GOLD CIRCLE

RACING AND GAMING GROUP

ANNUAL REPORT

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Gold Circle Racing and Gaming Group

The Business Of Gold Circle Is:

To promote the thoroughbred racehorse through operating:

The sport of horseracing • wagering and gaming facilities • related leisure activities and media management

The Vision Of Gold Circle Is:

To be one of the most admired Racing Centres on the international horseracing circuit

Content

Board of Directors

GM BORTZ

D CHETTY

GM GRANT

C MOODLEY

S NAIDOO
(Chairperson)

MJL NAIRAC
(CEO)

MM NHLANHLA

L NUNAN

Y PILLAY
(CFO)

MW ROHWER

MR SHEIK
(Racing Director)

LR Whiteford

Z ZULU

Entity Information

REGISTERED ADDRESS:	150 Avondale Road Durban 4001
POSTAL ADDRESS:	P.O. Box 40 Durban 4000
AUDITORS:	KPMG Inc.

BANKERS:	ABSA Bank of SA Limited First National Bank of SA Limited Nedbank Limited Standard Bank of SA Limited
ATTORNEYS:	Barkers

Chairman’s Report

INTRODUCTION

The Directors have pleasure in presenting the company’s Audited Annual Financial Statements and Report for the year ended 31 July 2024.

Financial Performance

Revenue generated from the totalisator has continued to decline and whilst following an international trend, appears to be more predominant in South Africa. Whilst the economic environment in South Africa was a contributing factor, the totalisator product holistically, has become uncompetitive with the gaming market offering, particularly in the on-line betting landscape where customers have a vast selection opportunity for their betting spend.

Gross totalisator turnover generated on all products in KwaZulu-Natal amounted to R759.7 million which when compared with the prior year, is a decrease of 17.2%. This continues to be a concerning trend, notwithstanding the fact that 13 less meetings were held in the year under review.

Income received from third party bookmaking betting activities decreased by 8.2% to R53.5 million from R58.3 million in 2023. This decrease is not in the control of the company and may be the result of bookmakers switching their servers to other provinces, together with the lower number of race meetings held during the year.

International income generation through the sale of South African horse racing product improved by 2.5% to R94.6 million over the past year. This increase is resultant from increased demand from overseas markets and to a degree, the benefit of foreign exchange rate fluctuations.

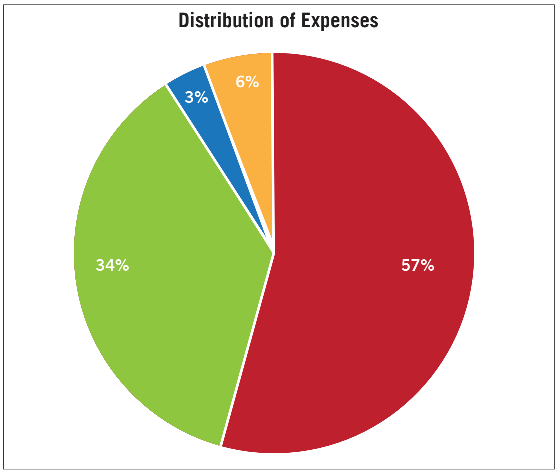
Total revenue generated from operating activities amounted to R404.7 million, a decrease of 7.2% compared with the R436.0 million earned in 2023.

Income and fair value adjustments from investments amounted to R27.0 million which reflects a R10.2 million decrease over the prior year. The decrease is a direct consequence of the company converting its investment stock equity holdings into a liquid cash portfolio, as reported last year. The company continues to face a financial crisis due to the lack of available internal cash resources.

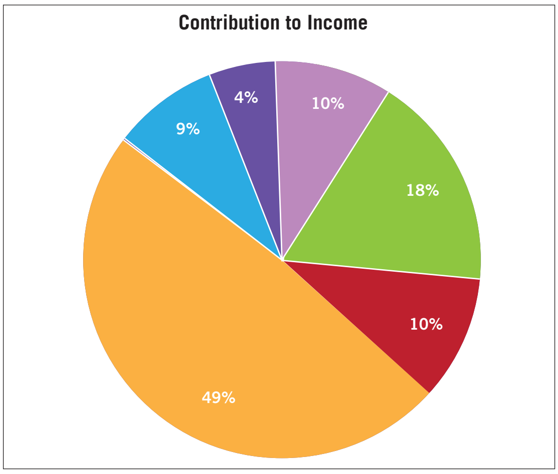
In terms of the IFRS ® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) (IFRS), certain income categories have not been included in the Statement of Profit and Loss and have been allocated directly to other comprehensive income. Total comprehensive loss for the year amounted to R54.8 million compared with R66.7 million in the prior year.

Total gross expenditure amounted to R378.3 million, excluding stakes paid to Owners and reflects a decrease of 2.1% over the comparable amount of R386.5 million spent in 2023. Expenditure continues to be a major focus of management to effect savings where possible. Stakes and Breeders Premiums paid during the year amounted to R114.8 million against R111.5 million in the prior year.

The graphs below reflect a macro management summary of Gold Circle Group sources of income and the indicative sectors where expenditure was incurred to provide facilities for KwaZulu-Natal racing. These statistics conform in total with the statement of total comprehensive income but are defined differently in the audited financial statements.



	%	R in Millions
Racing - Training Centres, Tracks and Operations	57%	195.9
Stakes - Owners and Breeders	34%	114.8
Regulatory Costs -NHA	6%	20.3
Jockey Remuneration	3%	10.4



	%	R in Millions
Intellectual Property	49%	141.7
Racing revenue	18%	52.7
Wagering	10%	28.8
Investments	10%	27.0
Asset Utilisation	9%	25.9
Hollywoodbets Durban July	4%	12.5

FINANCIAL POSITION

At 31 July 2024, the Group controlled total assets of R868.9 million (2023: R835.9 million) and had total liabilities amounting to R423.4 million (2023 R253.8 million). The total equity attributable to shareholders amounts to R445.5 million (2023: R582.1 million).

The property portfolio of the Group was independently revalued at 31 July 2024 which resulted in a capital gain of R22.4 million which has been recognised in the statement of comprehensive income.

Cash and cash equivalents as at 31 July 2024 amounted to R14.1 million (2023: R14.9 million). The Group continues to experience a shortage of working capital which, together with the operating projections required for the 2025 financial year, makes the company's future unsustainable. Members are referred to Note 12 of the Directors Report which gives greater clarification on the current and future funding of the company's operations and the principle of a "going concern".

ASSET UTILISATION

Property assets under the control of Gold Circle Group relate to the training centres at both Ashburton and Summerveld, as well as a few properties from which totalisator betting operations take place. The Greyville Racecourse is leased from the Ethekwini Municipality until 2069 whilst the Scottsville Racecourse is leased from the Msunduzi Municipality to 2035. The Scottsville Racecourse has a sub-lease agreement with Tsogo Sun in respect of the casino premises in Pietermaritzburg.

During the year under review the Board of Directors took a decision to lease the Ashburton property to Hollywoodbets Brand Proprietary Limited for a twelve-month period, renewable for a further period of twelve months.

The Gold Circle Convention Centre generated sales of R7.0 million compared with R6.7 million in the prior year.

Gold Circle Proprietary Limited (Gold Circle) continues to explore opportunities to increase revenues and profitability through the better and more efficient use of its real estate assets. The need to expand and invest in alternative income streams remains a priority in the short to medium term.

National and International Initiatives

RACING ADMINISTRATION

The external business operations of Gold Circle are limited to contractual obligations in respect of a National Sports and Administration agreement which deals with horse racing matters including the National Racing Bureau.

Gold Circle has terminated its minority partnership with the entity known as Tellytrack, which previously held the broadcast rights for the company under a separate agreement.

COMMINGLING

Gold Circle continues to commingle its totalisator bets into the national totalisator pools, managed through 4Racing Proprietary Limited. The company has, with effect from 01 August 2023, entered into a management agreement with Kenilworth Racing Proprietary Limited to allow Cape totalisator betting to be hosted through the Gold Circle software platform, before being commingled with 4Racing.

GALLOP TV

Gold Circle operates a broadcast channel which is self-managed and features all KwaZulu-Natal based horse racing together with all contracted international racing broadcasts on which the public place bets. The Gallop TV channel is available in digital format via streaming services and is broadcast live to betting outlets nationally, as well as a “free-to-air” service broadcast through Sentech.

The costs of broadcasting on the Gallop TV channel are equally shared between Gold Circle and Hollywood Sportsbook Holdings Proprietary Limited.

INTERNATIONAL

The international sale of Gold Circle’s racing picture is given effect through contractual relationships entered into with Tabcorp (AUS), together with Premier Gateway International and Hong Kong Jockey Club, in 2022. The sale of the racing live broadcast picture is a major source of income to the company contributing R94.6 million over the past year. It is expected that this revenue source will be sustained in the year ahead notwithstanding fluctuations in foreign exchange rates.

Totalisator and Bookmaking

TOTALISATOR

A major source of income for the company is generated through commission received from totalisator betting turnover. Total totalisator turnovers for the 2024 financial year amounted to R759.7 million compared with R917.4 million in the comparative period. This betting trend is consistent with other totalisator operators around the country.

Restrictions on the ability to introduce additional product types due to licensing requirements is an inhibiting factor.

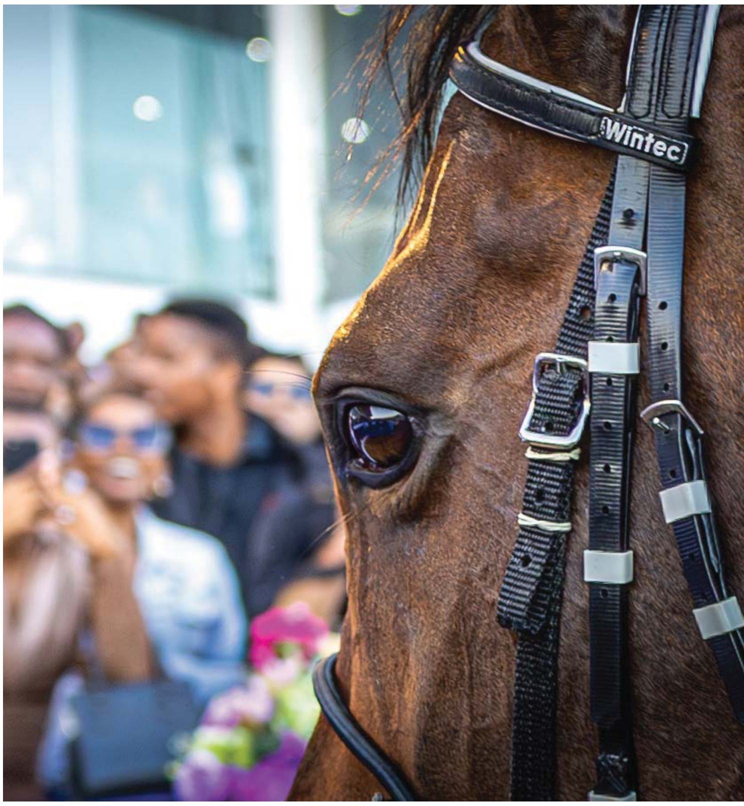
BOOKMAKING

In the year under review, Gold Circle participated in the fixed-odds betting market through a subsidiary, Track and Ball Proprietary Limited, which operated six bookmaking rights in KwaZulu-Natal. The subsidiary also managed several other licensed Black-empowered entities.

Whist Track and Ball generated Gross Gaming Revenue of R30.3 million, an increase of 14.9% over the prior year, the company has reported a comprehensive trading loss for the year of R14.1 million after shareholder loan account interest, compared with a loss of R38.2 million in the prior year. The Statement of financial position of the company reflected a net liability position of R94.0 million at 31 July 2024.

In light of the Board’s strategy to discontinue retail and virtual betting operations of Track and Ball, the company’s financial position and financial performance have been presented as a discontinued operation in the Statement of Financial Position and the Statement of Comprehensive Income.

Track and Ball has been a loss-making entity for a number of years which led to the Board of Directors taking a decision on 08 February 2024 to close all operations of the company effective from 31 August 2024. This included the termination of the management agreements in place to support the three Black owned bookmaking entities in which the company is invested. Track and Ball does not adhere to the principles of a “going concern”. The company has no intention to liquidate its business until all the business rights that it owns are sold and any other financial obligations are settled.



Events and Marketing

MARKETING

Planning for the 2024 Champions Season included the significant task of mitigating a recurrence of the power issues experienced at the Hollywoodbets Durban July last year. Numerous engagements with eThekwini Electricity Unit Heads and the Operations Teams were held which resulted in a strategy to provide the event with a dedicated electricity feed to minimise the risk of external factors affecting the electricity supply to the racecourse. Gold Circle thanks eThekwini Municipality for its commitment and assistance to ensure that the event could be staged without interruptions.

Gold Circle attended the Tourism Revitalisation Workshops which provided insight into the engagement between the various government departments and private organisations, working together to develop plans to address the critical issues of infrastructure failings, as well as crime, to reverse the decline of the city of Durban as a premier tourist destination. Gold Circle derives significant benefit from visitors during the July and December holiday periods and it is reassuring to know that there are action plans being formulated and executed to improve the facilities and service delivery of the city.

This year's Hollywoodbets Durban July theme "Ride The Wave" was released in March 2024 and kick-started the Hollywoodbets Durban July fashion programme with an event to launch the theme to the College and Technikon lecturers and design students in preparation for competing in the coveted Hollywoodbets Durban July Young Designer Awards.

The 2024 Champions Season three-month festival of racing excellence delivered once again. Royal Aussie, Rascova and Green With Envy commenced the Winter Season with wins in the Grade 2 Independent On Saturday Drill Hall Stakes, the Grade 2 World Sports Betting Fillies Guineas and the World Sports Betting Guineas.

Hollywoodbets Greyville played host to the World Sports Betting 1900, a race which last year was the season opener for eventual Hollywoodbets Durban July winner, Winchester Mansion, when running second to Pacaya. Lightning struck twice as, once again Brett Crawford's charge, Oriental Charm, opened the Season running second to the Justin Snaith trained Future Swing. Both these horses were establishing their claims to be included in the 2024 Hollywoodbets Durban July.

The first Grade 1 raceday of the season was The Daily News race day where a small, but quality field of eight runners faced the starter, and Green With Envy was declared the winner with Flag Man producing a battling display to land second place. Silver Sanctuary quickened up best of all to land the Grade 1 TabGold Woolavington 2000 and gave Richard Fourie another win towards the South African record number of wins in a season which had been held by Anthony Delpech for 25 years. Hollywoodbets Scottsville proved a happy hunting ground for the Tarry-Fourie combination winning two Grade 1 races. The performance of Quid Pro Quo in the Grade 1 Allan Robertson Championship was the most noteworthy with the filly going on to win the Grade 2 Zulu Kingdom Explorer, the Golden Slipper and the Grade 1 Douglas Whyte Stakes to become the first filly in history to win the unofficial two-year-old triple crown.

Proceed produced a powerful late run to win the Grade 1 Gold Medallion at Hollywoodbets Scottsville, and October Morn franked her consistent Cape form to hold off Mrs Browning in The Witness SA Fillies Sprint. The most impressive win on the day was Lucky Lad who won the Golden Horse Sprint with a close second finish by At My Command.

Racing action returned to Hollywoodbets Greyville a week later for the Hollywoodbets Gold Challenge race meeting. Another high-quality race meeting with many horses being prepped for a tilt at the Hollywoodbets Durban July and the other supporting features on the day. Fans were treated to one of the best fields for a Weight For Age mile that had been seen in many years. Many thought the three-year-old crop to be a very good generation, with Sandringham Summit, Main Defender, Lucky Lad and Snow Pilot all boasting Grade 1 winning form lines, however it was the 4-year-olds that would dominate the result with Dave The King finally getting his just rewards with his first Grade 1 win, beating home Cousin Casey, See It Again and Sandringham Summit.

Following the same path as in 2023 with Winchester Mansion, Oriental Charm followed up his second in the World Sports Betting 1900 with an impressive front running win in the Hollywoodbets Dolphins Cup Trial over 1800m. Another memorable performance on the day was the 2024 Champion Jockey, Richard Fourie breaking the record number of wins in a season aboard Double Grand Slam in the Grade 2 East Coast Radio Tibouchina Stakes.

The jewel in Africa's racing crown, the Hollywoodbets Durban July, continues to attract the best of breed and provides the country with a racing extravaganza that is the envy of other racing jurisdictions. The Hollywoodbets Durban July weights created much discussion with See It Again carrying top weight and ruling favourite Green With Envy being penalised for his win in The Daily News 2000 set to carry 56kg. For many, the dark horse in the race was Oriental Charm who had skipped the traditional three-year-old route into the July and would sneak into the final field with just 53kg on his back. That light weight would prove the difference as Oriental Charm went straight to the front and although headed in the final 200m, would fight all the way to the line under a brilliant ride by JP van der Merwe to hold off Cousin Casey and Royal Victory. Humdinger showed her best form under a superb ride from veteran Piere Strydom to win the Grade 1 Ridgemont Garden Province Stakes.

This year's event attracted a new official vehicle sponsor in Omoda and feedback from event partners was very positive. The Hollywoodbets Durban July attendance statistics were slightly down on last year. Mitigating reasons for this possible decline in attendances have been considered and plans for 2025 are already under way to elevate the event experience for all attendees to ensure that the Hollywoodbets Durban July remains Africa's Greatest Horseracing and Social Event.

The Ethekwini Municipality commissioned the BDO Socio-Economic Impact Assessment Report, which highlighted a major increase in external revenue generation for tourism and other related commercial activities in the city. Estimated GDP income rose to a massive R717 million compared with R613 million in 2023.

World Pool Gold Cup race day was truly a day for racing fans. The World Pool Gold Cup was supported by four Grade 1 races, three Grade 2 races and two Listed races in a fitting finale to South Africa's 2024 Champion Season. Quid Pro Quo confirmed her status as the best 2-year-old filly with her record-breaking win in the Douglas Whyte Stakes and this was followed by the filly VJ's Angel who showed the colts a clean pair of heels when winning the World Pool Moment Of The Day Champion Stakes. Surjay secured a gallant Grade 1 win in the Mercury Sprint. The World Pool Gold Cup was won by Master Redoute under Corne Orffer for Andre Nel in the famous Sabine Platner silks who out stayed the opposition and record a very good win. The Hong Kong Jockey Club Champions Cup once again attracted a small but quality field of ten runners. Dave The King, having skipped the Hollywoodbets Durban July, took the win under the jockeyship of Richard Fourie. Quid Pro Quo was awarded the World Pool Moment Of The Day for her record-breaking win which saw her groom, Asithandile Mgadeni, rewarded with a cheque for R100 000 courtesy of the Hong Kong Jockey Club.
Gold Circle extends its grateful thanks to all sponsors and partners for their continued support which ensured the success of another world class Champions Season.

Events and Marketing (continued)

COMMUNICATIONS

Communication with the company's customer base remains a key strategy. A number of channels are used to bring the latest information and news to the public and these include betting information sheets, race cards, television, newsletter, internet websites, Gallop TV, the SA Racing App and the joint venture with Independent Newspapers through the print media.

Gold Circle's Board and Management continue their liaison with the Ethekwini Municipality, the KwaZulu-Natal Province and the KwaZulu-Natal Economic Regulatory Authority and the Department of Trade and Industry to ensure that a harmonious working relationship exists in the interests of the company.

RACING

The company featured 101 race meetings during the year compared with 114 in the prior period. Whilst the Group's revenue streams remained under pressure, stakes were increased for both feature and minor races during 2024 Champions Season. Total stakes paid to stakeholders amounted to R109.5 million, including the "top-up" stakes contribution made by Hollywoodbets over the 2024 Winter Season, ensured that stakes paid in the current financial year were comparable to those paid in the prior year.

The success of the 2024 Champions Season was hallmarked by many outstanding performances and high-quality competitive racing. Despite a dry winter, the condition of the Hollywoodbets Greyville turf track has been exceptional over the past year and has stood up particularly well over the 2024 Champions Season.

The Polytrack at Hollywoodbets Greyville provides for the majority of races featured in KwaZulu-Natal. This track continues to provide a uniform racing surface throughout the year and ensures that very few race meetings in the province are cancelled due to inclement weather.

Hollywoodbets Scottsville's grass tracks raced well over the past year. Notwithstanding the grass being affected by frost during 2024 Champions Season, the track surface provided true underfoot conditions. This track has undergone its annual spring treatment in the months of September and October and will re-open for racing in November 2024.

The Willowfontein Rural Horse-Riding Club hosted the Umtelebhelo Heritage Cup at Hollywoodbets Scottsville on 21 September 2024, Gold Circle played a major part in achieving the successful completion of this event.

Gambling Legislation and Regulation

KZN GAMING AND BETTING BOARD (KZNGBB)

The KwaZulu-Natal Gaming and Betting Board merged with the KwaZulu-Natal Liquor Authority during the past year and is now known as the KwaZulu-Natal Economic Regulatory Authority, established under the KwaZulu-Natal Economic Regulatory Authority Act 2024. Gold Circle has maintained a good relationship with the Industry Regulators, and on-going liaison and communication takes place frequently in respect of legislation and licence regulation.

Members attention is drawn to Note 13 in the Directors Report which deals with the current status of the dispute litigation initiated by Gold Circle in the recovery of the 3% bookmakers' taxes from the KwaZulu-Natal Treasury Department. The amount in dispute amounts to R54 million.

Corporate Governance

Gold Circle manages its business within the reasonable corporate governance requirements of the King Commission Reports. The following Committees are appointed by the Board to monitor and direct the business activities of the company:

- Audit and Nominations Committee
- Remuneration Committee
- Social and Ethics Committee
- Commercial Risk Committee
- Racing Committee
- Tender and Adjudication Committee (non-remunerative)
- Finance and Investment Committee (non-remunerative)

Committee members comprise only non-executive directors and remuneration levels have been set and approved by the Board of Directors. The following table reflects the attendance record of statutory and other remunerated committee meetings of the Board:

	Board	Audit	Risk	Remco	Racing	Social & Ethics	Remuneration "R"
NON-EXECUTIVE							
D Chetty	5/5	-	-	-	4/4	2/2	110 250
G M Grant	4/5	3/3	2/2	2/2	-	-	120 750
C Moodley	2/2	3/3	2/2	-	-	-	42 000
S Naidoo	5/5	-	-	1/1	-	1/1	136 500
M M Nhlanhla	4/5	-	-	-	-	2/2	84 000
M W Rohwer	5/5	-	-	-	4/4	-	120 750
L R Whiteford	5/5	-	-	1/1	4/4	-	105 000
L Nunan	4/4	2/2	-	-	-	1/1	89 250
Z Zulu	2/2	1/1	1/1	1/1	-	1/1	47 250
Total Remuneration Cost							855 750

Transformation

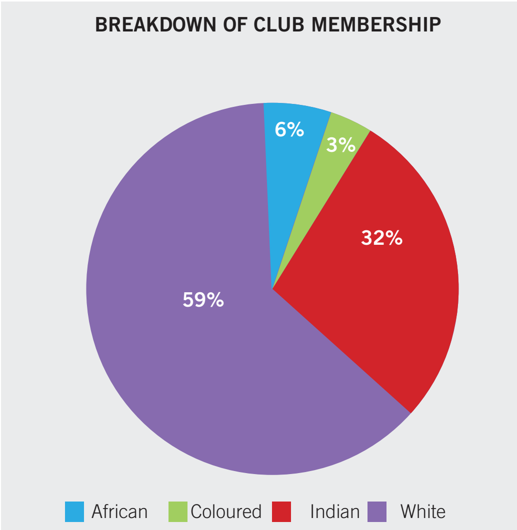
Gold Circle is a responsible corporate entity and aligns itself with the principles of Broad-Based Black Economic Empowerment. The company has over the years implemented several initiatives which have demonstrated a positive commitment to transformation throughout its business. Gold Circle is demographically represented in its business operations and currently holds a certified Level 2 Contributor status.

The company's investment in transformation initiatives remains dynamic, and is summarised in the table below:

CATEGORY	**2024**	2023
Socio-economic development	**11 256 354**	10 613 999
Corporate social	**279 581**	538 630
Enterprise development	**1 231 965**	2 027 387
Supplier development	**3 460 843**	1 807 621
Skills development	**5 929 522**	6 874 014
	22 158 265	21 861 651

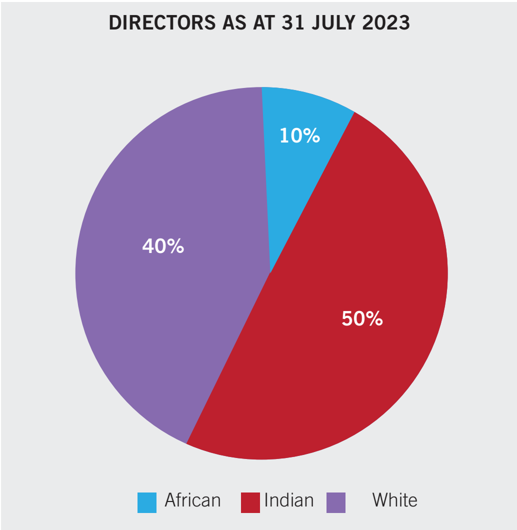
CLUB MEMBERSHIP

As of 31 July 2024, the Gold Circle Racing Club, as sole shareholder in Gold Circle, comprised 705 members. There are no barriers to becoming a member of the Club, reflecting a firm commitment to inclusivity. The Board of Directors is pleased to report that the initiatives implemented to enhance the demographic profile of club membership have yielded positive results. The Black membership component has increased from 39% in 2023 to 41% as at 31 July 2024. The Board continues to strive to improve the diversity of the membership demographic.



BOARD REPRESENTATION

The composition of the Board of Directors of Gold Circle is primarily influenced by Club membership. In addition to elected members, the Board has in the past strategically appointed external directors to ensure a balanced skill-set to drive the business. As at 31 July 2024, the Board of Directors comprised three executive directors and seven non-executive directors.



MANAGEMENT AND STAFF

The Gold Circle Group has a policy of employing suitably qualified personnel and providing equal opportunities for career advancement, regardless of race, disability, or gender. The company prioritizes the hiring of previously disadvantaged persons.

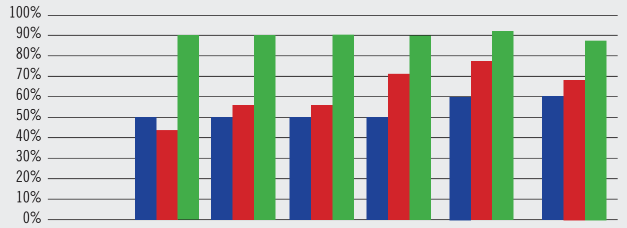
The demographic profile of Gold Circle's workforce as at 31 July 2024 was as follows:

Race	Executive Management	Senior & Middle Management	Junior Management	Semi-Skilled	Unskilled	Grand Total	%
African	0	6	99	211	95	411	68.3
Indian	3	21	57	54	2	137	22.8
Coloured	0	0	8	11	2	21	3.5
Sub Total	**3**	**27**	**164**	**276**	**99**	**569**	**94.5**
White	2	8	16	7	0	33	5.5
Total	**5**	**35**	**180**	**283**	**99**	**602**	**100.0**

Through its operational infrastructure, the company is able to offer employment opportunities for individuals with disabilities. Gold Circle operates a telephone betting call centre, where a number of operators who are wheel chair bound, are employed.

A demographic profile of Black management employed by the company over the past five years, together with future strategic targets, is depicted as follows:

BLACK PEOPLE IN MANAGEMENT



	Jul 20	Jul 21	Jul 22	Jul 23	Jul 24	Target 0-5Yrs 2025
Top/Exec	50%	50%	50%	50%	60%	60%
Senior	43%	56%	56%	71%	77%	68%
Middle	90%	90%	90%	90%	91%	88%

Skills Development

During the year under review, Gold Circle, expended an amount of R5.9m on skills development, primarily targeting black individuals, both employees and non-employees.

Training and development initiatives include:

- Learnerships in various fields, including generic management, professional cookery and contact centre operations;
- Internships and on-the-job training across multiple departments including finance, video technology, human resources, business processing support, departmental administration and end-user computing;
- In-house educational programmes and funding for formal training at accredited institutions;
- A recruitment and training programme for seasonal betting operators during the Champions Season, allowing hundreds of aspiring matriculants and job seekers to apply for these positions. Over the past year, 493 individuals received specialised training through this programme, which is unique and not available at any tertiary educational institution. This training equips candidates with the skills needed for similar employment opportunities in the open market once their seasonal contracts with Gold Circle have concluded;
- Support for the South African Jockey Academy, the only institution in the country dedicated to training professional jockeys. This training programme spans up to five years, allowing learners to complete their apprenticeship while simultaneously achieving an educational Level 12 qualification. The Academy selects learners from diverse community backgrounds, many of whom are previously disadvantaged. Gold Circle is committed to this initiative and is a major financial contributor to its efforts.

Corporate Social Investment

Gold Circle is dedicated to uplifting disadvantaged communities through its Corporate Social Initiatives Programme. All activities are approved and monitored by the Social and Ethics Committee, in alignment with the company's approved Transformation Strategy, which aims to meet the objectives of the Broad-Based Black Empowerment Act. Most initiatives are industry-focused and serve as a mechanism for skills transfer to the broader traditional horse-owning community.

Gold Circle actively seeks opportunities to improve the lives of vulnerable groups, including the elderly, children, people with disabilities, and those living in poverty. Additionally, Gold Circle provides administrative support, facilities, and racing events to non-profit organisations to help raise funds for charitable causes. Through the allocated charity race days, the company assisted several welfare entities in raising a total of R994,841 for their community projects.

SOCIO-ECONOMIC DEVELOPMENT

COASTAL HORSE CARE UNIT

The Coastal Horse Care Unit (CHCU) is a registered non-profit organisation focused on the welfare and care of horses in KwaZulu-Natal. CHCU works to rehabilitate, advocate for, and educate people in rural areas about responsible horse care. A key aspect of their mission is to transfer skills to disadvantaged rural communities, enabling them to better care for horses used for racing, transport, herding, and leisure activities.

Gold Circle is a major financial supporter of CHCU and actively assists the organisation in fundraising for its various initiatives. These programmes promote the informal racing industry and encourage horse owners to enhance their knowledge and skills, elevating their practices to a more professional standard.

Gold Circle is deeply involved in community-based programmes, with company personnel volunteering to conduct clinics and workshops alongside CHCU in rural areas. Since 2021, the company has collaborated with CHCU and the National Horse Racing Authority to initiate a micro-chipping and vaccination programme for horses, marking a significant advancement in the formalisation of traditional racing and the protection of horses.

Corporate Social Investment (continued)

TRADITIONAL HORSE RACING

The primary use of the Group's facilities and racecourses is for thoroughbred racing; however, Gold Circle has permitted the use of its facilities for traditional rural racing, which encompasses trotting, pacing, and tripling events.

Gold Circle first became involved in traditional racing in 2005, coinciding with a government initiative to explore and invest in this sector, particularly the development of the traditional race meeting held in Dundee every July. Gold Circle created a programme to bridge the gap between formal thoroughbred horseracing and traditional rural horseracing.

Gold Circle has embraced the opportunity to support traditional racing events through offering both technical and financial assistance, recognising this involvement as a key component of the company's Corporate Social Initiatives.

On 21 September 2024, the Willowfountain Rural Horseriding Club hosted the annual Umtelebhelo Heritage Cup at Hollywoodbets Scottsville Racecourse, where Gold Circle and Hollywoodbets served as headline sponsors. The event attracted participants from across KwaZulu-Natal and neighboring provinces.

Gold Circle promoted the event across all media platforms and broadcasted it live on Gallop TV channel, helping to enhance visibility and growth for both the event and traditional racing as a whole. Additionally, Gold Circle provided financial support for various operational costs, including stakes, for the event.

GROOMS

Gold Circle does not employ grooms directly as they are employed by trainers and are accountable to them. Recognising that the grooms' community at the training centers represents a particularly vulnerable sector of the industry, Gold Circle is committed to improving their financial security.

To support this, Gold Circle, in partnership with the KwaZulu-Natal Owners and Trainers Association, initiated and funded a consolidated retirement savings scheme for grooms, amounting to R4.5 million. As a result, grooms can now look forward to a more secure financial future upon completing their careers.

At the Summerveld Training Centre, Gold Circle provides comprehensive amenities for grooms' well-being, offering accommodation for those who cannot afford their own housing at an annual cost of approximately R7 million. Additionally, in collaboration with a medical practitioner, Gold Circle has established a fully equipped Healthcare Clinic at the training center, providing medical care to grooms and expanding these medical services to the surrounding local community.

Gold Circle actively seeks opportunities to incentivise grooms through partnerships with trainers and sponsors. Since December 2019, the company has collaborated with Hollywoodbets to initiate an empowerment programme that acknowledges the essential role that grooms play in the racing industry. This initiative has awarded over R5 million to grooms since its inception.

Corporate Social Investment (continued)

Gold Circle has supported the formation of the KwaZulu-Natal Grooms Association by covering the costs of all related administration and legal costs, inclusive of office facilities together with secretarial and administrative support, to assist in managing the Association's affairs.

RACE HORSE TRAINER DEVELOPMENT

Gold Circle manages a structured trainer development programme to promote the advancement of previously disadvantaged individuals within the horse racing community, guiding them from stable employees to assistant trainers and ultimately to licensed trainers. The programme aims to equip individuals with the skills needed to actively participate in the industry, create jobs, and develop entrepreneurial opportunities. Through qualifying as licensed trainers, participants can manage their own businesses and facilitate further job creation.

COMMUNITY TELEVISION

Gold Circle has launched a project to introduce low-income households and individuals from rural areas to the sport of horseracing. This initiative aligns with the Department of Communications and Digital Technologies' efforts to transition from analogue to digital broadcasting, enabling these households to access tech-enabled opportunities that promote inclusiveness, employment, and economic transformation across our cities and towns. Decoders are necessary to convert analogue signals to digital television services.

In partnership with Hollywoodbets, Gold Circle has ensured that among its selection of twenty-one channels, at least one is dedicated to horseracing. This initiative aims to bring the sport into the homes of predominantly black individuals who previously had limited access to horseracing broadcasts, which were mainly available on pay-per-view channels.

Gold Circle broadcasts its races on Gallop TV, an in-house platform. This facility has successfully aired events like the Umtelebhelo race meeting at Hollywoodbets Scottsville Racecourse, attracting a significant viewership.

Enterprise and Supplier Development

Gold Circle provides financial, operational, and managerial support to help its associate companies achieve operational success. Betsumor Gaming Proprietary Limited, Ezeefun Proprietary Limited and Wozabets Gaming Proprietary Limited are recognized as exempt micro-enterprises in the bookmaking sector, each with a majority black shareholding. These companies operate alongside Gold Circle's totalisator betting operations, generating commission earnings while benefiting from the synergy between totalisator betting and fixed odds betting.

PROCUREMENT

Gold Circle has an established Tender Committee responsible for adjudicating all tenders for required services in accordance with the company's Limits of Authority Policy and its B-BBEE Procurement Policy.

Below is a summary of procurement recognition levels over the past five years:

	2020	2021	2022	2023	2024	Target 2025
Recognition Levels	%	%	%	%	%	%
All Suppliers	72.7	83.2	81.6	88.3	90.2	80
QSEs & EMEs*	32.7	36.2	53.0	46.1	49.8	30

* QSEs – Qualifying Small Enterprises
EMEs – Exempt Micro Enterprises

Acknowledgements and Prospects

PROSPECTS

The Board is committed to seeking a sustainable future for Gold Circle in the face of many economic and other challenges in the year ahead. Prospects for the future are positive having particular regard to the proposal by Hollywood Racing Enterprises Proprietary Limited which will ensure the sustainability of horse racing for the foreseeable future.

S Naidoo
Chairperson

Statement of Directors' Responsibility

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Gold Circle Proprietary Limited, comprising the consolidated statement of financial position as at 31 July 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

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

The directors have assessed the ability of the Group to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead. However, should the acquisition by Hollywood Racing Enterprises Proprietary Limited be unsuccessful, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and there would be a material uncertainty on the Group's ability to continue as a going concern.

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

Approval of consolidated annual financial statements

The consolidated annual financial statements of Gold Circle Proprietary Limited, as identified in the first paragraph, were approved by the board of directors on 19 November 2024 and signed by:

S Naidoo
Chairperson
Authorised director

MJL Nairac
Chief Executive Officer
Authorised director

Report of the Directors

1. Consolidated and separate financial statements

This report contains the consolidated annual financial statements of Gold Circle Proprietary Limited Group. Separate financial statements for Gold Circle Proprietary Limited have been prepared.

2. Nature of business

The principal activities of the Group are to stage and promote race meetings, racing events, manage, administer, and operate the racecourses, training centres, and the totalisator, bookmaking, hospitality, and service divisions of the thoroughbred horse racing industry within the province of KwaZulu–Natal.

3. Review of results	2024	2023
	R	R
Total comprehensive income for the year	**(54 759 490)**	(66 656 325)

4. Share capital

	2024	2023
The fully issued share capital comprises 2 000 ordinary shares of R1 each:		
	2 000	2 000

5. Directors

The directors in office during the year and at the date of this report were:

Gold Circle Proprietary Limited Group

S Naidoo	(Chairperson)
GM Bortz	(Resigned 10 August 2023)
	(Appointed 18 September 2024)
D Chetty	(Resigned 18 September 2024)
GM Grant	(Resigned 18 September 2024)
ZP Maseko	(Appointed 18 September 2024)
C Moodley	(Resigned 14 December 2023)
MJL Nairac	(CEO)
MM Nhlanhla	
Y Pillay	(CFO)
SK Rampersadh	(Appointed 18 September 2024)
MW Rohwer	(Resigned 18 September 2024)
LR Whiteford	
Z Zulu	(Resigned 14 December 2023)
L Nunan	(Appointed 22 August 2023)
MR Sheik	(Racing Director)
	(Appointed 14 December 2023)

6. Company secretary

The secretary of the Group is Mr DJ Furness whose business address is 150 Avondale Road, Greyville, Durban, 4001.

7. Dividends

No dividends were declared or paid during the year (2023: Rnil).

Report of the Directors (continued)

8. Corporate governance

The Audit Committee, which consists only of non–executive directors, has met with the Group's independent auditors and executive management to discuss accounting, auditing, internal control, and financial reporting matters. The Group has an internal audit department which reports directly to the Audit Committee.

The following standing committees have been appointed:

Audit Committee
C Moodley (Chairperson) (Resigned 24 October 2024)
GM Grant (Resigned 24 October 2024)
Z Zulu (Resigned 14 December 2023)
L Nunan (Appointed 14 December 2023)

Remuneration Committee
GM Grant (Chairperson) (Resigned 24 October 2024)
Z Zulu (Resigned 14 December 2023)
L R Whiteford (Appointed 14 December 2023)

Risk Committee
C Moodley (Chairperson) (Resigned 24 October 2024)
GM Grant (Resigned 24 October 2024)
Z Zulu (Resigned 14 December 2023)
L Nunan (Appointed 14 December 2023)

Social and Ethics Committee
MM Nhlanhla (Chairperson)
D Chetty (Resigned 18 September 2024)
Z Zulu (Resigned 14 December 2023)
L Nunan (Appointed 14 December 2023)

Racing Committee
MW Rohwer (Chairperson) (Resigned 18 September 2024)
L R Whiteford (Appointed 14 December 2023)
L Nunan (Appointed 14 December 2023)
D Chetty (Resigned 18 September 2024)
PV Lafferty (Trainer representative)
C Martin (Breeder representative)

9. Subsidiaries and associates

The subsidiaries and associates of the Group, held directly and indirectly, are as follows:

	Issued share capital	Percentage holding
	R	%
Natal Racing Properties Proprietary Limited	**150 000**	**100**
Gold Circle Gaming Investments Proprietary Limited	**100**	**100**
Track and Ball Proprietary Limited	**200**	**70**
Wozabets Gaming Proprietary Limited	**120**	**30**
Betsumor Gaming Proprietary Limited	**120**	**30**
Sports Tracking Proprietary Limited	**100**	**35**
Ezeefun Proprietary Limited	**100**	**40**
Alphabet Betting Proprietary Limited	**100**	**100**
Gallop TV Proprietary Limited	**100**	**100**

10. Black empowerment initiatives

Gold Circle has a transformation policy which regulates its activities against Government's Broad Based Black Economic Empowerment Codes as gazetted in May 2019. The Group's transformation initiatives are monitored by the Board of Directors through the Social and Ethics Committee, as well as monitored by the KwaZulu-Natal Economic and Regulatory Authority. As at 31 July 2024, the Group held a level 2 BBBEE rating.

Report of the Directors (continued)

11. Transformation Fund Spend

Gold Circle Proprietary Limited is a responsible corporate entity and is proud to affirm our unwavering commitment to transformation, black economic empowerment, and corporate social initiatives as integral components of our business ethos. Gold Circle Proprietary Limited is resolute in its efforts to create opportunities that uplift previously disadvantaged individuals, especially those from marginalized communities.

The Group has over the years implemented several initiatives which demonstrate its commitment to transformation and to the upliftment of the lives of previously disadvantaged individuals. Gold Circle Proprietary Limited is a Level 2 contributor to Broad-Based Black Economic Empowerment.

Summarised below, with comparatives, is the actual expenditure that Gold Circle Proprietary Limited has contributed to its transformation strategy which is on-going and dynamic in nature. These expenses are funded from the taxes received from the KwaZulu-Natal Provincial Treasury.

	2024	2023
	R	R
Socio-economic development	**11 256 354**	10 613 999
Corporate social	**279 581**	538 630
Enterprise development	**1 231 965**	2 027 387
Supplier development	**3 460 843**	1 807 621
Skills development	**5 929 522**	6 874 014
	22 158 265	21 861 651

Report of the Directors (continued)

12. Going concern

Gold Circle Proprietary Limited from an operational perspective has a high level of integration with its subsidiary and associate companies. The budgeting and reporting processes are maintained and approved on a Group basis. The going concern assessment is done on a Group basis in order to be comparable to the budgets that have been approved by the Board.

Current financial condition

The Group traded at a total comprehensive loss of R54.8 million (2023: R R66.7 million). The current assets amounted to R403.6 million (2023: R352.5 million), current liabilities amounted to R230.8 million (2023: R163.6 million). The total assets amounted to R868.9 million (2023: R835.9 million). The total liabilities amounted to R423.4 million (2023: R253.8 million). At the financial year-end, the solvency decreased by 38% and liquidity ratios by 19% As at 31 July 2024, the Group is in a net current asset position of R172.8 million (2023: R188.9 million).

Mitigating factors

As at 31 July 2024, the Group had cash resources available to it amounting to R14.1 million (2023: R14.9 million). In addition, the Group has an overdraft facility of R15 million that is a critical component of its cash management. The Group has utilised R2.9 million of the overdraft facility (2023: R9.9 million of the overdraft facility).

As previously noted, the Group received an Expression of Interest (EOI) from Hollywood Sportsbook Holdings Proprietary Limited and Mr. Gregory Mark Bortz to purchase the shares of the Company held by Gold Circle Racing Club for a cash value of R1 and a capital contribution of R400 million in favour of Gold Circle Proprietary Limited.

This EOI was also accompanied with a funding arrangement from GMB Investments Proprietary Limited of R100 million that sustained the cash flows during the current financial period.

The loan was held under surety of the Natal Racing Properties Proprietary Limited's fixed properties. Hollywood Sportsbook Holdings Proprietary Limited became the sole purchaser in the equity buy-out under an agreement termed Capital Contribution and Share Purchase Agreement. Mr. Gregory Bortz resigned as director to avoid perceived or actual conflict of interest.

Report of the Directors (continued)

Mitigating factors (continued)

The following should be noted regarding the equity buy out with Hollywood Sportsbook Holdings Proprietary Limited with respect to suspensive conditions;

- A guarantee of R400 million was provided by Investec Bank Limited on 11 October 2023;
- Approval from Competition Authorities was granted on 26 July 2024;
- Application for approval from the KwaZulu-Natal Economic Regulatory Authority was submitted on 16 August 2024.
- Approval from the eThekwini Municipality was granted for change of control to Hollywood Sportsbook Holdings Proprietary Limited
- Approval from the Msundusi Municipality has been requested for cession of lease from the Pietermaritzburg Turf Club to Gold Circle Proprietary Limited. A change of control approval was not required by the municipality.
- The Group has secured further funding from Hollywood Sportsbook Holdings Proprietary Limited of R150 million to fund losses for the next financial year. This will also be used on a drawdown basis with an oversight committee as previously appointed. The loan is also secured through the properties of Natal Racing Properties Proprietary Limited.
- Should the transaction with Hollywood Sportsbook Holdings Proprietary Limited fail, then the loan from GMB Investments Holdings Proprietary Limited and any drawdowns received from Hollywood Sportsbook Holdings Proprietary Limited will be repaid from the ring-fenced funds held by Gold Circle Proprietary Limited or the sale of the Ashburton properties within 90 days. The Group will then be left with only enough cash resources to sustain operations until December 2025.
- Should the transaction with Hollywood Sportsbook Holdings Proprietary Limited be successful, then the funding received per the sale agreement would be used to cover operational losses in the years ahead should they occur.

Based on the above the Group will continue as a going concern and for the foreseeable future.
However, should any of the suspensive condition fail and the sale agreement with Hollywood Sportsbook Holdings Proprietary Limited be cancelled in the 12 months following the signing of the financial statements, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Therefore, there is a material uncertainty on the Group's ability to continue as a going concern

13. Challenge on bookmakers' tax received

In March 2023, the Group was advised by the KwaZulu-Natal Gaming and Betting Board (now known as the KwaZulu-Natal Economic Regulatory Authority - KZNERA) that they would no longer be distributing the Group's share of the 3% bookmakers' taxes on behalf of the KwaZulu-Natal Treasury Department who would in future be the responsible payer in terms of the KZN Betting Taxation Act. After communication with Treasury and a requested four-week delay to implement the necessary changes, Treasury duly paid the Group taxes owed to it for February 2023 in May 2023. Following this action, the KwaZulu-Natal Gaming and Betting Board unlawfully withheld all taxes due to the Group until January 2024 when the funds were transferred to Treasury.

The Group has instituted urgent legal proceedings against the KwaZulu-Natal Gambling and Betting Board, its Board members and CEO individually, together with the KwaZulu-Natal Treasury for the recovery of tax income due since March 2023 as well as ensuring that the flow of legislated contributions to the Group continue. The first court hearing was held on 4 July 2023 where the judge ruled that, due to the late submission of responding affidavits by the opposing deponents, the proceedings would be postponed. The respondents had until 25 July 2023 to complete their answering affidavit. Thereafter, the Group would have the right to reply by 31 July 2023. Without notice and discipline, the KwaZulu-Natal Gambling and Betting Board, chose to disregard the dates set by the Court and did not present their affidavits.

The Group's application and the KwaZulu-Natal Gaming and Betting Board's counter application were set down for hearing on a preferential basis on 02 August 2024 in the Pietermaritzburg High Court before the Judge President.

13. Challenge on bookmakers' tax received (continued)

At the commencement of proceedings, the Judge President indicated that she was inclined to grant the Group's application and directed the argument to be made by the parties with that in mind. The Judge President has adjourned the proceedings to give her time to prepare her judgement. The Group will receive notice from the court when judgement will be ready to be handed down.

At date of signing the financial statements, the matter was still under dispute and the amount owing to the Group has been accrued at a value amounting to R54 million.

Based on consultation with the legal advisors, the directors are confident that the amount recognised will be recoverable as legally the KwaZulu-Natal Gaming and Betting Board has no right to retain the funds due to the Group.

14. Subsequent events

On 31 August 2024, Track and Ball Proprietary Limited ceased its operations.

The Directors confirm that, to the best of their knowledge, no other material events requiring adjustments to or disclosure in the financial statements occurred after the financial year-end.

Independent Auditor’s Report

To the shareholders of Gold Circle Proprietary Limited

Opinion

We have audited the consolidated financial statements of Gold Circle Proprietary Limited (the Group) set out on pages 29 to 72, which comprise the consolidated statement of financial position at 31 July 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, accounting policies and notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gold Circle Proprietary Limited at 31 July 2024, and its consolidated financial performance and consolidated cash flows for the year ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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.

Material uncertainty related to going concern

We draw attention to Note 38 to the consolidated financial statements, which indicates that the Group incurred a net loss of R54.8 million during the year ended 31 July 2024. As stated in Note 38, if any of the suspensive conditions fail and the sale agreement with Hollywood Sportsbook Holdings be cancelled in the 12 months following the signing of the financial statements, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These events or conditions, along with other matters as set forth in Note 38, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the “Gold Circle Racing and Gaming Group Annual Report 2024”, which includes the Chairman’s Report and in the document titled “Gold Circle Proprietary limited consolidated annual financial statements” which includes the Directors Report as required by the Companies Act of South Africa. 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 and will 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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.

Independent Auditor's Report (continued)

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.

KPMG Inc.

KPMG.

Per Dwight Thompson
Chartered Accountant (SA)
Registered Auditor
Associate Director
19 November 2024

Consolidated Statement of Financial Position

	Note	2024	2023
		R	R
Assets			
Non–current assets			
Property, plant, and equipment	*3*	**372 857 590**	477 701 516
Investment in associates	*4*	**35**	35
Intangible assets	*5*	**–**	5 678 487
Investment property	*6*	**92 400 000**	–
		465 257 625	483 380 038
Current assets			
Tellytrack investment	*7*	**220 547**	220 547
Inventories	*8*	**2 577 083**	2 677 513
Trade and other receivables	*9*	**124 188 731**	97 530 730
Loans receivable	*10*	**–**	1 103 575
Cash and cash equivalents	*11*	**14 116 112**	14 938 553
Assets held for sale	*12*	**13 760 853**	–
Investments	*13*	**248 759 285**	236 013 108
		403 622 611	352 484 026
Total assets		**868 880 236**	835 864 064
Equity and liabilities			
Equity and reserves			
Share capital	*14*	**2 000**	2 000
Fair value reserve		**63 944 677**	48 562 184
Revaluation reserve		**276 546 520**	263 199 680
Post–retirement medical aid reserve		**5 293 610**	4 946 860
Retained earnings		**127 853 164**	289 343 726
		473 639 971	606 054 450
Non–controlling interests	*15*	**(28 186 053)**	(23 947 082)
Total equity		**445 453 918**	582 107 368
Non–current liabilities			
Lease liabilities	*16*	**1 851 497**	8 284 376
Deferred tax liability	*17*	**79 026 703**	74 501 214
Borrowings – GMB Investments Proprietary Limited	*18*	**104 931 242**	–
Post–retirement medical aid obligations	*19*	**6 782 000**	7 402 000
		192 591 442	90 187 590
Current liabilities			
Post–retirement medical aid obligations	*19*	**959 000**	1 026 000
Liabilities directly associated with the assets held for sale	*12*	**21 497 163**	–
Trade and other payables	*20*	**68 230 382**	91 744 130
Tax payable		**4 029 205**	–
Share of losses of associate	*4*	**–**	2 611 884
Bank overdraft	*11*	**2 936 664**	9 854 468
Provisions	*21*	**4 024 424**	11 702 279
Lease liabilities	*16*	**2 475 165**	7 172 464
Borrowings - Hollywood Sportsbook Holdings Proprietary Limited	*18*	**5 008 018**	–
Borrowings - Gold Circle Racing Club	*18*	**121 674 855**	39 457 881
		230 834 876	163 569 106
Total liabilities		**423 426 318**	253 756 696
Total equity and liabilities		**868 880 236**	835 864 064

Consolidated Statement of Profit and Loss and Other Comprehensive Income

	Note	2024	2023 Restated*
		R	R
Gross wagering revenue		**169 788 986**	201 123 050
Provincial tax		**(11 395 247)**	(13 791 491)
Net wagering revenue	*22*	**158 393 739**	187 331 559
Less: Agents commission and other direct costs	*23*	**(27 491 698)**	(40 333 449)
Less: Wagering expenditure	*23*	**(94 633 898)**	(133 944 923)
Contribution to racing from wagering activities		**36 268 143**	13 053 187
Add: Contribution to racing from third party bookmaking activities		**53 455 957**	58 256 856
Stand up and information fees		**2 457 000**	2 310 100
Contribution to horseracing from bookmakers' tax	*24*	**50 998 957**	55 946 756
Net international income	*22*	**90 665 457**	87 927 324
International income	*22*	**94 622 098**	92 349 196
Less: international commingling fees	*22*	**(3 956 641)**	(4 421 872)
Gross revenue available for racing activities		**180 389 557**	159 237 367
Add: Direct racing revenue	*22*	**95 725 831**	91 372 795
Add: Eventing revenue	*22*	**6 987 614**	6 650 497
Gross wagering revenues available for racing activities		**283 103 002**	257 260 659
Share of loss from Tellytrack partnership	*7/22*	**–**	(10 014)
Income available for racing activities		**283 103 002**	257 250 645
Less: Racing expenditure	*23*	**(367 037 113)**	(319 320 233)
Operating expenditure for racecourses and training facilities		**(221 528 507)**	(175 885 289)
National Horseracing Authority – regulatory costs		**(20 259 195)**	(21 096 969)
Stakes – gross		**(109 480 125)**	(106 314 871)
Stakes – breeders		**(5 353 815)**	(5 215 004)
Contribution to jockey's remuneration and insurance		**(10 415 471)**	(10 808 100)
Net loss before impairment		**(83 934 111)**	(62 059 574)
Add: Revaluation adjustment on investment property	6	**5 377 146**	–
Add: reversal of impairment of trade receivables	*9*	**540 693**	589 971
Net loss before financing and taxation		**(78 016 272)**	(61 479 617)
Add: Finance income	*26*	**966 519**	11 215 422
Less: Finance costs	*27*	**(6 747 706)**	(3 247 162)
Add: Dividend income	*28*	**2 006 018**	996 114
Add: Fair value adjustments	*29*	**–**	7 058 476
Loss before taxation		**(81 791 441)**	(45 456 767)
Income taxation	*30*	**3 913 462**	(31 190 891)
Loss from continuing operations		**(77 877 979)**	(76 647 658)
Loss from discontinued operation, net of tax	*31*	**(5 957 594)**	(38 184 680)
Loss for the year		**(83 835 573)**	(114 832 338)
Loss for the year attributable to:			
Owners of the Group		**(79 596 602)**	(103 376 934)
Non-controlling interest		**(4 238 971)**	(11 455 404)
Loss for the year		**(83 835 573)**	(114 832 338)
Other comprehensive income			
Items that will not be reclassified into profit and loss:		**29 076 083**	48 176 013
Post–retirement medical aid gain	*19*	**475 000**	1 398 000
Taxation on change in post–retirement medical aid gain		**(128 250)**	(377 460)
Net change in fair value of investments		**24 044 927**	17 953 065
Taxation on change in fair value of investments		**(8 662 434)**	499 828
Net change in fair value of freehold land and buildings		**17 024 031**	36 610 433
Taxation on freehold land and buildings		**(3 677 191)**	(7 907 853)
Total comprehensive loss for the year		**(54 759 490)**	(66 656 325)
Total comprehensive loss for the year attributable to:			
Owners of the Group		**(50 520 519)**	(55 200 921)
Non–controlling interest	*15*	**(4 238 971)**	(11 455 404)
		(54 759 490)	(66 656 325)

* Restated to separately disclose losses after tax of discontinued operations

Consolidated Statement of Changes in Equity

	Share capital	Revaluation reserve	Fair value reserve	Post-retirement medical aid reserve	Retained earning	Equity attributable to shareholders	Non-controlling interest	Total equity
	R	R	R	R	R	R	R	R
	a	*b*	*c*	*d*	*e*		*f*	
Balance at 31 July 2022	2 000	234 497 100	30 109 291	3 926 320	392 720 660	661 255 371	(12 491 678)	648 763 693
Total comprehensive loss for the year	–	28 702 580	18 452 893	1 020 540	(103 376 934)	(55 200 921)	(11 455 404)	(66 656 325)
Loss for the year	–	–	–	–	(103 376 934)	(103 376 934)	(11 455 404)	(114 832 338)
Other comprehensive income	–	28 702 580	18 452 893	1 020 540	–	48 176 013	–	48 176 013
Balance at 31 July 2023	2 000	263 199 680	48 562 184	4 946 860	289 343 726	606 054 450	(23 947 082)	582 107 368
Transactions between shareholders recognised directly in equity								
Additional loans on Clairwood Turf Club and Durban Turf Club dissolution	**–**	**–**	**–**	**–**	**(82 216 973)**	**(82 216 973)**	**–**	**(82 216 973)**
Alphabet Betting Proprietary Limited loans to related parties	**–**	**–**	**–**	**–**	**323 013**	**323 013**	**–**	**323 013**
Total comprehensive loss for the year	**–**	**13 346 840**	**15 382 493**	**346 750**	**(79 596 602)**	**(50 520 519)**	**(4 238 971)**	**(54 759 490)**
Loss for the year	**–**	**–**	**–**	**–**	**(79 596 602)**	**(79 596 602)**	**(4 238 971)**	**(83 835 573)**
Other comprehensive income	**–**	**13 346 840**	**15 382 493**	**346 750**	**–**	**29 076 083**	**–**	**29 076 083**
Balance at 31 July 2024	**2 000**	**276 546 520**	**63 944 677**	**5 293 610**	**127 853 164**	**473 639 971**	**(28 186 053)**	**445 453 918**

Notes to the statement of changes in equity

The Group's reserves are represented by the following:

a Share capital represents the Group's issued share capital held by outside shareholders.

b Revaluation reserves arising on fair value adjustments to property plant and equipment.

c Fair value reserves arising from financial assets recognised as fair value through other comprehensive income.

d Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses.

e The retained earnings represent the cumulative historic profit and loss reinvested in the Group. No restrictions exist on the use of the retained earnings.

f The non-controlling interests represent the cumulative historic total comprehensive income attributable to the minority shareholders in Track and Ball Proprietary Limited.

Consolidated Statement of Cash Flows

	Note	**2024**	2023
		R	R
Cash flows from operating activities			
Cash utilised in operations	*32*	**(94 591 218)**	(70 311 071)
Interest paid	*27*	**(3 084 932)**	(3 247 162)
Interest received	*26*	**1 002 648**	1 240 885
Dividends received	*28*	**2 006 018**	996 114
Taxation paid	*33*	**–**	2 751 337
Repayment of post–retirement medical aid obligation	*19*	**(212 000)**	(133 000)
Net cash outflow from operating activities		**(94 879 484)**	(68 702 897)
Cash flows from investing activities			
Purchase of property, plant, and equipment	*3*	**(4 358 166)**	(8 545 599)
Proceeds on disposal of property, plant, and equipment		**355 385**	150 000
Acquisition of other investments	*13*	**(60 938 527)**	(185 267 227)
Proceeds from disposal of other investments	*13*	**70 793 157**	243 683 640
Proceeds from repayment of loan		**–**	172 845
Net cash inflow from investing activities		**5 851 849**	50 193 659
Cash flows from financing activities			
Proceeds from borrowings	*18*	**105 000 000**	–
Repayments in respect of finance leases	*16*	**(1 663 191)**	(3 873 487)
Repayments in respect of other leases	*16*	**(6 141 276)**	(5 860 815)
Net cash inflow/(outflow) from financing activities		**97 195 533**	(9 734 302)
Net increase/(decrease) in cash and cash equivalents for the year		**8 167 898**	(28 243 540)
Cash and cash equivalents acquired		**–**	74 195
Cash and cash equivalents transferred to assets held for sale	*11*	**(2 072 535)**	–
Cash and cash equivalents at beginning of the year		**5 084 085**	33 253 430
Cash and cash equivalents at end of the year	*11*	**11 179 448**	5 084 085

Accounting Policies

1. Accounting policies

1.1 Reporting entity

Management has applied the principles of materiality as outlined in IFRS Practice Statement 2 Making Materiality Judgements. Consequently, only those accounting policies deemed material to the users' understanding of these annual financial statements have been disclosed. Accounting policies are considered material if their disclosure could reasonably be expected to influence decisions made by the primary users of these financial statements. Non-material policies have been omitted to improve clarity and relevance.

Gold Circle Proprietary Limited is a Group domiciled in the Republic of South Africa. The address of the Group's registered office is 150 Avondale Road, Greyville. The consolidated financial statements of the Group for the year ended 31 July 2024 comprise the Group, its subsidiaries, associates, and partnership (together referred to as the "Group").

The financial statements were authorised for issue by the directors on 19 November 2024. These financial statements are signed on its behalf by S Naidoo and MJL Nairac, the authorised directors.

The financial statements incorporate the following principal accounting policies as set out below. The accounting policies of the subsidiaries are consistent with those of the Group.

1.2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS ® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of South Africa. These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

(b) Basis of measurement

The entity is using the historic cost convention except for the fair value measurement in note 1.3(h).

1.2 Basis of preparation (continued)

(c) Functional and presentation currency

The consolidated financial statements are presented in South African Rands, which is the Group's functional currency.

(d) Use of estimates, assumptions, and judgements

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 Property, plant, and equipment – reassessment of useful lives of moveable assets.
- Note 5 Intangible assets – impairment considerations in respect of licences.
- Note 6 Investment property- fair value input.
- Note 9 Trade and other receivables – impairment considerations in respect of trade receivables and the estimation of the bookmaker's tax.
- Note 12 Assets held for sale- fair value input.
- Note 19 Post–retirement medical aid obligation – inputs to the independent valuation of the fund.

(e) Materiality judgements

Materiality judgments are integral to the preparation and presentation of these financial statements, impacting decisions around recognition, measurement, presentation, and disclosure. In accordance with IFRS Accounting Standards, only information deemed material is disclosed. Information is considered material if its omission, misstatement, or obscuration could reasonably be expected to influence the economic decisions of the primary users of these financial statements.

Management has identified the primary users as investors, creditors, and other stakeholders, and has assessed their information needs. Only those accounting policies and disclosures that are likely to be relevant to the users' understanding of the financial position, financial performance, and cash flows have been included. Management's application of materiality is consistent with the guidance provided in IFRS Practice Statement 2 Making Materiality Judgements.

1.3 Material accounting policies

(a) Basis of consolidation

(i) Subsidiaries

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity. The Group controls an entity only if the Group has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the entity; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity–accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Non–controlling interests

Non–controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.3 Material accounting policies (continued)

(b) Property, plant, and equipment

Recognition and measurement

Land and buildings are shown at fair value, based on periodic valuations by external independent valuators, less subsequent depreciation for buildings. Increases in the carrying amount arising on revaluation of land and buildings are credited to revaluation reserves in shareholder's equity. Decreases that offset previous increases of the same asset are charged against revaluation reserves directly in equity. All other decreases are charged to profit and loss. The revaluation surplus is transferred to retained earnings upon disposal of an item of property, plant, and equipment.

Movable items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant, and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant, and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are ready for use.

Item	Depreciation method	Average useful life
Buildings	Straight line	Over 50 years
Plant, vehicles and equipment	Straight line	3 to 6 years
Right-of-use assets	Straight line	Over the lease term

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if appropriate.

(c) Financial instruments

Financial assets comprise of cash and cash equivalents, investments, loans to related parties and trade and other receivables.

Financial liabilities comprise of finance lease liabilities, borrowings from related parties, trade and other payables and bank overdrafts.

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI)-debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit and loss (FVTPL).

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1.3 Material accounting policies (continued)

(c) Financial instruments (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit and loss (FVTPL) or fair value through other comprehensive income (FVOCI):

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

On initial recognition of an equity investment that is not held for trading, the Group may irrecoverably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrecoverably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and gains or losses on exchange rates are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

Subsequent measurement and gains and losses:

Investments, trade and other receivables, cash and cash equivalents and loans to related parties are measured initially at fair value.

Financial assets at amortised costs are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. Financial liabilities are subsequently measured at amortised cost.

Equity at FVOCI is subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income (OCI) and are never reclassified to profit or loss.

De-recognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

Derivatives comprise of deferred income and movements in deferred income is recognised as net gaming income in the statement of profit and loss and other comprehensive income

Offset

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.3 Material accounting policies (continued)

(c) Financial instruments (continued)

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECL) on financial assets measured at amortised costs.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured at 12-month expected credit losses (ECL):

- Debt securities that are determined to have low credit risk at the reporting date; and
- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and included forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due. The credit risk has been assessed in note 35.4.

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

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- From previous experience, the financial asset is more than 365 days past due.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECL are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 30 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or another financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(d) Impairment of non-financial assets

The carrying amount of the Group's non-financial assets excluding inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite-life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

1.3 Material accounting policies (continued)

(d) Impairment of non-financial assets (continued)

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised in other comprehensive income to the extent of any previous revaluation reserves. Any excess impairment is recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the cash generating unit on a pro rata basis.

(e) Intangible assets

Intangible assets are measured at cost less accumulated impairment losses. Intangible assets that have indefinite useful lives are not required to be amortised however they are required to be tested for impairments annually. Impairments are accounted for through profit and loss. The initial costs capitalised to intangible assets consists of the purchase price of the fixed odds licence.

(f) Leased assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether the contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant, and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, if the Group changes its assessment of whether it will exercise an extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities on the face of the statement of financial position.

1.3 Material accounting policies (continued)

(f) Leased assets (continued)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases in profit or loss on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative standalone prices.

When the Group acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease.

When the Group is an intermediate lessor, it accounts for its interest in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration on the contract.

The Group recognises lease payments received under operating leases as in profit or loss on a straight-line basis over the lease term as part of "other revenue."

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the first in first out (FIFO) formula. When inventories are sold, the carrying amounts of those inventories are recognised in profit and loss in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised in profit and loss in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the number of inventories recognised in profit and loss in the period in which the reversal occurs.

(h) Determinations of fair values

Several of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods set out below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

When measuring the fair values of an asset and liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in the fair value hierarchy based on inputs used in the valuation technique as follows:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Accounting Policies (continued)

1.3 Material accounting policies (continued)

(i) Employee benefits

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods.

The calculation of defined benefit obligations is performed every two years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, is recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), considering any changes in the net defined benefit liability (asset) during the period because of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed, the resulting change in benefit that relates to past service is recognised immediately in profit or loss. The Group recognised gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Employee entitlements to annual leave are recognised when they accrue. An accrual is made for the estimated liability for accumulated leave because of services rendered up to the reporting date.

(j) Provisions

A provision is recognised if, because of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(l) Interests in equity-accounted associates

The Group's interests in equity-accounted associates comprise of interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. After initial recognition, the financial statements include the Group's share of the profit or loss of equity accounted associates, until the date on which significant influence or joint control ceases.

Once the entity's interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the entity has incurred legal or constructive obligations on behalf of the equity accounted associates.

Accounting Policies (continued)

1.3 Material accounting policies (continued)

(m) Revenue

The following table provides information about the nature and timing of the satisfaction of performance obligations with customers, including significant payment terms. A performance obligation is a promise to provide a "distinct" good or service to a customer.

Type of goods or services	Nature and timing of performance obligation, including significant payment terms	Revenue recognition
Net wagering revenue	Net wagering revenue comprises totalisator betting and bet gaming income. Totalisator betting: Customers (punters) rights arise when bets are struck on the totalisator wagering system for any sporting event. Betting transactions (tickets if over the counter or transactions if through telephonic or internet betting) are generated at that point in time. Dividends from winning bets struck are payable once the sporting event has resulted. Commission on these bets struck is earned by the Group. Net gaming income: Net gaming income is derived from total bets struck less payouts made to punters and provincial tax. Income received in advance from punters is based on bets placed against the occurrence/non-occurrence of a future event.	Revenue from the commission is recognised when the result of the betting event is finalised on a daily basis. The result of the betting event is the performance obligation and this commission is based on a predetermined percentage of the totalisator pool as per the Gambling Act.
Contribution to horseracing from third party bookmaking activities	Customers (bookmakers) rights arise when they sell the Group's horseracing betting products through fixed odds channels. As a contribution from the use of the Group's products, the local gambling board distributes a portion of the punter's winnings to the Group.	Revenue from the bookmakers, recognised as taxes are earned for each horseracing betting tax product. The performance obligation is the sale of the Company's horseracing betting product through fixed odds channels. The taxes are determined as a percentage of punters winnings in line with legislation.
Sale of horseracing television broadcast and data. Appliable from 1 February 2022.	The Group sells its televised horseracing picture and data to customers around the world.	Revenue from intellectual property is recognised monthly. The transaction price is based on a fixed fee per race meeting as agreed in the contract with the broadcaster.
Direct racing revenues	Invoices for stabling income, sponsorships, entrance tickets horseracing nominations and acceptances and members' subscriptions are issued on a daily or monthly basis and are payable within 60 days of invoice.	Revenue is recognised when the event has taken place. The transaction price is determined per contractual agreements.
Eventing revenue	Invoices for eventing goods and services are issued when an event takes place and are payable in advance.	Revenue is recognised when the event has taken place. The transaction price is determined per contractual agreements.
Catering income	Invoices for sale of food and beverages are issued as required and are payable immediately on supply.	Revenue is recognised at a point in time as the goods and services are provided.

(n) Government grants

The Group recognises government grants related to the Temporary Employee Relief Scheme in profit or loss as an offset to operating expenses once the grant has been approved.

(o) Finance income and finance costs

The Group's finance income and finance costs include interest income, interest expense and the net gain or loss on the disposal of investments. Interest income or expense is recognised using the effective interest method.

1.3 Material accounting policies (continued)

(p) Dividend income

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(q) Income taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity as other comprehensive income.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

A deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(r) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:
   - (i) has control or joint control of the reporting entity;
   - (ii) has significant influence over the reporting entity; or
   - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(s) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets or disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This classification is made only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, and it is expected to be completed within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Once classified as held for sale, intangible assets and property, plant, and equipment are no longer depreciated or amortized.

A discontinued operation is a component of the Group that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations. When an operation is classified as discontinued, the comparative statement of comprehensive income is restated to present the discontinued operation separately from continuing operations.

(t) Disposal groups- assets and liabilities

A disposal group includes a group of assets and liabilities directly associated with those assets that will be transferred upon sale. Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Liabilities associated with disposal groups are presented separately from other liabilities in the statement of financial position.

Accounting Policies (continued)

1.3 Material accounting policies (continued)

(u) Presentation of discontinued operations

Discontinued operations are presented as a single amount in the statement of comprehensive income, including the post-tax profit or loss from the discontinued operations and the post-tax gain or loss recognized on the measurement to fair value less costs to sell or on disposal of the assets or disposal group. The related cash flows are presented separately in the statement of cash flows.

(v) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs. Any gain or loss on disposal of an investment property is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings. When the use of property, plant and equipment changes such that it is reclassified as investment property, its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

New Standards and Interpretations

2 New standards and interpretations

2.1 Standards and interpretations not yet effective

Several new standards and interpretations are effective for annual periods beginning after 1 August 2024. The Group has not adopted any of these new or amended standards in preparing these financial statements.
At the date of authorisation of the financial statements the following standards and interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date Periods beginning on or after
IAS 7 & IFRS 7 amendments	Disclosure of supplier finance arrangements	May 2023	1 January 2024
IFRS 7 and IFRS 9 amendments	Classification and measurement requirements for financial instruments Settlement by electronic payments Other amendments	May 2024	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	April 2024	1 January 2027
IAS 1 amendment	Classification of liabilities as current or non-current Non-current liabilities with covenants	October 2022	1 January 2024
IFRS 16 amendment	Lease Liability in a Sale and Leaseback	September 2022	1 January 2024
IAS 21 amendments	Lack of Exchangeability	August 2023	1 January 2025
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 2024	1 January 2027

All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the Group). The effect of the changes is not expected to have a material effect on the financial statements.

Notes to the Consolidated Financial Statements

3. Property, plant and equipment

2024	Cost	Accumulated depreciation and impairment	Carrying amount
	R	R	R
Land	**49 579 987**	**–**	**49 579 987**
Leasehold buildings	**139 264 376**	**(82 354 325)**	**56 910 051**
Freehold buildings	**373 159 591**	**(135 725 481)**	**237 434 110**
Plant, vehicles and equipment	**180 796 528**	**(154 745 776)**	**26 050 752**
Assets under construction	**392 278**	**–**	**392 278**
Right-of-use assets	**13 406 293**	**(10 915 881)**	**2 490 412**
	756 599 053	**(383 741 463)**	**372 857 590**

	Land	Leasehold buildings	Freehold buildings	* Plant, vehicles and equipment	Assets under construction	Right-of-use assets	Total
Movement in carrying amount	R	R	R	R	R	R	R
Carrying amount at beginning of year	**48 708 983**	**61 472 835**	**321 217 709**	**34 454 047**	**28 136**	**11 819 806**	**477 701 516**
Additions	**–**	**–**	**–**	**3 994 024**	**364 142**	**–**	**4 358 166**
Revaluation	**871 004**	**–**	**16 153 027**	**–**	**–**	**–**	**17 024 031**
Gain on remeasurement of right of use assets	**–**	**–**	**–**	**–**	**–**	**(227 741)**	**(227 741)**
Impairment	**–**	**–**	**–**	**–**	**–**	**(2 527 071)**	**(2 527 071)**
Disposals at carrying amount	**–**	**–**	**–**	**(145 719)**	**–**	**(167 249)**	**(312 968)**
Transfer to non-current assets held for sale Note 12	**–**	**(165 533)**	**–**	**(1 761 556)**	**–**	**–**	**(1 927 089)**
Reclassification to investment property Note 6	**–**	**–**	**(87 022 854)**	**–**	**–**	**–**	**(87 022 854)**
Depreciation	**–**	**(4 397 251)**	**(12 913 772)**	**(10 490 044)**	**–**	**(6 407 333)**	**(34 208 400)**
Carrying amount at end of year	**49 579 987**	**56 910 051**	**237 434 110**	**26 050 752**	**392 278**	**2 490 412**	**372 857 590**

Cash outflows from investing activities amounts to R4 358 166.

*Freehold land and building are held as surety for the loans from GMB Investments Proprietary Limited and Hollywood Sportsbooks Holdings Proprietary Limited.

2023	Cost	Accumulated depreciation and impairment	Carrying amount
	R	R	R
Land	48 708 983	–	48 708 983
Leasehold buildings	139 467 762	(77 994 927)	61 472 835
Freehold buildings	444 029 418	(122 811 709)	321 217 709
Plant, vehicles and equipment	188 564 505	(154 110 458)	34 454 047
Assets under construction	28 136	–	28 136
Right-of-use assets	34 273 037	(22 453 231)	11 819 806
	855 071 841	(377 370 325)	477 701 516

Notes to the Consolidated Financial Statements

3. Property, plant and equipment (continued)

2023

	Land	Leasehold buildings	Freehold buildings	Plant, vehicles and equipment	Assets under construction	Right-of-use assets	Total
	R	R	R	R	R	R	R
Movement in carrying amount							
Carrying amount at beginning of year	46 373 334	65 870 085	296 373 604	35 219 533	34 791	11 115 818	454 987 165
Additions	–	–	–	8 890 193	28 136	2 679 034	11 597 363
Revaluation	2 335 649	–	34 274 784	–	–	–	36 610 433
Gain on remeasurement of right of use assets	–	–	–	–	–	4 148 908	4 148 908
Transfers	–	–	–	34 791	(34 791)	–	–
Disposals	–	–	–	(119 523)	–	–	(119 523)
Depreciation	–	(4 397 250)	(9 430 679)	(9 570 947)	–	(6 123 954)	(29 522 830)
Carrying amount at end of year	48 708 983	61 472 835	321 217 709	34 454 047	28 136	11 819 806	477 701 516

Cash outflows from investing activities amounts to R8 918 329.

The Group's land and freehold buildings were revalued on 31 July 2024 by an external, independent valuator, Roper & Associates Property Valuers (Rob Roper). The independent valuer has appropriate recognised professional qualifications and has experience in the location and category of the property being valued. The independent valuer provides the fair value of the Group's land and freehold buildings every three years and when required. No changes to the valuation technique had been affected by the independent valuer.

The fair value measurement for revalued property, plant and equipment has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs:

Valuation techniques

Income Method: To arrive at the open market value of the subject property, management's specialist has used the income or investment approach that is defined as the net annual income, which the property can generate in today's market, (and subject to its conditions of leases, if any) capitalized into perpetuity at that current yield (or capitalization rate) which the market is accepting for similar properties.

Depreciated Replacement Value (Cost Approach): The Depreciated Replacement Value is the estimated cost of erecting the improvements (including site works, professional fees and other expenses directly related to construction), depreciated according to functional, physical, and economic obsolescence, to which is added the Open market Value of land, as if vacant.

Direct Method: In arriving at the open market value of the subject property, management's specialist has used the method of direct comparison which they define as the direct comparison of recent sales of similar properties and making necessary adjustments with the subject to determine the value that the market would place on it. This approach is based on the principle of substitution and holds that the buyer will not be prepared to pay more for the subject property than the price which alternative comparable property could be purchased.

Significant unobservable inputs

- Vacancy rate-3%
- Annual expenditure-21%
- Capitalisation yield rate-10%

Inter-relationship between key unobservable inputs and fair value measurement

The estimated fair value would increase (decrease) if:

- Expected vacancy rate was lower (higher)
- Annual expenditure was lower (higher)
- Capitalisation yield rate was higher (lower)

The revaluation surplus, net of applicable deferred income taxes, was credited to the revaluation reserve.

The value of the land is considered inconsequential to the value of the freehold buildings.

A register detailing the descriptions, situation, and date of acquisition of property, plant and equipment is available for inspection at the registered office of the Group.

Notes to the Consolidated Financial Statements

3. Property, plant, and equipment (continued)

Land and freehold buildings were revalued during the financial year. If land and freehold buildings were stated on the historical cost basis, the amounts would be as follows:

	2024	2023
	R	R
Cost	**220 516 923**	220 516 923
Accumulated depreciation	**(71 370 950)**	(60 345 104)
	149 145 973	160 171 819

Assets under construction

Assets under construction relate to various capital projects undertaken by the Group that are incomplete as at the year end. These include building upgrades and training tracks expansions.

4. Investments in and share of losses of associates

The Group has determined that is has significant influence over these associates, because the Group has more than 20% holding in the associates as well as representation on the board.

The decision–making capacity that drives the relevant activities within Betsumor Gaming Proprietary Limited, Wozabets Gaming Proprietary Limited, Sports Tracking Proprietary Limited, and Ezeefun Proprietary Limited lies with the Board of Directors, in which the Group does not control most of the voting rights. The Group therefore does not have power over the relevant activities of these companies. As a result, the Group does not consolidate these associates. These associates are not considered material to the Group.

The Group is contractually obligated to share in the losses experienced by the associates.

The Group obtained control over Alphabet Betting Proprietary Limited and is therefore consolidated in the current year. After year end, the Group intends to deregister Alphabet Betting Proprietary Limited.

	2024	2023
	%	%
Betsumor Gaming Proprietary Limited	**30**	30
Wozabets Gaming Proprietary Limited	**30**	30
Ezeefun Proprietary Limited	**40**	40
Sports Tracking Proprietary Limited	**35**	35
Share of loss from equity accounted associates	**R**	R
Betsumor Gaming Proprietary Limited	**(127 734)**	(247 651)
Wozabets Gaming Proprietary Limited	**(125 422)**	(58 981)
Ezeefun Proprietary Limited	**(640 022)**	(475 790)
Alphabet Betting Proprietary Limited- reversal of accumulated losses because of 100% acquisition.	**–**	37 770
	(893 178)	(744 652)
Movement in net investment in associates		
Balance at the beginning of the year	**2 611 849**	1 867 147
Share of loss in associates		
Betsumor Gaming Proprietary Limited	**127 734**	247 651
Wozabets Gaming Proprietary Limited	**125 422**	58 981
Ezeefun Proprietary Limited	**640 022**	475 790
Alphabet Betting Proprietary Limited- conversion from associate to subsidiary	**–**	(37 720)
Transfer to liabilities directly associated with the assets held for sale	**(3 505 062)**	–
Balance at the end of the year	**(35)**	2 611 849
Disclosed as follows on the consolidated statement of financial position:		
Investment in associates	**35**	35
Share of losses in associates	**–**	(2 611 884)

The above associates registered office is at 150 Avondale Road, Greyville.

Notes to the Consolidated Financial Statements

4. Investments in and share of losses of associates (continued)

Financial information of associates	Ezeefun Proprietary Limited	Betsumor Gaming Proprietary Limited	Wozabets Gaming Proprietary Limited	Sports Tracking Proprietary Limited
2024	**R**	**R**	**R**	**R**
Assets	**847 734**	**754 405**	**325 843**	**15 264**
Liabilities	**5 332 028**	**5 171 994**	**1 670 433**	**1 986 156**
Revenue	**3 506 789**	**3 099 158**	**1 212 390**	**–**
Loss for the year	**(1 600 058)**	**(425 764)**	**(418 070)**	**–**
2023				
Assets	4 449 891	728 494	296 674	15 264
Liabilities	7 334 127	4 721 217	1 223 194	1 986 156
Revenue	3 054 736	2 724 599	1 693 745	–
Loss for the year	(1 189 473)	(826 402)	(196 606)	–

Shareholding (Betsumor Proprietary Limited and Wozabets Proprietary Limited)

On 18 December 2023, Track and Ball Proprietary Limited advised shareholders that it had received a purchase offer to acquire its 30% equity held in Betsumor Proprietary Limited and Wozabets Proprietary Limited on recorded terms and conditions. In terms of the Shareholders Agreement, the sale equity was then offered to other shareholders in Betsumor Proprietary Limited and Wozabets Proprietary Limited on similar terms and conditions. No alternative offers were received from shareholders. Track and Ball Proprietary Limited have signed an agreement to dispose of their equity in Betsumor Proprietary Limited and Wozabets Proprietary Limited

After the notification received from Track and Ball Proprietary Limited on the sale of its equity, all remaining shareholders agreed to dispose of their shares to the same Offeror as Track and Ball Proprietary Limited, and accordingly signed agreements of purchase and sale for their equity.

The Offeror, at 31 July 2024, and as at the date of signature to these financial statements, has not yet received the approval to hold a bookmaker licence from the KwaZulu-Natal Economic Regulatory Authority, to continue trading operations.

Shareholding (Ezeefun Proprietary Limited)

On 18 December 2023, Track and Ball Proprietary Limited advised shareholders that it had received a purchase offer to acquire its 40% equity held in Ezeefun Proprietary Limited on recorded terms and conditions. In terms of the Shareholders Agreement, the sale equity was then offered to other shareholders in Ezeefun Proprietary Limited on similar terms and conditions. A shareholder holding 40% of the Ezeefun Proprietary Limited equity also gave its intention to dispose of its equity and co-joined Track and Ball Proprietary Limited in signing an agreement to dispose of 60% of equity in Ezeefun Proprietary Limited.

The Offeror, at 31 July 2024, and as at the date of signature to these financial statements, has not yet received the approval for the change in financial control of Ezeefun Proprietary Limited from the KwaZulu-Natal Economic Regulatory Authority, to continue trading operations.

5. Intangible assets

	2024	2023
	R	R
Fixed odds licences – Track and Ball Proprietary Limited		
Balance at the beginning of the year	**5 678 487**	29 709 275
Impairment	**2 821 513**	(24 030 788)
	8 500 000	5 678 487
Transfer to non-current assets held for Sale	**(8 500 000)**	–
Balance at the end of the year	**–**	5 678 487

The Group has classified the above intangible assets as having indefinite useful lives and as such shall not be amortised. These licenses are tested for impairment annually. During the financial year, a decision was taken to close all retail outlets, and consequently the future value in use could not be used as a determinable value for the intangible assets. The Group could only place reliance on a fair market value less costs to sell. Two licences were sold in Stanger and Pietermaritzburg, for R2m and R1.4m respectively. Based on these values, the remaining eThekwini licences were conservatively valued at the average of these prices at R1.7m.

Notes to the Consolidated Financial Statements

5. Intangible assets (continued)

5.1 Composition of intangible assets

Fair value disclosure

The fair value (FV) of the Group's intangible assets was determined based on market and cost approaches where applicable.

Impairment test for intangible assets with indefinite useful lives

In the prior year, the planning period for the projected cash flows was set at one year with a zero percent growth rate due to negative cash flows being experienced by the Finishing Post, Pietermaritzburg, and Stanger branches as well as the going concern uncertainty faced by Track and Ball Proprietary Limited as a whole.

Discount rate sensitivity

1% increase/decrease in discount rate would result in a R45 893 increase/decrease in the impairment in the prior period.
For every 1% change in the projected cash flows, it will result in a change in the impairment of R56 785.

Impairment test for intangible assets with indefinite useful lives

The cash generating units to the fixed odds betting licences were identified as being the branches from which they operate. It was noted that some of the branches are experiencing negative returns and are forecasted to be non-profitable in the foreseeable future and therefore indicated an impairment is present.
On an annual basis and whenever impairment indicators are present, management calculates the recoverable amount of the asset and records an impairment loss for the excess of the carrying value over the recoverable amount.
The recoverable amount is the higher of the fair value less cost to dispose and its value in use. In the prior financial periods, the value in use was determined to be the recoverable amount. In the current financial year, management were unable to reliably determine the value in use. Therefore, management have determined the value by using the fair value less cost to dispose to be the recoverable amount. This change in the basis of determining the recoverable amount has led to a change in accounting estimate in the current year.

The value in use was generally measured as the net present value of the projected cash flows. The calculation used a free cash flow model that discounts the free cash flow available from profit before tax generated by the intangible asset. If the resulting net present value exceeds the carrying value of the intangible asset, the intangible asset is not impaired. However, if the resulting net present value is less than the carrying value, an impairment charge is raised. The discount rate used in the calculation considered company specific risk factors. The assumptions applied are listed below:

	2024	2023
Discount rate	-	25%
Market risk premium	-	6%
Beta co-efficient	-	2.3
Target debt-equity	-	32:68

6. Investment property

Investment property at fair value

The investment properties are measured at fair value in accordance with IFRS 13. The fair value measurement has been performed using valuation techniques that reflect market conditions as at the reporting date

	2024	2023
	R	R
Reconciliation of carrying amount		
Carrying amount at the beginning of the year	**–**	–
Reclassification from property, plant, and equipment	**87 022 854**	–
Change in fair value	**5 377 146**	–
Carrying amount at the end of the year	**92 400 000**	–

6. Investment property (continued)

Reconciliation of carrying amount (continued)

Investment property comprises Ashburton property that is leased to Hollywoodbets Brands Proprietary Limited. It was transferred from property plant and equipment at fair value when the lease was signed with Hollywoodbets Brands Proprietary Limited.
It is held as surety for GMB Investment Proprietary Limited and Hollywood Sportsbook Holdings Proprietary Limited loans (refer note 18)
The lease contains an initial non-cancellable period from 20 September 2023 to 31 December 2024. Subsequent renewals will be negotiated with the lessee for a further one-year period.
Changes in fair values are recognised as gains in profit or loss and included in 'other income.' All gains are unrealised.

Amounts recognised in profit or loss

Rental income recognised by the Group during 2024 was R1 500 000 and was included in 'Direct racing revenue'. The maintenance expense, included in "racing expenses" was R605 128.

Measurement of fair values

Fair value hierarchy

The fair value of investment property was determined by external, independent property Roper & Associates Property Valuers (Rob Roper), having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every six months.
The fair value measurement for all the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique and significant unobservable inputs

The fair value of investment properties is determined using the following valuation techniques

Income method: This approach estimates the present value of future rental income streams discounted at a market-related rate. Key inputs include rental income, vacancy rates, and capitalisation rates.

Depreciated replacement cost approach: This method considers the current cost of replacing an asset with a similar one while accounting for depreciation.

Cost approach: This method calculates the fair value based on the replacement or reproduction cost of the property, less any accumulated depreciation.

Direct comparison method: Where relevant and available, recent market transactions of comparable properties are used to benchmark the fair value.

Significant unobservable inputs

- Vacancy rate (The expected vacancy rate over the term of the lease, reflecting the property's location and demand)
- Annual expenditure (Operating costs expected annually, including maintenance, management fees, and other outgoings.)
- Capitalisation yield rate (The rate used to capitalise the rental income to determine the property's value, based on current market trends)

Inter-relationship between key unobservable inputs and fair value measurement

There is an inverse relationship between the capitalisation yield rate and the fair value measurement of investment properties. A lower yield rate, assuming other factors remain constant, results in a higher fair value. Similarly, higher vacancy rates or increased operating expenses will decrease the fair value. The sensitivity of these key unobservable inputs is evaluated, and the impact on fair value is disclosed where significant

The estimated fair value would increase (decrease) if:

- Expected vacancy rate was lower (higher)
- Annual expenditure was lower (higher)
- Capitalisation yield rate was lower/(higher)

Notes to the Consolidated Financial Statements

7. Tellytrack investment

	2024	2023
	R	R
Movement for the year		
Partnership loss	**–**	(10 014)
Current asset		
Balance at the beginning of the year	**220 547**	230 561
Partnership loss	**–**	(10 014)
Balance at the end of year	**220 547**	220 547
Financial information of Tellytrack Partnership		
Assets	**848 807**	848 807
Liabilities	**(848 807)**	(848 807)
Revenue	**–**	–
Profit for the year	**–**	40 118
	%	%
Interest held	**24.96**	24.96
Profit share	**24.96**	24.96

As at 31 July 2024, the Tellytrack partnership has not wound up. The above financial information is based on the unaudited annual financial statements of Tellytrack Proprietary Limited.

8. Inventories

Finished goods	**2 577 083**	2 677 513

9. Trade and other receivables

Financial		
Trade receivables	**69 670 979**	71 452 024
Provision for impairment of receivables	**(583 755)**	(1 124 448)
Net trade receivables	**69 087 224**	70 327 576
Other receivables	**217 138**	3 151 679
	69 304 362	73 479 255
Non-financial		
Receivable in respect of 3% bookmakers' tax*	**53 576 565**	22 970 981
Prepayments	**1 164 830**	934 732
Value added tax	**142 974**	145 762
	124 188 731	97 530 730

*Management estimated an amount of R53 576 565 for the period 01 March 2023 to 31 July 2024 based on information available from KwaZulu- Natal Provincial Treasury. The amounts are subject to the Group's standard credit terms and are due within a maximum of 60 days after month end depending on the class of debtor. Interest has not been charged on these accounts.

The movement in the allowance for impairment is as follows:

Balance at the beginning of the year	**(1 124 448)**	(1 714 419)
Decrease in impairment	**540 693**	589 971
Balance at the end of the year	**(583 755)**	(1 124 448)

There are no expected credit losses to the other classes within trade and other receivables.

Notes to the Consolidated Financial Statements

10. Loans receivable

	2024	2023
	R	R
Current		
Sports Tracking Proprietary Limited	**1 968 156**	1 968 156
Provision for impairment on Sports Tracking Proprietary Limited	**(1 968 156)**	(1 968 156)
This loan is unsecured, bears no interest and is repayable on demand.		
Betsumor Gaming Proprietary Limited	**1 103 575**	1 103 575
Interest	**115 559**	–
Less: impairment	**(1 219 134)**	–
	–	1 103 575
This associate is managed by Track and Ball Proprietary Limited.		
Movement in the carrying amount:		
Balance at the beginning of the year	**1 103 575**	1 512 404
Interest accrued	**115 559**	114 184
Impairment	**(1 219 134)**	–
Repayments	**–**	(200 000)
Conversion from associate to subsidiary	**–**	(323 013)
Balance at the end of the year	**–**	1 103 575

11. Cash and cash equivalents

	2024	2023
Bank	**5 348 055**	7 501 710
Fixed deposits	**280 833**	235 418
Cash on hand	**8 487 224**	7 201 425
	14 116 112	14 938 553
Bank overdraft	**(2 936 664)**	(9 854 468)
Net cash balance	**11 179 448**	5 084 085

11.1 Guarantees

The Group's bankers have issued the following guarantees on behalf of the Group, in favour of:

	Value (R)	Review date
Environmental Management Branch	**100 000**	Unlimited
Eskom Holdings SOC Limited	**565**	Unlimited
Eskom Holdings SOC Limited	**587 000**	Unlimited
Eskom Holdings SOC Limited	**262 850**	Unlimited
Ethekwini Municipality	**983 693**	Unlimited
Ethekwini Municipality	**82 979**	Unlimited
Ethekwini Municipality	**69 285**	Unlimited
KwaZulu-Natal Economic Regulatory Authority	**150 000**	Unlimited
KwaZulu-Natal Economic Regulatory Authority	**1 380 000**	Unlimited
KwaZulu-Natal Economic Regulatory Authority	**4 700 000**	Unlimited
South African Mutual Property	**30 000**	Unlimited
The South African Breweries Limited	**170 000**	Unlimited
	8 516 372	

Notes to the Consolidated Financial Statements

11. Cash and cash equivalents (continued)

11.2 Facilities

The Group has overdraft facilities of R15 million (2023: R15 million) and contingent facilities of R8.5 million (2023: R8.5 million) with First National Bank Limited. In addition, the Group has an asset finance facility of R8.7 million (2023: R8.7 million) and an Auto card facility of R350 000 (2023: R350 000) with Wesbank.

11.3 Collateral

The Group has provided collateral in respect of Track and Ball Proprietary Limited to First National Bank Limited as follows:

	2024	2023
	R	R
Gold Circle Proprietary Limited	**5 000 000**	5 000 000

11.4 Suretyship

Natal Racing Properties Limited on behalf of Gold Circle Proprietary Limited	**30 000 000**	30 000 000

12. Discontinued operations

In February 2024, management committed to a plan to discontinue retail and virtual betting operations of Track and Ball Proprietary Limited. Accordingly, Track and Ball Proprietary Limited is presented as a discontinued operation.

Assets and liabilities of discontinued operations

At 31 July 2024, the discontinued operations were stated at fair value less costs to sell and comprised the following assets and liabilities:

	2024
	R
Property, plant, and equipment	**1 927 088**
Intangible assets	**8 500 000**
Inventories	**72 192**
Trade and other receivables	**1 189 038**
Cash and cash equivalents	**2 072 535**
Assets held for sale	**13 760 853**
Lease liability	**2 752 378**
Trade and other payables	**12 738 087**
Share of losses in associates	**3 505 062**
Provisions	**2 501 636**
Liabilities directly associated with assets held for sale	**21 497 163**

Notes to the Consolidated Financial Statements

13. Investments	2024	2023
	R	R
Fair value through profit and loss:		
Alpha Wealth – Chrysalis Credit Arbitrage Fund	**–**	30 809 577
Fair value through other comprehensive income		
Gryphon Dividend Income Fund	**181 612**	3 001 621
Alpha Prime Equity Qualified	**106 570 208**	95 896 007
Alpha Wealth – Lynx Prime Global Diverse Fund	**–**	46 416 245
Alpha Wealth – Prescient Income Plus Fund	**–**	31 442 377
AW- Prescient Income Plus Fund	**116 942 402**	–
AW- Portfolio BCI Dynamic	**17 764 867**	–
Gryphon Dividend Income Fund	**–**	16 568 788
Shares in Automatic Systems Limited	**7 300 196**	11 878 493
	248 759 285	205 203 531
	248 759 285	236 013 108

During the year, a total of R60 938 527 (2023: R185 267 227) was allocated to the acquisition of investments, and R70 793 157 (2023: R243 683 640) was withdrawn from investments.

The assets are valued at a fair market value. The Group's exposure to credit, currency and interest rate risks related to financial assets is disclosed in note 35.

The fair value measurement for all the investments has been categorised as a Level 1 fair value based on the inputs to the valuation technique used.

	2024	2023
	R	R
13.1 Percentage return	**%**	%
Pre – tax return	**10.9**	11.6
Post – tax return	**7.9**	8.5

This return includes all financial income earned on financial assets above.

In terms of a special resolution of shareholder's dated 23 April 2012, an amount of R200 000 000 was ring fenced in Natal Racing Properties Proprietary Limited for the future benefit of the thoroughbred racing industry. A minimum of 35% of the returns earned on the ring–fenced investment is required to be retained. Prior to 2023 a special resolution was passed to disinvest R110 000 00. In the prior year's special resolutions were passed to disinvest a further R36 000 000. The ring-fenced funds are as follows:

	2024	2023
	R	R
13.2 Ring fenced investments		
Calculated ring-fenced funds	**243 824 991**	234 061 254
13.3 Returns included as follows in the consolidated statement of profit and loss and other comprehensive income		
Finance income	**14 087**	179 839
Net change in fair value reserve	**11 011 008**	8 296 235
Dividend income	**–**	468 614
Investment income	**–**	6 154 760
	11 025 095	15 099 448

14. Share capital

	2024	2023
	R	R
Authorised and issued		
2 000 ordinary shares of R1 each	**2 000**	2 000

15. Non-controlling interests (NCI)

Summary of NCI

The Group has non-controlling interests in Track and Ball Proprietary Limited as presented in the consolidated statement of financial position. The following is a summary of the financial information attributable to the non-controlling interest:

Description		
Ownership % (NCI)	**30%**	30%
Revenue	**38 883 532**	34 978 455
Expenditure	**(43 716 318)**	(65 024 769)
Net finance cost	**(9 297 112)**	(8 138 210)
Loss for the year	**(14 129 898)**	(38 184 524)
NCI in loss for the year	**(4 238 971)**	(11 455 404)

Significant financial information of subsidiaries

The table below summarizes the financial information for Track and Ball Proprietary Limited:

Financial position		
Total assets	**13 760 954**	24 497 085
Total liabilities	**107 714 281**	104 320 514
Net assets	**(93 953 327)**	(79 823 429)
Net assets attributable to NCI	**(28 186 053)**	(23 947 082)

Changes in NCI

The table below presents the changes in NCI during the period:

Balance at the beginning of the year	**(23 947 082)**	(12 491 678)
Loss for the year	**(4 238 971)**	(11 455 404)
Balance at the end of the year	**(28 186 053)**	(23 947 082)

16. Lease liabilities

Finance lease obligations bear interest at rates between prime and prime less 1.5%.

Lease liabilities comprise:

Non-current		
Finance lease liabilities	**700 546**	1 264 236
Other liabilities	**1 150 951**	7 020 140
	1 851 497	8 284 376
Current		
Finance lease liabilities	**619 652**	1 719 153
Other liabilities	**1 855 513**	5 453 311
	2 475 165	7 172 464

Notes to the Consolidated Financial Statements

16. Lease liabilities (continued)

16.1 Finance lease liabilities

The lease typically runs for a period of 5 years with the option to renew at the end of the lease term. The leased items include vehicles. Minimum lease payments are due as follows:

	2024	2023
	R	R
Finance lease liabilities	**1 320 198**	2 983 389
Payable within one year	**(619 652)**	(1 719 153)
	700 546	1 264 236
The undiscounted future minimum lease payments are due as follows:		
Due within one year	**589 509**	2 060 356
Due within two and five years	**776 185**	1 268 172
	1 365 694	3 328 528
Reconciliation to the cash flow:		
Balance at the beginning of the year	**2 983 389**	6 484 146
Additions	**-**	372 730
Interest accrued	**400 937**	499 855
Interest paid	**(400 937)**	(499 855)
Repayments	**(1 663 191)**	(3 873 487)
Balance at the end of the year	**1 320 198**	2 983 389

16.2 Other finance lease liabilities

The Group leases land and buildings and motor vehicles. The lease typically runs for a period of 5 years with the option to renew at the end of the lease term. The leased items include property, vehicles and cameras. Right of use liabilities bear interest at the groups incremental borrowing rate which approximates prime.

	2024	2023
	R	R
Other lease liabilities	**3 006 064**	13 473 451
Payable within one year	**(1 155 513)**	(5 453 311)
	1 150 151	7 020 140
The undiscounted future minimum lease payments are due as follows:		
Due within one year	**1 481 521**	6 327 148
Due within two and five years	**1 780 361**	7 891 725
	3 261 882	14 218 873
Other finance lease liabilities bear interest at prime.		
Reconciliation to the cash flow		
Balance at the beginning of the year	**12 473 451**	11 506 324
Additions	**-**	2 679 034
Interest accrued	**925 775**	1 073 599
Interest paid	**(925 775)**	(1 073 599)
Repayments	**(6 141 276)**	(5 860 815)
Transfer to liabilities directly associated with the assets held for sale	**(2 752 378)**	–
Gain on remeasurement	**(573 333)**	4 148 908
Balance at the end of the year	**3 006 464**	12 473 451

17. Deferred tax liability

Deferred tax comprises:		
Accruals	**(11 061 391)**	(12 001 984)
Capital allowances and finance leases	**31 392 992**	33 598 279
Tax losses	**7 626 706**	10 104 148
Investments in financial assets	**8 212 709**	13 689 042
Deferred tax asset on equity adjustments	**42 855 687**	29 111 729
Balance at end the of the year	**79 026 703**	74 501 214

The Group has tax losses of R230 339 682 (2023: R174 457 462) of which R22 161 604 (2023: R37 422 770) has been accounted for in deferred tax.

Notes to the Consolidated Financial Statements

18. Borrowings

	2024 R	2023 R
Non-current		
GMB Investments Proprietary Limited	**104 931 242**	–

GMB Investments Proprietary Limited interest rate is prime minus 2 %.
The loan will be repaid on 21 August 2025. Surety on this loan is provided
by the freehold land and building of the Group, refer note 3 and note 6.

	2024 R	2023 R
Current		
Hollywood Sportsbook Holdings Proprietary Limited	**5 008 018**	–

Hollywood Sportsbook Holdings Proprietary Limited interest rate is prime minus 2 %.
The loan will be repaid on 31 July 2025. Surety on this loan is provided by
the freehold land and building of the Group, refer note 3 and note 6.

	2024 R	2023 R
Shareholders loan		
Gold Circle Racing Club	**121 674 855**	39 457 881
	231 614 115	39 457 881

The shareholders loan has no fixed repayment terms and is interest free.
During the year, Durban Turf Club and Clairwood Turf Club financial operations were
discontinued and the loans amounting to R82 216 973 were transferred to
Gold Circle Racing Club.

	2024 R	2023 R
Reconciliation of the carrying value		
Balance at beginning of year	**39 457 881**	39 457 881
Advances	**105 000 000**	–
Interest	**4 939 261**	–
Transfer of Durban Turf Club and Clairwood Turf Club loans	**82 216 973**	–
Balance at end of year	**231 614 115**	39 457 881

Notes to the Consolidated Financial Statements

19. Post-retirement medical aid obligations

Post-retirement medical aid obligations are a post-employment healthcare benefit which includes contributions towards or subsidisation of medical aid premiums to retirees.

The post-retirement medical aid obligation exposes the Group to actuarial risks such as longevity risks, inflation, interest rate risk and market investment risk.

The Group's obligation towards the post-retirement medical aid obligation was actuarially calculated as at 31 July 2024 by Alexander Forbes Health Proprietary Limited. The fund is disclosed in accordance with International Accounting Standard 19: Employee Benefits, as follows:

	2024	2023
	R	R
Defined benefit plan		
Non-current	**6 782 000**	7 402 000
Current	**959 000**	1 026 000
	7 741 000	8 428 000
Statement of financial position		
Present value of funded obligations	**7 741 000**	8 428 000
Statement of comprehensive income		
Interest cost	**864 000**	1 011 000
Employer contributions	**(1 076 000)**	(1 144 000)
Total amount recognised in profit and loss	**(212 000)**	(133 000)
Actuarial gain recognised in other comprehensive income	**(475 000)**	(1 398 000)
Total amount recognised	**(687 000)**	(1 531 000)
Movement in the present value of funded obligations recognised in the statement of financial position		
Balance at the beginning of the year	**8 428 000**	9 959 000
Interest cost recognised	**864 000**	1 011 000
Employer contributions recognised in profit and loss	**(1 076 000)**	(1 144 000)
Actuarial gain recognised in other comprehensive income	**(475 000)**	(1 398 000)
Balance at the end of the year	**7 741 000**	8 428 000
Key valuation assumptions	**%**	%
Discount rate	**10.6**	11.0
Health care cost inflation	**6.5**	7.0
General inflation rate	**5.0**	5.5

Notes to the Consolidated Financial Statements

19. Post-retirement medical aid obligations (continued)

Health care cost inflation

The valuation basis assumes that the health care cost inflation rate will remain constant in the long term. The effect of a one percent increase and decrease in the discount rate is as follows:

2024	**1% increase**	**Valuation basis**	**1% decrease**
Employer's accrued liability	**8 200 000**	**7 741 000**	**7 328 000**
Employer's interest cost	**815 000**	**764 000**	**718 000**
2023			
Employer's accrued liability	8 960 000	8 428 000	7 943 000
Employer's interest cost	923 000	864 000	811 000

Discount rate

The valuation basis assumes that the discount rate will remain constant in the long term. The effect in a one percent increase and decrease in the discount rate is as follows:

2024	**1% increase**	**Valuation basis**	**1% decrease**
Employer's accrued liability	**7 328 000**	**7 741 000**	**8 200 000**
2023			
Employer's accrued liability	7 972 000	8 428 000	8 935 000

Therefore, a 1% increase in the health care cost inflation assumption will result in an increase in the accrued liability. Similarly, a 1% decrease in the health care cost inflation assumption will result in a decrease in the accrued liability.

The funding requirements for the plans are based on actuarial assessments, as outlined in the plans' funding policies. These actuarial valuations, which determine the necessary funding, may differ from those used for accounting purposes. Employees are not required to contribute to the plans.

The Group has evaluated each defined benefit plan individually, ensuring that the fair value of the plan's assets exceeds the present value of its obligations. This evaluation complies with statutory regulations, including any minimum funding requirements in each jurisdiction. As a result, no reduction in the value of the defined benefit assets was required as of 31 July 2024 or 31 July 2023.

20. Trade and other payables

	2024	2023
	R	R
Financial		
Amount due to punters	**1 946 777**	3 911 386
Breeders' premiums accrual	**7 440 188**	3 835 112
Trade creditors	**47 992 251**	68 603 256
Telephone and internet betting balances	**1 592 073**	2 465 710
Other	**31 318**	1 220 402
	59 002 607	80 035 866
Non-financial		
Deferred revenue	**1 500 000**	1 500 000
VAT	**2 964 690**	5 137 490
Leave pay accrual	**4 763 085**	5 070 774
	68 230 382	91 744 130

Notes to the Consolidated Financial Statements

21. Provisions

	2024	2023
	R	R
Provision for retrenchment		
Balance at the beginning of the year	**7 677 855**	7 996 054
Provision utilised/reversed	**(5 547 853)**	(2 251 824)
Transferred to liabilities directly associated with the assets held for sale	**(2 501 636)**	–
Provision raised	**371 634**	1 933 625
Balance at the end of the year	**–**	7 677 855
Salary equalisation fund		
Balance at the beginning of the year	**4 024 424**	9 821 077
Provision utilised	**–**	(5 796 653)
Balance at the end of the year	**4 024 424**	4 024 424
Total provisions	**4 024 424**	11 702 279

22. Revenue

	Continuing Operations		Discontinued Operations		Total	
	2024	2023	**2024**	2023	**2024**	2023
	R	R	**R**	R	**R**	R
Net wagering revenue	**158 393 739**	187 331 559	**34 019 679**	29 134 714	**192 413 418**	216 466 273
Contribution to racing from third party bookmaking activities	**53 455 957**	58 256 856	**–**	–	**53 455 957**	58 256 856
International Income	**94 622 098**	92 349 196	**–**	–	**94 622 098**	92 349 196
Direct racing revenues	**95 725 831**	91 372 795	**171 046**	2 926 694	**95 896 877**	94 299 489
Eventing revenue	**6 987 614**	6 650 497	**–**	–	**6 987 614**	6 650 497
	409 185 239	435 960 903	**34 190 725**	32 061 408	**443 375 964**	468 022 311
Share of loss from Tellytrack partnership	**–**	(10 014)	**–**	–	**–**	(10 014)
Less: International commingling fees	**(3 956 641)**	(4 421 872)	**–**	–	**(3 956 641)**	(4 421 872)
Revenue available for racing activities	**405 228 598**	431 529 017	**34 190 725**	32 061 408	**439 419 323**	463 590 425

22.1 Net international income

	2024	2023
	R	R
Net share of international licence fees – Sky Channel Proprietary Limited	**62 647 378**	61 304 886
Commission – Hong Kong Jockey Club	**9 320 307**	9 106 206
Host track fees – Premier Gateway International	**22 654 413**	21 938 104
International income	**94 622 098**	92 349 196
Less: International commingling fees	**(3 956 641)**	(4 421 872)
	90 665 457	87 927 324

Notes to the Consolidated Financial Statements

23. Expenses by nature

	2024	2023
	R	R
The following items have been included in arriving at net loss before impairment:		
Advertising, events, and promotions	**16 803 075**	17 243 049
Agents' commissions and other direct costs	**27 491 698**	40 333 449
Cash collection costs	**979 810**	1 085 897
Catering costs	**10 941 335**	11 132 901
Contribution to jockey's remuneration	**10 415 471**	10 808 100
Depreciation	**28 897 545**	23 930 628
Directors' emoluments	**13 235 405**	17 186 725
Employee benefits	**77 434 254**	80 690 607
Insurance premiums	**2 689 783**	2 386 666
Licence fees	**9 522 949**	10 893 872
National Horseracing Authority – Regulatory cost	**20 259 195**	21 096 969
Operating lease rentals – property	**1 941 486**	1 939 408
Printing costs	**2 535 584**	2 463 905
Race meeting expenses	**16 277 644**	15 589 295
Repairs and maintenance	**24 201 345**	22 788 171
Security expenses	**10 192 437**	9 701 836
Service fees (Saftote)	**3 552 387**	4 475 121
Stakes		
– owners	**109 480 125**	106 314 871
– breeders	**5 353 815**	5 215 004
Transformation fund	**1 952 181**	2 330 731
Utility costs	**31 468 474**	25 330 917
Other operating expenses	**63 536 711**	60 660 483
	489 162 709	493 598 605
Reconciled to expense by function:		
Agents' commission and other direct costs	**27 491 698**	40 333 449
Wagering expenditure	**94 633 898**	133 944 923
– Totalisator	**94 633 898**	99 873 444
– Fixed odds licences	**–**	34 071 479
Racing expenditure	**367 037 113**	319 320 233
	489 162 709	493 598 605

24. Contribution to horseracing from bookmakers' tax

In terms of the KwaZulu-Natal Gaming and Betting Tax Act 2010 (the Act), punters' winning from successful bets placed with licensed bookmakers are taxed at 6%. In accordance with the Act, 3% is distributed to the racecourse operator. This is distributed to Gold Circle by Provincial Treasury. The deduction is an indirect contribution by bookmakers towards the Group's cost of providing and staging the horse racing product and the incurring of all the expenditure related thereto. In its capacity as a licensed racecourse operator, the Group receives this contribution as a quid pro quo to compensate Gold Circle for bookmakers offering fixed-odds bets on horse racing under the Act.

Notes to the Consolidated Financial Statements

24. Contribution to horseracing from bookmakers' tax (continued)

	2024	2023
	R	R
Received from KwaZulu-Natal Provincial Treasury	**13 422 405**	32 975 775
Accrued	**37 576 552**	22 970 981
	50 998 957	55 946 756

24.1 Transformation spends

Gold Circle Proprietary Limited is a responsible corporate entity and is proud to affirm our unwavering commitment to transformation, black economic empowerment, and corporate social initiatives as integral components of our business ethos. Gold Circle Proprietary Limited is resolute in its efforts to create opportunities that uplift previously disadvantaged individuals, especially those from marginalized communities.

The Group has over the years implemented several initiatives which demonstrate its commitment to transformation and to the upliftment of the lives of previously disadvantaged individuals. Gold Circle Proprietary Limited is a Level 2 contributor to Broad-Based Black Economic Empowerment.

Summarised below, with comparatives, is the actual expenditure that Gold Circle Proprietary Limited has contributed to its transformation strategy which is on-going and dynamic in nature. These expenses are funded from the taxes received from the KwaZulu-Natal Provincial Treasury.

	2024	2023
	R	R
Total transformation spends	**22 158 265**	21 861 651

25. Impairments and bad debts written-off

(Reversal on impairment) / impairment	**(2 821 513)**	24 030 788
Impairment of financial assets	**8 895 080**	–
Impairment of right of use assets	**2 527 071**	–
Transferred to discontinued operations	**(8 600 638)**	(24 030 788)
	-	-

26. Finance income

Related parties' loans	**115 559**	9 974 537
Bank	**989 943**	337 169
Other interest received	**12 705**	903 716
	1 118 207	11 215 422
Accounted for in discontinued operations	**(151 688)**	–
Accounted for in continuing operations	**966 519**	11 215 422
Interest accrued	**115 559**	9 974 537
Interest received	**1 002 648**	1 240 885
	1 118 207	11 215 422
Accounted for in discontinued operations	**(151 688)**	–
Accounted for in continuing operations	**966 519**	11 215 422

Notes to the Consolidated Financial Statements

27. Finance costs

	2024	2023
	R	R
Interest on right of use lease liability	**925 775**	1 073 599
Interest on instalment sales agreement leases	**400 937**	499 855
Interest on overdraft	**894 219**	1 543 397
Interest on loans	**4 939 261**	–
Interest on post-retirement medical aid	**864 000**	1 011 000
	8 024 192	4 127 851
Accounted for in discontinued operations	**(1 276 486)**	(880 689)
Accounted for in continuing operations	**6 747 706**	3 247 162
Interest accrued	**4 939 260**	–
Interest paid	**3 084 932**	4 127 851
	8 024 192	4 127 851
Accounted for in discontinued operations	**(1 276 486)**	(880 689)
Accounted for in continuing operations	**6 747 706**	3 247 162

28. Dividend income

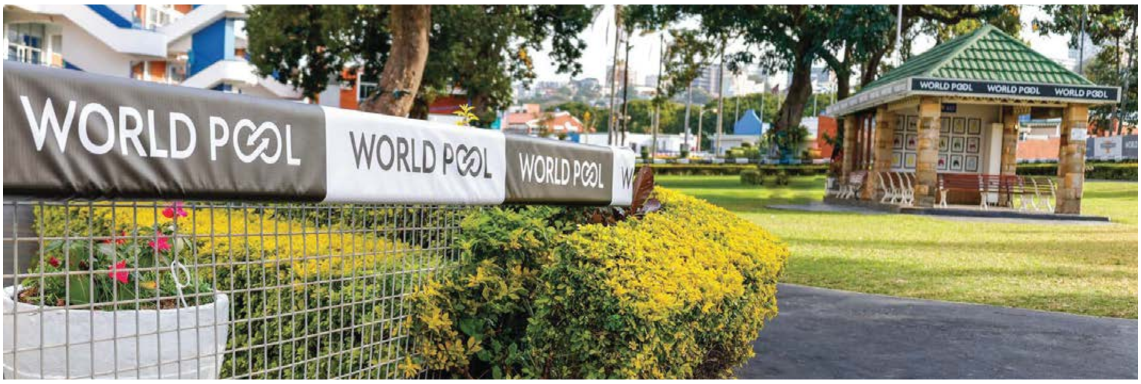
Local investments	**–**	707 515
Foreign investments	**2 006 018**	288 599
	2 006 018	996 114

29. Fair value adjustment

Investments	**–**	7 058 476

30. Income taxation

Current tax	**4 029 205**	244
– Current year	**2 440 983**	244
– Prior year	**1 588 222**	–
Deferred tax	**(7 942 667)**	31 190 647
– Current year	**(4 609 605)**	33 813 801
– Prior year	**(3 333 062)**	(2 623 154)
Taxation	**(3 913 462)**	31 190 891



Notes to the Consolidated Financial Statements

30. Income taxation (continued)

30.1 Reconciliation of tax charged

	2024	2024	2023	2023
	%	**R**	%	R
Loss from continuing operations		**(81 791 441)**		(45 456 767)
Loss from discontinued operations		**(5 957 594)**		(38 184 680)
Total loss before taxation		**(87 749 035)**		(83 641 447)
Income tax at standard rate (27%)	**(27)**	**(23 692 239)**	(27)	(22 583 191)
Non-taxable income	**(1)**	**(541 942)**	1	870 354
Non-deductible expenses	**7**	**5 770 608**	(22)	(18 402 138)
-Depreciation on leasehold improvements	**1**	**733 509**	1	729 645
-Impairment of loans receivable	**5**	**4 344 994**	13	11 017 965
-Impairment	**–**	**–**	8	6 488 313
-Other non-deductible expenses	**1**	**692 105**	0	166 216
Over provision of deferred tax in prior year	**4**	**3 333 062**	3	2 623 154
Effect of temporary differences raised at CGT rate	**4**	**3 527 949**	(2)	(1 571 775)
Under provision of current tax in prior year	**(2)**	**(1 744 840)**	–	–
Deferred tax not recognised	**11**	**9 433 940**	84	70 254 487
Taxation (credit)/charge	**4**	**(3 913 462)**	37	31 190 891

31. Discontinued operations

On 31 August 2024, Track and Ball Proprietary Limited had closed all retail and virtual operations following a strategic decision to place greater focus on the Group's key competencies.

Track and Ball Proprietary Limited was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated statement of profit or loss and other comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

Management has eliminated from the results of the discontinued operation the inter-segment sales (and costs thereof, less unrealised profits) made.

	2024	2023
Results of discontinued operation	**R**	R
Revenue	**34 190 725**	32 061 408
Expenses	**(39 023 521)**	(69 505 556)
Reversal of impairment/(impairment)	**2 821 513**	(24 030 788)
Impairment losses on financial assets	**(8 895 080)**	(23 911)
Impairment of right of use assets	**(2 527 071)**	–
Other	**(30 422 883)**	(45 450 857)
Loss before net finance costs	**(4 832 796)**	(37 444 148)
Finance cost	**(1 276 486)**	(880 689)
Finance income	**151 688**	140 157
Loss before taxation	**(5 957 594)**	(38 184 680)
Income tax	**–**	–
Loss from discontinued operations, net of tax	**(5 957 594)**	(38 184 680)

Notes to the Consolidated Financial Statements

32. Cash utilised in operations

	2024	2023
	R	R
Loss before taxation from continuing operations	**(81 791 441)**	(45 456 757)
Loss before taxation from discontinued operations	**(5 957 594)**	(38 184 680)
Total loss before taxation for the year	**(87 749 035)**	(83 641 437)
Adjustments for:		
Depreciation	**34 208 400**	29 522 830
Profit on disposals of property, plant, and equipment	**(42 417)**	(30 477)
Brokerage fees	**1 547 326**	1 809 068
Reversal of (impairment)/ impairment of intangible assets	**(2 821 513)**	24 030 788
Share of loss of equity–accounted associates, net of tax	**893 178**	782 422
Impairment losses on ROU Assets	**2 527 071**	–
Fair value adjustments	**–**	(7 058 476)
Revaluation of investment property	**(5 377 146)**	–
Impairment losses on loans receivable	**1 219 134**	–
Exchange rate gain	**537 149**	(381 035)
Finance income	**(1 118 207)**	(1 355 069)
Dividend income	**(2 006 018)**	(996 114)
Impairment of goodwill on conversion of associate to subsidiary	**–**	72 953
Gain on remeasurement of lease liability and right of use assets	**(345 592)**	–
Decrease in provisions	**(5 176 219)**	(6 114 852)
Finance costs	**8 024 192**	3 247 162
	(55 679 697)	(40 112 247)
Changes in working capital		
Decrease/(increase) in inventories	**28 237**	(13 025)
Increase in trade and other receivables	**(27 421 496)**	(27 393 920)
Increase of Tellytrack funding	**–**	10 013
Decrease in trade and other payables	**(11 518 262)**	(2 801 902)
	(94 591 218)	(70 311 071)

33. Taxation received/(paid)

Balance payable at the beginning of the year	**–**	2 751 093
Current year charge for the year	**4 029 205**	244
Balance payable at the end of the year	**(4 029 205)**	–
	–	2 751 337

34. Operating lease commitments

Property rentals to be received		
Due within one year	**1 044 434**	3 018 715
Due within one to two years	**702 517**	997 564
Due within two and five years	**216 331**	356 142
	1 963 282	4 372 421

Notes to the Consolidated Financial Statements

35. Financial risk management

35.1 Financial instrument categories and fair values

The table below sets out the classification of each class of financial assets and liabilities, and their fair values:

	2024		2023	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Group	**R**	**R**	R	R
Fair value through other comprehensive income				
Investments	**248 759 285**	**248 759 285**	205 203 531	205 203 531
Fair value through profit and loss				
Investments	**–**	**–**	30 809 577	30 809 577

35.2 Overview

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies, and processes for measuring and managing financial risk, and the Group's management of capital.

35.3 Risk management framework

The Group's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

35.4 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group manages credit risks as follows:

Cash and cash equivalents	– financial institutions used are reputable with stable credit ratings
Trade and other receivables	– management regularly monitors long outstanding balances and the granting of credit.
Loans to related parties	– loans to related parties are assessed regularly for impairment and the remaining exposure is minimal.

	Carrying amount	
	2024	2023
Exposure to credit risk	**R**	R
Trade and other receivables	**69 304 362**	73 479 255
Cash and cash equivalents	**14 116 112**	14 938 553
Loans receivable	**–**	1 103 575
	83 420 474	89 521 383

Expected credit losses (ECL) for individual customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period of 60 days for individual customers. The Group uses an allowance matrix to measure ECLs of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method for each aging bracket based on the probability of a receivable progressing through successive stages of delinquency to write-off. All customers that are credit impaired fall under the 12-month ECL range.

35. Financial risk management (continued)

35.4 Credit risk (continued)

	Trade receivables	Allowance for expected credit loss	Net trade receivables
2024	**R**	**R**	**R**
Current	**58 571 765**	**–**	**58 571 765**
Past due 1 – 30 days	**4 958 761**	**–**	**4 958 761**
Past due 31 – 60 days	**1 952 589**	**–**	**1 952 589**
Past due 61 – 120 days	**388 259**	**–**	**388 259**
Past due 121 – 365 days	**437 808**	**–**	**437 808**
Past due 365+ days	**3 361 797**	**(583 755)**	**2 778 042**
	69 670 979	**(583 755)**	**69 087 224**
2023			
Current	57 114 806	–	57 114 806
Past due 1 – 30 days	4 519 781	–	4 519 781
Past due 31 – 60 days	2 586 863	–	2 586 863
Past due 61 – 120 days	468 686	–	468 686
Past due 121 – 365 days	5 389 492	–	5 389 492
Past due 365+ days	1 372 396	(1 124 448)	247 948
	71 452 024	(1 124 448)	70 327 576

35.5 Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations resulting in damage to the Group's reputation.
Cash flow forecasting is performed by the Group and management monitors rolling forecasts to ensure that the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. Surplus cash held by the entity over and above its working capital requirements is invested in interest bearing current accounts, time deposits and money market deposits.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses the Group maintains flexibility in funding by maintaining availability under committed credit lines. The table below analyses the Group's financial liabilities into relevant maturity Groupings. The impact of discounting is not significant.

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years
2024	**R**	**R**	**R**	**R**
Trade and other payables	**59 002 607**	**59 002 607**	**59 002 607**	**–**
Borrowings	**231 614 115**	**242 525 322**	**127 179 908**	**115 345 414**
Lease liabilities	**4 326 662**	**4 627 576**	**2 071 030**	**2 556 546**
Bank overdraft	**2 936 664**	**2 936 664**	**2 936 664**	**–**
	297 880 048	**309 092 169**	**191 190 209**	**117 901 960**
2023				
Trade and other payables	80 035 866	80 035 866	80 035 866	–
Borrowings	39 457 881	39 457 881	39 457 881	–
Lease liabilities	15 456 840	17 547 401	8 387 504	9 159 897
Bank overdraft	9 854 468	9 854 468	9 854 468	–
	144 805 055	146 895 616	137 735 719	9 159 897

Notes to the Consolidated Financial Statements

35. Financial risk management (continued)

35.5 Liquidity risk (continued)

Management monitors its projected cash flow requirements against cash and cash equivalents and undrawn borrowing facilities. At year end the Group's available resources were as follows:

	2024	2023
	R	R
Cash resources	**14 116 112**	14 938 553
Undrawn borrowing facilities	**10 063 336**	3 145 532
Trade and other receivables	**124 188 731**	97 530 730
Investments	**248 759 285**	236 013 108
Total available resources	**397 127 464**	351 627 923

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns to stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group does not target specific capital ratios.

35.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys foreign currency derivatives to manage market risks.

The Group has exposure to currency, interest rate, and equity price risk. Currency risk is managed by frequent review of international investments by the investment committee. Financial institutions used are reputable with stable credit ratings. Interest rate risk is managed by benchmarking interest rates across banks.

(i) Currency risk

The Group is exposed to currency risk on the foreign listed equities that are denominated in a currency other than the respective functional currencies of Group entities and investments in foreign countries. The Group is primarily exposed to the United States Dollar, Mauritian Rupee, Hong Kong Dollar, and Great British Pound.

Exposure to currency risk

The Group's exposure to significant foreign currency risk was as follows based on nominal amounts:

	2024	2023
Amounts shown in Rands	**R**	R
Shares in Automatic Systems Limited	**7 300 196**	11 878 493
Foreign receivable – Hong Kong Jockey Club	**22 565 803**	18 594 094
Foreign receivable – Sky Channel Proprietary Limited	**5 753 874**	11 492 735
Foreign payable – Sky Channel Proprietary Limited	**(7 315 773)**	(13 910 877)

Notes to the Consolidated Financial Statements

35. Financial risk management (continued)

35.6 Market risk (continued)

(i) Currency risk (continued)

The following significant exchange rates applied during the period:

	Reporting date spot rate	
	2024	2023
Shares in Automatic Systems Limited -Mauritian Rupee	**0.39**	0.38
Foreign receivable and payable Sky Channel Proprietary Limited -Hong Kong Dollar	**2.33**	2.26
Foreign payable – Sky Channel Proprietary Limited - Great British Pound	**23.42**	22.60

Sensitivity analysis

A 10 percent weakening of the rand at the reporting date applied against the net foreign currency exposure would have increased/(decreased) profit and loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2023.

	Profit / (loss)			
Group	**2024**		2023	
Mauritian Rupee	**MRU**	**(663 654)**	MRU	3 255 685
Hong Kong Dollar	**HKD**	**(375 577)**	HKD	749 156
Great British Pound	**GBP**	**206**	GBP	9 728

Sensitivity analysis

A 10 percent strengthening of the rand against the above currencies at the reporting date would have had the equal and opposite effect to the amounts shown above.

(ii) Interest rate risk

The Group adopts a policy of ensuring that most of its exposure to changes in interest rates on borrowings is on a floating rate basis. Interest is set at the prime interest rate.

At the reporting date the interest–bearing financial instruments of the Group were:

	Carrying amount	
	2024	2023
	R	R
Variable rate instruments		
Financial assets	**14 116 112**	14 938 553
Financial liabilities	**(114 196 122)**	(12 837 857)
	(100 080 010)	2 100 696

Sensitivity analysis

A decrease in 100 basis points in interest rates at the reporting date would have decreased equity and profit or loss as follows:

	Profit/(loss)	
	2024	2023
	R	R
Variable rate instruments	**1 000 800**	21 007

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above.

Notes to the Consolidated Financial Statements

35. Financial risk management (continued)

35.6 Market risk (continued)

(iii) Equity price risk

The Group's exposure to equity price risk on investments is as follows:

	2024	2023
	R	R
Investments	**248 759 285**	236 013 108

Sensitivity analysis

A decrease of 100 basis points in equity prices at the reporting date would have the following effect on profit or loss and other comprehensive income.

This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023.

	2024	2023
Fair value gains and losses through profit and loss	**R**	R
Fair value gains and losses through other comprehensive income	**1 592 059**	1 510 483

Sensitivity analysis

An increase of 100 basis points in interest rates at the reporting date would have had the equal but opposite effect to the amounts shown above.

35.7 Fair value

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

Group	**Level 1**	**Level 2**	**Level 3**
2024	**R**	**R**	**R**
Financial assets			
Investments at fair value through other comprehensive income	**248 759 285**	**–**	**–**
2023			
Financial assets			
Investments at value through other comprehensive income	205 203 531	–	–
Fair value through profit and loss	30 809 577	–	–
	236 013 108	–	–

Notes to the Consolidated Financial Statements

36. Subsidiaries of Gold Circle Proprietary Limited

	2024		2023	
	Issue share capital	**Holding**	Issue share capital	Holding
Group	**R**	**%**	R	%
Directly held:				
Gold Circle Gaming Investments Proprietary Limited	**100**	**100**	100	100
Natal Racing Properties Proprietary Limited	**150 000**	**100**	150 000	100
Betting Information Technology Proprietary Limited	**240**	**100**	240	100
Gallop TV Proprietary Limited	**100**	**100**	100	100
Indirectly held:				
Track and Ball Gaming Proprietary Limited	**140**	**70**	140	70
Alphabet Betting Proprietary Limited	**100**	**100**	100	100

37. Related parties

37.1 Identity of related parties

Holding entity

Gold Circle Racing Club

Subsidiaries

Natal Racing Properties Proprietary Limited
Gold Circle Gaming Investments Proprietary Limited
Track and Ball Proprietary Limited
Gallop TV Proprietary Limited
Alphabet Betting Proprietary Limited

Associated companies

Sports Tracking Proprietary Limited
Betsumor Gaming Proprietary Limited
Wozabets Gaming Proprietary Limited
Ezeefun Proprietary Limited

Associated clubs

Clairwood Turf Club
Durban Turf Club

Directors

S Naidoo (Chairperson)
GM Bortz (Resigned 10 August 2023)
(Appointed 18 September 2024)
D Chetty (Resigned 18 September 2024)
GM Grant (Resigned 18 September 2024)
ZP Maseko (Appointed 18 September 2024)
C Moodley (Resigned 14 December 2023)
MJL Nairac (CEO)
MM Nhlanhla
Y Pillay (CFO)
SK Rampersadh (Appointed 18 September 2024)
MW Rohwer (Resigned 18 September 2024)
LR Whiteford
Z Zulu (Resigned 14 December 2023)
L Nunan (Appointed 22 August 2023)
MR Sheik (Racing Director) (Appointed 14 December 2023)

Prescribed officers

C Fourie
V Jack
PL Loker
SH Marshall
DT Moodie
D Sawarjith

Notes to the Consolidated Financial Statements

37. Related parties (continued)

37.1 Identity of related parties (continued)

Company secretary:

DJ Furness

Other related parties – indirect

Tellytrack Partnership

4Racing Proprietary Limited

Kenilworth Racing Proprietary Limited

The following related party transactions and balances payable and receivable have occurred as at 31 July 2024

	2024	2023
Income/(expenditure)	**R**	R
Kenilworth Racing Proprietary Limited		
Racing Bureau income	**891 608**	891 608
Tellytrack Partnership		
Partnership loss at 24.96%	–	(10 014)
Betsumor Gaming Proprietary Limited	**136 718**	111 585
Finance income	**115 559**	114 184
Information fees	**31 200**	31 200
Management fees	**247 933**	217 931
Agents commission	**(257 974)**	(251 730)
Ezeefun Proprietary Limited	**(30 697)**	(25 703)
Information fees	**15 600**	15 600
Agents commission	**(46 297)**	(41 303)
Wozabets Gaming Proprietary Limited	**(83 931)**	(71 170)
Information fees	**15 600**	15 600
Management fees	**118 867**	135 473
Agents commission	**(218 398)**	(222 243)
Loans receivable/(payable)		
Betsumor Gaming Proprietary Limited	**1 219 134**	1 103 575
Sports Tracking Proprietary Limited	**1 968 056**	1 968 056
Gold Circle Racing Club	**(121 674 855)**	(39 457 881)
Amounts receivable		
Ezeefun Proprietary Limited	–	2 912 326
Betsumor Gaming Proprietary Limited	–	2 672 979
Wozabets Gaming Proprietary Limited	–	708 886
Kenilworth Racing Proprietary Limited	–	421 280

Notes to the Consolidated Financial Statements

37. Related parties (continued)

37.2 Key management compensation

2024	Fees R	Salary R	Repayment of covid sacrifices R	Bonus R	Retirement and other benefits R	Total R
Non-executive directors						
D Chetty	**110 250**	–	–	–	–	**110 250**
GM Grant	**120 750**	–	–	–	–	**120 750**
C Moodley	**42 000**	–	–	–	–	**42 000**
S Naidoo	**136 500**	–	–	–	–	**136 500**
MM Nhlanhla	**84 000**	–	–	–	–	**84 000**
MW Rohwer	**120 750**	–	–	–	–	**120 750**
L Whiteford	**105 000**	–	–	–	–	**105 000**
L Nunan	**89 250**	–	–	–	–	**89 250**
Z Zulu	**47 250**	–	–	–	–	**47 250**
Executive directors						
MJL Nairac	–	**2 485 625**	–	–	–	**2 485 625**
Y Pillay	–	**1 390 095**	–	–	**121 905**	**1 512 000**
MR Sheik	–	**1 088 234**	–	–	**171 766**	**1 260 000**
Prescribed officers						
DJ Furness	–	**657 150**			–	**657 150**
V Jack	–	**1 028 397**	–	–	**231 603**	**1 260 000**
PL Loker	–	**1 003 138**	–	–	**20 312**	**1 023 450**
SH Marshall	–	**1 448 016**	–	–	**126 984**	**1 575 000**
C Fourie	**600 000**	**206 430**	–	–	–	**806 430**
DT Moodie	–	–	–	–	–	–
D Sawarjith	–	**1 800 000**	–	–	–	**1 800 000**
	1 455 750	**11 107 085**	–	–	**672 570**	**13 235 405**

Directors' fees are payable to all non-executive directors of Gold Circle Proprietary Limited. These includes fees for attendance at Board meetings and statutory committee meetings. MJL Nairac, D Sawarjith and DJ Furness, received a contracting fee for services rendered to the companies in the Group. PL Loker, DT Moodie, Y Pillay, V Jack, SH Marshall, MR Sheik, and C Fourie received remuneration for services rendered to companies in the Group as employees of the Group.

Notes to the Consolidated Financial Statements

37. Related parties (continued)

37.2 Key management compensation

2023	Fees R	Salary R	Repayment of covid sacrifices R	Bonus R	Retirement and other benefits R	Total R
Non-executive directors						
GM Bortz	–	–	–	–	–	–
D Chetty	141 750	–	–	–	–	141 750
GM Grant	110 250	–	–	–	–	110 250
C Moodley	89 250	–	–	–	–	89 250
S Naidoo	183 750	–	–	–	–	183 750
MM Nhlanhla	110 250	–	–	–	–	110 250
MW Rohwer	126 000	–	–	–	–	126 000
BF Scott	57 750	–	–	–	–	57 750
K Thambiran	15 750	–	–	–	–	15 750
L Whiteford	115 500	–	–	–	–	115 500
Z Zulu	131 250	–	–	–	–	131 250
Executive directors						
MJL Nairac	–	2 910 000	778 000	–	–	3 688 000
Y Pillay	–	1 390 095	186 000	–	121 906	1 698 000
Prescribed officers						
DJ Furness	–	749 685	172 000	250 000	–	1 171 685
V Jack	–	1 043 324	157 000	–	216 676	1 417 000
PL Loker	–	1 480 954	343 000	–	339 746	2 163 700
SH Marshall	–	1 448 016	223 000	–	126 984	1 798 000
MR Sheik	–	1 094 821	160 000	–	165 179	1 420 000
D Sawarjith	–	900 000	–	–	–	900 000
C Fourie	–	1 135 365	34 392	–	–	1 169 757
DT Moodie	–	647 082	32 000	–	–	679 082
	1 081 500	12 799 342	2 085 392	250 000	970 491	17 186 724

Directors' fees are payable to all non-executive directors of Gold Circle Proprietary Limited. These includes fees for attendance at Board meetings and statutory committee meetings. MJL Nairac, D Sawarjith and DJ Furness, received a contracting fee for services rendered to the companies in the Group. PL Loker, DT Moodie, Y Pillay, V Jack, SH Marshall, MR Sheik, and C Fourie received remuneration for services rendered to companies in the Group as employees of the Group.

38. Going concern

Gold Circle Proprietary Limited from an operational perspective has a high level of integration with its subsidiary and associate companies. The budgeting and reporting processes are maintained and approved on a Group basis. The going concern assessment will be done on a Group basis to be comparable to the budgets that have been Board approved.

Notes to the Consolidated Financial Statements

38. Going concern (continued)

Current financial conditions

The Group traded at a total comprehensive loss of R54.8 million (2023: R R66.7 million). The current assets amounted to R403.6 million (2023: R352.5 million), current liabilities amounted to R230.8 million (2023: R163.6 million). The total assets amounted to R868.9 million (2023: R835.9 million). The total liabilities amounted to R423.4 million (2023: R253.8 million). At the financial year-end, the solvency decreased by 38% and liquidity ratios by 19% As at 31 July 2024, the Group is in a net current asset position of R172.8 million (2023: R188.9 million).

Mitigating factors:

As at 31 July 2024, the Group had cash resources available to it amounting to R14.1 million (2023: R14.9 million). In addition, the Group has an overdraft facility of R15 million that is a critical component of its cash management. The Group has utilised R2.9 million (2023: R9.9 million) of the overdraft facility.

As previously noted, the Group received an Expression of Interest (EOI) from Hollywood Sportsbook Holdings Proprietary Limited and Mr. Gregory Mark Bortz to purchase the shares of the Group held by Gold Circle Racing Club for a cash value of R1 and included a capital contribution of R400 million in favour of Gold Circle Proprietary Limited.

This EOI was also accompanied with a funding arrangement from GMB Investments Proprietary Limited of R100 million that sustained the cash flows during the current financial period.

The loan was held under surety of the Natal Racing Properties Proprietary Limited's fixed properties. Hollywood Sportsbook Holdings Proprietary Limited became the sole purchaser in the equity buy-out under an agreement termed Capital Contribution and Share Purchase Agreement. Mr. Gregory Bortz resigned as director to avoid perceived or actual conflict of interest.

The following should be noted regarding the equity buy out with Hollywood Sportsbook Holdings Proprietary Limited with respect to suspensive conditions;

- A guarantee of R400 million was provided by Investec Bank Limited on 11 October 2023;
- Approval from Competition Authorities was granted on 26 July 2024;
- Application for approval from the KwaZulu-Natal Economic Regulatory Authority was submitted on 16 August 2024.
- Approval from the eThekwini Municipality was granted for change of control to Hollywood Sportsbook Holdings Proprietary Limited
- Approval from the Msundusi Municipality has been requested for cession of lease from the Pietermaritzburg Turf Club to the Gold Circle Proprietary Limited Racing Club. A change of control approval was not required by the municipality.

For the period beyond 31 July 2024, the following scenarios should be noted:

- The Group has secured further funding from Hollywood Sportsbook Holdings Proprietary Limited of R150 million to fund losses for the next financial year. This will also be used on a drawdown basis with an oversight committee as previously appointed. The loan is also secured through the properties of Natal Racing Properties Proprietary Limited.
- Should the transaction with Hollywood Sportsbook Holdings Proprietary Limited fail, then the loan from GMB Investments Holdings Proprietary Limited and any drawdowns received from Hollywood Sportsbook Holdings Proprietary Limited will be repaid from the ring-fenced funds held by Gold Circle Proprietary Limited or the sale of the Ashburton properties within 90 days. The Group will then be left with only enough cash resources to sustain operations until December 2025
- Should the transaction with Hollywood Sportsbook Holdings Proprietary Limited be successful, then the funding received per the sale agreement would be used to cover operational losses in the years ahead should they occur.

Based on the above the Group will continue as a going concern and continue to for the foreseeable future.

However, should any of the suspensive condition fail and the sale agreement with Hollywood Sportsbook Holdings Proprietary Limited be cancelled in the 12 months following the signing of the financial statements, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Therefore, there is a material uncertainty on the Group's ability to continue as a going concern.

39. Subsequent events

On 31 August 2024, Track and Ball Proprietary Limited ceased its operations.

The Directors confirm that, to the best of their knowledge, no other material events requiring adjustment to or disclosure in the financial statements occurred after the financial year-end.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