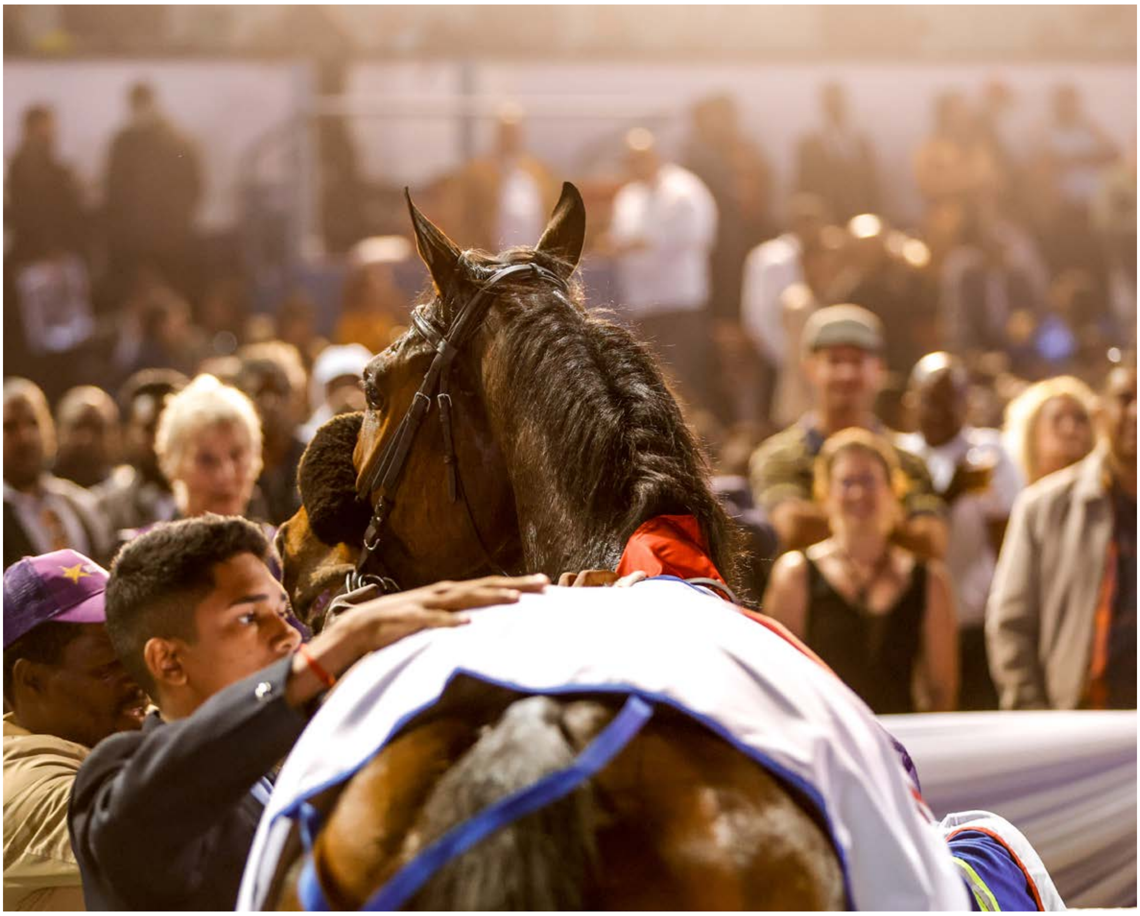
GOLD CIRCLE
RACING AND GAMING GROUP

ANNUAL REPORT

2023

Content



Board of Directors


G Bortz


D Chetty


GM Grant


C Moodley


S Naidoo


MJL Nairac
(CEO)


Ms M Nhlanhla


Ms Y Pillay
(CFO)


MW Rohwer


Ms BF Scott


K Thambiran


LR Whiteford


Z Zulu

Entity Information

REGISTERED ADDRESS:	150 Avondale Road Durban 4001	BANKERS:	ABSA Bank of SA Limited First National Bank of SA Limited Nedbank Limited Standard Bank of SA Limited
POSTAL ADDRESS:	P.O. Box 40 Durban 4000	ATTORNEYS:	Barkers
AUDITORS:	KPMG Inc.		

Chairman's Report

INTRODUCTION

The Directors have pleasure in presenting the Group's Audited Annual Financial Statements and Report for the year ended 31 July 2023.

The trending negative economic circumstances of the country continue to affect the Group's ability to generate positive profitability and cashflows. Increasing interest rates regulated by the South African Reserve Bank and general cost of living increases have had a significant impact on disposable income. This directly affects the market in which the company trades.

FINANCIAL PERFORMANCE

Revenue generated from the totalisator has continued to reflect a decline and, whilst following international trends, appears to be more predominant in South Africa. The stressed economic environment is having a direct impact on totalisator betting turnover. Restrictions on the ability to introduce additional product types due to licensing requirements, is particularly inhibiting. The need to expand and invest in alternative income streams requires adequate funding which is difficult in the current circumstances. The principle of seeking other sources of revenue remains a priority.

Gross totalisator turnover generated on all products in KwaZulu-Natal amounted to R917.5 million which when compared with the prior year, is a decrease of 5.4%. This is concerning having regard to the cost of inflation over the same period.

Income received from third party bookmaking betting activities decreased significantly from R70.4 million to R58.3 million. This decrease is not in the control of the Group and is resultant from a move by the public in switching their interests into alternative forms of wagering.

International income generation derived through the sale of South African horse racing product improved marginally to R87.9 million. The volatile nature of foreign exchange rate fluctuations will have a small positive impact on this revenue source.

Total gross revenue generated from operating activities amounted to R468.0 million for the year compared to the prior year of R470.0 million. This statistic is well below inflationary trends and is indicative of the tight economic market in which the company is competing.

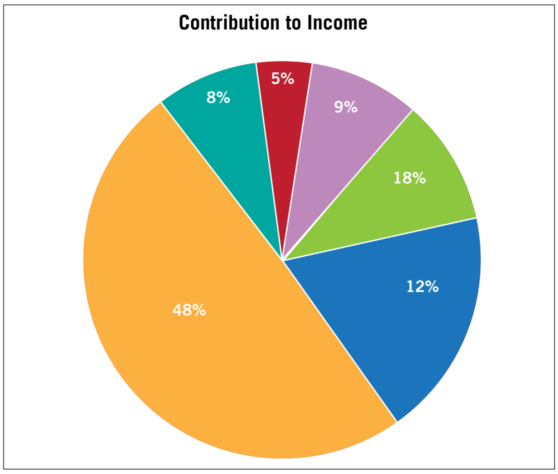
Income and fair value adjustments from investments amounted to R27.4 million and reflects a major increase over the past year. Stock markets, whilst continuing to be turbulent have recovered year-on-year. Given the current financial crisis that the Group faces, the Board of Directors are in the process of converting all investment equity into cash holdings.

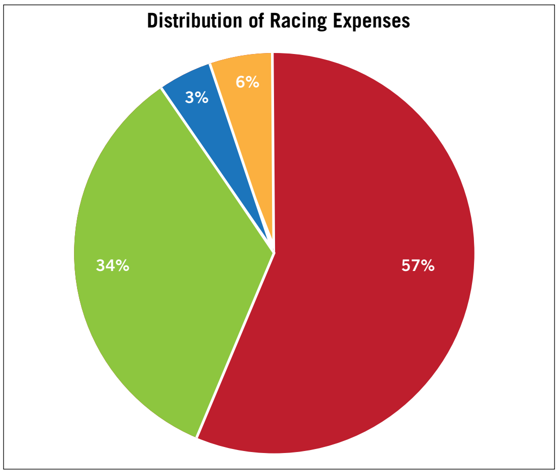
Total comprehensive income for the year after taxation amounted to a deficit of R66.7 million compared with a deficit of R71.9 million in the prior year.

Total gross expenditure amounted to R422.1 million, excluding stakes paid to Owners and Breeders Premiums, reflects a increase over the comparable amount of R395.7 million spent in 2022. Expenditure was tightly controlled over the past year. Stakes and Breeders Premiums paid during the year amounted to R111.5 million against R104.4 million in the prior year.

The graphs (page 5) reflect the 2023 macro management summary of Gold Circle's sources of income and the 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.

Chairman's Report (continued)





	%	R in Millions
Intellectual Property	48	143.9
Racing revenue	18	54.2
Wagering	12	34.9
Investments	9	27.4
Asset Utilisation	8	23.2
Hollywoodbets Durban July	5	13.9

	%	R in Millions
Racing - Training Centres, Tracks and Operations	57	189.3
Stakes - Owners and Breeders	34	111.5
Jockey Remuneration	3	10.8
Regulatory Costs - National Horseracing Authority	6	21.1

Chairman's Report (continued)

FINANCIAL POSITION

At 31 July 2023, the Group controlled total assets of R835.9 million (2022: R896.9 million) and had total liabilities amounting to R253.8 million (2022: R248.1 million). Excluding the loan owing to Gold Circle Racing Club amounting to R39.5 million, the total equity attributable to shareholders amounts to R582.1 million (2022: R648.8 million).

The property portfolio of the Group was independently revalued at 31 July 2023 which resulted in a fair value gain of R36.6 million which has been recognised in the statement of comprehensive income.

Cash and cash equivalents as at 31 July 2023 amounted to only R14.9 million (2022: R33.3 million). The Group is currently experiencing an acute shortage of working capital which, given the net operating cash projections for the 2023/2024 financial year, will not be sustainable. Reference is made to the content of the Directors Report, Note 11, wherein greater detail on the company's liquidity sources is covered.

The Directors of Gold Circle Proprietary Limited (Gold Circle), on 22 June 2023, approved a funding facility from GMB Investment Holdings Proprietary Limited to cover funding required in the year ahead. This facility is underpinned by a surety held over the company's equity in Natal Racing Properties Proprietary Limited to the exclusion of "ring-fenced" investments, controlled through the Club Membership.

ASSET UTILIZATION

Property assets under the control of the 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 Hollywoodbets Greyville Racecourse is leased from the Ethekwini Municipality until 2069 whilst the Hollywoodbets Scottsville Racecourse is leased from the Msunduzi Municipality to 2035. The Hollywoodbets Scottsville Racecourse has a sub-lease agreement with Tsogo Sun in respect of the casino premises in Pietermaritzburg.

During March 2023 the Board of Directors took a decision to close its operations at the Ashburton Training Centre and to relocate all trainers to Summerveld. The reasons for this rationalization were both as a cost cutting initiative together with taking cognizance of the reduced population of race horses in the province. Summerveld continues to provide the highest training standards and was well supported during the Winter Season.

The Gold Circle Convention Centre generated sales of R6.7 million which is a major increase on the prior year of R4.5 million. Note should be made that the prior year's turnover occurred over the latter portion of that year given the relaxation of Covid regulations in 2021. This revenue stream has the potential to make a significant contribution to the Group in the future.

The investment into a solar power system during 2019 continues to provide solar energy directly into the current electricity grid of the Group during daylight hours. Projected annual savings in electricity costs over the past year are in the region of R1.1million. Management are presently investigating the extension of the solar project to utilise the main grandstand roof as the next location. With the prospect of being able to sell surplus solar energy back into the electricity grid, this could lead to income generation in the future.

The Agreement with Hollywoodbets for the naming rights to the two racecourses in KwaZulu-Natal will continue through until July 2025 bringing with it significant financial and branding exposure benefits for Gold Circle and for horse racing in the province. Hollywoodbets' contribution to the marketing and exposure of Gold Circle horse racing is immense and a vote of thanks is extended to their team who have proactively and tirelessly worked to improving racing in KwaZulu-Natal.

Gold Circle continues to explore opportunities to increase revenues and profitability through the better and more efficient use of its real estate assets.

On 22 September 2023, subsequent to the financial year-end, Gold Circle Racing Club Members approved the sale of the company's equity to Hollywood Sports Book Holdings Proprietary Limited.

National & International Operations

RACING ADMINISTRATION

The external business operations of the Group 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.

The National Racing Fixtures Committee prepare their racing fixtures to facilitate and enhance the sale of South African product overseas. In this way it ensures that betting opportunities both locally and internationally are maximised.

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

The Gallop TV broadcast channel owned and managed by Gold Circle continues to feature all KwaZulu-Natal and Cape based horse racing together with all contracted international racing broadcasts on which the public place bets. The 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.

Through a partnership with Hollywood Sportsbook Holdings Proprietary Limited, the costs of broadcasting on the Gallop TV channel are equally shared between the partners and this is yet another joint project to ensure that the best available opportunities are exploited for the benefit of the public.

INTERNATIONAL

Gold Circle entered into a contractual relationship with Tabcorp (Australia) through Sky Channel Proprietary Limited for the international sale of Gold Circle’s racing picture together with Premier Gateway International with effect from 01 February 2022.

The international sale of racing picture continues to be a significant source of revenue for the company and contributed R92.3 million in the current the year. It is expected that this revenue source will be sustained in the year ahead.

Totalisator & Bookmaking

TOTALISATOR

Gross totalisator turnovers for the year amounts to R917.5 million from which Gold Circle earned a net commission, after costs, of R43.2 million (2022: R67.4 million). The major reason for the decline was the general decreasing trend in betting activity on the totalisator as well as the increasing cost of wagering operations.

BOOKMAKING

Gold Circle participates in the fixed-odds betting market through a Black owned subsidiary, Track and Ball Proprietary Limited, which operates five owned bookmaking rights in KwaZulu-Natal. The subsidiary also manages three licensed Black-empowered entities with six licenses.

Gross Gaming Revenue and other income generated by Track and Ball amounted to R33.1 million, marginally lower than in the prior year. The company reported a comprehensive loss of R38.2 million after shareholder interest paid and an intangible asset impairment amounting to R24.0 million. The Board is concerned as to the sustainability of Track and Ball in the year ahead and are investigating efficiencies within the operation.

Events and Marketing

MARKETING

For the first time in three years, planning for the Champions Season was able to commence without restrictions on attendance. This together with the growing excitement around thoroughbred superstars like Charles Dickens emerging from the Cape Summer Season, provided renewed interest in racing and was a catalyst to attract unprecedented sponsorship revenues around the KwaZulu-Natal feature race program.

Gold Circle continued to face several challenges with the loadshedding schedule, particularly on a Friday evening, effectively eliminating any opportunity of reintroducing Friday Night Racing at Hollywoodbets Greyville. Additionally, damaged municipal infrastructure, arising from the April 2022 floods, causing contamination of the beaches which are usually a massive attraction over the July holiday season, high unseasonal rainfall and a tornado hitting Durban in the week leading up to the Hollywoodbets Durban July affected attendances. Gold Circle also had to manage the municipal power failures at the Hollywoodbets Durban July (HDJ), even after having been given an exemption from loadshedding, that regrettably caused the abandonment of the final three scheduled races on the day.

Champions Season opened with the Independent on Saturday Drill Hall Stakes, the World Sports Betting Guineas and World Sports Betting Fillies Guineas races on a day the KwaZulu-Natal public got their first look at Charles Dickens. He did not disappoint by exacting revenge on See It Again who had beaten him in the Splashout Cape Derby in their previous meeting. Charles Dickens followed that victory up later in the season with another revenge victory in the Hollywoodbets Gold Challenge by beating Al Muthana, who was the first horse to beat Charles Dickens in the L'Ormarins King's Plate in early January 2023. Earlier in the day, Winchester Mansion secured his place in the HDJ with an impressive win in the Hollywoodbets Dolphins Cup Trial.

In the Daily News 2000, See It Again reproduced his eye-catching win in the Derby, by winning this prestigious Grade 1 event, firming his position as the strong HDJ ante post favourite. In the Woolavington 2000, it was Rain In Holland who took advantage of the new open WFA race conditions to make it two out of two Grade 1 wins at the Hollywoodbets Greyville track.

The jackpot of Grade 1 sprints featuring the Golden Horse Sprint at Hollywoodbets Scottsville proved another remarkable day for the Sean Tarry stable and Richard Fourie. They would go on to win three of the four Grade 1's with Mrs Geriatrix, Lucky Lad and Princess Calla easing to victory in each of their races. The Golden Horse Sprint was won by the Dean Kannemeyer trained Gimme A Prince.

Events and Marketing (continued)

In preparation for the second Hollywoodbets sponsored Durban July, close collaboration between the Gold Circle and Hollywoodbets marketing teams produced another cutting-edge event theme which would go on to inspire “Out Of This World” creations from the fashion designers and lay the foundation for another highly successful event that attracted unprecedented sponsorship and activation revenues. Ridgemont, Splashout Media, Unilever, Avis and Spitz were all new sponsors for the 2023 event, with companies like Gateway and Distell (Cruz Vodka, Savannah, Pongracz) increasing their sponsorships and activation activities, joining long-standing event partners in Bloodstock SA, Compendium, Durban Tourism, Durban Fashion Fair (DFF), Tourism KZN, Heineken, Coca Cola and British American Tobacco. Media partners included Independent Newspapers, Gagasi FM and Ukhozi FM - who broadcast the first ever vernacular commentary of Africa’s greatest horse race.

The lead up events for the HDJ Fashion Experience, presented by DFF, once again provided a platform for the HDJ Young Designers, DFF Rising Stars and the HDJ Invited Designers to showcase their amazing talent on the runways of the HDJ Semi Final Showcase, the Gateway Preview Gala Fashion Show, the Beverly Hills HDJ Cocktail Party and on the Celebration Stage on HDJ raceday. Racing related events included the HDJ Final Field Announcement and the traditional HDJ Gallops at Hollywoodbets Greyville 10 days before raceday.

The HDJ raceday produced eye catching performances from Main Defender, Future Pearl, Mrs Geriatrix, Sandringham Summit and Princess Calla and a grandstand finish to the main event where Kabelo Matsunyane, aboard Winchester Mansion, wore down a gallant effort from the star 3-year-old, See It Again. The growth in popularity of the HDJ event is being driven by the social attraction of the event which fortunately was not affected by the premature end of the racing program. The Ethekwini Municipality commissioned the BDO South Africa Services 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 Gross Domestic Product income rose to a massive R613 million compared with R431 million in 2022.

The Hong Kong Jockey Club (HKJC) increased their support of the Gold Cup race meeting by taking the title sponsorship of the raceday, including the World Pool Gold Cup. HKJC took the opportunity to honour South African born jockey, Dougie Whyte, by naming one of the Gr1 races The Douglas Whyte Stakes. Another initiative was the introduction of the World Pool Moment of the Day which rewarded the winning groom with a massive R100 000. This award went to Mr Daniel Cuane, groom of Sandringham Summit who powered home, coincidentally, to win the World Pool Moment of the Day Champion Stakes.

The HKJC race meeting is one of the highest profile race days in South Africa, featuring four Grade 1 races, three Grade 2’s, two Listed races and the Grade 3 World Pool Gold Cup. Once again many of the country’s EQUUS Champions were crowned on the back of their performances on this final race day on the South African calendar with Princess Calla (winner of the HKJC Champions Cup) securing the Horse of the Year title as well as Champions older Filly/Mare. Other winners on the day were Sandringham Summit (Champion 2-Year-Old Colt), Bless My Stars (Champion 3-Year-Old Filly), Isivunguvungu (Champion Sprinter) and Future Pearl (Champion Stayer). There was also a nail-biting finish to the Champion Trainer title which came down to a single race, with Justin Snaith prevailing over Sean Tarry who won the World Pool Gold Cup, the HKJC Champions Cup and the Riding High Together Gold Bracelet, providing a fitting end to South Africa’s Champion Season.

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.

Communications

Communication remains the key to furthering the Group's strategies and engaging with its customer base. 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 aforementioned joint venture with Independent Newspapers.

Gold Circle's Board and Management continue their liaison with the Ethekwini Municipality, the KwaZulu-Natal Province and the KwaZulu-Natal Gaming & Betting Board and the Department of Trade and Industry to ensure that a harmonious working relationship exists in the interests of the horse racing in the province.

Racing

Gold Circle featured 114 race meetings during the year compared with 110 in the prior period. Notwithstanding the Group's revenue streams being under pressure, stakes were increased for both feature and minor races. Stakes paid to stakeholders amounted to R106.3 million compared with R99.4 million in the prior year. Gross stakes included a joint Hollywoodbets / Gold Circle top-up programme which was introduced over the period March 2023 to 30 September 2023.

The success of the 2023 Champions Season was hallmarked by many outstanding performances and high-quality competitive racing. 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.

Despite the heavy rains received, the condition of the Hollywoodbets Greyville turf track has been exceptional over the past year and stood up particularly well over the Champions Season. Spring treatment is scheduled for January 2024.

The Polytrack at Hollywoodbets Greyville continues to support the majority of races in KwaZulu-Natal. This track provides 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 through frost and heavy rains during 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 has re-opened for racing in November 2023.

The Willowfontein Rural Horse Riding Club hosted the Umtelebhelo Heritage Cup at Hollywoodbets Scottsville on Saturday, 16 September 2023, Gold Circle played a major part in the event and the day was a huge success.

Gambling Legislation and Regulation

Gold Circle has maintained a cordial relationship with its Industry Regulators. On-going liaison and communications take place frequently in respect of licence conditions and regulation.

During the year under review the KwaZulu-Natal Gaming and Betting Board (KZNGBB) took a decision to terminate its agency relationship in respect of the collection of bookmakers punters tax and payment of the tax over to the KwaZulu-Natal Treasury Department. This action by the KZNGBB is more fully disclosed in the Directors Report at Note 12, together with the impending litigation against the KZNGBB.

Contribution to horseracing from Bookmakers' tax has been applied against the following costs:

	2023	2022
	R	R
Tax on punters winnings	**55 946 756**	69 475 626
Received	**32 975 775**	69 475 626
Accrued	**22 970 981**	-
Transformation strategy	**22 398 832**	21 638 787
Breeders	**5 215 004**	5 000 004
Maintenance - Racetrack and Polytrack	**1 982 201**	3 152 069
NHA Levies	**21 096 969**	17 990 978
Racing Academy	**1 662 306**	1 662 306
Contribution to stakes	**3 591 444**	20 031 482
	55 946 756	69 475 626

Corporate Governance and Structure

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

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

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

	Board	Audit	Risk	Remco	Racing	Social & Ethics	Remuneration "R"
NON-EXECUTIVE							
G Bortz	4/5	-	-	-	-	-	-
D Chetty	6/6	-	-	-	5/5	3/3	141 750
G M Grant	4/6	2/3	1/1	3/3			110 250
C Moodley	4/6	3/3	1/1	-	-	-	89 250
S Naidoo	6/6						183 750
MM Nhlanhla	5/6	-	-	-	-	3/3	110 250
M W Rohwer	6/6				4/5		126 000
B F Scott	2/2	-	-	-	3/3	-	57 750
K Thambiran	1/1						15 750
L R Whiteford	6/6				4/5		115 500
Z Zulu	6/6	3/3	1/1	-	-	3/3	131 250
Total Remuneration Cost							**1 081 500**

Corporate Governance and Structure

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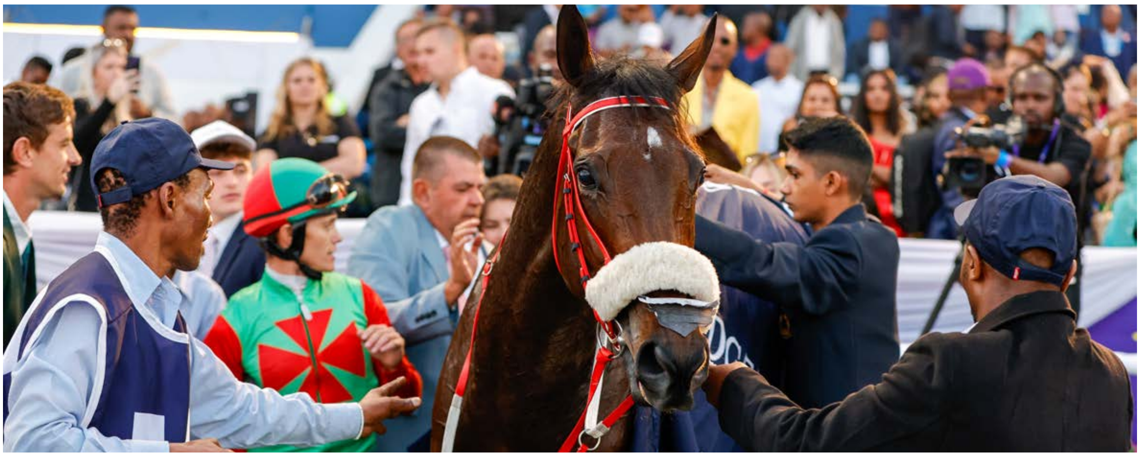
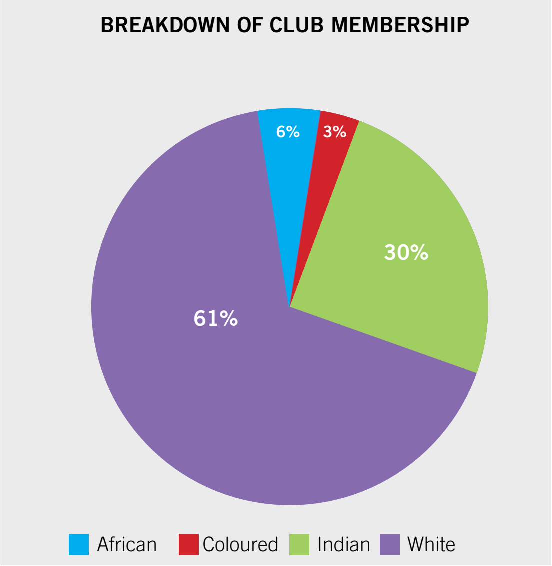


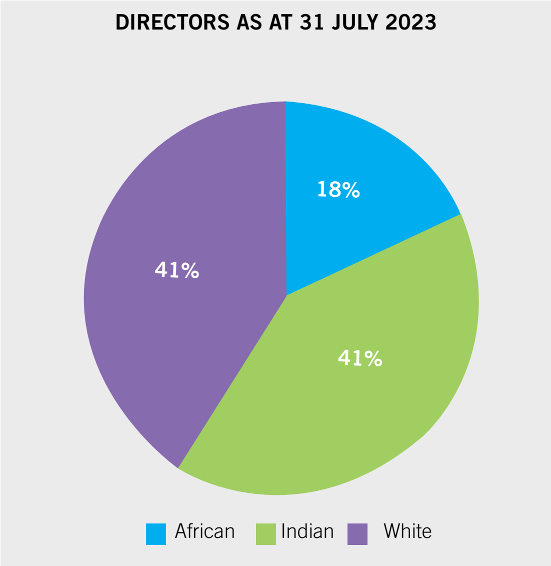
CLUB MEMBERSHIP

The Gold Circle Racing Club, as the single shareholder in Gold Circle, comprised 708 members as at 31 July 2023. There are no barriers to becoming a member of the Club. The Board of Directors are pleased to report that efforts to improve the demographic profile of club membership have been successful. The Black membership component as at 31 July 2023 is 39% compared to 33% in 2022. The aim for the year ahead will be to maintain and improve the demographic profile where possible.



BOARD REPRESENTATION

Representation on the Board of Directors of Gold Circle is mainly driven through the Club membership and in addition, the Board makes external appointments to balance the skills required to drive the business. At 31 July 2023 the Board comprised two executive and nine non-executive directors.



Corporate Governance and Structure

(continued)

MANAGEMENT AND STAFF

The Gold Circle Group has a policy of employing suitably qualified personnel and offers equal opportunity for further development, irrespective of race, disability or gender. Preference is given to the employment of previously disadvantaged persons.

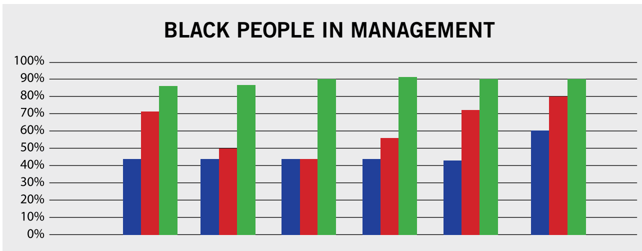
The Group outsources a limited number of designated skills which will be phased out by the Board through respective appointments in line with the strategic objectives of the company.

The following table reflects the Group's employment sectors and the demographic profile of personnel employed by the company at 31 July 2023.

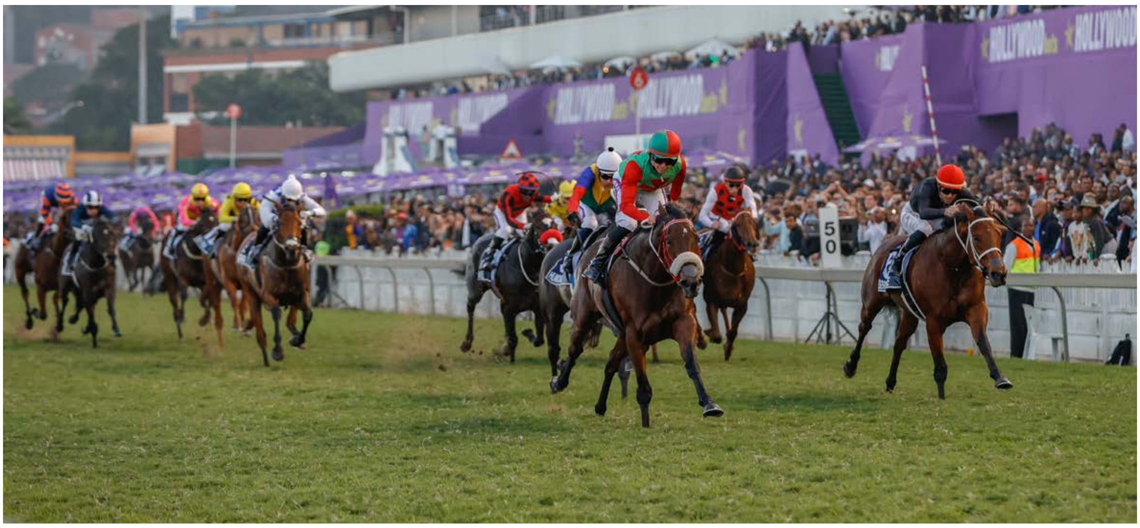
Race	Executive Management	Senior & Middle Management	Junior Management	Semi-Skilled	Unskilled	Grand Total	%
Black	0	6	110	288	120	524	66.4
Indian	3	24	80	86	2	195	24.7
Coloured	0	1	12	16	2	31	3.9
Sub Total	**3**	**31**	**202**	**390**	**124**	**750**	**95.1**
White	3	9	17	8	1	39	4.9
Total	**6**	**40**	**219**	**398**	**125**	**789**	**100.0**

Through its operational infrastructure, the Group is able to provide several employment opportunities for persons with disabilities. Gold Circle (Proprietary) Limited operates a telephone betting call centre where a number of operators who are wheel chair bound, are employed.

A demographic profile of Black people in management employed by the Group over the past five years, together with future strategic targets, is depicted as shown in the adjacent graph.



	Jul 19	Jul 20	Jul 21	Jul 22	Jul 23	Target 0-5Yrs 2023
Top/Exec	43%	43%	43%	43%	43%	60%
Senior	71%	50%	43%	56%	71%	80%
Middle	87%	88%	90%	91%	90%	90%



Transformation

Gold Circle Group is a responsible corporate entity and aligns itself with the principles of Broad Based Black Economic Empowerment. The Group has over the years implemented several initiatives which demonstrate a positive commitment to transformation throughout its business. Gold Circle is a Level 2 contributor to Broad Based Black Economic Empowerment. Summarized below, with comparatives, is the actual expenditure that the company has contributed to its transformation strategy which is on-going and dynamic in nature.

	2023	2022
	R	R
Skills Development	**6 874 014**	8 296 075
Corporate Social Investment	**538 630**	510 785
Socio-Economic Development	**11 151 180**	8 847 734
Enterprise Development	**2 027 387**	1 244 562
Supplier Development	**1 807 621**	2 739 723
TOTAL SPEND ON TRANSFORMATION	**22 398 832**	21 638 878

Skills Development

During the year under review, Gold Circle, expended an amount of R6.9m on Skills Development. Funding of the various initiatives was mainly targeted at the development of black individuals, both employees and non-employees.

Training and development initiatives include:

- Learnerships, internships and on the job training in various departments of the company including chef cookery skills, television camera operators, contact centre and business processing support, departmental administration and understudying management and end-user computing;

- The company has several other in-house educational training programmes that have been developed which enhance employee skills and allow them to progress their careers within the company. Funding assistance for formal training at certified tertiary educational institutions is offered to selected full-time employees who have the potential to further their careers in management positions.

- Champion Season recruitment – the company generally embarks on a massive recruitment and training programme prior to the Champions Season which allows hundreds of aspirant matriculants and job seekers to apply for vacancies as betting operators. During the past year, 525 individuals received training through this programme. This training is not available at any tertiary educational institution and it prepares candidates for similar employment opportunities in the open market once their seasonal contracts with Gold Circle have concluded.

- South African Jockey Academy - The Academy is the only educational institution in the country which provides for training towards becoming a professional jockey. Training is provided over a five-year apprenticeship period and is achieved in parallel with acquiring an educational Level 12 standard. Learners are selected from all community groups, many of which are previously disadvantaged. Gold Circle is proud to be associated with this enterprise and is a major financial contributor to its activities.

Corporate Social Investment

Gold Circle is committed to making a positive contribution to the upliftment of disadvantaged communities through its Corporate Social Initiatives Programme. All activities undertaken are approved and monitored through the Social and Ethics Committee. The company has an approved Transformation Strategy which is geared to achieving the objectives of the Broad-Based Black Empowerment Act, as amended from time to time. The majority of initiatives undertaken are industry based and also serve as a skills transfer mechanism to the broader traditional horse owning community.

SOCIO-ECONOMIC DEVELOPMENT

COASTAL HORSE CARE UNIT

The Coastal Horse Care Unit (CHCU) is a registered non-profit organisation that has as its main objectives, the welfare and care of horses in KwaZulu-Natal. CHCU rehabilitate, campaign and educate people in rural areas on the welfare and care of horses. Associated with this objective is the transfer of skills to disadvantaged rural communities to educate these communities on how to better take care of their horses which are used for racing, transport, herding and leisure.

Gold Circle is a major financial contributor to the CHCU and also assists the organization to raise funds towards their various initiatives. These programs highlight the informal racing industry and are an encouragement to horse owners to enhance their knowledge and skills to a more professional platform.

Gold Circle is actively involved in these community-based programmes and in this regard the company volunteers its personnel to undertake various clinics and workshops within rural communities together with CHCU.

Since 2021, Gold Circle has assisted the CHCU and the National Horse Racing Authority to begin a process of micro-chipping and vaccinating horses which is a significant step forward in the formalisation of traditional racing and the protection of horses respectively.

Corporate Social Investment (continued)

TRADITIONAL HORSE RACING

The primary use of the Group's facilities/racecourses is for thoroughbred racing however the facilities/racecourses have also been used for other forms of racing such as harness racing and rural/traditional racing as we know it, which includes trotting, pacing and tripling races.

Gold Circle became involved in traditional racing in 2005, at a point when Government took an initiative to investigate and invest in this sector and in particular, develop the traditional race meeting staged in Dundee in July. Gold Circle created an intervention to bridge the gap between formal thoroughbred horseracing and traditional rural horseracing.

Gold Circle has embraced the opportunity to become involved in traditional racing events by providing technical and financial support to these events and has identified traditional racing as one of its key Corporate Social Initiatives.

On 16 September 2023, the Willowfountain Rural Horseriding Club staged the annual Umtelebhelo Heritage Cup at Hollywoodbets Scottsville Racecourse. Gold Circle and Hollywoodbets were the headline sponsors of this event. The event attracted participants from horse enthusiasts based throughout KwaZulu-Natal as well as from neighboring countries.

Gold Circle was able to provide financial support for operational costs including stakes, wage costs, maintenance, transport and infrastructure costs as well as technical support in the build-up to the event and on the day of the event.

GROOMS

Gold Circle does not employ grooms as they are employed by, and responsible to, trainers. The company has recognised that the grooms' community at the training centres is a particularly vulnerable employment sector of the industry.

Gold Circle recognises that for meaningful employment, grooms should have some security of financial income after their careers as grooms. Gold Circle has, through the KwaZulu-Natal Owners and Trainers Association, initiated, facilitated and funded the creation of a consolidated retirement savings scheme for grooms amounting to R4,5 million. Gold Circle has paid all of the preliminary legal and associated administration costs relating to the creation of this scheme. This is a first for the horse racing industry in South Africa and we are proud to proclaim that grooms will henceforth be able to finish their careers with the comfort of a retirement benefit scheme. At present, 308 grooms have signed up for this benefit.

Gold Circle Group provides full amenities for the wellbeing of grooms based at the Summerveld Training Centre. This is an extensive benefit to grooms who do not have the necessary means to afford their own quarters. and comes at an approximate cost to Gold Circle of R7 million per annum. Gold Circle has in collaboration with a medical practitioner established a fully-fledged Healthcare Clinic at the Summerveld Training Centre to provide medical care to approximately 600 grooms. Gold Circle is also working closely with the Department of Health to expand these medical services to the local community resident in the surrounding areas.

Corporate Social Investment (continued)

Gold Circle continues to seek opportunities to incentivise Grooms through association and partnership with trainers and sponsors. Since December 2019, Gold Circle, in partnership with Hollywoodbets, initiated an empowerment programme to recognise the critical and integral role that grooms play in the racing industry. This joint initiative has seen over R4.4 million awarded to grooms since it was launched in 2019.

Gold Circle have assisted the grooms to form an association, the KwaZulu-Natal Grooms Association, by paying for all of the related administration and legal costs relating to the creation of the Association. The company also provides office facilities as well as secretarial and administrative support to manage the affairs of the Association.

RACE HORSE TRAINER DEVELOPMENT

Gold Circle has through a structured trainer development programme promoted the advancement of previously disadvantaged individuals within the ranks of the horse racing community from stable employees to assistant trainers and ultimately licensed trainers. The aim of the project is to enable previously disadvantaged people to develop the skills to actively participate, create jobs and advancement opportunities and create Enterprise development opportunities whereby a licensed trainer will be able to manage and operate his own business and facilitate further job creation.
In 2021, Siboniso Ngobo qualified as a licensed trainer and Gold Circle has assisted him to set-up his business.

Gold Circle contributed an amount of R302 000 towards this initiative during the past financial year.

COMMUNITY TELEVISION

Gold Circle has embarked on a project to expose low-income households and people from rural areas to the sport of horseracing. This follows from the Department of Communications and Digital Technologies' drive to move from analogue to digital broadcasting for Television and radio in order for these households to be able to participate in tech-enabled opportunities that drive inclusiveness, employment and economic transformation across our cities, towns and provinces. Decoders are required to convert analogue signal to digital television services. Gold Circle has partnered with Hollywoodbets to ensure that in its bouquet of some twenty-one channels, there will be at least one channel on the decoder dedicated to horseracing. This initiative will take the sport of horseracing to the homes of people, predominantly black, who have not previously been exposed to horse racing due to broadcasts only being aired on pay to view channels in the past.

Gold Circle also broadcasts its races on Gallop TV, an in-house broadcasting platform. This facility has been used to broadcast the Umtelebhelo race meeting staged at Hollywoodbets Scottsville Racecourse and attracted a large viewership.

Enterprise and Supplier Development

Gold Circle provides financial, operational and managerial support to enable its associate companies to achieve operational success. Ezeefun Proprietary Limited, Betsumor Gaming Proprietary Limited and Wozabets Gaming Proprietary Limited are recognised as exempt micro- enterprises operating bookmaking businesses, each with a majority black shareholding. These companies operate their businesses in conjunction with Gold Circle's totalisator betting operations thus generating commission earnings from Gold Circle. They also benefit from the synergy that exists between totalisator betting and fixed odds betting. As of 31 July 2023, these entities employed 46 individuals.

PROCUREMENT

Gold Circle has an appointed Tender Committee which adjudicates all tenders for required services in terms of the company's Limits of Authority Policy and an established B-BBEE Procurement Policy. A summary of procurement recognition levels over the past four years is as follows:

	2019	2020	2021	2022	2023	Target 2024
Recognition Levels	%	%	%	%	%	%
All Suppliers	87.3	72.7	83.2	81.6	71.3	80
QSEs & EMEs*	33.9	32.7	36.2	53.0	34.8	30

* QSEs – Qualifying Small Enterprises
EMEs – Exempt Micro Enterprises

Acknowledgements and Prospects

THANKS AND APPRECIATION

The Board extends a vote of thanks to the CEO, Michel Nairac, his management team and the staff of Gold Circle for their continuing contribution and efforts in working towards achieving the goals of the Group.

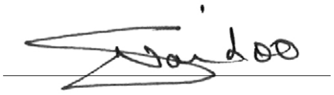
I would like to pay tribute to the Board of Directors for their oversight over the affairs of the Group under difficult circumstances. There are continuing challenges that face the racing industry both internally and externally and a vote of thanks is extended to my colleagues for their wise counsel and contribution over the past year.

ACKNOWLEDGEMENTS

The Board would like to thank the many supporting organisations and people who provide the infrastructure and services necessary for Gold Circle to successfully stage horseracing and contribute to its successes. Included in this group amongst others are Owners, Trainers, Jockeys, Breeders, Sponsors, Media, our betting customers and the public at large. Our thanks are extended to them all for their contributions.

PROSPECTS

The Board is committed to seeking a sustainable future for horse racing in the face of many economic and other challenges in the year ahead. Despite the prevailing challenges prevalent in the industry, the Board is hopeful of a positive future for the company arising from the Capital and Share Sale Agreement concluded with Hollywood Sports Book Proprietary Limited during September 2023.



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 2023, 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 International Financial Reporting 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 made an assessment of 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 Sportsbook Holding Proprietary Limited be unsuccessful, there exists 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 21 November 2023 and signed by:

S Naidoo	MJL Nairac
Chairperson	Chief Executive Officer
Authorised director	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 (Registration number: 1998/024366/07). 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

	2023	2022
	R	R
Total comprehensive income for the year	**(66 656 325)**	(71 987 092)

4. Share capital

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)
G Bortz (Appointed 23 January 2023 and Resigned 10 August 2023)
D Chetty
GM Grant
C Moodley
MJL Nairac (CEO)
MM Nhlanhla
Y Pillay (CFO)
MW Rohwer
BF Scott (Resigned 9 December 2022)
K Thambiran (Resigned 6 December 2022)
LR Whiteford
Z Zulu

6. Group 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 (2022: Rnil).

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)
GM Grant	
Z Zulu	

Remuneration Committee

GM Grant	(Chairperson)
S Naidoo	
Z Zulu	

Risk Committee

C Moodley	(Chairperson)
GM Grant	
Z Zulu	

Social and Ethics Committee

MM Nhlanhla	(Chairperson)
D Chetty	
Z Zulu	

Racing Committee

MW Rohwer	(Chairperson)
NP Butcher	(Resigned 18 October 2022)
D Chetty	
PV Lafferty	(Trainer representative)
C Martin	(Breeder representative)
S Naidoo	
BF Scott	(Resigned 09 December 2022)
LR Whiteford	

Report of the Directors (continued)

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**
Betting Information Technologies Proprietary Limited	**240**	**100**
Videotrac Proprietary Limited	**120**	**100**
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 Company's transformation initiatives are monitored by the Board of Directors through the Social and Ethics Committee, as well as monitored by the KwaZulu-Natal Gaming and Betting Board. As at 31 July 2023, the Company held a level 2 BBBEE rating.

11. 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 has been done on a Group basis in order to be comparable to the budgets that have been Board approved.

Report of the Directors (continued)

11. Going concern (continued)

Current financial condition

The Group traded at a loss after tax of R66.7 million (2022: R71.9 million). At the financial year-end of Gold Circle Group, solvency and liquidity has decreased by 3%.

Mitigating factors

As at 31 July 2023, the Group had net cash resources available to it amounting to R5.1 million. In addition, the Group has an overdraft facility of R15 million (2022: R15 million) that is a critical component of its cash management. The Group has utilised R9.9 million of the overdraft facility.

On 6 April 2023, the Group received an Expression of Interest (EOI) from Hollywood Sportsbook Holdings Proprietary Limited and Mr. Gregory Mark Bortz to purchase the shares of Gold Circle Proprietary Limited held by Gold Circle Racing Club. This EOI included a capital contribution of R400 million.

In June 2023, the Board of Directors were presented with a benchmark budget for the financial year ending July 2024 which reflected a trading loss before taxation amounting to R99 million. This loss was mainly as a result of the ongoing trading challenges. The extensive trading loss required funding and Mr. Gregory Bortz, aware of these challenges generously offered to provide financial assistance through GMB Investment Holdings Proprietary Limited to the Group in the form of a loan facility amounting to R100 million pending a favourable outcome of the EOI transaction or 31 July 2024 whichever comes first. The loan is held under security of the Natal Racing Properties Proprietary Limited's fixed properties. As result, Hollywood Sportsbook Holdings Proprietary Limited will become 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.

Cash flow requirements are monitored on a monthly basis by an Oversight Committee formed by the Board of Directors inclusive of representation of the loan provider. This Oversight Committee has created an additional layer of governance that will also monitor working capital requirements. The Group is confident that the case for the taxes should yield a positive result and the amounts due will flow through to the Group.

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

(1) should the transaction with Hollywood Sportsbook Holdings fail, then the loan to GMB Investment Holdings will be repaid from the ring-fenced funds held by Gold Circle Proprietary Limited; the Group will then be left with enough cash resources that extend to December 2024.
(2) should the transaction with Hollywood Sportsbook Holdings be successful, then the funding received per the Sale Agreement would be used to cover operational losses in the years ahead should they occur.

Through concerted deliberations between all parties, the Boards of both Gold Circle Racing Club and Gold Circle Proprietary Limited agreed on 22 August 2023 to sign a Capital and Share Sale Agreement with Hollywood Sportsbook Holdings Proprietary Limited. On 19 September 2023, at the special general meeting, the members of Gold Circle Racing Club approved the sale of Gold Circle Proprietary Limited to Hollywood Sportsbook Proprietary Limited. There are conditions precedent to this agreement some of which have already been met at the date of signing of the financial statements. The following significant suspensive conditions remain;

Report of the Directors (continued)

11. Going concern (continued)

- Approval from Competition Authorities,
- Approval from the KwaZulu Natal Gaming and Betting Board and
- Approval, if necessary, by the eThekwini and Msunduzi Municipalities of the continuation of the leases held by Gold Circle on the Hollywoodbets Greyville and Hollywoodbets Scottsville racecourses.

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 Sports Book 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. Therefore, there is a material uncertainty on the Group's ability to continue as a going concern.

12. Challenge on bookmakers' tax received

In March 2023, the Group was advised by the KwaZulu Natal Gaming and Betting Board 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 has now unlawfully held back all taxes due to the Group.

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 into the future. 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.

Currently, Heads of Argument were presented to the judge by both parties for deliberation. 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 R23 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.

13. Subsequent events

Clubs
On 09 November 2023 a cession agreement was signed between Durban Turf Club, Clairwood Turf Club and Gold Circle Racing Club ceding the loan balances owing by Gold Circle Propriety Limited to Durban Turf Club and Clairwood Turf Club to the Gold Circle Racing Club. This was as a result of the windind up the Durban Turf Club and Clairwood Turf Club.

Funding
On 09 August 2023, a facility agreement and surety agreement was concluded with Company and GMB Investments Proprietary Limited. This surety is over properties owned Natal Racing Properties Proprietary Limited.

Hollywood Sportsbook Holding Proprietary Limited
On 19 September 2023, at the special annual general meeting, the Gold Circle Racing Club approved the sale of Gold Circle Proprietary Limited to Hollywood Sportsbook Proprietary Limited. The sale has many suspensive conditions (as referred to in 11 above) that should be concluded over the next financial period.

Betting Information Technology Proprietary Limited
The deregistration of Betting Information Technology Proprietary Limited was effective on 06 October 2023.

Independent Auditor’s Report

To the shareholders of Gold Circle Proprietary Limited

Opinion

We have audited the consolidated financial statements of Gold Circle Properietary Limited (the Group) set out on page 30 to 76, which comprise the consolidated statement of financial position as at 31 July 2023, and 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 notes to the consolidated financial statements including accounting policies and Standards and Interpretations.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Gold Circle Properietary Limited and its subsidiaries as at 31 July 2023, and its consolidated financial performance and consolidated cash flows for the year then ended then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS) 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 35 to the consolidated financial statements, which indicates that the Group incurred a net loss of R66.7 million during the year ended 31 July 2023. As stated in Note 35, if any of the suspensive conditions fail and the sale agreement with Hollywood Sports Book 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 35, 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 document titled “Gold Circle Properietary 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 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

Independent Auditor's Report (continued)

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

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

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

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

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Inc.

Per Shandhir Lachman
Chartered Accountant (SA)
Registered Auditor
Director
21 November 2023

Consolidated Statement of Financial Position

Assets	Notes	2023	2022
Non–current assets		**R**	R
Property, plant and equipment	*3*	**477 701 516**	454 987 165
Investment in associates	*4*	**35**	35
Intangible assets	*5*	**5 678 487**	29 709 275
Deferred tax asset	*6*	**–**	31 357 126
		483 380 038	516 053 601
Current assets			
Tellytrack investment	*15*	**220 547**	230 561
Inventories	*7*	**2 677 513**	2 664 488
Trade and other receivables	*8*	**97 530 730**	69 844 462
SARS receivable		**–**	2 751 581
Loans receivable	*9*	**1 103 575**	1 512 404
Cash and cash equivalents	*10*	**14 938 553**	33 253 430
Investments	*11*	**236 013 108**	270 547 094
		352 484 026	380 804 020
Total assets		**835 864 064**	896 857 621
Equity and liabilities			
Equity and reserves			
Share capital	*12*	**2 000**	2 000
Fair value reserve		**48 562 184**	30 109 291
Revaluation reserve		**263 199 680**	234 497 100
Post–retirement medical aid reserve		**4 946 860**	3 926 320
Retained earnings		**289 343 726**	392 720 660
		606 054 450	661 255 371
Non–controlling interests		**(23 947 082)**	(12 491 678)
Total equity		**582 107 368**	648 763 693
Non–current liabilities			
Lease liabilities	*13*	**8 284 376**	9 481 016
Deferred tax liability	*6*	**74 501 214**	66 979 421
Post–retirement medical aid obligations	*16*	**7 402 000**	8 868 000
		90 187 590	85 328 437
Current liabilities			
Post–retirement medical aid obligations	*16*	**1 026 000**	1 091 000
Trade and other payables	*17*	**91 744 130**	94 022 843
Share of losses of associate	*4*	**2 611 884**	1 867 182
Bank overdraft	*10*	**9 854 468**	–
Provisions	*19*	**11 702 279**	17 817 131
Lease liabilities	*13*	**7 172 464**	8 509 454
Borrowings	*18*	**39 457 881**	39 457 881
		163 569 106	162 765 491
Total liabilities		**253 756 696**	248 093 928
Total equity and liabilities		**835 864 064**	896 857 621

Consolidated Statement of Comprehensive Income

	Notes	2023	2022
		R	R
Gross wagering revenue		**236 960 349**	250 322 079
Provincial tax		**(20 494 076)**	(22 533 291)
Net wagering revenue	*20*	**216 466 273**	227 788 788
Less: Agents commission and other direct costs	*21*	**(37 411 315)**	(36 680 540)
Less: Wagering expenditure	*21*	**(135 834 477)**	(123 706 723)
Contribution to racing from wagering activities		**43 220 481**	67 401 525
Add: Contribution to racing from third party bookmaking activities		**58 256 856**	70 375 826
Stand up and information fees		**2 310 100**	900 200
Contribution to horseracing from bookmakers' tax	*22*	**55 946 756**	69 475 626
Net International income	*20*	**87 927 324**	85 797 946
International Income	*20*	**92 349 196**	85 797 946
Less: International commingling fees	*20*	**(4 421 872)**	–
Gross revenue available for racing activities		**189 404 661**	223 575 297
Add: Direct racing revenue	*20*	**94 299 489**	81 619 079
Add: Eventing revenue	*20*	**6 650 497**	4 464 839
Gross revenues available for racing activities		**290 354 647**	309 659 215
Share of (loss)/profit from Tellytrack partnership	*15/20*	**(10 014)**	1 115 349
Income available for racing activities		**290 344 633**	310 774 564
Less: Racing expenditure	*21*	**(355 963 108)**	(340 904 341)
Operating expenditure for racecourses and training facilities		**(212 528 164)**	(206 680 036)
National Horseracing Authority – regulatory costs		**(21 096 969)**	(17 990 978)
Stakes – gross		**(106 314 871)**	(99 446 625)
Stakes – breeders		**(5 215 004)**	(5 000 004)
Contribution to jockey's remuneration and insurance		**(10 808 100)**	(11 786 698)
Net loss before impairment		**(65 618 475)**	(30 129 777)
Less: Impairments of intangible assets	*23*	**(24 030 788)**	–
Less: Impairments and bad debts written- off	*23*	**–**	(75 344 237)
Add: reversal of impairment of trade receivables	*9*	**589 971**	1 254 347
Net loss before financing and taxation		**(89 059 292)**	(104 219 667)
Add: Finance income	*24*	**1 355 069**	530 274
Less: Finance costs	*25*	**(3 247 162)**	(2 869 489)
Add: Dividend income	*26*	**996 114**	1 038 280
Add: Fair value adjustments	*27*	**7 058 476**	3 593 254
Net loss before financing and taxation		**(82 896 795)**	(101 927 348)
Share of loss on equity accounted associates	*4*	**(744 652)**	(760 857)
Loss before taxation		**(83 641 447)**	(102 688 205)
Income taxation	*28*	**(31 190 891)**	26 879 034
Loss for the year		**(114 832 338)**	(75 809 171)
Loss attributable to:			
Owners of the Group		**(103 376 934)**	(73 888 486)
Non-controlling interest		**(11 455 404)**	(1 920 685)
Loss for the year		**(114 832 338)**	(75 809 171)
Other comprehensive income			
Items that will not be reclassified into profit and loss:		**48 176 013**	3 822 079
Post–retirement medical aid gain	*16*	**1 398 000**	388 000
Taxation on change in post–retirement medical aid		**(377 460)**	(104 760)
Net change in fair value of investments		**17 953 065**	2 758 414
Taxation on change in fair value of investments		**499 828**	780 425
Net change in fair value of asset revaluation reserve		**36 610 433**	–
Taxation on asset revaluation		**(7 907 853)**	–
Total comprehensive loss for the year		**(66 656 325)**	(71 987 092)
Total comprehensive loss for the year attributable to:			
Owners of the Group		**(55 200 921)**	(70 066 407)
Non–controlling interest		**(11 455 404)**	(1 920 685)
		(66 656 325)	(71 987 092)

Consolidated Statement of Changes in Equity

	Share Capital R *a*	Revaluation reserve R *b*	Fair value reserve R *c*	Post-retirement medical aid reserve R *d*	Retained earnings R *e*	Total R	Non-controlling interests R *f*	Total R
Balance at 31 July 2021	2 000	234 497 100	26 570 452	3 643 080	466 609 146	731 321 778	(10 570 993)	720 750 785
Total comprehensive loss for the year	–	–	3 538 839	283 240	(73 888 486)	(70 066 407)	(1 920 685)	(71 987 092)
Loss for the year	–	–	–	–	(73 888 486)	(73 888 486)	(1 920 685)	(75 809 171)
Other comprehensive income	–	–	3 538 839	283 240	–	3 822 079	–	3 822 079
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**

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.

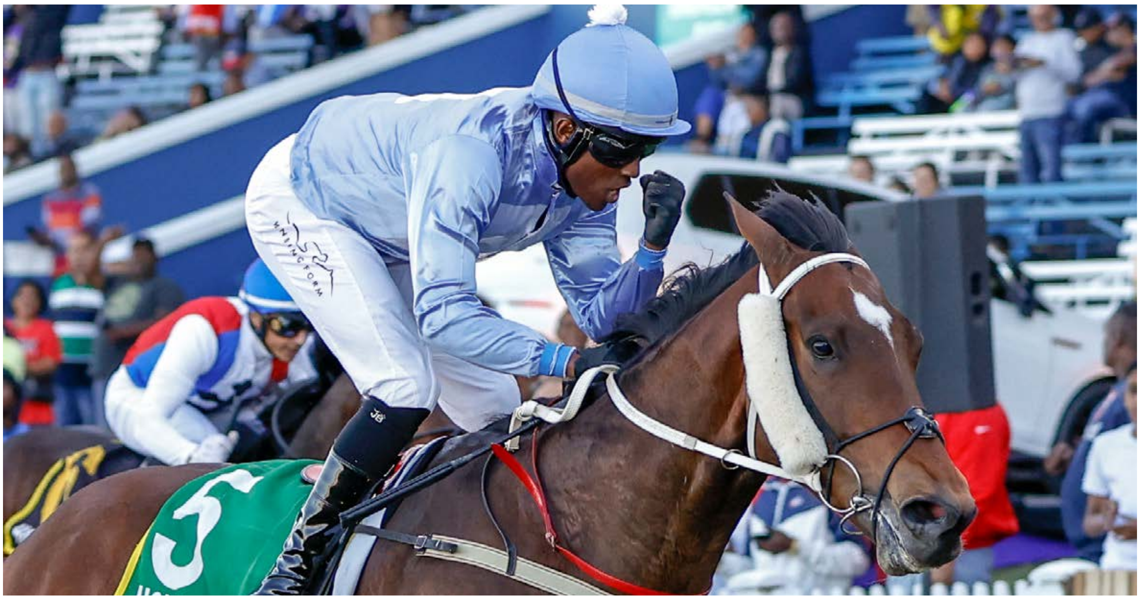
e The retained earnings represent the cumulative historic profit and loss reinvested in the Group. No restrictions exist on the use of the retained earnings.

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

	Notes	2023	2022
Cash flows from operating activities		**R**	R
Cash (utilised)/generated in operations	*29*	**(70 311 071)**	148 434 905
Interest paid	*25*	**(3 247 162)**	(2 869 489)
Interest received	*24*	**1 240 885**	389 039
Dividends received	*26*	**996 114**	1 038 280
Taxation paid	*30*	**2 751 337**	(2 682 401)
Repayment of post–retirement medical obligation*	*16*	**(133 000)**	–
Net cash (outflow)/inflow from operating activities		**(68 702 897)**	144 310 334
Cash flows from investing activities			
Purchase of property, plant and equipment	*3*	**(8 545 599)**	(4 893 507)
Proceeds on disposal of property, plant and equipment		**150 000**	412 174
Acquisition of other investments		**(185 267 227)**	(228 428 878)
Proceeds from disposal of other investments		**243 683 640**	115 775 749
Proceeds from repayment of loan		**172 845**	–
Net cash inflow/(outflow) from investing activities		**50 193 659**	(117 134 462)
Cash flows from financing activities			
Repayment of post–retirement medical obligation*	*16*	**-**	(249 000)
Repayments in respect of instalment sale agreement	*13*	**(3 873 487)**	(3 812 871)
Repayments in respect of lease liabilities	*13*	**(5 860 815)**	(5 512 822)
Net cash outflow from financing activities		**(9 734 302)**	(9 574 693)
Net (decrease)/increase in cash and cash equivalents for the year		**(28 243 540)**	17 601 179
Cash and cash equivalents acquired	*14*	**74 195**	-
Cash and cash equivalents at beginning of the year	*10*	**33 253 430**	15 652 251
Cash and cash equivalents at end of the year	*10*	**5 084 085**	33 253 430

*Repayment of post - retirement medical obligation has been included in “Cash flows from operating activities” in the current year as it forms part of the company’s operations. This was included in the “Cash flows from financing activities” in the prior year. The statement of cash flows has not been restated as the amount reclassified is immaterial.



Accounting Policies

1. Accounting policies

1.1 Reporting entity

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 2023 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 21 November 2023. 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 International Financial Reporting Standards (IFRS) and the requirements of the Company's Act of South Africa. Separate financial statements for Gold Circle Proprietary Limited have been prepared.

(b) Basis of measurement

The methods used to measure fair values are set out in note 1.3 (h).

(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 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.

Accounting Policies (continued)

1.2 Basis of preparation (continued)

(d) Use of estimates, assumptions and judgements (continued)

In particular, 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 and valuation of land and buildings.
- Note 5 Intangible assets – impairment considerations in respect of licences.
- Note 8 Trade and other receivables – impairment considerations in respect of trade debtors and the estimation of the bookmaker's tax.
- Note 16 Post–retirement medical aid obligation – inputs to the independent valuation of the fund.

1.3 Significant 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 investee and has the ability to affect those returns through its power over the investee. The Group controls an investee only if the Group has all the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; 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.

(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.

Accounting Policies (continued)

1.3 Significant accounting policies(continued)

(b) Property, plant and equipment(continued)

Subsequent costs

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 20 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 and trade and other payables.

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.

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 of 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.

Accounting Policies (continued)

(c) Financial instruments (continued)

Subsequent measurement and gains and losses: (continued)

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 instruments through other comprehensive income are 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 of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of 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.

Derivative financial instruments

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are 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

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

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 including 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 32.4.

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.

Accounting Policies (continued)

(c) Financial instruments (continued)

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 other 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. Goodwill and 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.

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 in respect of goodwill is not reversed. For other assets, 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 first to reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to reduce the carrying amounts of the other assets in the cash generated unit on a pro rata basis.

(e) Intangible assets

Goodwill that arises on the acquisition of businesses is presented with intangible assets.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

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 of time 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.

(f) Leased assets (continued)

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.

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 as an expense 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 on the basis of 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 of 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 income on a straight-line basis over the lease term as part of "other revenue".

The accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

Accounting Policies (continued)

(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 as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. 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 amount of inventories recognised as an expense in the period in which the reversal occurs.

(h) Determinations of fair values

A number 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 following methods. 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.

(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 then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result 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.

Accounting Policies (continued)

(i) Employee benefits (continued)

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 as a result of services rendered up to the reporting date.

(j) Provisions

A provision is recognised if, as a result 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 and joint ventures.

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 and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Group's share of the profit or loss of equity accounted associates and joint ventures, 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.

(m) Revenue

The following table (page 42) 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.

(m) Revenue (continued)

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. Revenue from net gaming income 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. IFRS 9 is applicable to net gaming income.
Contribution to racing 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 product. The performance obligation is the sale of the Group's horseracing betting product through fixed odds channels.
Share of international licence fee and related data (applicable up until January 2022)	Customers (international totalisator operators and fixed odds operators) rights arise when they use the Group's horseracing television broadcast and related data to be displayed in their betting outlets for their punters to strike bets. This dissemination is controlled by Phumelela Gaming and Leisure Limited to enable synergies of international sales from South Africa. The Group earns commission on the use of Intellectual Property.	Revenue from the licence fees are recognised monthly for the Group's share of international sales
Sale of horseracing television broadcast and data. Appliable from 01 February 2022.	The Group sells its televised horseracing picture and data to customers around the world. This contract is with Sky Channel Proprietary Limited.	Revenue from intellectual property are recognised monthly.
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.
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.
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.
LPM commission	Commissions are earned when bets are placed at the slot machines.	Revenue from slots machine is recognised immediately upon the customer play. The result of the betting event is the performance obligation.

Accounting Policies (continued)

(n) Government grants

The Group recognises government grants related to the Temporary Employee Relief Scheme in profit or loss as an off-set 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.

(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.

(b) An entity is related to a reporting entity if any of the following conditions apply:
- (i) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

New Standards and Interpretations

2. New standards and interpretations

2.1 Standards and interpretations not yet effective

A number of new standards and interpretations are effective for annual periods beginning after 1 August 2023. The Group has not adopted any 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 1 amendment	Classification of liabilities as current or non-current	January 2020	1 January 2023
IAS 8 amendment	Definition of accounting estimates	February 2021	1 January 2023
IAS 1 and IFRS Practice Statement 2 amendment	Disclosure initiative: accounting policies	February 2021	1 January 2023
IAS 12 amendment	Deferred tax related to assets and liabilities arising from a single transaction	May 2021	1 January 2023
IAS 12 amendment	International Tax Reform- Pillar Two Mode Rules	May 2023	1 January 2023

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 to the financial statements.

Notes to the Consolidated Financial Statements

3. Property, plant and equipment

2023	Cost/ Revaluation	Accumulated depreciation and impairment	Carrying amount
	R	R	R
Land	48 708 983	–	48 708 983
Leasehold and Freehold buildings	583 497 180	(200 806 636)	382 690 544
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

	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	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	–	–	–	–	–	4 148 908	4 148 908
assets	–	–	–	34 791	(34 791)	–	–
Transfers	–	–	–	(119 523)	–	–	(119 523)
Disposals	–	(4 397 250)	(9 430 679)	(9 570 947)	–	(6 123 954)	(29 522 830)
Depreciation	48 708 983	61 472 835	321 217 709	34 454 047	28 136	11 819 806	477 701 516
Carrying amount at end of year							

* Cashflow flows from investing activities represents R8 395 599

3. Property, plant and equipment (continued)

	Cost	Accumulated depreciation and impairment	Carrying amount
2022	R	R	R
Land	46 373 334	–	46 373 334
Leasehold and Freehold buildings	549 222 396	(186 978 707)	362 243 689
Plant, vehicles and equipment	182 491 139	(147 271 606)	35 219 533
Assets under construction	34 791	–	34 791
Right-of-use assets	27 445 095	(16 329 277)	11 115 818
	805 566 755	(350 579 590)	454 987 165

	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	46 373 334	72 680 000	305 966 243	38 393 899	363 491	9 729 262	473 506 229
Additions*	–	–	–	6 666 006	–	5 602 716	12 268 722
Gain on remeasurement of right of use assets	–	–	–	–	–	2 134 737	2 134 737
Transfers	–	–	–	–	(328 700)	–	(328 700)
Disposals	–	–	–	(327 810)	–	(686 397)	(1 014 207)
Depreciation	–	(6 809 915)	(9 592 639)	(9 512 562)	–	(5 664 500)	(31 579 616)
Carrying amount at end of year	46 373 334	65 870 085	296 373 604	35 219 533	34 791	11 115 818	454 987 165

*Cashflow flows from investing activities represents R4 893 507.

The Group's land and buildings were revalued on 31 July 2023 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 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: In order to arrive at the open market value of the subject property, management's specialist have 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 so as 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.

Notes to the Consolidated Financial Statements

3. Property, plant and equipment (continued)

Significant unobservable inputs	**%**
• Vacancy Rate	3
• Ratio of expenditure to gross income	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 non-distributable reserves.
The value of the land is considered inconsequential to the value of the 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.

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

	2023	2022
	R	R
Cost	**220 516 923**	220 516 923
Accumulated depreciation	**(60 345 104)**	(49 319 258)
	160 171 819	171 197 665

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.

Finance leased assets

Finance amount obligations are secured by lease agreements over property, plant and equipment with a carrying value of R8 768 826 (2022: R11 950 590). Refer to note 13.1.

4. Investment 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 the majority 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.

Notes to the Consolidated Financial Statements

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

The voting rights and loss sharing percentage applicable to the associates is as follows:

	2023	2022
	%	%
Betsumor Gaming Proprietary Limited	**30**	30
Wozabets Gaming Proprietary Limited	**30**	30
Ezeefun Proprietary Limited	**40**	40
Alphabet Betting Proprietary Limited	**–**	50
Sports Tracking Proprietary Limited	**35**	35

Share of loss from equity accounted associates	**R**	R
Betsumor Gaming Proprietary Limited	**(247 651)**	138 333
Wozabets Gaming Proprietary Limited	**(58 981)**	44 679
Ezeefun Proprietary Limited	**(475 790)**	552 032
Alphabet Betting Proprietary Limited	**-**	25 814
Alphabet Betting Proprietary Limited- reversal of accumulated losses as a result of 100% acquisition.	**37 770**	-
	(744 652)	760 858
Movement in net investment in associates		
Balance at the beginning of the year	**1 867 147**	1 106 289
Share of loss in associates		
Betsumor Gaming Proprietary Limited	**247 651**	138 333
Wozabets Gaming Proprietary Limited	**58 981**	44 679
Ezeefun Proprietary Limited	**475 790**	552 032
Alphabet Betting Proprietary Limited	**-**	25 814
Alphabet Betting Proprietary Limited- conversion from associate to subsidiary	**(37 720)**	-
Balance at the end of the year	**2 611 849**	1 867 147
Disclosed as follows on the consolidated statement of financial position:		
Investment in associates	**35**	35
Share of losses in associates	**(2 611 884)**	(1 867 182)

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

Financial information of associates	**Ezeefun Proprietary Limited**	**Betsumor Gaming Proprietary Limited**	**Wozabets Gaming Proprietary Limited**	**Alphabet Betting Proprietary Limited**
2023	**R**	**R**	**R**	**R**
Assets	**4 449 891**	**728 494**	**296 674**	**–**
Liabilities	**(7 334 127)**	**(4 721 217)**	**(1 223 194)**	**–**
Revenue	**3 054 736**	**2 724 599**	**1 693 745**	**–**
Profit/(loss) for the year	**(1 189 473)**	**(826 402)**	**(196 606)**	**–**
2022				
Assets	2 753 368	854 678	272 430	254 495
Liabilities	(4 448 131)	(4 020 999)	(1 002 344)	(350 168)
Revenue	2 474 663	3 056 604	1 428 276	–
Profit/(loss) for the year	(1 380 087)	(461 108)	(148 927)	(51 627)

Notes to the Consolidated Financial Statements

5. Intangible assets	2023	2022
	R	R
Fixed odds licences - Track and Ball Proprietary Limited		
Balance at the beginning of the year	**29 709 275**	29 709 275
Impairment	**(24 030 788)**	–
Balance at the end of the year	**5 678 487**	29 709 275

5.1 Composition of intangible assets

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 fair value less cost to dispose was determined to be the recoverable amount. In the current financial year, management were unable to reliably determine the fair value less cost to dispose. Therefore, management have determined the value in use 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 is generally measured as the net present value of the projected cash flows. The calculation uses 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 has considered company specific risk factors. The assumptions applied are listed below:

Detailed impairment testing is performed for indefinite useful life intangibles assets annually whenever impairment indicators are present.

	2023	2022
Discount rate	**25%**	–
Market risk premium	**6%**	–
Beta co-efficient	**2,3**	–
Target debt-equity	**32:68**	–

Impairment test for intangible assets with indefinite useful lives

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

Sensitivity

1% increase / decrease in discount rate results in a R45 893 increase / decrease in the impairment.

For every 1% change in the projected cash flows, it will result in a change in the impairment of R 56 785.

Notes to the Consolidated Financial Statements

6. Deferred tax liability / (asset)

	2023	2022
	R	R
Balance at the beginning of the year	**35 622 295**	60 494 757
Temporary differences	**38 878 919**	(24 872 462)
Balance at the end of the year	**74 501 214**	35 622 295
Deferred tax comprises:		
Accruals	**(12 001 984)**	(16 237 155)
Capital allowances and finance leases	**33 598 279**	36 070 957
Tax losses	**10 104 148**	(17 990 724)
Investments in financial assets	**13 689 042**	11 727 998
Deferred tax asset on equity adjustments	**29 111 729**	22 051 219
Balance at end the of the year	**74 501 214**	35 622 295
Disclosed as follows:		
Deferred tax asset	**–**	(31 357 126)
Deferred tax liability	**74 501 214**	66 979 421
	74 501 214	35 622 295

Deferred tax has been calculated at 27%

7. Inventories

Finished goods	**2 677 513**	2 677 513

8. Trade and other receivables

Financial		
Trade receivables	**71 452 024**	65 832 808
Provision for impairment of receivables	**(1 124 448)**	(1 714 419)
Net trade receivables	**70 327 576**	64 118 389
Other receivables	**3 151 679**	2 795 859
	73 479 255	66 914 248
Non-financial		
3% bookmakers' tax *	**22 970 981**	–
Prepayments	**934 732**	616 927
Value added tax	**145 762**	2 313 287
	97 530 730	69 844 462

*Management estimated an amount of R22 970 981 for the period 01 March 2023 to 31 July 2023 (2022 : nil) based on information available.

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.

	2023	2022
The movement in the allowance for impairment is as follows:	**R**	R
Balance at the beginning of the year	**(1 714 419)**	(2 968 766)
Decrease in impairment	**589 971**	1 254 347
Balance at the end of the year	**(1 124 448)**	(1 714 419)

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

Notes to the Consolidated Financial Statements

9. Loans receivable

	2023 R	2022 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**	1 189 391
Alphabet Betting Proprietary Limited	**–**	323 013
The loan to Betsumor Proprietary Limited is unsecured and bears interest at 10% per annum and is repayable on demand. This associate is managed by Track and Ball Proprietary Limited.	**1 103 575**	1 512 404
Reconciliation to the cash flow:		
Balance at the beginning of the year	**1 512 404**	1 374 152
Interest accrued	**114 184**	138 252
Repayments	**(200 000)**	–
Conversion from associate to subsidiary	**(323 013)**	–
Balance at the end of the year	**1 103 575**	1 512 404

10. Cash and cash equivalents

Bank	**7 501 710**	19 067 436
Fixed deposits	**235 418**	5 728 022
Cash on hand	**7 201 425**	8 457 972
Cash and cash equivalents	**14 938 553**	33 253 430
Bank overdraft	**(9 854 468)**	–
Net cash balance	**5 084 085**	33 253 430

10.1 Guarantees

The Group's bankers have issued the following guarantees on behalf of 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 Gaming and Betting Board	**150 000**	Unlimited
Kwazulu-Natal Gaming and Betting Board	**1 380 000**	Unlimited
Kwazulu-Natal Gaming and Betting Board	**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

10. Cash and cash equivalents (continued)

10.2 Facilities

The Group has overdraft facilities of R15 million (2022: R15 million) and contingent facilities of R8.5 million with First National Bank Limited. In addition, the Group has an asset finance facility of R8.7 million (2022: R8.7 million) and an Auto card facility of R350 000 with Wesbank.

10.3 Collateral

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

	2023	2022
	R	R
Gold Circle Proprietary Limited	**5 000 000**	5 000 000

10.4 Suretyship

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

11. Investments

Fair value through profit and loss:		
Alpha Wealth – Chrysalis Credit Arbitrage Fund	**30 809 577**	36 244 282
Sanlam Private Wealth- Asset Swap	**–**	10 855 565
	30 809 577	47 099 847
Fair value through other comprehensive income		
Gryphon dividend income fund	**3 001 621**	11 744 375
Alpha prime equity qualified	**95 896 007**	13 947 504
Alpha Wealth – lynx prime global diverse fund	**46 416 245**	19 623 277
Alpha Wealth – prescient income plus fund	**31 442 377**	–
Sanlam private portfolio – listed shares	**–**	15 113 808
Investec asset management	**–**	44 942
Gryphon dividend income fund	**16 568 788**	150 322 920
Shares in Automatic Systems Limited	**11 878 493**	12 650 421
	205 203 531	223 447 247
	236 013 108	270 547 094

The assets are valued at a fair market value. The Group's exposure to credit, currency and interest rate risks related to financial assets and the exposure to currency, interest rate and liquidity risk related to financial liabilities is disclosed in note 32.

11.1 Percentage return	**2023**	2022
	%	%
Pre – tax return	**11.6**	6.3
Post – tax return	**8.5**	4.5

Notes to the Consolidated Financial Statements

11. Investments (continued)

11.2 Ring fenced investments

The assets are at fair value as determined by an active market. The Group's exposure to credit, currency and interest rate risks related to financial assets and the exposure to currency, interest rate and liquidity risk related to financial liabilities is disclosed in note 32.

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. In the prior year special resolutions were passed to disinvest R36 000 000. No resolutions were passed in the current year. The ring-fenced funds are as follows:

	2023	2022
	R	R
Calculated ring-fenced funds	**234 061 254**	222 627 524

11.3 Returns included as follows in the consolidated statement of profit and loss and other comprehensive income

Finance income	**179 839**	113 881
Net change in fair value reserve	**8 296 235**	3 573 552
Dividend income	**468 614**	826 692
Investment income	**6 154 760**	3 484 625
	15 099 448	7 998 750

12. Share capital

Authorised and issued		
2 000 ordinary shares of R1 each	**2000**	2000

13. Lease liabilities

Lease liabilities comprises:		
Non-current		
Instalment sale agreement liabilities	**1 264 236**	2 747 712
Right-of-use liabilities	**7 020 140**	6 733 304
	8 284 376	9 481 016
Current		
Instalment sale agreement liabilities	**1 719 153**	3 736 434
Right-of-use liabilities	**5 453 311**	4 773 020
	7 172 464	8 509 454

Notes to the Consolidated Financial Statements

13. Lease liabilities (continued)

13.1 Instalment sale agreement liabilities

Instalment sale agreement liabilities are secured by agreements over property, plant and equipment with a carrying amount of R8 768 826 (2022: R11 950 590). Refer to note 3.

Minimum lease payments are due as follows:

Instalment sale agreements bear interest at rates between prime and prime less 1.5%.

	2023	2022
	R	R
Instalment sale agreement liabilities	**2 983 389**	6 484 146
Payable within one year	**(1 719 153)**	(3 736 434)
	1 264 236	2 747 712
The undiscounted future minimum lease payments are due as follows:		
Due within one year	**2 060 356**	3 736 434
Due within two and five years	**1 268 172**	2 747 712
	3 328 528	6 484 146
Reconciliation to the cash flow:		
Balance at the beginning of the year	**6 484 146**	8 853 218
Additions	**372 730**	1 443 799
Interest accrued	**499 855**	611 264
Interest paid	**(499 855)**	(611 264)
Repayments	**(3 873 487)**	(3 812 871)
Balance at the end of the year	**2 983 389**	6 484 146

Notes to the Consolidated Financial Statements

13. Lease liabilities (continued)

13.2 Right-of-use liability

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.

	2023	2022
	R	R
The undiscounted future minimum lease payments are due as follows:		
Due within one year	**6 327 148**	4 773 020
Due within two and five years	**7 891 725**	6 733 304
	14 218 873	11 506 324

Right of use liability bears interest at prime.

Reconciliation to the cash flow

	2023	2022
Balance at the beginning of the year	**11 506 324**	10 199 389
Additions	**2 679 034**	4 891 292
Interest accrued	**1 073 599**	849 301
Interest paid	**(1 073 599)**	(849 301)
Repayments	**(5 860 815)**	(5 512 822)
Gain on remeasurement	**4 148 908**	1 094 879
Derecognition	**–**	833 586
Balance at the end of the year	**12 473 451**	11 506 324

14. Investment in subsidiary

On 12 August 2022, the Group acquired 50 percent of the shares and voting interests in Alphabets Betting Proprietary Limited. As a result, the Group's equity interest in Alphabets Betting Proprietary Limited increased from 50% to 100%, granting it control over Alphabets Betting Proprietary Limited. The additional interest in Alphabets Betting Proprietary Limited was acquired for no consideration.

14.1 Identifiable assets acquired and liabilities assumed

The following table summarises the assets acquired and liabilities assumed on the acquisition date:

	2023	2022
	R	R
Loan to related party	**180 300**	–
Cash and cash equivalents	**74 195**	–
Loan from related party	**(350 168)**	–
Trade and other payables	**(15 000)**	–
	(110 673)	–

Notes to the Consolidated Financial Statements

14. Investment in subsidiary (continued)

14.2 Goodwill

Goodwill arising from the acquisition has been recognised as follows

	2023	2022
	R	R
Fair value of pre-existing interest in Alphabets Betting Proprietary Limited	**(37 720)**	–
Fair value of identifiable net assets	**110 673**	–
Goodwill	**72 503**	–
Impairment	**(72 503)**	–
	–	–

However, due to the acquisition of a net loss in Alphabets Betting Proprietary Limited, the goodwill will be fully impaired and not recognised.

15. Tellytrack investment

	2023	2022
Movement for the year	**R**	R
Partnership (loss)/profit	**(10 014)**	1 115 349
Partnership funding	**–**	(884 788)
	(10 014)	230 561
Current asset		
Funding/(investment) at the beginning of the year	**230 561**	(875 257)
Partnership (loss)/profit	**(10 014)**	1 115 349
Partnership funding	**–**	(9 531)
Investment at the end of year	**220 547**	230 561
Financial information of Tellytrack Partnership		
Assets	**848 807**	17 000
Liabilities	**(848 807)**	(197 000)
Revenue	**-**	30 768 000
Profit for the year	**40 118**	5 940 000
Interest held	**24.96%**	24.96%
Profit share	**24.96%**	24.96%

As at 31 July 2023, the Tellytrack partnership has not wound up. The above financial information is based on the unaudited annual financial statements of Tellytrack Proprietary Limited.

16. Post–retirement medical aid obligations

Post-retirement medical aid obligations is 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 2023 by Alexander Forbes Health Proprietary Limited. The calculation assumes that the fund has 7 years remaining and is disclosed in accordance with International Accounting Standard 19: Employee Benefits, as follows (page 56):

16. Post–retirement medical aid obligations (continued)

	2023	2022
Defined benefit plan	**R**	R
Non-current	**7 402 000**	8 868 000
Current	**1 026 000**	1 091 000
	8 428 000	9 959 000
Statement of financial position		
Present value of funded obligations	**8 428 000**	9 959 000
Statement of comprehensive income		
Interest cost	**1 011 000**	880 000
Employer contributions	**(1 144 000)**	(1 129 000)
Total amount recognised in profit and loss	**(133 000)**	(249 000)
Actuarial gain recognised in other comprehensive income	**(1 398 000)**	(139 000)
Total amount recognised	**(1 531 000)**	(388 000)

Movement in the present value of funded obligations recognised in the statement of financial position

	2023	2022
Balance at the beginning of the year	**9 959 000**	10 596 000
Interest cost recognised	**1 011 000**	880 000
Employer contributions recognised in profit and loss	**(1 144 000)**	(1 129 000)
Actuarial gain recognised in other comprehensive income	**(1 398 000)**	(388 000)
Balance at the end of the year	**8 428 000**	9 959 000

Key valuation assumptions	**%**	%
Discount rate	**11.0**	10.8
Health care cost inflation	**7.0**	7.7
General inflation rate	**5.5**	6.2

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 health care cost inflation rate is as follows:

2023	**1% increase**	**Valuation basis**	**1% decrease**
Employer's accrued liability	**8 960 000**	**8 428 000**	**7 943 000**
Employer's interest cost	**923 000**	**864 000**	**811 000**
2022			
Employer's accrued liability	10 635 000	9 959 000	9 347 000
Employer's interest cost	1 084 000	880 000	945 000

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 health care cost inflation rate is as follows:

2023	**1% increase**	**Valuation basis**	**1% decrease**
Employer's accrued liability	**7 972 000**	**8 428 000**	**8 935 000**
2022			
Employer's accrued liability	9 379 000	9 959 000	10 609 000

16. Post–retirement medical aid obligations (continued)

Discount rate (continued):

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 plan is fully funded by the Group's subsidiaries, except the obligation for directors and executive officers, which is funded by the Group. The funding requirements are based on the pension funds actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purposes for which the assumptions may differ from the assumptions set out. Employees are not required to contribute to the plans.

The Group has determined that, in accordance with the terms and conditions of the defined benefit plans, and in accordance with statutory requirements (including minimum funding requirements for the plan) for the plans of the respective jurisdictions, the present value of refunds or reductions in future contributions is not lower than the balance of the total fair value of the plan assets less the total present value of obligations. This determination has been made on a plan-by-plan basis. As such, no decrease in the defined benefit asset was necessary at 31 July 2023 or 31 July 2022.

17. Trade and other payables

	2023	2022
Financial	**R**	R
Amount due to punters	**3 911 386**	3 424 477
Breeders' premiums accrual	**3 835 112**	1 902 905
Trade creditors	**68 603 256**	65 589 659
Leave pay accrual	**–**	5 148 470
Telephone and internet betting balances	**2 465 710**	3 400 162
Other	**1 220 402**	1 241 683
	80 035 866	80 707 356
Non-financial		
Leave pay accrual	**5 070 774**	–
Deferred revenue	**1 500 000**	13 002 828
VAT	**5 137 490**	312 659
	91 744 130	94 022 843

18. Borrowings

Current shareholder loans		
Gold Circle Racing Club	**39 457 881**	39 457 881

This loan is unsecured, bears no interest and is repayable on demand.

Notes to the Consolidated Financial Statements

19. Provisions

	2023	2022
	R	R
Provision for retrenchment		
Balance at the beginning of the year	**7 996 054**	8 060 300
Provision utilised	**(2 251 824)**	(64 246)
Provision raised	**1 933 625**	–
Balance at the end of the year	**7 677 855**	7 996 054
Salary equalisation fund		
Balance at the beginning of the year	**9 821 077**	18 689 363
Provision utilised	**(5 796 653)**	(8 868 286)
Balance at the end of the year	**4 024 424**	9 821 077
Total provisions	**11 702 279**	17 817 131

20. Revenue

Totalisator revenue	**190 146 264**	201 042 359
Net gaming income from fixed odds betting	**26 320 009**	26 746 429
Net wagering revenue	**216 466 273**	227 788 788
Contribution to racing from third party bookmaking activities	**58 256 856**	70 375 826
International income- refer to note 20.1	**92 349 196**	85 797 946
Direct racing revenues	**94 299 489**	81 619 079
Eventing revenue	**6 650 497**	4 464 839
	468 022 311	470 046 478
Share of (loss)/profit from Tellytrack partnership	**(10 014)**	1 115 349
Less: International commingling fees	**(4 421 872)**	-
Revenue available for racing activities	**463 590 425**	471 161 827

20.1 Net international income

Net share of international licence fees – Phumelela Gaming and Leisure Limited	**–**	29 510 660
Net share of international licence fees – Sky Channel Proprietary Limited	**61 304 886**	27 875 292
Share of income from Phumelela Gold International*	**–**	7 537 645
Commission - Hong Kong Jockey Club	**9 106 206**	7 590 092
Host track fees - Premier Gateway International	**21 938 104**	13 284 257
	92 349 196	85 797 946
Less: International commingling fees	**(4 421 872)**	–
	87 927 324	85 797 946

*Represents foreign dividends earned from Phumelela Gold International

Notes to the Consolidated Financial Statements

21. Expenses by nature

	2023	2022
	R	R
The following items have been included in arriving at operating (loss)/profit:		
Advertising, events and promotions	**19 355 072**	17 793 315
Agents commissions and other direct costs	**37 411 315**	36 680 540
Cash collection costs	**1 165 798**	1 162 010
Catering costs	**12 934 899**	11 755 985
Contribution to jockey's remuneration	**10 808 100**	11 786 698
Depreciation	**29 522 830**	31 579 616
Directors emoluments	**14 851 332**	12 895 020
Employee benefits	**98 121 778**	88 898 613
Insurance premiums	**2 128 845**	393 626
Licence fees	**10 893 872**	14 056 918
National Horseracing Authority – Regulatory cost	**21 096 969**	17 990 978
Operating lease rentals – property	**1 900 249**	2 087 422
Printing costs	**3 401 769**	3 036 854
Provision for retrenchment	**1 933 629**	–
Race meeting expenses	**15 593 018**	12 079 073
Repairs and maintenance	**23 343 633**	20 658 922
Security expenses	**10 564 083**	9 455 538
Service fees (Saftote)	**4 475 121**	4 815 036
Stakes		
– Gross	**106 314 871**	99 446 625
– Breeders	**5 215 004**	5 000 004
Tellytrack subscriptions	**–**	4 729 146
Transformation fund	**2 339 231**	1 265 677
Utility costs	**27 475 582**	24 874 208
Other operating expenses	**68 361 900**	68 819 780
	529 208 900	501 291 604

Reconciled to expense by function:		
Agents commission and other direct costs	**37 411 315**	36 680 540
Wagering expenditure	**135 834 477**	123 706 723
– Totalisator	**101 018 346**	90 628 340
– Fixed odds licences	**34 816 131**	33 078 383
Racing expenditure	**355 963 108**	340 904 341
	529 208 900	501 291 604

22. 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%. Further in accordance with the Act, (3% of punters' winnings) of these taxes are distributed to racecourse operators. 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 of 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

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

	2023 R	2022 R
Received from KwaZulu-Natal Provincial Treasury	**32 975 775**	69 475 626
Accrued	**22 970 981**	–
	55 946 756	69 475 626

On 29 November 2021 Government published an amendment to The KwaZulu Natal Gaming and Betting Tax Amendment Bill that if implemented it could result in the company losing the third-party contribution by bookmakers. The company has objected to these changes and has made verbal and written submissions to the Finance Portfolio Committee. The submissions closed on 19th August 2022. To date the amendment has not been presented to the legislature.

22.1 Transformation Spend

Gold Circle 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. We are resolute in our efforts to create opportunities that uplift previously disadvantaged individuals, especially those from marginalized communities.

The Company 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 is a Level 2 contributor to Broad-Based Black Economic Empowerment.

Summarised below, with comparatives, is the actual expenditure that the Group 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.

	2023 R	2022 R
Transformation Spend	**22 398 832**	21 638 878

23. Impairments and bad debts written-off

	2023 R	2022 R
Phumelela Gold International	**–**	7 279 131
Phumelela Gaming and Leisure Limited	**–**	68 065 106
Impairment on intangible assets	**24 030 788**	–
	24 030 788	75 344 237

24. Finance income

	2023 R	2022 R
Related party loans	**114 184**	138 252
Bank	**337 169**	277 232
Other interest received	**903 716**	114 790
	1 355 069	530 274
Interest accrued	**114 184**	141 235
Interest received	**1 240 885**	389 039
	1 355 069	530 274

Notes to the Consolidated Financial Statements

25. Finance Costs

	2023	2022
	R	R
Interest on right of use lease liability	**1 073 599**	849 301
Interest on instalment sales agreement leases	**499 855**	611 264
Interest on overdraft	**662 708**	528 924
Interest on post-retirement medical aid	**1 011 000**	880 000
	3 247 162	2 869 489

26. Dividend income

Local investments	**707 515**	568 997
Foreign investments	**288 599**	469 283
	996 114	1 038 280

27. Fair value adjustment

Investments	**7 058 476**	3 593 254

28. Income taxation

Current tax		
– Current year	**244**	(2 682 401)
Deferred tax		
– Current year	**31 190 647**	(24 196 633)
– Prior year	**33 813 801**	(16 030 362)
Change in tax rate	**(2 623 154)**	(7 093 934)
	–	(1 072 337)
Taxation	**31 190 891**	(26 879 034)

28.1 Reconciliation of tax charged	**%**	**2023**	%	2022
		R		R
Loss before taxation		**(83 641 447)**		(102 688 205)
Income tax at standard rate	**(27)**	**(22 583 191)**	(28)	(28 752 697)
Non-taxable income	**1**	**870 354**	–	–
Non-deductible expenses	**(22)**	**(18 402 138)**	(9)	(8 894 676)
Deferred tax prior year under provision	**3**	**2 623 154**	10	–
Effect of temporary differences raised at CGT rate	**(2)**	**(1 571 775)**	2	1 534 575
Change in tax rate	**–**	**–**	(1)	(1 072 337)
Deferred tax not recognised	**84**	**70 254 487**	10	10 306 101
Taxation credit/(charge)	**37**	**31 190 891**	(26)	(26 879 034)

Notes to the Consolidated Financial Statements

29. Cash (utilised)/generated in operations

	2023	2022
	R	R
(Loss)/Profit before taxation	**(83 641 447)**	(102 688 205)
Adjustments for:		
Depreciation	**29 522 830**	31 579 616
Profit on disposals of property, plant and equipment	**(30 477)**	(84 364)
Brokerage fees	**1 809 068**	1 256 583
Impairment of intangible assets	**24 030 788**	–
Impairment of Premier Gateway International Limited	**–**	7 279 131
Share of loss of equity–accounted associates, net of tax	**782 422**	760 857
Fair value adjustments	**(7 058 476)**	(3 593 254)
Impairment of goodwill on conversion of associate to subsidiary	**72 953**	–
Exchange rate gain	**(381 035)**	(847 620)
Finance income	**(1 355 069)**	(530 274)
Dividend income	**(996 114)**	(1 038 280)
Gain on remeasurement of lease liability	**–**	(231 299)
Finance costs	**3 247 162**	2 869 489
	(33 997 395)	(65 267 620)
Changes in working capital		
Increase in inventories	**(13 025)**	(1 110 843)
(Increase)/decrease in trade and other receivables	**(27 393 910)**	184 432 037
Decrease / (increase) of Tellytrack funding	**10 013**	(1 105 818)
Increase in provisions	**(6 114 852)**	(8 932 532)
Decrease in trade and other payables	**(2 801 902)**	40 419 681
	(70 311 071)	148 434 905

30. Taxation charge

	2023	2022
Balance receivable/(payable) at the beginning of the year	**2 751 581**	2 924 535
Current year credit/tax charge for the year	**(244)**	3 777 111
Balance receivable / (payable) at the end of the year	**–**	356 142
	2 751 337	7 057 788

31. Operating lease commitments

	2023	2022
Property rentals to be received		
Due within one year	**3 018 715**	2 924 535
Due within one to two years	**997 564**	3 777 111
Due within two and five years	**356 142**	356 142
	4 372 421	7 057 788

Notes to the Consolidated Financial Statements

32. Financial risk management

32.1 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:

Group	**2023**	**2023**	2022	2022
	Carrying amount	**Fair value**	Carrying amount	Fair value
Fair value through other comprehensive income	**R**	**R**	R	R
Investments	**205 203 531**	**205 203 531**	223 447 247	223 447 247
Fair value through profit and loss				
Investments	**30 809 577**	**30 809 577**	47 099 847	47 099 847
Financial assets carried at amortised cost				
Trade receivables	**73 479 255**	**73 479 255**	66 914 248	66 914 248
Cash and cash equivalents	**14 938 553**	**14 938 553**	33 253 430	33 253 430
Loan receivable	**1 103 575**	**1 103 575**	1 512 404	1 512 404
	89 521 383	**89 521 383**	101 680 082	101 680 082
Financial liabilities at amortised cost				
Borrowings	**39 457 881**	**39 457 881**	39 457 881	39 457 881
Lease liabilities	**15 456 840**	**15 456 840**	17 990 470	17 990 470
Trade and other payables	**80 035 866**	**80 035 866**	80 707 356	80 707 356
Bank overdraft	**9 854 468**	**9 854 468**	–	–
	144 805 055	**144 805 055**	138 155 707	138 155 707

32.2 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.

32.3 Risk management framework

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

32.4 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.

Investments – financial institutions used are reputable with stable credit ratings therefore the exposure is considered minimal.

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.

32. Financial risk management (continued)

32.4 Credit Risk (continued)

	Carrying amount 2023 R	Carrying amount 2022 R
Exposure to credit risk		
Trade and other receivables	**73 479 255**	66 914 248
Investments	**236 013 108**	270 547 094
Cash and cash equivalents	**14 938 553**	33 253 430
Loans receivable	**1 103 575**	1 512 404
	325 534 491	372 227 176

Equity securities designated at fair value through other comprehensive income

The Group designated the investments shown below as equity securities as fair value through other comprehensive income because the equity securities represent investments that the Group intends to hold for strategic purposes. Since their performance does not affect the operations of the entity, they have been classified at fair value through other comprehensive income.

	Fair value at		Dividend income recognised during	
	31 July 2023	31 July 2022	**2023**	2022
Gryphon dividend income fund	**3 001 621**	11 744 375	**–**	–
Alpha prime equity qualified	**95 896 007**	13 947 504	**–**	–
Alpha Wealth – lynx prime global diverse fund	**46 416 245**	19 623 277	**–**	–
RMB protected flexible private portfolio	**31 442 377**	–	**–**	–
Sanlam private portfolio	**–**	15 113 808	**707 515**	568 997
Investec asset management	**–**	44 942	**–**	–
Gryphon dividend income fund	**16 568 788**	150 322 920	**–**	–
Automatic Systems Limited	**11 878 493**	12 650 421	**–**	–
	205 203 531	223 447 247	**707 515**	568 997

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.

2023	**Trade receivables R**	**Allowance for impairment loss R**	**Net trade receivables R**
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**
Total	**71 452 024**	**(1 124 448)**	**70 327 576**

2022			
Current	52 640 398	–	52 640 398
Past due 1 – 30 days	3 818 702	–	3 818 702
Past due 31 – 60 days	2 813 928	–	2 813 928
Past due 61 – 120 days	1 028 918	–	1 028 918
Past due 121 – 365 days	3 684 037	(32 529)	3 651 508
Past due 365+ days	1 846 825	(1 681 890)	164 935
Total	65 832 808	(1 714 419)	64 118 389

Notes to the Consolidated Financial Statements

32. Financial risk management (continued)

32.5 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 are 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
2023	**R**	**R**	**R**	**R**
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**
2022				
Trade and other payables	80 707 356	80 707 356	80 707 356	–
Borrowings	39 457 881	39 457 881	39 457 881	–
Lease liabilities	17 990 470	17 990 470	8 509 454	9 481 016
	138 155 707	138 155 707	128 674 691	9 481 016

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:

	2023	2022
	R	R
Cash resources	**14 938 553**	33 253 430
Undrawn borrowing facilities	**3 145 532**	15 000 000
Trade and other receivables	**97 530 730**	69 844 462
Investments	**236 013 108**	270 547 094
Total available resources	**351 627 923**	388 644 986

Capital risk management

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

Notes to the Consolidated Financial Statements

32. Financial risk management (continued)

32.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which 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 in order 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 is denominated in a currency other than the respective functional currencies of Group entities and also 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:	**2023**	2022
	R	R
Amounts shown in rands		
Foreign listed equities	**–**	10 855 565
Shares in Automatic Systems Limited	**11 878 493**	12 650 421
Foreign receivable – Hong Kong Jockey Club	**18 594 094**	20 622 340
Foreign receivable – Sky Channel Proprietary Limited	**11 492 735**	–
Foreign payable – Sky Channel Proprietary Limited	**(13 910 877)**	–

The following significant exchange rates applied during the period:

	2023	2022
	Reporting date spot rate	Reporting date spot rate
US Dollar	**–**	16.58
Shares in Automatic Systems Limited -Mauritian Rupee	**0.38**	0.35
Foreign receivable and payable Sky Channel Proprietary Limited -Hong Kong Dollar	**2.26**	2.11
Foreign payable – Sky Channel Proprietary Limited Great British Pound	**22.60**	20.19

	Profit/(loss)	
	2023	2022
Group		
US Dollar	**USD –**	USD 595 152
Mauritian Rupee	**MRU 3 255 685**	MRU 3 255 684
Hong Kong Dollar	**HKD 749 156**	HKD 887 556
Great British Pound	**GBP 9 728**	GBP –

Notes to the Consolidated Financial Statements

32. Financial risk management (continued)

32.6 Market Risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

A 10 percent strengthening of the rand against the US Dollar, Mauritian rupee, Hong Kong Dollar and Great British Pound at the reporting date would have had the equal but opposite effect to the amounts shown above. The asset swap in US Dollar was sold during the year, therefore there is no sensitivity effect.

(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	
	2023	2022
	R	R
Variable rate instruments		
Financial assets	**14 938 553**	33 253 430
Financial liabilities	**(25 311 308)**	(17 990 470)
	(10 372 755)	15 262 960

Sensitivity analysis

A decrease in 100 basis points in interest rates at the reporting date would have decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Profit/(loss)	
	2023	2022
	R	R
Fixed rate instruments		
Financial liabilities	**(1 106)**	(11 894)
Variable rate instruments		
Financial liabilities	149 386	332 534
Financial assets	(253 113)	(179 905)

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.

(iii) Equity price risk

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

	2023	2022
	R	R
Investments	**236 013 108**	223 447 247

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 2022.

	2023	2022
	R	R
Fair value gains and losses through profit and loss	**308 095**	470 998
Fair value gains and losses through other comprehensive income	**2 052 035**	(914 516)

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

32. Financial risk management (continued)

32.7 Fair value hierarchy

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
2023	**R**	**R**	**R**
Financial assets			
Fair value through other comprehensive income	**205 203 531**	**–**	**–**
Fair value through profit and loss	**30 809 577**	**–**	**–**
Loans receivable	**–**	**1 103 575**	**–**
Trade and other receivables	**–**	**73 479 255**	**–**
Cash and cash equivalents	**–**	**14 938 553**	**–**
	236 013 108	**89 521 383**	**–**
Financial liabilities			
Borrowings – amortised cost	**–**	**39 457 881**	**–**
Bank overdraft	**–**	**9 854 468**	**–**
Lease liabilities – amortised cost	**–**	**15 456 840**	**–**
Trade and other payables – amortised cost	**–**	**80 035 866**	**–**
	–	**144 805 055**	**–**

Group	Level 1	Level 2	Level 3
2022	**R**	**R**	**R**
Financial assets			
Fair value through other comprehensive income	223 447 247	–	–
Fair value through profit and loss	47 099 847	–	–
Loans receivable	–	1 512 404	–
Trade and other receivables	–	66 914 249	–
Cash and cash equivalents	–	33 253 431	–
	270 547 094	101 680 084	–
Financial liabilities			
Borrowings – amortised cost	–	39 457 881	–
Lease liabilities – amortised cost	–	17 990 470	–
Trade and other payables – amortised cost	–	80 707 356	–
Provisions	–	17 817 131	–
	–	155 972 838	–

Notes to the Consolidated Financial Statements

33. Subsidiaries of Gold Circle Proprietary Limited

Group	**2023 Issued share capital**	**2023 Holding**	2022 Issued share capital	2022 Holding
Directly held:	**R**	**%**	R	%
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
Videotrac Proprietary Limited	**100**	**100**	100	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**	–	–

Notes to the Consolidated Financial Statements

34. Related parties

34.1 Identity of related parties

Holding entity

Gold Circle Racing Club

Subsidiaries

Natal Racing Properties Proprietary Limited
Gold Circle Gaming Investments Proprietary Limited
Videotrac Proprietary Limited
Betting Information Technology 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)
G Bortz (Resigned 10 August 2023)
D Chetty
GM Grant
C Moodley
MJL Nairac
MM Nhlanhla
Y Pillay
MW Rohwer
BF Scott (Resigned 09 December 2022)
K Thambiran (Resigned 6 December 2022)
LR Whiteford
Z Zulu

Prescribed officers

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

Company secretary

DJ Furness

Other related parties – indirect

Tellytrack Partnership
4Racing Proprietary Limited
Kenilworth Racing Proprietary Limited

Notes to the Consolidated Financial Statements

34. Related parties (continued)

34.1 Identity of related parties (continued)

The following related party transactions and balances payable and receivable have occurred as at 31 July 2023:

Income/(expenditure)	**2023**	2022
Phumelela Gaming and Leisure Limited	**R**	R
International income	**-**	29 510 660
Kenilworth Racing Proprietary Limited		
Racing Bureau Income	**891 608**	3 422 223
Tellytrack Partnership		
Partnership profit/(loss)	**(10 014)**	1 115 349
Loss at 24.96%	**(10 014)**	(4 608 939)
Tellytrack subscriptions	**–**	5 724 288
Betsumor Gaming Proprietary Limited	**111 585**	97 464
Finance income	**114 184**	112 740
Information fees	**31 200**	30 000
Management fees	**217 931**	244 469
Agents commission	**(251 730)**	(289 745)
Alphabet Betting Proprietary Limited		
Finance income	**-**	25 527
Ezeefun Proprietary Limited	**(25 703)**	(23 320)
Information fees	**15 600**	15 000
Agents commission	**(41 303)**	(38 320)
Wozabets Gaming Proprietary Limited	**(71 170)**	124 168
Information fees	**15 600**	15 000
Management fees	**135 473**	114 277
Agents commission	**(222 243)**	(253 445)
Loans receivable/(payable)		
Betsumor Gaming Proprietary Limited	**1 103 575**	1 189 391
Alphabet Betting Proprietary Limited	**-**	323 013
Sports Tracking Proprietary Limited	**1 968 056**	1 968 056
Gold Circle Racing Club	**(39 457 881)**	(39 457 881)
Amounts receivable/(payable)		
Ezeefun Proprietary Limited	**2 921 326**	1 692 985
Betsumor Gaming Proprietary Limited	**2 672 979**	(1 887 024)
Wozabets Gaming Proprietary Limited	**708 886**	(331 342)
Alphabet Betting Proprietary Limited	**-**	(32 207)
Tellytrack funding	**-**	(230 561)
Kenilworth Racing Proprietary Limited	**421 280**	3 422 223

Notes to the Consolidated Financial Statements

34. Related parties (continued)

34.2 Key management compensation

2023	Fees	Salary	Repayment of Covid Sacrifices	Bonus	Retirement and other benefits	Total
Non-executive directors	R	R	R	R	R	R
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
Total	**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, R 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

34. Related parties (continued)

34.2 Key management compensation

2022	Fees	Salary	Bonus	Retirement and other benefits	Total
Non-executive directors	R	R	R	R	R
D Chetty	115 000	–	–	–	115 000
GM Grant	80 000	–	–	–	80 000
C Moodley	70 000	–	–	–	70 000
S Naidoo	100 000	–	–	–	100 000
MM Nhlanhla	55 000	–	–	–	55 000
MW Rohwer	100 000	–	–	–	100 000
B Scott	145 000	–	–	–	145 000
K Thambiran	75 000	–	–	–	75 000
PV Lafferty	–	–	–	–	–
L Whiteford	100 000	–	–	–	100 000
Z Zulu	105 000	–	–	–	105 000
Executive directors					
MJL Nairac	–	2 772 000	–	–	2 772 000
Y Pillay	–	1 323 900	–	116 100	1 440 000
Prescribed officers					
C Fourie	–	1 179 600	–	–	1 179 600
DJ Furness	–	924 420	–	–	924 420
V Jack		1 005 474	–	194 526	1 200 000
PL Loker	–	1 501 861	–	232 139	1 734 000
SH Marshall	–	1 379 063	–	120 937	1 500 000
MR Sheik	–	1 045 158	–	154 842	1 200 000
DT Moodie	–	686 436	–	105 564	792 000
Total	945 000	11 817 911	–	924 109	13 687 020

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 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, R 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

35. 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 was done on a Group basis in order to be comparable to the budgets that have been Board approved.

Current financial condition

The Group traded at a loss after tax of R66.7 million (2022: R71.9 million). At the financial year-end of Gold Circle Group, solvency and liquidity has decreased by 3%.

Mitigating factors

As at 31 July 2023, the Group had net cash resources available to it amounting to R5.1 million. In addition, the Group has an overdraft facility of R15 million (2022: R15 million) that is a critical component of its cash management. The Group has utilised R9.9 million of the overdraft facility.

On 6 April 2023, the Company 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. This EOI included a capital contribution of R400 million.

In June 2023, the Board of Directors were presented with a benchmark budget for the financial year ending July 2024 which reflected a trading loss before taxation amounting to R99 million. This loss was mainly as a result of the ongoing trading challenges. The extensive trading loss required funding and Mr. Gregory Bortz, aware of these challenges generously offered to provide financial assistance through GMB Investment Holdings Proprietary Limited to the Group in the form of a loan facility amounting to R100 million pending a favourable outcome of the EOI transaction or 31 July 2024 whichever comes first. The loan is held under security of the Natal Racing Properties Proprietary Limited's properties. As result, Hollywood Sportsbook Holdings Proprietary Limited will become 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.

Cash flow requirements are monitored on a weekly basis by an Oversight Committee formed by the Board of Directors inclusive of representation of the loan provider. This Oversight Committee has created an additional layer of governance that will also monitor working capital requirements. The Group is confident that the case for the bookmaker's tax dispute should yield a positive result and the amounts due will flow through to the Group.

Notes to the Consolidated Financial Statements

35. Going concern (continued)

Mitigating factors (continued)

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

(1) should the transaction with Hollywood Sportsbook Holdings fail, then the loan to GMB Investment Holdings will be repaid from the ring-fenced funds held by Gold Circle Proprietary Limited; the Group will then be left with enough cash resources that extend to December 2024.
(2) should the transaction with Hollywood Sportsbook Holdings be successful, then the funding received per the Sale Agreement would be used to cover operational losses in the years ahead should they occur.

Through concerted deliberations between all parties, the Boards of both Gold Circle Racing Club and Gold Circle (Pty) Limited agreed on 22 August 2023 to sign a Capital and Share Sale Agreement with Hollywood Sportsbook Holdings Proprietary Limited. On 19 September 2023, at the special annual general meeting, the Gold Circle Racing Club approved the sale of Gold Circle Proprietary Limited to Hollywood Sportsbook Proprietary Limited There are conditions precedent to this agreement some of which have already been met at the date of signing of the financial statements. The following significant suspensive conditions remain;

- Approval from Competition Authorities,
- Approval from the KwaZulu Natal Gaming and Betting Board and
- Approval, if necessary, by the eThekwini and Msunduzi Municipalities of the continuation of the leases held by Gold Circle on the Hollywoodbets Greyville and Hollywoodbets Scottsville racecourses.

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

However, should any of the suspensive condition fail and the sale agreement with Hollywood Sports Book 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. Therefore, there is a material uncertainty on the Group's ability to continue as a going concern.

36. Subsequent events

Clubs
On 09 November 2023 a cession agreement was signed between Durban Turf Club, Clairwood Turf Club and Gold Circle Racing Club ceding the loan balances owing by Gold Circle Propriety Limited to Durban Turf Club and Clairwood Turf Club to the Gold Circle Racing Club. This was as a result of the windind up the Durban Turf Club and Clairwood Turf Club

Hollywood Sportsbook Holding Proprietary Limited
On 19 September 2023, at the special annual general meeting, the Gold Circle Racing Club approved the sale of Gold Circle Proprietary Limited to Hollywood Sportsbook Proprietary Limited. The sale has many suspensive conditions (as referred to in 35 above) that should be concluded over the next financial period.

Betting Information Technology Proprietary Limited
The deregistration of Betting Information Technology Proprietary Limited was effective on 6 October 2023.

Funding
On 09 August 2023, a facility agreement and surety agreement was concluded with Company and GMB Investments Proprietary Limited. This surety is over properties owned Natal Racing Properties Proprietary Limited.

GOLD CIRCLE
RACING AND GAMING GROUP