HPL&R
Hosken Passenger Logistics & Rail

2021 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2021

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

Consolidated Annual Financial Statements for the year ended 31 March 2021

INDEX

SHAREHOLDERS' DIARY

Financial year-end	31 March 2021
Annual general meeting	30 August 2021
Reports	
• Interim report to 30 September 2021	November 2021
• 2021 Integrated annual report	July 2021

CORPORATE INFORMATION

Directors

Executive directors

FE Meyer (chief executive officer)
ML Wilkin (chief financial officer)

Non-executive directors

Y Shaik (chairperson)
TG Govender

Independent non-executive directors

L Govender (lead independent director)
NB Jappie
RD Watson

Company name and registration

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

("HPLR" or "the Company" or "the Group")
Incorporated in the Republic of South Africa
Registration number: 2015/250356/06

JSE share code: HPR
ISIN: ZAE000255907

Registered office

103 Bofors Circle, Epping Industria, 7460
(PO Box 115, Cape Town, 8000)

Company Secretary

HCI Managerial Services Proprietary Limited
Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
(PO Box 5251, Cape Town, 8000)

Auditors

BDO South Africa Incorporated
6th Floor, 123 Hertzog Boulevard, Foreshore, Cape Town, 8001
(PO Box 3883, Cape Town, 8000)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Sponsor

Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Website address

www.hplr.co.za

SHAREHOLDER SNAPSHOT

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2021.

DISTRIBUTION OF SHAREHOLDERS

SHARE RANGE	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000	1 988	54.01%	716 222	0.25%
1 001 – 10 000	1 241	33.71%	4 400 434	1.52%
10 001 – 50 000	359	9.75%	7 288 353	2.51%
50 001 – 100 000	43	1.17%	2 948 125	1.02%
100 001 – 500 000	30	0.81%	5 500 208	1.90%
500 001 – 1 000 000	8	0.22%	5 597 352	1.93%
1 000 001 shares and over	12	0.33%	263 549 306	90.88%
Total	3 681	100.00%	290 000 000	100.00%

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Bank	2	0.05%	82 336	0.03%
Broker	14	0.38%	2 263 424	0.78%
Close corporation	23	0.62%	282 356	0.10%
Endowment fund	3	0.08%	27 987	0.01%
Fund	4	0.11%	4 305 188	1.48%
Individual	2 975	80.82%	15 393 427	5.31%
Investment company	29	0.79%	3 449 774	1.19%
Other corporation	141	3.83%	1 030 418	0.36%
Pension fund	2	0.05%	60 510	0.02%
Private company	228	6.19%	20 938 940	7.22%
Provident fund	2	0.05%	152 489	0.05%
Public company	11	0.30%	238 061 002	82.09%
School	5	0.14%	226 088	0.08%
Trust	242	6.57%	3 726 061	1.28%
Total	3 681	100.00%	290 000 000	100.00%

SHAREHOLDING GREATER THAN 5%

The following beneficial shareholder held, directly or indirectly, 5% or more of the issued shares of the Company.

SHAREHOLDER	Number of shares	% of issued capital
Hosken Consolidated Investments Limited	238 403 025	82.21%

SHAREHOLDER SPREAD

To the best of the knowledge of the directors and after reasonable enquiry, the spread of shareholders at 31 March 2021, was as follows:

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Public shareholding	3 672	99.76%	50 565 922	17.44%
Non-Public shareholding	9	0.24%	239 434 078	82.56%
HCI (direct)	1	0.03%	232 777 041	80.27%
HCI (indirect)	1	0.03%	5 625 984	1.94%
FE Meyer (direct)*	1	0.03%	116 813	0.04%
FE Meyer (indirect)*	4	0.11%	4 756	0.00%
TG Govender (direct)*	1	0.03%	87 808	0.03%
TG Govender (indirect)*	1	0.03%	821 676	0.28%
Total	3 681	100.00%	290 000 000	100.00%

*directors

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors of Hosken Passenger Logistics and Rail Limited are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the annual financial statements of the Company and the Group and for other information contained therein.

The annual financial statements for the year ended 31 March 2021 have been prepared, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act, 71 of 2008, as amended, on the going concern basis and incorporate full and responsible disclosure. The annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

The directors are satisfied that the information contained in the annual financial statements fairly represents the results of operations for the year and the financial position of the Group at year-end. The accuracy of the other information included in this report was considered by the directors and they are satisfied that it accords with the annual financial statements.

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

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

The annual financial statements were audited by the independent auditor, BDO South Africa Incorporated, to whom unrestricted access was given to all financial records and related information. The report of the independent auditor is presented on page 12.

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

(a) the annual financial statements set out on pages 16 to 57, fairly present in all material respects the financial position, financial performance and cash flows of the Company in terms of IFRS;

(b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Company; and

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having applied the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated annual financial statements for the year ended 31 March 2021 were approved by the Board of directors on 28 July 2021 and are signed on its behalf by:

FE Meyer
Chief executive officer

ML Wilkin
Chief financial officer

Cape Town
28 July 2021

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Passenger Logistics and Rail Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2021, all such returns as required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

HCI Managerial Services Proprietary Limited

HCI Managerial Services Proprietary Limited
Company Secretary

Cape Town
28 July 2021

REPORT OF THE AUDIT AND RISK COMMITTEE

This report is provided by the Audit and Risk Committee ("the Committee") appointed in respect of Hosken Passenger Logistics and Rail Limited and its subsidiaries ("the Group") for year ended 31 March 2021.

The Committee consists solely of independent non-executive directors being:

- L Govender (Chairperson)
- NB Jappie
- RD Watson

The Committee is a formal committee of the Board appointed by the shareholders and functions within its documented terms of reference, which is reviewed annually. All members of the Committee are independent non-executive directors who act independently and are suitably skilled and experienced. The Committee members are permitted to consult with specialists or consultants subject to Board approval.

The chief executive officer and the chief financial officer attend the meetings as permanent invitees, along with the external and internal auditors. Other directors and members of management are also invited to attend as required.

The Committee performs its duties by holding meetings with key management on a regular basis and by unrestricted access granted to the external and internal auditors.

The Committee met four times during the year under review. At least two non-conflicting members are required to form a quorum. The Committee is expected to hold at least four meetings per financial year. Individual directors' attendance at the Committee meetings is set out below:

Committee member	No. of meetings attended by member
L Govender	4
NB Jappie	4
RD Watson	4

FUNCTIONS OF THE AUDIT AND RISK COMMITTEE

In terms of the Companies Act, the Committee has adopted formal terms of reference, delegated to it by the Board of directors, as its charter.

The Committee fulfils an independent oversight role with respect to the Group's Integrated Annual Report, the financial statements and the reporting process, which includes the system of internal financial control. The Committee is ultimately accountable to both the Board and shareholders. The Committee's responsibilities include the statutory duties prescribed by the Companies Act, recommendations by King IV and additional responsibilities assigned by the Board.

REPORT OF THE AUDIT AND RISK COMMITTEE

The Committee is satisfied that, in respect of the financial period under review, it has performed all the functions required of it by law, including those set out in section 94 of the Companies Act and in terms of the Committee's terms of reference and those more fully set out in the Corporate Governance Report, included in the Group's Integrated Annual Report. In connection with the above, the Committee has:

- satisfied itself that the external auditor is independent of HPLR, as set out in section 94(8) of the Companies Act, and suitable for reappointment considering, inter alia, the information stated in paragraph 22.15(h) of the JSE Listing Requirements;
- assessed and nominated for re-election at the next annual general meeting, BDO South Africa Incorporated, as the external audit firm, and the appointment of Stephan Cillié as the designated auditor for the following year;
- in consultation with management, agreed the engagement letter, terms, audit plan and budgeted fees for the 2021 financial year;
- considered the nature and extent of non-audit services provided by the external auditor for the financial year ended 31 March 2021 and the fees thereof to ensure the independence of the external auditor is maintained;
- in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements, satisfied itself, based on the information and explanations supplied by management and obtained through discussions with the external auditor, that the system of internal financial control is effective and forms a basis for the preparation of reliable financial statements;
- reviewed the external audit report on the annual financial statements and confirmed no reportable irregularities were identified or reported by the external auditor;
- reviewed the accounting policies and consolidated annual financial statements for the year ended 31 March 2021 and based on the information provided to the Committee, considers the Group complies, in all material aspects, with the requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), the Financial Reporting Pronouncements (as issued by the Financial Reporting Standards Council), in the manner required by the Companies Act, and the JSE Listing Requirements;
- satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listing Requirements that the chief financial officer, as well as the finance function, has the appropriate expertise and experience; and
- reviewed and ensured that the interim condensed consolidated financial statements of the Group, in respect of the first six-month period of the financial year, complied with all statutory and regulatory requirements.

INTERNAL AUDIT

The Committee has oversight of the Group's financial statements and reporting process, which includes the system of internal financial control. It is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The Committee is responsible for the appointment of the internal auditors who report directly to the Committee. The Group has appointed GRIPP Advisory Proprietary Limited to perform the internal audit function. The Committee oversees cooperation between internal and external auditors, and serves as a link between the Board of directors and these functions. In assessing the system of internal control, the Committee reviewed the internal audit reports and interrogated the findings directly with the internal auditors.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is accountable for the process of risk management, and the system of internal control of the Group. The Committee is accountable to the Board for monitoring the risk management process. However, the Committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The Committee's responsibilities in terms of risk are to ensure that:

- management designs, implements and monitors the risk management policies (as approved by the Board);
- risk assessments are performed on an ongoing basis;
- frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risk monitoring is continuous; and
- the Board receives assurance regarding the effectiveness of Group risk management.

Risk registers are presented to the Committee, which identify the most significant risks based on likelihood and impact of occurrence, with mitigating controls documented per risk. This is achieved by requiring that subsidiaries report their key risks and responses to the Committee at each Committee meeting. The Chairperson of the Committee reports the most significant risks derived from the above process to the Board.

MATERIAL RISKS

A description of all immediately identifiable material risks which are specific to the Group, its industry and/or its issued ordinary shares is available on the Company's website at www.hplr.co.za.

REPORT OF THE AUDIT AND RISK COMMITTEE

PREPARATION AND RECOMMENDATION OF THE ANNUAL FINANCIAL STATEMENTS

The Committee, taking into account the risk of fraud relating to financial reporting, has further considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the HPLR finance function, the effectiveness of the internal financial controls and the experience of the senior members of management responsible for the finance function.

In assessing the integrity of the financial statements, the Committee has reviewed the appropriateness of accounting policies, estimates and areas of judgement. The following key audit matters have been identified and were disclosed accordingly in the notes to the annual financial statements:

Useful lives, residual values and depreciation method of buses	Due to the specialised nature of these assets, and as required by IFRS, the residual values attached to these assets are reviewed annually.
Repurchase of service provision	This is based on retrenchment costs that will be payable to employees on completion of the restructuring of the bus industry by the Department of Transport, and is based on management's estimates of the expected economic outflow.

The Committee was satisfied that the processes and pertinent assumptions used in areas of judgement were reasonable and applied appropriately. The Committee was further satisfied that areas of judgement had been reviewed and discussed with the external auditors who agreed with the accounting treatment adopted.

The Committee has reviewed the consolidated annual financial statements of the Group and is satisfied that they comply with International Financial Reporting Standards and the Companies Act, and that the accounting policies used are appropriate.

The Committee has also reviewed a documented assessment by management of the going concern premise of the Group before recommending to the Board that the Group will be a going concern in the foreseeable future.

Based on the information provided, the consolidated annual financial statements have been recommended for approval by the Board.

L Govender
Chairperson
Audit and Risk Committee
28 July 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the activities of the business together with the consolidated annual financial statements of the Group for the year ended 31 March 2021.

A copy of the annual financial statements of the Company are available on request from the registered office of the Company, during office hours, or via email to info@hplr.co.za.

NATURE OF BUSINESS AND OPERATIONS

The Company is an investment holding company and holds interests in various subsidiaries operating within the transport sector. Its investment holdings are detailed below.

There have been no material changes to the nature of the Group's business from the prior year.

FINANCIAL RESULTS

The results for the year under review are set out fully in the attached consolidated annual financial statements.

CASH DIVIDENDS

The Company paid an interim ordinary dividend for the year ended 31 March 2021 of 18 cents (gross) per share on 14 December 2020 (2020: 14 cents (gross) per share). The Board declared a final ordinary dividend for the year ended 31 March 2021 of 26 cents (gross) per share on 27 May 2021 which was paid on 21 June 2021 (2020: 31 cents (gross) per share).

SHARE CAPITAL

There was no change in the authorised or issued share capital of the Company during the period under review. At 31 March 2021, the total shares in issue was 290 000 000.

MAJORITY SHAREHOLDER

The Company's ultimate holding company is Hosken Consolidated Investments Limited holding 82.21% of the issued share capital of the Company at 31 March 2021 (2020: 82.11%).

DIRECTORATE

The directors of the Company who held office during the year under review and at the date of this report are as follows:

Directors	Office	Designation
Mr Y Shaik	Chairperson	Non-executive
Mr FE Meyer	Chief executive officer	Executive
Mr ML Wilkin	Chief financial officer	Executive
Mr TG Govender		Non-executive
Mr L Govender	Lead independent	Independent non-executive
Ms NB Jappie		Independent non-executive
Ms RD Watson		Independent non-executive

In accordance with the Company's MOI and Section 10.16(g) of the JSE Listing Requirements, one-third of non-executive directors will retire at the forthcoming annual general meeting. In terms of which Mr TG Govender and Ms RD Watson, being the retiring directors, and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS AND EMOLUMENTS

Details of directors' shareholdings and emoluments appear in note 34, and details of share options awarded to executive directors' appear in note 32.

COMPANY SECRETARY

The secretary of the Company is HCI Managerial Services Proprietary Limited, whose details are set out on the Corporate Information page.

DIRECTORS' REPORT

INVESTMENTS

Company	Nature of business	Holding
HPL and R Investments Proprietary Limited	Investment Holding	100 %
Golden Arrow Bus Services Proprietary Limited	Transport services	100 %
Table Bay Area Rapid Transit Proprietary Limited	Transport services	100 %
Sibanye Bus Services Proprietary Limited	Transport services	100 %
Shuttle Up Proprietary Limited	Transport services	90 %
Eljosa Travel & Tours Proprietary Limited	Transport services	76 %
N2 Express Joint Venture Proprietary Limited	Transport services	33.33%

GOING CONCERN

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

In preparing the cash flow forecasts utilised, the impact of the COVID-19 pandemic on the Group's operations and liquidity together with measures taken by subsidiaries to mitigate the financial and operational impact of COVID-19 were considered. The Group has no financial covenants imposed by its funders. Based on these cash flow forecasts the directors are of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

The directors are not aware of any new material changes that may adversely impact the Group nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Group.

AUDITORS

BDO South Africa Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Stephan Cillié as designated auditor for the year ended 31 March 2021.

OPERATING SEGMENT

The directors have considered the implications of IFRS 8: Operating segments and are of the opinion that the operations of the Group constitute one operating segment, being the provision of passenger transport services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the chief operating decision-maker, who is the Group's chief executive officer.

NO MATERIAL CHANGE

There has been no material change in the financial or trading position of the Group since the publication of its provisional results for the year ended 31 March 2021.

SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting held on 15 October 2020:

- Granting the Company a general authority to allot and issue the Company's unissued ordinary shares (or to issue options or convertible securities into ordinary shares) for cash, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listing requirements;
- Approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 November 2020 until the next annual general meeting of the Company;
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings requirements paragraph 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company; and
- Granting the Company authorisation to provide financial assistance to subsidiaries in accordance with sections 44 and 45 of the Companies Act.

SPECIAL RESOLUTIONS OF SUBSIDIARIES

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within the annual financial statements that would affect the operations or results of the Group significantly.

PREPARER

These annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

Independent Auditor's Report

To the Shareholders of

Hosken Passenger Logistics and Rail Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Hosken Passenger Logistics and Rail Limited and its subsidiaries ("the group") set out on pages 16 to 57, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Hosken Passenger Logistics and Rail Limited and its subsidiaries as at 31 March 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. 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)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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
Useful lives, residual values and depreciation method of buses IAS16 requires management to review and assess the useful lives, residual values and depreciation method annually. The residual value of the buses was revised in the current year, as a consequence of the annual assessment, which resulted in a change in estimate as defined by IAS8. In determining the useful lives, residual values and depreciation method, management applies judgement as follows: a) In determining the useful lives, management applied judgement in determining the period over which the asset is expected to be available for use b) In determining the residual value, management applied judgement in determining the estimated amount that the entity would currently obtain	Our audit procedures included, amongst others, an assessment of the reasonability of the useful lives, residual values and depreciation method as follows: • We obtained an understanding of the design and implementation of key controls around the determination of the useful life & residual value assessment performed by management • We have recalculated the depreciation charge for buses. • We have assessed the depreciation method, including the policy, with reference to both the calculation as well as the policy stated in the prior years, comparing the rates to those made available by the South African Revenue Service and ensuring the method is consistent with those methods applied by other entities within the industry.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: ME Stewart

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life c) In determining the depreciation method, management applies judgement in determining the systematic allocation of the depreciable amount over the useful life of an asset Accordingly, the useful lives, residual values and depreciation method of buses was considered to be a key audit matter, due to the significance of the value of the buses to the financial statements and the estimation uncertainty and judgement applied by management.	• We have assessed managements' judgements and estimates in determining the useful lives and residual values of the buses for reasonability by assessing the disposal policy, investigating the historical aging of the buses and confirming historical and current aftermarket sales values. • We have obtained a management representation letter, confirming the reasonableness of the useful lives, residual values and depreciation method • We evaluated the completeness and adequacy of this disclosure in terms of IFRS
Repurchase of service provision The repurchase of service provision was raised in respect of retrenchment costs that will be payable to employees on completion of the restructuring of the bus industry by the Department of Transport. In accordance with IAS 37 – Provisions, contingent liabilities and contingent assets, the repurchase of service provision has been recognised due to: a) A present obligation, arising from a past event, being the payment of employee costs as a result of a change in the subsidy framework; and b) Resulting in a probable outflow of economic resources namely the costs that will be payable to employees. In estimating the expected outflow of economic resources management applies judgement in determining reliable estimates. Accordingly, the repurchase of service provision was considered to be a key audit matter, due to the high degree of estimation, the significance of the critical judgements applied and the estimation uncertainty applied by management in the calculation of the provision.	Our audit procedures included, amongst others, the following: • We assessed that the repurchase of service provision meets the definition of a provision, in accordance with IAS37 – International Financial Reporting Standards. This assessment was supported by consultations held with BDO Technical in prior years. • We obtained an understanding of the design & implementation of key controls surrounding the determination of the provision. • We critically assessed the provision through discussions held with management and those charged with governance. • We compared managements' estimation of the amount payable to each of the various potential outcomes, based on the best information available. • We obtained representation from management confirming that the amount has been estimated reliably. • We tested the mathematical accuracy of the provision to ensure the amount has been accurately recorded. • We evaluated the completeness and adequacy of this disclosure in terms of IAS 37.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Hosken Passenger Logistics and Rail Limited Consolidated Annual Financial statements for the year ended 31 March 2021" which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 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 BDO South Africa Incorporated has been the auditor of Hosken Passenger Logistics and Rail Limited for four years.

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

Stephan Cillié
Director
Registered Auditor

28 July 2021

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	2021 R'000	2020 R'000
ASSETS			
Non-current assets		**1 713 767**	1 786 707
Property, plant and equipment	3	**1 660 242**	1 730 134
Right-of-use asset	4	**25 295**	25 360
Goodwill	5	**27 298**	27 298
Intangible assets	6	**59**	62
Investment in associate	7	**378**	3 358
Deferred tax	8	**495**	495
Current assets		**588 632**	576 927
Inventories	9	**18 890**	19 541
Trade and other receivables	10	**64 861**	60 826
Current tax receivable		**7 100**	6 937
Cash and cash equivalents	11	**497 781**	489 623
Total assets		**2 302 399**	2 363 634
EQUITY AND LIABILITIES			
Equity		**1 284 243**	1 226 588
Share capital	12	**1 797 160**	1 797 160
Share-based payments reserve	32	**2 702**	8 692
Common control reserve		**(1 800 000)**	(1 800 000)
Reinvestment reserve	13	**98 295**	98 295
Maintenance reserve	14	**35 595**	31 763
Retained income		**1 158 720**	1 092 841
Total equity attributable to equity holders of the parent		**1 292 472**	1 228 751
Non-controlling interest	15	**(8 229)**	(2 163)
Liabilities			
Non-current liabilities		**597 413**	695 780
Lease liability	4	**22 738**	23 549
Deferred tax	8	**296 397**	276 496
Borrowings	16	**9 351**	25 700
Instalment sale obligations	17	**199 988**	314 200
Post-employment medical benefit liability	19	**68 939**	55 835
Current liabilities		**420 743**	441 266
Borrowings	16	**19 498**	22 603
Instalment sale obligations	17	**135 858**	155 027
Trade and other payables	18	**169 307**	161 980
Post-employment medical benefit liability	19	**5 233**	4 559
Current tax payable		**1 375**	2 028
Provisions	20	**89 472**	95 069
Total liabilities		**1 018 156**	1 137 046
Total equity and liabilities		**2 302 399**	2 363 634

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

	Note	2021 R'000	2020 R'000
Revenue	21	**1 641 025**	2 048 402
Other income		**16 070**	18 827
Operating expenses		**(1 271 759)**	(1 578 572)
Operating profit (EBITDA)	22	**385 336**	488 657
Depreciation and amortisation	22	**(92 189)**	(93 411)
Investment income	23	**13 413**	25 774
Finance costs	24	**(30 108)**	(50 312)
(Loss)/profit from equity accounted investment		**(479)**	436
Fair value adjustment on associate on change of control		**-**	9 163
Profit before taxation		**275 973**	380 307
Taxation	25	**(77 240)**	(117 397)
Profit for the year		**198 733**	262 910
Profit for the year attributable to:			
Equity holders of the parent		**204 799**	261 042
Non-controlling interest		**(6 066)**	1 868
		198 733	262 910
Earnings per share (cents)			
– Basic and diluted	29	**70.62**	90.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	2021 R'000	2020 R'000
Profit for the year	**198 733**	262 910
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
- Actuarial (losses)/gains on defined benefit plan	**(10 704)**	12 709
- Taxation relating to actuarial (losses)/gains on defined benefit plan	**2 997**	(3 559)
Other comprehensive (loss)/income for the year net of taxation	**(7 707)**	9 150
Total comprehensive income for the year	**191 026**	272 060
Total comprehensive income attributable to:		
Equity holders of the parent	**197 092**	270 192
Non-controlling interest	**(6 066)**	1 868
	191 026	272 060

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital R'000	Reinvest-ment reserve R'000	Sharebased payments reserve R'000	Common control reserve R'000	Maintenance reserve R'000	Total reserves R'000	Retained income R'000	Total attributable to equity holders of the parent R'000	Non-controlling interests R'000	Total equity R'000
Balance at 1 April 2019	1 797 160	98 295	3 816	(1 800 000)	32 545	(1 665 344)	983 556	1 115 372	43 623	1 158 995
Other comprehensive income	-	-	-	-	-	-	9 150	9 150		9 150
Effects of changes in shareholding	-	-	-	-	-	-	(39 889)	(39 889)	(65 174)	(105 063)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	17 520	17 520
Transfer between reserves	-	-	-	-	(782)	(782)	782		-	-
Effect of equity settled share-based payments	-	-	4 876	-	-	4 876		4 876	-	4 876
Profit for the year	-	-	-	-	-		261 042	261 042	1 868	262 910
Dividends	-	-	-	-	-		(121 800)	(121 800)	-	(121 800)
Balance at 31 March 2020	1 797 160	98 295	8 692	(1 800 000)	31 763	(1 661 250)	1 092 841	1 228 751	(2 163)	1 226 588
Other comprehensive income	-	-	-	-	-	-	**(7 707)**	**(7 707)**		**(7 707)**
Profit for the year	-	-	-	-	-	-	**204 799**	**204 799**	**(6 066)**	**198 733**
Dividends	-	-	-	-	-	-	**(142 100)**	**(142 100)**	-	**(142 100)**
Transfers between reserves	-	-		-	**3 832**	**3 832**	**(3 832)**	-	-	-
Effect of equity settled share-based payments	-	-	**8 729**	-	-	**8 729**	-	**8 729**	-	**8 729**
Transfers between reserves	-	-	**(14 719)**	-	-	**(14 719)**	**14 719**	-	-	-
Balance at 31 March 2021	**1 797 160**	**98 295**	**2 702**	**(1 800 000)**	**35 595**	**(1 663 408)**	**1 158 720**	**1 292 472**	**(8 229)**	**1 284 243**
Notes	12	13	32		14				15	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	2021 R'000	2020 R'000
Cash flows from operating activities		**186 993**	276 403
Cash generated from operations	26	**400 946**	509 101
Investment income		**13 413**	25 774
Ordinary dividends paid		**(142 100)**	(121 800)
Finance costs		**(30 108)**	(50 312)
Tax paid	27	**(55 158)**	(86 360)
Cash flows from investing activities		**2 262**	(9 584)
Acquisition of property, plant and equipment		**(6 953)**	(38 587)
Proceeds from sale of plant and equipment		**6 715**	13 952
Dividends received		**2 500**	2 000
Acquisition of intangible assets	6	**-**	(5)
Business combinations		**-**	13 056
Cash flows from financing activities		**(181 097)**	(298 153)
Funding raised	28	**5 000**	-
Funding repaid	28	**(186 010)**	(192 487)
Transactions with non-controlling shareholders		**-**	(105 063)
Principal paid on lease liabilities	4	**(87)**	(603)
Total cash movement for the year		**8 158**	(31 334)
Cash and cash equivalents at the beginning of the year		**489 623**	520 957
Total cash and cash equivalents at end of the year	11	**497 781**	489 623

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below.

1.1 Basis of preparation

The consolidated annual financial statements are presented in accordance with, and comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee of the South African Institute of Chartered Accountants ("SAICA"), Financial Pronouncements as issued by the Financial Reporting Standards Council ("FRSC"), the JSE Listings Requirements and the South African Companies Act, 71 of 2008, as amended.

Unless otherwise stated in the accounting policies set out below, the consolidated annual financial statements have been prepared on the historic cost convention. They are presented in South African Rands, which is the Group and Company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation and Equity accounting

Basis of consolidation

The consolidated annual financial statements include the financial information of the Company and its subsidiaries and associates.

Subsidiaries

Subsidiaries are entities controlled by the Group, where control is when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Where the Group's interest in subsidiaries is less than 100%, the share of equity attributable to outside shareholders is reflected in non-controlling interest. Subsidiaries are included in the financial statements from the date control commences until the date control ceases.

Business combinations

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

All intra-group transactions, balances, income, expenses and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for the non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year.

Associates

An associate is an entity over which the investor has significant influence.

1.2 Consolidation and Equity accounting (continued)

The investment in associate is accounted for using the equity method of accounting and is initially recognised at cost. The Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss. The cumulative post-acquisition movements are recognised against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group's associate has a financial year-end other than 31 March, and therefore is equity accounted using management prepared information on a basis in line with the Group's reporting date and the Group's accounting policies. Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Goodwill

Goodwill is initially measured at cost and is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is subsequently carried at cost less impairment losses and is reviewed for impairment on an annual basis. The recoverable amount is determined by calculating a value in use for each cash generating unit (CGU). If goodwill is assessed to be impaired, that impairment will not subsequently be reversed. For the purpose of impairment testing Goodwill is allocated to cash generating units (CGUs).

1.3 Common control transactions

Acquisitions of subsidiaries which do not result in a change of control of the subsidiaries are accounted for as common control transactions. The Group has made the policy choice to apply predecessor accounting to common control transactions. The principles of predecessor accounting are that no assets or liabilities are restated to their fair values.

The Group incorporates the pre-combination carrying amounts of assets and liabilities of the acquired entity. These amounts include any goodwill recorded at the consolidated level in respect of the acquired entity. No new goodwill arises. The excess of the cost of the acquisition over the Group's interest in the carrying value of the identifiable assets and liabilities of the acquired entity has been recognised in equity. This treatment requires that the comparative figures are presented as if the common control transaction had taken place at the start of the first reporting period presented.

1.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the reportable operating segments, has been identified as the chief executive officer. Operating segments with similar economic characteristics are aggregated into one reportable segment which reflects the nature of the services provided by the Group.

The directors have considered the implications of IFRS 8: Operating segments, and are of the opinion that the operations of the Group constitute one operating segment, being the provision of passenger transport services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the Group's chief executive officer.

1.5 Use of estimates, judgements and assumptions

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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 detailed below.

1.5 *Use of estimates, judgements and assumptions (continued)*

Impairment of financial assets

The loss allowance for financial assets is based on assumptions about the risk of default and expected loss rates. The Group calculates the loss allowance taking into account historic analysis, existing market conditions, and forward-looking estimates at the end of each reporting period.

Allowance for slow moving, damaged and obsolete inventory

Slow moving inventories and obsolete materials are written down to net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

All MAN, Scania and Volvo parts that are older than 6 months have been provided for at 50% of the value and all parts older than one year have been provided for in full.

Impairment of non-financial assets

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Residual values and useful lives of property, plant and equipment

Due to the specialised nature of the Group's property, plant and equipment, the residual values attached to these assets are reviewed annually. The expected operational life is 18 years for commuter buses and 15 years for luxury coaches. The estimated residual value of a commuter bus after 18 years is R250 000 (2020: R200 000) and for a luxury coach after 15 years is R500 000 (2020: R500 000).

Post-retirement health care benefit

The Group provides a post-retirement health care benefit and therefore recognises an obligation in the statement of financial position.

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 high-quality corporate bonds.

Repurchase of service provision

The repurchase of service provision is raised in respect of retrenchment costs that will be payable to employees who would be surplus to requirements should the operating of some routes be awarded to third parties.

The amount provided for is based on management's best estimate of the maximum costs payable in accordance with the employees' current conditions of employment. Assumptions have been made in respect of the timing of the service being put out to tender and the extent of the services that would be awarded to third parties.

Deferred income

The Group has applied certain assumptions in determining the amounts outstanding at year-end in relation to unused rides on multi-journey tickets based on management's judgement and estimates. Refer also to Accounting policy note 1.17.

1.6 Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the specific asset will flow to the company and the cost can be measured reliably. Repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is provided to write off the gross carrying value, less residual value, on a straight-line basis over their estimated useful lives. Land is not depreciated. The depreciation rates applicable to each category of property, plant and equipment are as follows:

1.6 Property, plant and equipment (continued)

Item	Depreciation method	Depreciation rate
Buses		
• Commuter	Straight line	18 years
• Luxury	Straight line	15 years
• Midi	Straight line	8 years
Computer hardware	Straight line	3 – 15 years
Equipment		
• Fare collection equipment	Straight line	15 years
• Radio equipment	Straight line	5 years
Furniture and fixtures	Straight line	3 – 6 years
Buildings	Straight line	50 years
Motor vehicles		
• Cars	Straight line	5 years
• Vans	Straight line	4 years
Plant and machinery	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss. Depreciation ceases once the asset is depreciated to its residual value or the asset is disposed of.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Intangible assets

Trademarks

Trademarks are recognised initially at cost. Trademarks have indefinite useful lives and are carried at cost less impairment.

Computer software

Computer software is recognised at cost and is amortised over two years.

1.8 Financial instruments

Financial instruments held by the Group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

The Group's financial assets comprise:
- Trade and other receivables
- Cash and cash equivalents

The Group's financial liabilities comprise:
- Borrowings and Instalment sale obligations
- Trade and other payables

The Group's financial assets and liabilities are measured at amortised cost.

Note 37 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

1.8 *Financial instruments (continued)*

Trade and other receivables

Trade and other receivables are recognised when the Group becomes a party to the contractual provisions. Trade receivables are recognised at their transaction price in accordance with IFRS 15.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

The Group recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments, as these items do not have a significant financing component. The amount of expected credit losses is updated at each reporting date.

Loss allowance for all trade receivables is determined as lifetime expected credit losses (simplified approach). This is the default approach for trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within agreed upon contractual terms from the invoice date and failure to engage with the Group on alternative payment arrangement among others are considered indicators of no reasonable expectation of recovery. Receivables written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

In determining the loss allowance the Group considered, inter alia, disputes with customers, untraceable and slow payers, long overdue accounts, customers handed over to attorneys for collection, customer account recoverability assessments where entities are associate entities within the Group and customers placed under liquidation. Historical data is also assessed to identify indicators of possible default by customers in the Group.

The Group at year-end performs an assessment on the expected credit loss taking into account both customer specific factors and forward-looking information. Specific factors considered were whether the customer had been handed over to attorneys for collection, whether the customer was a governmental institution, the established relationship with the customer and whether the customer was a related entity as defined by IAS 24. Forward looking information considered was the general economic growth rate in South Africa, proposed municipal, provincial and national budget cuts and expected shrinkage in the retail and tourism sector.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 10) and the financial instruments and risk management note (Note 37).

Borrowings and instalment sale obligations (interest bearing borrowings)

Borrowings and instalment sale obligations are classified as financial liabilities subsequently measured at amortised cost.

Interest bearing borrowings are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method and includes accrued interest.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs.

These debts expose the Group to liquidity risk and interest rate risk. Refer to Note 37 for details of risk exposure and management thereof.

Trade and other payables

Trade and other payables, excluding VAT and amounts received in advance, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

Trade and other payables expose the Group to liquidity risk and possibly to interest rate risk. Refer to Note 37 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value, they are subsequently measured at amortised cost, using the effective interest rate method.

1.8 Financial instruments (continued)

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, is recognised in profit or loss.

1.9 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except for deferred taxes to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

1.10 Leases

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

A lease liability and corresponding right-of-use asset are recognised on the lease payment date for all lease agreements where the Group is a lessee except, short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT and office equipment.

1.10 Leases (continued)

Lease liability

A lease liability is initially recognised at the commencement date and measured at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

On initial recognition, the carrying value of the lease liability includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of a termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use asset

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequently, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

1.11 Inventories

Spares inventories are measured at the lower of cost and net realisable value. Cost is calculated on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of the business less selling expenses. Slow-moving inventories and obsolete materials are written down to net realisable value.

Fuel and oil are measured at the lower of cost and net realisable value. Cost is calculated on a first-in, first-out (FIFO) basis.

1.12 Impairment of non-financial assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

Impairment losses relating to goodwill are not reversed. Any impairment is recognised in the statement of profit or loss.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Equity-settled share based payments

Equity-settled

The Group has granted share options to employees in terms of The HPLR Group Employee Option Scheme.

In terms of IFRS 2 these options are fair valued at the date of grant and the fair value determined on the date of grant recognised as an expense over the relevant vesting periods. The fair value of options granted is measured using the Black Scholes valuation model.

1.14 Other reserves

Reinvestment reserve

The reinvestment reserve, is a distributable reserve, which resulted from the surplus on the liquidation of The Golden Arrow Retirement Plan in 1998.

Maintenance reserve

In terms of the contract between Table Bay Area Rapid Transit Proprietary Limited and the City of Cape Town, the buses have to be maintained and returned to the City after the initial contract period of 12 years, in the state and condition they were in as at the vehicle delivery date, fair wear and tear accepted. The current contract runs until October 2025. The payment for the maintenance is by way of the estimated life time cost averaged over the period of the contract. The difference between the actual cost incurred and the amount received is transferred to the reserve.

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid leave, bonuses, and non-monetary benefits such as medical aid), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of bonus payments is recognised as an expense when there is a constructive obligation to make such payments as a result of past performance.

Defined contribution plans

The Group makes payments to industry-managed retirement benefit schemes. The Group has no further payment obligations once the contributions are paid. The contributions are recognised as employee benefit expense in profit and loss in the periods during which the related service is rendered by employees.

Post-retirement medical benefits

Defined benefit plans, within the Group, are post-employment benefit plans under which contributions to Golden Arrow Employees' Medical Benefit Fund (MBF) and Discovery Health are paid, in respect of certain employees and pensioners. These contributions are used to cover outgoings not financed from member contributions.

The cost of providing benefits in respect of retirement health care is determined separately for each plan using the projected unit credit method, with actuarial valuations being carried out at each reporting date. Past service cost is recognised immediately to the extent that the benefits have already vested, or otherwise amortised on a straight-line basis over the average period until the amended benefits become vested. Current service cost and any gain or loss on settlement are recognised in profit or loss.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation.

Actuarial gains and losses, returns on plan assets and any change in the effect of the asset ceiling are recognised in the year in which they arise, in other comprehensive income.

1.16 Provisions and contingencies

Bonus provision

Union employee bonuses are dependent on the rate negotiated with the respective bargaining councils. Other employee bonuses are paid at the discretion of the company. Senior management receive an incentive bonus based on the results of the company. In all cases, payment of a bonus is dependent upon the employee being in the company's service at the date of payment.

1.16 Provisions and contingencies (continued)

Repurchase of service provision

Government indicated in 1997 that its long term objective is to open public passenger transport to competitive tendering. Past experience has shown where government has followed this course of action the resulting tendered cost to government has been considerably higher than the cost under the existing regime, which has delayed the future roll out of this model.

The repurchase of service provision is raised in respect of retrenchment costs that will be payable to employees who would be surplus to requirements should the operating of some routes be awarded to third parties.

The amount provided for is based on management's best estimate of the maximum costs payable in accordance with the employees' current conditions of employment. Assumptions have been made in respect of the timing of the service being put out to tender and the extent of the services that would be awarded to third parties.

A Bus Industry Restructuring Fund was set up in 1999 to compensate employers for these retrenchment costs. As it is currently impracticable to calculate a reliable estimate of the amount that would be paid to qualifying employers, reference has been made to the existence of a contingent asset under Note 31 Contingent asset.

Third party claims provision

Third party claims are legal claims resulting from traffic accidents. The timing and extent of claims settled remains uncertain until settlement occurs. Where the company expects to be reimbursed under an insurance contract, the reimbursement is recognised as a separate asset.

1.17 Revenue and deferred income

The Group derives revenue from the provision of bus passenger transport and automotive repair services, and as such revenue is recognised in profit or loss in the accounting period in which the service is performed in accordance the terms of contracts and tickets sold, and when collections are reasonably assured.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties.

Revenue comprises ticket sales from bus operations, charter hire, claims in respect of operational contracts with the Department of Transport and the City of Cape Town and automotive repair services.

The operational contracts with the Department of Transport and the City of Cape Town are in terms of contracts for the provision of bus services. Revenue is recognised over time when the kilometres in respect of the services have been travelled. These two contracts however differ in how they expose the subsidiary companies to revenue risk. Revenue risk is an industry-accepted term whereby the subsidiary company is required to also collect fares from passengers, in addition to revenue earned from the operational contract, in order for the service to be profitable. The operational contract with the City of Cape Town carries no revenue risk and the subsidiary company operating these services does not collect fares from passengers, whereas the operational contract with the Department of Transport does carry this revenue risk, and although the subsidiary companies operating this service, receive revenue once the kilometres in respect of this service have been travelled, they also charge fares to passengers for using this service. These fares are charged in the form of bus tickets sold. The passenger has the choice to either buy a single journey ticket which is exercisable immediately on sale and is valid for a single ride, or a multi-journey ticket which allows the passenger to use a certain number of rides within a prescribed time period.

Revenue from bus tickets sold is recognised at a point in time on the sale of single journey tickets.

Revenue from the sale of multi-journey tickets is recognised over time as rides are utilised. Deferred income is recognised on unused rides at year-end on multi-journey tickets, which expire after year-end. Multijourney tickets allow passengers to purchase either 10 ride or 48 ride products. In determining the amount of deferred income at year-end, management have calculated a price per outstanding ride based on the latest price per product multiplied by the actual number of rides outstanding per product.

Charter hire revenue comprises the rental of buses to individual customers for private use. Revenue from charter hire is recognised at a point in time when the service has been rendered. Deferred income is recognised on amounts received for charter hires operated subsequent to year end.

1.17 Revenue and deferred income (continued)

Revenue from bus or vehicle repairs and maintenance is recognised at a point in time when the service has been rendered. Other revenue comprises revenue from sale of scrap, advertising, training and sundry income.

1.18 Interest income

Interest is recognised, in profit or loss, using the effective interest rate method.

1.19 Dividends

Dividend distributions to equity holders of the parent are recognised as a liability in the annual financial statements in the period in which the dividends are approved by the Board. Dividends declared after the reporting date are not recognised, as there is no present obligation at the reporting date.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Adoption of new and revised standards

The following applicable amendments have been adopted by the Group in the current year:

- IFRS 3 Business Combinations (Amendment - Definition of a business)
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, changes in accounting estimates and errors: Disclosure initiative
- IFRS 16 Leases Covid-19-related rent concessions

The adoption of these new and revised standards have had no material impact on the underlying financial results of the Group.

2.2 Standards and interpretations not yet effective

The below applicable interpretations and amendments have been issued by the International Accounting Standards Board (IASB) but were not yet effective at 31 March 2021.

The directors do not expect the below standards to have a material quantitative effect, although they may affect disclosure information in the annual financial statement. The Group has chosen not to adopt any of the below standards and interpretations earlier than required.

Amendments to the following standards:

Standard	Effective date
IFRS 16 Leases (Further Amendment – COVID- 19 Related Rent Concessions beyond 30 June 2021)	01 April 2021
IBOR Reform and its Effects on Financial Reporting – Phase 2	01 January 2021
Annual Improvements to IFRS: 2018-2020 Cycle	01 January 2022
Conceptual Framework for Financial Reporting (Amendments to IFRS 3)	01 January 2022
IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)	01 January 2022
IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)	01 January 2022
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	01 January 2023
IAS 1 Presentation of Financial Statements (Amendment - Disclosure of Accounting Policies)	01 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)	01 January 2023
IAS 12 Income Taxes (Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	01 January 2023

3. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Buses (2020 restated*)	2 106 484	(850 230)	1 256 254	2 113 391	(791 339)	1 322 052
Computer hardware	93 076	(38 956)	54 120	92 172	(32 736)	59 436
Fare collection equipment (2020 restated*)	5 309	(5 309)	-	5 309	(5 309)	-
Furniture and fixtures	6 171	(5 519)	652	6 142	(5 298)	844
Land and buildings	342 864	-	342 864	339 039	-	339 039
Leasehold improvements	260	(133)	127	260	(83)	177
Motor vehicles	22 881	(18 662)	4 219	23 011	(17 858)	5 153
Plant and machinery	29 447	(27 851)	1 596	29 304	(26 526)	2 778
Radio equipment	2 920	(2 510)	410	2 921	(2 266)	655
Total	2 609 412	(949 170)	1 660 242	2 611 549	(881 415)	1 730 134

*Cost and accumulated depreciation of buses and fare collection equipment at 31 March 2020 have been restated in the table above.
In the 2020 consolidated annual financial statements cost and accumulated depreciation of buses were misstated at R2 076 006 000 and R753 954 000 respectively and cost and accumulated depreciation of fare collection equipment were each misstated at R15 766 000 respectively. The carrying value for both these asset categories remain unchanged.

Reconciliation of property, plant and equipment – 2021

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Impairment loss R'000	Closing balance R'000
Buses	1 322 052	28 536	(2 624)	(82 002)	(9 708)	1 256 254
Computer hardware	59 436	1 584	-	(6 346)	(554)	54 120
Fare collection equipment	-	-	-	-	-	-
Furniture and fixtures	844	29	-	(221)	-	652
Land and buildings	339 039	3 825	-	-	-	342 864
Leasehold improvements	177	-	-	(50)	-	127
Motor vehicles	5 153	925	(13)	(1 846)	-	4 219
Plant and machinery	2 778	229	-	(1 411)	-	1 596
Radio equipment	655	-	-	(245)	-	410
	1 730 134	35 128	(2 637)	(92 121)	(10 262)	1 660 242

Reconciliation of property, plant and equipment – 2020

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Impairment loss R'000	Closing balance R'000
Buses	1 180 966	180 117	58 850	(2 242)	(83 177)	(12 462)	1 322 052
Computer hardware	62 752	3 297	186	-	(6 110)	(689)	59 436
Fare collection equipment	12	-	-	-	(12)	-	-
Furniture and fixtures	1 005	71	10	-	(242)	-	844
Land and buildings	326 817	12 222	-	-	-	-	339 039
Leasehold improvements	145	75	-	-	(43)	-	177
Motor vehicles	3 467	1 794	1 850	(67)	(1 891)	-	5 153
Plant and machinery	3 714	639	-	(75)	(1 500)	-	2 778
Radio equipment	378	644	2	-	(369)	-	655
	1 579 256	198 859	60 898	(2 384)	(93 344)	(13 151)	1 730 134

Bus additions to the value of R 28 175 000 (2020: R160 272 000) were financed by instalment sale agreements and are therefore not reflected as cash flows from investing activities.

3. *PROPERTY, PLANT AND EQUIPMENT (continued)*

No depreciation has been provided for on buildings as the residual values exceeds the carrying amount.

Instalment sales are secured by buses with a book value of R 335 846 000 (2020: R469 227 000). See also note 17.

The impairment of buses with a net book value of R9 708 000 relates to the destruction of 13 Golden Arrow buses during the year (2020: R12 462 000 related to the destruction of 11 Golden Arrow buses and an Eljosa Travel & Tours bus). R8 656 000 (2020: R6 287 000) is receivable from insurance proceeds.

Change in estimate of residual value of buses

The further sales of commuter buses at the end of their useful lives has provided additional insight into the net selling price of the remaining commuter bus fleet. This has led management to re-estimate the residual value of commuter buses from R200 000 to R250 000. The net effect of the changes in the current financial year was a decrease in depreciation of R7 179 000.

Assuming the assets are held until the end of their estimated useful lives, depreciation over the next five years will decrease by the following amounts:

Year ending 31 March	**R'000**
2022	7 136
2023	7 136
2024	6 775
2025	5 881
2026	4 787

4. LEASES

The Group recognises a right-of-use asset and lease liability in relation to the lease of one property. Included in the measurement of the lease liability is an option to purchase the property on the expiry of the lease term in May 2022 for a consideration of R22 500 000.

Reconciliation of right-of-use asset	**2021 R'000**	**2020 R'000**
Carrying value at the beginning of the year	**25 360**	25 425
Depreciation	**(65)**	(65)
Carrying value at the end of the year	**25 295**	25 360

The right-of-use asset is depreciated on a straight-line basis over the economic life of the asset of 50 years.

Reconciliation of lease liability	**2021 R'000**	**2020 R'000**
Carrying value at the beginning of the year	**24 415**	25 018
Finance costs	**2 189**	2 228
Lease payments	**(2 276)**	(2 831)
Rent concession	**(451)**	-
Carrying value at the end of the year	**23 877**	24 415

Of which:	**2021 R'000**	**2020 R'000**
Current (included in Trade and other payables)	**1 139**	866
Non-current	**22 738**	23 549
	23 877	24 415

The lease liability was measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The Group's weighted average incremental borrowing rate applied was 9%. Subsequently, the lease liability increased as a result of interest charged at a constant rate on the balance outstanding and is reduced by lease payments made.

4. LEASES (continued)

Included in profit for the period is R65 000 (2020: R65 000) of depreciation on the right-of-use assets and R 2 189 000 (2020: R2 228 000) of finance costs on the lease liability. Short-term and low-value leases included in operating expenses for the year were R1 001 000 (2020: R1 686 000) and R395 000 (2020: R404 000) respectively. Lease payments of R2 276 000 (2020: R2 831 000) were recognised in respect of the lease liability, of which R87 000 (2020: R603 000) related to the principal amount. A rent concession adjustment of R451 000 (2020: Rnil) was recognised in respect of a 3 month rent relief period granted during the year.

The table below analyses the Group's lease liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 March 2021	Less than 1 year R'000	Between 1 and 5 years R'000	Over 5 years R'000	Total R'000
Lease liability	3 243	23 078	-	26 321

31 March 2020	Less than 1 year R'000	Between 1 and 5 years R'000	Over 5 years R'000	Total R'000
Lease liability	3 029	25 454	-	28 483

Commitments relating to low value leases	2021 R'000	2020 R'000
As lessee		
Minimum lease payments due		
– Within one year	69	118
– in second to fifth year inclusive	-	69
	69	187

Operating lease commitments reflected in the table above relate to future lease charges on the Group's low value leases.

The aggregate undiscounted commitments for short-term leases amount to R820 000 at 31 March 2021 (2020: R812 000).

5. GOODWILL

	2021			2020		
	Cost R'000	Accumulated impairment R'000	Carrying value R'000	Cost R'000	Accumulated impairment R'000	Carrying value R'000
Goodwill	27 298	-	27 298	27 298	-	27 298

Reconciliation of goodwill - 2021	Opening balance R'000	Closing balance R'000
Goodwill	27 298	27 298

Reconciliation of goodwill - 2020	Opening balance R'000	Additions through business combinations R'000	Closing balance R'000
Goodwill	8 451	18 847	27 298

In the prior year, goodwill arose on the acquisition of a controlling interest in Sibanye Bus Services Proprietary Limited on 1 April 2019 and 90% of the shares in Shuttle Up Proprietary Limited on 1 March 2020, and was attributed to the benefit of expected synergies and revenue growth.

5. GOODWILL (continued)

Goodwill relates to the Group's interests in the following subsidiaries:

Sibanye Bus Services Proprietary Limited	R18 647 000 (2020: R18 647 000)
Eljosa Travel and Tours Proprietary Limited	R8 451 000 (2020: R8 451 000)
Shuttle Up Proprietary Limited	R200 000 (2020: R200 000)

The value of cash-generating units (CGUs) to which goodwill has been allocated has been determined based on value-in-use calculations using management-generated cash flow projections for Eljosa Travel and Tours Proprietary Limited, Sibanye Bus Services Proprietary Limited and Shuttle Up Proprietary Limited. The value-in-use calculations were performed per CGU using inputs within the below ranges. The following were the principal assumptions, based on past experience and risk growth profile in similar industries, that were used to calculate the value of those CGUs:

	Sibanye Bus Services Proprietary Limited	Eljosa Travel and Tours Proprietary Limited
Pre-tax discount rates:	**13.29%**	**15.29%**
Number of years:	**5 years**	**5 years**
Cost growth rate:	**4 - 6%**	**4 - 6%**
Long-term growth rate:	**6.50%**	**6.50%**

The following assumptions were applied when reviewing goodwill for impairment:

- Asset values were based on the carrying amounts for the financial period.
- Future expected profits were estimated using historical information and approved budgets extending over 1 to 5 years.
- Sales growth and gross margins were based on historical performance and known future prospects.
- Costs were assumed to grow in line with expansion and expected inflation.
- Cash flows were extended into perpetuity as management has no reason to believe that the Group will not continue past the budget period.

Based on the above calculations, the Group has not identified any impairment to goodwill during the current year under review.

6. INTANGIBLE ASSETS

	2021			2020		
	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Trademarks	**57**	**-**	**57**	57	-	57
Computer software	**10 996**	**(10 994)**	**2**	10 996	(10 991)	5
Total	**11 053**	**(10 994)**	**59**	11 053	(10 991)	62

Reconciliation of intangible assets - 2021	Opening balance R'000	Amortisation R'000	Closing balance R'000
Trademarks	**57**	**-**	**57**
Computer software	**5**	**(3)**	**2**
	62	**(3)**	**59**

6. INTANGIBLE ASSETS (continued)

Reconciliation of intangible assets - 2020	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Amortisation R'000	Closing balance R'000
Trademarks	57	-	-	-	57
Computer software	-	5	2	(2)	5
	57	5	2	(2)	62

7. INVESTMENT IN ASSOCIATE

Name of company	% ownership interest 2021	% ownership interest 2020	Carrying amount 2021 R'000	Carrying amount 2020 R'000
Sibanye Bus Services Proprietary Limited*	-	-	-	-
The N2 Express Joint Venture Proprietary Limited	33.33%	33.33%	378	3 358
			378	3 358

* The Group acquired control of Sibanye Bus Services Proprietary Limited on 1 Apri 2019.

Reconciliation of net assets to equity accounted investments in associates	Sibanye Bus Services Proprietary Limited 2021 R'000	Sibanye Bus Services Proprietary Limited 2020 R'000	The N2 Express Joint Venture Proprietary Limited 2021 R'000	The N2 Express Joint Venture Proprietary Limited 2020 R'000
Investment at beginning of period	-	17 421	3 358	4 921
Fair value adjustment on associate on change of control	-	9 163	-	-
Derecognised	-	(26 584)	-	-
Share of (loss)/profit	-	-	(479)	437
Dividends received from associate	-	-	(2 500)	(2 000)
Investment at end of period	-	-	378	3 358

Summarised financial information of associate:	The N2 Express Joint Venture Proprietary Limited 2021 R'000	The N2 Express Joint Venture Proprietary Limited 2020 R'000
Summarised statement of profit or loss		
Turnover	-	17 145
Net (loss)/profit after tax	(1 439)	1 308

The N2 Express MyCiTi contract expired on 31 May 2019 and as such no revenue has been recognised in this company subsequent to this date.

Associate with different reporting date

The reporting date of The N2 Express Joint Venture Proprietary Limited is 30 June.

8. DEFERRED TAX

	2021 R'000	2020 R'000
Deferred tax liability		
Accelerated depreciation for tax purposes	**(348 073)**	(320 012)
Assessed losses	**-**	286
Deferred income	**2 773**	2 454
Fair value adjustment on defined benefit plan	**2 997**	(3 559)
Fair value adjustment on associate on gain of control	**(2 052)**	(2 052)
Prepayments	**(5 434)**	(5 326)
Provisions and accruals	**53 201**	51 655
Lease liability	**6 686**	6 836
Right-of-use asset	**(7 083)**	(7 101)
Other	**1 083**	818
Total deferred tax liability	**(295 902)**	(276 001)
Composition of deferred tax		
Deferred tax liability	**(296 397)**	(276 496)
Deferred tax asset	**495**	495
Total net deferred tax liability	**(295 902)**	(276 001)
Reconciliation of deferred tax liability		
At beginning of year	**(276 001)**	(227 130)
Accelerated depreciation for tax purposes	**(28 061)**	(35 081)
Assessed losses utilised	**(286)**	(39)
Deferred income	**319**	272
Fair value adjustment on defined benefit plan	**6 556**	(4 323)
Fair value adjustment on gain of control	**-**	(2 052)
Prepayments	**(108)**	(758)
Provisions and accruals	**1 546**	(1 403)
Lease liability	**(150)**	(169)
Right-of-use asset	**18**	18
Other	**265**	126
Business combination:		
Accelerated depreciation for tax purposes	**-**	(5 270)
Other	**-**	(192)
At the end of the year	**(295 902)**	(276 001)

9. INVENTORIES

	2021 R'000	2020 R'000
Fuel	**5 394**	5 008
Oil	**1 577**	2 207
Reconditioned spares	**3 540**	1 765
Spares	**6 642**	7 058
Work in progress	**1 737**	3 503
	18 890	19 541

The carrying value of inventories stated at net realisable value at year-end is R9 757 000 (2020: R8 336 000).

10. TRADE AND OTHER RECEIVABLES

	2021 R'000	2020 R'000
Financial assets		
Trade receivables	38 537	48 833
Allowance for expected credit losses	(5 159)	(7 792)
Trade receivables at amortised cost	33 378	41 041
Deposits	454	64
Other receivable	11 334	276
Non-financial assets		
VAT	-	483
Prepayments	19 695	18 962
Total trade and other receivables	64 861	60 826
Trade and other receivables are categorised as follows:		
Financial assets at amortised cost	45 166	41 381
Non-financial assets	19 695	19 445
	64 861	60 826

Exposure to credit risk

Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if customers fail to make payments as they fall due (see also note 37).

Expected credit loss

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component.

The Group principally sells to cash customers and the current customer base comprises mainly of governmental customers with whom it has a long-standing history.

Credit is continuously monitored to ensure payments are made on time and for the correct amount. The standard credit period on sales is 30 days from the date of invoice.

Credit limits exceeded during the year under review were closely monitored, and management does not expect any losses from non-performance by these counterparties that have not been provided for. The effect of COVID-19 on the economic viability of customers within the travel and tourism sectors were specifically assessed and provision was made for specific customers at year-end where the risk of non-recovery was considered high.

In determining the loss allowance, the Group considered factors such as disputes with customers, untraceable and slow payers, long-overdue accounts, customers that had been handed over to attorneys for collection, customers that were governmental institutions, the established relationship with the customer, whether the customer was a related entity as defined by IAS 24, customers in the travel and tourism sector heavily impacted by COVID-19 and customers placed under liquidation. Historical data was also assessed to identify indicators of possible default by customers in the Group. At year-end the Group performed an assessment on the expected credit loss taking into account forward looking information. Specifically, the effect of COVID-19 and the prolonged contraction of the travel and tourism sector was taken into consideration in assessing the economic viability of certain customers operating within these sectors and their ability to repay their debts. The Group holds no collateral as security against non-payment of any of the above-mentioned trade receivables.

Historical data indicates that there has been a reasonably low occurrence of defaults by customers in the Group. Based on this the Group does not anticipate significant future defaults by customers.

Certain trade receivables do not expose the Group to significant credit risk and therefore no expected credit losses are raised on these balances.

10. TRADE AND OTHER RECEIVABLES (continued)

Allowance for expected credit losses on trade receivables

At 31 March 2021, trade receivables of R5 159 000 (2020: R7 792 000) were charged to the loss allowance account. In measuring the expected credit losses, specific debtors that were known to be irrecoverable, were assessed separately. The gross amount of these trade receivables and expected credit losses relating to specific debtors, that were assessed separately, totalled R5 660 000 (2020: R8 367 000), and relate to debtors that have been handed over to attorneys for collection, debtors that have been outstanding for more than one year and debtors known to be directly impacted by the COVID-19 pandemic. The remaining balance of debtors did not have significant exposure to credit risk and as such no loss allowance was raised on the balance of trade receivables.

Movement in the allowance for expected credit losses on trade and other receivables are as follows:

	2021 R'000	2020 R'000
Loss allowance as at 1 April	7 792	5 341
Loss allowance recognised during the year	80	4 029
Receivables written off during the year	-	(29)
Loss allowance unused and reversed during the year	(2 713)	(1 549)
	5 159	7 792

The creation and release of the allowance for the expected credit losses have been included in operating expenses in the statement of profit or loss.

Trade receivables past due

Trade receivables are written off when there is no reasonable expectation of recovery. Failure to make payments within 30 days from the invoice date and failure to engage with the Group on alternative payment arrangement among others, are considered indicators of no reasonable expectation of recovery.

Other receivables

Other receivables balances relate mainly to recoveries, deposits and other sundry receivables.

Other receivables do not contain significant credit risk and therefore no expected credit losses are raised on these balances.

11. CASH AND CASH EQUIVALENTS

	2021 R'000	2020 R'000
Cash and cash equivalents consist of:		
Cash on hand	446	464
Bank balances	497 335	489 159
	497 781	489 623

12. SHARE CAPITAL

	2021 R'000	2020 R'000
Authorised		
1 000 000 000 Ordinary shares of no par value		
Issued		
290 000 000 Ordinary shares of no par value	1 797 160	1 797 160

13. REINVESTMENT RESERVE

The reinvestment reserve is the portion that is attributable to Golden Arrow Bus Services Proprietary Limited as a result of a surplus on the liquidation of The Golden Arrow Retirement Plan in 1998.

	2021 R'000	2020 R'000
Balance at the end of the year	98 295	98 295

14. MAINTENANCE RESERVE

In terms of the contract between Table Bay Area Rapid Transit Proprietary Limited and the City of Cape Town, the buses have to be maintained and returned to the City after the initial contract period of 12 years, in the state and condition they were in as at the vehicle delivery date, fair wear and tear accepted. The current contract runs until October 2025. The payment for the maintenance is by way of the estimated life time cost averaged over the period of the contract. The difference between the actual cost incurred and the amount received is transferred to the reserve.

	2021 R'000	2020 R'000
Opening balance	31 763	32 545
Transfer (to) from retained earnings	3 832	(782)
	35 595	31 763

15. NON-CONTROLLING INTEREST

Name of company	Location	% Holding 2021	% Holding 2020	Carrying amount 2021 R'000	Carrying amount 2020 R'000
Eljosa Travel & Tours Proprietary Limited	South Africa	76.00%	76.00%	(8 394)	(2 426)
Shuttle Up Proprietary Limited	South Africa	90.00%	90.00%	165	263
				(8 229)	(2 163)

Summary financial information of subsidiary - Eljosa Travel & Tours Proprietary Limited ("Eljosa")	2021 R'000	2020 R'000
Non-current assets	94 930	97 399
Current assets	2 670	2 718
Non-current liabilities	62 178	73 206
Current liabilities	70 601	37 019
Equity and reserves	(35 179)	(10 108)
Turnover	6 828	63 236
Loss for the year	(24 939)	(12 049)
Reconciliation of carrying value of non-controlling interest of Eljosa		
Opening balance	(2 426)	465
Loss for the year after tax	(24 939)	(12 049)
Loss attributable to owners of parent	18 971	9 158
Closing balance	(8 394)	(2 426)

15. NON-CONTROLLING INTEREST (continued)

Summary financial information of subsidiary – Shuttle Up Proprietary Limited ("Shuttle Up")	**2021 R'000**	**2020 R'000**
Non-current assets	**1 647**	2 050
Current assets	**294**	580
Non-current liabilities	**-**	-
Current liabilities	**293**	-
Equity and reserves	**1 648**	2 630
Turnover	**1 209**	-
Loss for the year	**(982)**	-
Reconciliation of carrying value of non-controlling interest of Shuttle up		
Opening balance	**263**	-
On acquisition	**-**	263
Loss for the year after tax	**(982)**	-
Loss attributable to owners of parent	**884**	-
Closing balance	**165**	263

16. BORROWINGS

	2021 R'000	**2020 R'000**
Held at amortised cost		
Nedbank Limited – Term loan 1	**742**	9 323
This loan is unsecured, bears interest at prime less 0.50% and is repayable in monthly instalments over the term until 2021.		
Nedbank Limited – Term loan 2	**11 813**	19 490
This loan is unsecured, bears interest at prime less 0.50% and is repayable in monthly instalments over the term until 2022.		
Nedbank Limited – Term loan 3	**11 813**	19 490
This loan is unsecured, bears interest at prime less 0.50% and is repayable in monthly instalments over the term until 2022.		
ABSA Limited – Term loan 4	**4 481**	-
This loan is unsecured, bears interest at prime and is repayable in monthly instalments over the term until 2025.		
	28 849	48 303
Shown as:		
Non-current liabilities	**9 351**	25 700
Current liabilities	**19 498**	22 603
	28 849	48 303

17. INSTALMENT SALE OBLIGATIONS

	2021 R'000	2020 R'000
Instalment sale obligations	335 846	469 227
Shown as:		
Non-current liabilities	199 988	314 200
Current liabilities	135 858	155 027
	335 846	469 227
The present value of instalment sale obligations due per financial institution are as follows:		
Nedbank Limited	106 963	135 879
Repayable in monthly instalments of R 4 104 000 (2020: R5 158 000)		
MAN Financial Services	86 481	118 164
Repayable in monthly instalments of R 3 649 000 (2020: R4 828 000)		
The Standard Bank of South Africa Limited	69 532	102 354
Repayable in monthly instalments of R 2 629 000 (2020: R3 147 000)		
ABSA Bank Limited	72 870	112 830
Repayable in monthly instalments of R3 593 000 (2020: R3 612 000)		
	335 846	469 227

Interest is charged at a weighted average effective rate of 7.57% (2020: 8.09%) and monthly instalments are repayable over a period of five years.

Instalment sales are secured over buses with a book value of R335 846 000 (2020: R469 227 000). Refer to note 37 for further information regarding the liquidity risk associated with the Group's borrowings.

18. TRADE AND OTHER PAYABLES

	2021 R'000	2020 R'000
Financial liabilities		
Trade payables	61 407	53 637
Accruals	43 975	51 114
Payroll accruals	15 897	14 632
Other payables	10 846	8 871
Non-financial liabilities		
Leave pay accruals	25 838	24 027
Deferred income	9 903	8 763
VAT	302	70
Lease liability (Refer to Note 4)	1 139	866
	169 307	161 980
Trade and other payables are categorised as follows:		
Financial liabilities at amortised cost	132 125	128 254
Non-financial liabilities	37 182	33 726
	169 307	161 980

19. POST-EMPLOYMENT MEDICAL BENEFIT LIABILITY

Defined benefit plan

Defined benefit plans, within the Group, are post-employment benefit plans under which contributions in respect of retired employees with more than 20 years of service (employees employed after September 2019 with more than 25 years of service) are paid to Golden Arrow Employees' Medical Benefit Fund (MBF) and Discovery Health. These contributions are used to cover outgoings not financed from member contributions. The administrators of the MBF are Metropolitan Health Group.

The calculation of the accrued service liability in respect of post-retirement health care was performed by Willis Towers Watson Actuaries and Consultants as at 31 March 2021 and amounted to R74 172 000 (2020: R60 394 000).

	2021 R'000	2020 R'000
Carrying value		
Present value of the defined benefit obligation-wholly unfunded	**74 172**	60 394
Categorised as follows:		
Non-current liabilities	**68 939**	55 835
Current liabilities	**5 233**	4 559
	74 172	60 394
Movements for the year		
Opening balance	**60 394**	69 029
Net expense recognised	**13 778**	(8 635)
	74 172	60 394
Net expense recognised is made up as follows:		
Current service cost	**1 309**	1 709
Interest cost	**7 306**	6 719
Pensioner subsidy	**(5 541)**	(4 354)
Expense recognised in profit or loss	**3 074**	4 074
Actuarial losses/(gains) recognised in other comprehensive income	**10 704**	(12 709)
	13 778	(8 635)

Key assumptions used for the valuation	2021	2020
Normal retirement age	**65**	65
Discount rates used	**11.00%**	12.80%
Price inflation rate used	**6.10%**	6.90%
Continuation of membership at retirement	**55.00%**	55.00%
Discovery Health expected long term medical aid subsidy increase rate	**8.50%**	9.30%
Medical Benefit Fund expected long term medical aid subsidy increase rate	**8.00%**	8.80%

The projected unit credit method has been used to value the post-retirement medical liabilities. Under this method the liability for employee members is allocated based on the service accrued to the date of valuation and the service expected to arise up to retirement age.

Sensitivity analysis

The valuation as at 31 March is sensitive to a change in the assumptions used, particularly in the discount rate and the subsidy increase rate. Below shows a summary of the effect of changes in these assumptions on the valuation of the liability:

Accrued liability	2021 Change in R'000	2020 Change in R'000	2021 Change in %	2020 Change in %
discount rate increased by 0.50% p.a.	**(3 608)**	(2 737)	**(4.9)**	(4.5)
discount rate reduced by 0.50% p.a.	**3 950**	2 978	**5.3**	4.9
subsidy increase rate increased by 1% p.a.	**8 252**	6 252	**11.1**	10.4
subsidy increase rate reduced by 1% p.a.	**(6 983)**	(5 348)	**(9.4)**	(8.9)

20. PROVISIONS

Reconciliation of provisions –2021	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Closing balance R'000
Bonus provision	42 067	80 278	(65 336)	(18 093)	38 916
Repurchase of service provision	37 642	1 128	-	-	38 770
Third party claims provision	15 360	9 359	(197)	(12 736)	11 786
	95 069	90 765	(65 533)	(30 829)	89 472

Reconciliation of provisions –2020	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Business combinations R'000	Closing balance R'000
Bonus provision	37 909	67 900	(63 954)	-	212	42 067
Repurchase of service provision	37 825	-	(183)	-	-	37 642
Third party claims provision	20 201	6 774	(1 536)	(10 079)	-	15 360
	95 935	74 674	(65 673)	(10 079)	212	95 069

Bonus provision

Union employee bonuses are dependent on the rate negotiated with the respective bargaining councils. Other employee bonuses are paid at the discretion of the company. Senior management receive an incentive bonus based on the results of the company. In all cases, payment of a bonus is dependent upon the employee being in the company's service at the date of payment.

Repurchase of service provision

Government indicated in 1997 that its long term objective is to open public passenger transport to competitive tendering. Past experience has shown where government has followed this course of action the resulting tendered cost to government has been considerably higher than the cost under the existing regime, which has delayed the future roll out of this model.

The repurchase of service provision is raised in respect of retrenchment costs that will be payable to employees who would be surplus to requirements should the operating of some routes be awarded to third parties.

The amount provided for is based on management's best estimate of the maximum costs payable in accordance with the employees' current conditions of employment. Assumptions have been made in respect of the timing of the service being put out to tender and the extent of the services that would be awarded to third parties.

A Bus Industry Restructuring Fund was set up in 1999 to compensate employers for these retrenchment costs. As it is currently impracticable to calculate a reliable estimate of the amount that would be paid to qualifying employers, reference has been made to the existence of a contingent asset under note 31 Contingent asset.

Third party claims provision

Third party claims are legal claims resulting from traffic accidents. The timing and extent of claims settled remains uncertain until settlement occurs. Where the company expects to be reimbursed under an insurance contract, the reimbursement is recognised as a separate asset.

21. REVENUE

	2021 R'000	2020 R'000
Revenue from bus services provided		
Revenue recognised over time		
Operational contract carrying revenue risk	1 073 596	1 006 182
Operational contract with no revenue risk	130 399	136 433
Sale of multi-journey tickets	273 199	545 728
Revenue recognised at a point in time		
Sale of single journey tickets	149 277	263 244
Charter hire services	9 547	84 562
Total revenue from bus services	1 636 018	2 036 149
Revenue from automotive repair services		
Revenue recognised at a point in time		
Bus and vehicle repair and maintenance	174	1 332
Other revenue		
Revenue recognised over time	1 480	3 649
Revenue recognised at a point in time	3 353	7 272
	4 833	10 921
Total revenue	1 641 025	2 048 402

22. OPERATING PROFIT

Operating profit for the year is stated after charging/(crediting) the following, amongst others:	2021 R'000	2020 R'000
Auditor's remuneration – external		
Audit fees - current year	2 501	2 509
Audit fees - prior year	193	166
Other services	186	-
	2 880	2 675
Consulting, legal and professional services	9 360	8 590
Employee costs		
Salaries, wages, bonuses and other benefits	725 839	820 703
Pension fund contributions	54 822	57 462
Total employee costs	780 661	878 165
Leases		
Short term leases	1 001	1 686
Low-value leases	395	404
	1 396	2 090
Depreciation and amortisation		
Depreciation of property, plant and equipment	92 121	93 344
Depreciation of right-of-use assets	65	65
Amortisation of intangible assets	3	2
Total depreciation and amortisation	92 189	93 411

22. OPERATING PROFIT (continued)

	2021 R'000	2020 R'000
Impairment losses		
Plant and equipment	**10 262**	13 151
Movement in credit loss allowances		
Trade and other receivables	**(2 633)**	2 451
Other		
Profit on disposal of plant and equipment	**(4 077)**	(11 568)
Inventory write downs	**304**	54
Share-based payments equity settled	**8 729**	4 876
Rent concession	**(451)**	-

23. INVESTMENT INCOME

	2021 R'000	2020 R'000
Interest income		
Bank	**13 269**	25 695
Other interest	**144**	79
Total investment income	**13 413**	25 774

24. FINANCE COSTS

	2021 R'000	2020 R'000
Instalment sale obligations	**27 917**	47 918
Other interest paid	**2**	166
Lease liability	**2 189**	2 228
Total finance costs	**30 108**	50 312

25. TAXATION

Major components of the tax expense	2021 R'000	2020 R'000
Current		
Local income tax – current period	**58 012**	79 003
Local income tax – recognised in current tax for prior periods	**(3 670)**	(1 456)
	54 342	77 547
Deferred		
Originating and reversing temporary differences	**22 898**	39 850
	77 240	117 397

The income tax relating to each component of other comprehensive income is set out below:

	2021 R'000	2020 R'000
Actuarial losses/(gains) on post-employment benefit plan	**2 997**	(3 559)

Various subsidiaries have incurred operating losses which result in losses for tax purposes.

25. *TAXATION (continued)*

Losses for tax purposes available for set off against future taxable income and for which deferred tax assets have not been raised are estimated at:

	2021 R'000	2020 R'000
- Normal tax	73 471	37 011
Tax relief at current rates:		
- Normal tax	20 572	10 363

Reconciliation between applicable tax rate and average effective tax rate	2021	2020
Applicable tax rate	28.00%	28.00%
Allowances	(1.10%)	(0.23%)
Share of profits from associates	-	(0.03%)
Exempt income	(0.01%)	-
Non-deductibe expenses	0.10%	2.35%
Share of losses from associate	0.05%	-
Deferred tax not raised on losses	3.68%	1.32%
Prior year refunds	(2.62%)	(0.28%)
Other	(0.11%)	(0.26%)
Effective tax rate	27.99%	30.87%

26. CASH GENERATED FROM OPERATIONS

	2021 R'000	2020 R'000
Profit before taxation	275 973	380 307
Adjustments for:		
Depreciation and amortisation	92 189	93 411
Profit on disposal of plant and equipment	(4 077)	(11 568)
Share base payments	8 729	4 876
Loss/(profit) from equity accounted investments	479	(436)
Interest income	(13 413)	(25 774)
Finance costs	30 108	50 312
Impairment of plant and equipment	10 262	13 151
Movements in post-employment medical benefit liabilty	3 074	4 074
Movements in provisions	(5 596)	(1 078)
Fair value gain on change of control	-	(9 163)
Movement in loss allowance	(2 633)	2 451
Movement in obsolete stock	304	54
Rent concession	(451)	-
Changes in working capital:		
Inventories	345	(1 490)
Trade and other receivables	(1 402)	11 754
Trade and other payables	7 055	(1 780)
	400 946	509 101

27. TAX PAID

	2021 R'000	2020 R'000
Balance at beginning of the year	4 909	(3 277)
Current tax for the year recognised in profit or loss	(54 342)	(77 547)
Business combinations	-	(627)
Balance at end of the year	(5 725)	(4 909)
	(55 158)	(86 360)

28. BORROWINGS ARISING FROM FINANCING ACTIVITIES

Movements in the carrying value of borrowings are as follows:

	2021 R'000	2020 R'000
Carrying value at the beginning of the year	517 530	508 083
Cash-flows:		
Raising of new debt (term loan)	5 000	-
Debt repayments	(186 010)	(192 487)
Non-cash:		
Business combinations	-	41 662
Raising of instalment sales obligations	28 175	160 272
Carrying value at the end of the year	364 695	517 530

R28 175 000 (2020: R160 272 000) of debt raised in the period relates to instalment sale obligations used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

29. HEADLINE EARNINGS PER SHARE

	2021 R'000		2020 R'000	
Reconciliation of headline earnings	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent		204 799		261 042
Adjustments for:				
Profit on disposal of plant and equipment	(4 077)	(2 935)	(11 568)	(8 329)
Insurance claims for capital assets	(8 656)	(6 232)	(6 287)	(4 527)
Impairment of plant and equipment	10 262	7 389	13 151	9 469
Fair value adjustment on associate on change of control	-	-	(9 163)	(7 110)
Headline earnings		203 021		250 545
Earnings per share (cents)				
– Basic and diluted		70.62		90.01
Headline earnings per share (cents)				
– Basic and diluted		70.01		86.39
Weighted average number of shares issue (‘000)				
– Basic and diluted		290 000		290 000
Actual number of shares issue (‘000)		290 000		290 000

At the year-end share price, the effect of the share options are not dilutive.

The impairment of plant and equipment relates to the destruction of 13 Golden Arrow buses and onboard computer hardware (2020: 11 Golden Arrow buses and onboard computer hardware, and one Eljosa Travel & Tours bus) of which R8 656 000 (2020: R6 287 000) (gross) is recoverable from insurance proceeds and reflected as insurance claims for capital assets (see also note 3).

30. COMMITMENTS

Authorised capital expenditure	2021 R'000	2020 R'000
Property, plant and equipment authorised but not yet contracted	-	7 521
Property, plant and equipment authorised and contracted to be expended	4 600	109 008

It is intended that this expenditure will be funded from bank finance and operating cash flows.

31. CONTINGENT ASSET

A Bus Industry Restructuring Fund was set up in 1999 to compensate employers for retrenchment costs in respect of unionised employees who would be affected by changes should routes be put out to tender at some stage in the future. There is no reliable information available as to when this will occur and as a result a reliable estimate of the amount cannot be made.

32. HPLR GROUP EMPLOYEE OPTION SCHEME

The Group operates a share option scheme, The HPLR Group Employee Option Scheme ("the Scheme"), in terms of which shares in the Company are offered on a share option basis to participants, provided they remain in the Group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives the number of shares which equate in value to the gain made on exercise date. Options must be exercised within six months of the vesting date, where after the options lapse. Options vest over periods of three to five years.

Share options granted to eligible participants that have not yet become unconditional are as follows:

	2021		2020	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Balance at the beginning of the year	10 037 850	5.70	8 843 413	6.04
Options forfeited	(6 299 287)	6.98	-	-
Options granted	1 896 071	2.72	1 194 437	3.33
Balance at the end of the year	5 634 634	3.26	10 037 850	5.70

On 31 March 2021, the Group issued 1 896 071 options to employees which will vest in equal tranches over a period of 3, 4 and 5 years. On acceptance of these options employees agreed not to exercise the options allotted on 31 March 2018. All employees accepted these options and as such the remaining options issued on 31 March 2018 totalling 6 299 287 are reflected as forfeited.

The grant date fair value of options at year-end was determined using the Black-Scholes valuation model. The significant inputs into the model were the listed share price on grant date, volatility of 38% (2020: 36%) and an annual risk-free rate between 7.19% and 9.15% (2020: between 7.19% and 9.15%).

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of the daily share price since HPLR's shares were listed on the Johannesburg Stock Exchange in April 2018. The cost relating to options is recognised by allocating the fair value over the vesting period on a straight-line basis.

The volume weighted average share price during the current year was R3.03 (2020: R3.33).

Movement in the share-based payment reserve is as follows:

	2021 R'000	2020 R'000
Balance at the beginning of the year	8 692	3 816
Equity-settled share-based payment expense for the year	8 729	4876
Share-based payments reserve transferred to retained income	(14 719)	-
Balance at the end of the year	2 702	8 692

The transfer of R14 719 000 from the share-based payment reserve to retained income is due to 6 299 287 options being forfeited, as detailed above.

32. HPLR GROUP EMPLOYEE OPTION SCHEME (continued)

The options issued in terms of the Scheme and outstanding at 31 March 2021 become unconditional between the following dates:

Number of share options	2021 Number of share options	2021 Exercise price R
Between 22 March 2022 and 22 September 2022	679 842	3.70
Between 1 August 2022 and 1 February 2023	196 152	3.43
Between 16 March 2023 and 16 September 2023	370 194	3.28
Between 22 March 2023 and 22 September 2023	679 842	3.70
Between 1 August 2023 and 1 February 2024	196 152	3.43
Between 16 March 2024 and 16 September 2024	370 194	3.28
Between 22 March 2024 and 22 September 2024	679 842	3.70
Between 31 March 2024 and 30 September 2024	632 024	2.72
Between 1 August 2024 and 1 February 2025	196 151	3.43
Between 16 March 2025 and 16 September 2025	370 194	3.28
Between 31 March 2025 and 30 September 2025	632 024	2.72
Between 31 March 2026 and 30 September 2026	632 023	2.72
Balance at the end of the year	**5 634 634**	

The maximum number of shares that may be utilised for the purposes of the Scheme is 21 750 000 shares.

Share options granted to executive directors

Mr FE Meyer	2021 Number of share options	2021 Weighted average exercise price R	2020 Number of share options	2020 Weighted average exercise price R
Balance at the beginning of the year	2 499 951	6.30	2 227 244	6.67
Options granted	589 111	2.72	272 707	3.28
Options forfeited	(2 016 345)	6.98	-	-
Balance at the end of the year	1 072 717	3.06	2 499 951	6.30
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	-	-	672 115	6.98
Between 22 March 2022 and 22 September 2022	70 300	3.70	70 300	3.70
Between 31 March 2022 and 30 September 2022	-	-	672 115	6.98
Between 16 March 2023 and 16 September 2023	90 902	3.28	90 902	3.28
Between 22 March 2023 and 22 September 2023	70 300	3.70	70 300	3.70
Between 31 March 2023 and 30 September 2023	-	-	672 115	6.98
Between 16 March 2024 and 16 September 2024	90 902	3.28	90 902	3.28
Between 22 March 2024 and 22 September 2024	70 300	3.70	70 300	3.70
Between 31 March 2024 and 30 September 2024	196 370	2.72	-	-
Between 16 March 2025 and 16 September 2025	90 902	3.28	90 902	3.28
Between 31 March 2025 and 30 September 2025	196 370	2.72	-	-
Between 31 March 2026 and 30 September 2025	196 371	2.72	-	-
	1 072 717	3.06	2 499 951	6.30

32. HPLR GROUP EMPLOYEE OPTION SCHEME (continued)

Share options granted to executive directors (continued)

	2021		2020	
Mr ML Wilkin	**Number of share options**	**Weighted average exercise price R**	**Number of share options**	**Weighted average exercise price R**
Balance at the beginning of the year	1 566 607	6.30	1 395 724	6.67
Options granted	369 162	2.72	170 883	3.28
Options forfeited	(1 263 484)	6.98	-	-
Balance at the end of the year	672 285	3.06	1 566 607	6.30
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	-	-	421 161	6.98
Between 22 March 2022 and 22 September 2022	44 080	3.70	44 080	3.70
Between 31 March 2022 and 30 September 2022	-	-	421 161	6.98
Between 16 March 2023 and 16 September 2023	56 961	3.28	56 961	3.28
Between 22 March 2023 and 22 September 2023	44 080	3.70	44 080	3.70
Between 31 March 2023 and 30 September 2023	-	-	421 162	6.98
Between 16 March 2024 and 16 September 2024	56 961	3.28	56 961	3.28
Between 22 March 2024 and 22 September 2024	44 080	3.70	44 080	3.70
Between 31 March 2024 and 30 September 2024	123 054	2.72	-	-
Between 16 March 2025 and 16 September 2025	56 961	3.28	56 961	3.28
Between 31 March 2025 and 30 September 2025	123 054	2.72	-	-
Between 31 March 2026 and 30 September 2026	123 054	2.72	-	-
	672 285	3.06	1 566 607	6.30

33. RELATED PARTIES

Relationships

Holding company	Hosken Consolidated Investments Limited
Associate	The N2 Express Joint Venture Proprietary Limited
Fellow subsidiary	HCI Managerial Services Proprietary Limited
	HCI Foundation
	GRIPP Advisory Proprietary Limited
	La Concorde Holdings Limited
Post-employment medical benefit fund	Golden Arrow Employee’s Medical Benefit Fund

	2021 R'000	2020 R'000
Related party balances		
Amounts included in trade receivables (trade payables) regarding related parties		
Hosken Consolidated Investments Limited	5	5
HCI Foundation	232	270
The N2 Express Joint Venture Proprietary Limited	388	264
HCI Managerial Services Proprietary Limited	(144)	(144)
	481	395
Related party transactions		
Sales to related party		
HCI Foundation	(516)	(3 522)
Administration fees paid to related party		
HCI Managerial Services Propriety Limited	1 869	1 893

33. RELATED PARTIES (continued)

	2021 R'000	2020 R'000
Contributions paid to related party		
Golden Arrow Employee's Medical Benefit Fund	36 372	34 120
Dividends paid to related parties		
Hosken Consolidated Investments Limited	114 061	94 891
La Concorde Holdings Limited	3 097	2 654
	117 158	97 545
Internal audit fees paid to related party		
GRIPP Advisory Proprietary Limited	1 674	1 706

34. DIRECTORS' INTEREST AND EMOLUMENTS

Directors' interest

No director of the Company had any material direct or indirect interest in any transactions that were affected by the Company in the current or preceding financial year-end.

At year-end the following directors held shares in the Company:

Director 2021	Direct number of shares held	Direct % of shares in issue held	Indirect number of shares held	Indirect % of shares in issue held	Total number of shares held	Total % of shares in issue held
FE Meyer	116 813	0.04%	4 756	0.00%	121 569	0.04%
TG Govender	87 808	0.03%	821 676	0.28%	909 484	0.31%
	204 621	0.07%	826 432	0.28%	1 031 053	0.35%

Director 2020	Direct number of shares held	Direct % of shares in issue held	Indirect number of shares held	Indirect % of shares in issue held	Total number of shares held	Total % of shares in issue held
FE Meyer	102 813	0.04%	4 756	0.00%	107 569	0.04%
TG Govender	87 808	0.03%	821 676	0.28%	909 484	0.31%
	190 621	0.07%	826 432	0.28%	1 017 053	0.35%

There were no changes in the directors' interest from 31 March 2021 to the date of the approval of the annual financial statements.

34. DIRECTORS' INTEREST AND EMOLUMENTS (continued)

Directors' emoluments

Year ended 31 March 2021	HPLR Group directors' fees R'000	Directors' fees R'000	Salary R'000	Fringe benefits including medical aid R'000	Pension contributions R'000	Bonus R'000	Gain from share schemes R'000	Total R'000
Executive directors								
FE Meyer	-	-	3 160	774	295	5 056	-	9 285
ML Wilkin	-	-	2 476	503	231	4 181	-	7 391
	-	-	5 636	1 277	526	9 237	-	16 676
Non-executive directors								
Y Shaik	-	-	3 976	-	-	-	2 619	6 595
TG Govender	-	-	2 003	-	-	-	2 629	4 632
L Govender	190	190					-	380
NB Jappie	165	198	-	-	-	-	-	363
RD Watson	165	1 044	-	-	-	-	-	1 209
KF Mahloma	-	-	-	-	-	-	-	-
Paid by HCI subsidiaries not in the HPLR Group	-	(1 432)	(5 979)	-	-	-	(5 248)	(12 659)
	520	-	5 636	1 277	526	9 237	-	17 196

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2021 and 31 March 2020.

Y Shaik and TG Govender were remunerated by HCI as executive directors for the years ended 31 March 2021 and 31 March 2020.

L Govender was remunerated by E-Media Holdings Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2021 and 31 March 2020.

NB Jappie was remunerated by Deneb Investments Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2021 and 31 March 2020.

RD Watson was remunerated by HCI and E-Media Holdings Limited as non-executive director for the years ended 31 March 2021 and 31 March 2020 and by Deneb Investments Limited as non-executive director for the year ended 31 March 2020.

34. *DIRECTORS' INTEREST AND EMOLUMENTS (continued)*

Directors' emoluments (continued)

Year ended 31 March 2020	HPLR Group directors' fees R'000	Directors' fees R'000	Salary R'000	Fringe benefits including medical aid R'000	Pension contributions R'000	Bonus R'000	Gain from share schemes R'000	Total R'000
Executive directors								
FE Meyer	-	-	3 115	784	291	3 833	-	8 023
ML Wilkin	-	-	2 440	509	228	3 288	-	6 465
	-	-	5 555	1 293	519	7 121	-	14 488
Non-executive directors								
Y Shaik	-	-	3 976	-	-	-	2 017	5 993
TG Govender	-	-	1 965	-	-	-	2 373	4 338
L Govender	185	187	-	-	-	-	-	372
NB Jappie	160	193	-	-	-	-	-	353
RD Watson	153	1 165	-	-	-	-	-	1 318
KF Mahloma	7	-	-	-	-	-	-	7
Paid by HCI subsidiaries not in the HPLR Group	-	(1 545)	(5 941)	-	-	-	(4 390)	(11 876)
	505	-	5 555	1 293	519	7 121	-	14 993

35. GOING CONCERN

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the Group's operations and liquidity together with measures taken by subsidiaries to mitigate the financial and operational impact of COVID-19 were considered. The Group has no financial covenants imposed by its funders. Based on these cash flow forecasts the directors are of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

The directors are not aware of any other material changes that may adversely impact the Group nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Group.

36. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within the annual financial statements that would affect the operations or results of the Group significantly.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial assets held at amortised cost	Notes	2021 Amortised cost R'000	2020 Amortised cost R'000
Trade and other receivables	10	**45 166**	41 381
Cash and cash equivalents	11	**497 781**	489 623
		542 947	531 004

Categories of financial liabilities held at amortised cost	Notes	2021 Amortised cost R'000	2020 Amortised cost R'000
Trade and other payables	18	**132 125**	128 254
Borrowings	16	**28 849**	48 303
Instalment sale obligations	17	**335 846**	469 227
		496 820	645 784

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 returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 16 & 17, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt (in accordance with the MOI of the Company, the Companies Act and the JSE Listings Requirements).

There are no externally imposed capital requirements.

There have been no changes to the Group's capital management, its strategy for capital maintenance nor its externally imposed capital requirements from the prior year.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The capital structure and gearing ratio of the Group at the reporting date was as follows:

	Notes	2021 R'000	2020 R'000
Borrowings	16	28 849	48 303
Lease liability	4	22 738	23 549
Trade and other payables	18	169 307	161 980
Instalment sale obligations	17	335 846	469 227
Total borrowings		556 740	703 059
Cash and cash equivalents	11	(497 781)	(489 623)
Net borrowings		58 959	213 436
Equity		1 284 243	1 226 588
Gearing ratio		5 %	17 %

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk and interest rate risk).

The Group's Audit and Risk committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and cash and cash equivalents.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each passenger, Government contract counterparty and customer. The Group considers passengers to share similar risk characteristics.

The Group limits its exposure to credit risk by only investing in liquid securities and only investing with major banks with generally high credit ratings that are independently rated. The Group uses credit rating agencies, such as Moody's and Standards and Poor to assess the credit rating of the financial institutions in which it deposits cash in short to medium term deposits. The credit quality of cash and cash equivalents (excluding petty cash), and other financial assets as at 31 March 2021 and 31 March 2020 can therefore be assessed by reference to their external credit rating as follows:

Credit agency	Credit Rating	31 March 2021 R'000	Credit Rating	31 March 2020 R'000
Moodys	Ba2	497 335	Ba1	488 540

<u>Credit rating definition (Moodys Baseline Credit Assessment):</u>

Ba1 = speculative and subject to substantial credit risk

Ba2 = speculative and subject to high credit risk ("junk status")

In the current financial year, the credit score of the majority of South Africa's major banks remain downgraded to junk status in line with South Africa's sovereign rating. In November 2020 Moody's downgraded South Africa's sovereign rating from Ba1 to Ba2.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Credit risk (continued)

The Group did not consider there to be any significant concentration of credit risk within the trade receivables balance which was both individually material and which had not been adequately provided for. Refer to note 10 for further credit risk analysis in respect of trade and other receivables.

Financial assets exposed to credit risk at year-end were as follows:

	Notes	2021 Gross carrying amount	2021 Credit loss allowance	2021 Carrying value	2020 Gross carrying amount	2020 Credit loss allowance	2020 Carrying value
Trade and other receivables	10	**50 325**	**(5 159)**	**45 166**	49 173	(7 792)	41 381
Cash and cash equivalents	11	**497 335**	**-**	**497 335**	489 159	-	489 159
		547 660	**(5 159)**	**542 501**	538 332	(7 792)	530 540

Liquidity risk

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments, budgeting and credit facilities.

Cash flow forecasts are prepared and adequate unutilised borrowing facilities are monitored.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

2021	Notes	Less than 1 year R'000	1 to 5 years R'000	Total R'000	Carrying amount R'000
Non-current liabilities					
Borrowings	16	**-**	**11 338**	**9 880**	**9 351**
Instalment sale obligations	17	**-**	**217 531**	**217 531**	**199 988**
Current liabilities					
Trade and other payables	18	**132 125**	**-**	**132 125**	**132 125**
Borrowings	16	**19 434**	**-**	**20 893**	**19 498**
Instalment sale obligations	17	**150 860**	**-**	**150 860**	**135 858**
		302 419	**228 869**	**531 289**	**496 820**

2020	Notes	Less than 1 year R'000	1 to 5 years R'000	Total R'000	Carrying amount R'000
Non-current liabilities					
Borrowings	16	-	23 801	23 801	25 700
Instalment sale obligations	17	-	351 608	351 608	314 200
Current liabilities					
Trade and other payables	18	128 254	-	128 254	128 254
Borrowings	16	29 118	-	29 118	22 603
Instalment sale obligations	17	194 235	-	194 235	155 027
		351 607	375 409	727 016	645 784

Foreign currency risk

The Group is not directly exposed to foreign currency risk as the Group's transactions are predominantly entered into in its functional currency, South African Rands. The Group reviews its foreign currency exposure, including commitments on an ongoing basis.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Interest rate risk

The Group's interest rate risk arises from long-term borrowings. The Group's borrowings are issued at variable rates and expose the Group to cash flow interest rate risk. As part of the process of managing the Group's interest rate risk, interest rate characteristics of new loans and borrowings are positioned according to expected movements in interest rates.

Based on average interest rates of those disclosed in note 17, at 31 March 2021 a 1% fluctuation in interest rates higher/lower, with all other variables constant, would have resulted in a R2 626 000 (2020: R3 726 000) decrease/increase in post-tax profits for the year.

38. FAIR VALUE INFORMATION

The carrying amount of all financial assets and liabilities are considered a reasonable approximation of their fair value.