has been determined based on the group achieving 2019 gaming income figures in 2022, and a range of 72%% to 123% of 2019 hospitality figures in 2022. The year on year revenue growth rate from 2022 is based on a range between 3.2% to 4.3% (2020: 3% to 4.5%) which has been determined based on past performance and expected future growth. This is supported by the post lockdown recovery of the group. The above assessment did not give rise to any impairments as at 31 December 2021.

Management has projected cash flows over a period of 6 years in line with how management considers the budget with the exception of The Maslow whose projected cash flows cover a period of 9 years which is the remaining term of the lease.

11. Property, plant and equipment continued

SENSITIVITY ANALYSIS

We have identified impairment indicators on the following CGU's: Sun City, Sun Time Square, Boardwalk and The Table Bay Hotel.

No impairments were recognised in the current year and none of the CGU's are sensitive to any significant assumption changes (1% decrease in the terminal growth rate, or 1% increase in the discount rate (pre-tax), or an achievement of 75% of 2022's revenue forecast) and therefore no sensitivities are disclosed.

The Maslow Sandton CGU was already fully impaired in the prior year, with the exception of low value operating equipment.

Prior year impairments

	The Maslow	Sun City	The Boardwalk
Level of testing	CGU	CGU	CGU
Operating segment	The Maslow Sandton	Sun City	The Boardwalk
Carry Value at 31 December 2020 (R millions)	7	1 146	438
Impairment indicator	Underperformance	Underperformance	Underperformance
Method of testing	Value in use – discounted cash flow	Value in use – discounted cash flow	Value in use – discounted cash flow
Key assumptions:			
– year on year revenue growth rate [Y2 to Y6]	3% to 4.5%	3% to 4.5%	3% to 4.5%
– discount rate (pre tax)	10.30%	13.92%	15.78%
– terminal growth rate	N/A	4.70%	4.70%
Impairment charge	R96 million	R900 million	R180 million

The assets impairment relating to The Maslow was the remaining part of a Right-of-Use Asset relating to a lease.
For Sun City and Boardwalk, the following asset classes were impaired in the prior year – Freehold buildings (R180 million), Leasehold buildings (R781 million), Infrastructure (R119 million).

The current Maslow lease is expiring at the end of 2031, and due the current market hotel concentrations in the Sandton area, it is unlikely that the lease will be extended, the valuation model thus used a discounted cashflow period of the full remaining 9 years left of the lease with no perpetual growth rate and a nil terminal value incorporated.

Small individual equipment assets were impaired totaling R7 million across the South African group.

	31 December 2021 Rm	31 December 2020 Rm
CAPITAL COMMITMENTS		
Authorised by the directors and contracted	**62**	10
Authorised by the directors but not contracted	**1 754**	1 179
	1 816	1 189
To be spent in the forthcoming financial year	**760**	336
To be spent thereafter	**1 056**	853
	1 816	1 189

Future capital expenditure will be funded by a combination of internally generated cash flows and debt facilities. Refer to Financial Risk Management in note 29.

12. Intangible assets

	Computer software Rm	Brands Rm	Bid costs Rm	Management contracts, licenses and exclusivity agreements Rm	Goodwill Rm	Lease premiums Rm	Vacation Club Rm	Restraint of trade, trade marks, customer relationships and concessions Rm	**Total Rm**
CLOSING BALANCE AS AT 31 DECEMBER 2019	**262**	**233**	**29**	**944**	**1 034**	**13**	**88**	**95**	**2 698**
Cost	893	234	544	2 281	1 155	13	129	137	**5 386**
Accumulated amortisation	(631)	(1)	(515)	(1 337)	(121)	–	(41)	(42)	**(2 688)**
Additions	30	–	–	11	–	–	16	–	**57**
Disposals/scrapping	(1)	–	–	(11)	–	–	–	–	**(12)**
Remeasurement to fair value less cost to sell	–	–	–	–	(612)	–	–	–	**(612)**
Reclassification	6	–	–	(10)	–	–	–	3	**(1)**
Hyperinflation adjustment#	–	–	–	22	–	–	–	–	**22**
Disposal of subsidiaries^	(8)	(124)	–	(837)	(113)	–	–	(42)	**(1 124)**
Exchange rate adjustments	2	14	–	57	182	–	–	(31)	**224**
Amortisation	(88)	–	(7)	(57)	–	–	(14)	(3)	**(169)**
Discontinued operations	(7)	–	–	(56)	–	–	–	(3)	**(66)**
Continuing operations	(81)	–	(7)	(1)	–	–	(14)	–	**(103)**
Impairments	(2)	(98)	–	–	(27)	–	–	–	**(127)**
Discontinued operations	–	(26)	–		(27)	–	–	–	**(53)**
Continuing operations	(2)	(72)	–	–	–	–	–	–	**(74)**
Closing balance as at 31 December 2020	201	25	22	119	464	13	90	22	**956**
Cost	822	25	545	130	464	13	145	22	**2 166**
Accumulated amortisation	(621)	–	(523)	(11)	–	–	(55)	–	**(1 210)**

The hyperinflation adjustment relating to the Argentinian operations. Refer to Annexure: Accounting Policies.

^ Relating to the disposal of the Dreams S.A. subsidiary, refer to note 10

12. Intangible assets continued

	Computer software Rm	Brands Rm	Bid costs Rm	Licenses and exclusivity agreements Rm	Goodwill Rm	Lease premiums Rm	Vacation Club Rm	Trademarks Rm	Total Rm
CLOSING BALANCE AS AT 31 DECEMBER 2020	201	25	22	119	464	13	90	22	**956**
Cost	822	25	545	130	464	13	145	22	**2 166**
Accumulated amortisation	(621)	–	(523)	(11)	–	–	(55)	–	**(1 210)**
Additions	21	–	–	–	–	–	15	–	**36**
Disposals/Scrapping	(2)	–	–	–	–	(1)	–	–	**(3)**
Reclassification	4	(25)	–	25	–	–	–	–	**4**
Amortisation*	(69)	–	(5)	–	–	–	(17)	–	**(91)**
CLOSING BALANCE AS AT 31 DECEMBER 2021	155	–	17	144	464	12	88	22	**902**
Cost	838	–	545	155	464	12	160	22	**2 196**
Accumulated amortisation	(683)	–	(528)	(11)	–	–	(72)	–	**(1 294)**

* Amortisation of licenses and exclusivity agreements is below R1m.

12. Intangible assets continued

IMPAIRMENTS

For the purpose of assessing impairment, asset are grouped at the lowest levels for which there are separately identifiable cash flows CGUs. Goodwill and indefinite intangible assets are allocated to a CGU for purpose of impairment testing.

The discounted cash flow valuation is performed using a 10 year forecast period, as growth in the LPMs roll-out is still expected for the forecast period. Impairment charges are raised where the carrying value of the CGU exceeds the value-in-use.

	Sun Slots CGU
	Goodwill and indefinite useful life intangible assets
Impairment indicator	**Indefinite useful life**
Operating segment	**Sun Slots**
Goodwill and indefinite useful life asset carrying value at 31 December 2021 (millions)	**R613 million#**
Method of testing	**Value in use (Discounted cash flow)**
Key assumptions:	
– growth considerations	**Location of the business. including economic and political facts and circumstances**
– Year on year revenue growth rate [Y2 to Y6]*	**5.00% to 11.4%**
– discount rate (pre-tax)	**25.10%**
– terminal growth rate	**5.00%**
Impairment charge	**No impairment charge**

* The revenue growth rate from 2021 to 2022 has been determined based on the group achieving 110% of 2019 normalised revenue figures in 2022. The year on year revenue growth rate from 2022 has been determined based on past normalised performance and expectation for future growth. This is supported by the post lockdown recovery of Sun Slots.

Balance includes goodwill (R464 million), licenses (R127 million) and trademarks (R22 million).

12. Intangible assets continued

PRIOR YEAR IMPAIRMENTS

	Brands		Goodwill	Goodwill and indefinite useful life
31 December 2020	Sun International[#] African Brand	Dreams Brands[^]	Latam[^]	South Africa
Impairment indicator	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life
Operating segment	Management and corporate office	Dreams Peru	Dreams S.A.	Sun Slots
Goodwill and indefinite useful life asset carrying value at 31 December 2020 (millions)	–	–	–	R613 million
Method of testing	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)
Key assumptions:				
– Year on year revenue growth rate [Y2 to Y6]*	4% to 3%	3% to 6.4%	3.6% to 4%	7% to 11%
– discount rate (pre-tax)	13.92%	9.90%	9.20%	19.06%
– growth considerations	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances
– terminal growth rate	4.70%	2.00%	3.00%	4.00%
Impairment charge	R72 million	R26 million	R27 million	No impairment charge

* The revenue growth rate from 2020 to 2021 has been determined based on the group achieving 80% of 2019 normalised revenue figures in 2021. The year on year revenue growth rate from 2021 has been determined based on past normalised performance and expectation for future growth. This is supported by the post lockdown recovery of the group.

Sun International Management deemed it prudent to impair the Sun International Africa Trade name in the prior year, due to the historical disposal of a significant portion of the group's African assets and the underperformance of the current Nigerian and eSwatini operations.

^ Certain Dreams S.A. brands and goodwill relating to the Latam operations were impaired in the prior year in terms of IAS 36 due to an impairment indicator that existed due to the lockdown as a result of the Covid 19 pandemic as well as the slow recovery period expected. These impairments were accounted for prior to the classification of Dreams S.A. as held for sale or the disposal becoming effective, refer to note 10. In accordance with IFRS 5.15-15A management assessed whether the fair value of the disposal group i.e. Dreams S.A. and concluded that the value it was expecting to receive out of the disposal at that point in time was not exceeding the net asset value of the investment held and therefore accounted for a remeasurement to fair value less cost to sell of the disposal group to the amount of R612 million.

Individual computer software assets were impaired in the prior year totaling R2 million which is attributable to the Sun Carousel, Naledi and The Maslow Sandton property.

SENSITIVITY ANALYSIS

The Sun Slots CGU is not sensitive to any significant assumption charges (1% decrease in the terminal growth rate or 1% increase in the discount rate (pre-tax), or an achievement of 75% of 2022's revenue forecast) and therefore no sensitivities are disclosed.

In the prior year Dreams S.A. was disposed of, therefore no sensitivities were performed for any of the Dreams S.A. assets.

13. Investments and Joint arrangements

(A) EQUITY-ACCOUNTED INVESTMENTS

FireFly Investment

FireFly Investments owns and houses the Sun International head office building in Sandton, which Sun International in turn leases from them. The group holds a 50% shareholding in FireFly and is classified as a joint venture (jointly controlled entity)

The following amounts represent the income, expenses, assets and liabilities of the equity-accounted investment:

	Joint venture	
	FireFly Investments	
	31 Dec 2021 Rm	31 Dec 2020 Rm
Non-current assets	**258**	258
Current assets	**1**	1
Total assets	**259**	259
Non-current liabilities	**181**	161
Current liabilities	**50**	70
Equity	**28**	28
Total liabilities and equity	**259**	259
Group proportionate share of the equity	**14**	14
GROUP CARRYING AMOUNT OF INVESTMENT	**31**	31
SUMMARISED STATEMENT OF PROFIT AND LOSS:		
Revenue	**29**	33
Expenses	**(23)**	(29)
Profit before tax	**6**	4
Tax	**(2)**	(2)
Profit after tax	**4**	2
Other comprehensive income	**(4)**	–
Total comprehensive income	**–**	2
GROUP PROPORTIONATE SHARE OF COMPREHENSIVE INCOME	**–**	2

Group proportionate share of other comprehensive income (OCI)

There are no contingent liabilities relating to the group's interest in the equity-accounted investment.

The financial year end for FireFly Investments is 28 February, however the group applies equity accounting for the period 1 January to 31 December in line with the groups December year end.

No dividends have been received from equity-accounted investments.

eSwatini Investment

After the deconsolidation of eSwatini (refer to note 10) the fair value of the retained investment (50.6%) is Rnil and this investment is considered an investment in associate.

(B) INTERESTS IN JOINT OPERATIONS

Boardwalk disposed of two thirds of the retail centre to Flanagon & Gerard, while retaining the remaining third through its wholly owned entity namely Boardwalk Mall (Pty) Ltd ('Boardwalk Mall').

Sun International has a one-third proportionate share in Boardwalk Mall (Pty) Ltd that is classified as a joint operation. The group therefore accounts for its proportionate share of all assets and liabilities in Boardwalk Mall in accordance with IFRS 11: Joint Arrangements.

14. Derivative financial instruments

The group had the following derivative financial instruments in the following line items in the balance sheet

	31 December 2021 Rm	31 December 2020 Rm
LIABILITY		
Interest rate swaps	**(56)**	(199)
Current liability	**(56)**	(125)
Non-current liability	**–**	(74)

The interest rate swap was classified as ineffective since April 2020 due to an unfavourable change in the interest rate as well as the terms of the debt facilities being renegotiated resulting in a modification of the financial instrument in the prior year. On 30 June 2021 the debt facilities were renegotiated, which resulted in an extinguishment of debt, the hedged item, at which point the hedge relationship was also extinguished. Refer to note 22. At this date the hedge reserve in Other Comprehensive Income (OCI) was recycled to profit and loss.

The resulting fair value of the interest rate swap has been classified as level 2 financial instruments with certain observable data being available against which to measure the instrument.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(a) HEDGED ITEM:

The hedged item is defined as the interest arising on the notional amount of the total principal outstanding of the loan being R2.8 billion of the bullet loan and R0.8 billion of the amortised loan issued by the consortium of banks which is subject to interest payable at a variable rate of the quarterly JIBAR.

As at 30 June 2021 the underlying hedged item was extinguished and resulted in the hedging reserve recycling to profit and loss.

(b) CLASSIFICATION OF DERIVATIVES:

Derivatives are only used for economical hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit and loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

(c) FAIR VALUE OF DERIVATIVES:

Interest rate swap's fair value are determined by using estimated future cash flows based on observable yield curves as valuation techniques.

(d) HEDGING RESERVE:

	Interest Rate swap	
	31 December 2021 Rm	31 December 2020 Rm
Opening balance	**66**	18
Hedging instrument recycled from OCI to profit and loss	**(84)**	–
Change in fair value of hedging instrument recognised in OCI	**–**	66
Tax on fair value of hedging instrument recognised in OCI	**18**	(18)
Closing balance	**–**	66

14. Derivative financial instruments continued

(e) AMOUNTS RECOGNISED IN PROFIT AND LOSS:

In addition to the amounts disclosed in the reconciliation of hedging reserve above, the following amounts were recognised in profit or loss in relation to derivatives:

	31 December 2021 Rm	31 December 2020 Rm
Hedge ineffectiveness of interest rate swaps recognised in finance expense	**143**	(135)
Hedging instrument recycled from OCI to profit and loss	**(84)**	–
PROFIT/(LOSS) RELATING TO INTEREST RATE SWAPS	**59**	(135)
Interest expense on hedges*	**(116)**	(78)

* This is included in interest paid on borrowings (refer to note 6).

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic retrospective and prospective effectiveness assessments, to ensure that economical relationship exists between the hedge item and hedging instrument.

The group enters into interest rate swaps that have similar critical terms as the hedged items, such as reference rate, reset dates, payments dates, maturities and notional amount. The group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. The hedge instruments became ineffective during the prior year as critical terms no longer matched and extinguished on 30 June 2021 when the terms were renogotiated.

15. Put option liabilities

	31 December 2021 Rm	31 December 2020 Rm
SunWest put option	**464**	280
Menlyn Maine put option	**–**	–
	464	280

SUN WEST PUT OPTION

In terms of the restructure agreements of the group's Western Cape assets, a put option has been given to Tsogo Sun in the event that any party acquires 35% or more of the issued ordinary shares of Sun International, triggering a change of control of the company ('Triggering Event'). The Western Cape assets include Worcester (Golden Valley) and SunWest (GrandWest and The Table Bay Hotel). In terms of the put option, Tsogo Sun may elect to put its equity interests (20%) in the Western Cape assets to Sun International. Sun International can elect to either settle the put by the issue of Sun International shares or in cash. A liability has been raised of R464 million (31 December 2020: R280 million) in this regard. The liability is calculated in accordance with the terms of the put option agreement, effectively a 7.5 times adjusted EBITDA multiple valuation of the Western Cape assets, less net debt, times the 20% shareholding which Tsogo Sun holds. The put liability was materially affected by the decrease in trading and low EBITDA levels for the 2020 and 2021 financial periods, due to the three month lockdown period due to Covid and restricted trading conditions subsequent to the lockdown being lifted and the option will steadily increase.

The put option liability is measured at amortised cost. The fair value of the put option approximates its carrying value.

As at 31 December 2021, there was no Triggering Event that resulted in a change of control (in terms of IAS 1.69(d)) and therefore the Tsogo Sun Put Option is disclosed as a non-current liability.

15. Put option liabilities continued

Quantitative disclosure of The Western Cape assets as at 31 December 2021:

	Adjusted EBITDA	Debt	Multiple	Tsogo Sun shareholding
SunWest	**378**	**(629)**	**7.5**	**20.0%**
Worcester	**15**	**5**	**7.5**	**20.0%**

Quantitative disclosure of The Western Cape assets as at 31 December 2020:

	Adjusted EBITDA	Debt	Multiple	Tsogo Sun shareholding
SunWest	271	(701)	7.5	20.0%
Worcester	9	2	7.5	20.0%

PUT OPTION SENSITIVITY

A 5% increase in adjusted EBITDA as at 31 December 2021 would increase the estimated redemption value of the put option by the amounts shown below. The analysis assumes that all other variables remain constant.

	31 December 2021 Rm	31 December 2020 Rm
Increase in estimated redemption value of the put option if the EBITDA increases with 5%	**30**	21

MENLYN MAINE PUT OPTION

As part of the agreement, a subscription option was granted to Menlyn Maine by Times Square whereby Menlyn Maine was given the option to subscribe to 14.25% of the ordinary shares in Times Square at a subscription price of R89 million. Menlyn Maine exercised the subscription option as set out in the terms of the agreement. Contingent on granting the subscription option to Menlyn Maine, an option agreement was entered into between Menlyn Maine and Sun International whereby Sun International grants a put option to Menlyn Maine to sell its 14.25% shareholding in Sun Time Square to Sun International at the option price. Concurrently Menlyn Maine grants a call option to Sun International to purchase the 14.25% shareholding of Menlyn Maine in Sun Time Square at the option price. Menlyn Maine is allowed to exercise the put option at any time during the put option period, which is between the third and fifth operating financial year. If Menlyn Maine does not exercise the put option during the put option period, the put option shall lapse, and Sun International shall be entitled to exercise the call option during the call option period which is the fifth operating financial year. The option price is determined as the adjusted EBITDA of Sun Time Square of the period that the option is exercised multiplied by an adjusted EBITDA multiple of 8, adjusted for cash on hand and net debt. Due to the high level of initial debt from development spend as well as trading being impacted by the lockdown due to Covid-19 and the subsequent restrictions placed on trading conditions, management has assessed the redemption value as Rnil (2020:Rnil). The fair value of the option approximates its carrying value.

	Adjusted EBITDA	Debt	Multiple
31 DECEMBER 2021			
Times Square	**274**	**(5 393)**	**8**
31 DECEMBER 2020			
Times Square	213	(5 407)	8

16. Retirement benefit information

IAS 19 VALUATION

The surplus calculated in terms of IAS 19: Employee Benefits is presented below.

	31 December 2021 Rm	31 December 2020 Rm
The present value of the retirement surplus of the pension fund for the current and prior years is as follows:		
Present value of funded obligations	–	–
Fair value of plan assets	9	25
Surplus	9	25
Experience adjustment on plan obligations	–	–
Experience adjustment on plan assets	(22%)	59%
The present value of the post-retirement medical aid obligation for the current and prior years is as follows:		
Present value of obligation	(73)	(68)
Experience adjustment on plan obligations	–	(17%)

The balance remaining in the Employer Surplus Account is R9 million (R9 million as at 31 December 2020), which is recognised as an asset of the group. This balance will be used to meet the ongoing closure and liquidation costs of the Fund. During the prior year, R290 million was transferred in scrip to the Sanlam Umbrella Fund, another retirement fund arrangement which the Employer participates in. The group's Provident Fund employees are currently members of the Sanlam Umbrella Fund.

16. Retirement benefit information continued

The amount recognised in the statement of financial position is determined as follows:

	Pension fund liability		Post-retirement medical aid liability[1]	
	31 December 2021 Rm	31 December 2020 Rm	**31 December 2021 Rm**	31 December 2020 Rm
Present value of funded obligations	**–**	–	**(74)**	(68)
Balance at beginning of year	**–**	–	**(68)**	(85)
Current service cost (recognised through profit or loss)	**–**	–	**(1)**	(2)
Interest income/(cost) (recognised through profit or loss)	**–**	–	**(9)**	(10)
Remeasurement (loss)/gain (recognised through other comprehensive income)	**–**	–	**–**	12
Gain on settlement	**–**	–	**–**	13
Benefits paid and transfers made	**–**	–	**4**	4
Fair value of plan assets	**9**	25		
Balance at beginning of year	**25**	311		
Expected return on plan assets	**(1)**	15		
Remeasurement (loss)/gain (recognised through other comprehensive income)	**2**	(11)		
Transfer to Prepayment umbrella asset	**–**	(290)		
Benefits paid	**(17)**	–		
Present value of retirement benefit surplus	**9**	25		
Less: application of asset ceiling	**–**	(16)		
Balance at beginning of year	**(16)**	(8)		
Interest income (recognised through profit or loss)	**–**	–		
Adjustment to asset ceiling (recognised through other comprehensive income)	**16**	(8)		
Pension fund asset	**9**	9		

The group has no matched asset to fund these obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs. The expense to be recognised in the statement of comprehensive income for the year ending 31 December 2021 is Rnil.

16. Retirement benefit information continued

	Pension fund liability		Post-retirement medical aid liability	
	31 December 2021 Rm	31 December 2020 Rm	**31 December 2021 Rm**	31 December 2020 Rm
The net amount recognised in profit or loss for the year	**(1)**	(15)	**10**	12
Current service cost	**–**	–	**1**	2
Interest (income)/cost	**(1)**	(15)	**9**	10
The amounts recognised in other comprehensive income for the year	**1**	–	**–**	(25)
Net actuarial loss/(gain)	**–**	–	**–**	(12)
Gain on settlement	**2**	–	**–**	(13)
Benefits paid	**(17)**	–	**–**	–
Effect of asset ceiling	**16**	–	**–**	–
The net amount recognised in total comprehensive income for the year	**–**	(15)	**10**	(13)
PLAN ASSETS COMPRISE:				
Bonds and cash*	**100%**	100%	**–**	–

* The entire fund assets are invested in a money market portfolio.

Management has assessed the risk that the pension plan is exposed to, as low. The Fund's investments are invested in a pure money market portfolio with Investec. There are no investments in the equity of the sponsoring employer.

16. Retirement benefit information continued

POST RETIREMENT BENEFITS

The present value of the post retirement benefits depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for post retirement benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of post retirement benefits.

The group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement benefit obligations. In determining the appropriate discount rate, the group considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related post retirement benefits obligations.

Other key assumptions for pension obligations are based in part on current market conditions, as set out below.

	Post retirement medical aid liability	
	31 December 2021 %	31 December 2020 %
Discount rate	**11.37%**	13.15%
Inflation rate	**7.10%**	7.70%
EXPECTED FUTURE LIFE EXPECTANCY^		
Male	**19.4**	19.4
Female	**24.2**	24.2

^ Expected life expectancy of a pension in years, after retiring at the age of 60.

The Fund has no remaining in-service members, paid-up members nor pensioners at the current valuation date and consequently no resultant defined benefit liabilities. Hence there are no actuarial assumptions required for the purposes of the current valuation.

There is no current service cost since there are no benefits accruing over the year following the valuation date.

SENSITIVITY

	Post retirement medical aid liability	
	31 December 2021	31 December 2020
Projected future rate of increase of the liability		
1% increase in rate	**7.04%**	7.55%
Impact on the liability	**Increase of R10 million or 13.2%**	Increase of R8 million or 14.2%
Impact on the service and interest costs	**Increase of R1.3 million or 14.5%**	Increase of R1.2 million or 13.2%
1% decrease in rate	**5.04%**	5.55%
Impact on the liability	**Decrease of R8 million or 10.9%**	Decrease of R7 million or 11.7%
Impact on the decrease of service and interest costs	**Decrease of R1.1 million or 11.9%**	Decrease of R1.1 million or 11.0%

The pension fund liability sensitivity has become irrelevant as there are no longer any remaining active members left in the fund.

17. Trade and other receivables

		31 December 2021 Rm	31 December 2020 Rm
FINANCIAL INSTRUMENTS			
Loans	17.1	**67**	58
Net trade receivables		**296**	228
Trade receivables		**323**	245
Less: loss allowance	17.2	**(27)**	(17)
Net casino debtors		**–**	–
Casino debtors		**4**	5
Less: loss allowance	17.3	**(4)**	(5)
Interest receivable		**7**	12
Restricted cash (funds in Escrow)$		**239**	219
Insurance assets		**17**	9
Other receivables~		**77**	72
		703	598
NON-FINANCIAL INSTRUMENTS			
Prepayments*		**163**	183
Provident fund prepayment		**304**	290
VAT		**14**	3
Current tax		**107**	94
		1 291	1 168
Non-current portion of loans		**(67)**	(58)
		1 224	1 110

* Prepayments includes upfront payments for insurance costs, software licenses and maintenance costs.

~ Other receivables relate to miscellaneous receivables held by the respective subsidiaries, these include amongst other rental and concessionaire receivables.

$ Referring to note 10 and the Dreams S.A. disposal. An amount of R239 million (2020: R219 million) of the purchase consideration was placed in Escrow as security for the settlement of a potential tax claim.

17. Trade and other receivables continued

17.1 LOANS

Most of the debt instruments within the group represent inter-company loans that eliminate in these consolidated financial statements. At a group level amortised debt instruments include enterprise development loans and external loans.

In assessing IFRS 9 Financial Instruments, potential impairments over loans receivables were calculated using the IFRS 9 general approach, with inputs obtained directly from a third party actuarial consultant. The IFRS 9 general approach has been set out in detail as part of the group's accounting policies and can be found in Annexure: Accounting Policies. The following impact was noted:

	Instrument Value Rm	Probability of default (PD)	Loss given default (LGD)	Exposure at default (EAD) Rm	ECL Rm
ECL AS AT 31 DECEMBER 2020:					
Instrument					
Enterprise development loans	25	17.89%	65.00%	25	3
Loan with Firefly Investments	22	33.98%	25.22%	22	2
TOTAL					5

	Instrument Value Rm	**Probability of default (PD)**	**Loss given default (LGD)**	**Exposure at default (EAD) Rm**	**ECL Rm**
ECL AS AT 31 DECEMBER 2021					
Instrument					
Enterprise development loans	**32**	**6.26%**	**65.00%**	**32**	**1**
Loan with Firefly Investments	**24**	**19.15%**	**30.33%**	**24**	**2**
TOTAL					**3**

	Rm
Movement during the financial year:	(2)

Applying the general IFRS 9 expected credit risk model resulted in the recognition of a loss allowance of R4.8 million 31 December 2020 for debt investments at amortised cost and a decrease in the allowance of R2.1 million in the current reporting period. There has been no significant increase in credit risk.

The remainder of the receivable loan balances have been assessed as fully recoverable both at 31 December 2020 and 31 December 2021, with only a negligible impact noted. Given this, these loans have not been included in the table presented above.

The Probability of Default is lower due to the significant change in the impact of conditioning over the past year.

In December 2021, the assumption was to enter a recovery phase from Covid-19 but there was still risk in the economy and the forecasts were reflecting high degrees of uncertainty. By December 2021, the economy is still impacted by Covid-19 but there is far more certainty of a recovery.

17.2 NET TRADE RECEIVABLES

Due to the intrinsic nature of trade receivables, where they should mature within a period of less than 12 months, the group has adopted the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. This approach included the following:

- **Different categories of trade receivables with similar loss patterns were separated.**
  - The group's categories of trade receivables were separated in two classes being trade receivables from food and beverage, rooms revenue and other and casino debtors.
  - The two classes of trade receivables were based on the historical risk profile of the classes of receivables.
  - Management assessed the risks of the individual trade receivables as falling into the above two group's risk profile.

17. Trade and other receivables continued

17.2 NET TRADE RECEIVABLES continued

- **Calculating default rates within specific time frames over a specific year using historical credit loss experience.**

  Management determined the historical credit loss, by assessing the previous 24 months trade receivables payment trends, receivables written off as unrecoverable as well as forward looking information available at that point in time.

  Default rates were calculated based on the above assessment for each time bucket as indicated below:
  - Fully performing
  - Past due by 1 to 30 days;
  - Past due by 31 to 60 days;
  - Past due by 61 to 90 days;
  - Past due by more than 90 days; and
- **An assessment of forward looking macro-economic forecasts was done to determine a possible adjustment on the historical default rates.**

  To determine a correlation between macro-economic factors and the groups bad debt written off, the following macro-economic factor changes were compared over the same period of time as the groups bad debt written off:
  - Disposal Income rate;
  - Unemployment rate;
  - Lending rates;
  - Gross domestic product growth rate;
  - Inflation rate; and
  - Number of company liquidations.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors from Moody's Analytics Credit Loss and Impairment Analysis Suite affecting the ability of the customers to settle the receivables.

No linear correlation over the period of the assessment was identified between the above macro economical factors and the groups actual bad debt written off.

The granting of credit in relation to trade receivables is controlled by application and account limits. In addition, trade receivables consist mainly of large tour operators with reputable credit histories. The group has no significant concentrations of credit risk with respect to trade receivables due to a widely dispersed customer base.

17.3 NET CASINO DEBTORS

Casino debtors arise from the group's VIP customers. The granting of credit to VIP customers is managed in accordance with accepted industry practice. Settlement risk associated with VIP customers is minimised through credit checking and a formal review and approval process.

Trade receivables and casino debtors IFRS 9: Financial Instruments impact

Movements in the provision for doubtful debts of trade and other receivables and casino debtors were as follows, and have been included in 'other operational costs' in the statement of comprehensive income and are summarised below:

	31 December 2021 Rm	31 December 2020 Rm
Balance at the beginning of the year	**(23)**	(177)
Charge for the year	**(8)**	33
Amounts written off*	**–**	121
BALANCE AT END OF YEAR	**(31)**	(23)

* In the prior period Sun City wrote of R121 million of casino debtors against the 100% provision, no impact on the statement of comprehensive income.

The group does not hold any collateral against the trade receivable balances.

17. Trade and other receivables continued

	31 December 2021			31 December 2020		
	Gross Rm	Provision for doubtful debts Rm	*IFRS 9 provision matrix %	Gross Rm	Provision for doubtful debts Rm	*IFRS 9 provision matrix %
NET TRADE RECEIVABLES						
Fully performing	**193**	**(2)**	**(1.04)**	142	(3)	(2.31)
Past due by one to 30 days	**29**	**(1)**	**(3.45)**	15	–	(2.75)
Past due by 31 to 60 days	**10**	**(1)**	**(10.00)**	7	(1)	(9.78)
Past due by 61 to 90 days	**5**	**(1)**	**(20.00)**	3	(1)	(18.63)
Past due by more than 90 days	**87**	**(21)**	**(24.14)**	79	(12)	(14.88)
	324	**(26)**		246	(17)	
CASINO DEBTORS						
Fully performing	**–**	**–**	**–**	–	–	–
Past due by one to 30 days	**–**	**–**	**–**	–	–	–
Past due by 31 to 60 days	**–**	**–**	**–**	–	–	–
Past due by 61 to 90 days	**–**	**–**	**–**	–	–	–
Past due by more than 90 days	**4**	**(4)**	**(100.00)**	5	(5)	(100.00)
	4	**(4)**		5	(5)	

* Above provision matrix represents a weighted average group factor and has been applied in calculating the credit loss based on historic default rate percentages. As 24 month historic data was used, market information was incorporated to adjust for the forward looking approach. Data incorporated includes amongst other adjustments relating to possible changes in interest rates, gross domestic product, inflation rate, unemployment rate as well as the effects of Covid-19 on the recoverability of receivables.

18. Inventory

	31 December 2021 Rm	31 December 2020 Rm
Merchandise	**28**	30
Consumables and hotel stocks	**60**	70
	88	100

No material inventory write-offs were incurred during the current or comparative year.

19. Cash and cash equivalents

	31 December 2021 Rm	31 December 2020 Rm
Cash in the bank	**246**	391
Cash floats	**128**	147
	374	538
CASH AT THE BANK IS HELD IN THE FOLLOWING CURRENCIES:		
Rand	**74**	107
Dollar	**52**	252
Chilean Peso	**91**	17
Naira	**28**	12
British Pound	**1**	1
Other	**–**	2
	246	391

The exposure to credit risk with respect to cash and cash equivalents is low. The group ensures cash is placed with institutions of a high credit rating and manages the concentration of cash placed. There is low credit risk exposure for cash floats and low probability of default and therefore an immaterial ECL. Refer to note 29 which includes the credit ratings of the institutions that holds the group's cash and cash equivalents.

20. Assets held for sale and discontinued operations

ASSETS HELD FOR SALE

Sibaya land

An agreement between Sibaya and Oasis at Sibaya Proprietary Limited (Purchaser) regarding the purchase of a section of land that is owned by Sibaya was concluded in the third quarter of 2019, for a purchase consideration of R45 million. This transaction was delayed during 2020 due to Covid-19 which led to this transaction's finalisation being delayed. Management has however re-aligned its focus on this transaction and it is probable that the sale will become effective during the 2022 financial year as most of the special conditions for the sale has been fulfilled. Management is committed in effecting this transaction in the next 12 months.

	Sibaya Land	
Assets of the disposal group classified as held for sale:	31 December 2021 Rm	31 December 2020 Rm
Property, plant and equipment	**26**	26
TOTAL ASSETS HELD FOR SALE	**26**	26
NET ASSETS HELD FOR SALE	**26**	26

20. Assets held for sale and discontinued operations continued

DISCONTINUED OPERATIONS

eSwatini deconsolidation

Since the start of the Covid-19 pandemic in March 2020, eSwatini has ceased trading which continued into 2021. During June 2021 creditors of eSwatini initiated a liquidation process whereby the court appointed liquidators assumed control of eSwatini in June 2021.

eSwatini was considered a subsidiary of Sun International and was, until now, consolidated into the results of Sun International. The liquidation of eSwatini has the following implications for Sun International and was considered fully by management:

- Accounting for eSwatini as a discontinued operation for the June 2021 interim period and restating the prior year comparative results; and
- Assessing the impact of the loss of control in terms of IFRS 10 where the group holds 50.6% interest in eSwatini.

As a result of this process and that trading has ceased, management has assessed a loss of control from the date that the liquidators were appointed and have therefore classified eSwatini subsidiary as IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued operations for the first six months of 2021. As of the date of liquidation, eSwatini has been deconsolidated from Sun International.

The fair value of the consideration receivable is deemed to be Rnil as a return on liquidation is unlikely. The liquidation has not been completed at year-end.

The retained interest is recognised as an investment in associate. Refer to note 13.

Dreams S.A. Investment

Dreams S.A. group was disposed of on 31 October 2020 (refer to note 10). The Dreams S.A. group was disclosed as discontinued operations held for sale in terms of IFRS5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations in the statement of comprehensive income and statement of financial position for the period 31 December 2020.

	****eSwatini**		***Dreams S.A.**		**Total**	
An analysis of the results of the discontinued operations is as follows:	**30 June 2021 Rm**	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm
Revenue	**1**	35	–	1 210	**1**	1 245
Expenses	**(21)**	(84)	–	(2 084)	**(21)**	(2 168)
LOSS BEFORE TAX	**(20)**	(49)	–	(874)	**(20)**	(923)
Tax	**6**	13	–	**261**	**6**	274
LOSS FOR THE YEAR FROM ASSETS HELD FOR SALE FROM DISCONTINUED OPERATIONS	**(14)**	(36)	–	**(613)**	**(14)**	(649)
Remeasurement to fair value less cost to sell	–	–	–	(612)	–	(612)
Gain/(loss) on deconsolidation of subsidiary	**12**	–	–	–	**12**	–
Profit on sale of subsidiary after income tax	–	–	–	**25**	–	25
Other comprehensive income	–	–	–	**385**	–	385
TOTAL COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	**(2)**	**(36)**	–	**(815)**	**(2)**	**(851)**
Minority	**(7)**	(18)	–	(81)	**(7)**	(99)
Ordinary shareholders	**5**	(18)	–	(734)	**5**	(752)
Cash flows of the assets held for sale from discontinued operation:						
Operating cash flows	–	(14)	–	(459)	–	(473)
Investing cash flows	–	–	–	8	–	8
Financing cash flows	–	(21)	–	271	–	250
TOTAL CASH FLOWS	–	**(35)**	–	**(180)**	–	**(215)**

** As eSwatini were deconsolidated effectively as at 30 June 2021, the above information is inclusive of the 6 month period 1 January to 30 June 2021. Refer to note 10.

* As Dreams S.A. were disposed of effectively as at 31 October 2020, the above Dreams S.A. information is inclusive of the 10 month period 1 January to 10 October 2020. Refer to note 10

21. Share capital and premium

	31 December 2021 Rm	31 December 2020 Rm
AUTHORISED		
800 000 000 (2020: 800 000 000) ordinary shares of no par value		
ISSUED		
Share capital and premium	**3 100**	3 100
Treasury shares and share options	**(419)**	(406)
	2 681	2 694

All issued shares are fully paid.

17 616 548 shares (2020: 17 616 548) were placed under the specific control of the directors to allot and issue in accordance with the share plans.

	31 December 2021		31 December 2020	
	Number of shares	Rm	Number of shares	Rm
SHARES IN ISSUE				
MOVEMENT DURING THE YEAR				
STATUTORY SHARES IN ISSUE	**263 905 660**	**3 100**	136 730 964	1 893
Shares in issue	**263 905 660**	**3 100**	136 730 964	1 893
TREASURY SHARES AND SHARE OPTIONS	**(15 487 983)**	**(419)**	(14 487 668)	(406)
Balance at beginning of year	**(14 487 668)**	**(406)**	(10 325 581)	(352)
Treasury shares purchased	**(1 281 112)**	**(33)**	(4 286 949)	(61)
Treasury shares disposed of	**54 183**	**1**	(107 312)	(2)
Vested share awards	**226 614**	**19**	232 174	9
Rights Issue shares*	**–**	**–**	127 174 696	1 207
CLOSING BALANCE	**248 417 677**	**2 681**	249 417 992	2 694
TREASURY SHARES & SHARE OPTIONS				
Held by Dinokana	**6 719 759**	**170**	6 719 759	170
– 73.86% (2020: 73.6%) owned by Sun International	**4 963 214**	**41**	4 963 214	41
– 26.14% (2020: 26.4%) owned by Dinokana minorities	**1 756 545**	**129**	1 756 545	129
Held by the Sun International Employee Share Trusts	**2 597 419**	**85**	2 597 419	85
Treasury shares	**6 170 805**	**164**	5 170 490	151
	15 487 983	**419**	14 487 668	406

* In August 2020 a successful equity raise of R1.2 billion was concluded, increasing the issued share capital by 127,174,696 number of ordinary no par value shares.

1 281 112 (31 December 2020: 4 286 949) RSP and CSP shares were purchased during the year under review and 280 797 (31 December 2020: 143 458) RSP, CSP and BMSP shares were disposed of.

The Dinokana shares owned by minorities, the shares held by the Sun International Share Trust and the deemed treasury shares are not treated as treasury shares for adjusted HEPS purposes as the company believes it has no economic benefit in these shares.

21. Share capital and premium continued

(a) SHARE INCENTIVE SCHEMES

The group currently has the following share incentive schemes in place, the details of which are set out below:

(i) Restricted share plan and Bonus share matching plan (RSP and BSMP)

RSP and BSMP shares are group shares granted to key staff in return for continuing employment with the group. The shares will be forfeited and any dividends received on the RSP shares will be repayable should the employee leave the group prior to the expiry of the vesting period. The vesting period is either three or five years. In the case of a three year award, 100% of the shares awarded will vest after three years and in the case of the five year award, 50% vests after three years, 25% after four years and the remaining 25% after five years.

(ii) Deferred bonus plan (DBP)

DBP shares are group shares acquired by senior executives with a portion of their declared annual bonus and entitle the participant to receive a matching award (an equal number of group shares as acquired) at the end of a three-year period. The matching award is conditional on continued employment and the DBP shares being held by the participant at the end of the three year period. The DBP is no longer being utilised.

(iii) Equity growth plan (EGP)

EGP rights provide senior executives with the opportunity to receive shares in the group through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the group share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the group's AHEPS should increase by 2% per annum above inflation over a three-year performance period. If the performance condition is not met at the end of three years these awards lapse. The EGP is no longer being utilised.

(iv) Conditional share plan (CSP)

CSP awards were provided to senior executives with the opportunity to receive shares in Sun International Limited by way of a conditional award subject to the fulfillment of predetermined performance conditions on the expiry of a three-year performance period. 2020 awards' percentage of vesting will be based on a sliding scale where 0% will vest if 2019 EBITDA or less is achieved and up to 100% vesting if 2019 EBITDA + 10% is achieved.

The performance condition applied to the 2021 grants is that 50% of the shares granted vest if the company achieves an adjusted headline earnings per share target, plus inflation, plus 2% per year over the vesting period and 50% of the shares granted vest if the company achieves certain return on investment capital targets.

Movement in the number of share rewards for the current year is as follows:

	RSP and BSMP		DBP		EGP		CSP	
	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price
BALANCE AS AT 31 DECEMBER 2019	978 843	56.74	4 672	85.47	2 958 862	60.00	1 655	86.55
Granted during the year	2 795 188	14.17	–	–	–	–	1 403 141	6.64
Sold	(143 458)	58.61	–	–	–	–	–	–
Retained	(88 716)	62.12	–	–	–	–	–	–
Forfeited	(118 610)	47.24	–	–	(560 652)	60.00	–	–
BALANCE AS AT 31 DECEMBER 2020	**3 423 247**	**22.09**	**4 672**	**85.47**	**2 398 210**	**60.00**	**1 404 796**	**6.73**
Granted during the year	**685 316**	**25.80**	**–**	**–**	**–**	**–**	**1 114 345**	**7.18**
Vested: Sold	**(173 879)**	**58.76**	**–**	**–**	**–**	**–**	**–**	**–**
Vested: Retained	**(52 735)**	**59.17**	**–**	**–**	**–**	**–**	**–**	**–**
Forfeited	**(182 961)**	**20.86**	**–**	**–**	**(1 987 334)**	**60.08**	**(129 443)**	**6.64**
BALANCE AS AT 31 DECEMBER 2021	**3 698 988**	**15.81**	**4 672**	**85.47**	**410 876**	**59.66**	**2 389 698**	**6.95**

21. Share capital and premium continued

Share grants outstanding at the end of the year vest on the following dates subject to the fulfillment of vesting conditions:

	RSP and BSMP		EGP		CSP	
	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price (ZAR)	Number of Grants	Weighted average grant price (ZAR)
2022	312 996	44.98	–	–	–	–
2023	2 620 527	14.17	–	–	1 273 698	6.64
2024	685 316	25.80	–	–	1 114 345	7.18
	3 618 839	19.04	–	–	2 388 043	6.89

VALUATION OF SHARE INCENTIVE GRANTS

The fair value of the EGP's is determined using a binomial tree model. The time period between valuation date and vesting date when the option holders cannot exercise their options is incorporated in the model; and the first node corresponds with the grant date. For the DBP, RSP and BSMP the share awards are valued based on the ruling share price on the date of the award. The table below sets out the valuation of awards granted and the assumptions used to value the awards:

	EGP	RSP/BSMP
DECEMBER 2021		
Weighted average grant price	**–**	**26**
Weighted average 400-day volatility	**–**	**n/a**
Weighted average long term risk rate	**–**	**n/a**
Weighted average dividend yield	**–**	**n/a**
Valuation	**–**	**26**
DECEMBER 2020		
Weighted average grant price	–	14
Weighted average 400-day volatility	–	n/a
Weighted average long term risk rate	–	n/a
Weighted average dividend yield	–	n/a
Valuation	–	14

The employee share based payment expense for the 12 months was (R3 million) release (2020: R17 million).

22. Borrowings

All borrowings are classified as level 3 financial instruments.

The table below sets out the group's borrowings, measured at amortised cost, as well as the applicable interest rates.

	Rand		US Dollar (R15.90:US$1)		Total
December 2021	Interest rate %	Rm	Interest rate %	Rm	Rm
NON CURRENT BORROWINGS		6 716		–	6 716
Term facilities	6.86%	3 333		–	3 333
Revolving credit facility	6.51%	1 000		–	1 000
Redeemable preference shares	5.97%	1 586		–	1 586
V&A loan	9.00%	–		–	–
Lease liabilities (IFRS 16)	9.50%	797		–	797
CURRENT BORROWINGS		542		700	1 242
Term facilities	6.86%	305		–	305
V&A loan	9.00%	25		–	25
Lease liabilities (IFRS 16)	9.50%	72		–	72
Shareholder loan from non-controlling interest	0.00%	36		–	36
Minority interest loans		–	5.00%	700	700
Revolving credit facility	6.51%	–		–	–
Short-term banking facilities*	6.11%	104		–	104
TOTAL BORROWINGS		7 258		700	7 958
TOTAL BORROWINGS		7 258		700	7 958
Non current		6 716		–	6 716
Current		542		700	1 242

* Total available short-term banking facility amounts to R2.3 billion.

The fair value of the borrowings approximates their carry values.

As at 30 June 2021, R1.4 billion was repaid on the term facilities and revolving credit facility loan. The renegotiation of the term was accounted for as an extinguishment of the original loan and recognition of a new loan facility.

These changes to the term facilities and revolving credit facility loan terms are accounted for as an extinguishment of the original and recognition of a new loan facility at its fair value. Quantitative (>10% change) and qualitative factors such as a change in the lenders' levels of exposure resulted in an extinguishment.

22. Borrowings continued

Below breakdown of the groups fixed/variable facilities:	Fixed/Variable
TERM FACILITIES:	
Five-year bullet loan	Three-month JIBAR plus margin
Five-year amortised loan	Three-month JIBAR plus margin
REDEEMABLE PREFERENCE SHARES:	
Sun Treasury	Prime-related
SISA	Prime-related
SHORT TERM BANKING FACILITIES:	Prime less margin
OTHER FACILITIES:	
Revolving credit facility	Three-month JIBAR plus margin
V&A loan	Fixed
Minority interests loan	Fixed
Lease liabilities	Weighted average incremental borrowing rate
Shareholder loan from non-controlling interest	Interest free

	Rand		US Dollar (R14.62:US$1)		Swazi Lilangeni (R1:SZL1)		Total
December 2020	Interest rate %	Rm	Interest rate %	Rm	Interest rate %	Rm	Rm
NON CURRENT BORROWINGS		**7 004**		**–**			**7 004**
Term facilities	6.29%	4 442					4 442
Redeemable preference shares	5.71%	1 586					1 586
V&A loan	12.21%	37					37
Lease liabilities (IFRS 16)	9.50%	725					725
Accrued Interest$	6.13%	214					214
CURRENT BORROWINGS		**710**		**643**		**24**	**1 377**
Term facilities	6.29%	448					448
V&A loan	12.21%	78					78
Lease liabilities (IFRS 16)	9.50%	26		–		–	26
Shareholder loan from non-controlling interest	0.00%	36					36
Minority interest loan		–	5.00%	643			643
Accrued Interest$	6.13%	52					52
Revolving credit facility	5.99%	1 000					1 000
Short-term banking facilities^	5.48%	(930)			6.75%	24	(906)
TOTAL BORROWINGS (EXCLUDING IFRS 9 ADJUSTMENTS)		**7 714**		**643**		**24**	**8 381**
IFRS 9: Modification adjustment*		43		–		–	43
TOTAL BORROWINGS (INCLUDING IFRS 9 ADJUSTMENTS)		**7 757**		**643**		**24**	**8 424**
Non Current		7 047		–		–	7 047
Current		710		643		24	1 377

* Sun International's lender group provided the group a short-term capital and interest deferral together with a covenant waiver for the prior financial period. These deferrals were negotiated in June 2020 and resulted in an adjustment to the debt balance due to a modification of debt in terms of IFRS 9. The change in the future cashflows of the following facilities being, Term facilities, Redeemable preference shares and the revolving credit facility, resulted in a debt modification adjustment of R43 million.

$ Refer to below "Capital risk management" section relating to the deferral of debt servicing resulting in the accrued interest balance as at 31 December 2020.

^ Due to the current cash management agreement, which pools available cash against short-term facilities and due to the proceeds from the Dreams S.A. disposal (refer to note 10), the short-term facility was in a debit balance as at 31 December 2020.

22. Borrowings continued

The borrowings are repayable as follows:

	Rand		US Dollar		Swazi Lilangeni		Total	
	31 Dec 2021 Rm	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm	**31 Dec 2021 Rm**	31 Dec 2020 Rm
6 months or less	**245**	205	**700**	643	**–**	24	**945**	**872**
6 months – 1 year	**297**	506					**297**	**506**
1 – 2 years	**1 380**	683					**1 380**	**683**
2 – 3 years	**4 698**	656					**4 698**	**656**
3 – 4 years	**54**	5 049					**54**	**5 049**
4 years and onwards	**584**	658					**584**	**658**
	7 258	7 757	**700**	643	**–**	24	**7 958**	**8 424**
Secured							**–**	**–**
Unsecured							**7 958**	**8 424**
							7 958	**8 424**
Net book value of property, plant and equipment encumbered by secured loans:							**–**	**–**

As at 31 December 2021, interest rates on 1% (2020: 15%) of the group's South African borrowings were fixed, (2020: 93%) all of these fixed borrowings were for periods less than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.

A register of non current borrowings is available for inspection at the registered office of the company.

The group had unutilised borrowing facilities of R2 196 million (2020: R3 230 million) at 31 December 2021. None of the undrawn borrowing facilities have fixed interest rates.

LEASE LIABILITIES

Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

	31 December 2021 Rm	31 December 2020 Rm
LEASE LIABILITIES		
Opening balance	**751**	1 078
Lease liability included in Dreams S.A. disposal		(291)
Acquisition of lease	**134**	–
Add lease interest	**85**	75
less lease payments	**(101)**	(111)
Closing balance	**869**	751
Of which are:		
Current	**72**	26
Non Current	**797**	725

The group debt is ring-fenced to each of South Africa and Nigeria.

In South Africa, the group has R8.5 billion funding facilities from a consortium of South African funders. The Nigerian debt has always been (and remains) ring-fenced to the Federal Palace, without recourse to the group balance sheet.

22. Borrowings continued

CASH FLOW INTEREST RATE RISK

The group's cash flow interest rate risk arises from cash and cash equivalents and variable rate borrowings. The group is not exposed to fair value interest rate risk as the group does not have any fixed interest bearing financial instruments carried at fair value.

Interest rate sensitivity

A 1% increase in interest rates at 31 December would decrease profit after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	31 December 2021 Rm	31 December 2020 Rm
Profit after tax	**(73)**	(77)

A 1% decrease in interest rates would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

CAPITAL RISK MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust this capital structure, the group may issue new shares, adjust the amount of dividends paid to shareholders, return capital to shareholders or buy back existing shares.

The board of directors monitors the level of capital, which the group defines as total share capital, share premium, treasury shares and treasury share options.

In the prior year ended 31 December 2020 and consistent with others in the industry, the group's lenders provided a short-term deferral of capital and interest repayments as well as a waiver of covenant levels due to the significant impact that the Covid 19 pandemic had on the group's cash flows. This included, but was not limited to:

- Capital payments were deferred until 30 June 2021;
- Interest and preference dividend payments deferred until:
  - 31 December 2020 provided the group had sufficient levels of liquidity, which it did; and
  - Deferred interest was capitalised to the respective loan and to be repaid over the repayment profile of the various facilities. All deferred interest has been repaid as at 30 June 2021;
- Converted the on demand General Banking Facilities to a committed facility up to 30 June 2021;
- Measurement of covenants was waived until 30 June 2021.

Subsequent to 30 June 2021, the group had renegotiated the terms of the debt facilities with the South African lenders.

Refer to the borrowings section within Note 22, Borrowings for details on the new terms and repayment profile of the group's debt facilities.

The group has specific financial covenants in place to govern its South African term facilities, redeemable preference shares and revolving credit facility. These covenants are linked to the ratio of the adjusted EBITDA (as agreed with our consortium of lenders) to its debt, and maintaining a required interest cover level, measured on a quarterly basis.

As at 31 December 2021, South Africa's debt amounted to R6.4 billion and its adjusted EBITDA (additionally including the effect of IFRS 16 and other adjustments as agreed with the consortium of lenders to be the 'covenant') to R1.6 billion, resulting in a Debt: EBITDA ratio of 4x. This is in compliance with the debt covenant requirement of a covenant ratio of less than 6x. As at 31 December the interest cover ratio was compliant at 2.67x which is above the required 1.75x.

22. Borrowings continued

CASH FLOW INTEREST RATE RISK continued

Debt: EBITDA covenants and interest covers for the next four quarters are as follows:

Measurement date	Debt : EBITDA	Interest cover
March 2022	5.00x	2.00x
June 2022	4.50x	2.25x
September 2022	4.25x	2.50x
December 2022	3.75x	3.00x

As the group has improved the capital structure through the successful R1.2 billion rights offer in August 2020, and utilising the proceeds from the sale of Dreams S.A. to repay debt amounting to R1.4 billion, the group is now significantly deleveraged compared to 31 December 2019.

The group has forecast that it will achieve the required Debt to EBITDA and interest cover ranges as per the above covenant requirements.

The group is not subject to externally imposed capital requirements.

Financial instruments carried at fair value, by valuation method, are defined as follows:

- 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 (i.e. as prices) or indirectly (i.e. derived from prices);
- the fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; or
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

23. Contract liabilities and other liabilities

	31 December 2021 Rm	31 December 2020 Rm
NON FINANCIAL INSTRUMENTS		
Contract liability	**573**	598
Sun City Vacation Club[1]	**573**	596
Other deferred liabilities	**–**	2
Post-retirement medical aid liability (refer to note 16)	**73**	68
Long service award[2]	**31**	28
Withholding tax provision in Sun Chile[3]	**–**	112
Accrual for farewell gifts[4]	**4**	3
Other liabilities	**15**	16
	696	825
Current portion relating to the Sun City Vacation Club contract liability	**(116)**	(127)
	580	698

	31 December 2021 Rm	31 December 2020 Rm
CONTRACT LIABILITY OPENING BALANCE[1]	**596**	594
Increase in contract liability due to sales of timeshare (Refer to the Statement of Cash Flows)	**89**	96
Revenue recognised due to amortised of time share (Refer to note 25)	**(108)**	(86)
Other movements in contract liability, due to termination of contracts	**(4)**	(8)
CONTRACT LIABILITY CLOSING BALANCE	**573**	596

1 The Sun City Vacation Club Sales revenue is recognised over either a 5 or 10 year period of the members' contracts, the liability increases/decreases as new membership contracts are entered into or terminated respectively.

2 The group offers employees a long service award. Employees are eligible for such benefits based upon the number of completed years of service. The method of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

3 The withholding tax provision relates to withholding tax payable to the Chilean tax authorities as at 31 December 2020 relating to the disposal of Dreams S.A. (refer to note 10), at 31 December 2021, the tax has been paid.

4 The group offers a farewell gift to employees who are retiring or resigning. Employees are eligible for such based upon the number of completed years of service. The method of accounting and valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually.

24. Trade payables and accruals

	31 December 2021 Rm	Restated 31 December 2020 Rm
FINANCIAL INSTRUMENTS		
Trade payables	**162**	342
Other payables	**46**	7
Accrued expenses**	**640**	579
Capital creditors*	**39**	23
MVG liability*	**55**	70
Cashless liability*	**72**	81
Casino levies*	**62**	50
Utility provisions*	**73**	61
Advanced deposits	**33**	20
	1 182	1 233
NON FINANCIAL INSTRUMENTS		
VAT	**65**	41
Employee related accruals	**228**	238
Bonus accrual	**84**	22
Latam gaming tax provision	**164**	170
Current tax	**104**	145
	1 827	1 849

* Restated as balances were disaggregated and reclassified between financial and non-financial instruments.
** The accrued expenses relate mainly to accruals for professional fees and other operational costs.

The fair value of all non derivative financial instruments approximates their carrying value due to its short term nature.

25. Cash flow information

	31 December 2021 Rm	*Restated 31 December 2020 Rm
25.1 CASH GENERATED FROM OPERATIONS		
Operating profit/(loss) – continuing operations	**1 309**	(1 425)
Operating loss – discontinued operations	**(2)**	(1 486)
Adjustments for non-cash transactions	**315**	3 393
Depreciation and amortisation (including discontinued operations)	**863**	1 225
Insurance receipts	**(522)**	–
Loss/(profit) on disposal of assets of continued operations	**22**	(8)
Profit on deconsolidation/disposal of subsidiary	**(12)**	(25)
Remeasurement to fair value less cost to sell – (Dreams S.A. IFRS 5 impairment)	**–**	612
Impairment of other financial assets	**–**	65
Impairment of assets	**–**	1 310
Foreign exchange loss	**30**	268
Deferred Vacation Club revenue recognised	**(108)**	(86)
Operating equipment usage	**39**	24
Employee share based payments	**(3)**	17
Foreign exchange cover loss	**–**	–
Expected credit loss provision movement	**10**	(32)
Other non-cash movements	**(4)**	23
Non cash working capital movements	**–**	–
Working capital changes	**(73)**	(144)
Inventory	**12**	16
Accounts receivable	**(110)**	297
Accounts payable	**25**	(457)
	1 547	338
25.2 TAX PAID		
Asset/(liability) at beginning of year	**(51)**	55
Current tax provided	**(289)**	(132)
Non cash Latam additional tax provided	**6**	(15)
Sun Chile withholding tax paid	**(112)**	–
Disposal of Dreams S.A. (refer to note 10) – Tax receivable	**–**	(53)
(Asset)/liability at end of year	**(3)**	51
	(449)	(94)

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

25. Cash flow information continued

	31 December 2020 Rm	*Restated 31 December 2019 Rm
25.3 INTEREST PAID		
Interest expense – continuing operations	**(638)**	(943)
Interest expense – discontinuing operations	**–**	(182)
Interest expense – Lease liabilities (IFRS16) – continuing operations	**85**	75
Interest expense – Lease liabilities (IFRS16) – discontinuing operations	**–**	19
Accrued Interest	**–**	266
Imputed interest on loans payable	**10**	11
	(543)	(754)
25.4 RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES		
Opening debt balance	**7 673**	13 327
Cash flows		
Additional borrowings	**1 151**	432
Repayment of borrowings	**(1 692)**	(2 865)
IFRS 9 Debt modification/extinguishment adjustment*	**(43)**	43
Accrued interest	**–**	266
Disposal of subsidiary's debt (refer to note 10)	**–**	(4 031)
Forex movements	**–**	501
Closing debt balance	**7 089**	7 673

* The prior year comparative financial information was restated to reflect the operations of eSwatini as a discontinued operation in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to eSwatini being deconsolidated due to a loss of control in terms of IFRS 10 and classified as discontinued operations (refer to note 10). The published prior year results included eSwatini as continued operations.

26. Subsidiaries with non-controlling interests

(a) DISPOSALS AND ACQUISITIONS

December 2021

Refer to note 10 and 20 regarding loss of control of subsidiary.

December 2020

Refer to note 10 and 20 regarding disposals made.

(b) SUMMARISED FINANCIAL INFORMATION

The following is summarised financial information of material subsidiaries with non-controlling interests. The information is before inter-company eliminations with other companies in the group.

	South Africa						Nigeria
December 2021	Afrisun Gauteng Rm	Afrisun KZN Rm	Emfuleni Resorts Rm	SunWest International Rm	Sun Slots Rm	Time Square Rm	Federal Palace (Nigeria) Rm
STATEMENT OF COMPREHENSIVE INCOME							
Profit/(loss) after tax	65	205	(10)	194	192	(153)	(74)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income	65	205	(10)	194	192	(153)	(74)
Non-controlling interest*	5.35%	9.33%	14.93%	35.10%	30.00%	14.25%	50.67%
Profit/(loss) after tax	3	19	(2)	68	57	(22)	(37)
Total comprehensive income	3	19	(2)	68	57	(22)	(37)
STATEMENT OF FINANCIAL POSITION							
Current assets	59	84	53	254	215	123	48
Non-current assets	668	780	530	1 163	961	3 505	487
Current liabilities	(581)	(369)	(659)	(967)	(294)	(5 576)	(65)
Non-current liabilities	(33)	(68)	(7)	(194)	(86)	(7)	(1 119)
Net assets	113	427	(83)	256	796	(1 955)	(649)
Net assets attributable to non-controlling interests	6	40	(12)	90	239	(279)	(329)
STATEMENT OF CASH FLOWS							
Cash flows from operating activities	161	253	106	415	294	343	11
Cash flows (used in)/from investing activities	(39)	(46)	(34)	(72)	(79)	(16)	(5)
Cash flows (used in)/from financing activities	(138)	(227)	(62)	(260)	(217)	(325)	–
Net increase/(decrease) in cash and cash equivalents	(16)	(20)	10	83	(2)	2	6
Dividends paid to non-controlling interests	–	(20)	–	(53)	(75)	–	–

Dividends paid to the remaining non-controlling interests amounted to R10 million.

26. Subsidiaries with non-controlling interests continued

*Restated December 2020	South Africa						Nigeria
	Afrisun Gauteng Rm	Afrisun KZN Rm	Emfuleni Resorts Rm	SunWest Inter-national Rm	Sun Slots* Rm	Time Square Rm	Federal Palace (Nigeria)* Rm
STATEMENT OF COMPREHENSIVE INCOME							
Profit/(loss) after tax	7	103	(200)	42	82	(447)	(313)
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income	7	103	(200)	42	82	(447)	(313)
Non-controlling interest*	5.35%	9.33%	14.93%	35.10%	30.00%	14.25%	50.67%
Profit/(loss) after tax	–	10	(30)	15	25	(64)	(159)
Total comprehensive income	–	10	(30)	15	25	(64)	(159)
STATEMENT OF FINANCIAL POSITION							
Current assets	74	117	37	120	207	143	41
Non-current assets	691	784	560	1 147	962	3 651	494
Current liabilities	(692)	(404)	(665)	(847)	(231)	(5 591)	(55)
Non-current liabilities	(24)	(64)	(8)	(208)	(83)	(5)	(1 033)
Net assets	49	433	(76)	212	819	(1 802)	(553)
Net assets attributable to non-controlling interests	3	40	(11)	74	257	(257)	(280)
STATEMENT OF CASH FLOWS							
Cash flows from operating activities	63	151	(25)	244	171	189	(1)
Cash flows (used in)/from investing activities	(46)	(50)	(11)	(56)	(35)	(15)	(12)
Cash flows (used in)/from financing activities	(17)	(116)	20	(247)	(161)	(192)	–
Net increase/(decrease) in cash and cash equivalents	–	(15)	(16)	(59)	(25)	(18)	(13)
Dividends paid to non-controlling interests	–	(5)	–	(70)	(34)	–	–

Dividends paid to the remaining non-controlling interests amounted to R32 million.

* Note that the balances have been updated to take into account historic consolidation journals.

26. Subsidiaries with non-controlling interests continued

(c) SUN INTERNATIONAL EMPLOYEE SHARE TRUST (SIEST)

The SIEST has been consolidated in the group's financial statements in terms of IFRS 10 – Consolidated Financial Statements. The SIEST is administered by its trustees. The following judgement was followed in assessing and concluding to consolidate SIEST:

Relevant activity	Control
Determination of the benefits to and the selection of the employees to which the benefit is provided	Sun International has the ability to determine who the beneficiaries would be and the benefits they would receive. Sun International may have determined this initially but the SIEST is not able to amend this requirement. The benefits only accrue to beneficiaries employed by the Sun International group and as such Sun International controls the benefits through the employment of the individuals.
Acquisition and disposals of investments	Sun International has set up the structure so that no acquisitions or disposals of investment may occur without the approval of Sun International. Furthermore, the composition of the Trustees consists of fifteen Trustees of which one is appointed by Sun International Limited, two of the Trustees are independent from the group and twelve are Employees of the group Companies. The SIEST key management are the Trustees and majority of the Trustees are employees of the Sun International group. Per IFRS 10 par B51 an investor shall consider the involvement and decisions made at the investee's inception as part of its design and evaluate whether the transaction terms and features of the involvement provide the investor with rights that are sufficient to give it power. Being involved in the design of an investee alone is not sufficient to give an investor control. However, involvement in the design may indicate that the investor had the opportunity to obtain rights that are sufficient to give it power over the investee. Sun International has set up the SIEST so that no decisions can be made without the approval of Sun International Limited. Investments the SIEST holds are controlled by Sun International and therefore indirectly the value of the investments is as a result of the control Sun International exerts over the underlying operations. Sun International has control over the relevant activity
Funding of SIEST Trust	No funding may be obtained without Sun International approving. Sun International provides all funding to the SIEST. Sun International has control over the relevant activity.

Sun International controls the SIEST. Sun International has the ability to direct the relevant activities (control), obtain variable returns and has the ability to use the control to affect the variable returns.

The SIEST was originally established in 2003 for the benefit of certain employees of the group, with the intention that the said employees would benefit from the proceeds and/or distributions received by the Trust as a result of its direct or indirect shareholding in group Companies. Sun International defined the benefits and continues to determine what benefits are provided to employees through SIEST. Only employees of the Sun International group may benefit from the investments in the SIEST.

As such, Sun International was involved in the purpose and design and continues to be involved. The SIEST is considered a structured entity as it is not governed by voting rights.

The economic interest held by the SIEST in group companies is set out below:

	31 December 2020	31 December 2019
Afrisun Gauteng	**3.5%**	3.5%
Emfuleni Resorts	**3.5%**	3.5%
SunWest	**3.3%**	3.3%
Meropa	**3.5%**	3.5%
Teemane	**3.5%**	3.5%
Afrisun KZN	**3.5%**	3.5%
Mangaung Sun	**3.5%**	3.5%
Worcester	**3.5%**	3.5%
Sun International Limited – direct	**1.9%**	1.9%
– indirect	**0.9%**	0.9%
Sun Time Square	**3.5%**	3.5%

27. Related party transactions

Key management personnel have been defined as: Sun International Limited board of directors and Sun International Management executive team with group oversight. The definition of related parties includes the close members of family of key management personnel and any entity over which key management exercises control. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the group. They may include the individual's domestic partner and children, the children of the individual's domestic partner and dependents of the individual or the individual's domestic partner.

(i) KEY MANAGEMENT COMPENSATION

	31 December 2021 R'000	31 December 2020 R'000
NON-EXECUTIVE DIRECTORS FEES		
JA Mabuza (Chairman)[1]	**1 418**	2 456
PDS Bacon	**566**	510
PL Campher[2]	**–**	353
NN Gwagwa[2]	**–**	192
BLM Makgabo-Fiskerstrand	**486**	408
VP Khanyile[3]	**–**	280
SN Mabaso-Koyana[6]	**541**	272
EAMMG Cibie	**575**	518
CM Henry	**765**	656
GW Dempster	**735**	566
S Sithole[7]	**1 271**	440
TR Ngara[4]	**378**	31
ZP Zatu	**494**	409
NT Payne[5]	**207**	–
	7 436	7 091

1. Passed away on 16 June 2021
2. Retired on 12 May 2020
3. Retired on 29 October 2020
4. Appointed on 20 November 2020
5. Appointed on 11 May 2021
6. Appointed on 20 March 2020
7. Appointed as new chairman of the Board committee on 2 July 2021.

27. Related party transactions continued

Executive directors and key management remuneration

December 2021	Basic remuneration R'000	Bonuses/ performance related payments R'000	Retirement contributions R'000	Other benefits R'000	Total remune-ration excluding share awards R'000	Fair value of share awards expensed R'000	Total remune-ration inclusive of share awards R'000
FULL TIME DIRECTORS							
AM Leeming	6 554	3 708	726	289	11 277	3 752	15 029
N Basthdaw	3 519	1 361	386	77	5 343	1 808	7 151
	10 073	5 069	1 112	366	16 620	5 560	22 180
PRESCRIBED OFFICERS							
G Wood	3 322	1 368	437	122	5 249	960	6 209
AG Johnston	2 519	872	298	265	3 954	894	4 848
VL Robson	2 514	835	351	89	3 789	974	4 763
MZ Miller#	492	–	16	616	1 124	–	1 124
SUB TOTAL	8 847	3 075	1 102	1 092	14 116	2 828	16 944
TOTAL	18 920	8 144	2 214	1 458	30 736	8 388	39 124

* All the directors and prescribed officers are paid by SIML.
# Resigned in 2021

27. Related party transactions continued

December 2020	Basic remuneration R'000	Bonuses/ performance related payments R'000	Retirement contributions R'000	Other benefits R'000	Total remune-ration excluding share awards R'000	Fair value of share awards expensed R'000	Total remune-ration inclusive of share awards R'000
FULL TIME DIRECTORS							
AM Leeming	5 630	–	363	274	6 267	4 609	10 876
N Basthdaw	3 005	–	233	42	3 280	2 005	5 285
	8 635	–	596	316	9 547	6 614	16 161
PRESCRIBED OFFICERS							
AG Johnston	2 150	–	146	236	2 532	757	3 289
MB Wilson^	2 027	–	140	114	2 281	342	2 623
G Wood^	2 311	–	207	98	2 616	72	2 688
MZ Miller	2 371	–	241	117	2 729	794	3 523
TF Mosololi#	1 104	–	138	634	1 876	1 770	3 646
C Nyathi#	1 652	–	128	382	2 162	615	2 777
VL Robson	2 189	–	172	75	2 436	733	3 169
DR Mokhobo	2 030	–	208	221	2 459	685	3 144
J Wilhelm*	3 701	2 931	–	8 555	15 187	–	15 187
SUB TOTAL	19 535	2 931	1 380	10 432	34 278	5 768	40 046
TOTAL	28 170	2 931	1 976	10 748	43 825	12 382	56 207

* The only director or prescribed officer that is paid by a subsidiary of the group is J Wilhelm. The rest of the directors and prescribed officers are paid by SIML.

* J Wilhelm was paid a retention package, included in "Other benefits" during 2020 and served as a director of Dreams S.A. which the group subsequently disposed of on 31 October 2020, refer to note 10.

^ Appointed in 2020

Resigned in 2020, the share awards not exercised were forfeited upon resignation.

27. Related party transactions continued

Movements on share grants to executive directors and other key management is set out below:

	31 December 2021		31 December 2020	
	Executive and other management	**Average grant price**	Executive and other management	Average grant price
EGP				
Opening balance	**1 639 688**	**60,01**	2 175 190	60,01
Movement in key management	**(123 402)**	**60,01**	(174 645)	60,01
Lapsed: termination of employment	**(134 084)**	**60,01**	(360 857)	60,01
Lapsed: vesting condition not met	**(1 186 561)**	**60,08**	–	–
Granted	**–**	**–**	–	–
CLOSING BALANCE	**195 641**	**59,66**	1 639 688	60,01
RSP & BSMP				
Opening balance	**1 058 492**	**15,94**	195 481	69,90
Movement in key management	**(143 563)**	**18,77**	(31 484)	65,98
Vested	**(23 258)**	**60,08**	(85 973)	66,86
Lapsed: termination of employment	**(33 396)**	**15,94**	(31 316)	65,98
Granted	**177 305**	**25,80**	1 011 784	14,17
CLOSING BALANCE	**1 035 580**	**16,16**	1 058 492	15,94
CSP				
Opening balance	**645 093**	**6,64**	–	–
Movement in key management	**(197 020)**	**6,64**	–	–
Vested	**–**	**–**	–	–
Lapsed: not meeting vesting conditions	**–**	**–**	–	–
Granted	**354 614**	**7,16**	645 093	6,64
CLOSING BALANCE	**802 687**	**6,77**	645 093	6,64

Share awards held by executive directors by scheme

	31 December 2021		31 December 2020	
	AM Leeming	**N Basthdaw**	AM Leeming	N Basthdaw
EGP	**795 028**	**345 984**	795 028	345 984
CSP	**194 100**	**76 005**	–	–
RSP & BSMP	**314 933**	**171 976**	18 771	7 682
OPENING BALANCE	**1 304 061**	**593 965**	813 799	353 666
Vested	**(11 788)**	**(5 219)**	(6 983)	(2 463)
Lapsed: vesting conditions not met	**(686 919)**	**(311 590)**	–	–
Granted	**225 697**	**88 377**	497 245	242 762
CLOSING BALANCE	**831 051**	**365 533**	1 304 061	593 965
EGP	**108 109**	**34 394**	795 028	345 984
CSP	**344 565**	**134 923**	194 100	76 005
RSP & BSMP	**378 377**	**196 216**	314 933	171 976

27. Related party transactions continue

Share awards held by prescribed officers by scheme

	31 December 2021					
	G Wood	**AG Johnston**	**VL Robson**	**DR Mokhobo**	**M Wilson**	**MZ Miller**
EGP	**–**	**123 245**	**117 945**	**113 159**	**10 243**	**134 084**
CSP	**67 000**	**56 703**	**54 265**	**55 024**	**51 334**	**90 662**
RSP & BSMP	**167 000**	**103 515**	**124 109**	**74 807**	**68 756**	**33 396**
OPENING BALANCE	**234 000**	**283 463**	**296 319**	**242 990**	**130 333**	**258 142**
Vested	**–**	**(3 194)**	**(3 057)**	**–**	**–**	
Lapsed: vesting conditions not met	**–**	**(96 092)**	**(91 960)**	**(242 990)**	**(130 333)**	**(258 142)**
Granted	**88 813**	**65 934**	**63 098**	**–**	**–**	**–**
CLOSING BALANCE	**322 813**	**250 111**	**264 400**	**–**	**–**	**–**
EGP	**–**	**27 153**	**25 985**	**–**	**–**	**–**
CSP	**126 209**	**100 659**	**96 331**	**–**	**–**	**–**
RSP & BSMP	**196 604**	**122 299**	**142 084**	**–**	**–**	**–**

	31 December 2020							
	G Wood	AG Johnston	MZ Miller	TF Mosololi	C Nyathi	VL Robson	DR Mokhobo	M Wilson
EGP	–	123 245	134 084	253 667	107 190	117 945	113 159	10 243
CSP	–	–	–	–	–	–	–	–
RSP & BSMP	–	6 474	6 623	88 956	5 816	6 114	6 139	17 422
OPENING BALANCE	–	129 719	140 707	342 623	113 006	124 059	119 298	27 665
Vested	–	(3 280)	(3 448)	(60 343)	(3 113)	(3 057)	(3 286)	–
Lapsed: vesting conditions not met	–	–	–	(282 280)	(109 893)	–	–	–
Granted	234 000	157 024	120 883	–	–	175 317	126 978	102 668
CLOSING BALANCE	234 000	283 463	258 142	–	–	296 319	242 990	130 333
EGP	–	123 245	134 084	–	–	117 945	113 159	10 243
CSP	67 000	56 703	90 662	–	–	54 265	55 024	51 334
RSP & BSMP	167 000	103 515	33 396	–	–	124 109	74 807	68 756

27. Related party transactions continue

(ii) SHAREHOLDING OF KEY MANAGEMENT

	Holding by key management		Dividends received by key management	
	31 December 2021 %	31 December 2020 %	**31 December 2021 R'000**	31 December 2020 R'000
EXECUTIVE DIRECTORS:	**0.19%**	0.18%	**–**	–
AM Leeming	**0.15%**	0.14%	**–**	–
N Basthdaw	**0.04%**	0.04%	**–**	–
KEY MANAGEMENT	**0.01%**	0.10%	**–**	–

(iii) OTHER RELATED PARTY RELATIONSHIPS

Management agreements are in place between SIML and various group companies. A management fee is charged by SIML in respect of management services rendered.

SIML has provided a R22 million (2020: R22 million) loan to FireFly Investments.

SIML has a rental agreement with Firefly to the amount of R21 million per annum, while the group has a 50% equity stake in Firefly, that is accounted as a joint venture in the group results. (jointly controlled entity)

The group also have a shareholder loan with the minorities interest of Sun Time Square, the initial loan amounting to R186 million, subsequently R150 million was repaid by Sun Time Square. The amount outstanding at year end amounts to R36 million. This shareholder loan is an on demand loan with no fixed repayment period and as at 31 December 2021 at a 0% (2020 – 0%) interest. This debt in unsecured with no ECL provision.

There have been no further changes to the director's interest in the table above between the end of the financial year and 14 March 2022.

28. Contingent assets and liabilities

The group is subject to commitments and contingencies, which occur in the normal course of business, including legal proceedings and claims that cover a wide range of matters. The group has the following exposures:

NIGERIA

TCN continues to experience difficulties engaging with the tax authorities to confirm any tax principles to obtain certainty, or settle outstanding matters. The group with the assistance of its legal council has estimated the potential exposure of these disputes and other matters taken to the relevant local courts as R84 million.

DREAMS S.A. DISPOSAL PRICE CONTINGENT RECEIVABLE.

Refer to note 10. Management has assessed the fair value of this contingent asset as nil at 31 December 2021.

29. Financial risk management

CREDIT RISK MANAGEMENT

This is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

- Derivative financial instruments – refer to note 14
- Trade and other receivables – refer to note 17
- Cash and cash equivalents – refer to note 19

The maximum exposure to credit risk is represented by the carrying amount of each financial asset determined to be exposed to credit risk.

The company has no significant concentrations of credit risk with respect to trade receivables due to a widely dispersed customer base. Credit risk with respect to loans and receivables is disclosed in note 17.

Wherever a reference is made to trade receivables, as part of the note it includes both classes of trade receivables as set out in note 17: net trade receivables and casino debtors.

Impairment of financial assets

The group has two types of financial assets that are subject to the ECL model:

- trade receivables – net receivables and casino debtors
- financial instruments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9: Financial Instruments, the identified impairment loss was immaterial.

Trade receivables and Casino Debtors

The group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables. Refer to note 17 for the analysis of net receivables and casino debtors presented separately.

	Current %	Past due by 1 to 30 days %	Past due by 31 to 60 days %	Past due by 61 to 90 days %	Past due by more than 90 days %	Total
31 DECEMBER 2021						
Expected loss rate %	**1.04%**	**3.45%**	**10.00%**	**20.00%**	**27.47%**	**9.19%**
Gross carrying amount – trade receivables	**193**	**29**	**10**	**5**	**91**	**328**
LOSS ALLOWANCE	**(2)**	**(1)**	**(1)**	**(1)**	**(25)**	**(30)**
31 DECEMBER 2020						
Expected loss rate %	2.35%	3.19%	10.07%	18.64%	19.86%	8.69%
Gross carrying amount – trade receivables	142	15	7	3	84	251
LOSS ALLOWANCE	(3)	(0)	(1)	(1)	(17)	(22)

29. Financial risk management continued

Trade receivables and casino debtors are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and casino debtors are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

LIQUIDITY RISK MANAGEMENT AND CAPITAL RISK MANAGEMENT

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The group has substantial borrowings and other financial liabilities.

To manage liquidity risk, the group will continue to generate operational cash flows and has forecast (refer to accounting policies section – going concern & Note 22 for further details) to generate sufficient operating cash flows to meet the requirements of the business and make repayments of the financial liabilities as they become due. The group further has the following facilities available should it require additional funds to meet its obligations.

	31 December 2021 Rm	31 December 2020 Rm
BANKING FACILITIES:		
Total facilities	**10 154**	11 611
Less: Drawn down portion	**(7 958)**	(8 381)
TOTAL UNDRAWN BANKING FACILITIES	**2 196**	3 230
Available cash balances	**374**	538

The group's preference share and debt funding is subject to debt covenants which are reviewed on an ongoing basis.

The following tables compare the contractual cash flows of debt owed at 31 December 2021 and 31 December 2020, with the carrying amount in the consolidated statement of financial position, in Rands. The contractual amounts reflect the differences from carrying amounts due to the effects of discounting and premiums. Interest is estimated assuming interest rates applicable to variable rate debt remain constant.

29. Financial risk management continued

	On demand or not exceeding six months Rm	More than six months but not exceeding one year Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding four years Rm	More than four years Rm	Imputed interest Rm
DECEMBER 2021						
Term facilities	**277**	**272**	**534**	**3 238**	**–**	**683**
Shareholder loan from non-controlling interest	**36**	**–**	**–**	**–**	**–**	**–**
Minority shareholder loan	**718**	**–**	**–**	**–**	**–**	**18**
V&A loan	**26**	**–**	**–**	**–**	**–**	**1**
Redeemable preference shares	**47**	**47**	**95**	**1 681**	**–**	**284**
Lease liabilities	**73**	**80**	**151**	**267**	**639**	**341**
Short term banking facilities*	**3**	**108**	**–**	**–**	**–**	**7**
Revolving credit facility	**33**	**33**	**1 065**	**–**	**–**	**131**
Trade payables	**162**	**–**		**–**	**–**	**–**
Accrued expenses	**640**	**–**	**–**	**–**	**–**	**–**
Derivate financial instruments	**–**	**56**	**–**	**–**	**–**	**–**
Other payables	**380**	**–**	**–**	**–**	**–**	**–**
Put option liability^	**464**	**–**	**–**	**–**	**–**	**–**
	2 859	**596**	**1 845**	**5 186**	**639**	**1 465**
RESTATED DECEMBER 2020						
Term facilities	303	448	877	4 295	–	1 033
Shareholder loan from non-controlling interest	–	36	–	–	–	–
Minority shareholder loan	659	–	–	–	–	16
V&A loan	43	46	41	-	–	16
Redeemable preference shares	45	45	91	1 767	-	362
Lease liabilities	49	47	96	210	673	325
Accrued interest	14	55	35	214	–	52
Short term banking facilities*	(1)	(955)	–	–	–	(50)
Revolving credit facility	30	1 030	–	–	–	60
Derivative financial instrument	–	–	199	–	–	–
Trade payables	342	–	–	–	–	–
Accrued expenses	883	–	–	–	–	–
Capital creditors	23	–	–	–	–	–
Other payables#	312	–	–	–	–	–
Put option liability^	280	–	–	–	–	–
	2 982	752	1 339	6 486	673	1 814

* These are 345 day notice facilities. As at date of this report no notice on any of these facilities had been received.

\# Due to reclassifications made in Note 24, between financial and non-financial instruments, the other payables amount has been restated.

^ Uncertain timeframe due to conditions out of the control of the issuer and the holder, unlikely to mature within the next 12 months.

29. Financial risk management continued

MARKET RISK – INTEREST RATE RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group has market risk related to variable rate instruments.

The group has taken out certain derivative instruments to manage the interest rate risk.

Cash flow hedge

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The ineffective portion is recognised immediately in profit or loss in the respective line items. Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period. Refer to note 14.

At the balance sheet date, the group had interest rate swaps, the details of which are set out below:

	31 December 2021	31 December 2020
	Sun Treasury interest rate swaps	Sun Treasury interest rate swaps
Notional amount	**–**	R5 billion
Fixed interest rate	**6.61%**	6.61%
Variable rate	**Linked to quarterly Jibar**	Linked to quarterly Jibar
Fair value (liability)/asset	**(R56 million)**	(R199 million)
Net profit/(loss) on interest rate swap	**R59 million**	(R135 million)

A 1% increase in interest rates would decrease profit after tax by the amounts shown below. This analysis assumes that all other variables remain constant.

	31 December 2021 Rm	31 December 2020 Rm
Profit after tax	**(73)**	(77)

A 1% decrease in interest rates would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

MARKET RISK – FOREIGN EXCHANGE RATE RISK

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group operates internationally and some of its financial assets and liabilities are denominated in a currency other than the presentation currency of the group (ZAR).

A 10% strengthening in the ZAR against the currencies that the underlying balances are denominated in at 31 December 2021 would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 31 December 2020.

	31 December 2021 Rm	31 December 2020 Rm
US Dollar	**(4)**	(24)
Chilean Peso	**1**	(21)
Nigerian Naira	**5**	3

A 10% weakening in the ZAR against these currencies would have an equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

29. Financial risk management continued

MARKET RISK – PRICE RISK

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The group doesn't have significant price risk exposure.

Fair value measurement

Certain financial instruments are either measured at fair value or the fair value is required to be disclosed. The fair values are set out in the individual notes to which this relates.

Credit Quality of Lenders

Table below depicting the Credit rating of our various lenders.

	Credit Rating	
Institution	**2021**	2020
Nedbank	**BB-**	BB
Standard Bank	**AA+**	BB
ABSA Bank Ltd	**BB-**	BB
Investec	**BB-**	BB
Sanlam	**AA+**	AAA
Rand Merchant bank (RMB)	**BB-**	BB
BCI	**A-**	BBB+
Santander	**A-**	BBB+

30. Subsequent events

No significant subsequent events after 31 December 2021 and before the date of the annual financial statements being signed were noted.

Refer to tax note 8 for post year-end change in corporate tax rate.

ANNEXURE: ACCOUNTING POLICIES

for the year ended 31 December 2021

The principal accounting policies adopted in preparation of these financial statements are set out below:

Group accounting

SUBSIDIARIES

Subsidiaries are those 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. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the group and are no longer consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the minority's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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 is deemed to be an asset or liability are recognised in accordance with IFRS 9 either in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The company accounts for subsidiary undertakings at cost less impairments.

CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

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.

DISPOSAL OF SUBSIDIARIES

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

EQUITY-ACCOUNTED INVESTMENTS

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The cost of associates or joint ventures that were former subsidiaries of the group is the fair value of the percentage investment retained on the date that control is lost. If the ownership interest in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate. The group's investment in associates includes goodwill identified on acquisition.

The group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment.

Profits and losses resulting from upstream and downstream transactions between the group and its associate or joint venture are recognised in the group's financial statements only to the extent of unrelated investors' interests in the associates or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

IMPAIRMENT

The group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of equity-accounted investments' in the statement of comprehensive income.

ASSOCIATES

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

JOINT ARRANGEMENTS

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint ventures are accounted for using the equity method, and joint operations are proportionately consolidated.

Intangible assets

GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is assessed for impairment on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

VACATION CLUB INTANGIBLE ASSETS

Relates to the Vacation Club asset from expenses incurred which makes the Vacation Club product possible, in the absence of these expenses being capitalised against this intangible asset the various timeshare contracts will not be in existence whereby future economic benefits can be realised from. The intangible asset is amortised over the period of the products (time share contracts) being sold. Future expenses incurred in this regard are capitalised to the current intangible asset and amortised over the period of the timeshare products sold.

OTHER INTANGIBLE ASSETS

Indefinite life intangible assets are not amortised and are assessed annually for impairment.

The below intangible assets are accounted for at cost less accumulated amortisation and impairment losses.

	USEFUL LIFE
Computer software	4 to 15 years
Bid cost	Period of the license and/or up to a maximum of 25 years
Licenses	Period of the license and/or up to a maximum of 25 years
Exclusivity agreements	Period of exclusivity period
Goodwill	Indefinite life
Leasehold premiums	Period of the lease
Vacation Club	Period of timeshare contract(s)
Trademarks	Period of trademark

Expenditure on leasehold premiums anticipated, successful gaming licence bids, computer software and acquired management contracts are capitalised and amortised using the straight-line method.

Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the group and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include employee costs of the software development team and an appropriate portion of the relevant overheads.

Intangible assets are not revalued.

Inventory

Inventory comprises merchandise, consumables and food and beverage stock. Merchandise and consumables are valued at the lower of cost and net realisable value on a first-in, first-out basis. Food and beverage stock is valued at the lower of cost and net realisable value on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business less any costs necessary to make the sale.

Foreign currency translation

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 (the functional currency). The consolidated financial statements are presented in South African Rand which is the group's presentation currency.

TRANSACTIONS AND BALANCES

Transactions denominated in foreign currencies are translated at the rate of exchange ruling on the transaction date. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period or payment date. Gains or losses arising on translation are credited to or charged to the statement of comprehensive income.

FOREIGN ENTITIES

The financial statements of foreign entities which are not accounted for as entities operating in hyperinflationary economies, that have a functional currency different from the presentation currency are translated into South African Rands as follows:

- assets and liabilities (including fair value adjustments arising from the acquisition of a foreign entity), at exchange rates ruling at the last day of the reporting period;
- income, expenditure and cash flow items at the weighted average exchange rates; and
- transactions with minorities and other equity items are reported using the exchange rate at the date of the transaction.

The results, cash flows and financial position of the group entities which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its immediate parent at rates of exchange ruling at the reporting date. As the presentation currency of the group or that of the immediate parent is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year.

All resulting exchange differences are reflected as part of other comprehensive income. On disposal, such translation differences are recognised in the statement of comprehensive income as part of the cumulative gain or loss on disposal.

PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost and not depreciated.

All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less the residual values over their useful life, using the straight-line method. The principal useful lives over which the assets are depreciated are as follows:

Freehold and leasehold buildings	10 to 50 years
Infrastructure	5 to 50 years
Plant and machinery	4 to 25 years
Furniture and fittings	5 to 15 years
Operating equipment 1	Based on usage (between 1 to 3 years)
Right of use assets held under leases	Shorter of the asset's useful life and the term of the lease

1 Operating equipment includes uniforms, casino chips, kitchen utensils, crockery, cutlery and linen.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Costs arising subsequent to the acquisition of an asset 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 company and the cost of the item can be measured reliably. The carrying amount of the replaced part is then derecognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such a time as the assets are substantially ready for their intended use. Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of development or construction.

All other borrowing costs are recognised in profit and loss in the period which they are incurred.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

Pre-opening expenditure

Pre-opening expenditure is charged directly against income and separately disclosed. These costs include all marketing, operating and training expenses incurred prior to the opening of a new hotel or casino development.

IFRS 9 Financial instruments

It is noted that management have not applied IFRS 9 hedge accounting and have opted to continue using the IAS 39 requirements for fair value macro-hedges until such time as the Macro- hedges project is finalised by the IFRS board.

(i) CLASSIFICATION AND MEASUREMENT

Financial instruments have been classified into the appropriate IFRS 9 categories.

	Measurement category	Notes
NON-CURRENT FINANCIAL ASSETS		
Loan receivables	Amortised cost	17.1
CURRENT FINANCIAL ASSETS		
Loan receivables	Amortised cost	17.1
Other receivables	Amortised cost	17
Trade receivables	Amortised cost	17.2
Casino receivables	Amortised cost	17.3
Cash and cash equivalents	Amortised cost	19
NON-CURRENT FINANCIAL LIABILITIES		
Borrowings	Amortised cost	22
Put option liability	Amortised cost	15
Derivative financial instrument	FVOCI	14
CURRENT FINANCIAL LIABILITIES		
Trade and other payables	Amortised cost	24
Derivative financial instrument	FVOCI	14
Borrowings	Amortised cost	22

Notes:

a Loan receivables consists of loans with a contractual period greater than 12 months. These are represented by mainly preference shares issued within the group and enterprise development loans.

b Other receivables relates to miscellaneous receivables held by the respective subsidiaries, these include amongst other rental and concessionaire receivables, sundry receivables and remote point receivables.

c Trade receivables consists mainly of large tour operators.

d Casino receivables consists of a selection of VIP casino customers.

e Trade and other payables consists of standard operational payables, contract and concessionaire payables.

f Fair value through other comprehensive income ("FVOCI").

1. Impairment of financial assets

The group has complied with all IFRS 9 Financial Instruments impairments requirements, refer to note 17

The IFRS 9 three-stage impairment approach was followed:

- stage 1 covers instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk. Twelve-month ECLs are recognised
- stage 2 covers financial instruments that have deteriorated significantly in credit quality since initial recognition but that do not have objective evidence of a credit loss event. Lifetime ECLs are recognised in this stage; and
- stage 3 covers financial assets that have objective evidence of impairment at the reporting date. Lifetime ECLs are recognised in this stage.

A detailed assessment was performed and all the group's financial assets were assessed as a 'stage 1 instrument'. Subsequently no further assessment was needed in terms of the stage 2 and 3 approach.

CATEGORIES

The group has the following types of financial assets that are subject to IFRS 9's ECL model:

- trade receivables:
  - net trade receivables
  - casino debtors
- debt instruments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was considered immaterial given the low probability of default of the group's banking partners.

(i) Trade receivables

Due to the intrinsic nature of trade receivables, where they should mature within a period of less than 12 months, the group follows the general approach to measuring ECLs which uses a lifetime ECL allowance for all trade receivables. This approach included the following:

- separating different categories of trade receivables with similar loss patterns;
- calculating default rates within specific time frames over a specific year using historical credit loss experience; and
- adjusting the default rates with forward looking macroeconomic forecasts.

This resulted in a decrease of the loss allowance on 31 December 2021 by R23 million (31 December 2020: R33 million) for trade and other receivables. Note 17 provides details about the calculation of the allowance.

(ii) Debt instruments carried at amortised cost

Most of the debt instruments within the group represent inter-company loans that eliminate in these consolidated financial statements. At a group level amortised debt instruments include enterprise development loans. The process described below has been consistently applied to loans and other receivables as described above.

Loans with a contractual period

Debt investments held at amortized cost with fixed maturity dates.

Management have assessed the credit risk of these loans and based upon the factors listed below, considered them to be low risk and that there has not been a significant increase in credit risk relating to these loans.

- there have been no significant financial difficulties noted with the issuer or the borrower;
- there have been no breach of contracts or defaults by the borrower;
- it is not probable that any of the borrowers will enter bankruptcy or other financial reorganisation;
- there is still an active market for the borrowers; and
- no existence of deep discounts on the financial assets concerned.

Therefore these loans are considered to be stage 1 loans i.t.o. IFRS 9 and the impairment provision is determined as 12 month's expected credit losses using the simplified approach using the formula PD% x LGD% x EAD.

- the PD ('probability of default') – that is, the likelihood that the borrower would not be able to repay in the very short payment period;
- the LGD ('loss given default') – that is, the loss that occurs if the borrower is unable to repay in that very short payment period; and
- the EAD ('exposure at default') – that is, the outstanding balance at the reporting date.

The PD percentage was supplied by external actuarial consultants. The process and model used in determining these percentages were fully in compliance with the Moody's risk model.

The LGD was calculated after considering the existence of collateral, guarantees and letters of support given by group companies.

The EAD is simply the outstanding balance at the reporting date.

Loans repayable on demand

For loans that are repayable on demand, ECLs are based on the assumption that repayment of the loan is demanded at the reporting date.

Management has assessed the credit risk of these loans and based upon the same factors listed above, considered them to be low risk and that there has not been a significant increase in credit risk relating to these loans.

The first step in the process is to assess whether or not the borrower has sufficient accessible highly liquid assets to repay the loan if demanded at the reporting date. If this is proved to be the case then the ECL was considered to be immaterial.

However, if the borrower could not repay the loan if demanded at the reporting date, the lender considered the following recovery strategies in determining the ECLs.

The maximum period over which expected impairment losses should be measured is the longest contractual period where an entity is exposed to credit risk. In the case of loans repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded (that is typically one day or less). Therefore the impairment provision is based on the assumption that the loan is demanded at the reporting date, and reflects the losses (if any) that have resulted from this.

Where the cash of the borrower was not considered adequate for the lender to fully recover the outstanding balance, the sale of the liquid assets was then considered. Where the liquid assets less the current liabilities indicated that the lender would fully recover the outstanding balance, of the loan, the ECL was considered to be immaterial.

Lastly, where both the available cash and the sale of the liquid assets were not considered adequate for the lender to fully recover the outstanding balance; a fire sale of less liquid assets was then considered and used in calculating the LGD percentage to be used in calculating the ECL using the formula PD% x LGD% x EAD.

The PD percentage was supplied by external actuarial consultants as described above.

The LGD was calculated using the results of a fire sale of all the assets as well as considering the existence of collateral, guarantees and letters of support given by group companies. The EAD is simply the outstanding balance at the reporting date.

(iii). Debt instruments carried at FVPL and FVOCI

The group does not have any debt instruments that are carried at FVPL or FVOCI

2. Cash and cash equivalents:

IAS 7 defines cash equivalents as 'short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value'. That is, it should be 'held for purpose of meeting short-term cash commitments'

3. Financial liabilities

(i) Borrowings

Borrowings, net of transaction costs, are recognised initially at fair value. Borrowings are subsequently stated at amortised cost using the effective interest rate method. Any difference between proceeds and the redemption value is recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

Preference shares, which are redeemable on a specific date or at the option of the shareholder or which carry non-discretionary dividend obligations, are classified as borrowings. The dividends on these preference shares are recognised in the statement of comprehensive income as interest expense. Dividends are subject to a 20% withholdings tax.

Borrowings are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(ii) Trade payables

Trade payables of the group are unsecured and carried at amortised cost. Trade payables are classified as current liabilities and are usually settled within 60 days of recognition.

(iii) Derivative financial instrument

IFRS 9 provides an accounting policy choice allowing entities to continue with the hedge accounting requirements of IAS39 until such time as the macro-hedging project is finalised. As of the date of the financial statements, the group has opted to continue in the application of IAS 39 for hedge accounting practices.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships and the movements in the hedging reserve in shareholders' equity are shown in note 14. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(iv) Put option liabilities

The group accounts for all put options as liabilities equal to the present value of the expected redemption amount payable in accordance with the contractual terms of the respective put option agreements in the statement of financial position. Management do not apply any significant judgements and estimates in determining the amount payable, refer to note 15 for the details on the inputs used in determining the expected redemption value.

CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

Deferred tax is provided in full, using the balance sheet method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Current tax and deferred tax are calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date.

Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future.

Companies within the group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

Income tax credits related to assets are presented in the statement of financial position by deducting the income tax credit in arriving at the asset's carrying amount. The income tax credit income is recognised in the same period in which the asset is depreciated. This relates to our Latam operations.

Leases

The group has adopted IFRS 16 Leases and applied the simplified transition approach, the group will not restate comparative amounts for the year prior. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rates applied across the group to the lease liabilities on 1 January 2019 was at a range of between 9% and 10%. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases,
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application,
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease, and
- accounting for operating leases as defined as a low value asset.

The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

The group leases various land, buildings, hotels, and equipment. Rental contracts are typically made for fixed periods of six months to 20 years, but may have extension options. Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, 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. IAS1(117) IFRS16(27)

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, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee 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.

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 payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- 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 the lease term reflects the group exercising that option. IFRS16(18) IFRS16(26)

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; and
- makes adjustments specific to the lease, e.g. 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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period

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

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

Right-of-use assets are generally 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 that comprises of gaming equipment and vehicles as well as low-value assets comprise IT equipment, small items of office furniture and equipment.

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100% of lease payments are on the basis of variable payment terms with percentages ranging from 5% to 20% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Determining the incremental borrowing rate

The incremental borrowing rate used is the rate the individual lessee would have paid to borrow 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. Refer to note 22.

Lessor accounting

The group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

EMPLOYEE BENEFITS

Defined benefit scheme

The group operates a closed defined benefit pension scheme. The defined benefit pension scheme is funded through payments to a trustee-administered fund, determined by reference to periodic actuarial calculations. The defined benefit plan defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability, as applicable, recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and past service costs are recognised in the statement of comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the statement of comprehensive income.

In applying the asset ceiling, the present value of the retirement benefit surplus that may be recognised as an asset is limited to the lower of the amount as determined above, or the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan plus any cumulative unrecognised net actuarial losses and past service costs.

Defined contribution scheme

The group operates a number of defined contribution schemes. The defined contribution plans are provident funds under which the group pays fixed contributions into separate entities. The contributions are recognised as an employee benefit expense when they are due. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Post-retirement medical aid contributions

The group provides limited post-retirement healthcare benefits to eligible employees. The entitlement to these benefits is usually conditional upon the employee remaining in service up to retirement age and the employee must have joined the group before 30 June 2003. Employees are eligible for such benefits on retirement based upon the number of completed years of service. Employees who joined the group after 1 July 2003 are not entitled to any co-payment subsidy from the group upon retirement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in the statement of comprehensive income. These obligations are valued annually by independent qualified actuaries.

Long service awards and farewell function & gifts

The group recognises a liability and an expense for long-service awards as well as farewell functions and gifts where cash is paid, or a gift is provided to employees at certain milestone dates in their careers within the group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. This liability has been disclosed under contract liabilities and other liabilities in the balance sheet.

Share based payments

The group operates equity-settled, share-based compensation plans. The fair value of the services received in exchange for awards made is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the grants, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At the end of each reporting period, the group revises its estimates of the number of awards that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the statement of comprehensive income, and a corresponding adjustment to equity over the remaining vesting period.

Share capital

Ordinary shares are classified as equity. Redeemable preference shares which carry a non-discretionary dividend obligation, are classified as liabilities (see accounting policy for borrowings).

External costs directly attributable to the issue of new shares, other than in a business combination, are shown as a deduction from the proceeds, net of income taxes, in equity.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs apart from brokerage fees (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

Change in ownership interest

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Sun International.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes 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.

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

INCOME RECOGNITION

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Management performed a detail assessment of each revenue stream in terms of the following criteria:

- The unique contract with the customer was identified;
- The various performance obligations in the contract were separately identified;
- The transaction price for the contract was determined;
- The transaction price was allocated to the various separately identifiable performance obligations; and
- We were satisfied that revenue is recognised once the relevant performance obligations are met.

The following income streams were identified and assessed against the scope of IFRS 15:

Net gaming win, including Limited pay-out machines (LPM'S) and SunBet income

Gaming transactions represent an agreement between the customer and Sun International whereby, based on the outcome of an event (such as the results of accumulated cards in a hand of play for a table game or the outcome of the individual bet on a slot machine game), either the gaming entity retains the amount bet by the customer or the bet is returned to the customer along with an additional amount effectively representing the gaming entity's side of the bet in the agreement. Accordingly, a single bet transaction either results in a net inflow of consideration to the gaming entity or a net outflow of amounts to the customer. Accordingly, income recognised and reported for gaming transactions is the difference between gaming wins and losses. This is referred to as net gaming win or loss.

Bets placed by customers (cash in) and winnings paid to customers (cash out) are separately identifiable. However, the VAT is levied on the net win as this is in compliance with the agreement that was made with the South African Revenue Services (SARS). SARS allows casinos to account for VAT by applying the tax fraction over the net gaming wins and provincial gaming levies are calculated on a similar basis, hence the treatment of VAT and levies as direct costs. These costs are disclosed separately on the face of the income statements as direct costs.

Fixed-odds waging contracts are typically outside the scope of the revenue standard for IFRS reporting entities. Under IFRS, when a gaming entity takes a position against its customer, the resulting unsettled position is likely to meet the definition of a derivative. Therefore, those contracts should be accounted for under the financial instruments standards rather than the revenue standard.

This is further supported by the FASB/IASB paper 47, whereby the IASB employees noted that wagering contracts (or parts thereof) that meet the definition of a financial instrument within the scope of IFRS 9 (or IAS 39), are excluded from the scope of IFRS 15.

The gross gaming revenue itself is treated as an IFRS 9 derivative financial instrument and only the net income (net amount retained after deducting the cash pay-outs from the LPM) is recognised as income.

Hotel and conferencing

The revenue derived from rooms trading and conferencing is included in revenue. Revenue is recognised as performance obligations are met over time as services are rendered.

Payments for the above services rendered are either received in advance, upon check out or through the utilisation of customer loyalty programme.

Food and beverage

The revenue derived from food and beverage sales is included in revenue. Revenue is recognised at a point in time, when the goods are provided to the customer.

Payments for the above services rendered are either received in advance, upon check out, upon purchase of product or through the utilisation of customer loyalty programs

Other income within scope of IFRS 15

The revenue derived from the below revenue streams are included in "other revenue" streams and not considered the main activities of the entity. Revenue is recognised as performance obligations are met over time or at a point in time, and include the following:

- conferencing and entertainment revenue;
- management fees income;
- membership revenue;
- merchandise revenue;
- entrance fee revenue; and
- time share income.

Other income not within the scope of IFRS 15

The following income streams are excluded from the scope of IFRS 15

- Rental income, recognised based on an agreed time period and
- Concessionaire income, recognised based on an agreed percentage of concessionaire turnover.

Contract liability

The Vacation Club provides services where it receives upfront fixed contract income from a customer in exchange for the specific use of timeshare units at the Sun City entity over a period of time. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As the upfront payments exceed the initial services rendered, a contract liability is recognised.

DIVIDEND DISTRIBUTIONS

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are declared.

Dividends are recognised as other income in profit or loss when the right to receive payment is established.

SEGMENTAL REPORTING

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as executive management.

The group owns and operates casino, hotel and resort properties in South Africa and Nigeria. The executive management review the operations and allocate resources at a property level.

Segment results include revenue and expenses directly attributable to a segment. Segment results are determined before any adjustment for minority interest. Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment. Capital expenditure represents the total costs incurred during the period to acquire segment assets.

The group uses adjusted EBITDA as a profit measure.

HYPERINFLATION

IAS 29: Financial reporting in Hyperinflationary Economies has been applied by Nuevo Plaza Hotel Mendoza S.A., a subsidiary of Sun International, whose functional currency is the Argentine peso. The economy of Argentina was assessed to be hyperinflationary, effective 1 July 2018, and hyperinflation accounting has been applied since, as if the economy has always been hyperinflationary. The results of this entity have been adjusted in terms of the measuring unit current at the end of the year. The Argentinian subsidiaries were disposed of in the prior year. Refer to note 10.

The financial statements of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period. As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in other comprehensive income. The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount. Gains or losses on the net monetary position are recognised in profit or loss. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred. At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later. All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

Accordingly, the results, cash flows and financial position of the group's subsidiary Nuevo Plaza Hotel Mendoza S.A have been expressed in terms of the measuring unit current at the reporting date.

ANNEXURE: ACCOUNTING POLICIES continued

for the year ended 31 December 2021

The group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint ventures is the currency of a hyperinflationary economy. Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%. Management exercises judgement as to when a restatement of the financial statements.

The results, cash flows and financial positions of Nuevo Plaza Hotel Mendoza S.A have been expressed in terms of the measuring units current at the reporting date.

The economy of Argentina was assessed to be hyperinflationary effective 1 July 2018, and hyperinflation accounting has been applied since.

The Government Board of the Argentine Federation of Professional Councils of Economic Sciences (FACPCE) issued Resolution JG 539/18, which prescribes the indices to be used by entities with a functional currency of the Argentine peso for hyperinflationary purposes. These indices are largely based on the Wholesale Price Index for periods up to 31 December 2016 and the Retail Price Index thereafter. The detailed table of indices is published monthly by the FACPCE and was used in our assessment.

DATE	BASE YEAR	GENERAL PRICE INDEX	INFLATION RATE (%)
31 December 2020	31 December 2018	209.21%	36.14%

As at 31 December 2021, Rnil (2020: R50 million) of assets have been written up for hyperinflation.

ADJUSTED EBITDA

Adjusted EBITDA and adjusted headline earnings are non-IFRS metrics defined by the group and presented as additional information to the shareholders. Management consider it more reflective of the operating performance of the group. The following adjustments are made to the operating profit of the group to determine Adjusted EBITDA:

- Profit/loss on disposal of non current assets
- Impairment of non current assets
- Income associated with insurance claims
- Foreign exchange cover profits/losses
- Restructuring cost
- Other non recurring expenses which are of an unusual and infrequent in nature as a result of unforeseen and atypical events.

ADJUSTED HEADLINE EARNINGS

The adjustments made in determining adjusted EBITDA are either reflected in the headline earnings adjustments required by Circular 1/2019 – Headline earnings, or where not reflected yet in the adjustments prescribed by the Circular or to the extent that it is not reflected in the operating profit

it is adjusted to determine adjusted HEPS. These items relate mainly to:

- Profit/Loss relating to the extinguishment or modification of debt instruments;
- Interest income on non-operating assets;
- Amortisation on assets identified as part of the purchase price allocation in business combinations (IFRS 3, Business Combinations);
- Remeasurements of put option liabilities;
- Other unusual and infrequent expenses as a result of atypical events

ANNEXURE: ACCOUNTING POLICY DEVELOPMENTS

for the year ended 31 December 2021

ACCOUNTING POLICY DEVELOPMENTS

Accounting policy developments include new standards issued, amendments to standards, and interpretations issued on current standards applicable to the group.

IAS 1 'Presentation of financial asset':

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

IFRS 17 'Insurance contracts':

IFRS 17 'Insurance Contracts' was issued by the IASB on 18 May 2017 and is effective for periods beginning on or after 1 January 2023.

IFRS 3 Business combinations:

Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity: (Annual periods beginning on or after 1 January 2022) The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board 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 Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The group are still assessing the effect of all new standards, amendments and interpretations that have been issued but which are not yet effective. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the group's results and disclosures.

IAS 16 'Property, Plant and Equipment'

Published May 2020, the amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE 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. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'

Published May 2020, 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. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

Annual improvements cycle 2018 – 2020

Published May 2020, these amendments include minor changes to:

IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Notes	**31 December 2021 Rm**	31 December 2020 Rm
DIVIDEND INCOME	1	**1**	264
Operational costs	1	**(7)**	(29)
OPERATING (LOSS)/PROFIT	1	**(6)**	235
Expected credit loss adjustment	7	**20**	(315)
Impairment of Investments in subsidiaries	6	**–**	(3 055)
Impairment of loans receivable	7	**–**	(25)
Financial guarantee gain/(loss)	12	**24**	(616)
Extinguishment and recognition of financial guarantee	12	**541**	–
Foreign exchange gain		**31**	16
Interest income	2	**31**	78
Interest expense	3	**(17)**	(54)
PROFIT/(LOSS) BEFORE TAX		**624**	(3 736)
Tax	4	**(6)**	(10)
PROFIT/(LOSS) FOR THE YEAR		**618**	(3 746)
Other comprehensive income / (loss)		**–**	–
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR		**618**	(3 746)
Earnings per share (cents)			
Basic	15	**234**	(2 012)
Basic diluted	15	**234**	(2 012)

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	31 December 2021 Rm	31 December 2020 Rm
ASSETS			
NON-CURRENT ASSETS			
Investments in subsidiaries	6	**2 682**	2 682
Loans and receivables	7	**1 967**	136
Deferred tax	8	**–**	4
		4 649	2 822
CURRENT ASSETS			
Loans and receivables	7	**1 116**	2 956
Tax		**7**	-
Cash and cash equivalents		**3**	1
		1 126	2 957
TOTAL ASSETS		**5 775**	5 779
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Ordinary shareholders' equity		**5 185**	4 567
		5 185	4 567
NON CURRENT LIABILITIES			
Borrowings	10	**–**	23
		–	23
CURRENT LIABILITIES			
Financial guarantees	12	**140**	705
Accounts payable, accruals and other	11	**425**	424
Borrowings	10	**25**	54
Overdraft		**–**	6
TOTAL LIABILITIES		**590**	1 189
TOTAL EQUITY AND LIABILITIES		**5 775**	5 779

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Notes	31 December 2021 Rm	31 December 2020 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	13.1	**(18)**	255
Tax paid	13.2	**(15)**	(1)
Net cash (outflow)/inflow from operating activities		**(33)**	254
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	13.3	**21**	68
Loan advances granted to subsidiaries	14	**–**	(1 463)
Loans received from subsidiaries	14	**31**	–
Loan advanced repaid by subsidiaries	14	**32**	–
Net cash inflow / (outflow) from investing activities		**84**	(1 395)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	13.5	**(39)**	(31)
Rights issue proceeds		**–**	1 201
Interest paid	13.6	**(4)**	(54)
Net cash (outflow)/inflow from financing activities		**(43)**	1 116
Effects of exchange rate changes on cash and cash equivalents		**–**	16
NET CASH AND CASH EQUIVALENTS MOVEMENT FOR THE YEAR		**8**	(9)
Cash and cash equivalents at beginning of year		**(5)**	4
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3**	(5)

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Notes	Share capital and share premium Rm	Share based payment reserve Rm	Retained earnings Rm	Total equity Rm
BALANCE AT 31 DECEMBER 2019		1 715	–	5 397	7 112
Rights issue		1 201	–	–	1 201
Total comprehensive loss for the year		–	–	(3 746)	(3 746)
BALANCE AT 31 DECEMBER 2020		2 916	–	1 651	4 567
Total comprehensive profit for the year		–	–	618	618
BALANCE AT 31 DECEMBER 2021		**2 916**	**–**	**2 269**	**5 185**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2021

Principal accounting policies

All policies stated in the consolidated financial statements relate to the group and the companies within the group. The company and the consolidated financial statements for the year ended 31 December 2021 were prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, International Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRSC) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements and in compliance with the Companies Act of South Africa. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

ACCOUNTING POLICIES NOT REFLECTED IN THE GROUP ANNUAL FINANCIAL STATEMENTS

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the company's separate annual financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration arrangements and includes the directly attributable costs of acquiring investments.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (REFER TO NOTE 29 IN GROUP ANNUAL FINANCIAL STATEMENTS)

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued at fair value. Subsequently, in terms of IFRS 9, at the higher of:

- The amount initially recognised at fair value less accumulated amortisation in terms of IFRS 15 Revenue recognition from contracts with customers, or
- By applying the expected credit loss (ECL) allowance model under IFRS 9.

The company's accounting policy is to account for the difference between the fair value and the fee charged for the guarantee (if any) as an expense in the statement of comprehensive income at the time the guarantee is issued. Subsequent changes in the measurement of the guarantee is also accounted for in the statement of comprehensive income.

The value of the financial guarantee liability has been calculated as a lifetime ECL in the prior year, due to the significant deterioration of credit risk since origination. The guaranteed borrowings were extinguished in terms of IFRS 9: Financial Instruments in June 2021 due to a renegotiation of terms. The guaranteed borrowings were renegotiated recognised at fair value. As a result, the financial guarantee liabilities were also derecognised and rerecognised. At origination date, the financial guarantees were measured at fair value. At year end, no significant deterioration of credit risk was noted, therefore the ECL was calculated on stage 1. However, fair value less accumulated amortisation was higher than the ECL at year-end.

Significant estimates and judgements

When the borrowings were entered into the company and Sun International South Africa Proprietary Limited contracted to, jointly and severally, guarantee the loan facility and the preference shares of Sun Treasury (RF) Proprietary Limited. In addition, the company and Sun Treasury (RF) Proprietary Limited contracted to jointly and severally guarantee the preference shares of Sun International South Africa Proprietary Limited. Sun Treasury (RF) Proprietary Limited provides these loan facilities to various subsidiaries within the group according to their cash flow requirements through inter-company facilities. In turn, these subsidiaries guarantee their drawn amount of the inter-company facilities to the external borrower. The amount at which the financial guarantees will be recognised is based on the probability that the entity will be called upon to honour the guarantors.

The value of the financial guarantee liability was determined by calculating the fair value less accumulated amortisation and the expected credit loss of the respective borrowers, over the term of the loan. The company used Moody's Analytics tools to determine the probability of default and loss given default over the term of the loans.

The following factors were considered when determining the probability of guarantees being called for:

- the probability of the group defaulting;
- the risk of the liability associated with the guarantee (in terms of the LGD and ECL); and
- whether the guarantor and the co-guarantor will default at the same time.

The fair value of a financial guarantees in terms of IFRS 9, is determined based on the difference in the present value of cash flows relating to the contractual payments required 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 guarantee obligations. This estimation of fair value at initial recognition is in line with the company's accounting policy.

At 31 December 2021, the fair value less the accumulated amortisation was higher than the credit loss allowance.

Impairment assessment of investment in subsidiaries:

Investments in subsidiaries are considered for impairment if an impairment indicator has been identified and there is a reason to believe that impairment may be necessary. Factors taken into consideration in reaching such a decision include the carrying value of the subsidiary's net assets in comparison with the carrying amount of the company's investment in the subsidiary, changes in the fair value of the underlying assets held by the subsidiary, dividends declared by the subsidiary that exceed the total comprehensive income of the subsidiary and/or worse than expected economic performance.

Where the investment is tested for impairment by assessing the value in use, the future cash flows expected to be generated by the subsidiary and its undertakings is considered whilst taking into account market conditions and the expected useful lives of the underlying assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the carrying value of the investment and, if lower, the investment in subsidiary is impaired to the present value.

If the information to project future cash flows is not available or could not be reliably established, management uses the best alternative information available to estimate a possible impairment.

Going concern

The company has generated profit after tax of R618 million, and R8 million net cash inflow. The company is considered solvent, and its total assets exceed total liabilities by R5.185 million. The current assets exceed the current liabilities by R536 million.

The company has large receivable balances from subsidiaries such as Sun Time Square and Sun Treasury (RF) Pty Ltd, and its main short-term exposure, relate to the Financial Guarantee Liability as a result of the debt facilities provided to the group by the lenders of the group as well as the provision relating to the Dreams S.A. tax provision (at a group level, there is an amount in Escrow that will be utilised to settle the liability if it becomes payable – refer to note 7).

Due to the fact that the company's balance is linked to the ability of the group to discharge its liabilities as they fall due in the normal course of business, the directors evaluate the group and the company's going concern together, please refer to the note 22 to the group audited consolidated financial statements.

1. Operating profit is stated after the following:

	31 December 2021 Rm	31 December 2020 Rm
INCOME		
Dividends received from subsidiaries	**1**	264
Professional fees	**(6)**	(6)
Rights issue costs	**–**	(21)
Professional fees: underwriting of rights issue	**–**	(1)
General expenses	**(1)**	(1)
	(6)	235

2. Interest income

	31 December 2021 Rm	31 December 2020 Rm
Interest earned on loans and receivables	**31**	78
	31	78

3. Interest expense

	31 December 2021 Rm	31 December 2020 Rm
Interest paid on borrowings	**(17)**	(54)
	(17)	(54)

4. Tax

	31 December 2021 Rm	31 December 2020 Rm
Current tax – current year	**3**	(7)
– prior year	**(5)**	–
Deferred tax – current year	**(4)**	(2)
– prior year	**–**	–
Withholding tax#	**–**	(1)
	(6)	(10)
Standard rate of tax	**28.0%**	28.0%
Tax at standard rate	**175**	(1 046)
Adjusted for:		
Exempt income^	**(165)**	(74)
Prior year - current tax	**(5)**	–
Prior year - deferred tax#	**–**	–
Disallowable expenses *	**1**	1 109
Withholding tax	**–**	1
TAX PER STATEMENT OF COMPREHENSIVE INCOME	**6**	(10)

^ Exempt income relates to dividend income and IFRS 9 credit adjustments.

* Disallowable expenses include, non-deductible professional and legal fees, fines, penalties, expenses incurred to produce exempt income and impairments.

Amounts > R1m.

5. Dividends paid

	31 December 2021 Rm	31 December 2020 Rm
No dividends were paid during the current and prior year	–	–

Given the difficult trading conditions due to the Covid-19 pandemic that resulted in a 3 months hard lockdown, followed by restricted trading conditions and a slow expected recovery period, coupled with the need to complete strategic group initiatives, particularly Sun Time Square, and the need to reduce debt levels, the board has decided not to declare a dividend for the period under review.

6. Investments in subsidiaries

	31 December 2021 Rm	31 December 2020 Rm
SHARES AT COST		
Balance at beginning of year	**2 682**	6 628
Impairment of Dinokana Investments	**–**	(550)
Impairment of Sun Treasury RF Proprietary Limited investment	**–**	(1 026)
Capital reduction of Sun Chile SpA investment^	**–**	(891)
Impairment of Sun Chile SpA investment^	**–**	(1 479)
BALANCE AT END OF YEAR	**2 682**	2 682

^ Sun Latam sold its interest in Dreams S.A. in the prior year. Due to the underlying investment of Dreams S.A. being sold, Sun International's investment in Sun Chile has now been impaired. This transaction resulted in fully derecognising the investment held in Sun Chile (Dreams) via the impairment of R1 479 billion and the capital reduction of R891 million.

Disclosure with regard to the company's interest in subsidiaries in line with the group. Refer to note 10 in the group audited consolidated financial statements.

7. Loans and receivables

	31 December 2021 Rm	31 December 2020 Rm
LOANS		
Other receivables	**8**	–
Preference shares in Dinokana Investments (Pty) Ltd^	**147**	136
Loans to subsidiaries^	**3 225**	3 297
	3 380	3 433
Current year IFRS 9 adjustment	**(297)**	(316)
Less: Write-off of loan receivable	**–**	(25)
	3 083	3 092
Current portion	**(1 116)**	(2 956)
	1 967	136
Loans are due over the following periods:		
Less than 1 year	**1 116**	2 956
1 year to 2 years	**–**	24
2 – 3 years	**–**	–
3 – 4 years	**–**	–
4 years and onwards	**1 967**	112
	3 083	3 092
The weighted average interest and dividend rates were as follows:		
Share incentive schemes	**NIB**	NIB
Preference share investments	**7.3%**	8.0%
Loans to subsidiaries	**6.1%**	8.1%
NIB – Non interest bearing		
The carrying amounts of the loans to subsidiaries are denominated in the following currencies:		
US Dollar	**328**	251
Chilean Pesos	**–**	–
South African Rand	**124**	124
	452	375

^ Applying the expected credit risk model for the year ended 31 December 2021 (as described in the group accounting policies - Annexure - Accounting Policies); resulted in a total loss allowance for the company of R297 million (31 December 2020 - R316 million) for debt investments at amortised cost. This is an R20 million decrease in the allowance in the current reporting period.

7. Loans and receivables continued

MARKET RISK – FOREIGN EXCHANGE RATE RISK

The company holds a financial asset which is denominated in a currency other than the presentation currency of the company (ZAR), this financial asset is denominated in USD.

A 10% strengthening in ZAR against the currency the underlying balance is denominated in, at 31 December 2021 would (increase)/decrease profit before tax by the amount shown below. The analysis assumes that all other variables remain constant.

31 December 2021	ZAR/USD	USD million	ZAR million	Impact on profit before tax
Current foreign exchange rate movement (loss)	1.28730	24	(31)	
Strengthening	1.15857		(28)	(3)
Weakening	1.41603		(34)	3

31 December 2020	ZAR/USD	USD million	ZAR million	Impact on profit before tax
Current foreign exchange rate movement (loss)	0.49580	24	(12)	
Strengthening	0.44622		(11)	(1)
Weakening	0.54538		(13)	1

The adjustment noted above has been determined as follows:

Adjustments were calculated using the IFRS 9 general approach, using inputs obtained directly from a third party actuarial consultant. This approach remains consistent with the approach applied as part of the group's accounting policies as 31 December 2020. In applying the general IFRS 9 general approach, the following was noted:

ECL as at 31 December 2021:	Instrument value Rm	Probability of default (PD)	Loss given default (LGD)	ECL % Forward Looking	ECL Rm
INSTRUMENT					
Dinokana Preference Shares and Cumulative Dividends	94	2.90%	63.03%	8.98%	8
Dinokana Preference Shares and Cumulative Dividends	54	2.90%	63.03%	9.45%	5
The Table Bay Hotel Loan	29	2.08%	33.46%	0.13%	–
The Tourist Company of Nigeria PLC	379	13.96%	35.11%	13.46%	51
Sun International (South Africa) Limited	31	3.15%	33.61%	7.17%	2
Sun Time Square Proprietary Limited	1 624	7.13%	34.16%	10.46%	170
Sun Treasury (RF) (Pty) Limited	1 149	3.15%	33.61%	5.33%	61
TOTAL:					297

An increase of 1% of the ECL forward looking assumptions would result in an additional provision of R31 million.

A decrease of 1% of the ECL forward looking assumptions would result in a lower provision of R33 million.

7. Loans and receivables continued

Loans – ECL on loans receivable sensitivity analysis – 31 December 2021

Facilities Rm	Amount/Value	Reported 1 year ECL%	ECL R Value
INSTRUMENT			
Dinokana Preference Shares and Cumulative Dividends	94	8.98%	8
Dinokana Preference Shares and Cumulative Dividends	54	9.45%	5
The Table Bay Hotel Loan	29	0.13%	–
The Tourist Company of Nigeria PLC	379	13.46%	51
Sun Treasury (RF) (Pty) Ltd	1 149	5.33%	61
Sun International (South Africa) Limited	31	7.17%	2
Sun Time Square Proprietary Limited	1 624	10.46%	170
TOTAL:	3 360		297
Change in amount in applying sensitivity			
CHANGE IN NET AMOUNT IN APPLYING SENSITIVITY			

PD				LGD			
1% Up ECL	R Value	1% Down	R Value	1% LGD Up	R Value	1% LGD Down	R Value
10.40%	10	7.30%	7	9.13%	9	8.83%	8
10.94%	6	7.68%	4	9.61%	5	9.29%	5
0.19%	–	0.07%	–	0.13%	–	0.13%	–
13.89%	53	13.01%	49	13.82%	52	13.09%	50
6.04%	69	4.43%	51	5.48%	63	5.17%	59
8.13%	2	5.96%	2	7.38%	2	6.96%	2
11.12%	181	9.86%	160	10.77%	175	10.16%	165
	321		273		306		289
	(23)		25		(8)		8
					(31)		33

7. Loans and receivables continued

ECL as at 31 December 2020:	Instrument Value Rm	Probability of default (PD)	Loss given default (LGD)	Through cycle loss before forward adjustment	ECL % Forward Looking	ECL Rm
INSTRUMENT						
Dinokana Preference Shares and Cumulative Dividends	137	6.60%	61.29%	4.05%	17.78%	24
The Table Bay Hotel Loan	129	5.36%	37.09%	1.99%	3.45%	5
The Tourist Company of Nigeria PLC	348	21.01%	39.27%	8.25%	27.91%	97
Sun International (South Africa) Limited	31	6.42%	37.24%	2.39%	7.98%	3
Sun Time Square Proprietary Limited	1 624	9.66%	37.69%	3.64%	11.52%	188
TOTAL:						**317**
MOVEMENT DURING THE FINANCIAL YEAR:						**(20)**

As the company considers a financial asset as credit impaired when there has been a significant deterioration in the creditworthiness of the counterparty / lender.

The company considers a financial asset to be in default when:

- the financial asset has become credit impaired, and the counterparty/lender has failed to engage and agree to a payment plan;
- the counterparty is subject to business rescue or has been placed in liquidation; or
- internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Moody's analytics is utilised to produce a set of macroeconomic forecasts, including historic data and the accuracy of those historic forecasts. Market information was incorporated to adjust for the forward looking approach, that included expected gross domestic product growth (forecast to range between -1.24% and 3.55%), as well as expectations relating to interest rates, inflation rate, unemployment rate and the effects of Covid-19 on the recoverability of loan receivables.

The expected credit loss calculations were amended back to a stage 1 (12 month ECL) from a stage 2 (lifetime ECL) due to the change in credit risks associated with these loans and the assumptions noted above.

In December 2020, the assumption was to enter a recovery phase from Covid-19 but there was still risk in the economy and the forecasts were reflecting high degrees of uncertainty. By December 2021, the economy is still impacted by Covid-19 but there is far more certainty of recovery.

The remainder of the receivable loan balances have been assessed as fully recoverable both at 31 December 2021, with only a negligible IFRS 9 impact noted. Given this, these loans have not been included in the table presented above.

The loans are fully performing with the associated credit risk considered to be low and carrying values approximate the fair values of the loans.

8. Deferred tax

	31 December 2021 Rm	31 December 2020 Rm
Balance at beginning of year	**(4)**	(6)
Statement of comprehensive income charge for the year	**4**	2
BALANCE AT END OF YEAR	**–**	(4)
Deferred tax arises from the following temporary differences:		
DEFERRED TAX ASSETS		
Fair value adjustments	**(8)**	(7)
Balance at beginning of year	**(7)**	(8)
Prior year adjustments	**–**	
Charged to statement of comprehensive income	**(1)**	1
Assessed losses	**–**	–
Balance at beginning of year	**–**	–
Prior year adjustments	**–**	–
Charged to statement of comprehensive income	**–**	–
Provisions and accruals	**8**	3
Balance at beginning of year	**3**	2
Charged to statement of comprehensive income	**5**	1
DEFERRED TAX LIABILITIES		
Doubtful debts and prepayments	**–**	–
Balance at beginning of year	**–**	–
Charged to statement of comprehensive income	**–**	–
NET DEFERRED TAX ASSET	**–**	(4)

The company recognised a deferred tax assets amount of Rnil million (2020: R4 million). The portions relating to the deferred tax asset arise from various taxable temporary differences, all of which are expected to be realised in future periods due to company successfully improving its margins and having future taxable profits available.

9. Share capital and premium

	31 December 2021 Rm	31 December 2020 Rm
AUTHORISED		
800 000 000 (31 December 2020: 200 000 000) ordinary shares of 8 cents each	**16**	16
100 000 000 (31 December 2020: 100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
ISSUED		
Share capital	**1 209**	1 209
Share premium	**1 707**	1 707
	2 916	2 916

9. Share capital and premium continued

	31 December 2021		31 December 2020	
	Number of shares	Rm	Number of shares	Rm
MOVEMENT DURING THE YEAR				
Balance at beginning of year	**263 905 660**	**2 916**	136 730 964	1 715
Rights offer*	**–**	**–**	127 174 696	1 201
STATUTORY SHARES IN ISSUE AT END OF YEAR	**263 905 660**	**2 916**	263 905 660	2 916
Weighted average number of shares in issue			263 905 660	

* In August 2020 a successful equity raise of R1.2 billion was concluded, increasing the issued share capital by 127,174,696 number of ordinary no par value shares.

10. Borrowings

	31 December 2021 Rm	31 December 2020 Rm
NON CURRENT		
Total V&A loan	**25**	77
Current portion	**(25)**	(54)
TOTAL NON-CURRENT BORROWINGS	**–**	23

All borrowings are unsecured.

The V&A loan is carried at R25 million (31 December 2020: R77 million) and is held at amortised cost. The loan carries interest at 13.4% and the carrying value of the loan approximates the fair value. The loan had an initial repayment rate of 4% p.a based on the original loan value of R191 million and an escalation of 9% p.a. on the repayment value is noted thereafter.

The carrying amount of the borrowings are denominated in Rand.

The borrowings are repayable over the following periods:

	31 December 2021 Rm	31 December 2020 Rm
Less than 6 months	**25**	25
6 months – 1 year	**–**	29
1 – 2 years	**–**	23
2 – 3 years	**–**	
3 – 4 years	**–**	–
4 years and onwards	**–**	–
	25	77

10. Borrowings continued

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rands:

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm	Total Rm
31 DECEMBER 2021						
Borrowings	**25**	**–**	**–**	**–**	**–**	**25**
Financial guarantee liability#	**8 524**	**–**	**–**	**–**	**–**	**8 524**
Accounts payable and accruals	**166**	**–**	**–**	**–**	**–**	**166**
	8 715	**–**	**–**	**–**	**–**	**8 715**
31 DECEMBER 2020						
Borrowings	28	30	24	–	–	82
Financial guarantee liability*	9 776	–	–	–	–	9 776
Accounts payable and accruals	181	–	–	–	–	181
	9 985	30	24	–	–	10 039

* The 31 December 2020 maturity analysis table has been restated in order to account for the disclosure on the maturity analysis relating to the Financial Guarantee Liability which was previously not included.

Refer to the Note 22 of the group audited consolidated financial statements for the details of the guaranteed borrowings.

	31 December 2021	31 December 2020
Interest rates		
Year end interest and dividend rates as follows:		
V&A loan	**13.4%**	8.3%
Weighted average	**13.4%**	8.3%

As at 31 December 2021, interest rates on all external company borrowings were fixed.

A change of 1% in interest rates at the reporting date would have (decreased)/increased profit after tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 31 December 2020.

	31 December 2021	31 December 2020
Increase of 1%	**(0.5)**	(0.2)
Decrease of 1%	**0.5**	0.2

A register of non current loans is available for inspection at the registered office of the company.

The company's borrowings are not restricted by its memorandum of incorporation.

11. Accounts payable, accruals and other

	31 December 2021	31 December 2020
Accrued expenses	**–**	10
Dreams S.A. SA payable*	**165**	170
Other payables	**1**	1
	166	181
The fair value of accounts payable and accruals approximate their carrying value.		
AMOUNT OWING TO RELATED PARTIES		
Sun International Trust	**20**	20
Sun International Incorporated	**221**	221
Sun International (South Africa) Limited	**18**	2
	259	243
TOTAL ACCOUNTS PAYABLE, ACCRUALS AND OTHER	**425**	424

* This relates to a gaming tax provision which arose as a result of the disposal of Dreams S.A. This gaming tax was imposed on the sale under Chilean law. The timing of settling this provision cannot be determined with reasonable certainty.

12. Financial guarantees

The company has guaranteed the facilities and preference shares of Sun Treasury (RF) Proprietary Limited as well as the preference shares subscribed to by Sun International South Africa Limited. Refer to the significant judgements disclosed in the company's Principal Accounting Policy's.

	Rm
Financial guarantee liability – 1 January 2020	89
Fair value of guarantees	616
Financial guarantee liability – 31 December 2020	705
Release of financial guarantee as a result of extinguishment – June 2021	(705)
	–
Raise new financial guarantee liability – June 2021 – fair value	164
Fair value of the financial guarantee liability charged to the statement of comprehensive income	(24)
Financial guarantee liability – 31 December 2021	140

As at 31 December 2021 the fair value less accumulated amortisation of the financial guarantee liability is higher than the expected credit loss associated with the financial guarantees.

12. Financial guarantees continued

	Instrument value Rm	Avg 1 Year probability default	Loss given default (LGD)	Loss	1 Year ECL at 31 December	ECL at 31 December Rm
INSTRUMENT						
ECL AS AT 31 DECEMBER 2020:						
The company has guaranteed all obligations of Sun Treasury Proprietary Limited related to the following:						
Banking facilities	5 933	12.33%	34.41%	4.24%	**10.47%**	621
The company has also guaranteed the obligations of Sun International (South Africa) Limited related to the following:						
Redeemable preference shares	1 586	12.33%	34.41%	4.24%	**7.67%**	79
The company has also guaranteed the obligations related to the following:						
V&A Loan	126	6.42%	34.41%	2.21%	**2.91%**	4
Sun Time Square minority debenture	36	2.49%	34.41%	0.86%	**1.98%**	1
						5
TOTAL LIABILITY RAISED AS AT 31 DECEMBER 2020						705

	Instrument value Rm	Avg 1 Year probability default	Loss given default (LGD)	Loss	Fair value as at 31 December	Fair value as at 31 December
INSTRUMENT						
FAIR VALUE AS AT 31 DECEMBER 2021 ON GUARANTEES BASED ON 1 YEAR						
The company has guaranteed all obligations of Sun Treasury Proprietary Limited related to the following:						
Banking facilities	6 407	11.37%	30.93%	3.52%	**3.04%**	112
The company has also guaranteed the obligations of Sun International (South Africa) Proprietary Limited related to the following:						
Redeemable preference shares	1 035	15.85%	30.93%	4.90%	**3.61%**	18
The company has also guaranteed the obligations of Sun Treasury (RF) Limited related to the following:						
Redeemable preference shares	551	11.49%	30.93%	3.55%	**3.63%**	10
TOTAL LIABILITY RAISED AS AT 31 DECEMBER 2021						140

Change in estimate: in the prior year, the financial guarantee liability was not apportioned between guarantors due to them being jointly and severally liable. In the current year, measurement has taken into account the apportionment of the liability between guarantors.

Refer to the Note 22 of the group audited consolidated financial statements for the details of the guaranteed borrowings

The stage of the guarantee is determined by the movement in risk from date of origination of the guarantee to the measurement date – if there has been a significant increase in credit risk the guarantee would be in stage 2 and lifetime losses recognised.

13. Cash flow information

		31 December 2021 Rm	31 December 2020 Rm
13.1	CASH GENERATED BY OPERATIONS		
	Operating profit	(6)	235
	Non cash items and items dealt with separately:		
	– Investec valuation fee	2	
	– Audit fee	4	
	Cash generated by operations before working capital changes	–	235
	Working capital changes		
	Accounts payable and accruals	(18)	20
		(18)	255
13.2	TAX PAID		
	Asset/(Liability) at beginning of year	–	7
	Current year tax charged to statement of comprehensive income (refer note 4)	(2)	(7)
	Non cash Latam additional tax provided	(6)	–
	Withholding tax*	–	(1)
	(Asset)/Liability at end of year	(7)	–
		(15)	(1)
13.3	INTEREST INCOME		
	Interest income	31	78
	Preference dividends	(10)	(10)
		21	68
13.4	OTHER NON CURRENT AND CURRENT INVESTMENTS AND LOANS MADE		
	Increase in current loans granted to subsidiaries	–	(1 463)
		–	(1 463)
13.5	REPAYMENT OF BORROWINGS		
	Repayment of loan from Sun International South Africa	–	(31)
	V&A loan repayment	(39)	–
		(39)	(31)
13.6	INTEREST PAID		
	Interest expense	(17)	(54)
	Accrued interest	13	–
		(4)	(54)

* Amounts >R1m.

14. Related party

The following transactions were carried out with related parties:

	31 December 2021 Rm	31 December 2020* Rm
(I) LOANS TO RELATED PARTIES		
Loan to Sun International Chile SpA:		
Balance at beginning of the year	–	358
Loans (repaid)/advanced during the year (non-cash)	–	(358)
Balance at end of the year	–	–
The loan does not bear interest and has no fixed repayment terms.		
Loan to SunWest International Proprietary Limited:*		
Gross balance at beginning of the year	**77**	122
Interest capitalised for the year (non-cash)	**19**	65
Capital and interest repaid (cash)	**(53)**	(65)
Loans – repaid (non-cash)	**(18)**	(45)
Expected credit loss adjustment	–	(5)
Balance at end of the year	**25**	72
The loan carries interest of 9% and had an initial interest rate of 4% p.a. of the outstanding balance. The repayment rate escaltes 9% p.a.		
Loan to The Tourist Company of Nigeria PLC:		
Gross balance at beginning of the year	**348**	334
Interest for the year (cash)	–	3
Withholding taxes	–	–
Foreign exchange loss	**31**	11
Expected credit loss adjustment	**(51)**	(97)
Balance at end of the year	**328**	251
The loan is denominated in US dollars and bears interest at 5% and has no fixed repayment terms.		
Loan to Sun International (South Africa) Limited:		
Gross balance at beginning of the year	**32**	32
Expected credit loss adjustment	**(2)**	(3)
Balance at end of the year	**30**	29
The loan does not bear interest and has no fixed repayment terms.		
Loan to Sun Time Square Proprietary Limited:		
Gross balance at beginning of the year	**1 624**	161
Loans advanced during the year	–	1 463
Expected credit loss adjustment	**(170)**	(187)
Balance at end of the year	**1 454**	1 437
The loan does not bear interest and has no fixed repayment terms.		

* The break-down of the transactions with related parties was restated.

14. Related party continued

	31 December 2021 Rm	31 December 2020 Rm
(I) LOANS TO RELATED PARTIES continued		
Loan to Sun Treasury (RF) Proprietary Limited:		
Gross balance at beginning of the year	**1 192**	(18)
Interest received and capitalised for the year (non-cash)	**(12)**	1
Repayments to Sun Treasury during the year (non-cash)	**–**	25
Loans received from Sun Treasury during the year (2020: non-cash)	**(31)**	(87)
Proceeds from Latam Sale (non-cash)	**–**	1 271
Expected credit loss adjustment	**(61)**	–
Balance at end of the year	**1 088**	1 192
The loan bears interest at 9% and has no fixed repayment terms.		
(ii) LOANS FROM RELATED PARTY		
Loan from Sun International Incorporated:		
Balance at beginning of the year	**221**	221
Balance at end of the year	**221**	221
The loan does not bear interest and has no fixed repayment terms.		
Loan from Sun International (South Africa) Limited:		
Balance at beginning of the year	**2**	33
Loans (repaid)/Received	**–**	(31)
Balance at end of the year	**2**	2
The loan does not bear interest and has no fixed repayment terms.		
Loan from Sun International Trust:		
Balance at beginning of the year	**20**	20
Balance at end of the year	**20**	20

The loan does not bear interest and has no fixed repayment terms.

	31 December 2021 Rm	31 December 2020 Rm
RECONCILIATION OF LIABILITIES FROM FINANCIAL AND INVESTING ACTIVITIES DUE TO LOANS TO/FROM RELATED PARTIES		
Loans to related parties (Investing activities)		
Gross opening balance	**3 272**	989
Interest income received from subsidiaries	**21**	68
Loans received from subsidiaries	**31**	–
Loan advanced repaid by subsidiaries	**32**	–
Loan advances granted to subsidiaries	**–**	(1 463)
Non-cash movements	**(370)**	3 387
Closing balance	**2 986**	2 981
Loans from related parties (Financing activities)		
Gross opening balance	**243**	274
Cash flows (Advances/Repayments)	**–**	(31)
Non-cash movements	**–**	–
Closing balance	**243**	243

15. Return to shareholders

	31 December 2021 Rm	31 December 2020 Rm
(a) EARNINGS PER SHARE (EPS)		
(LOSS)/PROFIT FOR THE YEAR	**618**	(3 746)
NUMBER OF SHARES FOR DILUTED EPS CALCULATION (M'S)		
Weighted average number of shares in issue (Note 9)	**264**	186
Diluted weighted average number of shares in issue	**264**	186
EPS/(LPS) (CENTS)		
Basic	**234**	(2 012)
DILUTED EPS/(LPS) (CENTS)		
Basic	**234**	(2 012)

EPS is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue.

16. Subsequent events

Refer to tax note 8 in the group consolidated financial statements for the past year-end change in tax rate.