Sun International

2020

Group Audited Consolidated Financial Statements

for the year ended 31 December 2020

CONTENTS

REPORT OF THE AUDIT COMMITTEE

for the year ended 31 December 2020

I am pleased to present the report of the Sun International audit committee for the year ended 31 December 2020. The audit committee assists the board in fulfilling its responsibilities regarding the company's corporate and financial reporting, internal controls, risk management, as well as assessing the independence and effectiveness of the external auditors. This is supplemented with the statutory duties set out in the Companies Act 71 of 2008, as amended (Companies Act). The committee performs the requisite statutory functions on behalf of all subsidiaries within the group and reports to these subsidiary boards confirming the performance of its duties each year.

Composition, meetings and assessment

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

Four meetings were held during the financial year and to the date of this report.

	March 2020	August 2020	November 2020	March 2021
MEMBERS				
Peter Bacon	√	√	√	√
Leon Campher	√	n/a	n/a	n/a
Enrique Cibie	√	√	√	√
Caroline Henry (Chairman)	√	√	√	√
Zimkhitha Zatu	√	√	√	√
RIGHT OF ATTENDANCE				
Anthony Leeming (CE)[†]	√	√	√	√
Catherine Nyathi[1†]	√	√	n/a	n/a
Muxe Mambana[2†]	n/a	n/a	√	√
Norman Basthdaw (CFO)[†]	√	√	√	√

1 Ms C Nyathi resigned as director of International audit on 30 September 2020.

2 Mr Mambana was appointed as the director of internal audit on 1 October 2020.

† Executive

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

Following the committee's effectiveness assessment, conducted on 10 March 2021 by the nomination committee, the audit committee members are nominated by the board for re-election to the committee in the forthcoming financial year. Shareholders will vote on this recommendation at the upcoming 2021 annual general meeting.

Role and responsibilities

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

- perform and fulfill the audit committee's duties pursuant to section 94 of the Companies Act and its responsibilities as set out in paragraph 3.84(g) of the JSE Listings Requirements
- oversee the group's integrated reporting process and assess the disclosures made to all the stakeholders, which includes the annual financial statements for the year under review
- consider the risk and compliance management processes and the relevant assurance thereof
- consider the effectiveness of internal controls
- oversee the appointment and function of internal and external audit and the non-audit services rendered during the year
- assess the independence and performance of both the internal and external audit processes and providers
- recommend to shareholders of the re-appointment of the PricewaterhouseCoopers Inc. (PwC) as the external auditor for the year ended 2021 at the annual general meeting

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Financial statements and accounting policies

The committee assessed the group's accounting policies and the consolidated annual financial statements for the year ended 31 December 2020.

The chief executive and chief financial officer's responsibility statement confirm that the company's annual financial statements are complete and an accurate reflection of the group's financial performance as well as confirmation that adequate and effective internal controls are in place.

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

The committee recommended the audited consolidated annual financial statements to the board for approval, which the board subsequently approved, and they will be presented to shareholders at the 2021 annual general meeting.

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

At the committee meetings held during November 2020 and March 2021, the committee considered the reports of the external auditor and internal audit. It concluded that there was no reason to believe that any material breaches of financial reporting procedures occurred group-wide that warranted the attention of the board or shareholders.

External auditor appointment, independence and fees

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

The committee satisfied itself as to information received from the external auditor in accordance with paragraph 22.15(h) of the JSE Listings Requirements (and following consultations with the external auditor in this regard) in the assessment of the suitability for the external auditor's re-appointment, as well as the designated individual partner, and that the appointment and independence of the external auditor as per the requirements of the Companies Act and that the individual audit partner was an accredited auditor (as per the JSE Listings Requirements).

The committee is satisfied that the group's external auditor, PwC is independent, which review included the extent of non-audit work undertaken by PwC for the group and compliance with criteria relating to independence or conflicts of interest, as prescribed by the Independent Regulatory Board for Auditors and other international bodies. The requisite assurance was also sought and provided by PwC, that internal governance processes within the audit firm support and demonstrate its claim to independence. A formal policy governs the process whereby PwC is considered for non-audit services.

The audit committee determines the nature and extent of non-audit services that PwC can provide and pre-approves all permitted non-audit assignments by PwC.

The committee, in consultation with executive management, agreed to the terms of the 31 December 2020 audit engagement letter, the audit plan and budgeted audit fees. Refer to note 4 in the annual financial statements disclosing audit fees and fees for non-audit services.

Following the assessment of the performance of PwC, the committee has nominated PwC for re-election as the group's external auditor at the 2021 annual general meeting. The committee satisfied itself that the audit firm and designated auditor are accredited in terms of the JSE list of auditors and their advisers.

In accordance with section 92 (1) of the Companies Act No. 71 of 2008, as amended, the erstwhile designated individual auditor, Mr J Potgieter of PwC, resigned by rotation on 15 March 2021 as the designated individual auditor of Sun International with effect from 1 January 2021, on the basis that he would remain responsible for and attend to the audit of and sign-off on behalf of PwC of the audited accounts of the Sun International group for the 2020 financial year. The company's independent auditors, PwC, have recommended Ms E Jensen as the new designated individual auditor for Sun International.

Shareholders are further advised that on 15 March 2021 and in Mr J Potgieter's place, the Sun International audit committee and board accepted PwC's recommendation and appointed Ms E Jensen of PwC as the new designated individual auditor of Sun International for the financial year commencing on 1 January 2021.

REPORT OF THE AUDIT COMMITTEE continued

Significant accounting matters

SALE OF SUN DREAMS

Reference is made to the SENS announcement released on 21 August 2020 when shareholders were advised that Sun Latam had entered into an agreement with Nueva Inversiones Pacifico Sur Limitada ("Pacifico") whereby:

Sun Latam and Pacifico had agreed to settle their dispute in respect of the disposal by Sun Latam of its 14.94% equity interest in Sun Dreams to Pacifico on 30 April 2019; and Pacifico, subject to obtaining Sun International shareholder and certain other approvals, would acquire Sun Latam's remaining 50% equity interest in Sun Dreams ('the Proposed Transaction'), on terms and conditions as more fully set out below and in the Share Purchase Agreement ('SPA') concluded between the parties on 20 August 2020.

The net effect of the above is that upon fulfilment of the suspensive conditions set out in the SPA, Pacifico acquired Sun Latam's 64.94% equity interest in Sun Dreams for $160 million and possible certain future earnouts. The transaction is at an effective 2019 adjusted EBITDA multiple of 5.5x which may increase to a 6.5x multiple if the earnouts are achieved. The earnouts relate to the renewal of four of Sun Dreams SCJ licences by 31 December 2024 (Clp10.5 billion earnout ($14 million) and these licences achieving at least their 2019 EBITDAR for the 2025 calendar year (Clp31.8 billion earnout ($42 million)). Accordingly, and on closing of the Proposed Transaction, Pacifico became the sole shareholder of Sun Dreams.

The proceeds from the disposal were used to settle Sun International's offshore debt in Latam of R637 million (Clp30.1 billion).

An amount of $15 million of the purchase consideration has been retained in Escrow in Chile as security for the settlement of a potential tax claim as detailed in the group's financial statements with the remaining proceeds being repatriated to South Africa.

ACCOUNTING OF SUN DREAMS

As disclosed in our Interim 30 June 2020 results, Sun Dreams was accounted for as a single line Assets and Liabilities Held for Sale from Discontinued Operations in terms of IFRS 5 for the 2020 financial year. As the Sun Dreams subsidiary was effectively sold on 31 October 2020, the financial results from 1 January to 31 October 2020 of the operation were disclosed as a single line "Loss from discontinued operations" on the Statement of Comprehensive Income. Due to Sun Dreams being classified as discontinued operations in the 2020 financial year, in terms of IFRS 5: Non-Current Assets and Liabilities Held for Sale from Discontinued Operations, the prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations. The published prior year results included Sun Dreams as continued operations.

Due to the classification of the subsidiary as Held for Sale at 30 June 2020 and the IFRS requirement that the asset held for sale to be assessed for impairments at that point, management impaired the investment in Sun Dreams by R612 million, due to the fact that the carrying value, valued at historical cost exceeded the fair value less cost to sell. Subsequent to the above noted impairment on the Sun Dreams investment, an immaterial profit of R25 million was accounted for at 31 October 2020 at the effective date of the disposal. The impairment and profit on the sale of Sun Dreams have to be read together in totality. The purchase price excluding the future contingent receivable was used to determine the final calculation of the impairment as well as the small profit on the sale of Sun Dreams.

ANNUAL IMPAIRMENT ASSESSMENT

IAS 36: Impairment of Assets requires an entity to assess, at each reporting date, whether there are any indicators that assets may be impaired. An entity is required to consider information from both external sources (such as market interest rates, significant adverse changes in the market, economic or operating environment in which the entity operates), and internal sources (such as future forecasts, restructuring or evidence of obsolescence or physical damage to assets).

After this assessment and extensive discussions with the auditors, Sun International was required to provide for an impairment charge of R96 million against the R103 million carrying value of The Maslow Sandton. Due to the adoption of IFRS 16: Leases, as this asset class represents the majority of the current fair value of the net asset value of The Maslow Sandton, the R96 million impairment was allocated against the right of use asset, which was capitalised on 1 January 2019.

Sun City and the Boardwalk both indicated impairments, which were accounted for during the 2020 financial year, of R900 million and R180 million respectively, these impairments were allocated between leasehold buildings, infrastructure and equipment.

Due to the continuous underperformance of our Nigerian and Eswatini properties and due to the fact that the rest of our African properties were disposed of several years ago, the Sun International Africa Trade name which was accounted for as an Intangible Asset of R72 million, was fully impaired in the 2020 financial year.

Other minor individual assets across the South African group were impaired to the value of R8 million.

All of the above cash generating units indicated possible impairments in the prior year of assessment as disclosed in the prior year's 31 December 2019 Annual Financial Statements – refer to note 11's impairment sensitivity analysis.

DEFERRED TAX ASSET ASSESSMENT

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

The group recognised the majority of the deferred tax assets relating to the 2020 year's losses, with exception of a tax asset of R151 million based on certain recognition criteria. This deferred tax asset could be recognised in future years once it meets said criteria.

IFRS 9 EXPECTED CREDIT LOSS ("ECL") PROVISIONS

As a result of us negotiating a raft of debt service deferrals with our Lenders, IFRS 9 requires us to account for a present value adjustment on our external debt facilities/instruments due to the timing of future debt cash outflows resulting from these deferrals. The impact of this adjustment was an increase of R43 million to our total debt with the contra entry resulting in a debit to the profit and loss.

IFRS 9 is a relatively new standard (implemented in 2018) with annual updates issued on the interpretation of the standard. A recent change and interpretation relate to a requirement whereby a company has to account for a liability on an expected credit loss liability ("ECL") relating to any cross guarantees provided. As part of the group's funding structure the group's underlying operations provides cross guarantees to Sun Treasury. Although not impacting group numbers, ECL provisions were accounted for in the respective annual financial statements of Sun International South Africa (SISA) and Sun International Limited (SIL) with the prior year financials of these individual companies also having to be restated to reflect the impact in the corresponding year.

TSOGO PUT OPTION LIABILITY VALUATION:

In terms of the restructure agreements of the group's Western Cape assets, a put option has been given to Tsogo Sun in the event that any party acquires 35% or more of the issued ordinary shares of Sun International, triggering a change of control of the company. The Western Cape assets include Worcester and SunWest. In terms of the put option, Tsogo Sun may elect to put its equity interests (20%) in the Western Cape assets to Sun International. Sun International can elect to either settle the put by the issue of Sun International shares or in cash. A liability has been raised of R280 million (31 December 2019: R1.287 billion) in this regard. The adjustment of R1.007 billion was affected through a credit adjustment through the profit and loss. The liability is calculated in accordance with the terms of the put option agreement, effectively a 7.5 times adjusted EBITDA multiple valuation of the Western Cape assets, less net debt, times the 20% shareholding which Tsogo Sun holds. The put liability was materially affected by the decrease in trading and low adjusted EBITDA levels for the 2020 financial year, due to the Covid-19 related three-month lockdown period and the subsequent ongoing restricted trading . As and when the profitability of the business recovers this impact would reverse, once again through the profit and loss.

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

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

Governance of risk

The committee's chairman is a member of the risk committee and the chairman of the risk committee is a member of the audit committee. This provides the audit committee with oversight of the group's risk management function, including the risks relating to operational, financial reporting, fraud, internal control, information technology (IT) governance and compliance, among others.

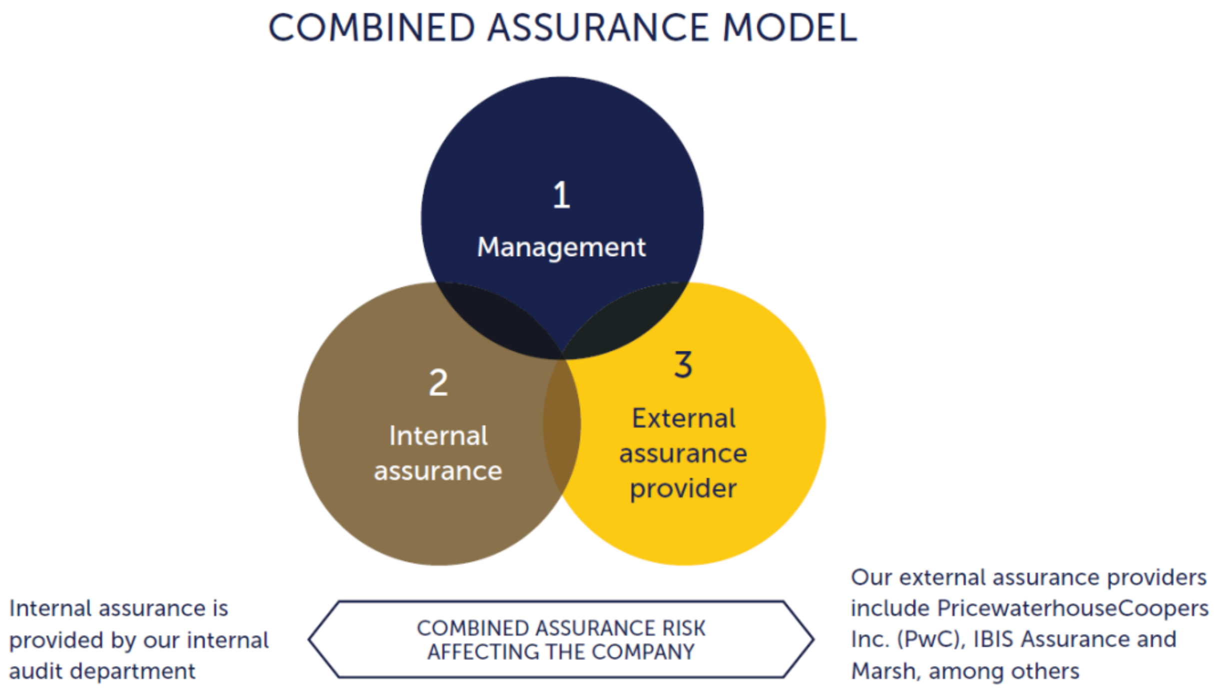
The group's strategic risk register and risk committee minutes are included in the audit committee meeting pack for review.

REPORT OF THE AUDIT COMMITTEE continued

COMBINED ASSURANCE

The group's combined assurance model assists the group with understanding and demonstrating its combined lines of defence in mitigating areas of risk. The group's combined assurance model is robustly evaluated by management, the risk committee and the audit committee during the year. It provides the committee with assurance that adequate assurance is provided for the mitigation of key risks across the group.

The group's combined assurance model is depicted as a high-level overview below and was applied to the group's top 10 risks for the year under review. The top 10 risks are discussed in detail as per the published annual integrated report. Refer to the link www.suninternational.com/investors..



GROUP INTERNAL AUDIT (GIA)

The committee is mandated to ensure that the internal audit function is independent, properly resourced and effective. The independence, resources and effectiveness of GIA are assessed annually by the committee. Independent quality assurance reviews on internal audit work are performed every five years, the next review is scheduled to take place in 2021.

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

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

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

GIA is also responsible for monitoring and evaluating operating procedures and processes including, inter alia, gaming compliance, the responsible gambling programme compliance. To minimise duplication of effort, risk assessment in Sun International is coordinated through interaction between GIA and the audit and risk committees. The director internal audit reports at audit and risk committee meetings and has unrestricted access to the chairmen of these committees, with whom he meets independently of management several times during the year. The appointment or dismissal of the internal audit director requires consensus from the audit committee. The internal audit director also attends the social and ethics committee meetings to provide feedback on audits considered relevant to the audit committee's work.

Internal financial controls

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

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

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

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

Internal controls

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

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

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

Going concern

Based on the results of the committee's assessment of the going concern, the committee believes that no material uncertainties existed to impact the group's going concern and was comfortable in recommending to the board that the group will be a going concern for the next financial year, and that the going concern basis of accounting was appropriately applied. The committee, having fulfilled its responsibilities, has recommended the audited consolidated annual financial statements for the year ended 31 December 2020, for approval by the board of directors.

CM HENRY
Chairman

15 March 2021

CHIEF EXECUTIVE AND FINANCIAL DIRECTOR'S RESPONSIBILITY STATEMENT

for the year ended 31 December 2020

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

- The annual financial statements, set out on pages 21 to 130, fairly present in all material respects the financial position, performance and cash flows of the issuer in terms of IFRS
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading,
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statement, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we were not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal controls and any fraud that involves directors, and have taken the necessary remedial action.

AM LEEMING
Chief Executive

N BASTHDAW
Chief Financial Officer

15 March 2021

COMPANY SECRETARY'S CERTIFICATE

for the year ended 31 December 2020

To the members of Sun International Limited

I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission, all such returns required of a public company in terms of the Companies Act, No. 71 of 2008, as amended, in respect of the financial year ended 31 December 2020 and that all such returns are true, correct and up to date.

AG JOHNSTON
Company secretary

15 March 2021

VALUE ADDED STATEMENT

for the year ended 31 December 2020

	31 December 2020 Rm	*Restated 31 December 2019 Rm
Revenue	**6 089**	11 836
Income from investments	**17**	17
Paid to suppliers for materials and services	**(2 561)**	(3 906)
TOTAL WEALTH CREATED	**3 545**	7 947
Distributed as follows:		
EMPLOYEES	**1 550**	2 265
Benefits and remuneration	**1 550**	2 265
GOVERNMENT	**1 486**	3 243
Income tax paid	**94**	625
PAYE	**227**	324
Levies and VAT on casino revenue	**1 165**	2 139
Other taxes	**–**	155
PROVIDERS OF CAPITAL	**3 808**	2 500
Finance expense	**943**	948
Repayment of capital	**2 865**	1 552
RETAINED FOR GROWTH	**2 519**	415
Depreciation and Amortisation	**929**	1 045
Loss/(profit) for the year attributable to shareholders of the company	**1 590**	(630)
	9 363	8 423

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial year as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF SUN INTERNATIONAL LIMITED

Report on the audit of the consolidated and separate financial statements

OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sun International Limited (the Company) and its subsidiaries (together the group) as at 31 December 2020, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

What we have audited

Sun International Limited's consolidated and separate financial statements set out on pages 21 to 130 comprise:

- the group and company statements of financial position as at 31 December 2020;
- the group and company statements of comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

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

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

Independence

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

OUR AUDIT APPROACH

Overview

OVERALL GROUP MATERIALITY

- R60 million, which represents 1% of consolidated income (comprising net gaming wins and revenue).

GROUP AUDIT SCOPE

- We performed audit procedures over 24 out of 62 components in total within the Group. The most significant operations are located in South Africa and Latin America.
- The indicators used to identify significant components are total consolidated income and total consolidated assets.
- Virtual file reviews were performed by the group team for the work performed on significant components by PwC Teams in Latin America and South Africa.

KEY AUDIT MATTERS

- Impairment assessment of non-financial assets (Group);
- Impairment assessment of investments in subsidiaries (Company); and
- Recognition and measurement of financial guarantees (Company).

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

Materiality

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

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

Overall group materiality	R60 million.
How we determined it	1% of consolidated income (comprising net gaming wins and revenue).
Rationale for the materiality benchmark applied	We selected consolidated income as our materiality benchmark because, in our view, it reflects the operations of the Group and it is a benchmark against which the performance and growth of the Group can be consistently measured in circumstances of volatile year-on-year earnings attributable to fluctuations in interest and impairment charges. We chose 1% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply to groups operating within this industry.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates. This scoping included consideration of financially significant components, risk characteristics of the components, as well as taking into consideration sufficiency of work performed over material line items in the financial statements.

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

The Group operates across two different geographical locations - Latin America and Africa. The Group financial statements are a consolidation of 62 components. An analysis was performed, taking into account the contributions of individual components to total consolidated income and total consolidated assets, in order to determine the group audit scope. Out of the 24 reporting components identified, which comprise the Group's significant operating businesses and centralised functions, 4 were subject to a full scope audit due to them being financially significant components, 14 were subject to a full scope audit in order ensure that we obtained sufficient coverage of total consolidated income and total consolidated assets in the consolidated financial statements, and an audit of specific account balances being performed on the 6 remaining reporting components in order to ensure that we obtained sufficient coverage of specific consolidated line items in the consolidated financial statements. In addition, analytical procedures were performed on the remaining components not identified as reporting components. The group engagement team also performed audit procedures over the consolidation process.

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

KEY AUDIT MATTERS

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

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td>IMPAIRMENT ASSESSMENT OF NON-FINANCIAL ASSETS (GROUP)
(refer to notes 11 and 12 in the consolidated financial statements)</td><td></td></tr>
<tr><td>The Group owns casinos and hotels within individual cash generating units ("CGUs") across various territories. The attributable property, plant and equipment and intangible assets amount to R9.3 billion (2019: R16.9 billion) and R956 million (2019: R2.7 billion), respectively. Business combinations that the Group has entered into in prior years, resulted in goodwill and indefinite useful life intangible assets amounting to R464 million (2019: R1 billion) and R25 million (2019: R233 million), respectively, which are allocated to the CGUs as indicated in note 12 to the consolidated financial statements.

An impairment assessment of a CGU is performed when there is an indication that it may be impaired. CGUs that include goodwill and indefinite useful life intangible assets are however tested annually for impairment, or whenever there is an indicator of impairment.

The Group determines the recoverable amount of CGUs by calculating the respective CGU's value in use. The value in use is determined by using the discounted cash flow valuation model.

Refer to the critical accounting estimates and assumptions section and noted 11 and 12 to the consolidated financial statements where the impairment assessment of non-financial assets has been discussed.

The impairment assessment of non-financial assets was a matter of most significance to our current year audit due to:

• The significant judgments made by management regarding the discount rates, the terminal growth rates and forecast cash flows included in the analysis used to perform the impairment assessment;
• The magnitude of these balances to the Group;
• The potential significance of risk of misstatement due to the sensitivity in the headroom remaining between the value in use and the carrying values for Sun City in the North West province and Boardwalk in Port Elizabeth; and
• The magnitude of the impairment recognised during the year ended 31 December 2020, which included an impairment charge of R1.3 billion recognised against property, plant and equipment and goodwill and intangible assets relating to the following CGUs:
– The Maslow in Sandton (R96 million);
– Sun City in the North West province (R900 million);
– The Boardwalk in Port Elizabeth (R180 million);
– Management and corporate office (R72 million);
– Dreams Peru (R26 million); and
– Sun Dreams (R27 million).</td><td>We assessed whether there were any impairment indicators for all non-financial assets by considering the following:
• Actual to budgeted performance;
• Return on assets ratio;
• Entities that are in a loss-making position; and
• The expected changes in the trading environment due to the Covid-19 pandemic and the recovery of the future operations of the entity.

For those CGUs where an impairment indicator was noted, or where the CGU included goodwill and indefinite useful life intangible assets, we tested the reasonableness of management's assumptions in their impairment assessments by performing the following:
• We utilised our valuation expertise to independently calculate the discount rates, taking into account independent data such as the cost of debt, risk-free rates in the market, market risk premiums, the beta of comparable companies, debt/equity ratios, as well as the impact of economic and industry factors within the different countries in which each of the CGUs are located (i.e. country risk premiums). We accepted the discount rates used by management as falling within reasonable ranges.
• We utilised our valuation expertise to compare the terminal growth rates to long-term growth rates obtained from independent sources. The year-on-year growth rates were compared to various industry outlooks. The growth rates used by management were accepted as falling within reasonable ranges.
• We agreed the forecast cash flows included in the valuation to underlying documentation such as approved budgets for the individual CGUs. We tested the reasonability of the Covid-19 related adjustments made by comparing the adjustments to industry trends and held discussions with management to understand the basis for the assumptions used. We assessed the reliability of the Group's budget which forms the basis of the forecast cash flows, by evaluating:
(i) the current and past performance of the business;
(ii) the consistency with external market and industry data; and
(iii) the corroboration of strategic initiatives with evidence obtained in other areas of the audit
• We tested the mathematical accuracy of the discounted cash flow model and its consistency with market practice and the applicable requirements of International Accounting Standard (IAS) 36: Impairment of Assets. We did not note any aspects which required further consideration.

We performed sensitivity analyses to assess the maximum change in discount rates, terminal growth rates and forecast cash flows that would result in no headroom remaining between the value in use and the carrying value. We compared our results to management's sensitivity analyses for purposes of identifying whether further impairments were needed. We did not identify any further impairments.

For the CGUs for which an impairment was identified, we assessed the fair value less costs to sell ("FVLCTS") assumptions applied by management as required by IAS 36. This included assessing how management adjusted the cash flows to exclude the impacts of borrowings by comparing to our independent calculation thereof. We also recalculated the value of the impairment based on the higher of the FVLCTS and the value in use. No material differences were noted.</td></tr>
</table>

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td>IMPAIRMENT ASSESSMENT OF INVESTMENTS IN SUBSIDIARIES (COMPANY)
(refer to note 6 in the separate financial statements)</td><td></td></tr>
<tr><td>The Company, as described in note 6 in the separate financial statements, holds investments in subsidiaries amounting to R2.7 billion (2019: R6.6 billion).
An impairment assessment of investments in subsidiaries was performed, as management identified impairment indicators at 4 subsidiaries.
The Company determines the recoverable amount of the investment in the subsidiary by calculating the value in use, or the fair value less cost to sell, where appropriate. The value in use is determined by using the discounted cash flow valuation model.
The impairment assessment of investments in subsidiaries was considered a matter of most significance to our current year audit due to:
The significant judgements made by management in the value in use calculation - consistent with those described above under the impairment of non-financial assets key audit matter; and
The magnitude of the impairment recognised during the year ended 31 December 2020, which included an impairment charge of R3.1 billion relating to the following investments in subsidiaries:
Dinokana Investments Proprietary Limited (R550 million);
Sun Treasury (RF) Proprietary Limited (R1 billion); and
Sun International Chile SpA (R1.5 billion).</td><td>We independently assessed whether there were any impairment indicators for all investments in subsidiaries based on the same factors described under the impairment of non-financial assets key audit matter above, compared this to management's assessment of investments with impairment indicators, and noted no further investments for consideration.
For those investments in subsidiaries where an impairment indicator was noted, we assessed the recoverable amount of the assets underlying those investments as explained under the impairment of non-financial assets key audit matter above.
We calculated the value in use (and where applicable, fair value less costs to sell) of the investments in subsidiaries based on our understanding of the recoverable amounts of the CGUs underlying those investments. We compared this calculation to that of management and noted no material differences.</td></tr>
<tr><td>RECOGNITION AND MEASUREMENT OF FINANCIAL GUARANTEES (COMPANY)
(refer to note 12 in the separate financial statements)</td><td></td></tr>
<tr><td>The Company acts as a guarantor for certain of its subsidiaries' borrowings, including the R5.2 billion term facilities, the R1 billion revolving credit facility, the R2.3 billion short-term banking facility and the R1.6 billion redeemable preference shares as disclosed in note 22 in the consolidated financial statements.
The financial guarantee contract is accounted for as a financial instrument and is recognised initially at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model (ECL) or the amount initially recognised (fair value) less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15: Revenue from contracts with customers. The initial fair value and subsequent measurement at the ECL value, is determined based on the probability of the subsidiaries defaulting on their obligations, the loss given default and the increase in credit risk, which involves judgement.
Management applied assumptions in order to measure the fair value and ECL of the financial guarantee liability associated with these facilities.
The recognition and measurement of the financial guarantee liability for the Company was considered a key audit matter, due to:
The significant judgements made by management in determining the probability of default, the loss given default and the extent of increase in credit risk; and
The magnitude of the financial guarantee liability recognised during the year ended 31 December 2020 amounting to R705 million (2019: R89 million).</td><td>We utilised our valuation expertise to evaluate the judgements applied by management by performing the following:
We assessed the appropriateness of management's valuation model by comparing the model to market practice and the applicable requirements of IFRS 9: Financial instruments. We found the model to be consistent with market practice and the requirements of IFRS 9.
We challenged the appropriateness of management's assumptions used in the valuation model consisting of the probability of default, the loss given default and the increase in credit risk by comparing them to industry benchmarks, historical data and forward looking information. The impact of Covid-19 has been considered within the forward-looking assessment. We found management's assumptions to be within a reasonable range of the industry benchmarks.
We recalculated the fair value of the financial guarantee liability and compared the results to the fair value calculated by management, and noted no material differences.</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT continued

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sun International Group Audited Consolidated Financial Statements for the year ended 31 December 2020" and the document titled "Sun International 2020 Integrated Annual Report", which includes the Directors' Report, the Report of the Audit Committee and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Sun International Limited for 37 years.

PricewaterhouseCoopers Inc.

PRICEWATERHOUSECOOPERS INC.
DIRECTOR: J POTGIETER
Registered Auditor

Johannesburg
15 March 2021

DIRECTORS' REPORT

for the year ended 31 December 2020

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

The directors have pleasure in submitting the financial statements of the Sun International group for the year ended 31 December 2020. Kindly take note that the period covered by this directors' report is from 1 January 2020 to 31 December 2020.

Nature of business

The Sun International group has interests in, and provides management services to businesses in the hotel, resort, casino and gambling industry. There have not been any material changes in the nature of the group's businesses from the prior year save for the transactions as detailed in the summarised consolidated audited financial statements released on SENS on 15 March 2021.

Financial results

Particulars of the Sun International group's attributable earnings and earnings per share for the year ended 31 December 2020 are given in the statement of comprehensive income, whilst particulars of the Sun International group headline earnings per share for the year ended 31 December 2020 are given in note 9 of the financial statements.

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

Dividends

The company did not declare an interim or final dividend during the year ended 31 December 2020.

Associate Companies and Other Investments

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

Corporate activity during the year and after the balance sheet date

Commentary on the nature of business of the company, and its subsidiaries, acquisitions, future developments and prospects of the group are addressed in the summarised consolidated audited financial statements of the Sun International group, which were released on SENS on 15 March 2021.

Share plans

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

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

Share capital

The total issued share capital of the company for the year under review constitutes 263 905 660 (2019: 136 730 964) ordinary shares. The company has an authorised share capital of 800 000 000 (2019: 200 000 000) ordinary shares.

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

Directorate

APPOINTMENTS

During the year under review, Ms SN Mabaso-Koyana was appointed as an independent non-executive director on the company's Board on 20 March 2020.

Furthermore, and effective 20 November 2020, Mr TR Ngara was appointed as a full non-executive director on the company's board.

RESIGNATION

On 29 October 2020, Mr VP Khanyile resigned as an independent non-executive director of the company.

RETIREMENTS

On 12 May 2020, Mr PL Campher and Dr NN Gwagwa retired as non-executive directors from the Board of Sun International.

In addition thereto and in accordance with articles 25.5, 25.6.1 and 25.17 of the company's memorandum of incorporation, Messrs PD Bacon, GW Dempster, EAMMG Cibie and TR Ngara as well as Mesdames CM Henry, SN Mabaso-Koyana and BLM Makgabo-Fiskerstrand retired from the Board at the annual general meeting held on 12 May 2020, but being eligible for election/re-election, were duly elected/re-elected to the company's Board.

In terms of the company's memorandum of incorporation, Messrs PD Bacon, JA Mabuza, TR Ngara and S Sithole as well as Mesdames BLM Makgabo-Fiskerstrand and ZP Zatu are required to retire in accordance with the company's memorandum of incorporation at the upcoming annual general meeting to be held on 11 May 2021 and, being eligible, offer themselves for election/re-election, as the case may be.

Their profiles appear in the annual statutory report to be posted to shareholders on or about 31 March 2021 and which will be available on the company's website at http://www.suninternational.com/investors.

Secretaries

The secretaries' business and postal addresses appear in the annual statutory report to be posted to shareholders on or about 31 March 2021 and which will be available on the company's website at http://www.suninternational.com/investors.

Directors' interests

At 31 December 2020, the directors of the company held interests in 59 969 151 of the company's issued ordinary shares (31 December 2019: 23 749 739). Details of shares held per individual director and which includes restricted shares held through the various share schemes are listed below.

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

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

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

	Ordinary shares direct beneficial		Ordinary shares indirect beneficial
31 December 2019	Unrestricted	Restricted	Unrestricted
N Basthdaw	50 251	7 682	–
NN Gwagwa+	–	–	88 019
AM Leeming	189 881	17 652	–
JA Mabuza	12 660	–	–
MV Moosa*	–	–	179 669
S Sithole (alt. TR Ngara)	–	–	23 203 925
TOTAL	252 792	25 334	23 471 613

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

* Retired as a non-executive director on 14 May 2019.

PUBLIC AND NON-PUBLIC SHAREHOLDERS (AS AT 31 DECEMBER 2020)

Ordinary shares	Number of shareholders	%	Number of shares	%
NON-PUBLIC SHAREHOLDERS	**15**	**0.16**	**73 663 409**	**27.90**
Directors and associates of the company	6	0.07	59 916 185	22.70
Sun International Employee Share Trust and Plans*	8	0.08	6 997 465	2.65
Dinokana Investments**	1	0.01	6 719 759	2.55
PUBLIC SHAREHOLDERS	**9 186**	**99.84**	**190 272 251**	**72.10**
TOTALS	**9 201**	**100.00**	**263 935 660**	**100.00**

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

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

Material shareholders

Beneficial shareholders (excluding directors) holding 5% or more of the company's listed ordinary shares as at 31 December 2020 were the following:

	Number of shares	%
Value Capital Partners H4 Q1 Hedge Fund	33 892 664	12.84
Allan Gray	29 270 634	11.09
PSG Konsult	23 308 152	8.83
Alexander Forbes Investments	17 086 896	6.47
Steyn Capital Management	14 960 209	5.67
Old Mutual	14 844 523	5.62

Special resolutions

The company passed twenty special resolutions during the year under review, which included the following:

- approving certain amendments to the company's memorandum of incorporation ("MOI");
- authorising the issue of additional shares under Section 41 of the Companies Act;
- approving the acquisition by the company or any of its subsidiaries of the company's shares;
- approving the remuneration of the non-executive directors;
- approving the provision of financial assistance and/or the issue of securities to employee share scheme participants; and
- approving the provision of financial assistance to related or inter-related companies and corporations.

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

Corporate governance

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

Sun International's compliance with paragraphs 3.84 and 8.63 (a) of the Listings Requirements of the JSE plus application of the Principles set out in King IV (as contained in a corporate governance register), form part of the integrated annual report which will be made available on the company's website on or about 31 March 2021 at:
http://www.suninternational.com/investors/governance/

Laws of incorporation and MOI

The directors confirm that:

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

Material risks

During the period under review and at each risk committee meeting held during the year and at board meetings held thereafter, the directors considered the material risks of Sun International. A description of these material risks relative to the company and its securities including the hospitality and gaming industry in which Sun International operates can be found in the company's integrated annual report which will be made available on the company's website on or about 31 March 2021 at:

www.suninternational.com/investors

Director's emoluments

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

Repurchased equity securities

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

Borrowing powers and restrictive funding arrangements

In terms of its memorandum of incorporation, Sun International has unlimited borrowing powers. At 31 December 2020, unutilised borrowing facilities amounted to R3.230 billion (31 December 2019: R1.198 billion).

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

Issues for cash

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

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the consolidated financial statements of Sun International, comprising the statements of financial position at 31 December 2020 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes. In accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa and the directors' report. In accordance with paragraph 8.62 (d) of the Listings Requirements of the JSE, Sun International has only published group consolidated financial statements given that the company's financial statements do not contain any significant additional information.

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

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

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

Approval of consolidated financial statements

The consolidated audited financial statements of Sun International, as identified in the aforementioned paragraph, were approved by the Board of directors on 15 March 2021 and signed by:

For: Sun International Limited

MR JA MABUZA
Chairman

AM LEEMING
Chief Executive

N BASTHDAW
Chief Financial Officer

15 March 2021

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	31 December 2020 Rm	*Restated 31 December 2019 Rm
CONTINUING OPERATIONS			
Net gaming wins	1	**5 079**	9 245
Revenue	1	**1 010**	2 591
INCOME	1	**6 089**	11 836
Consumables and services		**(685)**	(1 414)
Depreciation	11	**(825)**	(930)
Amortisation	12	**(103)**	(115)
Employee costs	2	**(1 635)**	(2 512)
Impairment of property, plant and equipment	11	**(1 183)**	(171)
Impairment of intangible assets	12	**(74)**	(1)
Levies and VAT on casino revenue		**(1 165)**	(2 139)
LPMsite owners commission		**(258)**	(377)
Promotional and marketing costs		**(275)**	(555)
Property and equipment rentals	3	**(12)**	(66)
Property costs		**(634)**	(784)
Net gains on financial assets	17	**32**	28
Other operational costs		**(697)**	(709)
OPERATING (LOSS)/PROFIT		**(1 425)**	2 091
Foreign exchange losses		**(268)**	(57)
IFRS 9 Debt modification/extinguishment adjustment	22	**(43)**	(12)
Finance income	5	**17**	17
Finance expense	6	**(943)**	(948)
Fair value adjustment to put liability	15	**1 007**	44
Share of profit of investments accounted for using the equity method	13	**2**	2
(LOSS)/PROFIT BEFORE TAX		**(1 653)**	1 137
Tax	8	**430**	(332)
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(1 223)**	805
(Loss)/profit for the year from discontinued operations	10	**(1 200)**	249
(LOSS)/PROFIT FOR THE YEAR		**(2 423)**	1 054
OTHER COMPREHENSIVE INCOME:			
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations	16	**25**	282
Tax on remeasurements of post employment benefit obligations	8	**(7)**	(79)
Items that may be reclassified to profit or loss			
Net loss on cash flow hedges	14	**(66)**	(18)
Tax on (loss)/profit on cash flow hedges		**18**	–
Currency translation reserve related to the sale of Sun Dreams		**(255)**	–
Currency translation reserve		**706**	(351)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(2 002)**	888

GROUP STATEMENT OF COMPREHENSIVE INCOME continued

for the year ended 31 December 2020

	Notes	31 December 2020 Rm	*Restated 31 December 2019 Rm
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Minorities		**(594)**	401
Ordinary shareholders		**(1 829)**	653
		(2 423)	1 054
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Minorities		**(280)**	258
Ordinary shareholders		**(1 722)**	630
		(2 002)	888
TOTAL COMPREHENSIVE (LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ARISES FROM:			
Continuing operations		**(988)**	546
Discontinued operations	10	**(734)**	84
		(1 722)	630
BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE (CENTS)			
Basic and diluted	9	**(1 045)**	518
Continuing operations		**(539)**	390
Discontinued operations		**(506)**	128

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

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

GROUP STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	31 December 2020 Rm	31 December 2019 Rm
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**9 333**	16 884
Intangible assets	12	**956**	2 698
Equity-accounted investments	13	**31**	51
Derivatives financial instruments	14	**–**	4
Pension fund asset	16	**9**	303
Deferred tax	8	**1 208**	530
Trade and other receivables	17	**58**	289
		11 595	20 759
CURRENT ASSETS			
Inventory	18	**100**	166
Trade and other receivables	17	**1 110**	1 113
Cash and cash equivalents	19	**538**	775
		1 748	2 054
ASSETS HELD FOR SALE	20	**26**	811
TOTAL ASSETS		**13 369**	23 624
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Ordinary shareholders' equity before put option reserve		**3 001**	3 907
Put option reserve		**(1 286)**	(1 286)
Ordinary shareholders' equity	21	**1 715**	2 621
Minorities' interests		**(253)**	1 614
		1 462	4 235
NON-CURRENT LIABILITIES			
Deferred tax	8	**330**	367
Borrowings	22	**7 047**	11 621
Derivative financial instruments	14	**74**	–
Put option liability	15	**280**	1 287
Contract liabilities and other liabilities	23	**698**	698
		8 429	13 973
CURRENT LIABILITIES			
Borrowings	22	**1 377**	2 785
Trade payables and accruals	24	**1 849**	2 437
Derivative financial instruments	14	**125**	–
Contract liabilities and other liabilities	23	**127**	172
		3 478	5 394
LIABILITIES HELD FOR SALE	20	**–**	22
TOTAL LIABILITIES		**11 907**	19 389
TOTAL EQUITY AND LIABILITIES		**13 369**	23 624

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	31 December 2020 Rm	*Restated 31 December 2019 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations before:	25.1	**338**	4 379
Vacation Club timeshare sales		**96**	112
Taxes paid	25.2	**(94)**	(625)
Net cash inflow from operating activities		**340**	3 866
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	11	**(440)**	(1 105)
Disposal of property, plant and equipment		**21**	15
Purchase of intangible assets	12	**(58)**	(75)
Investment income received		**2**	17
Disposal of shareholding in subsidiaries^	10	**2 247**	12
Net cash outflow from investing activities		**1 772**	(1 136)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash paid for purchase of treasury shares	21	**(61)**	(1)
Decrease/(Increase) in loan to non-controlling interest		**–**	272
Purchase of additional non-controlling shareholding in subsidiaries	10	**(36)**	(576)
Interest on purchase price of additional non-controlling shareholding in subsidiaries		**–**	(17)
Mendoza PPA contingency payment		**–**	(42)
Capital raised through a rights offer	21	**1 207**	–
Repayment of capital lease liabilities	22	**(150)**	(162)
Additional borrowings	25.4	**432**	593
Repayment of borrowings	25.4	**(2 865)**	(1 552)
Interest paid	25.3	**(754)**	(1 055)
Dividends paid	9	**(141)**	(373)
Net cash outflow from financing activities		**(2 368)**	(2 913)
Effects of exchange rate changes on cash and cash equivalents		**5**	(10)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(251)**	(193)
Cash and cash equivalents at beginning of the year		**789**	982
Cash held by discontinued operations		**–**	(14)
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	**538**	775
Cash flows from discontinued operations	20	**(180)**	(170)

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

^ As per note 10 the purchase price at the effective date 31 October 2020 reflects R2.628 million. Due to the cash flow only occurring during November 2020 resulting in foreign exchange fluctuations, as well as an amount of R219 million which was placed in Escrow as security for the settlement of a potential tax claim which resulted in the actual cashflow reflecting in the group statement of cash flows noted as R2.247 million.

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Notes	Share capital and premium Rm	Treasury shares and share options Rm	Foreign currency translation reserve Rm	Share based payment reserve Rm	Reserve for non-controlling interests* Rm	Hedging and other reserve Rm	Retained earnings Rm	Ordinary share-holders' equity before put option reserve Rm	Put option reserve Rm	Ordinary share-holders' equity Rm	Minorities' interests Rm	Total equity Rm
BALANCE AT 31 DECEMBER 2018		1 893	(394)	111	85	(2 503)	17	4 555	3 764	(1 286)	2 478	1 808	4 286
Total comprehensive income for the year				(200)			177	653	630		630	258	888
Treasury shares purchased			(1)						(1)		(1)	–	(1)
Employee share schemes					18				18		18	–	18
Reclassification of share option reserve			43		(43)				–		–	–	–
Acquisition of minorities' interests						(489)			(489)		(489)	(104)	(593)
Disposal of equity interest in subsidiary						(15)			(15)		(15)	26	11
Dividends paid									–		–	(374)	(374)
BALANCE AT 31 DECEMBER 2019		1 893	(352)	(89)	60	(3 007)	194	5 208	3 907	(1 286)	2 621	1 614	4 235
Total comprehensive income for the year		–	–	137	–	–	(30)	(1 829)	(1 722)	–	(1 722)	(280)	(2 002)
Treasury shares purchased		–	(61)	–	–	–	–	–	(61)	–	(61)	–	(61)
Rights offer#		1 207	–	–	–	–	–	–	1 207	–	1 207	–	1 207
Employee share schemes		–	–	–	16	–	–	–	16	–	16	–	16
Reclassification of share option reserve		–	13	–	(13)	–	–	–	–	–	–	–	–
Disposal of equity interest in subsidiary^		–	–	–	–	(346)	–	–	(346)	–	(346)	(1 446)	(1 792)
Dividends paid		–	–	–	–	–	–	–	–	–	–	(141)	(141)
BALANCE AT 31 DECEMBER 2020		3 100	(400)	48	63	(3 353)	164	3 379	3 001	(1 286)	1 715	(253)	1 462

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

^ Refer to note 10

Refer to note 21

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2020

Overall accounting basis

All policies stated in the consolidated financial statements relate to the group and the companies within the group. The consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, International Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRSC) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements and in compliance with the JSE Listings Requirements and the Companies Act of South Africa.

The financial statements have been prepared under the historical cost convention except as disclosed in the annexure to these financial statements. The financial statements were adjusted for the effects of inflation where entities operate in hyperinflationary economies. As the Argentinian economies have been considered to be hyperinflationary, the results, cash flows and financial position of the group's subsidiaries in Argentina have been expressed in terms of the measuring unit current at the reporting date. The methods used to measure the adjustments made to account for the group's entities that operate in hyperinflationary economies are discussed further in the accounting policies and in the respective notes. The policies used in preparing the financial statements are consistent with those of the previous year except in instances where new accounting standards or amendments have been adopted.

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

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

Critical accounting estimates and assumptions

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

ASSET USEFUL LIVES AND RESIDUAL VALUES

Property, plant and equipment are depreciated over their useful lives taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. As the residual values relates to the superstructures on our buildings and infrastructure, the effects of Covid-19 on the future market conditions lead to no material adjustments, the residual values were assessed and valued as appropriate by an independent 3rd party as at 31 December 2020. As the greater part of our assets which useful lives is subject to change relates to our casino equipment, the effect of Covid-19 on the market conditions were assessed and due to the equipment not being in use for merely a short period of approximately 3 months during the hard lock down and analysing the current and foreseeable usage of the equipment, management do not foresee the useful lives to materially change. The group had therefore no material adjustments to the useful lives and residual values were made.

ASSESSING THE RECOVERABILITY OF DEFERRED TAX ASSETS

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

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

The group recognised the majority of the deferred tax assets relating to the 2020 year's losses, with exception of a tax asset of R151 million based on certain recognition criteria. This deferred tax asset could be recognised in future years once it meets said criteria.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

Refer to note 11 and 12.

ESTIMATED IMPAIRMENT OF GOODWILL

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

Critical accounting judgements

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

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

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

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

EQUITY ACCOUNTING OF AN ENTITY WHERE THE PERCENTAGE OWNERSHIP IS MORE THAN 50%

Management has applied judgement to conclude that the group does not control the newly incorporated Sun Dreams Colombia S.A.S. entity, although the group currently holds a 60% equity stake the 40% equity holder has broad attributions in the decision making of the company as well as manages the day to day operations. Sun International only has a significant influence over this operation as decisions are made by the minority shareholder. This resulted in the Colombian entity being accounted for in terms of equity accounting as per IAS 28 from 1 September 2019. These operations however forms part of the Sun Dreams group which was subsequently disposed of on 31 October 2020 (refer to note 10). The Sun Dreams group was disclosed as discontinued operations held for sale in terms of IFRS5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations in the statement of comprehensive income and statement of financial position for the period 31 December 2020.

CLASSIFICATION OF THE SUN DREAMS SUBSIDIARY AS IFRS 5: NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE FROM DISCONTINUED OPERATIONS, AS AT 30 JUNE 2020 AND REMEASUREMENT OF THE DISPOSAL GROUP

Reference is made to the SENS announcement released on 21 August 2020 when shareholders were advised that Sun Latam had entered into an agreement with Nueva Inversiones Pacifico Sur Limitada ("Pacifico") whereby:

- Sun Latam and Pacifico had agreed to settle their dispute in respect of the disposal by Sun Latam of its 14.94% equity interest in Sun Dreams to Pacifico on 30 April 2019;
- Pacifico, subject to obtaining Sun International shareholder and certain other approvals, would acquire Sun Latam's remaining 50% equity interest in Sun Dreams ('the Proposed Transaction'), on terms and conditions as more fully set out below and in the Share Purchase Agreement ('SPA') concluded between the parties on 20 August 2020.

Refer to note 10 for more details pertaining to the transaction.

Management has applied judgement to conclude that the Sun Dreams subsidiary be classified as Non Current Assets and Liabilities Held for Sale from Discontinued operations from 30 June 2020, in terms of IFRS 5, after the below conditions were met.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

Management is committed to a plan to sell:

- In the prior financial year, on 30 April 2019, Sun announced that it had entered into an agreement with Pacifico whereby it had agreed to sell 14.94% of its interest in Sun Dreams, this transaction did not become effective due to a shareholder dispute that was ongoing as at 31 December 2019 in which active marketing of the asset seized due to management initiating a legal dispute. Although as at 30 June 2020, no final acquisition amount was concluded on or offered by Pacifico to Sun International the parties opened up discussions on the matter of effecting the transaction and therefore resolving the above mentioned dispute outside the arbitration process, management had a plan in place to sell its investment to Pacifico.

The asset is available for immediate sale

- As demonstrated in the prior near completed transactions (refer to note 10), the asset was available for immediate disposal.

An active programme to locate a buyer is initiated

- A buyer, Pacifico, was identified as noted in 2019 already, although the probability only became certain in June 2020.

The sale is highly probable, within 12 months of classification as held for sale (subject to limited exceptions)

- As a buyer had been identified and at reasonable price, as at 30 June 2020 the transaction became highly probable that it could be effected within the next 12 months. This transaction became effective on 31 October 2020.

The asset is being actively marketed for sale at a sales price reasonable in relation to its fair value

- In accordance with IFRS 5.15-15A management assessed whether the fair value of the disposal group i.e. Sun Dreams and concluded that the value it was expecting to receive out of the disposal at that point in time was not exceeding the net asset value of the investment held and therefor accounted for an remeasurement to fair value less cost to sell of the disposal group. Refer to notes 10 and 12.

Management has therefor concluded to account for Sun Dreams in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued operations, as at 30 June 2020 as appropriate.

COVID-19

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

Covid-19 CONSIDERATIONS	ASSESSMENT	POTENTIAL IMPACT	NOTE REFERENCE
Subsequent events	Covid-19 was assessed as being prevalent in the group's industry prior to 31 December 2020. Recognised assets and liabilities at reporting date are to be presented, measured and disclosed after taking into account the effect/impact of material adjusting subsequent events.	**Medium**	30
Going concern	Significant disruption to operations due to the approximate 3 month hard lock down period, the further restrictions to our trading conditions and the uncertainty of when "normal" trading conditions will commence. Significant progress was made to deleverage debt, strengthen the liquidity position and improving the overall cost base of the group.	**High**	Below paragraph
Impairment of non financial assets	Certain impairments to goodwill, other intangibles and property, plant and equipment were made as a result of the impact of Covid-19 on our business.	**Medium**	11 and 12
Deferred tax assets recoverability	Deferred tax assets relating to assessed losses were only raised if foreseeable future taxable income was probable proved.	**Low**	8
Contingent purchase consideration from the sale of subsidiary	After considering the quantitative factors like the growth in financial performance to be achieved to meet the contingent consideration in 2024/25, Sun International management assessed the probability as highly unlikely that Sun Dreams will recover quickly enough in the current market conditions to achieve the financial performance conditions required by the conditional period and that the fair value of the contingent considerations to be measured at nil on the effective date of the transaction and 31 December 2020.	**Low**	10 and 28

GOING CONCERN

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

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

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

- Although the effect of Covid-19 continues to impact trading subsequent to 31 December 2020, and despite the extensive restrictions and significantly reduced capacity, the groups operations has shown a strong recovery trend, following the lifting of the lockdown and the further lifting of restrictions.
- Management focused on cost reductions, optimising working capital, prioritising capital investment and negotiating with service providers, suppliers and lessors for either a waiver, reduction or deferment of payments. Management formulated and implemented plans to achieve operational efficiencies and restructured certain parts of the business, including the employee cost base. These cost efficiencies has significantly reduced the group's cost base ensuring the future profitability and sustainability of the group.
- Management has reviewed the 31 December 2020 financial results. Since commencement of operations in July 2020, trading has shown a positive trend with operations generating positive adjusted EBITDA and sufficient levels of cash flows to cover operating costs.
- Furthermore, in considering the solvency and liquidity of the company, management also considered the 12-month December 2021 budget. The 2021 budget takes into account the impact of the Covid-19 pandemic and the impact of trading levels.
- The 2021 budget took into account the impact of the Covid-19 pandemic and the impact of trading levels. The budget process and analysis was based on 3 scenarios, whereby each of the gaming units, excluding Sun Slots and Sunbet prepared budgets based on 3 scenarios, namely:
  - 80% of 2019 gaming revenue;
  - 90% of 2019 gaming revenue; and
  - 100% of 2019 gaming revenue.
- The approved 2021 budget was based on the 100% of 2019 gaming revenues scenario. But due to the uncertainty in the current trading and market conditions, management has factored in the above noted budget scenarios to determine the impact on our business, in all scenario the group is still generating positive cash generation with some additional capacity if the conditions worsen even more.
- Due the stronger post lockdown recovery of Sun Bet and Sun Slots, their budgets were prepared on a growth on 2019 gaming revenue.
- Annually in parallel with the budget process, management performs a 5 year forecasted budget, from the 2021 budget forming the base. This forward looking budget up to 2026 was assessed by management and approved by the group's board committee in November 2020 and concluded that the group will be trading as a going concern in the foreseeable future.
- A R1.2 billion rights offer was successfully concluded on Friday 7 August 2020, with the results reflecting overwhelming shareholder support for the transaction. The rights offer improved Sun International's liquidity and materially strengthened its balance sheet.
- During the month of November 2020, after providing for a tax contingency, dividend withholding taxes and the settling of local debt in Chile, approximately R1.34 billion of the proceeds from the sale of Sun Dreams was repatriated to South Africa

The following current and forward looking observations and conclusions have been made in assessing the solvency and liquidity of the company:

- The company (including the group's) assets exceed its liabilities;
- There has been no event of default over the past 12 months on any of the company or group facilities;
- No facilities previously available to the company or group have been withdrawn and remain committed; and
- As a result of undertaking the R1.2 billion capital raise through the rights offer together with the suspension of debt repayments, waiver of covenant measures and debt rescheduling until, as agreed with our South African lending group, the company's liquidity position remains robust. The disposal of Sun Dreams and the subsequent receipt of the proceeds further strengthened our liquidity position and the group's balance sheet.
- Given the current conditions, the company (including the group) has the ability to meet all obligations as and when they fall due.
- During the 2020 financial year the group's debt covenants were waived until March 2021 and will be renegotiated in June 2021. Based on current projections as at balance sheet date we expect to meet the contractual debt terms.

- Sun Treasury has facilities available from various banks which units throughout the group are available to draw from.
- Sun Treasury had available facilities of R3.230 billion as at 31 December 2020.

Based on the reviews performed as outlined above, management is satisfied that the company and the group have the ability to meet all obligations as and when they fall due and is therefore of the opinion that the going concern assumption is appropriate in the preparation of the consolidated annual financial statements.

Exchange rates

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

	12 months 31 December 2020		12 months 31 December 2019	
	Average rate	**Closing rate**	Average rate	Closing rate
US dollar (USD)	**16.49**	**14.62**	14.48	14.12
Chilean peso (CLP)	**47.98**	**48.66**	48.84	52.73
Nigerian naira (NGN)	**21.71**	**25.96**	21.16	21.70

1. Segmental analysis

	NET GAMING WINS								Revenue from contracts with customers									
	Total net Gaming wins		Tables		Slots		Alternative gaming income		Total revenue		Rooms		Food & beverage		Other		Total income	
	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm
SOUTH AFRICAN OPERATIONS	**5 044**	9 115	**735**	1 467	**3 286**	6 198	**1 023**	1 450	**1 186**	2 905	**368**	971	**335**	915	**483**	1 019	**6 230**	12 020
GrandWest	**993**	2 047	**123**	333	**870**	1 714	**–**	–	**31**	97	**1**	3	**17**	60	**13**	34	**1 024**	2 144
Sun City	**198**	505	**32**	109	**166**	396	**–**	–	**501**	1 099	**190**	463	**140**	363	**171**	273	**699**	1 604
Sibaya	**708**	1 290	**178**	328	**530**	962	**–**	–	**35**	78	**10**	15	**22**	56	**3**	7	**743**	1 368
Time Square	**744**	1 247	**219**	354	**525**	893	**–**	–	**64**	185	**15**	37	**34**	103	**15**	45	**808**	1 432
Carnival City	**502**	865	**96**	147	**406**	718	**–**	–	**30**	93	**4**	11	**18**	55	**8**	27	**532**	958
Boardwalk	**223**	435	**23**	50	**200**	385	**–**	–	**31**	92	**11**	34	**15**	46	**5**	12	**254**	527
Wild Coast Sun	**209**	379	**24**	55	**185**	324	**–**	–	**62**	95	**21**	38	**22**	40	**19**	17	**271**	474
Carousel and Sun Carousel	**15**	79	**–**	2	**15**	77	**–**	–	**13**	17	**–**	1	**–**	–	**13**	16	**28**	96
Meropa	**142**	274	**17**	33	**125**	241	**–**	–	**15**	36	**3**	9	**11**	26	**1**	1	**157**	310
The Table Bay	**–**	–	**–**	–	**–**	–	**–**	–	**112**	353	**86**	274	**24**	71	**2**	8	**112**	353
Windmill	**123**	236	**15**	35	**108**	201	**–**	–	**5**	14	**–**	–	**4**	13	**1**	1	**128**	250
Sun Slots	**886**	1 310	**–**	–	**–**	–	**886**	1 310	**–**	–	**–**	–	**–**	–	**–**	–	**886**	1 310
Flamingo	**76**	141	**5**	12	**71**	129	**–**	–	**5**	13	**–**	–	**4**	13	**1**	–	**81**	154
Golden Valley	**85**	150	**3**	9	**82**	141	**–**	–	**11**	20	**4**	7	**6**	12	**1**	1	**96**	170
SunBet	**137**	140	**–**	–	**–**	–	**137**	140	**–**	–	**–**	–	**–**	–	**–**	–	**137**	140
The Maslow	**–**	–	**–**	–	**–**	–	**–**	–	**41**	133	**23**	77	**18**	55	**–**	1	**41**	133
Other operating segments	**3**	17	**–**	–	**3**	17	**–**	–	**1**	3	**–**	2	**–**	2	**1**	(1)	**4**	20
Management and corporate office	**–**	–	**–**	–	**–**	–	**–**	–	**229**	577	**–**	–	**–**	–	**229**	577	**229**	577
ESWATINI OPERATIONS – SWAZISPA	**14**	71	**3**	18	**11**	53	**–**		**21**	122	**7**	52	**10**	62	**4**	8	**35**	193
NIGERIAN OPERATIONS – FEDERAL PALACE	**21**	59	**5**	12	**16**	47	**–**	–	**30**	103	**16**	53	**12**	51	**2**	(1)	**51**	162
INTERCOMPANY MANAGEMENT FEES	**–**	–	**–**	–	**–**	–	**–**	–	**(227)**	(539)	**–**	–	**–**	–	**(227)**	(539)	**(227)**	(539)
TOTAL	**5 079**	9 245	**743**	1 497	**3 313**	6 298	**1 023**	1 450	**1 010**	2 591	**391**	1 076	**357**	1 028	**262**	487	**6 089**	11 836

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

Income Streams are reported on separately as below:

Income outside the scope of IFRS 15:

– Tables and Slots: Income from casino gambling operations.

– Alternative Gaming Income: Income from Sun Slots and Sun Bet

IFRS 15: Revenue from contracts with customers:

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

– Rooms: Revenue from hotel rooms operations.

– Other: Revenue from entertainment, conferencing, Vacation Club and other.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

1. Segmental analysis continued

	Adjusted EBITDA		Depreciation and amortisation		Adjusted operating profit		Adjusted tax	
	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm
SOUTH AFRICAN OPERATIONS	**984**	3 237	**902**	1 012	**82**	2 225	**(48)**	181
GrandWest	**275**	827	**117**	117	**158**	710	**46**	201
Sun City	**(142)**	146	**166**	203	**(308)**	(57)	**(132)**	(70)
Sibaya	**224**	493	**52**	64	**172**	429	**46**	118
Time Square	**215**	446	**210**	216	**5**	230	**3**	(234)
Carnival City	**87**	232	**59**	65	**28**	167	**(1)**	30
Boardwalk	**(1)**	82	**50**	58	**(51)**	24	**(24)**	(8)
Wild Coast Sun	**17**	83	**44**	48	**(27)**	35	**(13)**	4
Carousel and Sun Carousel	**(16)**	(19)	**6**	12	**(22)**	(31)	**(6)**	(6)
Meropa	**34**	101	**19**	19	**15**	82	**2**	24
The Table Bay	**(4)**	80	**14**	17	**(18)**	63	**(18)**	–
Windmill	**30**	82	**17**	21	**13**	61	**2**	15
Sun Slots	**202**	334	**86**	82	**116**	252	**32**	70
Flamingo	**12**	34	**12**	16	**–**	18	**(1)**	3
Golden Valley	**9**	31	**13**	13	**(4)**	18	**(1)**	5
SunBet	**46**	43	**3**	3	**43**	40	**14**	11
The Maslow	**(29)**	(9)	**4**	27	**(33)**	(36)	**(24)**	(36)
Other operating segments	**(2)**	(2)	**–**	1	**(2)**	(3)	**3**	(3)
Management and corporate office	**27**	253	**30**	30	**(3)**	223	**24**	57
ESWATINI OPERATIONS	**(39)**	12	**8**	7	**(47)**	(6)	**13**	(1)
NIGERIAN OPERATIONS – FEDERAL PALACE	**(38)**	1	**19**	25	**(57)**	(14)	**(53)**	1
SUN CHILE AND SUN LATAM	**(10)**	(9)	**–**	–	**(10)**	(9)	**13**	–
OTHER	**–**	–	**–**	–	**(1 393)**	(107)	**(355)**	151
Exceptional items (refer note 7)	**–**	–	**–**	–	**(1 393)**	(107)	**(355)**	151
TOTAL	**897**	3 241	**929**	1 044	**(1 425)**	2 089	**(430)**	332

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

1. Segmental analysis continued

	Non Current Assets		Borrowings$		Capital expenditure^	
	31 Dec 2020 Rm	*Restated 31 Dec 2019 Rm	**31 Dec 2020 Rm**	*Restated 31 Dec 2019 Rm	**31 Dec 2020 Rm**	*Restated 31 Dec 2019 Rm
SOUTH AFRICAN OPERATIONS	**10 004**	11 831	**7 757**	9 569	**411**	738
GrandWest	**1 081**	1 141	**600**	481	**61**	108
Sun City	**1 247**	2 198	**2 537**	2 148	**103**	249
Sibaya	**723**	754	**210**	215	**51**	86
Carnival City	**642**	672	**575**	538	**51**	61
Emfuleni	**463**	679	**563**	495	**14**	14
Wild Coast Sun	**384**	412	**282**	230	**17**	28
Carousel and Sun Carousel	**58**	73	**(131)**	(146)	**3**	27
Meropa	**191**	202	**55**	36	**8**	14
Windmill	**162**	171	**89**	76	**9**	12
The Table Bay	**50**	63	**129**	177	**2**	10
Flamingo	**90**	95	**82**	72	**8**	10
Golden Valley	**130**	138	**1**	(19)	**6**	9
The Maslow	**7**	107	**596**	516	**4**	8
Sun Slots	**919**	959	**33**	(6)	**47**	93
Time Square	**3 414**	3 607	**5 407**	4 977	**13**	18
Other operating segments	**258**	291	**(32)**	(7)	**7**	8
Management and corporate office	**185**	269	**(3 239)**	(214)	**7**	(17)
ESWATINI OPERATIONS	**44**	51	**24**	19	**–**	4
NIGERIAN OPERATIONS – FEDERAL PALACE	**243**	323	**643**	617	**6**	13
TOTAL OPERATING SEGMENTS	**10 291**	12 205	**8 424**	10 205	**417**	755
ELIMINATION OF INTRAGROUP	**–**	–	**–**	–	**–**	–
	10 291	12 205	**8 424**	10 205	**417**	755
OTHER NON-CURRENT ASSETS						
Trade and other receivables	**58**	289	**–**	–	**–**	–
Deferred tax	**1 081**	530	**–**	–	**–**	–
Non-current assets held for sale	**26**	811	**–**	–	**–**	–
Other	**12**	307	**–**	–	**–**	–
TOTAL	**11 468**	14 142	**8 424**	10 205	**417**	755

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

^ Excluding of goodwill and other intangibles.

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the year ended 31 December 2020

	31 December 2020 Rm	*Restated 31 December 2019 Rm
2. Employee costs		
Salaries, wages, bonuses and other benefits	**(1 534)**	(2 247)
Pension costs – defined contribution plans	**(88)**	(229)
Other benefits – long service award	**1**	(6)
– post retirement	**2**	(11)
– farewell gifts	**1**	(1)
Employee share-based payments	**(17)**	(18)
	(1 635)	(2 512)

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	31 December 2020 Rm	*Restated 31 December 2019 Rm
3. Property and equipment rentals		
Property and equipment rentals expense is made up of the following short-term, low value and variable rental charges:		
Plant, vehicles and equipment (short-term and low value rentals)	**(12)**	(29)
Variable rental charges	**–**	(37)
Cash charge	**–**	(37)
	(12)	(66)
RENTAL COMMITMENTS		
The group has the no material rental agreements as at 31 December 2020, following the adoption of IFRS 16: Leases at 1 January 2019.		
The future aggregate minimum lease payments under non-cancellable short-term rentals are as follows:		
No later than 1 year	**(39)**	(61)
Later than 1 year and no later than 5 years	**–**	–
Later than 5 years	**–**	–
	(39)	(61)

Refer to note 11 and 12, on the IFRS16 impact on the groups rental commitments.

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

	31 December 2020 Rm	*Restated 31 December 2019 Rm
Auditors' remuneration	**(25)**	(25)
Audit fees	**(19)**	(21)
Fees for other services	**(6)**	(4)
Professional fees	**(7)**	(11)
Net (loss)/profit on disposal of property, plant and equipment	**8**	(21)
Insurance premium costs#	**–**	(15)
Impairment of continued operations assets and intangibles^	**(1 257)**	(172)

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

\# In prior years insurance premium relates to the portion of risk that is not retained by SIL's captive insurer (La Coupe PCC Limited) and which is transferred to the insurance markets. As La Coupe is in the process to be closed, no insurance premiums were written or reinsured out by La Coupe during the 2020 period.

^ Refer to notes 11 & 12.

5. Finance income

	31 December 2020 Rm	*Restated 31 December 2019 Rm
Interest earned on cash and cash equivalents	**2**	17
Interest earned on pension fund	**15**	–
	17	17

6. Finance expense

	31 December 2020 Rm	*Restated 31 December 2019 Rm
Interest paid on borrowings	**(623)**	(804)
Hedge ineffectiveness of interest rate swaps (refer to note 14)	**(135)**	27
Preference share dividends	**(99)**	(85)
Interest on lease liabilities^	**(75)**	(76)
Imputed interest on loans payable	**(11)**	(10)
	(943)	(948)

6. Finance expense continued

^ LEASE LIABILITIES

The group has adopted IFRS 16 Leases in 2019. The below provides a breakdown of the interest associated to IFRS 16 Lease Liabilities per right of use asset class.

	31 December 2020 Rm	*Restated 31 December 2019 Rm
INTEREST ON LEASE LIABILITIES:		
Buildings	**(68)**	(68)
Land	**(5)**	(3)
Equipment	**(2)**	(4)
Vehicles	**–**	(1)
	(75)	(76)

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7. Adjusted EBITDA reconciliation

	31 December 2020 Rm	*Restated 31 December 2019 Rm
OPERATING PROFIT	**(1 425)**	2 091
Depreciation and amortisation	**929**	1 045
EXCEPTIONAL ITEMS	**1 393**	105
Net loss/(profit) on disposal of property, plant and equipment	**(8)**	21
Impairment of non current assets	**1 257**	172
Rights offer cost	**21**	–
Insurance claim Sun City	**–**	(89)
Loss on disposal of interests in subsidiaries	**–**	(1)
Profit on sale of a management contract	**–**	(18)
South African operations restructuring cost	**134**	55
Forward exchange contract losses	**–**	4
Other^	**(11)**	(39)
ADJUSTED EBITDA	**897**	3 241

^ Inclusive of expenses which are of an unusual and infrequent in nature as a result of unforeseen and typical events. Refer to Annexure: Accounting Policies.

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

In the prior year we disclosed EBITDAR as IFRS 16 was adopted, and now subsequently as rental expenses are not significant anymore, the CODM now look at adjusted EBITDA. Therefore management have now in the current year, included rental expenses (which are very immaterial) in the adjusted EBITDA.

8. Tax

	31 December 2020 Rm	*Restated 31 December 2019 Rm
(a) STATEMENT OF COMPREHENSIVE INCOME		
Attributable to continued operations	**430**	(332)
Current tax – South African	**404**	(332)
Current tax – Foreign	**26**	–
	447	(150)
Current tax – current year	**(133)**	(487)
– prior years	**–**	(17)
Deferred tax – current year	**609**	93
– prior years	**(29)**	28
– recognition of previously unrecognised tax losses	**–**	233
Deferred tax – adjustment due to rate change	**–**	–
CGT	**–**	–
Withholding taxes	**(2)**	(27)
Latam income tax provision	**(15)**	(155)
	430	(332)
Tax losses not recognised as deferred tax assets	**151**	79

8. Tax continued

GROUP RECONCILIATION OF EFFECTIVE TAX RATE

2020	South Africa Rm	Nigeria Rm	Swaziland Rm	Sun Latam and Sun Chile Rm	Total continuing operations Rm	Sun Dreams (dis-continued operations) Rm	Group Rm
PROFIT/(LOSS) BEFORE TAX – CONTINUING OPERATIONS	(1 132)	(314)	(49)	(158)	(1 653)	–	(1 653)
PROFIT/(LOSS) BEFORE TAX – DISCONTINUING OPERATIONS	–	–	–	–	–	(939)	(939)
Tax effects of amounts which are not deductible/(non-taxable) in calculating taxable income:							
Depreciation on non-qualifying buildings	52	–	1	–	53	–	53
Impairment of assets and fair value adjustments	72	–	–	–	72	53	125
Remeasurement to fair value less cost to sell – (Sun Dreams IFRS 5 impairment)	–	–	–	–	–	612	612
Other non-deductible expenditure (Fines & Penalties, Legal fees and CSI, amortisation costs, IFRS 2, SIEST distributions)	91	–	1	–	92	70	162
Fair value adjustment on put options liability	(1 007)	–	–	–	(1 007)	–	(1 007)
Other exempt income	–	–	–	–	–	(25)	(25)
Tax incentives	(15)	–	–	–	(15)	–	(15)
Price level adjustment on taxable equity – loal tax effect	–	–	–	–	–	(260)	(260)
Inflation on taxable cost of investment in subsidiaries	–	–	–	–	–	(570)	(570)
Losses for which no deferred tax asset raised	539	314	–	110	963	91	1 054
TAXABLE INCOME/(LOSS)	(1 400)	–	(47)	(48)	(1 495)	(968)	(2 463)
Statutory country tax rate	28.0%	30.0%	27.5%	27.0%	–	27.0%	–
Tax at standard rate	392	–	13	13	418	261	679
Withholding taxes	(2)	–	–	–	(2)	–	(2)
Latam income tax provision	(15)	–	–	–	(15)	–	(15)
Adjustments for current tax of prior periods	29	–	–	–	29	–	29
	404	–	13	13	430	261	691
EFFECTIVE TAX RATE	36%	0%	26%	8%	26%	0%	16%

8. Tax continued

GROUP RECONCILIATION OF EFFECTIVE TAX RATE continued

2019	South Africa Rm	Nigeria Rm	Swaziland Rm	Sun Latam and Sun Chile	Total con-tinuing	Sun Dreams dis-continued operations	Group Rm
PROFIT/(LOSS) BEFORE TAX – CONTINUING OPERATIONS	1 252	(59)	(8)	(47)	1 138	–	1 138
PROFIT/(LOSS) BEFORE TAX – DISCONTINUING OPERATIONS	–	–	–	–	–	443	443
Tax effects of amounts which are not deductible/(non-taxable) in calculating taxable income:							–
Preference share funding (interest)	85	–	–	–	85	–	85
Depreciation on non-qualifying buildings	73	–	1	–	74	–	74
Impairment of assets and fair value adjustments	26	–	–	–	26	–	26
Other non-deductible expenditure (Fines & Penalties, Legal fees and CSI, amortisation costs, IFRS 2, SIEST distributions)	88	–	2	4	94	(3)	91
Fair value adjustment on put options liability	(44)	–	–	–	(44)	–	(44)
Exempt Income – other (lessor contribution, associated income and disposal of income earning structure)	(136)	–	–	–	(136)	38	(98)
Tax incentives	(22)	–	–	–	(22)	–	(22)
Recognition previously unrecognised tax losses	(832)	–	–	–	(832)	–	(832)
Chilean capital indexed to inflation tax	–	–	–	–	–	79	79
Foreign inflation adjustment	–	–	–	–	–	80	80
Losses for which no deferred tax asset raised	143	59	–	47	249	81	330
TAXABLE INCOME	633	–	(5)	4	632	718	1 350
Statutory country tax rate	28.0%	30.0%	27.5%	27%	28.0%	27.0%	
Tax at standard rate	176	–	(1)	1	176	194	370
Withholding taxes	27	–	–	–	27	–	27
Latam income tax provision	155	–	–	–	155	–	155
Adjustments for current tax of prior periods	(26)	–	–	–	(26)		(26)
	332		(1)	1	**332**	**194**	526
EFFECTIVE TAX RATE	27%		–	–	29%	–	33%

8. Tax continued

GROUP RECONCILIATION OF EFFECTIVE TAX RATE continued

	31 December 2020 Rm	*Restated 31 December 2019 Rm
DEFERRED TAX		
(b) **STATEMENT OF FINANCIAL POSITION**		
DEFERRED TAX ASSET		
Balance at beginning of period	**(163)**	196
Credited to the statement of comprehensive income	**(821)**	(298)
– Current year credit to profit or loss	**(832)**	(116)
– Prior year under provision	**(1)**	(28)
– Adjustment due to rate change	**–**	–
– Charged/(credited) to other comprehensive income	**12**	79
– Recognition of previously unrecognised tax losses	**–**	(233)
Disposal of a subsidiary	**106**	–
Lease liability	**–**	22
PPA Adjustment	**–**	1
Hyperinflation adjustments	**–**	(59)
Currency Translation adjustments	**–**	(25)
TOTAL DEFERRED TAX ASSET AT END OF THE YEAR FROM CONTINUING OPERATIONS	**(878)**	(163)

Deferred tax arises from the following temporary differences:

	Accelerated asset allowances/ prepaid expenses	
	31 December 2020 Rm	31 December 2019 Rm
DEFERRED TAX LIABILITIES		
Balance at beginning of period	**952**	1 128
Credited to statement of comprehensive income	**(292)**	(239)
– current year charge/(credit) to profit or loss	**(270)**	(267)
– prior year under provision	**(22)**	28
Disposal of subsidiary	**–**	–
PPA Adjustment	**–**	1
Right-of-use-asset	**–**	(22)
Latam tax credit	**–**	–
Hyperinflationary adjustments	**–**	59
Foreign currency translation adjustments	**–**	25
	660	952
To be recovered after more than 12 months	**637**	929
To be recovered within 12 months	**23**	23
	660	952

8. Tax continued

GROUP RECONCILIATION OF EFFECTIVE TAX RATE continued

	Assessable losses		Contract liabilities		Trade payables and other accruals	
	31 Dec 2020 Rm	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm
DEFERRED TAX ASSETS						
Balance at beginning of period	**(711)**	(488)	**(185)**	(146)	**(220)**	(298)
(Charged)/credited to:	**(508)**	(223)	**(63)**	(39)	**42**	78
– current year (credit)/charge to profit or loss	**(515)**	10	**(63)**	(39)	**16**	(1)
– prior year under/(over) provision	**7**	–	**–**	**–**	**14**	**–**
– Recognition of previously unrecognised tax losses	**–**	(233)				
– Charged to other comprehensive income	**–**	–	**–**	–	**12**	79
Disposal of subsidiary	**106**		**–**		**–**	
BALANCE AT END OF PERIOD	**(1 113)**	(711)	**(248)**	(185)	**(178)**	(220)

Included in the group's recognised deferred tax assets is an amount of R808 million which is mainly attributable to Sun International South African Limited (2019: R711 million), of which the utilisation depends on future taxable profits based on the approval plans and budgets for the subsidiary, in excess of the profits arising from the reversal of existing taxable temporary differences, and the relevant group entity from which the deferred tax asset arises has suffered a loss in either the current or a preceding period.

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

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

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

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

The group recognised the majority of the deferred tax assets relating to the 2020 year's losses, with exception of a tax asset of R151 million based on certain recognition criteria. This deferred tax asset could be recognised in future years once it meets said criteria.

In 2019 Sun Time Square recognised the deferred tax asset due to company successfully improving its profitablity and funding structure. As a result management revised its estimated future taxable profits and recognised the tax effect of R50 million previously unrecognised tax losses (tax impact: R233 million).

	31 December 2020 Rm	31 December 2019 Rm
To be recovered after more than 12 months	**(1 361)**	(896)
To be recovered within 12 months	**(178)**	(220)
	(1 539)	(1 116)
Net deferred tax liability/(asset)	**(878)**	(163)
AGGREGATE ASSETS AND LIABILITIES ON SUBSIDIARY COMPANY BASIS:		
Deferred tax assets	**(1 208)**	(530)
Deferred tax liabilities	**330**	367
	(878)	(163)

9. Return to shareholders

(a) EARNINGS PER SHARE (EPS)

	31 December 2020				31 December 2019			
	Gross Rm	Tax Rm	Minorities Rm	Net Rm	Gross Rm	Tax Rm	Minorities Rm	Net Rm
PROFIT/(LOSS) FOR THE YEAR	(2 423)			(1 829)	1 054			653
HEADLINE EARNINGS ADJUSTMENTS	1 890	(330)	(140)	1 420	140	(43)	11	108
Net (profit)/loss on disposal of property, plant and equipment	(8)	–	(1)	(9)	21	1	(1)	21
Net profit on disposal of management contract	–	–	–	–	(18)	4	–	(14)
Net profit on disposal of subsidiary	(25)	–	–	(25)	(1)	–	–	(1)
Remeasurement to fair value less cost to sell – (Sun Dreams IFRS 5 impairment)	612	–	(100)	512	–	–	–	–
Reversal of prior year Panama impairment	–	–	–	–	(34)	–	12	(22)
Impairments of assets: Sun Dreams	53	–	(19)	34				
Impairment of assets: South Africa	1 258	(330)	(20)	908	172	(48)	–	124
HEADLINE EARNINGS				(409)				761
ADJUSTED HEADLINE EARNINGS ADJUSTMENTS	(453)	(107)	(137)	(697)	56	(28)	(26)	2
IFRS 9 debt modification adjustment	43	–	–	43	–	–	–	–
Pension fund interest	(15)	4	–	(11)				–
Sun City Insurance claim received				–	(89)	21	–	(68)
IFRS 16 Lease liability impairment (Discontinued operations)	(24)	–	9	(15)				
Amortisation of Dreams intangibles assets raised as part of PPA	51	(14)	(13)	24	104	(28)	(27)	49
Fair value gain on put option liabilities	(1 007)	–	–	(1 007)	(44)	–	–	(44)
Foreign exchange and net monitory (profit)/losses	211	(68)	(71)	72	4	–	–	4
Forward exchange contract losses	–	–	–	–	4	(1)	–	3
Rights offer expenses	21	–	–	21	–	–	–	–
Impairment of other financial assets relating to Sun Dreams	65	–	(23)	42				
Latam additional income tax				–	–	155	–	155
Latam withholding tax				–	–	22	–	22
Restructuring costs (South Africa)	134	(29)	(14)	91	32	–	–	32
Restructuring costs (Latam)	70	–	(25)	45	23	–	(8)	15
Time Square deferred tax relating to prior years				–	–	(193)	28	(165)
Other*	(2)			(2)	22	(4)	(19)	(1)
ADJUSTED HEADLINE EARNINGS	(986)	(437)	(277)	(1 106)	1 250	(71)	(15)	763

9. Return to shareholders continued

	31 December 2020	^31 December 2019
NUMBER OF SHARES FOR DILUTED EPS AND HEPS CALCULATION (000'S)		
Weighted average number of shares in issue	**174 973**	126 145
Adjustment for dilutive share awards	**–**	–
Diluted weighted average number of shares in issue	**174 973**	126 145
(LPS)/EPS (CENTS)		
Basic	**(1 045)**	518
Headline	**(234)**	603
Adjusted headline	**(633)**	605
Dilutes basic	**(1 045)**	518
Diluted headline	**(234)**	603
Diluted adjusted headline	**(633)**	605
CONTINUED OPERATIONS (LPS)/EPS (CENTS)		
Basic	**(539)**	390
Headline	**(26)**	497
Adjusted headline	**(479)**	425
Dilutes basic	**(539)**	390
Diluted headline	**(26)**	497
Diluted adjusted headline	**(479)**	425
DISCONTINUED OPERATIONS (LPS)/EPS (CENTS)		
Basic	**(506)**	128
Headline	**(208)**	106
Adjusted headline	**(154)**	180
Dilutes basic	**(506)**	128
Diluted headline	**(208)**	106
Diluted adjusted headline	**(154)**	180

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

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

For the diluted EPS calculation the weighted average number of ordinary shares in issue is adjusted to take account of potential dilutive share awards granted to employees. The number of shares taken into account is determined by taking the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to the outstanding share awards. This calculation is done to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution. There was no dilutive effect in 2020.

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

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9. Return to shareholders continued

(b) DIVIDENDS DECLARED AND PAID

	31 December 2020	31 December 2019
No dividends were declared for the period ended 31 December 2020 or for the period ended 31 December 2019		
Dividends paid by the company	**–**	–
Dividends paid to minorities in subsidiaries	**(141)**	(373)
TOTAL DIVIDENDS PAID BY THE GROUP	**(141)**	(373)

10. Acquisition/disposal of subsidiaries

(1) PURCHASE OF SHARES IN SUBSIDIARIES

Purchase of shares in subsidiaries

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

	31 December 2020		31 December 2019	
	Shareholding acquired %	Purchase price Rm	Shareholding acquired %	Purchase price Rm
Afrizun KZN Pty Ltd (Dolcoast)	**–**	**–**	22.39%	535.7
Afrizun KZN Pty Ltd (Foromors)	**–**	**–**	1.50%	36.0
Afrizun KZN Manco Pty Ltd	**–**	**–**	29.92%	3.7
National Casino Resort Manco Pty Ltd	**–**	**–**	3.73%	0.2
Sun Latam	**0.79%**	**36.1**	–	–
		36.1		575.6

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

- Sun Latam – 99.96%

The above noted acquisitions resulted in the group holding the following effective shareholding as at 31 December 2019:

- Afrizun KZN Pty Ltd – 90.67%
- Afrizun KZN Manco Pty Ltd – 87.54%
- National Casino Resort Manco Pty Ltd – 94.10%

(2) DISPOSAL OF SHARES IN SUBSIDIARIES

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

	31 December 2020		31 December 2019	
	Shareholding disposed %	Purchase price Rm	Shareholding disposed %	Purchase price Rm
Sun Dreams Soceidad Anonima	**64.94%**	**2 628**	–	–
Transkei Sun Pty Ltd	**–**	**–**	19.88%	12
		2 628		12

The above noted acquisitions resulted in the group holding the following effective shareholding as at 31 December 2019:

- Transkei Sun Pty Ltd – 50.12%

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

- Sun Dreams – 0%

10. Acquisition/disposal of subsidiaries continued

(2) DISPOSAL OF SHARES IN SUBSIDIARIES continued

(2a) Background to the sale of the equity of 64.94% in Sun Dreams

At the start of the financial period Sun International Limited ("Sun International" or "Sun") held 64.94%, through its subsidiary Sun Latam (held 99.164%), of the issued share capital of Sun Dreams Sociedad Anonima, a company incorporated in Chile ("Sun Dreams"), while Nueva Inversiones Pacifico Sur Limitada ("Pacifico") at the start of the financial period held the remaining 35.0 6% of the issued share capital. Sun Dreams operates a number of casinos, hotels as well as entertainment, food and beverage facilities throughout Latin America ("Latam") including in Argentina, Chile, Colombia, Panama and Peru.

In the prior financial year, on 30 April 2019, Sun announced that it had entered into an agreement with Pacifico whereby it had agreed to sell 14.94% of its interest in Sun Dreams for US$85.8 million (R1.232 million), which would have resulted in each party holding a 50% equity interest in Sun Dreams. This transaction was defined as "Transaction 1". The transaction was classified as a Category 2 transaction in terms of Section 9.15 of the JSE Listings Requirements.

Closure of the transaction was intended to take place following the fulfilment of the last of the conditions precedent as set out in the share purchase agreement, which included securing approval from the Superintendency for Gambling Casinos ("SCJ") in Chile. This approval by the SCJ was granted on 26 November 2019 where after Sun Latam moved for closure of the transaction on 3 December 2019. On 28 November 2019 and notwithstanding that all of the conditions precedent to the transaction had already been timeously fulfilled, and after being summoned for the closing pursuant to the provisions of the share purchase agreement, Pacifico addressed a letter to Sun Latam purporting to terminate the transaction and failed to close the transaction. As this was the last condition precedent that needed to be met and due to the fact that Sun Latam management was going to enter a legal dispute with Pacifico which could take years to conclude on (detailed in the next paragraph), it could not with certainty be determined that the investment held in Sun Dreams would be disposed of within the next 12 months at 31 December 2019. A disposal within the next 12 months seemed highly unlikely and therefore the operations was not classified as assets held for sale in terms of IFRS5.

At this date the sale of 14.94% of Sun Dreams would not have resulted in Sun International losing control. Accordingly, in January 2020, Sun Latam declared a dispute with Pacifico and approached the International Chamber of Commerce ("ICC") to resolve the dispute by way of arbitration in terms of the ICC Rules of Arbitration in Chile. Sun International's purpose was to obtain specific performance of the share purchase agreement, including the full payment of the above indicated purchase price. This arbitration was expected to be heard during 2021. Sun Dreams was no longer being actively marketed since 31 December 2019, as management were preparing for the legal dispute.

Although as at 30 June 2020, no final acquisition amount was concluded on or offered by Pacifico to Sun International the parties opened up discussions on the matter of effecting the transaction and therefore resolving the above mentioned dispute outside the arbitration process. As a buyer had been identified and at a reasonable price, the transaction became highly probable that it could be effected within the next 12 months and therefore management disclosed the Sun Dreams operations as Discontinued Operations Held for Sale in terms of IFRS 5. In accordance with IFRS 5.15-15A management assessed whether the investment in Sun Dreams is measured at the lower of carrying amount and fair value less costs to sell, management concluded that the value it was expecting to receive out of the disposal at that point in time was not exceeding the net asset value of the investment held and therefore accounted for an remeasurement to fair value less cost to sell impairment. Refer to note 12 for impairments processed in the relevant CGU's prior to Sun Dreams being classified as held for sale.

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

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

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

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

10. Acquisition/disposal of subsidiaries continued

(2) DISPOSAL OF SHARES IN SUBSIDIARIES continued

(2b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the ten months ended 31 October (2020 column) and the year ended 31 December 2019.

	31 October 2020 Rm	Restated 31 December 2019 Rm
Revenue	1 210	4 532
Expenses	(2 084)	(4 089)
(LOSS)/PROFIT BEFORE TAX	(874)	443
Income tax expense	261	(194)
(LOSS)/PROFIT AFTER TAX OF DISCONTINUED OPERATION	(613)	249
Remeasurement to fair value less cost to sell	(612)	–
Profit on sale of subsidiary after income tax	25	–
(LOSS)/PROFIT FROM DISCONTINUED OPERATION	(1 200)	249
Minority portion	(314)	87
Ordinary shareholders portion	(886)	162
OTHER COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS		
Release of FCTR	(255)	–
Exchange differences on translation of discontinued operations	640	(119)
TOTAL COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS	(815)	130
Minority portion	(81)	45
Ordinary shareholders portion	(734)	84
Net cash (outflow)/inflow from operating activities	(459)	940
Net cash inflow/(outflow) from investing activities	8	(416)
Net cash inflow/(outflow) from financing activities	271	(683)
NET DECREASE IN CASH GENERATED BY THE SUBSIDIARY	(180)	(159)

(2c) Details of the sale of the subsidiary

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

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

10. Acquisition/disposal of subsidiaries continued

(2) DISPOSAL OF SHARES IN SUBSIDIARIES continued

(2c) Details of the sale of the subsidiary continued

Contingent consideration if the following occurs:

- First contingent consideration: If Sun Dreams' casino licences for its operations in Monticello, Temuco, Valdivia and Punta Arenas (the "SCJ Licences") are all renewed for a period of 15 or more years, on or before December 31, 2024, a first contingent payment of CLP$ 10,585,000,000 (R218 million) from Pacifico to Sun Latam shall be made; and
- Second contingent consideration: if the conditions for the first contingent consideration are met and in addition to that the EBITDAR of the companies holding the renewed SCJ Licences during the first calendar year following the renewal is equal or higher than CLP$52,490,000,000 (R1.079 billion), a second contingent payment of CLP$31,755,000,000 (R653 million) from Pacifico to Sun Latam shall be triggered.

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

Contingent 1 – Renewal of the above noted casino licenses:

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

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

Management therefore assesses the fair value of the 1st contingent as zero at the effective date of the transaction and 31 December 2020.

Contingent 2 – Future performance:

Due to the ongoing pandemic, Chile has been in a 6-month hard lockdown since March 2020 with all casinos being closed. Sun Dreams has only opened Monticello late in December 2020 with limited performance. Chile has again increased their lockdown regulations in January 2021 to combat the resurgence of the virus and therefore indicative that Sun Dreams will take longer than initially expected to recover to normal operating levels.

This, along with licence renewal risk in Chile, Sun Dreams faces several challenges, including political and social reforms in the country and the need to secure funding for its new casino project in Iquique. Additionally, the impact of the COVID-19 pandemic on Sun Dreams along with other judicial matters and uncertainty on overall costs, current retrenchments and the last several years Sun Dreams has not been able to achieve their yearly budgeted financial targets approved by their Board due to the factors noted above. The performance target could only be reached with a 75% growth in 2021 and thereafter more than double inflationary growth year on year.

After considering the above and the quantitative factors like the growth in revenue to be achieved to meet the 2nd contingent consideration of equal or higher than CLP$52,490,000,000 (R1.079 billion) in 2024/25, Sun International management assessed the probability as highly unlikely that Sun Dreams will recover quickly enough to achieve the financial performance conditions required by the conditional period likely being 2025 and that the fair value of the 2nd contingent consideration also zero is at the effective date of the transaction and 31 December 2020.

10. Acquisition/disposal of subsidiaries continued

(2) DISPOSAL OF SHARES IN SUBSIDIARIES continued

(2c) Details of the sale of the subsidiary continued

Therefore no financial asset was raised as at 31 December 2020 for neither of the contingent considerations. Management will however assess the considerations on an annual basis to determine whether it is appropriate to recognise the asset on our Balance Sheet in future years.

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

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

11. Property, plant and equipment

	~Right of use assets	Freehold land and buildings	Leasehold land and buildings	Infra-structure	Plant, equip-ment and machinery	Furniture and fittings	Operating equip-ment	Capital work in progress	Total
RESTATED CLOSING BALANCE AS AT 31 DECEMBER 2018	**–**	**9 685**	**1 940**	**1 405**	**2 810**	**323**	**839**	**153**	**17 155**
Cost	–	12 667	3 082	2 315	9 158	1 299	988	153	29 662
Accumulated depreciation	–	(2 982)	(1 142)	(910)	(6 348)	(976)	(149)	–	(12 507)
Reclassification to assets held for sale	–	(26)	–	–	–	–	–	–	(26)
Reclassifications[$]	–	31	(25)	33	598	22	(597)	(73)	(11)
Capitalisation of right of use asset as at 1 January 2019	823	–	–	–	–	–	–	–	823
Exchange rate adjustments	(25)	(368)	20	(75)	(58)	(17)	(9)	(10)	(542)
Additions	2	11	107	58	555	100	71	203	1 107
Disposals	–	–	(5)	–	(7)	(6)	–	(18)	(36)
Operating equipment usage	–	–	–	–	–	–	(71)	–	(71)
Depreciation	(105)	(244)	(93)	(101)	(739)	(109)	(13)	–	(1 404)
Hyperinflation adjustment[#]	–	–	–	18	40	2	–	–	60
Impairments	(163)	–	–	(8)	–	–	–	–	(171)
CLOSING BALANCE AS AT 31 DECEMBER 2019	**532**	**9 089**	**1 944**	**1 330**	**3 199**	**315**	**220**	**255**	**16 884**
Cost	636	12 168	3 075	2 342	9 101	1 225	310	255	29 112
Accumulated depreciation	(104)	(3 079)	(1 131)	(1 012)	(5 902)	(910)	(90)	–	(12 228)

[#] The hyperinflation adjustment relating to the Argentinian operations: Refer to Annexure: Accounting Policies

[^] Sun Dreams movements in PPE have been disclosed throughout the PPE note up to 31 October 2020 when the subsidiary was disposed of, refer to note 10.

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

~ **Right-of-use asset**

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

The right-of-use assets' titles are restricted by lease liabilities. This is in order to adhere with IFRS disclosure requirements.

11. Property, plant and equipment continued

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

[#] The hyperinflation adjustment relating to the Argentinian operations: Refer to Annexure: Accounting Policies

[^] Sun Dreams movements in PPE have been disclosed throughout the PPE note up to 31 October 2020 when the subsidiary was disposed of, refer to note 10.

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

[~] **Right-of-use asset**

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

The right-of-use assets' titles are restricted by lease liabilities. This is in order to adhere with IFRS disclosure requirements.

11. Property, plant and equipment continued

	31 December 2020 Rm	31 December 2019 Rm
Amounts recognised in the statement of financial position		
This note provides information for leases where the group is a lessee.		
RIGHT-OF-USE ASSETS		
Land	**43**	47
Buildings	**156**	459
Equipment	**5**	20
Vehicles	**–**	–
Other	**3**	6
	207	532
Amounts recognised in the statement of comprehensive income		
DEPRECIATION CHARGE OF RIGHT OF USE ASSETS		
Buildings	**(23)**	(80)
Land	**(5)**	–
Equipment	**(15)**	(21)
Vehicles	**–**	(2)
Others	**(3)**	(2)
	(46)	(105)

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

Included in impairments is a Right of Use Assets relating to the The Maslow building lease, which the remaining portion was impaired in the 2020 period, after R163 million was impaired in the prior year.

IMPAIRMENTS

Impairment of cash generating units:

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

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

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

* The revenue growth rate from 2020 to 2021 has been determined based on the group achieving 80% of 2019 revenue figures in 2021. The year on year revenue growth rate from 2022 has been determined based on past performance and expected future growth. This is supported by the post lockdown recovery of the group.

11. Property, plant and equipment continued

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

The current The Maslow lease is expiring at the end of 2031, and due the current market hotel concentrations in the Sandton area, it is unlikely that the lease will be extended, the valuation model thus used a discounted cashflow period of the full remaining 10 years left of the lease with no perpetual growth rate and a nil terminal value incorporated.

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

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

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

The factors above were tailored in the discount rates.

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

The discount rate that is used to determine the valuation of each operation is calculated for each country that Sun International operates in. Accordingly, the pre tax discount rate was determined for the South African 10.3% to 19.06%, (2019 – between 9.8% and 15.5%), and Latam operations 9.20% to 9.90%, (2019 – 9.98%).

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

- market risk premium of 6.25% (2019 – 5.50%) and 5.20% (2019 – 5.50%) for the South African and Latam operations respectively;
- beta co-efficient of 1.29 (2019 – 1.40) for the South African operations and 1.40 (2019 – 1.40) for Latam operations and;
- risk free rate of 10.26% (2019 – 9.60%) and 1.5% (2019 – 3.30%) for the South African and Chilean operations respectively based on the average annualized yields to maturity on short and medium term Government bonds issued in each of these jurisdictions.

The terminal growth rate has been determined based on long-term CPI forecasts and real GDP forecasts.

11. Property, plant and equipment continued

SENSITIVITY ANALYSIS

The group's impairment reviews are sensitive to changes in the key assumptions described above.

A change in the key assumptions would result in the following additional impairment charges against the carrying value of the identified CGUs in the 2020 financial year:

	31 December 2020 Rm
Sun City:	
Achievement of 75% of 2021's revenue forecast	2
1% decrease in the terminal growth rate	15
1% increase in the discount rate (pre-tax)	43
The Boardwalk	
Achievement of 75% of 2021's revenue forecast	17
1% decrease in the terminal growth rate	–
1% increase in the discount rate (pre-tax)	12
The Maslow Sandton:	
Achievement of 75% of 2021's revenue forecast	N/A
1% decrease in the terminal growth rate	N/A
1% increase in the discount rate (pre-tax)	N/A
The Maslow Sandton CGU was already fully impaired on year end, with the exception of low value operating equipment	
Effect on the Value in Use vs. Carry Value of the rest of the CGU's not noted above	
Achievement of 75% of 2021's revenue forecast	62
1% decrease in the terminal growth rate	143
1% increase in the discount rate (pre-tax)	258

The CGU's included in the above summary was indentified after impairment indicators noted due to the effect of the Covid-19 pandemic on their current and future trading.

The same assumptions noted above was used to determine the noted sensitivities.

Prior year impairments

	The Maslow
Level of testing	CGU
Operating segment	Maslow
Impairment indicator	Underperformance
Method of testing	Value in use – discounted cash flow
Key assumptions:	See below
– discount rate (pre tax)	9.80%
– terminal growth rate	N/A
Impairment charge	R163 million

11. Property, plant and equipment continued

The R163 million impairment was allocated against the right of use asset that was capitalised to the balance sheet at 1 January 2019 due to the adoption of IFRS16: Leases.

	31 December 2020 Rm	31 December 2019 Rm
CAPITAL COMMITMENTS		
Authorised by the directors and contracted	**10**	206
Authorised by the directors but not contracted	**1 179**	1 083
	1 189	1 289
To be spent in the forthcoming financial year	**336**	377
To be spent thereafter	**853**	912
	1 189	1 289

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

12. Intangible assets

	Computer software Rm	Brands Rm	Bid costs Rm	Management contracts, licenses and exclusivity agreements Rm	Goodwill Rm	Lease premiums Rm	Vacation Club Rm	Restraint of trade, trade marks, customer relationships and concessions Rm	Total Rm
CLOSING BALANCE AS AT 31 DECEMBER 2018	**344**	**242**	**38**	**1 137**	**1 185**	**14**	**84**	**98**	**3 142**
Cost	936	243	543	2 361	1 307	14	113	117	5 634
Accumulated amortisation	(592)	(1)	(505)	(1 224)	(122)	–	(29)	(19)	(2 492)
Mendoza acquisition PPA finalisation adjustment	–	–	–	–	(43)	–	–	33	(10)
Cost	–	–	–	–	(43)	–	–	33	(10)
Accumulated amortisation	–	–	–	–	–	–	–		–
***RESTATED CLOSING BALANCE AS AT 31 DECEMBER 2018**	**344**	**242**	**38**	**1 137**	**1 142**	**14**	**84**	**131**	**3 132**
Cost	936	243	543	2 361	1 265	14	113	150	5 625
Accumulated amortisation	(592)	(1)	(505)	(1 224)	(123)	–	(29)	(19)	(2 493)
Additions	27	–	1	31	–	–	16	–	75
Disposals/Scrapping	(2)	–	–	(47)	–	–	–	(10)	(59)
Reclassification	2	–	–	(2)	–	–	1	2	3
Hyperinflation adjustment#	–	–	–	40	–	–	–	–	40
Exchange rate adjustments	(1)	(9)	–	(105)	(108)	(1)	–	(3)	(227)
Amortisation	(107)	–	(10)	(110)	–	–	(13)	(25)	(265)
Impairments	(1)	–	–	–	–	–	–	–	(1)
CLOSING BALANCE AS AT 31 DECEMBER 2019	**262**	**233**	**29**	**944**	**1 034**	**13**	**88**	**95**	**2 698**
Cost	893	234	544	2 281	1 155	13	129	137	5 386
Accumulated amortisation	(631)	(1)	(515)	(1 337)	(121)	–	(41)	(42)	(2 688)

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

12. Intangible assets continued

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

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

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

12. Intangible assets continued

IMPAIRMENTS

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

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

Refer to note 11 for considerations relating to key assumptions.

	Sun International Brands		Brands	Goodwill – Sun Dreams	Goodwill – Sun Slots[1]
31 December 2020	Sun International African Brand	Sun Slots Brand	Dreams Brands^	Latam^	South Africa
Impairment indicator	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life
Operating segment	Management and corporate office	Sun Slots	Dreams Peru	Sun Dreams	Sun Slots
Carry value at 31 December 2020 (millions)	–	R51 million	–	–	R464 million
Method of testing	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)
Key assumptions:					
– Year on year revenue growth rate [Y2 to Y6]*	4% to 3%	7% to 11%	3% to 6.4%	3.6% to 4%	7% to 11%
– discount rate (pre-tax)	13.92%	19.06%	9.90%	9.20%	19.06%
– growth considerations	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances
– terminal growth rate	4.70%	4.00%	2%	3%	4.00%
Impairment charge	R72 million	No impairment charge	R26 million	R27 million	No impairment charge

* The revenue growth rate from 2020 to 2021 has been determined based on the group achieving 80% of 2019 normalised revenue figures in 2021. The year on year revenue growth rate from 2022 has been determined based on past performance and expectation for future growth. This is supported by the post lockdown recovery of the group.

Sun International Management impaired the Sun International Africa Trade name (prior year carry value R72 million), due to the historical disposal of a significant portion of the groups African assets and the underperformance of the current Nigerian and Swaziland operations.

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

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

12. Intangible assets continued

SENSITIVITY ANALYSIS

As Sun Dreams were disposed during the current financial period (refer to note 10), therefore no sensitivities were performed for any Sun Dreams assets. The remaining intangible asset being the Sun Slots goodwill is not sensitive to any assumption changes.

	Sun International Brands		Brands	Goodwill – Sun Dreams	Goodwill – Sun Slots
31 December 2019	Sun International African Brand	Sun Slots Brand	Dreams Brands	Latam^	South Africa
Impairment indicator	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life	Indefinite useful life
Carry value at 31 December 2019 (millions)	R72 million	R51 million	R110 million	R570 million	R464 million
Method of testing	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)	Value in use (Discounted cash flow)
Key assumptions:					
– discount rate (pre-tax)	12.60%	14.65%	9.98%	9.98%	14.65%
– growth considerations	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances	Location of the business, including economic and political facts and circumstances
– terminal growth rate	5.30%	4.00%	3%	3%	4.00%
Impairment charge	No impairment charge	No impairment charge	No impairment charge	No impairment charge	No impairment charge

13. Equity-accounted investments

COLOMBIAN INVESTMENTS

As at October 2019 Sun Dreams acquired a 60% shareholding in the newly formed entity Sun Dreams Colombia S.A.S. via the 100% held entity Sun Casinos Colombia S.A.S, the group has deemed this newly acquired investment as an associate. This entity however forms part of the Sun Dreams group which was subsequently disposed of on 31 October 2020 (refer to note 10), therefore the below disclosure is not relevant for the 2020 financial period as the entire Sun Dreams group was disclosed as discontinued operations held for sale in terms of IFRS5 in the statement of comprehensive income for the period 1 January 2020 to 31 October 2020.

FIREFLY INVESTMENTS

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

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

	Associate^		Joint venture			
	Sun Dreams Colombia S.A.S		FireFly Investments		Total	
	31 Dec 2020 Rm	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm
Non-current assets	**–**	26	**258**	252	**258**	278
Current assets	**–**	8	**1**	1	**1**	9
Total assets	**–**	34	**259**	253	**259**	287
Non-current liabilities	**–**	–	**161**	166	**161**	166
Current liabilities	**–**	11	**70**	64	**70**	75
Equity	**–**	23	**28**	23	**28**	46
	–	34	**259**	253	**259**	287
Group proportionate share of the equity	**–**	14	**14**	11	**14**	25
GROUP CARRYING AMOUNT OF INVESTMENT	**–**	22	**31**	29	**31**	51
SUMMARISED STATEMENT OF PROFIT AND LOSS:						
Revenue	**–**	10	**33**	32	**33**	42
Expenses	**–**	(8)	**(29)**	(29)	**(29)**	(37)
Profit before tax	**–**	2	**4**	3	**4**	5
Tax	**–**	–	**(2)**	–	**(2)**	–
Profit after tax	**–**	2	**2**	3	**2**	5
Other comprehensive income	**–**		**–**	–	**–**	–
Total comprehensive income	**–**	2	**2**	3	**2**	5
GROUP PROPORTIONATE SHARE OF COMPREHENSIVE INCOME	**–**	1	**2**	2	**2**	3

^ Due to the Sun Dreams group including its investments held in associates being disclosed as discontinued operations held for sale in terms of IFRS5 for 2020 period, the profit or loss from associates in the Sun Dreams group will be included in the single line profit or loss from discontinued operations in the group statement of comprehensive income. The Sun Dreams subsidiary was subsequently sold in October 2020, refer to note 10.

GROUP PROPORTIONATE SHARE OF OTHER COMPREHENSIVE INCOME (OCI)

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

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

No dividends have been received from equity-accounted investments.

14. Derivative financial instruments

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

	31 December 2020 Rm	31 December 2019 Rm
(LIABILITY)/ASSET		
Interest rate swaps	**(199)**	4
Current liability	**(125)**	–
Non-current (liability)/asset	**(74)**	4

The interest rate swap was classified as ineffective from April 2020, as the swap was not within the range of 80% – 125% due to an unfavourable change in the interest rate plus the term of the term facilities being renegotiated resulting in a modification of the financial instrument. Refer to note 22.

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

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

(a) HEDGED ITEM:

The hedged item is defined as the interest arising on the notional amount of the total principal outstanding of the loan being R2.8 billion of the bullet loan and R2.2 billion of the amortised loan issued by the consortium of banks which is subject to interest payable at a variable rate of the quarterly JIBAR.

(b) CLASSIFICATION OF DERIVATIVES:

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

(c) FAIR VALUE OF DERIVATIVES:

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

(d) HEDGING RESERVE:

	Interest Rate swap	
	31 December 2020 Rm	31 December 2019 Rm
Opening balance	**18**	5
Hedging instrument reaching maturity recognised from OCI to profit and loss	**–**	(5)
Change in fair value of hedging instrument recognised in OCI	**66**	18
Closing balance	**84**	18

(e) AMOUNTS RECOGNISED IN PROFIT AND LOSS:

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

	31 December 2020 Rm	31 December 2019 Rm
Hedge ineffectiveness of interest rate swaps – amounts recognised in finance expense	**(135)**	27

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

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

15. Put option liabilities

	31 December 2020 Rm	31 December 2019 Rm
SunWest put option	**280**	1 287
Menlyn Maine put option	**–**	–
	280	1 287

SUN WEST PUT OPTION

In terms of the restructure agreements of the group's Western Cape assets, a put option has been given to Tsogo Sun in the event that any party acquires 35% or more of the issued ordinary shares of Sun International, triggering a change of control of the company. The Western Cape assets include Worcester and SunWest. In terms of the put option, Tsogo Sun may elect to put its equity interests (20%) in the Western Cape assets to Sun International. Sun International can elect to either settle the put by the issue of Sun International shares or in cash. A liability has been raised of R280 million (31 December 2019: R1.287 billion) in this regard. The liability is calculated in accordance with the terms of the put option agreement, effectively a 7.5 times adjusted EBITDA multiple valuation of the Western Cape assets, less net debt, times the 20% shareholding which Tsogo Sun holds. The put liability was materially effected by the decrease in trading and low adjusted EBITDA levels for the 2020 financial period, due to the 3 month lockdown period due to Covid and restricted trading conditions subsequent to the lockdown being lifted.

The put option liability has been classified as a level 3 financial instrument.

MENLYN MAINE PUT OPTION

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

16. Retirement benefit information

IAS 19 VALUATION

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

	31 December 2020 Rm	31 December 2019 Rm
The present value of the retirement surplus of the pension fund for the current and prior years is as follows:		
Present value of funded obligations	**–**	–
Fair value of plan assets	**25**	311
Surplus	**25**	311
Experience adjustment on plan obligations		
Experience adjustment on plan assets	**59%**	10%
The present value of the post-retirement medical aid obligation for the current and prior years is as follows:		
Present value of obligation	**(68)**	(85)
Experience adjustment on plan obligations	**(17%)**	(18%)

The balance remaining in the Employer Surplus Account is R9 million (R303 million as at 31 December 2019), which is recognised as an asset of the group. This balance will be used to meet the ongoing closure and liquidation costs of the Fund. During the year, R290 million was transferred in scrip to the Sanlam Umbrella Fund, another retirement fund arrangement which the Employer participates in. The group's Provident Fund employees are currently members of the Sanlam Umbrella Fund.

16. Retirement benefit information continued

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

	Pension fund liability		Post-retirement medical aid liability[1]	
	31 December 2020 Rm	31 December 2019 Rm	**31 December 2020 Rm**	31 December 2019 Rm
Present value of funded obligations	**–**	–	**(68)**	(85)
Balance at beginning of year	**–**	–	**(85)**	(92)
Current service cost (recognised through profit or loss)	**–**	–	**(2)**	(2)
Interest income/(cost) (recognised through profit or loss)	**–**	11	**(10)**	(9)
Remeasurement (loss)/gain (recognised through other comprehensive income)	**–**	(234)	**12**	15
Gain on settlement	**–**	–	**13**	–
Benefits paid and transfers made	**–**	223	**4**	3
Fair value of plan assets	**25**	311		
Balance at beginning of year	**311**	443		
Expected return on plan assets	**15**	32		
Remeasurement (loss)/gain (recognised through other comprehensive income)	**(11)**	59		
Transfer to Prepayment umbrella asset	**(290)**	–		
Benefits paid	**–**	(223)		
Present value of retirement benefit surplus	**25**	311		
Less: application of asset ceiling	**(16)**	(8)		
Balance at beginning of year	**(8)**	(411)		
Interest income (recognised through profit or loss)	**–**	(39)		
Adjustment to asset ceiling (recognised through other comprehensive income)	**(8)**	442		
Pension fund asset	**9**	303		

1 The group has no matched asset to fund these obligations. There are no unrecognised actuarial gains or losses and no unrecognised past service costs. The expected expense to be recognised in the statement of comprehensive income for the year ending 31 December 2021 is R11 million.

16. Retirement benefit information continued

	Pension fund liability		Post-retirement medical aid liability	
	31 December 2020 Rm	31 December 2019 Rm	**31 December 2020 Rm**	31 December 2019 Rm
The net amount recognised in profit or loss for the year	**(15)**	3	**12**	(11)
Current service cost	**–**	–	**2**	(2)
Interest (income)/cost	**(15)**	3	**10**	(9)
The amounts recognised in other comprehensive income for the year	**–**	267	**(25)**	15
Net actuarial loss/(gain)	**–**	(175)	**(12)**	15
Gain on settlement	**–**	–	**(13)**	–
Effect of asset ceiling	**–**	442	**–**	–
The net amount recognised in total comprehensive income for the year	**(15)**	270	**(13)**	4
PLAN ASSETS COMPRISE:				
Bonds and cash*	**100%**	100%	**–**	–

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

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

16. Retirement benefit information continued

POST RETIREMENT BENEFITS

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

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

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

	Post retirement medical aid liability	
	31 December 2020 %	31 December 2019 %
Discount rate	**13.15%**	11.02%
Inflation rate	**7.70%**	6.40%
EXPECTED FUTURE LIFE EXPECTANCY^		
Male	**19.4**	19.4
Female	**24.2**	24.2

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

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

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

SENSITIVITY

	Post retirement medical aid liability	
	31 December 2020	31 December 2019
Projected future rate of increase of the liability	**6.55%**	5.44%
1% increase in rate	**7.55%**	6.44%
Impact on the liability	**Increase R8 million or 14.2%**	Increase of R12 million or 14.2%
Impact on the service and interest costs	**Increase of R1.2 million or 13.2%**	Increase of R1.7 million or 15.4%
1% decrease in rate	**5.55%**	4.44%
Impact on the liability	**Decrease of R7 million or 11.7%**	Decrease of R10 million or 11.7%
Impact on the decrease of service and interest costs	**Decrease of R1.1 million or 11.0%**	Decrease of R1.4 million or 12.7%

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

17. Trade and other receivables

		31 December 2020 Rm	31 December 2019 Rm
FINANCIAL INSTRUMENTS			
^Loans	17.1	**58**	157
Net trade receivables		**228**	378
Trade receivables		**245**	410
Less: loss allowance	17.2	**(17)**	(32)
Net casino debtors		**–**	68
Casino debtors		**5**	213
Less: loss allowance	17.3	**(5)**	(145)
Restricted cash (funds in Escrow)$		**219**	–
Other receivables~		**81**	214
		586	817
NON-FINANCIAL INSTRUMENTS			
Prepayments*		**183**	310
Provident fund prepayment		**290**	–
Interest receivable		**12**	5
VAT		**3**	–
Current tax		**94**	270
		1 168	1 402
Non-current portion of loans		**58**	157
Non-current receiver of revenue#		**–**	132
		1 110	1 113

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

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

This relates to tax credits that Casino Punta Arenas and Casino Coyhaique can utilise against future taxes. Despite this, the entities are not able to recover all of the amount in the short term, hence this portion that is disclosed as non-current.

$ Referring to note 10 and the SunDreams disposal. An amount of R219 million of the purchase consideration was placed in Escrow as security for the settlement of a potential tax claim.

17. Trade and other receivables continued

17.1 LOANS

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

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

	Instrument Value Rm	Probability of default (PD)	Loss given default (LGD)	Exposure at default (EAD) Rm	ECL Rm
ECL AS AT 31 DECEMBER 2019					
Instrument					
Enterprise development loans	38	13.15%	65.00%	38	3
Loan with Firefly Investments	19	2.10%	72.08%	19	1
TOTAL					4

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

	Rm
Movement during the financial year:	(1)

Applying the general IFRS 9 expected credit risk model resulted in the recognition of a loss allowance of R3.5 million 31 December 2019 for debt investments at amortised cost and an increase in the allowance of R1.3 million in the current reporting period. There has been no significant increase in credit risk.

The remainder of the receivable loan balances have been assessed as fully recoverable both at 1 January 2019 and 31 December 2019, with only a negligible impact noted. Given this, these loan have not been included in the table presented above.

17.2 NET TRADE RECEIVABLES

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

- **Different categories of trade receivables with similar loss patterns were separated.**
  - The group's categories of trade receivables were separated in two classes being trade receivables from food & beverage, rooms revenue and other and casino debtors.
  - The two classes of trade receivables were based on the historical risk profile of the classes receivables.
  - Management assessed the risks of the individual trade receivables as falling into the above two group's risk profile.
- **Calculating default rates within specific time frames over a specific year using historical credit loss experience.**

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

  Default rates were calculated based on the above assessment for each time bucket as indicated below:
  - Fully performing
  - Past due by 1 to 30 days
  - Past due by 31 to 60 days
  - Past due by 61 to 90 days
  - Past due by more than 90 days

17. Trade and other receivables continued

- **An assessment of forward looking macro-economic forecasts was done to determine a possible adjustment on the historical default rates.**

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

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

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

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

17.3 NET CASINO DEBTORS

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

Trade receivables and casino debtors IFRS 9: Financial Instruments impact

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

	31 December 2020 Rm	31 December 2019 Rm
Balance at the beginning of the year	**(177)**	(206)
Charge for the year	**33**	29
Amounts written off*	**121**	–
BALANCE AT END OF YEAR	**(23)**	(177)

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

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

17. Trade and other receivables continued

	31 December 2020			31 December 2019		
	Gross Rm	Provision for doubtful debts Rm	*IFRS 9 provision matrix %	Gross Rm	Provision for doubtful debts Rm	*IFRS 9 provision matrix %
NET TRADE RECEIVABLES						
Fully performing	**142**	**(3)**	**(2.31)**	210	(4)	(1.77)
Past due by one to 30 days	**15**	**–**	**–**	62	(4)	(5.69)
Past due by 31 to 60 days	**7**	**(1)**	**(9.78)**	20	(1)	(4.43)
Past due by 61 to 90 days	**3**	**(1)**	**(18.63)**	21	(1)	(4.77)
Past due by more than 90 days	**79**	**(12)**	**(14.88)**	97	(22)	22.45
	246	**(17)**		410	(32)	
CASINO DEBTORS						
Fully performing	**–**	**–**		57	(4)	(6.62)
Past due by one to 30 days	**–**	**–**	**–**	14	–	(0.43)
Past due by 31 to 60 days	**–**	**–**	**–**	1	–	(0.42)
Past due by 61 to 90 days	**–**	**–**	**–**	–	–	
Past due by more than 90 days	**5**	**(5)**	**(100.47)**	141	(141)	(100.02)
	5	**(5)**		213	(145)	

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

18. Inventory

	31 December 2020 Rm	31 December 2019 Rm
Merchandise	**30**	73
Consumables and hotel stocks	**70**	93
	100	166

No material inventory write-off's were incurred during the current or comparative year.

19. Cash and cash equivalents

	31 December 2020 Rm	31 December 2019 Rm
Cash in the bank	**391**	490
Cash floats	**147**	285
	538	775
CASH AT THE BANK IS HELD IN THE FOLLOWING CURRENCIES:		
Rand	**107**	127
Dollar	**252**	46
Euro	**–**	1
Colombian Pesos	**–**	4
Chilean Peso	**17**	277
Naira	**12**	13
British Pound	**1**	–
Peruvian Nuevo Sol	**–**	10
Other	**2**	12
	391	490

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

20. Assets held for sale and discontinued operations

(a) SIBAYA LAND

An agreement between Sibaya and Oasis (Purchaser) regarding the purchase of a section of land that is owned by Sibaya was concluded in the third quarter of 2019, for a purchase consideration of R45 million. This transaction was delayed during 2020 due to Covid-19 which lead to this transaction's finalisation being delayed. It is probable that the sale will become effective during the 2021 financial year as most of the special conditions for the sale has been fulfilled. Management is committed to finalise this transaction in the next 12 months.

Sun Dreams Investment

Certain Colombian, Panama and Chilean assets were disclosed in the prior period as discontinued operations assets and liabilities held for sale in terms of IFRS 5. These operations however forms part of the Sun Dreams group which was subsequently disposed of on 31 October 2020 (refer to note 10). The Sun Dreams group was disclosed as discontinued operations held for sale in terms of IFRS5: Non Current Assets and Liabilities Held for Sale and Discontinued Operations in the statement of comprehensive income and statement of financial position for the period 31 December 2020.

20. Assets held for sale and discontinued operations continued

	31 December 2020	31 December 2019				
	Sibaya Land Rm	Total Rm	Sibaya Land Rm	Nao Casino Colombia SA Rm	Panama Rm	Chile Land Rm
ASSETS OF THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE:						
Property, plant and equipment	**26**	780	26	–	664	90
Other assets	**–**	17	–	–	17	–
Cash and cash equivalents	**–**	14	–	–	14	–
TOTAL ASSETS HELD FOR SALE	**26**	811	26	–	695	90
LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE:						
Accounts payable and accruals	**–**	(22)	–	–	(22)	–
TOTAL LIABILITIES HELD FOR SALE	**–**	(22)	–	–	(22)	–
NET ASSETS HELD FOR SALE	**26**	789	26	–	673	90

	31 December 2020	31 December 2019				
An analysis of the results of the discontinued operations is as follows:	*Sun Dreams Rm	Total Rm	Nao Casino Colombia SA Rm	Panama Rm	Chile Land Rm	Sun Dreams Rm
Revenue	**1 210**	4 658	12	114	–	4 532
Expenses	**(2 084)**	(4 252)	(33)	(130)	–	(4 089)
Remeasurement to fair value less cost to sell	**(612)**	–	–	–	–	–
Impairment Reversal^	**–**	34	–	34	–	–
LOSS BEFORE TAX	**(1 486)**	440	(21)	18	–	443
Tax	**261**	(194)	–			(194)
LOSS FOR THE YEAR FROM ASSETS HELD FOR SALE FROM DISCONTINUED OPERATIONS	**(1 225)**	(194)	(21)	18	–	249
CASH FLOWS OF THE ASSETS HELD FOR SALE FROM DISCONTINUED OPERATION:						
Operating cash flows	**(459)**	913	(18)	(9)	–	940
Investing cash flows	**8**	(400)	13	3	–	(416)
Financing cash flows	**271**	(683)	–	–	–	(683)
TOTAL CASH FLOWS	**(180)**	(170)	(5)	(6)	–	(159)

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

^ Reversal of prior year Impairments

	Panama Property
Level of testing	Fair value less cost to sell
Operating segment	Latam: Panama
Method of testing	Fair value/Market Value
Key assumptions:	
– discount rate	N/A
Impairment charge reversed	34 million

^ A liquidation approach was used to determine the fair value min cost to sell, and valuated at market value. Due to the significant increase in market value of properties in Panama City a reversal of R34 million prior years impairment was recognised and allocated to the asset class, Free Hold Buildings.

21. Share capital and premium

	31 December 2020 Rm	31 December 2019 Rm
AUTHORISED		
800 000 000 (31 December 2019: 200 000 000) ordinary shares of no par value		
ISSUED		
Share capital and premium	**3 100**	1 893
Treasury shares and share options	**(406)**	(352)
	2 694	1 541

All issued shares are fully paid.

10 780 000 shares (Dec 2019: 10 780 000) were placed under the specific control of the directors to allot and issue in accordance with the share plans.

	31 December 2020		31 December 2019	
	Number of shares	Rm	Number of shares	Rm
SHARES IN ISSUE				
MOVEMENT DURING THE YEAR				
STATUTORY SHARES IN ISSUE	**136 730 964**	**1 893**	136 730 964	1 893
Balance at beginning of year	**136 730 964**	**1 893**	136 730 964	1 893
TREASURY SHARES AND SHARE OPTIONS	**(14 487 668)**	**(406)**	(10 325 581)	(352)
Balance at beginning of year	**(10 325 581)**	**(352)**	(10 854 895)	(396)
Treasury shares purchased	**(4 286 949)**	**(61)**	(14 968)	(1)
Treasury shares disposed of	**(107 312)**	**(2)**	105 627	11
Vested share awards	**232 174**	**9**	438 655	34
Rights offer shares*	**127 174 696**	**1 207**	–	–
CLOSING BALANCE	**249 417 992**	**2 694**	126 405 383	1 541
TREASURY SHARES & SHARE OPTIONS				
Held by Dinokana	**6 719 759**	**170**	6 719 759	170
– 73.86% (2017: 73.6%) owned by Sun International	**4 963 214**	**41**	4 963 214	41
– 26.14% (2017: 26.4%) owned by Dinokana minorities	**1 756 545**	**129**	1 756 545	129
Held by the Sun International Employee Share Trusts	**2 597 419**	**85**	2 597 419	85
Treasury shares	**5 170 490**	**151**	1 008 403	97
	14 487 668	**406**	10 325 581	352

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

4 286 949 (Dec 2019: 14 968) RSP, CSP and BMSP shares were purchased during the year under review and 143 458 (Dec 2019: 432 847) RSP, CSP and BMSP shares were disposed of.

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

21. Share capital and premium continued

(a) SHARE INCENTIVE SCHEMES

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

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

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

(ii) Deferred bonus plan (DBP)

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

(iii) Equity growth plan (EGP)

EGP rights provide senior executives with the opportunity to receive shares in the group through the grant of conditional EGP rights, which are rights to receive shares equal in value to the appreciation of the group share price between the date on which the conditional EGP rights are granted and the date on which they are exercised, subject to the fulfilment of predetermined performance conditions over a specified performance period. The performance condition applied to the grants is that the group's AHEPS should increase by 2% per annum above inflation over a three-year performance period. If the performance condition is not met at the end of three years these awards lapse.

(iv) Conditional share plan (CSP)

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

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

	RSP and BSMP		DBP		EGP		CSP	
	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price
BALANCE AS AT 31 DECEMBER 2018	**1 164 107**	**71.99**	**4 672**	**85.47**	**4 054 700**	**66.72**	**1 655**	**86.85**
Granted during the year	432 847	46.10	–	–	–	87.52	–	–
Sold	(438 655)	78.67	–	–	–	104.18	–	–
Retained	(110 142)	81.06	–	–	–		–	–
Forfeited	(69 314)	68.96	–	–	(1 095 838)	84.72	–	–
Exercised during the year	–	–	–	–	–	–	–	–
BALANCE AS AT 31 DECEMBER 2019	**978 843**	**56.74**	**4 672**	**85.47**	**2 958 862**	**60.00**	**1 655**	**86.55**
Granted during the year	**2 795 188**	**14.17**	**–**	**–**	**–**	**–**	**1 403 141**	**6.64**
Sold	**(143 458)**	**58.61**	**–**	**–**	**–**	**–**	**–**	**–**
Retained	**(88 716)**	**62.12**	**–**	**–**	**–**	**–**	**–**	**–**
Forfeited	**(118 610)**	**47.24**	**–**	**–**	**(560 652)**	**60.00**	**–**	**–**
Exercised during the year	**–**	**–**	**–**		**–**	**–**	**–**	**–**
BALANCE AS AT 31 DECEMBER 2020	**3 423 247**	**22.09**	**4 672**	**85.47**	**2 398 210**	**60.00**	**1 404 796**	**6.73**

21. Share capital and premium continued

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

	RSP and BSMP		EGP		CSP	
	Number of Grants	Weighted average grant price	Number of Grants	Weighted average grant price (ZAR)	Number of Grants	Weighted average grant price (ZAR)
2021	207 743	60.08	1 946 183	60.08	–	–
2022	376 485	45.68	–	–	–	–
2023	2 767 688	14.17	–	–	1 403 141	6.64
	3 351 916	20.55	1 946 183	60.08	1 403 141	6.64

VALUATION OF SHARE INCENTIVE GRANTS

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

	EGP	RSP/BSMP
DECEMBER 2020		
Weighted average grant price	**–**	**14**
Weighted average 400-day volatility	**–**	**n/a**
Weighted average long term risk rate	**–**	**n/a**
Weighted average dividend yield	**–**	**n/a**
Valuation	**–**	**14**
DECEMBER 2019		
Weighted average grant price	–	46
Weighted average 400-day volatility	–	n/a
Weighted average long term risk rate	–	n/a
Weighted average dividend yield	–	n/a
Valuation	–	46

The employee share based payment expense for the 12 months was R17 million (Dec 2019: R18 million).

22. Borrowings

All borrowings are classified as level 3.

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

	Rand		Chilean Peso (Clp48.66:R1)		US Dollar (R14.62:US$1)		Swazi Lilangeni (R1:SZL 1)		Total
December 2020	**Interest rate %**	**Rm**	**Interest rate %**	**Rm**	**Interest rate %**	**Rm**	**Interest rate %**	**Rm**	**Rm**
NON CURRENT BORROWINGS		7 004		–		–		–	7 004
Term facilities	6.29%	4 442		–		–		–	4 442
Redeemable preference shares	5.71%	1 586		–		–		–	1 586
V&A loan	12.21%	37		–		–		–	37
Lease liabilities (IFRS 16)	9.50%	725		–		–		–	725
Accrued Interest$	6.13%	214		–		–		–	214
CURRENT BORROWINGS		710		–		643		24	1 377
Term facilities	6.29%	448		–		–		–	448
V&A loan	12.21%	78		–		–		–	78
Lease liabilities (IFRS 16)	9.50%	26		–		–		–	26
Shareholder loan from non-controlling interest	0.00%	36		–		–		–	36
Minority interest loans		-		–	5.00%	643		–	643
Accrued Interest$	6.13%	52		–		–		–	52
Revolving credit facility	5.99%	1 000		–		–		–	1 000
Short-term banking facilities^	5.48%	(930)		–		–	6.75%	24	(906)
TOTAL BORROWINGS (EXCLUDING IFRS 9 ADJUSTMENTS)		7 714		–		643		24	8 381
IFRS 9: Modification adjustment*		43		–		–		–	43
TOTAL BORROWINGS (INCLUDING IFRS 9 ADJUSTMENTS)		7 757		–		643		24	8 424
Non current		7 047		–		–		–	7 047
Current		710		–		643		24	1 377

The fair value of the borrowings approximates their carry values except for the V&A loan which is carried at amortised cost fair value R117 million (31 December 2019: R183 million). The fair value has been determined on a discounted cash flow basis using a discount rate of 9% (31 December 2019: 9%).

* Sun International's lender group provided the group a short-term capital and interest deferral together with a covenant waiver for the current financial period under review. These deferrals were negotiated in June 2020 and resulted in an adjustment to the debt balance due to a modification of debt in terms of IFRS 9. The change in the future cashflows of the following facilities being, Term facilities, Redeemable preference shares and the revolving credit facility fell below the "10% NPV test", resulted in a debt modification adjustment of R43 million.

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

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

22. Borrowings continued

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

	Rand		Chilean Peso (Clp52.72:R1)		US Dollar (R14.12:US$1)		Swazi Lilangeni (R1:SZL1)		Total
December 2019	Interest rate %	Rm	Interest rate %	Rm	Interest rate %	Rm	Interest rate %	Rm	Rm
NON CURRENT BORROWINGS		**7 914**		**3 707**		**–**		**–**	**11 621**
Term facilities	9.04%	4 450	5.61%	3 460		–		–	7 910
Revolving credit facility	8.70%	1 000		–		–		–	1 000
Redeemable preference shares	7.51%	1 586		–		–		–	1 586
V&A loan	12.21%	114		–		–		–	114
Lease liabilities	9.50%	728		247		–		–	975
Shareholder loan from non-controlling interest	10.63%	36		–		–		–	36
CURRENT BORROWINGS		**1 655**		**494**		**617**		**19**	**2 785**
Term facilities	9.04%	440	5.61%	441		–		–	881
Redeemable preference shares	7.51%	–		–		–		–	–
V&A loan	12.21%	62		–		–		–	62
Lease liabilities	9.50%	51		53		–		–	104
Minority interest loans	10.63%	–		–	5.00%	617		–	617
Short-term banking facilities	7.50%	1 102		–		–	9.50%	19	1 121
TOTAL BORROWINGS		**9 569**		**4 201**		**617**		**19**	**14 406**

In the prior year the changes to the terms facilities and revolving credit facility loan terms were accounted for as an extinguishment of the original loan and recognition of a new loan facility. Qualitative factors such as a change in the lenders and levels of exposure to each lender resulted in an extinguishment. The impact of the prior year restructuring resulted in R12 million being recognised in the statement of comprehensive income during 2019.

22. Borrowings continued

The borrowings are repayable as follows:

	Rand		Chilean Peso		US Dollar		Swazi Lilangeni		Total	
	31 Dec 2020 Rm	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm	**31 Dec 2020 Rm**	31 Dec 2019 Rm
6 months or less	**205**	297	**–**	145	**643**	617	**24**	19	**872**	**1 078**
6 months – 1 year	**506**	1 415	**–**	350	**–**	–	**–**	–	**506**	**1 765**
1 – 2 years	**683**	1 641	**–**	559	**–**	–	**–**	–	**683**	**2 200**
2 – 3 years	**656**	565	**–**	333	**–**	–	**–**	–	**656**	**898**
3 – 4 years	**5 049**	764	**–**	259	**–**	–	**–**	–	**5 049**	**1 023**
4 years and onwards	**658**	4 886	**–**	2 555	**–**	–	**–**	–	**658**	**7 442**
	7 757	9 568	**–**	4 201	**643**	617	**24**	19	**8 424**	**14 406**
Secured									**–**	**3 901**
Unsecured									**8 424**	**10 505**
									8 424	**14 406**
Net book value of property, plant and equipment encumbered by secured loans:									**–**	**2 264**

As at 31 December 2020, interest rates on 15% (31 December 2019: 2%) of the groups South African borrowings were fixed, 93% (31 December 2019: 35%) of these fixed borrowings were for periods longer than 12 months. The interest rates other than on the V&A loan, approximate those currently available to the group in the market.

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

The group had unutilised borrowing facilities of R3.230 billion (31 December 2019: R1.198 billion) at 31 December 2020. None of the undrawn borrowing facilities have fixed interest rates.

LEASE LIABILITIES

The group has adopted IFRS 16 Leases in 2019. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

	31 December 2020 Rm	31 December 2019 Rm
LEASE LIABILITIES		
Opening balance	**1 078**	1 145
Lease liability included in Sun Dreams disposal	**(291)**	–
Acquisition of lease	**–**	–
Add lease interest	**75**	95
less lease payments	**(111)**	(162)
Closing balance	**751**	1 078
Of which are:		
Current	**26**	105
Non Current	**725**	973

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

In South Africa, the group has R11 billion funding facilities from a consortium of South African funders. Due to Covid-19 and the decrease in trading the groups lender's has agreed on a covenant waiver for the reporting period. The Nigerian debt has always been (and remains) ring-fenced to the Federal Palace, without recourse to the group balance sheet.

22. Borrowings continued

CASH FLOW INTEREST RATE RISK

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

Interest rate sensitivity

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

	31 December 2020 Rm	31 December 2019 Rm
Profit after tax	**(77)**	(104)

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

CAPITAL RISK MANAGEMENT

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

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

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

Consistent with others in the industry, the group's lenders provided a short-term deferral of capital and interest repayments as well as a waiver of covenant levels for the financial period under review, as set out below:

- Capital payments deferred until 30 June 2021;
- Interest and preference dividend payments deferred until:
  - 31 December 2020 provided the group had sufficient levels of liquidity, which it did.
  - Deferred interest was capitalised to the respective loan and to be repaid over the repayment profile of the various facilities;
- Converted the on demand General Banking Facilities to a committed facility up to 30 June 2021;
- Measurement of covenants was waived until 30 June 2021. Covenants as well as debt restructure to be agreed with Lenders by 30 June 2021; and
- An increase in pricing which resulted in the average blended interest rate increasing by 1.2% from 31 December 2019.
- The company has been significantly deleveraged through the successful capital raise through a rights offer concluded in August 2020 which amounted to R1.2bil.

The group is not subject to externally imposed capital requirements.

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

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- the fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2, or
- if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

23. Contract liabilities and other liabilities

	31 December 2020 Rm	31 December 2019 Rm
NON FINANCIAL INSTRUMENTS		
Contract liability	**598**	622
Sun City Vacation Club[1]	**596**	594
Other deferred liabilities	**2**	28
DTI Grant	**2**	13
Discounted slot machines	**–**	15
Post-retirement medical aid liability (refer to note 16)	**68**	90
Long service award[2]	**28**	33
Withholding tax provision in Sun Chile[3]	**112**	–
Accrual for farewell gifts[4]	**3**	5
Progressive jackpots provision[5]	**–**	69
Municipal concessions[6]	**–**	26
Other liabilities	**16**	25
	825	870
Current portion relating to the Sun City Vacation Club contract liability	**(127)**	(103)
Current portion relating to the progressive jackpot provision	**–**	(69)
	698	698

	31 December 2020 Rm	31 December 2019 Rm
CONTRACT LIABILITY OPENING BALANCE[1]	**594**	572
Increase in contract liability due to sales of timeshare (Refer to the Statement of Cash Flows)	**96**	112
Revenue recognised due to amortised of time share (Refer to note 25)	**(86)**	(84)
Other movements in contract liability, due to termination of contracts	**(8)**	(6)
CONTRACT LIABILITY CLOSING BALANCE	**596**	594

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

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

3 The withholding tax provision relates to withholding tax payable to the Chilean tax authorities as at 31 December 2020 relating to the disposal of Sun Dreams (refer to note 10), at 31 December 2020, the amount was not yet concluded on and based on the best estimate from our tax experts in Chile.

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

5 This is the provision for wide area progressive jackpots in the prior period related to Sun Dreams.

6 The municipal concessions relate to a fixed contractual amount that is payable to the municipalities within which Sun Dreams operates in Iquique and Puerto Varas in Chile, this balance was subsequently disposed of together with the Sun Dreams disposal (refer to note 10)

24. Trade payables and accruals

	31 December 2020 Rm	31 December 2019 Rm
FINANCIAL INSTRUMENTS		
Trade payables	**342**	722
Other payables	**7**	83
	349	805
NON FINANCIAL INSTRUMENTS		
VAT	**41**	82
Employee related accruals	**238**	313
Accrued expenses	**861**	865
Bonus accrual	**22**	95
Latam gaming tax provision	**170**	155
Capital creditors	**23**	38
Current tax	**145**	84
	1 849	2 437

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

25. Cash flow information

		31 December 2020 Rm	*Restated 31 December 2019 Rm
25.1	**CASH GENERATED FROM OPERATIONS**		
	Operating (loss)/profit – continuing operations	**(1 425)**	2 091
	Operating loss – discontinued operations	**(1 486)**	608
	Adjustments for non-cash transactions	**3 393**	1 792
	Depreciation and amortisation (including discontinued operations)	**1 225**	1 688
	Profit on disposal of assets of continued operations	**(8)**	2
	Profit on disposal of Sun Dreams subsidiary	**(25)**	–
	Remeasurement to fair value less cost to sell – (Sun Dreams IFRS 5 impairment)	**612**	–
	Impairment of other financial assets	**65**	–
	Impairment of assets	**1 310**	172
	Reversal of impairment of assets on discontinued operations	**–**	(34)
	Net monitory (gain)/loss (hyper inflation)	**–**	(14)
	Foreign exchange loss	**268**	19
	Deferred Vacation Club revenue recognised	**(86)**	(84)
	Operating equipment usage (including discontinued operations)	**24**	60
	Employee share based payments	**17**	18
	Foreign exchange cover loss	**–**	4
	Net gains on financial assets	**(32)**	(28)
	Other non-cash movements	**23**	(11)
	Non cash working capital movements	**–**	–
	Working capital changes	**(144)**	(112)
	Inventory	**16**	5
	Accounts receivable	**297**	24
	Accounts payable	**(457)**	(141)
		338	4 379
25.2	**TAX PAID**		
	Asset/(liability) at beginning of year	**55**	112
	Tax paid by discontinued operations	**–**	–
	Current tax provided	**(132)**	(682)
	CGT and other taxes	**–**	(155)
	Non cash Latam additional tax provided	**(15)**	155
	Disposal of Sun Dreams (refer to note 10) – Tax receivable	**(53)**	–
	(Asset)/liability at end of year	**51**	(55)
		(94)	(625)

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

25. Cash flow information continued

	31 December 2020 Rm	*Restated 31 December 2019 Rm
25.3 INTEREST PAID		
Interest expense – continuing operations	**(943)**	(1 176)
Interest expense – discontinuing operations	**(182)**	16
Interest expense – Lease liabilities (IFRS16) – continuing operations	**75**	95
Interest expense – Lease liabilities (IFRS16) – discontinuing operations	**19**	–
Accrued Interest	**266**	–
Imputed interest on loans payable	**11**	10
	(754)	(1 055)
25.4 RECONCILIATION OF CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES		
Opening debt balance	**13 327**	14 683
Cash flows		
Additional borrowings	**432**	593
Repayment of borrowings	**(2 865)**	(1 552)
IFRS 9 Debt modification adjustment	**43**	–
Accrued interest	**266**	–
Disposal of subsidiary's debt (refer to note 10)	**(4 031)**	–
Forex movements	**501**	(397)
Closing debt balance	**7 673**	13 327
Continuing operations (excluding IFRS 16 lease liabilities)	**7 673**	13 327
Discontinued operations	**–**	–

* The prior year comparative financial information was restated to reflect the operations of Sun Dreams as discontinued operations in terms of IFRS 5: Non Current Assets and Liabilities Held for Sale from Discontinued Operations due to Sun Dreams being classified as discontinued operations in the 2020 financial period as the subsidiary was subsequently disposed of in October 2020 (refer to note 10). The published prior year results included Sun Dreams as continued operations.

26. Subsidiaries with non-controlling interests

(a) DISPOSALS AND ACQUISITIONS

December 2020

Refer to note 10 and 20 regarding acquisitions and disposals made.

December 2019

Refer to note 10 and 20 regarding acquisitions and disposals made.

(b) SUMMARISED FINANCIAL INFORMATION

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

	South Africa						Nigeria
December 2020	**Afrisun Gauteng Rm**	**Afrisun KZN Rm**	**Emfuleni Resorts Rm**	**SunWest International Rm**	**Sun Slots Rm**	**Time Square Rm**	**Federal Palace (Nigeria) Rm**
STATEMENT OF COMPREHENSIVE INCOME							
Profit/(loss) after tax	7	103	(200)	42	82	(447)	(313)
Other comprehensive income	–	–		–	–	–	–
Total comprehensive income	7	103	(200)	42	82	(447)	(313)
Non-controlling interest	5.35%	9.33%	14.93%	35.10%	30.00%	14.25%	50.67%
Profit/(loss) after tax	–	10	(30)	15	25	(64)	(159)
Total comprehensive income	–	10	(30)	15	25	(64)	(159)
STATEMENT OF FINANCIAL POSITION							
Current assets	74	117	37	120	207	143	41
Non-current assets	691	784	560	1 147	925	3 651	243
Current liabilities	(692)	(404)	(665)	(847)	(231)	(5 591)	(55)
Non-current liabilities	(24)	(64)	(8)	(208)	(83)	(5)	(985)
Net assets	49	433	(76)	212	818	(1 802)	(756)
Net assets attributable to non-controlling interests	3	40	(11)	74	245	(257)	(383)
STATEMENT OF CASH FLOWS							
Cash flows from/(used in) operating activities	63	151	(25)	244	171	189	(1)
Cash flows (used in)/from investing activities	(46)	(50)	(11)	(56)	(35)	(15)	(12)
Cash flows (used in)/from financing activities	(17)	(116)	20	(247)	(161)	(192)	–
Net decrease in cash and cash equivalents	–	(15)	(16)	(59)	(25)	(18)	(13)
Dividends paid to non-controlling interests	–	5	–	70	34	–	–

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

26. Subsidiaries with non-controlling interests continued

	South Africa						Nigeria	Latin America
December 2019	Afrisun Gauteng Rm	Afrisun KZN Rm	Emfuleni Resorts Rm	SunWest International Rm	Sun Slots Rm	Time Square Rm	Federal Palace (Nigeria) Rm	Sun Dreams^ Rm
STATEMENT OF COMPREHENSIVE INCOME								
Profit/(loss) after tax	81	289	(19)	500	180	(1)	(57)	248
Other comprehensive income	–	–		–	–	–	–	
Total comprehensive income	81	289	(19)	500	180	(1)	(57)	248
Non-controlling interest	5.35%	9.33%	14.93%	35.10%	30.00%	14.25%	50.67%	35.06%
Profit/(loss) after tax	4	74	(3)	176	54	–	(29)	88
Total comprehensive income	4	74	(3)	176	54	–	(29)	88
STATEMENT OF FINANCIAL POSITION								
Current assets	81	126	58	215	234	151	89	1 468
Non-current assets	681	790	657	1 223	963	3 613	323	3 382
Current liabilities	(686)	(468)	(620)	(795)	(219)	(4 215)	(71)	(806)
Non-current liabilities	(29)	(58)	29	(273)	(82)	(904)	(944)	(3 233)
Net assets	47	390	124	370	896	(1 355)	(603)	811
Net assets attributable to non-controlling interests	3	37	19	130	269	(192)	(306)	288
STATEMENT OF CASH FLOWS								
Cash flows from operating activities	225	408	95	709	256	598	(1)	940
Cash flows (used in)/from investing activities	(62)	(84)	(19)	(125)	(122)	(13)	(6)	(416)
Cash flows used in financing activities	(165)	(275)	(69)	(627)	(21)	(550)	–	(683)
Net increase/(decrease) in cash and cash equivalents	(2)	49	7	(43)	113	35	(7)	(159)
Dividends paid to non-controlling interests	2	50	–	149	19	–	–	112

^ Sun Dreams were disposed in Oct 2020, refer to note 10.

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

26. Subsidiaries with non-controlling interests continued

(c) SUN INTERNATIONAL EMPLOYEE SHARE TRUST (SIEST)

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

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

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

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

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

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

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

27. Related party transactions

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

(i) KEY MANAGEMENT COMPENSATION

	31 December 2020 Rm	31 December 2019 Rm
NON-EXECUTIVE DIRECTORS FEES		
JA Mabuza (Chairman)	**2 456**	2 365
PDS Bacon	**510**	632
PL Campher[1]	**353**	1 095
NN Gwagwa[1]	**192**	491
BLM Makgabo-Fiskerstrand	**408**	466
MV Moosa[2]	**–**	540
VP Khanyile[3]	**280**	412
SN Mabaso-Koyana[4]	**272**	–
EAMMG Cibie	**518**	631
CM Henry	**656**	782
GW Dempster	**566**	605
S Sithole	**440**	493
TR Ngara[4]	**31**	–
ZP Zatu	**409**	441
	7 091	8 953

1. Retired on 12 May 2020.
2. Retired in 2019.
3. Retired on 29 October 2020.
4. Appointed on 20 November 2020.

27. Related party transactions continued

Executive directors and key management remuneration

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

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

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

^ Appointed in 2020.

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

27. Related party transactions continued

December 2019	Basic remuneration R'000	Bonuses/ performance related payments R'000	Retirement contributions R'000	Other benefits R'000	Total remune-ration excluding share awards R'000	Fair value of share awards expensed R'000	Total remune-ration inclusive of share awards R'000
FULL TIME DIRECTORS							
AM Leeming	7 021	5 849	961	584	14 415	5 464	19 879
N Basthdaw	3 618	2 264	613	417	6 911	2 396	9 307
	10 639	8 113	1 574	1 001	21 326	7 860	29 186
PRESCRIBED OFFICERS							
R Collins^	1 422	–	336	459	2 217	1 228	3 445
AG Johnston	2 694	1 376	385	208	4 663	1 287	5 950
MZ Miller	2 709	1 722	638	840	5 909	1 313	7 222
TF Mosololi	3 817	2 553	513	52	6 935	2 576	9 511
C Nyathi	2 828	1 555	375	370	5 128	1 063	6 191
VL Robson	2 630	1 641	453	158	4 882	1 020	5 902
DR Mokhobo	2 487	1 560	554	328	4 929	1 042	5 971
J Wilhelm	6 016	4 393	–	390	10 799	–	10 799
SUB TOTAL	24 603	14 800	3 254	2 805	45 462	9 529	54 991
TOTAL	35 242	22 913	4 828	3 806	66 788	17 389	84 177

^ Resigned in 2019.

27. Related party transactions continued

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

	31 December 2020		31 December 2019	
	Executive and other management	Average grant price	Executive and other management	Average grant price
EGP				
Opening balance	**2 175 190**	**60.01**	2 540 292	64.29
Movement in key management	**(174 645)**	**60.01**	–	–
Lapsed: termination of employment	**(360 857)**	**60.01**	–	–
Lapsed: vesting condition not met	**–**	**–**	(365 102)	87.73
Granted	**–**	**–**	–	–
CLOSING BALANCE	**1 639 688**	**60.01**	2 175 190	60.01
RSP & BSMP				
Opening balance	**195 481**	**69.90**	313 410	75.59
Movement in key management	**(31 484)**	**65.98**	–	–
Vested	**(85 973)**	**66.86**	(117 929)	80.02
Lapsed: termination of employment	**(31 316)**	**65.98**	–	–
Granted	**1 011 784**	**14.17**	–	–
Closing balance	**1 058 492**	**15.94**	195 481	69.90
CSP				
Opening balance	**–**	**–**	–	–
Movement in key management	**–**	**–**	–	–
Vested	**–**	**–**	–	–
Lapsed: not meeting vesting conditions	**–**	**–**	–	–
Granted	**645 093**	**6.64**	–	–
CLOSING BALANCE	**645 093**	**6.64**	–	–

Share awards held by executive directors by scheme

	31 December 2020		31 December 2019	
	AM Leeming	N Basthdaw	AM Leeming	N Basthdaw
EGP	**795 028**	**345 984**	869 525	373 319
CSP	**–**	**–**		
RSP & BSMP	**18 771**	**7 682**	36 910	28 760
OPENING BALANCE	**813 799**	**353 666**	906 435	402 079
Vested	**(6 983)**	**(2 463)**	(18 139)	(21 078)
Lapsed: vesting conditions not met	**–**	**–**	(74 497)	(27 335)
Granted	**497 245**	**242 762**	–	–
CLOSING BALANCE	**1 304 061**	**593 965**	813 799	353 666
EGP	**795 028**	**345 984**	795 028	345 984
CSP	**194 100**	**76 005**	–	–
RSP & BSMP	**314 933**	**171 976**	18 771	7 682

27. Related party transactions continue

Share awards held by prescribed officers by scheme

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

	31 December 2019						
	R Collins	AG Johnston	MZ Miller	TF Mosololi	C Nyathi	VL Robson	DR Mokhobo
EGP	243 921	123 245	172 353	299 867	141 741	158 746	157 575
RSP & BSMP	48 906	25 130	34 765	88 956	26 040	11 102	12 841
OPENING BALANCE	292 827	148 375	207 118	388 823	167 781	169 848	170 416
Vested	–	(18 656)	(28 142)	–	(20 224)	(4 988)	(6 702)
Lapsed: vesting conditions not met	(59 033)	–	(38 269)	(46 200)	(34 551)	(40 801)	(44 416)
Granted	–	–	–	–	–	–	–
CLOSING BALANCE	233 794	129 719	140 707	342 623	113 006	124 059	119 298
EGP	184 888	123 245	134 084	253 667	107 190	117 945	113 159
RSP & BSMP	48 906	6 474	6 623	88 956	5 816	6 114	6 139

27. Related party transactions continue

(ii) SHAREHOLDING OF KEY MANAGEMENT

	Holding by key management		Dividends received by key management	
	31 December 2020 %	31 December 2019 %	**31 December 2020 R'000**	31 December 2019 R'000
EXECUTIVE DIRECTORS:	**0.18%**	0.18%	**–**	–
AM Leeming	**0.14%**	0.14%	**–**	–
N Basthdaw	**0.04%**	0.04%	**–**	–
KEY MANAGEMENT	**0.10%**	0.88%	**–**	–

(iii) OTHER RELATED PARTY RELATIONSHIPS

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

SIML has provided a R22 million (2019 – R19 million) loan to FireFly Investments.

SIML has a rental agreement with Firefly to the amount of R21 million for the current year (2019 – R20 million), while the group has a 50% equity stake in Firefly, that is accounted as a joint venture in the group results. (jointly controlled entity)

The group also have a shareholder loan with the minorities interest of Time Square, the initial loan amounting to R186 million, subsequently R150 million was repaid by Time Square. The amount outstanding at year end amounts to R36 million (2019 – R36 million). This shareholder loan is an on demand loan with no fixed repayment period and as at 31 December 2020 at a 0% (2019 – 10.63%) interest. This debt in unsecured with no ECL provision.

There have been no further changes to the director's interest in the table above between the end of the financial year and 15 March 2021.

28. Contingent assets and liabilities

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

NIGERIA

TCN continues to experience difficulties engaging with the tax authorities to confirm any tax principles to obtain certainty, or settle outstanding matters. Legal counsel has indicated that contingent liabilities of approximately R79 million has been recognised as a result of these disputes and other matters taken to the relevant local courts.

SOUTH AFRICA

Contingent liabilities relating to matters reported to the local labour courts and other matters amount to approximately R6 million.

29. Financial risk management

CREDIT RISK MANAGEMENT

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

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

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

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

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

Impairment of financial assets

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

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

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

Trade receivables and Casino Debtors

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

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

On that basis, the loss allowance as at 31 December 2020 and 31 December 2019 was determined as follows for trade receivables. Refer to note 17 for the analysis of net receivables and casino debtors presented separately.

	Current %	Past due by 1 to 30 days %	Past due by 31 to 60 days %	Past due by 61 to 90 days %	Past due by more than 90 days %	Total
31 DECEMBER 2020						
Expected loss rate	**2.35%**	**3.19%**	**10.07%**	**18.64%**	**19.86%**	**8.69%**
Gross carrying amount – trade receivables	**142**	**15**	**7**	**3**	**84**	**251**
LOSS ALLOWANCE	**(3)**	**–**	**(1)**	**(1)**	**(17)**	**(22)**
31 DECEMBER 2019						
Expected loss rate %	2.84%	4.72%	4.44%	5.20%	68.30%	28.41%
Gross carrying amount – trade receivables	267	76	21	21	238	623
LOSS ALLOWANCE	(8)	(4)	(1)	(1)	(163)	(177)

29. Financial risk management continued

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

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

LIQUIDITY RISK MANAGEMENT AND CAPITAL RISK MANAGEMENT

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

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

	31 December 2020 Rm	31 December 2019 Rm
BANKING FACILITIES:		
Total banking facilities	**11 611**	14 525
Less: Drawn down portion	**(8 381)**	(13 327)
TOTAL UNDRAWN BANKING FACILITIES	**3 230**	1 198
Available cash balances	**538**	775

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

The following tables compare the contractual cash flows of debt owed at 31 December 2020 and 31 December 2019, with the carrying amount in the consolidated statement of financial position, in Rands. The contractual amounts reflect the differences from carrying amounts due to the effects of discounting and premiums. Interest is estimated assuming interest rates applicable to variable rate debt remain constant.

29. Financial risk management continued

	On demand or not exceeding six months Rm	More than six months but not exceeding one year Rm	More than one year but not exceeding two years Rm	More than two years but not exceeding four years Rm	More than four years Rm	Imputed interest Rm
DECEMBER 2020						
Term facilities	**303**	**448**	**877**	**4 295**	**–**	**1 033**
Shareholder loan from non-controlling interest	**–**	**36**	**–**	**–**	**–**	**–**
Minority shareholder loan	**659**	**–**	**–**	**–**	**–**	**16**
V&A loan	**43**	**46**	**41**	**–**	**–**	**16**
Redeemable preference shares	**45**	**45**	**91**	**1 767**	**–**	**362**
Lease liabilities	**49**	**47**	**96**	**210**	**673**	**325**
Accrued interest	**14**	**55**	**35**	**214**	**–**	**52**
Short term banking facilities*	**(1)**	**(955)**	**–**	**–**	**–**	**(50)**
Revolving credit facility	**30**	**1 030**	**–**	**–**	**–**	**60**
Derivative financial instrument	**–**	**–**	**–**	**–**	**199**	**–**
Trade payables	**342**	**–**	**–**	**–**	**–**	**–**
Accrued expenses	**883**	**–**	**–**	**–**	**–**	
Capital creditors	**23**	**–**	**–**	**–**	**–**	**–**
Other payables	**7**	**–**	**–**	**–**	**–**	**–**
Put option liability^	**280**	**–**	**–**	**–**	**–**	**–**
	2 677	**752**	**1 140**	**6 486**	**872**	**1 814**
DECEMBER 2019						
Term facilities	668	860	1 543	2 368	6 025	2 674
Minority shareholder loans	632	–	–	–	–	15
V&A loan	40	43	92	42	–	39
Redeemable preference shares	60	60	119	119	1 824	596
Minority debenture	2	2	40	–	–	9
Lease liabilities	127	135	228	217	717	344
Vacation Club members	–	–	–	–	–	–
Short term banking facilities*	86	1 205	1 087	–	–	258
Derivative financial instruments	–	–	–	–	4	–
Trade payables	722	–	–	–	–	–
Accrued expenses	960	–	–	–	–	
Accrual for Ocean Sun Casino earn out payment	–	–	–	–	–	–
Interest payable	–	–	–	–	–	–
Capital creditors	38	–	–	–	–	–
Other payables	83	–	–	–	–	–
Put option^	1 287	–	–	–	–	–
	4 705	2 305	3 109	2 746	8 570	3 935

* These are 364 day notice facilities. As at date of this report no notice on any of these facilities had been received.

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

29. Financial risk management continued

MARKET RISK – INTEREST RATE RISK

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

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

Cash flow hedge

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The ineffective portion is recognised immediately in profit or loss in the respective line items. Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period. The hedge was not effective for the full period, refer to note 14.

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

	31 December 2020	31 December 2019
	Sun Treasury interest rate swaps	Sun Treasury interest rate swaps
Notional amount	**R5 billion**	R5 billion
Fixed interest rate	**6.61%**	6.61%
Variable rate	**Linked to quarterly Jibar**	Linked to quarterly Jibar
Fair value (liability)/asset	**(R199 million)**	R4 million
Net (loss)/profit on cash flow hedges	**(R135 million)**	R27 million

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

	31 December 2020 Rm	31 December 2019 Rm
Profit after tax	**(77)**	(104)

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

MARKET RISK – FOREIGN EXCHANGE RATE RISK

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

A 10% strengthening in the ZAR against the currencies that the underlying balances are denominated in at 31 December 2020 would increase/(decrease) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis was performed on the same basis for 31 December 2019.

	31 December 2020 Rm	31 December 2019 Rm
US Dollar	**(24)**	(15)
Chilean Peso	**(21)**	45
Nigerian Naira	**3**	(14)

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

29. Financial risk management continued

MARKET RISK – PRICE RISK

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

The group doesn't have significant price risk exposure.

Fair value measurement

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

Credit quality of lenders

Table below depicting the Credit rating of our various lenders.

	Credit Rating	
Institution	**2020**	2019
Nedbank	**BB**	AA+
Standard Bank	**BB**	A
ABSA Bank Ltd	**BB**	AA+
Investec	**BB**	AA
Sanlam	**AAA**	AAA
Rand Merchant bank (RMB)	**BB**	AA+
BCI	**BBB+**	A
Itau Corp Banca	**BBB+**	BBB
Santander Bank	**BBB+**	BBB+

30. Subsequent events

Except for the below matters, no significant subsequent events after 31 December 2020 and before the date of the annual financial statements being signed were noted.

THE COVID-19 PANDEMIC AND EFFECT ON OUR BUSINESS

With regards to the financial reporting impacts associated with the Covid-19 pandemic, the key principle is that Covid-19 is considered to be sufficiently prevalent in the group's major markets at 31 December 2020 and therefore reflected in the annual financial statements of the group.

No Covid-19 related events arose in the post balance sheet period, that provide additional information in relation to assets and liabilities in existence at 31 December 2020 that require adjustment.

THE WILD COAST SUN LICENSE RENEWAL

The Wild Coast current casino license which expired in August 2019, was extended on a temporary basis up to 31 March 2021. The Wild Coast Sun licence is the group's only licence which needs to be re-issued every 20 years. As Sun International was the only bidder in the license tender process, we expect the 20 year license renewal to be concluded in the first quarter of 2021.

ANNEXURE: ACCOUNTING POLICIES

for the year ended 31 December 2020

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

Group accounting

SUBSIDIARIES

Subsidiaries are those entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

The company accounts for subsidiary undertakings at cost less impairments.

CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

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

DISPOSAL OF SUBSIDIARIES

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

EQUITY-ACCOUNTED INVESTMENTS

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

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

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

ANNEXURE: ACCOUNTING POLICIES continued

for the year ended 31 December 2020

Impairment

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

Associates

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

Joint ventures

The group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Intangible assets

GOODWILL

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

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

Vacation Club intangible assets

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

Other intangible assets

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

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

	USEFUL LIFE
Computer software	4 to 15 years
Brands	Indefinite life
Bid cost	Period of the license and/or up to a maximum of 25 years
Management contracts	Period of management contract
Licenses	Period of the license and/or up to a maximum of 25 years
Exclusivity agreements	Period of exclusivity period
Goodwill	Indefinite life
Leasehold premiums	Period of the lease
Vacation Club	Period of timeshare contract(s)
Restraints of trade	Period of the restraint of trade
Trademarks	Period of trademark
Customer relationships	Rate of rotation between 15% to 65% per year
Concessions	Period of concession

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

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

Intangible assets are not revalued.

Inventory

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

Foreign currency translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rand which is the group's presentation currency.

TRANSACTIONS AND BALANCES

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

FOREIGN ENTITIES

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

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

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

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

PROPERTY, PLANT AND EQUIPMENT

Freehold land is included at cost and not depreciated.

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

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

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

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

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

Costs arising subsequent to the acquisition of an asset are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is then derecognised. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

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

Impairment of non-financial assets

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

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

Pre-opening expenditure

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

IFRS 9 Financial instruments

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

(i) CLASSIFICATION AND MEASUREMENT

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

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

Notes:

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

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

c Trade receivables consists mainly of large tour operators.

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

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

1. Impairment of financial assets

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

The IFRS 9 three-stage impairment approach was followed:

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

A detailed assessment was performed and all the group's financial assets were assessed as follows:

- Trade receivables:
  - not applicable as the simplified approach is used
- All other financial assets:
  - stage 2 measurement due to no increase in credit risk

CATEGORIES

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

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

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

(i) Trade receivables

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

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

This resulted in a decrease of the loss allowance on 31 December 2020 by R33 million (31 December 2019: R29 million) for trade and other receivables. Note 17 provides details about the calculation of the allowance.

(ii) Debt instruments carried at amortised cost

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

Loans with a contractual period

Debt investments held at amortized cost with fixed maturity dates.

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

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

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

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

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

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

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

Loans repayable on demand

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

Management has assessed the credit risk of these loans and due to the change in the credit risk relating to these loans the calculation of the ECL has moved from a 12 month to a lifetime ECL.

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

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

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

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

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

(iii). Debt instruments carried at FVPL and FVOCI

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

2. Cash and cash equivalents:

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

3. Financial liabilities

(i) Borrowings

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

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

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

The exchange between the group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of the existing borrowings, are accounted for as an extinguishment of the original borrowing and the recognition of a new borrowing. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original borrowings. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in the covenants are also taken into consideration. If an exchange of borrowings or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the borrowings and is amortised over the remaining term of the modified liability.

(ii) Trade payables

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

(iii) Derivative financial instrument

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

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

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

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

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

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

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

CURRENT AND DEFERRED TAX

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

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

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

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

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

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

Leases

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

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

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

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

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

The group leases various land, buildings, hotels, and equipment. Rental contracts are typically made for fixed periods of 6 months to 20 years, but may have extension options. Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.
- to determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; and
- makes adjustments specific to the lease, eg term, country, currency and security.

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

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

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

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

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

ANNEXURE: ACCOUNTING POLICIES continued

for the year ended 31 December 2020

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less that comprises of gaming equipment and vehicles as well as low-value assets comprise IT equipment, small items of office furniture and equipment.

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

Determining the lease term

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

The following factors are normally the most relevant:

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

Determining the incremental borrowing rate

The incremental borrowing rate used is the rate the individual lessee would have paid to borrow funds necessary to obtain an asset of similar value to the right of use asset in a similar economic, environment with similar terms, security and conditions. Refer to note 22.

Lessor accounting

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

EMPLOYEE BENEFITS

Defined benefit scheme

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

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

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

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

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

Defined contribution scheme

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

Post-retirement medical aid contributions

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

Long service awards and farewell function & gifts

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

Share-based payments

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

Share capital

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

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

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

Change in ownership interest

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

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

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

ANNEXURE: ACCOUNTING POLICIES continued

for the year ended 31 December 2020

INCOME RECOGNITION

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

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

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

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

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

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

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

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

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

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

Hotel and conferencing

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

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

Food and beverage

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

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

Other revenue streams

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

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

Contract liability

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

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

- Net gaming wins (included in total "Income");
- Rental income (included in "other income");
- Dividend income (included in "other income"), and
- Concessionaire income (included in "other income").

DIVIDEND DISTRIBUTIONS

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

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

SEGMENTAL REPORTING

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

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

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

The group uses adjusted EBITDA as a profit measure.

HYPERINFLATION

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

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

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

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

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

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

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

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

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

As at 31 December 2020, R50 million (31 December 2019: R100 million) of assets have been written up for hyperinflation.

ADJUSTED EBITDA

Adjusted EBITDA and Adjusted Headline Earnings per share (HEPS) are non-IFRS measures defined by the group and presented as additional information to the shareholders as being reflective of management's assessment of the operating performance of the group. The following adjustments are made to the operating profit of the group to determine adjusted EBITDA:

- Profit/loss on disposal of non current assets;
- Impairment of non current assets;
- Income associated with insurance claims;
- Foreign exchange cover profits/losses;
- Restructuring cost; and
- Other unusual and infrequent expenses as a results of a typical events.

ADJUSTED HEADLINE EARNINGS

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

These items relate mainly to:

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

ANNEXURE: ACCOUNTING POLICY DEVELOPMENTS

for the year ended 31 December 2020

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

IAS 1 'Presentation of financial asset':

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

IFRS 17 'Insurance contracts':

IFRS 17 'Insurance Contracts' was issued by the IASB on 18 May 2017 and is effective for periods beginning on or after 1 January 2021.

IFRIC 23, 'Uncertainty over income tax treatments':

IFRC 23 provides a framework to consider, recognise and measure the accounting impact of tax uncertainties. The Interpretation provides specific guidance in several areas where previously IAS 12 was silent. The Interpretation also explains when to reconsider the accounting for a tax uncertainty.

IFRS 16 Leases:

Amendment to IFRS 16 Leases Covid 19-Related rent concessions (effective 1 June2020)

IFRS 3 Business combinations:

Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity: (Annual periods beginning on or after 1 January 2022) The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework. The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

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

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	31 December 2020 Rm	*Restated 31 December 2019 Rm
DIVIDEND INCOME	1	**264**	130
Operational costs	1	**(29)**	(7)
OPERATING PROFIT	1	**235**	123
Expected credit loss adjustment	7	**(315)**	(1)
Impairment of Investments in subsidiaries	6	**(3 055)**	–
Impairment of loans receivable	7	**(25)**	–
Financial guarantee provisions	12	**(616)**	(5)
Foreign exchange gain/(loss)		**16**	(12)
Interest income	2	**78**	87
Interest expense	3	**(54)**	(50)
(LOSS)/PROFIT BEFORE TAX		**(3 736)**	142
Tax	4	**(10)**	(2)
(LOSS)/PROFIT OR THE YEAR		**(3 746)**	140
Other comprehensive income/(loss)		**–**	–
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR		**(3 746)**	140
Earnings per share (cents)			
– Basic	16	**(2 012)**	102
– Basic diluted	16	**(2 012)**	102

* The 2019 financial information was restated in the current year. Please refer to Note 13.

COMPANY STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	31 December 2020 Rm	*Restated 31 December 2019 Rm	*Restated 1 January 2019 Rm
ASSETS				
NON-CURRENT ASSETS				
Investments in subsidiaries	6	**2 682**	6 628	6 523
Loans and receivables	7	**136**	201	113
Deferred tax	8	**4**	6	8
		2 822	6 835	6 644
CURRENT ASSETS				
Loans and receivables	7	**2 956**	930	844
Tax		**–**	7	–
Cash and cash equivalents		**1**	4	4
		2 957	941	848
TOTAL ASSETS		**5 779**	7 776	7 492
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Ordinary shareholders' equity		**4 567**	7 112	6 972
		4 567	7 112	6 972
NON CURRENT LIABILITIES				
Borrowings	10	**23**	77	161
		23	77	161
CURRENT LIABILITIES				
Financial guarantees	12	**705**	89	84
Accounts payable, accruals and other	11	**424**	453	275
Borrowings	10	**54**	45	–
Overdraft		**6**	–	–
		1 189	587	359
TOTAL LIABILITIES		**1 212**	664	520
TOTAL EQUITY AND LIABILITIES		**5 779**	7 776	7 492

* The 2019 financial information was restated in the current year. Please refer to Note 13.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Notes	31 December 2020 Rm	31 December 2019 Rm
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by operations	14.1	**255**	2
Tax paid	14.2	**(1)**	(11)
Net cash outflow from operating activities		**254**	(9)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	14.3	**68**	75
Other non-current and current investments and loans	14.4	**(1 463)**	–
Decrease in current loans to subsidiaries		**–**	161
Increase in current loans to subsidiaries	15	**(1 463)**	(161)
Net cash inflow/(outflow) from investing activities		**(1 395)**	75
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of loan from related party	14.5	**(31)**	(11)
Related party loans received	14.5	**–**	6
Rights offer proceeds	9	**1 201**	–
Interest paid	14.6	**(54)**	(49)
Net cash (outflow)/inflow from financing activities		**1 116**	(54)
Effects of exchange rate changes on cash and cash equivalents		**16**	(12)
NET CASH AND CASH EQUIVALENTS MOVEMENT FOR THE YEAR		**(9)**	–
Cash and cash equivalents at beginning of year		**4**	4
CASH AND CASH EQUIVALENTS AT END OF YEAR		**(5)**	4

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Notes	Share capital and share premium Rm	Share based payment reserve Rm	Retained earnings Rm	Total equity Rm
BALANCE AT 31 DECEMBER 2018		1 715	–	5 341	7 056
IFRS 9 Financial Guarantees provision	12	–	–	(84)	(84)
RESTATED BALANCE AT 1 JANUARY 2019^		1 715	–	5 257	6 972
Restated total comprehensive profit for the year		–	–	140	140
RESTATED BALANCE AT 31 DECEMBER 2019*		1 715	–	5 397	7 112
Rights offer	9	1 201	–	–	1 201
Total comprehensive loss for the year		–	–	(3 746)	(3 746)
BALANCE AT 31 DECEMBER 2020		**2 916**	**–**	**1 651**	**4 567**

^ Opening retained earnings as at 1 January 2019 have been adjusted due to the prior period error effect of the IFRS 9 adjustment relating to Financial Guarantees, refer to Note 12 and 13.

* Restated due to the prior period error effect of the IFRS 9 adjustment relating to Financial Guarantees - refer to note 12 & 13.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

Principal accounting policies

All policies stated in the consolidated financial statements relate to the group and the companies within the group. The consolidated financial statements for the year ended 31 December 2020 were prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practice Committee, International Financial Reporting Pronouncements (FRP) as issued by the Financial Reporting Standards Council (FRSC) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), effective at the time of preparing these financial statements and in compliance with the Companies Act of South Africa.

ACCOUNTING POLICIES NOT REFLECTED IN THE GROUP ANNUAL FINANCIAL STATEMENTS

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

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

Financial guarantee contracts

Prior to 2018

Inter-group financial guarantees existed prior to 2018 and should have been recognised at fair value and subsequently measured in terms of IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). Subsequent to initial recognition, financial guarantees issued were measured in terms of IAS 39 at the higher of:

- The amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets (i.e. the best estimate of the expenditure required to settle the liability); and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with IAS 18 Revenue.

The adoption of IFRS 9 – 2019

The company adopted IFRS 9 Financial Instruments (IFRS 9) in 2019, effective from 1 January 2018. Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued at fair value. Subsequently, in terms of IFRS 9, at the higher of:

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

The fair value of a financial guarantee under both IAS 39 and IFRS 9, is determined based on the difference in the present value of cash flows relating to the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the guarantee obligations.

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

Prior period restatement

The value of the financial guarantee liability was determined to be the lifetime ECL of the guarantee facility in terms of IFRS 9 at the restatement date and not the amortised cost value. The lifetime ECL was determined to be higher for the inter-group financial guarantees (refer to note 12).

In order to restate the company financial statements and account for the inter-group financial guarantees, the financial guarantee liability was calculated in terms of both IAS 39 and IFRS 9, and adjusted for in retained earnings as at 1 January 2018. Subsequent measurement was done as at 31 Dec 2018 in terms of IFRS 9 and this value was used to restate the balance sheet as at 1 January 2019.

The entire debt agreement was renegotiated in November 2019 and this resulted in an extinguishment of the debt agreements, including an extinguishment of the guarantees. The liability was released through the statement of comprehensive income in the prior year.

The renegotiated debt agreement resulted in the company recording the new debt and financial guarantee liability through the statement of comprehensive income and was calculated using the lifetime ECL of the guarantee facility in terms of this new facility agreement.

Current year – 2020

The value of the financial guarantee liability has been calculated as a lifetime ECL of the guarantee facility in terms of the facility agreement at 31 December 2020. The difference between the value as at 31 December 2019 and 31 December 2020 has been recorded in the statement of comprehensive income in the current year.

The value of the financial guarantee liability was determined to be the lifetime ECL of the guarantee facility and not the amortised value, in terms of IFRS 9 because (refer to note 12).

Significant estimates and judgements

The company and other entities in the group contracted to, jointly and severally, guarantee the loan facility of Sun International Limited. As the company and other guarantors to the loan facility are jointly and severally liable, the financial guarantee liability is not apportioned between guarantors.

The restated value of the financial guarantee liability at 1 January 2019 was R84 million with the corresponding entry in retained earnings. This was determined by calculating the expected credit loss of the borrower, Sun International Limited, over the term of the loan. The company used Moody's Analytics tools to determine the probability of default and loss given default over the term of the loan.

On 29 November 2019, the company extinguished the existing debt and financial guarantee liability, with the corresponding entry in the statement of comprehensive income.

A new agreement was entered into between the company and the lenders. The fair value of the financial guarantee liability at initial recognition (29 November 2019) was R89 million with the corresponding entry in the statement of comprehensive income on the new loan agreement. The fair value of a financial guarantees in terms of IFRS 9, is determined based on the difference in the present value of cash flows relating to the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the guarantee obligations. This estimation of fair value at initial recognition is in line with the company's accounting policy.

At 31 December 2019 the credit loss allowance of the borrower, Sun International Limited, was higher than the initial fair value less accumulated amortisation. The determination of the expected credit losses at 31 December 2019 included estimating the 12 month expected probability of default and the loss given default of the borrower, Sun International Limited. The credit risk of Sun International Limited increased in the current year due to the decrease in performance in the current year as well as taking the forward-looking assessment indicating a depressed economic outlook from the impact of COVID-19. The financial guarantee liability of R89 million was recognised on 29 November 2019 with the corresponding entry in the statement of comprehensive income.

At 31 December 2020, the credit loss allowance of the borrower, Sun International Limited, was higher than the initial fair value less accumulated amortisation. The determination of the expected credit losses at 31 December 2020 included estimating the lifetime expected probability of default and the loss given default of the borrower, Sun International Limited. The credit risk of Sun International Limited increased in the current year due to a further decrease in performance in the current year as well as taking the forward-looking assessment indicating a depressed economic outlook from the impact of COVID-19. The financial guarantee liability of R705 million was recognised on 31 December 2020 with the corresponding entry in the statement of comprehensive income.

Impairment assessment of investment in subsidiaries:

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

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

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the year ended 31 December 2020

1. Operating profit is stated after the following:

	31 December 2020 Rm	31 December 2019 Rm
INCOME		
Dividends received from subsidiaries	**264**	130
EXPENSES		
Professional fees	**(6)**	(5)
Write-off of SME investment	**–**	(2)
Rights offer costs	**(21)**	
Professional fees: underwriting of rights offer	**(1)**	–
General expenses	**(1)**	–
	235	123

2. Interest income

	31 December 2020 Rm	31 December 2019 Rm
Interest earned on loans and receivables#	**78**	87
	78	87

3. Interest expense

	31 December 2020 Rm	31 December 2019 Rm
Interest paid on borrowings#	**(54)**	(50)
	(54)	(50)

4. Tax

	31 December 2020 Rm	31 December 2019 Rm
Current tax – current year	**(7)**	(3)
– prior year	**–**	4
Deferred tax – current year	**(2)**	(1)
– prior year	**–**	(1)
Withholding tax	**(1)**	(1)
	(10)	(2)
Standard rate of tax	**28.0%**	28.0%
Tax at standard rate	**(1 046)**	41
Adjusted for:		
Exempt income^	**(74)**	(40)
Non-taxable income		
Prior year – current tax	**–**	(4)
Prior year – deferred tax	**–**	(1)
Disallowable expenses*	**1 109**	1
Withholding tax	**1**	1
TAX PER STATEMENT OF COMPREHENSIVE INCOME	**(10)**	(2)

^ Exempt income relates to dividend income.

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

Amounts in the prior year were adjusted for an incorrect allocation that had a nil impact on the net interest.

5. Dividends paid

	31 December 2020 Rm	31 December 2019 Rm
No dividends were paid during the current and prior year	–	–

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

6. Investments in subsidiaries

	31 December 2020 Rm	31 December 2019 Rm
SHARES AT COST		
Balance at beginning of year	**6 628**	6 523
Additional Investment in Sun International (South Africa) Limited	**–**	2 344
Additional investment in Sun International Chile SpA	**–**	177
Disposal of Stardust Enterprises Inc	**–**	(1 754)
Return on investment from Sun International Incorporated	**–**	(662)
Impairment of Dinokana Investments	**(550)**	–
Impairment of Sun Treasury RF Proprietary Limited investment	**(1 026)**	–
Capital reduction of Sun Chile SpA investment^	**(891)**	–
Impairment of Sun Chile SpA investment	**(1 479)**	–
BALANCE AT END OF YEAR	**2 682**	6 628

^ Refer to note 4 under the section: Impairment below.

IMPAIRMENT:

The company holds various investments in subsidiaries and has considered the impairment indicators of IAS36 to assess whether there were any indicators of impairment.

The company identified impairment indicators on the following investment in subsidiaries:

Entity	Note	Impairment indicator	Amount Rm
Sun International (South Africa) Limited	1	Indicator impairment of Sun City CGU	–
		Indicator impairment of The Maslow Sandton CGU	–
Dinokana Investments Proprietary Limited	2	Significant decline in fair value of investment held by entity	(550)
Sun Treasury RF Proprietary Limited	3	Significant decline in net asset value of the entity	(1 026)
Sun Chile SpA	4	Disposal of Sun Dreams group	(1 479)

Note 1: The Sun International (South Africa) Limited Group hold various investments within the group. In assessing the value-in-use of the underlying investments within group the following assumptions were applied:

- WACC rates:

  The discount rate that is used to determine the valuation of each operation is calculated for each country that Sun International operates in. Accordingly, the pre tax discount rate was determined for the South African (10.30% – 13.92%), (2019 – between 9.8% and 15.5%).

- Revenue growth rate:

  Year on year revenue growth rate [Y2 to Y6]* 3% to 4.5%

  The revenue growth rate from 2020 to 2021 has been determined based on the group achieving 80% of 2019 revenue figures in 2021. The year on year revenue growth rate from 2022 has been determined based on past performance and expected future growth. This is supported by the post lock down recovery of the group.

- Terminal growth rate

  Terminal growth rate for Sun City CGU was determined to be: 4.70%

The terminal growth rate has been determined based on long-term CPI forecasts and real GDP forecasts. Due to the Maslow lease expiring at the end of 2031, the valuation model used a discounted cashflow period on the full remaining 10 years left on the lease with no perpetual growth rate and a nil terminal value incorporated.

Due to the headroom between the carrying value of the investment and the value in use of the subsidiary and its undertakings, no reasonable change in the WACC and terminal growth rate is expected to result in an impairment.

Note 2: The investment was fully impaired due to the prolonged decrease in the fair value of underlying assets.

Note 3: The investment was fully impaired due to the significant decline in the net asset value of the entity.

Note 4: Sun Latam sold its interest in Sun Dreams. Due to the underlying investment of Sun Dreams being sold, SIL's investment in Sun Chile has now been impaired. See Note 10 In the Consolidated Annual Financial Statements for further details. This transaction resulted in fully derecognising the investments held in Sun Chile (Dreams) via the impairment of R1 479 billion and the capital reduction of R891 million.

6. Investments in subsidiaries continued

Restructuring implemented in 2019 financial year

Sun International embarked on a group rationalisation process in the prior year to simplify its group structure by deregistering or liquidating dormant entities and, where possible, transferring the assets/business of its foreign incorporated (but South African tax resident) entities to South African incorporated and tax resident entities. This process took place on 28 February 2019.

The substance of the restructure was deemed to be a return of capital due to the deregistration or liquidation of the dormant entities and its foreign incorporated (but South African tax resident) entities after the distribution (a reduction of the cost of investment) as per IFRS 9 requirements. Section 47 and 46 of the Income Tax Act was also applied in the restructuring process.

The restructure resulted in the 30% investment (previously held by other group companies within Sun International including Sun International Incorporated) in Sun International (South Africa) Limited being unbundled from the group companies to enable Sun International Limited to directly gain a 100% ownership in Sun International (South Africa) Limited. This also resulted in the return of investment in Sun International Incorporated to Sun International Limited.

The result of the restructure was the acquisition of 100% of Sun International (South Africa) Limited by Sun International Limited and the deregistration of Stardust Enterprises Incorporated.

7. Loans and receivables

	31 December 2020 Rm	*Restated 31 December 2019 Rm
LOANS		
Preference shares in Dinokana Investments (Pty) Ltd^	**136**	125
Loans to subsidiaries^	**3 297**	1 007
	3 433	1 132
Current year IFRS 9 adjustment	**(316)**	(1)
Less: Write-off of loan receivable	**(25)**	–
	3 092	1 131
Current portion	**(2 956)**	(930)
	136	201
Loans are due over the following periods:		
Less than 1 year	**2 956**	930
1 year to 2 years	**24**	54
2 – 3 years	**–**	23
3 – 4 years	**–**	–
4 years and onwards	**112**	124
	3 092	1 131
The weighted average interest and dividend rates were as follows:		
Share incentive schemes	**NIB**	NIB
Preference share investments	**8%**	9.5%
Loans to subsidiaries	**8.1%**	8.5%
NIB – Non interest bearing		
The carrying amounts of the loans to subsidiaries are denominated in the following currencies:		
US Dollar	**251**	334
Chilean Pesos	**–**	358
South African Rand	**124**	122
	375	814

^ Applying the expected credit risk model for the year ended 31 December 2020 (as described in the group accounting policies – Annexure – Accounting Policies); resulted in a total loss allowance for the company of R316 million (31 December 2019 – R1 million) for debt investments at amortised cost. This is an R315 million increase in the allowance in the current reporting period.

7.

Loans and receivables continued

The adjustment noted above has been determined as follows:

Adjustments were calculated using the IFRS 9 general approach, using inputs obtained directly from a third party actuarial consultant. This approach remains consistent with the approach applied as part of the group's accounting policies as 31 December 2019. In applying the general IFRS 9 general approach, the following was noted:

ECL as at 31 December 2020:	Instrument value Rm	Probability of default (PD)	Loss given default (LGD)	Through cycle loss before forward adjustment	ECL % Forward Looking	ECL Rm
INSTRUMENT						
Dinokana Preference Shares and Cumulative Dividends	**137**	**6.60%**	**61.29%**	**4.05%**	**17.78%**	**24**
The Table Bay Loan	**129**	**5.36%**	**37.09%**	**1.99%**	**3.45%**	**5**
The Federal Palace of Nigeria	**348**	**21.01%**	**39.27%**	**8.25%**	**27.91%**	**97**
Sun International SA Limited	**31**	**6.42%**	**37.24%**	**2.39%**	**7.98%**	**3**
Sun Time Square Proprietary Limited	**1 624**	**9.66%**	**37.69%**	**3.64%**	**11.52%**	**187**
TOTAL:						**316**

An increase of 1% of the ECL forward looking assumptions would result in an additional provision of R22 million.

A decrease of 1% of the ECL forward looking assumptions would result in a lower provision of R23 million.

ECL as at 31 December 2019:	Instrument Value Rm	Probability of default (PD)	Loss given default (LGD)	Through cycle loss before forward adjustment	ECL % Forward Looking	ECL Rm
INSTRUMENT						
Dinokana Preference Shares and Cumulative Dividends	126	2.13%	5.00%	0.11%	0.21%	0.3
The Table Bay Loan	191	0.38%	49.25%	0.19%	0.35%	0.7
TOTAL:						**1.0**
MOVEMENT DURING THE FINANCIAL YEAR:						**315**

^ Use of IFRS 9 practical expedient applied.

As 24 month historic data was used, market information was incorporated to adjust for the forward looking approach. Data incorporated includes amongst other adjustments relating to possible changes in interest rates, gross domestic product, inflation rate, unemployment rate as well as the effects of Covid-19 on the recoverability of receivables. The expected credit loss calculations were amended from a stage 1 (12 month ECL) to a stage 2 (lifetime ECL due to the change in credit risks associated with these loans and the assumptions noted above).

The remainder of the receivable loan balances have been assessed as fully recoverable both at 31 December 2020, with only a negligible IFRS 9 impact noted. Given this, these loan have not been included in the table presented above.

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

8. Deferred tax

	31 December 2020 Rm	*Restated 31 December 2019 Rm
Balance at beginning of year	**(6)**	(8)
Statement of comprehensive income charge for the year	**2**	2
BALANCE AT END OF YEAR	**(4)**	(6)
Deferred tax arises from the following temporary differences:		
DEFERRED TAX ASSETS		
Fair value adjustments	**(7)**	(8)
Balance at beginning of year	**(8)**	(8)
Prior year adjustments	**–**	
Charged to statement of comprehensive income	**1**	–
Assessed losses	**–**	–
Balance at beginning of year	**–**	–
Prior year adjustments	**–**	–
Charged to statement of comprehensive income	**–**	–
Provisions and accruals	**3**	2
Balance at beginning of year	**2**	–
Charged to statement of comprehensive income	**1**	2
DEFERRED TAX LIABILITIES		
Doubtful debts and prepayments	**–**	–
Balance at beginning of year	**–**	–
Charged to statement of comprehensive income	**–**	–
NET DEFERRED TAX ASSET	**(4)**	(6)

Included in the company's recognised deferred tax assets is an amount of R4 million (2019: R6 million). The deferred tax asset arises from various taxable temporary differences, all of which are expected to be realised in future periods due to company successfully improving its margins and having future taxable profits available.

9. Share capital and premium

	31 December 2020 Rm	*Restated 31 December 2019 Rm
AUTHORISED		
800 000 000 (31 December 2019: 200 000 000) ordinary shares of 8 cents each	**16**	16
100 000 000 (31 December 2019: 100 000 000) variable rate cumulative redeemable preference shares of 1 cent each	**1**	1
ISSUED		
Share capital	**1 209**	8
Share premium	**1 707**	1 707
	2 916	1 715

9. Share capital and premium continued

	31 December 2020		31 December 2019	
	Number of shares	**Rm**	Number of shares	Rm
MOVEMENT DURING THE YEAR				
Balance at beginning of year	**136 730 964**	**1 715**	136 730 964	1 715
Rights offer*	**127 174 696**	**1 201**	–	–
STATUTORY SHARES IN ISSUE AT END OF YEAR	**263 905 660**	**2 916**	136 730 964	1 715
Weighted average number of shares in issue	**186 207 147**			

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

10. Borrowings

	31 December 2020 Rm	*Restated 31 December 2019 Rm
NON CURRENT		
Total V&A loan	**77**	122
Current portion	**(54)**	(45)
TOTAL NON-CURRENT BORROWINGS	**23**	77

All borrowings are unsecured.

The V&A loan is carried at R77 million (31 December 2019: R122 million) and is held at amortised cost. The loan carries interest at 8.28% and the carrying value of the loan approximates the fair value. The loan had an initial repayment rate of 4% p.a based on the original loan value of R191 million and an escalation of 9% p.a. on the repayment value is noted thereafter.

The carrying amount of the borrowings are denominated in Rand.

The borrowings are repayable over the following periods:

	31 December 2020 Rm	*Restated 31 December 2019 Rm
Less than 6 months	**25**	21
6 months – 1 year	**29**	24
1 – 2 years	**23**	54
2 – 3 years	**–**	23
3 – 4 years	**–**	–
4 years and onwards	**–**	–
	77	122

10. Borrowings continued

The following are the contractual undiscounted maturities of financial liabilities (including principal and interest payments) presented in Rands:

	On demand or not exceeding 6 months Rm	More than 6 months but not exceeding 1 year Rm	More than 1 year but not exceeding 2 years Rm	More than 2 years but not exceeding 5 years Rm	More than 5 years Rm	Total Rm
31 DECEMBER 2020						
Borrowings	**28**	**30**	**24**	**–**	**–**	**82**
Accounts payable and accruals	**181**	**–**	**–**	**–**	**–**	**181**
	209	**30**	**24**	**–**	**–**	**263**
31 DECEMBER 2019						
Borrowings	26	28	58	25	–	137
Accounts payable and accruals	6	–	–	–	–	6
	32	28	58	25	–	143

	31 December 2020	31 December 2019
Interest rates		
Year end interest and dividend rates as follows:		
V&A loan	**8.3%**	8.3%
Weighted average	**8.3%**	8.3%

As at 31 December 2020, interest rates on all external company borrowings were fixed.

A change of 1% in interest rates at the reporting date would have (decreased)/increased profit after tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 31 December 2019.

	31 December 2020	31 December 2019
Increase of 1%	**(0.2)**	(0.1)
Decrease of 1%	**0.2**	0.1

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

The company's borrowings are not restricted by its memorandum of incorporation.

11. Accounts payable, accruals and other

	31 December 2020	31 December 2019
Accrued expenses	**10**	4
Sun Dreams	**170**	155
Other payables	**1**	2
	181	161
The fair value of accounts payable and accruals approximate their carrying value.		
AMOUNT OWING TO RELATED PARTIES		
Sun Treasury	**–**	18
Sun International Trust	**20**	20
Sun International Incorporated	**221**	221
Sun International Management Limited	**2**	33
	243	292
TOTAL ACCOUNTS PAYABLE, ACCRUALS AND OTHER	**424**	453

12. Financial guarantees

The company has guaranteed all obligations of Sun Treasury Proprietary Limited in relation to the borrowings with the external lenders on behalf of the Sun International group, as well as the preference shares subscribed to by Sun International South Africa Limited. The company had not correctly accounted for the financial guarantee liability relating to the guarantees described in the prior periods. The 2020 financial statements of the company and the statement of financial position as at 1 January 2019 have been restated to correct the prior period error. Refer to the significant judgements disclosed in the Company's Principal Accounting Policies on page 117.

Carrying value of financial guarantees	Amount
RESTATED FINANCIAL GUARANTEE LIABILITY AT 1 JANUARY 2019	84
Released to statement of comprehensive income – extinguishment of debts and related guarantees	(74)
Fair value of the guarantee liability charged to statement of comprehensive income	79
FINANCIAL GUARANTEE LIABILITY AT 31 DECEMBER 2019	89
Fair value of the guarantee liability charged to statement of comprehensive income	616
FINANCIAL GUARANTEE LIABILITY AT 31 DECEMBER 2020	**705**

	Instrument value Rm	Avg 1 Year probability default	Loss given default (LGD)	Loss	1 Year ECL at 31 December	Guarantee at 31 December 2018 Rm
INSTRUMENT						
ECL AS AT 31 DECEMBER 2018:						
The company has guaranteed all obligations of Sun Treasury Proprietary Limited related to the following:						
Banking facilities	8 741	1.32%	39.24%	0.52%	**0.84%**	73.7
The company has also guaranteed the obligations of Sun International (South Africa) Limited related to the following:						
Redeemable preference shares	1 035	1.32%	39.24%	0.52%	**0.87%**	9.0
The company has also guaranteed the obligations related to the following:						
V&A Loan	126	1.32%	39.24%	0.52%	**0.83%**	1
Time Square minority debenture	36	1.32%	39.24%	0.52%	**0,86%**	0.3
						1.3
TOTAL LIABILITY RAISED AND RESTATED AS AT 1 JANUARY 2019						84
ECL AS AT 31 DECEMBER 2019:						
The company has guaranteed all obligations of Sun Treasury Proprietary Limited related to the following:						
Banking facilities	8 741	1.25%	33.89%	0.42%	**0.90%**	78.5
The company has also guaranteed the obligations of Sun International (South Africa) Limited related to the following:						
Redeemable preference shares	1 035	1.25%	33.89%	0.42%	**0.90%**	9.3
The company has also guaranteed the obligations related to the following:						
V&A Loan	126	1.25%	33.89%	0.42%	**0.70%**	0.9
Time Square minority debenture	36	1.25%	33.89%	0.42%	**0.87%**	0.3
						1.2
TOTAL LIABILITY RAISED AND RESTATED AS AT 31 DECEMBER 2019						89
TOTAL CHARGES TO THE STATEMENT OF COMPREHENSIVE INCOME						5

12. Financial guarantees continued

	Instrument value Rm	Avg 1 Year probability default	Loss given default (LGD)	Loss	Lifetime ECL at 31 December 2020	Guarantee at 31 December 2018 Rm
ECL AS AT 31 DECEMBER 2020:						
The company has guaranteed all obligations of Sun Treasury Proprietary Limited related to the following:						
Banking facilities	8 741	12.33%	34.41%	4.24%	7.11%	621
The company has also guaranteed the obligations of Sun International (South Africa) Limited related to the following:						
Redeemable preference shares	1 035	12.33%	34.41%	4.24%	7.67%	79.3
The company has also guaranteed the obligations related to the following:						
V&A Loan	126	6.42%	34.41%	2.21%	2.91%	3.7
Time Square minority debenture	36	2.49%	34.41%	0.86%	1.98%	0.7
						4.4
TOTAL LIABILITY RAISED AND RESTATED AS AT 31 DECEMBER 2020						705
TOTAL CHARGES TO THE STATEMENT OF COMPREHENSIVE INCOME						616

Refer to the Note 22 of the Sun International Limited consolidated financial statements for the details of the guaranteed borrowings.

13. Restatement

STATEMENT OF FINANCIAL POSITION (EXTRACT) AS AT 1 JANUARY 2019

	31 December 2018	Restatement	Restated 1 January 2019
Financial statement guarantees liability	–	84	84
Ordinary shareholders' equity	7 056	(84)	6 972

STATEMENT OF FINANCIAL POSITION (EXTRACT) AS AT 31 DECEMBER 2019

	31 December 2019	Restatement	Restated 31 December 2019
Financial statement guarantees liability	–	89	89
Ordinary shareholders' equity	7 201	(89)	7 112

STATEMENT OF COMPREHENSIVE INCOME (EXTRACT) AS AT 31 DECEMBER 2019

	31 December 2019	Restatement	Restated 31 December 2019
Increase in financial guarantee provision	–	(5)	(5)

14. Cash flow information

		31 December 2020 Rm	31 December 2019 Rm
14.1	**CASH GENERATED BY OPERATIONS**		
	Operating profit	**235**	123
	Non cash items and items dealt with separately:		
	Dividends in specie received	**–**	(121)
	Write-off of SME investment	**–**	2
	Cash generated by operations before working capital changes	**235**	4
	Working capital changes		
	Accounts payable and accruals	**20**	(2)
		255	2
14.2	**TAX PAID**		
	Liability at beginning of year	**7**	–
	Current year tax charged to statement of comprehensive income (refer note 4)	**(7)**	(3)
	Withholding tax	**(1)**	(1)
	Asset paid at end of year	**–**	(7)
		(1)	(11)
14.3	**INVESTMENT INCOME**		
	Interest income#	**78**	87
	Preference dividends	**(10)**	(12)
		68	75
14.4	**OTHER NON CURRENT AND CURRENT INVESTMENTS AND LOANS MADE**		
	Increase in current loans granted to subsidiaries	**(1 463)**	–
		(1 463)	–
14.5	**REPAYMENT OF BORROWINGS**		
	Decrease in non current borrowings	**(31)**	(11)
	Increase in current borrowings	**–**	6
		(31)	(5)
14.6	**INTEREST PAID**		
	Interest expense#	**(54)**	(50)
	Non-cash interest	**–**	1
		(54)	(49)

\# Amounts in the prior year were adjusted for an incorrect allocation that had a nil impact on the net interest.

15. Related party

The following transactions were carried out with related parties:

		31 December 2020 Rm	31 December 2019 Rm
(I)	LOANS TO RELATED PARTIES		
	Loan to Sun International Chile SpA:		
	Balance at beginning of the year	**358**	342
	Loans (repaid)/advanced during the year	**(358)**	16
	Arbitration fees	**–**	–
	Balance at end of the year	**–**	358
	The loan does not bear interest and has no fixed repayment terms.		
	Loan to SunWest International (Pty) Limited:		
	Balance at beginning of the year	**122**	161
	Loans repaid	**(45)**	(39)
	Expected credit loss adjustment	**(5)**	–
	Balance at end of the year	**72**	122
	The loan carries interest rate of 8.28% and had an initial repayment rate of 4% p.a. of the outstanding balance. The repayment rate escalates at 9% p.a.		
	Loan to The Tourist Company of Nigeria PLC:		
	Balance at beginning of the year	**334**	326
	Interest for the year	**3**	17
	Withholding taxes	**–**	(1)
	Foreign exchange loss	**11**	(8)
	Expected credit loss adjustment	**(97)**	–
	Balance at end of the year	**251**	334
	The loan is denominated in US dollars and bears interest at 5% and has no fixed repayment terms.		
	Loan to Sun Nao Casino Columbia SA:		
	Balance at beginning of the year	**–**	16
	Loan written off	**–**	(16)
	Balance at end of the year	**–**	–
	In the prior year Nao Casino Colombia SA was classified as a discontinued operation in terms of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations and as at 30 September 2019 the operation was sold thus company has written off the loan receivable and recognised this write off in the profit and loss for the year.		
	Loan to Sun International (South Africa) Limited:		
	Balance at beginning of the year	**32**	–
	Loans advanced during the year	**–**	32
	Expected credit loss adjustment	**(3)**	–
	Balance at end of the year	**29**	32
	The loan does not bear interest and has no fixed repayment terms.		
	Loan to Sun Time Square (Pty) Limited:		
	Balance at beginning of the year	**161**	–
	Loans advanced during the year	**1 463**	161
	Expected credit loss adjustment	**(187)**	–
	Balance at end of the year	**1 437**	161

The loan does not bear interest and has no fixed repayment terms.

15. Related party continued

		31 December 2020 Rm	31 December 2019 Rm
(i)	LOANS TO RELATED PARTIES continued		
	Loan to Sun Treasury (RF) (Pty) Limited ("Sun Treasury"):		
	Payable balance at beginning of the year	**(18)**	(22)
	Interest received and capitalised for the year	**1**	(1)
	Repayments to Sun Treasury during the year	**25**	11
	Loans received from Sun Treasury during the year	**(87)**	(6)
	Proceeds from Latam sale advanced to Sun Treasury	**1 271**	–
	Balance at end of the year	**1 192**	(18)
	The loan bears interest at 9% and has no fixed repayment terms.		
(ii)	LOANS FROM RELATED PARTY		
	Loan from Sun International Incorporated:		
	Balance at beginning of the year	**221**	221
	Balance at end of the year	**221**	221
	The loan does not bear interest and has no fixed repayment terms.		
	Loan from Sun International (South Africa) Limited:		
	Balance at beginning of the year	**33**	3
	Loans (repaid)/received	**(31)**	30
	Balance at end of the year	**2**	33
	The loan does not bear interest and has no fixed repayment terms.		
	Loan from Sun International Trust:		
	Balance at beginning of the year	**20**	20
	Balance at end of the year	**20**	20

The loan does not bear interest and has no fixed repayment terms.

16. Return to shareholders

	31 December 2020 Rm	*Restated 31 December 2019 Rm
(a) EARNINGS PER SHARE (EPS)		
(LOSS)/PROFIT FOR THE YEAR	**(3 746)**	140
NUMBER OF SHARES FOR DILUTED EPS CALCULATION (M'S)		
Weighted average number of shares in issue (Note 9)	**186**	137
Diluted weighted average number of shares in issue	**186**	137
EPS/(LPS) (CENTS)		
Basic	**(2 012)**	102
DILUTED EPS/(LPS) (CENTS)		
Basic	**(2 012)**	102

* The 2019 financial information was restated in the current year. Please refer to Note 13.

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

17. Subsequent events

No significant subsequent events after 31 December 2020 and before the date of the annual financial statements being signed were noted.

SUN INTERNATIONAL LIMITED
(Incorporated in the
Republic of South Africa) Registration number:
1967/007528/06
Share code: SUI ISIN:
ZAE 000097580
("Sun International" or
"the company")

www.suninternational.com