Stadio Holdings Limited
(Registration number 2016/371398/06)
Consolidated and Separate Financial Statements
for the year ended 31 December 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment holding company of private higher education institutions
Directors	**Executive** CPD Vorster S Totaram D Singh **Non-Executive** TV Maphai CR van der Merwe PN de Waal* * A Mellet (alternative to PN de Waal) MG Mokoka CB Vilakazi TH Brown
Company secretary	Stadio Corporate Services Proprietary Limited
Registered office and business address	Office 101, The Village Square c/o Queen and Oxford Streets Durbanville South Africa 7550
Postal address	PO Box 2161 Durbanville South Africa 7551
Holding company	PSG Alpha Investments Proprietary Limited incorporated in South Africa
Ultimate holding company	PSG Group Limited incorporated in South Africa
Bankers	Standard Bank of South Africa Limited First National Bank Limited Nedbank Limited ABSA Bank Limited
Auditors	PricewaterhouseCoopers Incorporated

General Information

Joint sponsor	PSG Capital Proprietary Limited
Independent joint sponsor	UBS South Africa Proprietary Limited
Company registration number	2016/371398/06
Level of assurance	These consolidated and separate financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements were internally compiled under the supervision of: Ms. S Totaram CA(SA), CFA

Contents

Audit and Risk Committee Report

This report is provided by the audit and risk committee (the committee) in respect of the 2020 financial year of Stadio Holdings Limited and its subsidiaries (the group).

1. Members of the Audit and Risk Committee

The members of the committee are all independent non-executive directors of the group and include:

Name	Changes
MG Mokoka (Chairperson)	
TH Brown	
CB Vilakazi	
DM Ramaphosa	Resigned 3 March 2020

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act of South Africa and Regulation 42 of the Companies Regulation, 2011.

2. Purpose

The committee has an independent role whose purpose is to assist the board by providing an objective and independent view on the group's finance, accounting and control mechanisms, including risk management, and by reviewing and ensuring that consideration is given to the following:

- the accounting policies of the group and any proposed revisions thereto;
- the effectiveness of the group's information technology systems, governance, and internal controls;
- the appointment and monitoring of the independence and effectiveness of the external auditors, setting the principles for recommending the use of external auditors for non-audit services and monitor that these be kept to a minimum;
- the appropriateness, expertise and experience of the Chief Financial Officer;
- the annual integrated report;
- recommend the annual financial statements for board approval;
- the effectiveness of the internal audit function;
- the reports of the external auditors;
- the group's going concern status;
- compliance with legislation and requirements of the regulatory authorities;
- the effectiveness of the group's assurance processes with particular focus on combined assurance arrangements including the external assurance service providers, internal audit and the finance function;
- in terms of risk management - and through consultation with the external auditors - to review the effectiveness of the management of organisational risk, ensuring that processes and procedures are adequate to identify, assess, manage and monitor group-wide risks; and
- annually review the committee Charter and recommending to the board for approval, with amendments if needed.

3. Meetings held by the committee

The committee performs the duties laid upon it by Section 94(7) of the Companies Act of South Africa by holding meetings with the key role players on a regular basis (minimum of two meetings per a year) and by the unrestricted access granted to the external auditors.

The committee held two scheduled meetings during 2020 and all the members of the committee attended all the meetings.

4. External auditor

The group appointed PricewaterhouseCoopers Inc. as the independent auditor and Mr D de Jager, who is a registered independent auditor, as the designated partner for the 2020 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act of South Africa that internal governance processes within the firm support and demonstrate the claim to independence.The external auditor is thus suitable for reappointment by considering, inter alia, paragraph 3.84(g)(iii) of the Listing Requirements of the JSE Limited (JSE) and the information stated in paragraph 22.15(h) of the Listings Requirements of the JSE.

Audit and Risk Committee Report

The committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The committee has considered and pre-approved all non-audit services, where applicable, provided by the external auditors and the related fees so as to ensure the independence of the external auditors are maintained.

5. Consolidated and Separate Financial Statements

The committee reviewed and assessed the fairness of the financial information and disclosures and recommended the approval of the annual financial statements of the group, taking into account:

- whether the actual information varied significantly from budgeted or projected information;
- whether generally accepted accounting principles were applied;
- any actual or proposed changes in accounting or financial reporting practices;
- any significant or unusual events or transactions; and
- whether the group's financial and operating controls are functioning effectively; and whether financial information contains adequate and appropriate disclosures.

6. Financial reporting procedures, accounting practices and internal control

As required by JSE Listings Requirement 3.84(g)(ii), the committee has ensured that appropriate financial reporting procedures exist and are working, which includes consideration of all the entities in the consolidated group financial statements.

Financial reporting procedures, internal controls and systems have been designed to provide reasonable assurance of the integrity and reliability of the financial information presented in the annual financial statements and to safeguard, verify and maintain the assets of the group and the company.

The committee, through consultation with the external auditors, ensures that management's processes and procedures are adequate to identify; assess; manage; and monitor group-wide risks.

The committee considers the financial reporting procedures and practices of all entities within the group and deem these, as well as the accounting policies, and consolidated annual financial statements, to be appropriate.

7. Evaluation of Chief Financial Officer

As required by paragraph 3.84(g)(i) of the Listings Requirements of the JSE, the committee has assessed and is satisfied with the expertise and experience of the group's Chief Financial Officer, Ms S Totaram.

8. Complaints and/or concerns

No complaints or concerns were received by the committee on any matters relating to the accounting practices of the group, the content or auditing of the annual financial statements, the internal financial controls of the group or on any other related matter during the year under review.

On behalf of the committee

MG Mokoka (CA)SA
Audit and Risk Committee Chairperson
Durbanville
12 March 2021

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated and separate financial statements.

The consolidated and separate financial statements are prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE and the Companies Act. The consolidated and separate financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group’s cash flow forecast for the year to 31 December 2021 and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

Chief Executive Officer and Chief Financial Officer responsibility statement
The directors, whose names are stated below, hereby confirm that:

- The consolidated and separate financial statements set out on pages 21 to 96, fairly present in all material respects the financial position, financial performance and cash flows of the group in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the consolidated and separate 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 group; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the group's external auditors and their report is presented on pages 13 to 20.

The consolidated and separate financial statements set out on pages 21 to 96, which have been prepared on the going concern basis, were approved by the board of directors on 12 March 2021 and were signed on their behalf by:

CPD Vorster	**S Totaram**
Chief Executive Officer	**Chief Financial Officer**

Company Secretary's Certification

In terms of Section 88(2)(e) of the Companies Act of South Africa, as amended, we certify to the best of our knowledge the group has lodged with the Companies and Intellectual Properties Commission (CIPC) all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

p.p K Ridge

Stadio Corporate Services Proprietary Limited
Company Secretary
12 March 2021

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Stadio Holdings Limited and its subsidiaries (STADIO Holdings or the group) for the year ended 31 December 2020.

1. Nature of business

STADIO Holdings, an investment holding company focusing on investment into higher education institutions (HEIs), has been established with the purpose of widening access to quality and relevant higher education programmes in southern Africa. STADIO Holdings currently owns three registered HEIs, namely STADIO Proprietary Limited (STADIO), The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) and Milpark Education Proprietary Limited (Milpark), and offers both undergraduate and postgraduate programmes on both the contact learning and distance learning modes of delivery.

2. Review of financial results and activities

The operating results and the performance of the group and company are set out in the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and notes thereto. The profit attributable to owners of the parent for the year under review recorded a net loss of R120 million (2019: profit of R70 million) with core headline earnings attributable to owners of the parent amounting to R117 million (2019: R88 million). Overall student enrolments for the year ended 31 December 2020 increased by 10% to 35 031 (2019: 31 869).

During the year, the group successfully transferred the businesses of LISOF Proprietary Limited (LISOF), Prestige Academy Proprietary Limited (Prestige Academy) and Southern Business School Proprietary Limited (SBS) to a single registered higher education institution, STADIO (formerly Embury Institute for Higher Education Proprietary Limited (Embury)) (Business Transfer).

Due to Milpark’s specialised and strategic focus on corporate clients (including a requirement for a high B-BBEE rating (currently level two)), the group has elected to continue operating Milpark as a stand-alone higher education institution focusing on the corporate business-to-business (B2B) market.

Given the strong brand, niche focus and premium price point of the AFDA programmes, the board, in December 2020, reconsidered the positioning of AFDA within the group and resolved not to transfer AFDA into STADIO, but instead continue operating AFDA as a stand-alone higher education institution with a specific focus on expanding its niche, premium offerings within the creative economy.

The Business Transfer triggered a once-off impairment of the trademarks of the aforementioned brands, excluding Milpark and AFDA (refer to Note 6 for further details).

In April 2018, the group, through Milpark, acquired the business of CA Connect Professional Training Institution CPT Proprietary Limited (CA Connect), which offers the Postgraduate Diploma in Accounting (PGDA) programme (a feeder qualification for students looking to become SAICA accredited chartered accountants) as well as a PGDA Bridging programme.

The consideration payable for the acquisition is subject to the performance of earnings before interest, taxation, depreciation and amortisation (EBITDA) of the CA Connect business over a three-year period (earn-out), which ends in June 2022.

During 2020, the CA Connect business outperformed with actual student enrolments significantly exceeding expected enrolments for the period. The better than expected performance resulted in a total fair value adjustment of R207 million (2019: R15 million), increasing the contingent consideration liability to account for the higher-than-expected purchase consideration due. Refer to Note 17 for further information.

3. Share capital

Refer to Note 14 of the consolidated and separate financial statements for detail of the movement in authorised and issued share capital.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act of South Africa. As this general authority remains valid only until the next Annual General Meeting (AGM), the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 10% of the company's issued share capital, under the control of the directors until the following AGM.

Directors' Report

5. Dividends

No dividends have been declared for the year ended 31 December 2020 (2019: Rnil).

6. Directorate

The directors in office at the date of this report are as follows:

Directors	Gender	Office	Designation	Changes
TV Maphai	Male	Chairperson	Independent Non-executive	Appointed 16 July 2020
CPD Vorster	Male	Chief Executive Officer	Executive	Appointed 1 April 2020
S Totaram	Female	Chief Financial Officer	Executive	
D Singh	Female	Chief Academic Officer	Executive	
CR van der Merwe	Male		Non-executive	Appointed 1 April 2020
PN de Waal	Male		Non-executive	
A Mellet (alternate for PN de Waal)	Male		Non-executive	
DM Ramaphosa	Male		Independent Non-executive	Resigned 15 July 2020
MG Mokoka	Female		Independent Non-executive	
CB Vilakazi	Female		Independent Non-executive	
TH Brown	Male		Independent Non-executive	
RH Stumpf	Male		Independent Non-executive	Resigned 25 May 2020

On 1 April 2020, CPD Vorster was appointed Chief Executive Officer. On the same date Dr CR van der Merwe was appointed as a non-executive director.

7. Shareholding of directors

Interests in shares

	2020 ('000)			2019 ('000)		
Directors	Direct	Indirect	Total	Direct	Indirect	Total
TV Maphai	220	-	220	-	-	-
CPD Vorster	14 783	-	14 783	-	-	-
S Totaram	699	-	699	699	-	699
D Singh	157	-	157	157	-	157
CR van der Merwe	-	4 735	4 735	-	4 735	4 735
PN de Waal	154	-	154	154	-	154
A Mellet (alternate for PN de Waal)	88	-	88	88	-	88
MG Mokoka	174	-	174	174	-	174
TH Brown	100	-	100	100	-	100
	16 375	**4 735**	**21 110**	**1 372**	**4 735**	**6 107**

The register of interests of directors and others in shares of the company is available to shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

8. Interests in subsidiaries

Details of material interests in subsidiary companies are presented in the consolidated and separate financial statements in Note 7.

Directors' Report

There were no significant acquisitions or divestitures during the year ended 31 December 2020.

9. Special resolutions

A general authority was given to the board to repurchase shares in the company subject to the requirements of the Companies Act of South Africa. This authority was given in terms of a special resolution passed at the AGM held on 1 July 2020.

No shares were repurchased by the company for the year ended 31 December 2020.

The following special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the group, were passed during the year seeking to authorise:

- the company to remunerate its non-executive directors for services rendered to the company;
- the board of the company, in terms of section 45(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the Board may deem fit to any director, prescribed officer or company that is related or interrelated to the Company on the terms and conditions and for amounts that the Board of the Company may determine until the next annual general meeting;
- the board of the company, in terms of section 44(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or company that is related or interrelated to the company, for the purpose of the subscription of any options or shares issued or to be issued by the company or a related or interrelated company, on the terms and conditions and for the amounts that the Board of the company may determine until the next annual general meeting; and
- the company and/or its subsidiaries to repurchase its own shares upon such terms as the directors may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, and the Memorandum of Incorporation of the company.

10. Events after the reporting period

The group entered into negotiations to acquire the remaining 26% interest in Southern Business School of Namibia Proprietary Limited (SBS Namibia) for a cash purchase consideration of R8 million, subject to meeting certain conditions.

The group also entered into negotiations to early settle the remaining earn-out due in respect of CA Connect acquisition for a final settlement amount of R200 million, thereby aligning the focus of the management team of CA Connect and Milpark to pursue growth opportunities beyond the PGDA programmes.

The group entered into agreements in 2018 to acquire vacant land, located in Durbanville (Western Cape), with a view to open a large-scale multi-faculty campus in the Western Cape. The group took transfer of the land and paid a consideration of R52 million in February 2021 and intends to develop this campus for opening between 2023 and 2024.

The impact of COVID-19 has been considered up to 31 December 2020. The pandemic is considered to be an ongoing event and there is no immediate concern around going concern. Management are continually assessing and monitoring developments with regard to the pandemic and its impact on the business.

Subsequent to year-end there have been no significant changes in the COVID-19 restrictions impacting the group and thus no subsequent events related to the COVID-19 have occurred. Refer to Note 39 for further information.

Save as set above, the directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

Directors' Report

11. Going concern

The directors in assessing the going concern considered the impact of the COVID-19 pandemic on the group and company. Further details of the impact of COVID-19 on the group are set out on pages 28 to 29.

In the current year, the group incurred a non-cash impairment loss on the trademarks of LISOF, Prestige Academy, SBS and Embury as a result of the Business Transfer (R40 million). The group also recognised a material fair value adjustment (R207 million) to the contingent consideration liability to cater for the higher-than-expected consideration payable to the CA Connect shareholders as a result of student enrolments on the PGDA and PGDA Bridging programmes significantly exceeding expected enrolments for the period. The CA Connect contingent consideration liability will be settled partly in shares and in cash during 2021 and 2022.

The impact of these transactions resulted in the group recognising a loss after taxation of R138 million (2019: R84 million profit) for the period and an accumulated loss at 31 December 2020 of R125.3 million (2019: R5.5 million). The effect of these transactions are circumstantial and unlikely to have as significant an impact on operations going forward.

At 31 December 2020, the current liabilities of the group exceeded the current assets by R19 million. This is due to the increased contingent consideration liability, 75% of which will be settled through the issue of shares in the company. On adjusting for the impact of the non-cash settled current portion of the contingent consideration liability, current assets will exceed current liabilities and the group has sufficient current assets to cover its current liabilities.

At 31 December 2020, the group has drawn down on R45 million of the R 200 million revolving credit facility. The group has adequate cash resources on hand and access to a debt facility to be able to meet its cash obligations due within 12 months.

Based on the group's 12-month budgets and 5-year forecasts of the group's financial performance and cash flows, the directors, after having considered the implications of COVID-19 as set out on pages 28 to 29, are satisfied that the group and the company are in a sound financial position and have adequate cash resources and access to borrowings to continue to operate as a going concern in the foreseeable future.

12. Auditors

PricewaterhouseCoopers Incorporated continued in office in accordance with Section 90 of the Companies Act of South Africa.

13. Secretary

The Company Secretary is Stadio Corporate Services Proprietary Limited.

Postal address:	PO Box 2161 Durbanville South Africa 7551
Business address:	Office 101, The Village Square c/o Queen and Oxford Streets Durbanville South Africa 7550

14. Sponsors

PSG Capital Proprietary Limited and UBS South Africa Proprietary Limited (UBS) act as joint sponsors for the group and the company, providing advice on the interpretation of and compliance with the JSE Listings Requirements and reviewing notices required in terms of the Company's Memorandum of Incorporation and the JSE. UBS acts specifically as the joint independent sponsor.

Directors' Report

15. Corporate Governance

The directors endorse the King IV Report on Corporate Governance for South Africa (King IV) and are committed to applying the principles of transparency, integrity, fairness and accountability in the conduct of its business and affairs. The board has satisfied itself that appropriate principles of corporate governance were applied throughout the year under review.

The directors are responsible for ensuring that the group and company comply with all of its statutory and regulatory obligations. The board of directors oversees and ensures an effective compliance framework, the integrity of the group's financial reporting and risk management, as well as accurate, timely and transparent disclosure to shareholders.

16. Report of the Audit and Risk committee

The report of the Audit and Risk Committee, as required in terms of section 94(7)(f) of the Companies Act of South Africa, is set out on pages 4 to 6 of the annual financial statements.

STADIO Holdings is incorporated in the Republic of South Africa and is a public company listed on the JSE.

Independent auditor's report

To the Shareholders of Stadio Holdings 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 Stadio Holdings 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

Stadio Holdings Limited's consolidated and separate financial statements set out on pages 21 to 95 comprise:

- the consolidated and separate statements of financial position as at 31 December 2020;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate 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

- Overall group materiality: R9 million, which represents 5% of consolidated loss before taxation, adjusted for significant once-off impairment charges on intangible assets and fair value loss on contingent consideration.

Group audit scope

- The Group consists of seventeen components.
- Full scope audits were performed for five components due to their financial significance, as well as for an additional five components due to statutory requirements.
- Analytical procedures were performed on the remaining components.

Key audit matters

- Capitalisation of internally generated curriculum material ("Curriculum Development"); and
- Impairment assessment of goodwill and other indefinite life intangible assets.

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	R9 million.
How we determined it	5% of consolidated loss before taxation adjusted for significant once-off impairment charges on intangible assets and fair value loss on contingent consideration.

Rationale for the materiality benchmark applied	We chose consolidated loss before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Consolidated loss before taxation was adjusted to exclude the impact of once-off impairment charges on intangible assets (note 23) and the fair value loss on contingent consideration (note 21) as disclosed in the consolidated financial statements. We chose 5% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply for listed profit-oriented companies.

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.

The Group consists of seventeen components. We conducted full scope audits of Stadio Corporate Services Proprietary Limited (forms part of the Group's holding company structure) and four of the Group's operating entities namely, Stadio Proprietary Limited (previously Embury Institute for Higher Education Proprietary Limited), Southern Business School Proprietary Limited (SBS), The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA) and MBS Education Investments Proprietary Limited (Milpark), due to their financial significance to the Group. Full scope audits were also performed on the Company, three head office companies and one other operating entity as they are subject to statutory audits in South Africa. We performed analytical procedures on the remaining components.

Group instructions were communicated to the component auditors from other PwC network firms as well as other audit firms, operating under our instruction. The instructions covered those areas that we required the component auditors to focus on, as well as information that we require them to report to us. We examined component auditors' working papers relating to areas of significant risk in the consolidated financial statements and reporting received from them to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the consolidated financial statements as a whole.

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.

The key audit matters discussed in the table below relate to the consolidated financial statements. We have determined that there are no key audit matters with regard to the audit of the separate financial statements of the Company for the current period to communicate in our report.

Key audit matter	***How our audit addressed the key audit matter***

Capitalisation of internally generated curriculum material ("Curriculum Development")
 	
The Group is in the process of developing and registering a number of new programmes. During the current financial year, R6.8 million of the Curriculum Development costs incurred was capitalised as an internally generated intangible asset.
 	
Curriculum Development costs directly attributable to the development of new curricula are recognised as internally generated intangibles assets by management when the development costs meet the recognition criteria in terms of the International Accounting Standard ("IAS") 38 - *Intangible Assets*.
 	
We considered the capitalisation of internally generated curriculum material to be a matter of most significance in the current year audit as the assessment made by management requires a number of critical judgements to be made by management.
 	
The following critical judgements were made by management:
• distinguishing between research and development costs;
• technical feasibility to complete the development of the curriculum;
• assessment of the probability that the development of the curriculum will be able to generate future economic benefits; and
• assessment of whether expenditure attributable to the development of the asset can be measured reliably.
 	
Refer to the following notes to the consolidated financial statements for detail:
• Accounting policy note 1.2: Significant judgements and sources of estimation uncertainty - Internally generated curriculum material;
• Accounting policy note 1.5: Intangible assets; and
• Note 6: Intangible assets.
	We obtained an understanding from management of the relevant controls and process implemented over the recognition of the internally generated intangible assets for new Curriculum Development and performed the following audit procedures:
	• We tested the classification of research costs by tracing a sample of costs expensed to underlying documents. We did not identify any costs that should have been capitalised;
	• We tested the classification of development costs capitalised by tracing a sample of costs capitalised to underlying documentation and assessing whether these costs relate to the development of the curriculum. We did not identify any costs that should have been expensed;
	• We obtained a listing of curricula approved by management. We evaluated the technical feasibility as assessed by management to complete the development against historical trends of successful completion of previous courses. We noted no matters requiring further consideration;
	• We assessed the probability that the curriculum development will generate future economic benefits by obtaining management's calculations of future income based on the number of students and the fee of the course. We noted no matters requiring further consideration;
	• We performed the following procedures on the number of students and fee of the courses:
	  ○ A sample of the fees were evaluated against that of similar courses offered in the Group, as well as in the industry. We did not note any material differences; and
	  ○ Student numbers were based on the forecasted number of students that qualify for further education based on current academic results and current enrolment in the Group. We evaluated the

	forecasted student numbers against historical trends of the annual increase in student numbers per course and found this to be within an acceptable range; and ● The most significant cost element relates to salaries of employees involved in the development of the curriculum. For each curriculum we inspected the approved project plan to evaluate whether only the salaries of people involved in the project were capitalised to the specific curriculum, and we traced a sample of salary costs across all curricula to payroll records. We found no exceptions for the selected sample.
Impairment assessment of goodwill and other indefinite life intangible assets The Group's net assets include a significant amount of goodwill, trademarks and curriculum material classified as indefinite life intangible assets. As required by IAS 36 - *Impairment of Assets*, management conducts an annual impairment test, or more frequently if there is an indication of impairment, to assess the recoverability of the carrying value of goodwill and the indefinite life intangible assets. These tests are subjective in nature due to management's judgements and assumptions relating to the Cash Generating Units ("CGUs"). Management estimated the recoverable amount of the CGUs using the value in use method. This is performed by using a discounted cash flow model. Management applied the following key assumptions in determining the recoverable amount: ● discount rate; ● terminal growth rate; and ● cash flows assumptions relating to tuition fee increases, student number growth and operating expenses growth. Based on results of the assessment performed, impairment charges relating to indefinite useful life intangible assets were	Utilising our valuation expertise, we performed the following audit procedures: ● We evaluated the valuation methodology used by management to determine the estimated value in use and whether the discounted cash flow model is an appropriate valuation methodology applied in the circumstances and as required by IFRS 13 - *Fair value measurement*. Based on our work performed, we accepted management's use of the discounted cash flow model as a valuation methodology; ● We tested the principles of management's calculations and we challenged key inputs in the calculations such as the discount rate, terminal growth rate and future cash flow assumptions with reference to the board approved business plan and external market data. We did not note any aspects requiring further consideration; ● In assessing management's forecasts, we considered the historical accuracy of the underlying businesses' forecasts to assess the reliability thereof, by comparing the actual results for the year with the original forecasts. We further considered the extent and appropriateness of the impact of the COVID-19 pandemic on the market-related cash flow assumptions through discussions with management. We evaluated differences noted against underlying documentation and explanations obtained from management in order to evaluate whether the impact of COVID-19 was appropriately assessed in their forecast. Based on our work performed we accepted these differences; and

recognised in the Group's consolidated statement of comprehensive income which amounted to R40 million. No impairment was recognised for goodwill. We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance in our current year audit due to the following: • The judgement and estimates applied by management in performing the • impairment assessment; and • The magnitude of these balances in relation to the consolidated financial statements. Refer to the following notes to the consolidated financial statements for detail: • Accounting policy note 1.2: Significant judgements and sources of estimation uncertainty - Goodwill and other indefinite life intangible assets; • Note 5: Goodwill; and • Note 6: Intangible assets.	• We compared the discount and terminal growth rates used by management to our independently developed benchmarks, which are based on various economic indicators. The rates used by management were found to be within an acceptable range of our independently determined range of discount and terminal growth rates. • We performed independent sensitivity calculations on the impairment assessments, to assess the degree by which the key assumptions needed to change in order to trigger an impairment. Based on the outcome of our procedures, we did not note any aspect requiring further consideration.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Stadio Holdings Limited Consolidated and Separate Financial Statements for the year ended 31 December 2020", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Stadio Holdings 2020 Integrated Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Stadio Holdings Limited for 5 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Dawid de Jager

Registered Auditor

Stellenbosch

12 March 2021

Consolidated and Separate Statements of Financial Position as at 31 December 2020

		Group		Company	
	Notes	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Assets					
Non-Current Assets					
Property, plant and equipment	3	717 120	663 358	-	-
Right-of-use assets	4	95 996	91 702	-	-
Goodwill	5	749 482	749 482	-	-
Intangible assets	6	168 967	211 522	-	-
Investments in subsidiaries	7	-	-	959 039	928 521
Trade and other receivables	8	17 254	16 281	-	-
Other financial assets	9	11 620	5 173	-	-
Deferred tax asset	10	129 534	107 026	-	-
		1 889 973	**1 844 544**	**959 039**	**928 521**
Current Assets					
Inventories	11	1 588	2 132	-	-
Loans to related parties	12	591	805	636 411	636 508
Trade and other receivables	8	106 073	115 834	-	-
Current tax receivable		7 107	9 908	-	-
Cash and cash equivalents	13	116 803	93 436	44	21
		232 162	**222 115**	**636 455**	**636 529**
Total Assets		**2 122 135**	**2 066 659**	**1 595 494**	**1 565 050**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	14	1 597 512	1 565 675	1 597 512	1 565 675
Share-based payment reserve	15	21 159	11 033	-	-
Accumulated loss		(125 299)	(5 548)	(9 945)	(8 450)
		1 493 372	1 571 160	1 587 567	1 557 225
Non-controlling interest		(7 381)	12 138	-	-
Total equity		**1 485 991**	**1 583 298**	**1 587 567**	**1 557 225**
Liabilities					
Non-Current Liabilities					
Borrowings	16	45 000	65 000	-	-
Lease liabilities	4	134 580	137 061	-	-
Deferred tax liability	10	72 321	70 809	-	-
Trade and other payables	17	132 694	18 993	-	-
		384 595	**291 863**	**-**	**-**
Current Liabilities					
Borrowings	16	79	392	-	-
Lease liabilities	4	33 385	32 309	-	-
Loans from related parties	12	96	96	7 201	7 201
Trade and other payables	17	116 303	65 757	726	624
Contract liabilities	18	88 542	89 786	-	-
Current tax payable		13 144	3 158	-	-
		251 549	**191 498**	**7 927**	**7 825**
Total Liabilities		**636 144**	**483 361**	**7 927**	**7 825**
Total Equity and Liabilities		**2 122 135**	**2 066 659**	**1 595 494**	**1 565 050**

Consolidated and Separate Statements of Comprehensive Income

	Notes	Group 2020 R '000	Group Restated 2019 R '000	Company 2020 R '000	Company 2019 R '000
Revenue	19	932 944	815 427	-	-
Other income	20	3 570	8 054	-	-
Loss allowance		(80 485)	(34 832)	-	-
Fair value losses on financial instruments*	21	(207 209)	(15 277)	-	-
Operating expenses	22	(602 994)	(593 058)	(1 498)	(1 191)
Earnings/(loss) before interest, taxation,depreciation and amortisation (EBITDA)		**45 826**	**180 314**	**(1 498)**	**(1 191)**
Depreciation	23	(47 021)	(44 813)	-	-
Amortisation	23	(17 558)	(16 077)	-	-
Impairment on intangible assets	23	(51 216)	-	-	-
(Loss)/earnings before interest and taxation (EBIT)		**(69 969)**	**119 424**	**(1 498)**	**(1 191)**
Investment income	24	11 841	28 047	3	5
Finance costs	25	(20 502)	(19 926)	-	-
(Loss)/profit before taxation		**(78 630)**	**127 545**	**(1 495)**	**(1 186)**
Taxation	26	(59 730)	(43 861)	-	-
(Loss)/ profit for the year		**(138 360)**	**83 684**	**(1 495)**	**(1 186)**
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		**(138 360)**	**83 684**	**(1 495)**	**(1 186)**
(Loss)/profit attributable to:					
Owners of the parent		(119 751)	69 836	(1 495)	(1 186)
Non-controlling interest		(18 609)	13 848	-	-
		(138 360)	**83 684**	**(1 495)**	**(1 186)**
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(119 751)	69 836	(1 495)	(1 186)
Non-controlling interest		(18 609)	13 848	-	-
		(138 360)	**83 684**	**(1 495)**	**(1 186)**

(Loss)/Earnings per share (cents)

Per share information

	Notes	Group 2020	Group Restated 2019	Company 2020	Company 2019
Basic (loss)/earnings per share	27	(14,5)	8,5	-	-
Diluted (loss)/earnings per share	27	(14,5)	8,4	-	-

**The group has chosen to present the fair value losses on financial instruments due to it being a material item for the 2020 financial period.The prior year has been restated to reflect the necessary disclosure. Refer to Note 21 for further information.*

Consolidated and Separate Statements of Changes in Equity

	Share capital R '000	Share based payment reserve R '000	Accumulated profit/(loss) R '000	Total R '000	Non-controlling interest R '000	Total equity R '000
Group						
Balance at 1 January 2019	**1 564 283**	**5 122**	**47 736**	**1 617 141**	**44 021**	**1 661 162**
Profit for the year	-	-	69 836	69 836	13 848	83 684
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**69 836**	**69 836**	**13 848**	**83 684**
Issue of ordinary shares	1 400	-	-	1 400	-	1 400
Share issue costs	(8)	-	-	(8)	-	(8)
Share-based payment charge	-	5 911	-	5 911	-	5 911
Non-controlling interest acquired	-	-	(123 120)	(123 120)	(32 380)	(155 500)
Dividends paid to non-controlling shareholders	-	-	-	-	(13 351)	(13 351)
Total contributions by and distributions to owners of company recognised directly in equity	**1 392**	**5 911**	**(123 120)**	**(115 817)**	**(45 731)**	**(161 548)**
Balance at 1 January 2020	**1 565 675**	**11 033**	**(5 548)**	**1 571 160**	**12 138**	**1 583 298**
Loss for the year	-	-	(119 751)	(119 751)	(18 609)	(138 360)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**(119 751)**	**(119 751)**	**(18 609)**	**(138 360)**
Issue of ordinary shares	31 919	-	-	31 919	5 214	37 133
Share issue costs	(82)	-	-	(82)	-	(82)
Share-based payment charge	-	10 126	-	10 126	-	10 126
Dividends paid to non-controlling shareholders	-	-	-	-	(6 124)	(6 124)
Total contributions by and distributions to owners of company recognised directly in equity	**31 837**	**10 126**	**-**	**41 963**	**(910)**	**41 053**
Balance at 31 December 2020	**1 597 512**	**21 159**	**(125 299)**	**1 493 372**	**(7 381)**	**1 485 991**
Notes	14	15				

Consolidated and Separate Statements of Changes in Equity

	Share capital R '000	Share based payment reserve R '000	Accumulated profit/(loss) R '000	Total R '000	Non-controlling interest R '000	Total equity R '000
Company						
Balance at 1 January 2019	**1 564 283**	**-**	**(7 264)**	**1 557 019**	**-**	**1 557 019**
Loss for the year	-	-	(1 186)	(1 186)	-	(1 186)
Total comprehensive loss for the year	**-**	**-**	**(1 186)**	**(1 186)**	**-**	**(1 186)**
Issue of ordinary shares	1 400	-	-	1 400	-	1 400
Share issue costs	(8)	-	-	(8)	-	(8)
Total contributions by and distributions to owners of company recognised directly in equity	**1 392**	**-**	**-**	**1 392**	**-**	**1 392**
Balance at 1 January 2020	**1 565 675**	**-**	**(8 450)**	**1 557 225**	**-**	**1 557 225**
Loss for the year	-	-	(1 495)	(1 495)	-	(1 495)
Total comprehensive loss for the year	**-**	**-**	**(1 495)**	**(1 495)**	**-**	**(1 495)**
Issue of ordinary shares	31 919	-	-	31 919	-	31 919
Share issue costs	(82)	-	-	(82)	-	(82)
Total contributions by and distributions to owners of company recognised directly in equity	**31 837**	**-**	**-**	**31 837**	**-**	**31 837**
Balance at 31 December 2020	**1 597 512**	**-**	**(9 945)**	**1 587 567**	**-**	**1 587 567**
Notes	14	15				

Consolidated and Separate Statements of Cash Flows

		Group		Company	
	Notes	2020 R '000	Restated* 2019 R '000	2020 R '000	2019 R '000
Cash flows from operating activities					
Cash generated from/(used in) operations	29	274 386	189 551	(1 396)	(1 123)
Investment income		8 881	27 712	3	5
Finance costs		(20 637)	(19 701)	-	-
Taxation paid	30	(67 749)	(56 278)	-	-
Net cash from/(used in) operating activities		**194 881**	**141 284**	**(1 393)**	**(1 118)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(78 353)	(157 427)	-	-
Proceeds from disposal of property, plant and equipment		265	35	-	-
Purchase of intangible assets	6	(17 349)	(10 001)	-	-
Internally generated intangible assets	6	(8 870)	(11 429)	-	-
Proceeds received from loans to related parties		214	1 149	1 498	1 054
Acquisition of other financial assets		(6 000)	(3 000)	-	-
Proceeds from disposal of other financial assets		-	4 900	-	-
Net cash (used in)/from investing activities		**(110 093)**	**(175 773)**	**1 498**	**1 054**
Cash flows from financing activities					
Share issue costs	14	(82)	(8)	(82)	(8)
Repayment of loans from related parties		-	(1 041)	-	-
Proceeds from borrowings		45 079	65 089	-	-
Repayment of borrowings		(65 392)	(4 150)	-	-
Payment of principal portion of lease liabilities	31	(27 290)	(20 022)	-	-
Dividends paid to non-controlling shareholders		(6 124)	(13 351)	-	-
Acquisition of additional shares in subsidiary from non-controlling interest		-	(155 500)	-	-
Contingent consideration for acquisition of subsidiary		(7 612)	(2 600)	-	-
Net cash (used in)/from financing activities		**(61 421)**	**(131 583)**	**(82)**	**(8)**
Total cash movement for the year		**23 367**	**(166 072)**	**23**	**(72)**
Cash at the beginning of the year		93 436	259 508	21	93
Total cash at end of the year	13	**116 803**	**93 436**	**44**	**21**

**The prior year was restated to separately disclose and reallocate proceeds from loans to related parties to net cash flow used in investing activities from net cash flow from financing activities.*

Accounting Policies

1. Presentation of consolidated and separate financial statements

Stadio Holdings Limited (the company) is a public company domiciled in the Republic of South Africa. The consolidated and separate annual financial statements (annual financial statements) as at, and for the year ended, 31 December 2020 comprises the annual financial statements of the company and its subsidiaries (together referred to as STADIO Holdings or the group).

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the historic cost basis, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

The consolidated and separate financial statements have been prepared on a going-concern basis in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee interpretations, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the Listings Requirements of the JSE.

These accounting policies are consistent with the previous period, except for the changes set out in Note 2.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results in the future could differ from these estimates which may be material to the annual financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease term

Determining the lease term requires judgement. Management consider all facts and circumstances that create an economic incentive or otherwise to exercise a lease extension or termination option.

For leases of office, administration buildings and land, the following factors are considered:

- If there are significant penalties to terminate, the group is typically reasonably certain to extend
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset

The lease term is reassessed if an option is exercised or the group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The group is reasonably certain to extend the lease term where the business disruption to students is significant should the leased asset be replaced. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of R0.9 million (2019: R1.7 million).

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Incremental borrowing rate

The group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities.

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; or
- if the lessee does not have recent third-party financing, use the group debt facility financing rate, as a starting point adjusted to reflect risk factors specific to the lessee; and
- makes adjustments specific to the lease, eg term and security.

Curriculum and trademark useful lives

Curriculum and trademarks are regarded as having an indefinite useful life as, based on all relevant factors, there is no foreseeable limit to the period over which these assets are expected to generate net cash inflows.

Curriculum material, once accredited, do not have significant cost associated with the maintenance of the core curriculum. As a result, a portion of the capitalised costs are assessed as having an indefinite useful life.

Trademarks may be renewed at little or no cost to the group. As a result, these trademarks are assessed as having an indefinite useful life.

Internally generated curriculum material

Management capitalise curriculum development costs directly attributable to the development of new curricula as intangible assets as disclosed in Note 1.5 and Note 6. Significant judgement is exercised in differentiating between research and development costs, technical feasibility to complete the development, assessment of the probability that the development of the curriculum will be able to generate future economic benefits and assessment of whether expenditure attributable to the development of the asset can be measured reliably.

The research phase consists mainly of the search for potential programmes to offer (which may include programmes on different modes of delivery and including alternative assessment practices to yield the best academic results). Once a programme has been identified for development and offer within the group, authorised senior management internally approve of the development and the academic team then commences with the development process. The capitalisation of costs pertaining to curriculum development only commence at this point. The development phase consists mainly of developing the learning programme and curriculum framework (which includes the processes relating to the design, delivery, assessment moderation and quality assurance of the programme), in accordance with the stringent criteria as set out by the Council on Higher Education (CHE). Once a programme has been approved for development, management dedicates enough resources (technical, financial, and other resources such as existing staff and external consultants) to complete the programmes, which will ultimately be used by the group to deliver qualifications to students and thereby generating economic benefits for the group.

The development and design of the learning programme and curriculum framework spans between 8-12 months and consists of various activities to align the programme to the group's academic quality criteria to ensure student success. During the development phase, certain staff dedicate part of their time in developing the curriculum framework. The group has controls in place to track the time spent solely on curriculum development. The group may also appoint external consultants who have experience in the specific fields of the related programmes being developed. Only staff costs and external consultant costs spent specifically on the development of the programmes are capitalised. In addition, the research costs and development costs are clearly distinguishable.

In assessing the technical feasibility to complete the programmes, management applies judgement on whether or not the development is sufficient to meet the relevant requirements of the various regulators. This is based on the expertise of the staff and external consultants used (i.e. industry and knowledge specific experts) in development of the programme as well as from oversight by senior and experienced staff within the groups' quality control and assurance division. Whilst regulatory approval of the CHE, the Department of Higher Education and Training (DHET) and the South African Qualifications Authority (SAQA) is required prior to offer of any formal programme, the process of regulatory approval allows for the engagement with the development staff and consultants on programmes submitted for accreditation. This engagement allows for rectifications and revisions of the curriculum framework, within parameters, to ensure compliance with the relevant regulations required for approval.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Impairment of trade receivables

The impairment provisions for trade receivables are based on estimates to determine the expected credit loss of trade receivable. In making these assumptions and selecting the inputs utilised in the impairment calcuation, the group uses judgement based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of key assumptions and inputs used, refer to Note 1.6 and Note 8.

Fair value estimation

The group measures the contingent consideration liability at fair value.

Information about the specific techniques and inputs utilised to determine fair value of this liability is disclosed in Note 37.

Estimated useful lives assessment

The group estimates the useful lives of property, plant and equipment, right-of-use assets and intangible assets in line with the current policy and applicable IFRS standards. The useful lives for property, plant and equipment and intangibles are set out in Note 1.4 and Note 1.5. Useful lives are determined upon acquisition and subsequently reviewed annually. These assessments are based on managments historic analysis, anticipation of future pattern of use of the asset which may impact their life and other reliable information. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology. Indefinite useful lives are allocated to intangible assets if there is no foreseeable limit to the period over which the group expects to consume the future economic benefits embodied in the intangible asset.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation or amortisation charge.

Goodwill and other indefinite life intangible assets

The group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 5 and Note 6. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Deferred tax asset

The group has determined that it will be possible to utilise deferred tax assets through future taxable profits. This is based on financial forecasts which require the use of assumptions. Refer to Note 26 for further information.

COVID-19

The impact of COVID-19 on both the group and company has been considered in all judgements exercised and estimates made by management are provided below and in the commentary that accompanies the financial statements.

Throughout 2020, the group has taken all necessary and responsible steps to manage the impact of the COVID-19 pandemic by focusing on and prioritising the health and safety of all staff and students, ensuring the continuation of the academic programme and maintaining the financial health of the business.

Notwithstanding a challenging year for both staff and students the group was well positioned to manage the impacts of the COVID-19 pandemic. More than 80% of the group's student body, study by way of the distance learning mode of delivery. As such, the COVID-19 lock-downs implemented during the course of 2020 did not have a material operational impact on the majority of the group's students. The group introduced various online teaching and learning and student support interventions to ensure that the contact learning students' needs were addressed and to ensure that students were well positioned to complete the 2020 academic year. This included providing for computer devices as well as free data to contact learning students and staff. As a result of these interventions, the group successfully completed the 2020 academic year in 2020. The various online teaching and learning modes adopted during 2020 has furthermore created substantial opportunities for the group to expand its distance, online and more specifically hybrid offerings going forward.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Throughout 2020, the business was well capitalised with excess cash reserves (R117m at 31 December 2020) and access to funding facilities (R155 million at 31 December 2020). During the 2020 financial year, the group also initiated various cost saving initiatives with a curtailment of uncommitted and discretionary expenditure. Furthermore, all planned capital expenditures were reviewed on an ongoing basis, and certain projects were deferred to 2021 and beyond. More specifically, the board resolved to delay the construction and opening of the STADIO Centurion campus, which was originally planned to open in 2021 (STADIO Centurion will now be completed in 2021 for opening in 2022). The group further deferred the transfer and development of the Krugersdorp facility that was planned in 2020 to expand the distance learning operations.

The group is cognisant of the protracted longer-term impacts of the COVID-19 pandemic on the global and local economy and more specifically on the ability of cash strained consumers to afford higher education offerings. Notwithstanding the COVID-19 headwinds, the group with its affordable distance learning offerings is well positioned to cater for the needs of the South African higher education market.

The following key areas were considered in determining the impact of COVID-19 on the group at 31 December 2020.

Impairment of property, plant and equipment (Note 3) and right-of-use assets (Note 4)
During 2020, the COVID-19 pandemic required all higher education institutions to support government protocols and directives in South Africa in order to contain the spread of the virus which led to temporary closure of our campuses. Throughout the various stages of the lockdown period, the group continued its academic offering for enrolled students through online teaching and learning, in addition to the on-campus learning activities. Distance learning students were not materially impacted as a result of the COVID-19 lockdowns. As such there was limited overall disruption to the operations of the group, with the academic offering continuing throughout the year. On opening of the campuses from 1 June 2020, students were re-introduced to the campus on a rotational basis to adhere to the government stipulated threshold criteria and national regulations and the academic year continued and was completed.

No evidence of obsolescence or physical damage of the assets was identified. Future cash projections still support the carrying value of these assets. Furthermore the Business Transfer has created the opportunity to offer a wider variety of programmes at the current existing academic sites of delivery, thereby improving the cash projections for those assets. As such no impairments have been recognised.

Impairment assessments of goodwill and indefinite intangible assets (Notes 5 and 6)
As set out above, given the limited operational impact of COVID-19 on the group, current earnings and cash flow projections indicate growth for the existing campuses and the STADIO Centurion campus currently under construction.

The impairment loss recognised on trademarks (R40 million) for the year, was as a result of the Business Transfer and the existing brands of LISOF, Prestige Academy, SBS and Embury no longer being in use and no longer generating future economic benefits.

Expected credit losses on receivables (Note 8)
Notwithstanding the limited operational disruption to the group, the ability of students to continue to pay tuition fees and for various group services rendered came under pressure. The group proactively engaged with students and provided extended payment plan alternatives for qualifying students. There were limited drop-out of students as a result of the COVID-19 pandemic.

The expected credit loss allowance for the group was increased to 8.6% (2019: 4.3%) of revenue to cover for the increased risk in the collection of outstanding debtors at and beyond year end.

The group and company's ability to continue as a going concern (Note 38)
Management critically reviewed and assessed the group's ability to continue as a going concern with specific consideration to the impact of COVID-19 and based on five-year forecasts of the group's operations and cash flows and group's access to borrowings, no going risk concern has been identified.

Accounting Policies

1.3 Consolidation

Basis of consolidation

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through using its power over the entity.

The results of subsidiaries are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate financial statements of subsidiaries to bring their accounting policies in line with those of the group.

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Consolidated and Separate Statements of Changes in Equity .

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. 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.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Any contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments. Otherwise, all subsequent changes to the fair value of contingent consideration that is deemed to be an asset or liability is recognised in either profit or loss or in other comprehensive income, in accordance with relevant IFRS's. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets Held For Sale and Discontinued Operations, which are recognised at fair value less costs to sell.

Accounting Policies

1.3 Consolidation (continued)

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the acquiree's assets and liabilities are reassessed in terms of classification and are reclassified where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests in the acquiree are measured on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This treatment applies to non-controlling interests which are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS's.

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

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree. If, in the case of a bargain purchase, the result of this formula is negative, then the difference is recognised directly in profit or loss.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

Common control transactions

IFRS 3 Business Combinations excludes from its scope business combinations between entities under common control. Depending on the specific facts and circumstances surrounding a particular business combination under common control, management selects an appropriate accounting policy, and it applies that policy consistently from period to period to all business combinations under common control that are considered similar in nature. The group accounted for the common control transaction by applying the predecessor method, that is the assets and liabilities of the acquired entities are stated at their predecessor carrying amounts, being the net book value of these assets and liabilities in the financial statements.

Effective 26 October 2020, following the Business Transfer, the qualifying assets and liabilities from the underlying business of SBS, LISOF, Prestige Academy were transferred to STADIO. The consideration payable by STADIO was settled partly by the assumption of business liabilities and the issue of shares. These inter-group transactions are eliminated on consolidation and accordingly have nil effect on the consolidated financial statements.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Accounting Policies

1.4 Property, plant and equipment (continued)

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	75 years
Furniture and fixtures	Straight line	6 - 10 years
Motor vehicles	Straight line	5 years
Audio, camera and edit equipment	Straight line	6 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	shorter of lease term or useful life
Costume, make-up and styling	Straight line	5 years

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

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

1.5 Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Curriculum material, requiring CHE accreditation, includes a portion of the asset with an indefinite useful life since there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. The balance having a useful life of six years. taking into account the average period over which the curriculum is reviewed and updated, in order to keep the curriculum relevant with any technological, regulatory, or other changes that do not constitute a redesign of the curriculum framework. The useful life of non-accredited courses were determined to be 3 years, as these relate to short courses. The nature of short courses are dependent on current trends and require more frequent assessment of the coursework to ensure that they remain relevant.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated intangible assets comprises computer software and curriculum material.

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee development costs and external consulting fees.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Trademarks	Straight line	Indefinite
Curriculum material - accredited	Straight line	Indefinite / 6 years
Curriculum material - non-accredited courses	Straight line	3 years
Computer software	Straight line	3 - 10 years
Client lists	Straight line	4 - 7 years

1.6 Financial instruments

Classification

Financial assets:

The group and company classify their financial assets on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets

The group and company classify their financial assets at amortised cost only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

Financial liabilities:

The group and company classify their financial liabilities into the following specified categories:

- Amortised cost; or
- Fair value through profit and loss

1.6 Financial instruments (continued)

Recognition and measurement

Financial instruments are recognised when the group and the company become a party to the contractual provisions of the instruments.
Financial assets and financial liabilities are measured at fair value at initial recognition.
Transaction costs on financial assets and financial liabilities at fair value through profit or loss are recognised in profit or loss.
For financial assets and financial liabilities that are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial assets and financial liabilities are subsequently measured in accordance with the initial classification category, as indicated below.
A gain or loss on a financial asset that is measured at fair value will be recognised in profit or loss unless it is a financial asset measured at fair value through other comprehensive income for which gains or losses are recognised in other comprehensive income.
Financial assets measured at amortised cost are subsequently measured at amortised cost.
Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

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

The group derecognises financial liabilities when, and only when, the group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (Note 8).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the group's business model is to collect the contractual cash flows on trade and other receivables.

The group and company apply the IFRS 9 simplified approach to measure the loss allowance for trade and other receivables (excluding net investment in lease) at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Other financial assets

Classification

Other financial instruments comprise of unit trusts and are presented in Note 9. They are mandatorily classified at fair value through profit or loss. The unit trusts are long term investments held to earn interest and are classified as non-current financial assets.

Borrowings and loans from related parties

Classification

Loans from related parties (Note 12) and borrowings (Note 16) are classified as financial liabilities subsequently measured at amortised cost.

1.6 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (Note 17) are classified as financial liabilities subsequently measured at amortised cost with the exception of the contingent consideration liability. When a financial liability is contingent consideration in a business combination, the group classifies it as a financial liability at fair value through profit or loss.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is insignificant.

Impairment of financial assets

Simplified model
The ECL on trade receivables is calculated on a collective basis for all trade receivables as students are perceived to have a similar risk profile. The ECL is determined using a provision based calculation which is based on group's historical credit loss, adjusted for forward-looking general economic conditions and specific student conditions, such as projected student registrations. Historical credit losses are determined based on the credit losses experienced over the previous two financial years. The forecast of economic conditions, such as the GDP and unemployment rate, are used to determine the impact on the recoverability, at year end. The group defines default on trade receivables when there is a balance outstanding in relation to the prior academic year and the student has not entered into payment plan arrangements.

Other receivables (excluding net investment in lease) has been assessed based on individual characteristics, nature of the counterparty and history with the counterparty in order to determine the credit risk and lifetime credit allowance. The ECL calculated is a function of the loss given default, which is calculated based on the exposure at default and the probability of default. Default occurs when the amount outstanding is greater than 90 days past due and there is evidence indicating that the amount is credit impaired such as the counter party entering liquidation.

General Model
The ECL on loans to related parties and net investment in lease is determined through the application of the General Model. The group assesses which stage of the three-stage model the financial asset falls into.

The stages applied are:
1) A performing asset – a 12 month expected credit loss is calculated;
2) Increased credit risk – lifetime expected credit loss is calculated; or
3) Credit impaired – lifetime expected credit loss is calculate

The ECL calculated is a function of the loss given default, which is calculated based on the exposure at default and the probability of default.

The group considers the probability of default upon initial recognition of the financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default as at the date of initial recognition.The group considers this to be when the amount outstanding is 30 days past due and/ or if there is existing or forecast deterioration in the counterparty’s ability to meet its debt obligations.

Default occurs when the amount outstanding is greater than 90 days past due and there is evidence indicating that the amount is credit impaired such as the counter party entering liquidation.

Recognition of impairment losses
An impairment loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of financial assets, through the use of a loss allowance. The impairment loss is disclosed as a separate line on the statement of comprehensive income.

Accounting Policies

1.6 Financial instruments (continued)

Write off policy

Financial assets are written off when there are indicators that there is no reasonable expectation of recovery. Indicators for trade receivables include students not re-enrolling, students not responding to payment requests and no longer being contactable. Indicators for other financial assets to be written off is where there is evidence of the debtor being in severe financial difficulty, such as business rescue proceedings commencing, and the group has no realistic evidence of recovery.

Where financial assets are impaired through use of a provision account, the write off occurs against the loss allowance accounts. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Certain financial assets are subject to the group's additional debt recovery procedures.

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

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

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

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

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

Accounting Policies

1.8 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 22) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Low-value assets comprise IT equipment and small items of office furniture.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in Note 4 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (Note 25).

Accounting Policies

1.8 Leases (continued)

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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

Right-of-use assets

Right-of-use assets are initially measured by taking the initial cost of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs; and an estimate of costs to be incurred by the lessee in restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Depreciation starts at the commencement date of a lease.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Right-of-use asset and lease liability are treated as separate transactions. These have equal but opposite temporary differences on intial recognition, which are separately recognised.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Accounting Policies

1.8 Leases (continued)

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (Note 20).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

Finance leases

Amounts due from lessees are recognised from commencement date at an amount equal to the group net investment in the lease. They are included in trade and other receivables (Note 8) on the statement of financial position.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives payable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be receivable by the group from the lessee, a party related to the lessee or a third party unrelated to the group under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the option;
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (Note 24).

The group applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy (Note 1.6) for financial instruments where the impairment policy for lease receivables is detailed.

1.9 Inventories

Inventories are measured at the lower of cost and net realisable value, where cost is determined using the weighted average method.

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

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

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Accounting Policies

1.10 Impairment of non financial assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period;
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.11 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Accounting Policies

1.12 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity, are measured, indirectly, by reference to the fair value of the equity instruments granted. Equity-settled awards are not subsequently remeasured.

Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are not taken into consideration when determining the fair value of the equity instruments granted. Instead, vesting conditions which are not market related shall be taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for goods or services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Market conditions, such as a target share price, are taken into account when estimating the fair value of the equity instruments granted. The number of equity instruments are not adjusted to reflect equity instruments which are not expected to vest or do not vest because the market condition is not achieved.

Vesting conditions, other than market conditions, are not taken into account when estimating the fair value of cash-settled share-based payment at the measurement dates. These vesting conditions are taken into account by adjusting the number of awards included in the measurement of the liability arising from the transaction.

Market conditions and non-vesting conditions are taken into account when estimating the fair value of the cash-settled share-based payment.

The share based payments granted do not vest until the counterparty completes a specified period of service. The group accounts for those services as they are rendered by the counterparty during the vesting period or on a straight line basis over the vesting period.

If the share based payments vest immediately the services received are recognised in full.

As an exception, when the group is obligated, in terms of tax legislation, to withhold an amount of employees' tax associated with an equity-settled share-based payment transaction (thus creating a net settlement feature), the full transaction is still accounted for as an equity-settled share-based payment transaction.

1.13 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

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

Accounting Policies

1.14 Revenue from contracts with customers

The group derives revenue from the transfer of services over time and as such, revenue is recognised in profit and loss in the accounting period in which the service is rendered in accordance with the terms of the student contract and when collections are highly probable. Revenue is measured at the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of bursaries and discounts granted, and value added tax.

The group recognises revenue from the following major sources:

- Revenue from tuition fees and education services
- Sale of goods
- Other income

Tuition and education services

Tuition fees
Tuition fees relate to fees earned for the delivery of educational services to students. Students simultaneously receive and consume the benefits of these services over the academic period of their programme, as such revenue is recognised on a straight-line bases over the academic period. The tuition fee recognised is determined based on the student contract, in accordance with the institution's fee structure. The tuition fee is a fixed price and represents the stand-alone price for the performance obligation. No allocation of the transaction price is required.

Registration and enrolment fees
Registration and enrolment fees are received to perform educational administrative tasks. These amounts per the institution's fee structure, are received at a point in time. The revenue is recognised over the period in which the education service is delivered in accordance with the terms of the student contract which may be between 1 – 3 years. The fees are charged at their own stand-alone selling price.

Bursaries and discounts
Discretionary bursaries and discounts are set off against the related revenue recognised. Bursaries and discounts are awarded based on academic merit or financial assistance. Awarded bursaries are assessed annually with no obligation that the bursary will continue in the following academic year. These amounts are calculated based on the approved amounts and are recognised on a straight-line basis over the academic period in which the service is rendered, in line with the tuition fees.

Hostel and other academic income
Hostel income and other academic income are recognised over the period that this service is provided. Students simultaneously receive and consume the benefits of services. Transaction prices are determined per obligation and based on the stand-alone selling price in accordance with the institutions fee structure. Other academic income relates to additional services provided for summer school and assessments.

Sale of goods

Learning material
The group is involved in the sale of learning material. Sales are recognised when the control of learning materials has been transferred which occurs upon delivery to the student. Upon acceptance by the student the performance obligation is satisfied. Payment is due upon the transfer of learning materials to the student.

Canteen
Canteen revenue is recognised upon the transfer of the food or beverage items to students and staff. Payment is due as soon as the customer receives their food or beverage purchase.

Other Income

Sundry Income
Sundry income is recognised at a point in time when the performance obligation is satisfied.The transaction price is determined based on the stand-alone price of each performance obligation.
Sundry income relates to non-academic incidental ancillary services such as insurance refunds, prescribed debt and other incidental income.

Accounting Policies

1.14 Revenue from contracts with customers (continued)

Conferencing income
Conferencing income is recognised upon completion of the provision of conferencing services. Conferencing services consist of venue hire, catering and accommodation facilities, which are each considered distinct performance obligations. The transaction price is determined based on the contract as agreed with the customer. The stand alone selling price for each performance obligation is specified in the contract and allocated accordingly.

1.15 Contract liabilities

Contract liabilities comprises of tuition and registration fees received prior to the commencement of the academic service being delivered to the student. Contract liabilities represent an obligation of the company resulting in revenue being realised only once the group has performed the obligation as per the contract.

Subject to certain conditions, such as extenuating medical-related cases, contract liabilities are repayable to the student's account holder should the student not complete their studies.

Contract liabilities are expected to be recognised over 1 to 3 years.

1.16 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 Earnings per a share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to owners of the Group by the weighted average number of ordinary shares (WANOS) outstanding during the financial year adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Headline earnings per share
Basic earnings adjusted for non-headline items in terms of the requirements stipulated in Circular 1/2019, as issued by SAICA. Headline earnings per share is calculated by dividing headline earnings by the WANOS.

Accounting Policies

1.17 Earnings per a share (continued)

Core headline earnings per share

Core headline earnings adjusts basic headline earnings for certain items that, in the executive directors view, may distort the financial results from year to year, giving shareholders a more consistent reflection of the underlying financial performance of the group. These core adjustments include once-off acquisition related costs, amortisation costs associated with client lists acquired and trademarks and costs relating to contingent consideration payable in respect of acquisitions. Core headline earnings per share is calculated by dividing core headline earnings by the WANOS.

1.18 Interest income

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

1.19 Dividend income

Dividend income is recognised in profit or loss when the company's right to receive payment has been established.

1.20 Segmental information

The group considers its executive directors to be the chief operating decision maker and therefore the segmental disclosures are aligned with the quarterly report provided to the executive directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all of the services being related to higher education services within southern Africa. However, management does make decisions based on what they constitute to be reflective of the underlying financial performance of the group and as such, the group has identified core headline earnings as this measure. Non-core includes certain items which may distort the group's performance from year-to-year, and by excluding this, should provide management with a more consistent reflection of the underlying financial performance of the group. Refer to Note 28 for further information.

Notes to the Consolidated and Separate Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7	01 January 2020	The impact of the amendment is not material.
• Definition of a business - Amendments to IFRS 3	01 January 2020	The impact of the amendment is not material.
• Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the amendment is not material.
• Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	The impact of the amendment is not material.

2.2 Standards and Interpretations early adopted

The group has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• COVID-19 - Related Rent Concessions - Amendment to IFRS 16	01 June 2020	The impact of the amendment is not material.

2.3 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4, IFRS 9, IFRS 16 and IAS 39	01 January 2021	Unlikely there will be a material impact
• Deferral of IFRS 9: Amendments to IFRS 4 and IFRS 17	01 January 2021	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1, IFRS 3, IFRS 16 and IAS 41	01 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact

Notes to the Consolidated and Separate Financial Statements

3. Property, plant and equipment

Group	2020			2019		
	Cost R '000	**Accumulated depreciation** R '000	**Carrying value** R '000	**Cost** R '000	**Accumulated depreciation** R '000	**Carrying value** R '000
Land	46 624	-	46 624	46 658	-	46 658
Buildings	310 889	(633)	310 256	311 733	(412)	311 321
Leasehold property	128 283	(9 818)	118 465	126 666	(6 071)	120 595
Furniture and fixtures	33 455	(11 983)	21 472	30 811	(8 366)	22 445
Motor vehicles	3 877	(786)	3 091	3 515	(894)	2 621
Computer equipment	41 493	(29 720)	11 773	39 046	(19 543)	19 503
Creative and arts*	35 958	(17 808)	18 150	26 627	(12 588)	14 039
Assets under construction	187 289	-	187 289	126 176	-	126 176
Total	**787 868**	**(70 748)**	**717 120**	**711 232**	**(47 874)**	**663 358**

** Includes audio, camera and edit equipment; and costume, make-up and styling assets*

Notes to the Consolidated and Separate Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2020

	Opening balance	Additions	Disposals	Borrowing costs capitalised	Depreciation	Other*	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	46 658	-	-	-	-	(34)	46 624
Buildings	311 321	1 782	-	-	(220)	(2 627)	310 256
Leasehold property	120 595	1 617	-	-	(3 747)	-	118 465
Furniture and fixtures	22 445	2 870	(9)	-	(3 834)	-	21 472
Motor vehicles	2 621	1 124	(254)	-	(400)	-	3 091
Computer equipment	19 503	3 511	(16)	-	(11 225)	-	11 773
Creative arts	14 039	10 049	(53)	-	(5 885)	-	18 150
Assets under construction	126 176	57 400	-	1 052	-	2 661	187 289
	663 358	**78 353**	**(332)**	**1 052**	**(25 311)**	**-**	**717 120**

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Adoption of IFRS 16	Additions	Disposals	Borrowing costs capitalised	Depreciation	Other*	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	46 658	-	-	-	-	-	-	46 658
Buildings	304 410	-	7 555	-	-	(178)	(466)	311 321
Leasehold property	120 580	-	3 237	(62)	-	(3 240)	80	120 595
Furniture and fixtures	18 762	(12)	7 556	(55)	-	(3 539)	(267)	22 445
Motor vehicles	2 837	(116)	229	-	-	(328)	(1)	2 621
Computer equipment	25 163	(191)	5 627	(22)	-	(11 363)	289	19 503
Creative arts	12 888	-	7 086	(119)	-	(5 811)	(5)	14 039
Assets under construction	-	-	126 137	-	39	-	-	126 176
	531 298	**(319)**	**157 427**	**(258)**	**39**	**(24 459)**	**(370)**	**663 358**

Notes to the Consolidated and Separate Financial Statements

3. Property, plant and equipment (continued)

***Other**

Other movements in the current year relate to the reallocation of assets under construction from land and buildings. Prior year other movements includes the reallocation between property, plant and equipment asset categories and recognition of input VAT adjustments necessary as a result of the group reaching the regulatory threshold for VAT registration in December 2018.

Borrowing costs capitalised

	2020 R '000	2019 R '000
Borrowing costs capitalised to qualifying assets	1 052	39
Capitalisation rate	7,89 %	8,97 %

Other information

Assets-under-construction of R187.3 million (2019: R126.1 million) largely comprises land and buildings acquired in Centurion, Gauteng for the group's first large-scale multi-faculty campus. Construction on the land commenced during November 2019.

The majority of leasehold improvements relates to the Waterfall (Midrand) campus, on the leased land which is subject to a 97-year lease.

No property, plant and equipment is encumbered as security for the borrowings as per Note 16 (2019: Rnil).

A register containing information required by Regulation 25(3) of the Companies Regulations, 2011, is available for inspection at the registered office of the company.

4. Leases (group as lessee)

The group leases the following assets:

- Land

  The group leases the land on which the Waterfall campus is located, a portion of which is sub-let to Curro Holdings Limited, a related party, as described in Note 8. The term of the lease is 97 years.
- Buildings

  The group leases various buildings as administrative offices and for the delivery of the group's educational offerings. These lease terms range from 2 - 8 years.
- Other assets

  The leases for other assets comprise of leases for office equipment and motor vehicles. The lease terms range between 6 months - 5 years.

The group has included lease extensions where it is reasonably certain to extend the lease term of the accredited sites where the business disruption to students is significant should the leased asset be replaced. Due to the significant leasehold improvements on the land subject to a 97-year lease, the group has assessed that it is reasonably certain that the lease term will be extended.

	Group	
	2020 R '000	2019 R '000
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are as follows:		
Land	30 234	30 523
Buildings	63 113	60 120
Computer equipment	14	128
Motor vehicles	71	94
Office, furniture and other equipment	2 564	837
	95 996	**91 702**
Additions to right-of-use assets		
Buildings	25 113	8 255
Computer equipment	-	77
	25 113	**8 332**

4. Leases (group as lessee) (continued)

	Group	
	2020 R '000	2019 R '000

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (Note 23).

	2020 R '000	2019 R '000
Land	347	347
Buildings	20 578	19 527
Computer equipment	116	140
Office, furniture and other equipment	647	318
Motor vehicles	22	22
	21 710	**20 354**

Other disclosures

	2020 R '000	2019 R '000
Interest expense on lease liabilities	17 644	18 831
Expenses on short term leases included in operating expenses	2 809	2 798
Leases of low value assets included in operating expenses	1 046	1 164
Operating lease income - subleasing right-of-use assets	938	960
Total cash outflow from leases	48 790	42 815

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2020 R '000	2019 R '000
Within one year	42 241	42 369
Within two to five years	114 364	108 559
More than five years	10 442 196	10 462 312
	10 598 801	10 613 240
Less finance charges component	(10 430 836)	(10 443 870)
	167 965	**169 370**
Non-current liabilities	134 580	137 061
Current liabilities	33 385	32 309
	167 965	**169 370**

The weighted average lessee's incremental borrowing rate applied to the lease liabilities range from 7% - 9,7% (for 2 - 8 year leases) and 13.1% (for the 97-year long-term lease) (2019: 9.7 % (for 2 - 8 year leases) and 13.1% (for the 97-year long-term lease).

COVID-19 related rent concessions

The group has elected to apply the practical expedient made available by the amendment to IFRS 16 in May 2020, to all rent concessions that meet the conditions in paragraph 46B of IFRS 16. This allowed amounts by which lease payments were reduced to be recognised in profit and loss in the period the concession was granted.

	2020 R '000	2019 R '000
Amounts recognised in profit or loss to reflect changes in lease payments arising from rent concessions applying the expedient	118	-

Notes to the Consolidated and Separate Financial Statements

5. Goodwill

Group	2020			2019		
	Cost R '000	Accumulated impairment R '000	Carrying value R '000	Cost R '000	Accumulated impairment R '000	Carrying value R '000
Goodwill	749 482	-	749 482	749 482	-	749 482

Reconciliation of goodwill - Group - 2020

	Opening balance R '000	Total R '000
Goodwill	749 482	749 482

Reconciliation of goodwill - Group - 2019

	Opening balance R '000	Total R '000
Goodwill	749 482	749 482

Goodwill arising from acquisitions largely consists of, inter alia, the academic workforce, expected synergies, economies of scale and the student growth potential.

Impairment tests for goodwill and indefinite useful life intangible assets were performed as follows:

The recoverable amount of goodwill and indefinite useful life intangible assets (refer to Note 6) is based on the value-in-use of each cash-generating unit (CGU), which require the use of assumptions. The calculations use cash flow projections based on five-year financial forecasts and key assumptions stated below were updated to take into consideration the impact of COVID-19 on the business. Refer to Note 1.2 for further detail.

The CGUs represent the higher education institutes which were acquired by the group.

The future cash flow assumption reflects the following key assumptions:

- Increase of tuition fees determined by inflation within the higher education industry
- Growth in student numbers determined by historical experience and estimated growth in enrolment numbers
- Operating expenses growth which are a function of growth in student numbers and inflation
- Terminal growth rate which has conservatively been based on tuition fee increases, inflation in higher education and management expectation of long term growth, based on historical experience
- The discount rate calculations are derived from the weighted average cost of capital (WACC) and takes into account both the cost of debt and the cost of equity. The cost of equity was arrived at by using the capital asset pricing model (CAPM) which also uses the market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the interest-bearing borrowings the group. The debt-to-equity ratio was determined by applying the group’s current gearing levels.

2020	Embury	AFDA	SBS Group	LISOF	Milpark	Prestige Academy
Pre-tax discount rate	14,5 %	14,5 %	14,5 %	14,5 %	14,5 %	14,5 %
Terminal growth rate	4 %	4 %	4 %	4 %	4 %	4 %
Cash flow assumptions						
-Tuition fee increases	6 %	5 %	6 %	4 %	6 %	6 %
-Student number growth	15 %	11 %	10 %	8 %	6 %	5 %
-Operating expenses growth*	13 %	12 %	20 %	12 %	16 %	8 %

Notes to the Consolidated and Separate Financial Statements

5. Goodwill (continued)

2019	Embury	AFDA	SBS Group	LISOF	Milpark	Prestige Academy
Pre-tax discount rate	15,9 %	15,9 %	15,9 %	15,9 %	15,9 %	15,9 %
Terminal growth rate	6 %	6 %	6 %	6 %	6 %	6 %
Cash flow assumptions						
-Tuition fee increases	7 %	6 %	5 %	5 %	3 %	6 %
-Student number growth	18 %	8 %	13 %	8 %	6 %	11 %
-Operating expenses growth*	16 %	14 %	16 %	13 %	7 %	19 %

**Operating expenses excludes employee costs*

The goodwill attributable to CGUs is as follows:

	2020 R'000	2019 R'000
Embury	39 924	39 924
AFDA	226 392	226 392
SBS Group	143 350	143 350
LISOF	84 824	84 824
Milpark	245 066	245 066
Prestige Academy	9 926	9 926
	749 482	**749 482**

No impairments were recognised for the years ended 31 December 2020 or 2019.

As all CGUs operate in the same industry, environment and similar geographic areas, no additional risk premium has been added to the discount rate.

Sensitivity analysis
No reasonably possible change in the key assumptions would cause the aggregate of each of the CGU's carrying amounts to exceed the aggregate of their recoverable amounts.

Notes to the Consolidated and Separate Financial Statements

6. Intangible assets

Group	2020			2019		
	Cost R '000	**Accumulated amortisation /impairment R '000**	**Carrying value R '000**	**Cost R '000**	**Accumulated amortisation/ impairment R '000**	**Carrying value R '000**
Trademarks	101 306	(43 755)	57 551	101 304	(808)	100 496
Computer software	39 267	(19 377)	19 890	20 673	(7 338)	13 335
Curriculum material	98 479	(20 372)	78 107	90 856	(12 304)	78 552
Client list	36 591	(23 172)	13 419	36 591	(17 452)	19 139
Total	**275 643**	**(106 676)**	**168 967**	**249 424**	**(37 902)**	**211 522**

Reconciliation of intangible assets - Group - 2020

	Opening balance R '000	**Additions R '000**	**Internally generated R '000**	**Amortisation R '000**	**Impairment loss R '000**	**Total R '000**
Trademarks	100 496	2	-	(2 770)	(40 177)	57 551
Computer software	13 335	16 493	2 101	(1 571)	(10 468)	19 890
Curriculum material	78 552	854	6 769	(7 497)	(571)	78 107
Client lists	19 139	-	-	(5 720)	-	13 419
	211 522	**17 349**	**8 870**	**(17 558)**	**(51 216)**	**168 967**

Reconciliation of intangible assets - Group - 2019

	Opening balance R '000	**Additions R '000**	**Internally generated R '000**	**Amortisation R '000**	**Disposals R '000**	**Total R '000**
Trademarks	101 304	-	-	(808)	-	100 496
Computer software	4 959	9 571	1 856	(2 992)	(59)	13 335
Curriculum material	75 107	430	9 573	(6 558)	-	78 552
Client lists	24 858	-	-	(5 719)	-	19 139
	206 228	**10 001**	**11 429**	**(16 077)**	**(59)**	**211 522**

Other information

Included in computer software is the group's Enterprise Resource Planning (ERP) system. The carrying value of the ERP system at 31 December 2020 is R14,8 million with a remaining useful life of 9 years and 11 months. The group had implemented the ERP system during the 2020 financial year.

Intangible assets with indefinite lives:

2020	**Trademarks R '000**	**Curriculum material R '000**	**Total R '000**
Embury	-	22 083	22 083
AFDA	19 698	2 708	22 406
SBS Group	-	3 462	3 462
LISOF	-	2 708	2 708
Milpark	37 853	7 213	45 066
Prestige Academy	-	4 651	4 651
Stadio Corporate Services	-	2 684	2 684
	57 551	**45 509**	**103 060**

Notes to the Consolidated and Separate Financial Statements

6. Intangible assets (continued)

2019	Trademarks R '000	Curriculum material R'000	Total R '000
Embury	-	19 230	19 230
AFDA	19 698	2 708	22 406
SBS Group	17 611	3 462	21 073
LISOF	6 540	2 708	9 248
Milpark	37 853	7 213	45 066
Prestige Academy	2 794	4 651	7 445
Stadio Corporate Services	-	1 946	1 946
	84 496	**41 918**	**126 414**

Intangible assets with indefinite useful lives are assessed for impairment annually, irrespective of whether or not there is any indication of impairment, or more frequently if there are indicators that intangibles may be impaired.

During 2020, the group received approval and implemented the Business Transfer. Management considered the transfer and assessed that the value-in-use of the trademarks of LISOF, Prestige Academy, SBS and Embury was Rnil as a result of the brands no longer being in use and consequently no future economic benefits would be derived from the trademarks. This resulted in the impairment of the full value of the aforementioned trademarks of R40.2 million (2019: Rnil).

The Milpark and AFDA brands did not form part of the Business Transfer process (refer to directors report for further details).

Following a strategic review of the group's operational and business systems requirements post the Business Transfer, the group further impaired intangible assets of R11.1 million (2019: Rnil), relating predominantly to computer software which the group will no longer implement (R10.5 million) and curriculum materials (R0.6 million).

When testing curriculum materials and the AFDA and Milpark trademarks for impairment, the recoverable amounts of the intangibles are determined using value-in-use calculations. The key assumptions for the value-in-use calculations are discount rates, growth rates and expected future cash flows (refer to Note 5). Management estimates discount rates using rates that reflect current market assumptions of the time value of money and the risks specific to intangibles.

The group and the company prepare cash flow forecasts based on the CGUs, to which the intangibles relates, budgeted results as approved by the board of directors and extrapolate cash flows beyond this period based on the estimated growth rate.

The Business Transfer, a common control transaction, has resulted in the institutions of Embury, SBS Group, LISOF and Prestige Academy forming part of one legal entity, namely STADIO. These CGUs remain individual business operations within STADIO, and as such continued to be disclosed as separate CGUs.

The directors were satisfied that no further impairment is required (2019: Rnil).

Impairment tests for intangibles are based on a discount rate of 14.5% (2019: 15.9%) per annum and forecasted cash flow of 5 years (2019: 5 years) with a 4% (2019: 6%) terminal growth rate.

No reasonably possible change in the key assumptions would cause the aggregate of each of the CGU's carrying amounts to exceed the aggregate of their recoverable amounts.

Notes to the Consolidated and Separate Financial Statements

7. Investment in subsidiaries

The following table lists the entities which are controlled by the group, either directly or indirectly(*) through subsidiaries.

Company

Name of company	% holding 2020	% holding 2019	Carrying amount 2020 R'000	Carrying amount 2019 R'000
Stadio Investment Holdings Proprietary Limited (SIH)	100,00 %	100,00 %	959 039	928 521
Stadio Corporate Services Proprietary Limited (SCS)*	100,00 %	100,00 %	-	-
Stadio Multiversity Investment Holdings Proprietary Limited*	100,00 %	100,00 %	-	-
Stadio Proprietary Limited*	100,00 %	100,00 %	-	-
Milpark Investments SPV Proprietary Limited*	100,00 %	100,00 %	-	-
MBS Education Investments Proprietary Limited*	87,20 %	87,20 %	-	-
Milpark Education Proprietary Limited*	87,20 %	87,20 %	-	-
Lisof Proprietary Limited*	100,00 %	100,00 %	-	-
Wadam Properties Proprietary Limited*	100,00 %	100,00 %	-	-
Histodox Proprietary Limited*	100,00 %	100,00 %	-	-
Prestige Academy Proprietary Limited*	100,00 %	100,00 %	-	-
The South African School of Motion Picture Medium and Live Performance Proprietary Limited*	100,00 %	100,00 %	-	-
Intraframe Proprietary Limited*	100,00 %	100,00 %	-	-
Ekosto 1067 Proprietary Limited*	100,00 %	100,00 %	-	-
Southern Business School Proprietary Limited*	100,00 %	100,00 %	-	-
Southern Business School of Namibia Proprietary Limited *	74,00 %	74,00 %	-	-
			959 039	928 521

Some subsidiaries own properties leading to the classification as a property company. These properties are leased out to various companies within the group. Property held by the group is therefore considered to be owner occupied and classified as property, plant and equipment.

The investment in subsidiary was assessed for impairment and no impairment was noted. COVID-19 was considered as part of this assessment. Refer to Note 5 for the key assumptions used in the impairment assessment.

Subsidiaries with material non-controlling interests

The group, on 1 October 2019, acquired the remaining 26% non-controlling interest in SBS. The non-controlling interest in SBS was previously considered material and therefore additional information related to SBS group was disclosed at 31 December 2019.

Milpark is a material subsidiary with shareholders holding 12.8% (2019: 12.8%) of the voting and economic rights of Milpark. This non-controlling interest is not deemed to be material.

Notes to the Consolidated and Separate Financial Statements

7. Investment in subsidiaries (continued)

Summarised statement of financial position

	SBS		SBS Namibia		Total	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Assets						
Non-current assets	-	16 702	23 267	16 700	23 267	33 402
Current assets	-	49 706	22 936	17 795	22 936	67 501
Total assets	-	66 408	46 203	34 495	46 203	100 903
Liabilities						
Non-current liabilities	-	1 514	1 070	1 186	1 070	2 700
Current liabilities	-	127 469	1 282	1 124	1 282	128 593
Total liabilities	-	128 983	2 352	2 310	2 352	131 293
Total net assets (liabilities)	-	(62 575)	43 850	32 185	43 851	(30 390)
Carrying amount of non-controlling interest	-	-	11 484	9 835	11 484	9 835
Non-controlling interest in all other subsidiaries					(18 865)	2 303
Non-controlling interest per statement of financial position					(7 381)	12 138

Summarised statement of profit or loss and other comprehensive income

	SBS		SBS Namibia		Total	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Revenue	-	132 918	44 182	30 561	44 182	163 479
Other income and expenses	-	(71 731)	(24 969)	(19 417)	(24 969)	(91 148)
Profit before tax	-	61 187	19 213	11 144	19 213	72 331
Tax expense	-	(17 207)	(6 252)	(3 651)	(6 252)	(20 858)
Profit	-	43 980	12 961	7 493	12 961	51 473
Total comprehensive income	-	43 980	12 961	7 493	12 961	51 473
Profit allocated to non-controlling interest	-	9 886	2 013	1 886	2 013	11 772

Notes to the Consolidated and Separate Financial Statements

7. Investment in subsidiaries (continued)

Summarised statement of cash flows

	SBS		SBS Namibia		Total	
	2020 R '000	**2019 R '000**	**2020 R '000**	**2019 R '000**	**2020 R '000**	**2019 R '000**
Cash flows from operating activities	-	36 426	12 116	9 601	12 116	46 027
Cash flows from investing activities	-	(666)	(6 842)	(614)	(6 842)	(1 280)
Cash flows from financing activities	-	(63 912)	(1 452)	(8 830)	(1 452)	(72 742)
Net cash and cash equivalents	-	(28 152)	3 822	157	3 822	(27 995)
Dividend paid to non-controlling interest of SBS	-	-	(364)	(7 591)	(364)	(7 591)

8. Trade and other receivables

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Financial instruments:				
Trade receivables	145 632	104 544	-	-
Loss allowance	(77 647)	(37 901)	-	-
Trade receivables at amortised cost	67 985	66 643	-	-
Deposits	3 490	564	-	-
Net investment in lease	18 578	17 530	-	-
Other receivables	7 151	4 368	-	-
Non-financial instruments:				
VAT	2 640	19 671	-	-
Deposits	15 558	15 990	-	-
Prepayments	7 925	7 349	-	-
Total trade and other receivables	**123 327**	**132 115**	**-**	**-**

There is no significant financing component relating to trade and other receivables and the net carrying values are considered to be close approximations of the fair values.

Deposits include R13.5 million (2019: R13.5 million) for the acquisition of the vacant land located in Durbanville, for the proposed Western Cape multi-faculty campus, which the group subsequently took transfer of in February 2021 (refer to Note 39 for further information).

Split between non-current and current portions

Non-current assets	17 254	16 281	-	-
Current assets	106 073	115 834	-	-
	123 327	**132 115**	**-**	**-**

8. Trade and other receivables (continued)

Net investment in lease

The group sub-leases land over a 97-year lease term. The group has classified the sub lease as a finance lease, because the sub-lease is for the majority of the remaining term of the head lease. The interest rate used to determine the net investment in lease is 13.1%.

The following table sets out a maturity analysis of the net investment in lease:

	Group	
	2020 R '000	2019 R '000
Within one year	1 324	1 249
Within two years	1 403	1 324
Within three years	1 487	1 403
Within four years	1 577	1 487
Within five years	1 671	1 577
More than six years	3 480 098	3 481 769
Total undiscounted lease payments receivable	3 487 560	3 488 809
Unearned finance income	(3 468 982)	(3 471 279)
Net investment in the lease	**18 578**	**17 530**

Exposure to credit risk

Trade receivables outstanding mainly relates to fees outstanding for the current academic year.

The group measures the expected loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the expected credit loss allowance on trade receivables is determined as the lifetime expected losses on trade receivables.

Lease receivables are considered to be low risk at year end. The expected credit loss has been determined over a 12-month period. The identified expected credit loss was immaterial.

Other receivables and deposits were assessed on an individual basis and the identified expected credit loss is immaterial.

Group

2020	**Current** **R '000**	**30 days past due** **R '000**	**60 days past due** **R '000**	**90 days past due** **R '000**	**Greater than 90 days past due** **R '000**	**Total** **R '000**
Trade receivables - gross carrying amount	38 358	10 351	10 667	10 275	75 981	145 632
Expected loss allowance	(5 025)	(4 907)	(5 307)	(5 700)	(56 708)	(77 647)
	33 333	**5 444**	**5 360**	**4 575**	**19 273**	**67 985**
Expected credit loss rate	13,1 %	47,4 %	49,8 %	55,5 %	74,6 %	

Notes to the Consolidated and Separate Financial Statements

8. Trade and other receivables (continued)

2019	Current R '000	30 days past due R '000	60 days past due R '000	90 days past due R '000	Greater than 90 days past due R '000	Total R '000
Trade receivables - gross carrying amount	34 371	8 542	5 410	4 120	52 101	104 544
Expected loss allowance	(135)	(3 241)	(1 752)	(2 035)	(30 738)	(37 901)
	34 236	**5 301**	**3 658**	**2 085**	**21 363**	**66 643**
Expected credit loss rate	0,4 %	37,9 %	32,4 %	49,4 %	59,0 %	

Fees which are due for the current academic year are considered past due and not impaired, given that final payment is typically due in November and December of the academic and financial year.

Reconciliation of loss allowances

The following table shows the movement in the lifetime expected credit losses for trade receivables:

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Opening balance in accordance with IFRS 9	**37 901**	**17 360**	**-**	**-**
Increase in loss allowance in respect of:			-	-
- receivables that originated in the current year	60 293	28 705	-	-
- receivables that originated in prior years	20 192	6 127	-	-
Receivables written off during the year as uncollectible	(40 739)	(14 291)	-	-
Closing balance	**77 647**	**37 901**	**-**	**-**

9. Other financial assets

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Financial assets measured at fair value through profit or loss:				
Unit trusts	11 620	5 173	-	-
	11 620	**5 173**	**-**	**-**

Fair value information

Refer to Note 37 Fair value information for details of valuation policies and processes.

Reconciliation of movements

	Group 2020 R '000	Group 2019 R '000	Company 2020 R '000	Company 2019 R '000
Opening balance	5 173	6 727	-	-
Additions	6 000	3 000	-	-
Re-investments	472	357	-	-
Fair value movements	(25)	(11)	-	-
Disposals	-	(4 900)	-	-
	11 620	**5 173**	**-**	**-**

Risk exposure

The investments held by the group expose it to various risks, including credit risk and price risk. Refer to note 36 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

Notes to the Consolidated and Separate Financial Statements

10. Deferred tax

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Deferred tax liability				
Property plant and equipment	(16 039)	(13 146)	-	-
Right-of-use assets	(26 875)	(25 635)	-	-
Intangible assets	(21 675)	(23 233)	-	-
Prepayments	(866)	(1 166)	-	-
Net investment in lease	(5 202)	(4 908)	-	-
S24C allowance	(1 664)	(2 721)	-	-
Total deferred tax liability	**(72 321)**	**(70 809)**	**-**	**-**
Deferred tax asset				
Contract liabilities	22 936	17 399	-	-
Loss allowance	13 213	7 784	-	-
Lease liability	47 019	47 370	-	-
Tax losses available for set off against future balances	40 368	28 819	-	-
Provisions	5 854	5 520	-	-
Other	144	134	-	-
Total deferred tax asset	**129 534**	**107 026**	**-**	**-**
Deferred tax liability	(72 321)	(70 809)	-	-
Deferred tax asset	129 534	107 026	-	-
Total net deferred tax asset	**57 213**	**36 217**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

10. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
At beginning of year	36 217	21 207	-	-
Originating temporary differences on:	-	-	-	-
Property, plant and equipment	(2 893)	(3 499)	-	-
Intangible assets	1 558	(1 140)	-	-
Right-of-use assets	(1 240)	3 096	-	-
Loss allowance	5 429	4 848	-	-
Prepayments	300	(350)	-	-
Net investment in lease	(294)	(276)	-	-
Provisions	334	814	-	-
Lease liability	(351)	(2 777)	-	-
Contract liabilities	5 537	1 157	-	-
Assessed losses	11 549	11 239	-	-
S24C allowance	1 057	1 399	-	-
Other	10	499	-	-
	57 213	**36 217**	**-**	**-**

Recognition of deferred tax asset

Estimated tax losses available for set-off against future profits carried forward to next year are disclosed in Note 26.

Management have assessed the recognition of the deferred tax assets at 31 December 2020 and 31 December 2019 and are satisfied that there are expected future taxable profits against which the temporary differences can be utilised.

11. Inventories

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Study material and merchandise	1 588	2 824	-	-
	1 588	2 824	-	-
Inventories (write-downs)	-	(692)	-	-
	1 588	**2 132**	**-**	**-**

Write-downs of inventories to net realisable value amounted to R nil (2019: R0.7 million).

Notes to the Consolidated and Separate Financial Statements

12. Loans to /(from) related parties

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
VJ Properties Close Corporation *	532	780	-	-
Almika Properties 90 Proprietary Limited *	59	25	-	-
Brimstone Investment Corporation Limited *	(96)	(96)	-	-
Stadio Investment Holdings Proprietary Limited*	-	-	14 925	13 585
Stadio Corporate Services Proprietary Limited*	-	-	621 486	622 923
Stadio Proprietary Limited *	-	-	(7 201)	(7 201)
	495	**709**	**629 210**	**629 307**

* The loans are interest free, unsecured and repayable on demand.

Exposure to credit risk

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

The counterparties have a low risk of default with no amounts past due. The expected credit loss has been determined over a 12-month period, resulting in expected credit loss identified being immaterial.

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Bank balances	62 099	46 045	44	21
Money market	7 124	12 323	-	-
Short-term deposits	47 515	34 917	-	-
Petty cash	65	151	-	-
	116 803	**93 436**	**44**	**21**
Cash and cash equivalents held that are not available for use by the group.	2 255	2 255	-	-

Credit quality of cash at bank and short term deposits, excluding cash on hand

Credit rating				
Ba2 (Moody's) - Nedbank, Standard Bank, ABSA and First National Bank	109 089	82 260	-	-
A (Global Credit Rating) - PSG Collective Investments (RF) Limited *	11	7 816	-	-
AA (Global Credit Rating) - Bank Windhoek's Limited	7 638	3 209	-	-
	116 738	**93 285**	**-**	**-**

**PSG Collective Investments (RF) Limited is part of PSG Konsult Limited and accordingly the credit rating of PSG Konsult Limited has been used.*

Exposure to credit risk

Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified expected credit loss is immaterial.

Notes to the Consolidated and Separate Financial Statements

14. Share capital

	Group		Company	
	2020 '000	2019 '000	2020 '000	2019 '000
Authorised no of shares				
Shares at no par value	2 000 000	2 000 000	2 000 000	2 000 000
Reconciliation of number of shares issued:				
Reported as at 1 January	818 095	817 714	818 095	817 714
Issue of shares – Prestige Academy*	946	381	946	381
Issue of shares - CA Connect*	21 956	-	21 956	-
	840 997	**818 095**	**840 997**	**818 095**

**The shares were issued at the 30-day volume weighted average share price (VWAP) at the time of issue.*

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Issued share capital				
Issued ordinary shares at 1 January	1 565 675	1 564 283	1 565 675	1 564 283
Issued during the year	31 919	1 400	31 919	1 400
Share issue costs	(82)	(8)	(82)	(8)
	1 597 512	**1 565 675**	**1 597 512**	**1 565 675**

All issued ordinary shares are fully paid up. Ordinary shares carry no right to fixed income but each share carries the right to one vote at general meetings of the company.

The group does not hold any shares as treasury shares.

Share capital movements

Current year

The group issued 0.9 million shares in respect of the Prestige Academy acquisition. The group acquired 100% of Prestige Academy on 1 November 2018 for a total purchase consideration of R23.5 million, of which R7.5 million was a contingent consideration payable in 2019 and 2020 subject to certain performance targets achieved during 2018 and 2019 respectively.

Prestige Academy achieved the 2019 performance targets and the related contingent consideration amounting to R4 million was settled partly through cash of R2.6 million, and R1.4 million settled through the issue of 0.9 million ordinary shares. This was the final settlement due in respect of the acquisition.

The group issued 22 million shares in respect of the CA Connect acquisition. Effective 12 April 2018, Milpark acquired the business of CA Connect for a purchase consideration of R32.3 million, with the contingent consideration subject to EBITDA performance achieved over a three-year period. The earn-out of R40.7 million for the period, per the acquisition agreement, was settled on 5 October 2020. 75% of the earn-out was settled through the issue of 22 million company shares valued at R30.5 million, and 25% was settled in cash of R10.2 million, of which R5.2 million was settled by the non-controlling shareholder.

Prior year

The group issued 0.4 million shares in respect of the Prestige Academy acquisition. Prestige Academy achieved the 2018 performance targets and the related contingent consideration amounting to R4 million was settled partly through cash of R2.6 million, with the balance of R1.4 million settled through the issue of 0.4 million ordinary shares.

15. Share based payments

Details of the employee option plan of the company

The company has established a share incentive scheme for certain key members of management. The number of shares available to award at year-end in terms of the Stadio Group Share Incentive Trust deed is 57 million (2019: 40 million).

Options may be exercised at any time from the date of vesting to the date of its expiry, which is a 30 day period.

Options awarded vest over a five year period from the grant date, namely:

- 25% thereof as at the second anniversary of the option grant date;
- 25% thereof as at the third anniversary of the option grant date;
- 25% thereof as at the fourth anniversary of the option grant date; and
- 25% thereof as at the fifth anniversary of the option grant date.

Movements in share options during the year
The following reconciles the share options outstanding at the beginning and end of the year:

	2020 Number 000	2020 Weighted exercise price R	2019 Number 000	2019 Weighted exercise price R
Outstanding at the beginning of the year	20 398	3,32	15 623	3,09
Granted during the year	27 688	1,22	8 519	3,63
Lapsed during the year	(3 906)	-	(3 744)	-
Outstanding at the end of the year	**44 180**		**20 398**	

Director	Opening balance of share options at 1 January 2020	Number of share options awarded during the year	Number of share options lapsed during the year	Strike price per share options awarded	Share option granted dated	Closing balance of share options at 31 December 2020
CPD Vorster	-	7 986	-	1,23	3 April 2020	7 986
	-	4 300	-	1,21	1 July 2020	4 300
	-	12 286	-	-		12 286
S Totaram	1 294	-	(431)	2,96	3 October 2017	863
	1 159	-	-	3,63	3 April 2019	1 159
	-	2 204	-	1,23	3 April 2020	2 204
	-	1 187	-	1,21	1 July 2020	1 187
	2 453	3 391	(431)	-		5 413
D Singh	1 318	-	(439)	2,96	3 October 2017	879
	1 865	-	-	3,63	3 April 2019	1 865
	-	1 268	-	1,23	3 April 2020	1 268
	-	683	-	1,21	1 July 2020	683
	3 183	1 951	(439)	-		4 695
CR van der Merwe	3 040	-	(1 014)	2,96	3 October 2017	2 026
	2 580	-	-	3,63	3 April 2019	2 580
	5 620	-	(1 014)	-		4 606
	11 256	**17 628**	**(1 884)**			**27 000**

Total expense of R10.1 million (2019: R5.9 million) related to equity-settled share based payments transactions were recognised.

Share options vested were out of the money and lapsed during the year.

Notes to the Consolidated and Separate Financial Statements

15. Share based payments (continued)

Vesting date	Number of options '000	Weighted average exercise price R
29 March 2021	161	6,10
3 April 2021	2 130	3,63
3 October 2021	3 744	2,96
29 March 2022	162	6,10
3 April 2022	2 130	3,63
3 April 2022	4 529	1,23
1 July 2023	2 393	1,21
3 October 2022	3 745	2,96
29 March 2023	161	6,10
3 April 2023	2 130	3,63
3 April 2023	4 529	1,23
1 July 2023	2 393	1,21
3 April 2024	2 129	3,63
3 April 2024	4 529	1,23
1 July 2024	2 393	1,21
3 April 2025	4 529	1,23
1 July 2025	2 393	1,21
	44 180	

Assumptions used in fair value

	2020	2019
Strike price (Rand)	1,21	3,63
Share price at award date (Rand)	1,42	3,60
Fair value (Rand)	0,91	1,21
Volatility (%)	85,10	33,10
Risk-free rate (%)	5,50	7,21
Dividend yield (%)	-	-

The Black-Scholes Model is used to calculate the estimated theoretical fair value of new share options awarded.

The volatility is derived from the movement in the volume weighted average share price for a period of 365 calendar days prior to the share options being awarded.

Notes to the Consolidated and Separate Financial Statements

16. Borrowings

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Held at amortised cost				
Standard Bank of South Africa The revolving credit facility bears interest at a three-month JIBAR plus 2.09%.	45 000	65 303	-	-
Bank overdraft	79	89	-	-
	45 079	**65 392**	**-**	**-**

Split between non-current and current portions

	Group 2020 R '000	Group 2019 R '000	Company 2020 R '000	Company 2019 R '000
Non-current liabilities	45 000	65 000	-	-
Current liabilities	79	392	-	-
	45 079	**65 392**	**-**	**-**

The group has secured a revolving credit facility with Standard Bank of South Africa (Standard Bank) for R200 million with an ability to raise a further R100 million subject to meeting certain requirements. The following group subsidiaries are obligors in the revolving credit facility arrangement: LISOF, STADIO, Prestige Academy, SBS, SCS and AFDA.The revolving credit facility expires in December 2022.

At 31 December 2020, the group had drawn down R45 million (2019: R65 million) of the Standard Bank revolving credit facility. Finance costs incurred for the period of R2.9 million (2019: R0.3 million) were fully paid. The total amount of undrawn facilities available for future operating activities and commitments are R155 million (2019: R135 million).

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:
- the debt cover ratio of debt to EBITDA* must be not more than 2.5; and
- the interest cover ratio of EBITDA* to net finance costs** must not be less than 3.5.

* *EBITDA has been adjusted for the fair value loss on the contingent consideration liability*
** *Net finance costs exclude the finance costs arising as a result of the adoption of IFRS 16 in calculating covenant ratios*

The group complied with the facilities financial covenant requirements for the 2020 and 2019 financial year ends. At 31 December 2020, the debt cover ratio was 0.3 (2019: 0.5) and the interest cover ratio was 44.4 (2019: 120.4).

Refer to Note 31 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and Note 36 Financial instruments and financial risk management for the fair value of borrowings.

Notes to the Consolidated and Separate Financial Statements

17. Trade and other payables

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Financial instruments:				
Trade payables	8 275	3 600	11	21
Municipal costs	2 594	4 915	-	-
Audit fee	3 546	2 920	-	-
Other payables	3 946	8 221	715	603
Contingent consideration	197 978	35 539	-	-
Non-financial instruments:				
Payroll accruals	11 984	11 159	-	-
Accrued bonus and leave pay	20 369	18 198	-	-
Value added tax	305	198	-	-
	248 997	**84 750**	**726**	**624**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	18 361	19 656	726	624
At fair value through profit or loss	197 978	35 539	-	-
Non-financial instruments	32 658	29 555	-	-
	248 997	**84 750**	**726**	**624**

The carrying values of trade and other payables approximate their fair values.

In April 2018, the group, through Milpark, acquired the business of CA Connect. The CA Connect business is responsible for the offer of the PGDA programme as well as the PGDA bridging programme. Both programmes were offered from 1 July 2019.

The purchase consideration in respect of the CA Connect acquisition is payable subject to an earn-out based on the growth in EBITDA of the business over the period 1 July 2019 – 30 June 2022. The purchase consideration is determined by multiplying a factor of 4.5x the growth in EBITDA for each earn-out period. 75% of the consideration payable will be settled through the issue of shares in the company at the 30-day VWAP on the date of issue, with the remaining 25% being settled in cash. During 2020, the group settled R40.7 million of the consideration due to the CA Connect shareholders with R10.2 million being settled in cash and R30.5 million being settled by the issue of shares in the company. The remaining consideration due is subject to the performance of the growth in EBITDA of the CA Connect business in 2021 and 2022.

Being the only PGDA and PGDA Bridging programme being offered on the online mode of delivery, the CA Connect business significantly outperformed with actual student enrolments in 2020 significantly exceeding initial expected enrolments for the period. The better-than-expected student enrolments in 2020, resulted in an increased EBITDA expectation over the earn-out period and thus increased the contingent consideration liability in respect of this acquisition. During 2020, the group recognised a total fair value loss of R207.2 million (2019: R14.9 million) to account for the higher-than-expected purchase consideration payable.

During 2020, the group settled the final consideration due of R4 million is respect of the Prestige Academy acquisition.

Split between non-current and current portions

Non-current liabilities	132 694	18 993	-	-
Current liabilities	116 303	65 757	726	624
	248 997	**84 750**	**726**	**624**

Notes to the Consolidated and Separate Financial Statements

18. Contract liabilities

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Reconciliation of income received in advance				
Opening balance	89 786	86 451	-	-
Payments received in advance of delivery of performance obligations	171 586	181 209	-	-
Performance obligations satisfied in respect of cash received in current year	(102 235)	(105 238)	-	-
Performance obligations satisfied in respect of cash received in prior year	(70 595)	(72 636)	-	-
	88 542	**89 786**	**-**	**-**

Income received in advance carries a separate stand-alone transaction price which is recognised over time as the services are rendered. The transaction price allocated to the unsatisfied portion of the performance obligation pertaining to income received in advance is considered a contract liability.

Income received in advance is expected to be recognised over 1 to 3 years. Management estimates that as of 31 December 2020, 80% (2019: 85%) of the income received in advance will be recognised as revenue in the following financial year.

Notes to the Consolidated and Separate Financial Statements

19. Revenue

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Tuition and education services				
Tuition fees	905 464	794 249	-	-
Registration and enrolment fees	36 365	33 445	-	-
Discounts and bursaries granted	(23 939)	(29 267)	-	-
Other academic income	7 534	6 227	-	-
Hostel income	2 769	3 235	-	-
	928 193	**807 889**	**-**	**-**
Sale of goods				
Learning material	4 109	6 316	-	-
Canteen	642	1 222	-	-
	4 751	**7 538**	**-**	**-**
Total revenue from contracts with customers	**932 944**	**815 427**	**-**	**-**
Timing of revenue recognition				
At a point in time				
Sale of goods	4 751	7 538	-	-
Over time				
Tuition and education services	928 193	807 889	-	-
Total revenue from contracts with customers	**932 944**	**815 427**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

20. Other income

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Conference income	1	768	-	-
Rental income	412	665	-	-
Operating lease income - subleasing of right-of-use assets	938	960	-	-
Compensation from insurance claims	283	562	-	-
Sundry income	1 936	5 099	-	-
	3 570	**8 054**	**-**	**-**

21. Fair value (losses)/gains on financial instruments

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Fair value (losses)/gains				
Other financial assets	(25)	11	-	-
Contingent consideration liability	(207 184)	(15 288)	-	-
	(207 209)	**(15 277)**	**-**	**-**

Refer to Note 17 and Note 37 for further information on the fair value adjustment in respect of the contingent consideration.

Notes to the Consolidated and Separate Financial Statements

22. Expenses

EBITDA for the year is stated after charging (crediting) the following, amongst others:

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Auditor's remuneration				
Audit fees - PwC: current period	3 276	3 334	815	622
Audit fees - PwC: prior period	321	672	-	-
Audit fees - other than PwC	458	529	-	-
	4 055	**4 535**	**815**	**622**
Academic and market research costs				
Class projects, course packs and library materials	34 034	36 897	-	-
External assessors and moderators	5 031	5 128	-	-
Academic quality assurance	1 961	3 485	-	-
Other academic and market research cost	3 023	4 749	-	-
	44 049	**50 259**	**-**	**-**
Employee costs				
Salaries and wages	376 702	376 493	-	-
Defined contribution plans	14 420	12 863	-	-
Share-based payments	10 126	5 911	-	-
Staff costs capitalised	(8 438)	(11 429)	-	-
Total employee costs	**392 810**	**383 838**	**-**	**-**
Facility costs				
Electricity and water	12 521	12 001	-	-
Facility maintenance	10 526	10 798	-	-
Rates and taxes	11 365	8 690	-	-
Security	7 359	6 804	-	-
Other facility costs	3 985	4 725	-	-
Total facility costs	**45 756**	**43 018**	**-**	**-**
Other				
Advertising and marketing	31 258	24 605	-	-
Computer costs	13 667	9 407	-	-
Listing costs	1 437	1 409	661	546
Credit losses recovered	(1 780)	(2 162)	-	-

Notes to the Consolidated and Separate Financial Statements

23. Depreciation, amortisation and impairment losses

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Depreciation				
Property, plant and equipment	25 311	24 459	-	-
Right-of-use assets	21 710	20 354	-	-
	47 021	**44 813**	**-**	**-**
Amortisation				
Intangible assets	17 558	16 077	-	-
Impairment losses				
Intangible assets (Refer to Note 6)	51 216	-	-	-
Total depreciation, amortisation and impairment				
Depreciation	47 021	44 813	-	-
Amortisation	17 558	16 077	-	-
Impairment losses	51 216	-	-	-
	115 795	**60 890**	**-**	**-**

24. Investment income

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Interest income				
Interest income over time				
Bank and other cash	7 154	23 851	3	5
Financial assets measured at fair value through profit or loss	472	-	-	-
Finance lease receivables	2 297	2 167	-	-
Trade and other receivables	1 727	1 604	-	-
South African Revenue Service	191	425	-	-
Total interest income	**11 841**	**28 047**	**3**	**5**

Notes to the Consolidated and Separate Financial Statements

25. Finance costs

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Lease liabilities	17 644	18 831	-	-
Borrowings	2 857	491	-	-
Bank and other third parties	137	170	-	-
South African Revenue Service	916	473	-	-
Total finance costs	**21 554**	**19 965**	**-**	**-**
Less: Capitalised to qualifying assets	(1 052)	(39)	-	-
Total finance costs expensed	**20 502**	**19 926**	**-**	**-**

Finance costs relate to financial liabilities that are not designated at fair value through profit or loss.

Notes to the Consolidated and Separate Financial Statements

26. Taxation

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Major components of the tax expense				
Current				
Local income tax - current period	71 439	53 344	-	-
Local income tax - recognised in current tax for prior periods	3 201	794	-	-
Foreign income tax - current period	5 982	4 564	-	-
Foreign withholding tax	104	169	-	-
	80 726	**58 871**	**-**	**-**
Deferred				
South African deferred tax attributable to temporary differences	(21 085)	(13 929)	-	-
Foreign deferred tax attributable to temporary differences	89	(1 081)	-	-
Total tax expense	**(20 996)**	**(15 010)**	**-**	**-**
	59 730	**43 861**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2020	Group 2019	Company 2020	Company 2019
Applicable tax rate	28,00 %	28,00 %	28,00 %	28,00 %
Listing and regulatory costs	(0,20)%	0,10 %	(12,40)%	(12,90)%
Share-based payment expense	(3,60)%	1,30 %	- %	- %
Legal fees	(0,20)%	0,20 %	- %	- %
Fair value loss on contingent consideration liability	(73,80)%	3,40 %	- %	- %
Impairment on intangible assets	(18,00)%	- %	- %	- %
Deferred tax asset not recognised	(0,90)%	0,40 %	(15,60)%	(15,10)%
s12H learnership allowance	0,30 %	(0,20)%	- %	- %
Foreign tax differential	(1,00)%	0,30 %	- %	- %
Prior period adjustment	(4,10)%	(0,20)%	- %	- %
Other	(2,50)%	1,10 %	- %	- %
	(76,00)%	**34,40 %**	**- %**	**- %**

Estimated tax losses available for set-off against future taxable income amounting to R144.2 million (2019: R102.9 million) for the group.

The estimated tax loss available for set-off against future taxable income relates to STADIO and SCS. Following the successful Business Transfer of transferring the businesses of LISOF, Prestige Academy and SBS to STADIO, the amalgamated future taxable profits of these business operations in STADIO will utilise the assessed loss in STADIO from 2021. The group is satisfied that the deferred tax asset will be recoverable using the estimated future taxable income, which considered the impact of COVID-19, that will be generated for these entities. The impact of COVID-19 on estimated future taxable income had no impact on the recoverability of the deferred tax asset.

Estimated tax losses of R2.4 million (2019: R1.7 million) for the group and R0.8 million 2019: (R0.6 million) for the company have not been recognised.

The losses can be carried forward indefinitely and there is no expiry date.

Notes to the Consolidated and Separate Financial Statements

27. Earnings per share

	Group	
	2020 R '000	2019 R '000

Basic (loss)/earnings per share

Basic (loss)/earnings per share is determined by dividing (loss)/profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic (loss)/earnings per share (cents)	(14,50)	8,50
Basic (loss)/earnings attributable to owners of the parent	(119 751)	69 836

Diluted (loss)/earnings per share

In the determination of diluted (loss)/earnings per share, loss/(profit) attributable to owners the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Diluted (loss)/earnings per share (cents)	(14,50)	8,40
Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share		
Weighted average number of ordinary shares used for basic earnings per share	824 038	818 019
Adjusted for:		
Contingent consideration	-	11 237
	824 038	**829 256**

The 27.7 million share options granted on 3 April 2020 and 1 July 2020 are not included in the calculation of diluted basic and headline earnings per share because they are antidilutive for the year ended 31 December 2020. These options could potentially dilute basic and headline earnings per share in the future.

The contingent consideration liabilities which are partly settled in shares and are considered to be potential ordinary shares are not included in the calculation of diluted basic and headline earnings per shares because they are antidilutive for the year ended 31 December 2020. These shares could potentially dilute basic and headline earnings per share in the future.

Diluted basic and headline loss per share is calculated using the 824 million weighted average number of shares in issue for the year ended 31 December 2020.

In the prior year, the share options were not included in the calculation of diluted basic, headline and core earnings per share (refer to Note 28) because they were anti-dilutive as they were considered to be out of the money for the year ended 31 December 2019.

Notes to the Consolidated and Separate Financial Statements

27. Earnings per share (continued)

Headline (loss)/earnings and diluted headline (loss)/earnings per share

	Group 2020 R '000	Group 2019 R '000
Headline (loss)/earnings per share (cents)	(8,50)	8,50
Diluted headline (loss)/earnings per share (cents)	(8,50)	8,40
Reconciliation between (loss)/profit attributable to owners the parent and headline (loss)/earnings		
(Loss)/profit for the year attributable to owners of the parent	(119 751)	69 836
Adjusted for:		
Impairment on intangible assets	51 216	-
Less: non-controlling interest	(1 314)	-
Loss on disposal of property, plant and equipment	91	272
Less: non-controlling interest	(1)	(7)
Less: taxation	(25)	(74)
Compensation from third parties for items of property, plant and equipment that were lost or given up	(283)	(562)
Less: non controlling interest	4	41
Less: taxation	78	156
Headline (loss)/earnings	**(69 985)**	**69 662**

	Group 2020 R '000	Group 2019 R '000
Reconciliation between headline earnings/(loss) and diluted headline earnings/(loss)		
Diluted headline (loss)/earnings	(69 985)	69 662

Notes to the Consolidated and Separate Financial Statements

28. Segmental information

The group considers its executive directors to be the chief operating decision maker and therefore the segmental disclosures below are aligned with the quarterly report provided to the executive directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all of the services being related to higher education services within southern Africa. However, management does make decisions based on what they constitute to be reflective of the underlying financial performance of the group and as such, the group has identified core headline earnings as this measure. Non-core includes certain items which may distort the group’s performance from year-to-year, and by excluding this, should provide management with a more consistent reflection of the underlying financial performance of the group.

Geographical information

	2020 R '000		2019 R '000	
	Revenue from customers	**Non-current assets**	**Revenue from customers**	**Non-current assets**
South Africa	888 762	1 738 466	776 359	1 722 076
Namibia	44 182	10 452	39 068	10 269

The group operates in two principal geographical areas, namely South Africa and Namibia.

The group's revenue from operations from external customers by location of operations and non-current assets by location of assets is detailed above.

The non-current assets disclosed above exclude other financial assets and deferred tax assets.

Core headline earnings

	Note	Group	
		2020 R '000	2019 R '000
Core headline earnings per share (cents)		14,20	10,80
Core diluted headline earnings per share (cents)		12,50	10,60

	Note	**2020 R '000**	**2019 R '000**
Reconciliation of core headline earnings			
Headline (loss)/earnings attributable to owners of parent	27	(69 985)	69 662
Adjusted for:			
Fair value loss on contingent consideration		207 184	15 288
Less: non-controlling interest		(26 508)	(1 903)
Acquisition costs		-	1 398
Amortisation of client list and trademarks		8 489	5 719
Less: non-controlling interest		(239)	(478)
Less: taxation		(1 542)	(1 475)
Core headline earnings		**117 399**	**88 211**

	'000	**'000**
Reconciliation of weighted average number of ordinary shares used for core headline earnings per share to weighted average number of ordinary shares used for diluted core headline earnings per share		
Weighted average number of ordinary shares used for core headline earnings per a share	824 038	818 019
Adjusted for:		
Share options incentive plan	6 770	-
Contingent consideration liability	109 615	11 237
	940 423	**829 256**

Notes to the Consolidated and Separate Financial Statements

28. Segmental information (continued)

The share options and contingent consideration liabilities partly settled in shares are dilutive for the core headline earnings per share for the year ended 31 December 2020. Diluted core headline earnings per share has been calculated using the 940 million weighted average number of shares in issue which adjusts for the dilutive impact of the share options and contingent consideration liabilities partly settled in shares.

29. Cash generated from/(used in) operations

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
(Loss) profit before taxation	(78 630)	127 545	(1 495)	(1 186)
Adjustments for:				
Depreciation and amortisation	64 579	60 890	-	-
Losses on disposals of property, plant and equipment	67	272	-	-
Impairment on intangible assets	51 216	-	-	-
Gains on foreign exchange	(118)	(11)	-	-
Interest income	(11 841)	(28 047)	(3)	(5)
Finance costs	20 502	19 926	-	-
Fair value losses	207 209	15 277	-	-
Share-based payment expense	10 126	5 911	-	-
Other non-cash items	(118)	(3)	-	-
Changes in working capital:				
Decrease in inventories	544	2 240	-	-
Decrease/(increase) in trade and other receivables	11 201	(26 070)	-	-
Increase in trade and other payables	892	8 287	102	68
(Decrease)/increase in contract liabilities	(1 243)	3 334	-	-
	274 386	**189 551**	**(1 396)**	**(1 123)**

30. Taxation paid

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Balance at beginning of the year	6 750	8 918	-	-
Current tax for the year recognised in profit or loss	(80 727)	(58 871)	-	-
Interest	191	425	-	-
Balance at end of the year	6 037	(6 750)	-	-
Taxation paid	**(67 749)**	**(56 278)**	**-**	**-**

Notes to the Consolidated and Separate Financial Statements

31. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance R '000	New leases R '000	Other non-cash movements R '000	Total non-cash movements R '000	Cash flows R '000	Closing balance R '000
Borrowings	65 392	-	-	-	(20 313)	45 079
Lease liabilities	169 370	25 113	772	25 885	(27 290)	167 965

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening balance R '000	New leases R '000	Other non-cash movements R '000	Total non-cash movements R '000	Cash flows R '000	Closing balance R '000
Borrowings	4 545	-	(92)	(92)	60 939	65 392
Lease liabilities	179 347	8 331	1 714	10 045	(20 022)	169 370

32. Non-cash investing activities

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Partial settlement of acquisitions through the issue of shares (Refer to Note 14)	31 919	1 400	31 919	1 400

Notes to the Consolidated and Separate Financial Statements

33. Related parties

Relationships

Ultimate holding company	PSG Group Limited
Holding company	PSG Alpha Investments Proprietary Limited
Subsidiaries	Refer to Note 7
Group's B-BBEE partner and shareholder	Brimstone Investment Corporation Limited
Entities controlled by key management	Almika Properties 90 Proprietary Limited
	Citac Africa Proprietary Limited
Directors	Refer to Note 15 & 35
Other related parties	PSG Financial Services Proprietary Limited
	PSG Collective Investments (RF) Limited
	PSG Corporate Services Proprietary Limited
	PSG Wealth Financial Planning Proprietary Limited
	Curro Holdings Limited
	Grayston Elliot Proprietary Limited
	PSG Capital Proprietary Limited
	Grit Procurement Solutions Proprietary Limited
	VJ Properties Close Corporation

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Related party balances				
Loan accounts - Owing (to)/by related parties				
VJ Properties Close Corporation	532	780	-	-
Almika Properties 90 Proprietary Limited	59	25	-	-
Brimstone Investment Corporation Limited	(96)	(96)	-	-
Stadio Investment Holdings Proprietary Limited	-	-	14 925	13 585
Stadio Corporate Services Proprietary Limited	-	-	621 486	622 923
Stadio Proprietary Limited	-	-	(7 201)	(7 201)
Trade and other receivables				
Curro Holdings Limited	18 935	17 705	-	-
PSG Corporate Services Proprietary Limited	6	6	-	-
Cash and cash equivalents				
PSG Collective Investments (RF) Limited	11	7 816	-	-
Lease liabilities				
Almika Properties 90 Proprietary Limited	(591)	(3 662)	-	-
Citac Africa Proprietary Limited	(18 302)	(3 101)	-	-
Trade and other payables				
Curro Holdings Limited	(96)	(252)	-	-
GRIT Procurement Solutions Proprietary Limited	(24)	(9)	-	-
PSG Capital Proprietary Limited	(19)	(159)	-	-

Notes to the Consolidated and Separate Financial Statements

33. Related parties (continued)

Related party transactions

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Interest (received from)/paid to related parties				
Curro Holdings Limited	(2 297)	(2 167)	-	-
PSG Collective Investments (RF) Limited	(303)	(6 038)	-	-
Almika Properties 90 Proprietary Limited	221	489	-	-
Citac Africa Proprietary Limited	305	474	-	-
Purchases from related parties				
Curro Holdings Limited	38	222	-	-
GRIT Procurement Solutions Proprietary Limited	11	100	-	-
Listing and advisory fees paid to related parties				
PSG Capital Proprietary Limited	667	756	-	-
Merger and acquisition costs paid to related parties				
Grayston Elliot Proprietary Limited	-	234	-	-
PSG Capital Proprietary Limited	-	41	-	-
Insurance costs paid to related parties				
PSG Wealth Financial Planning Proprietary Limited	1 653	194	-	-

34. Commitments and Contingent liabilities

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Authorised capital expenditure				
Authorised and contracted				
• Property, plant and equipment	120 906	211 318	-	-
• Intangible assets	-	15 511	-	-
	120 906	**226 829**	**-**	**-**
Authorised and not yet contracted			-	-
• Property, plant and equipment	73 259	109 369		
• Intangible assets	6 800	5 286		
	80 059	**114 655**	**-**	**-**

During the year ended 31 December 2020, the group has, in the normal course of business, obtained bank guarantees as required by the Department of Higher Education and Training (DHET) to the value of R11.5 million (2019: R9.6 million). There are no guarantees relating to the company.

The group and company have no contingent liabilities as at 31 December 2020 (2019: Rnil).

Notes to the Consolidated and Separate Financial Statements

35. Directors' emoluments

For the purposes of defining related party transactions with key management, key management has been defined as directors and includes entities controlled or jointly controlled by these individuals.

Executive

2020

	Basic Salary R'000	Pension contributions paid R'000	Bonuses R'000	Total R'000
CPD Vorster*	2 867	123	1 800	4 790
S Totaram	2 203	329	1 890	4 422
D Singh	2 113	210	1 994	4 317
CR van der Merwe**	711	70	3 663	4 444
	7 894	**732**	**9 347**	**17 973**

** CPD Vorster, former Chief Executive Officer (CEO) of SBS, was appointed CEO of the group on 1 April 2020. The bonus payment relates to the 2019 financial year and was paid by SBS.*

*** CR van der Merwe resigned as an executive director on 31 March 2020.*

2019

	Basic salary R '000	Pension contributions paid R '000	Bonus R '000	Total R '000
CR van der Merwe	2 739	271	2 516	5 526
S Totaram	1 877	96	1 377	3 350
D Singh	1 740	172	1 128	3 040
	6 356	**539**	**5 021**	**11 916**

During the year 17.6 million (2019: 5.6 million) share options were issued to the executive directors. Share options vesting in the current year of 1.9 million (2019: 1.9 million) lapsed and had no gain during the year. Refer to Note 15 for further detail.

35. Directors' emoluments (continued)

Non-executive

2020

	Directors' fees R'000	Total R'000
TV Maphai	197	197
CR van der Merwe	177	177
PN de Waal	265	265
DM Ramaphosa	220	220
MG Mokoka	392	392
CB Vilakazi	327	327
TH Brown	283	283
RH Stumpf	188	188
	2 049	**2 049**

2019

	Directors' fees R '000	Total R '000
PN de Waal	267	267
RH Stumpf	426	426
KS Sithole	163	163
DM Ramaphosa	375	375
MG Mokoka	233	233
CB Vilakazi	68	68
TH Brown	56	56
R Kisten	188	188
	1 776	**1 776**

PN de Waal’s director’s remuneration is paid to PSG Corporate Services Proprietary Limited of which he is a salaried employee.

Non-executive director’s fees are paid according to the director’s time of service.

Notes to the Consolidated and Separate Financial Statements

36. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2020

	Notes	Fair value through profit or loss R '000	Amortised cost R '000	Total R '000
Loans to related parties	12	-	591	591
Investments at fair value	9	11 620	-	11 620
Trade and other receivables	8	-	97 204	97 204
Cash and cash equivalents	13	-	116 803	116 803
		11 620	**214 598**	**226 218**

Group - 2019

	Notes	Fair value through profit or loss R '000	Amortised cost R '000	Total R '000
Loans to related parties	12	-	805	805
Investments at fair value	9	5 173	-	5 173
Trade and other receivables	8	-	89 105	89 105
Cash and cash equivalents	13	-	93 436	93 436
		5 173	**183 346**	**188 519**

Company - 2020

	Notes	Amortised cost R '000	Total R '000
Loans to related parties	12	636 411	636 411
Cash and cash equivalents	13	44	44
		636 455	**636 455**

Company - 2019

	Notes	Amortised cost R '000	Total R '000
Loans to related parties	12	636 508	636 508
Cash and cash equivalents	13	21	21
		636 529	**636 529**

Notes to the Consolidated and Separate Financial Statements

36. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2020

	Notes	Fair value through profit or loss R '000	Amortised cost R '000	Total R '000
Trade and other payables	17	197 978	18 361	216 339
Loans from related parties	12	-	96	96
Borrowings	16	-	45 079	45 079
Lease liabilities	4	-	167 965	167 965
		197 978	**231 501**	**429 479**

Group - 2019

	Notes	Fair value through profit or loss R '000	Amortised cost R '000	Total R '000
Trade and other payables	17	35 539	19 656	55 195
Loans to related parties	12	-	96	96
Borrowings	16	-	65 392	65 392
Lease liabilities	4	-	169 370	169 370
		35 539	**254 514**	**290 053**

Company - 2020

	Notes	Amortised cost R '000	Total R '000
Trade and other payables	17	726	726
Loans from related parties	12	7 201	7 201
		7 927	**7 927**

Company - 2019

	Notes	Amortised cost R '000	Total R '000
Trade and other payables	17	624	624
Loans from related parties	12	7 201	7 201
		7 825	**7 825**

Notes to the Consolidated and Separate Financial Statements

36. Financial instruments and risk management (continued)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to sustainably maximise stakeholder returns.

In order to maintain or adjust the capital structure, the group may return capital to shareholders, issue new shares for cash, sell assets to reduce debt, or increase borrowings. Based on the capital needs of the group, debt funding arrangements may be entered into to facilitate new developments and growth initiatives. In accessing debt funding, the group's debt-to-equity ratio shall not exceed the target debt-to-equity ratio of 30%, excluding lease liabilities.

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

		Group		Company	
		2020 R '000	2019 R '000	2020 R '000	2019 R '000
Loans from related parties	12	96	96	7 201	7 201
Borrowings	16	45 079	65 392	-	-
Lease liabilities	4	167 965	169 370	-	-
Trade and other payables	17	248 997	84 750	726	624
Total borrowings		**462 137**	**319 608**	**7 927**	**7 825**
Cash and cash equivalents	13	(116 803)	(93 436)	(44)	(21)
Net borrowings		**345 334**	**226 172**	**7 883**	**7 804**
Equity		1 485 991	1 583 298	1 587 567	1 557 225
Gearing ratio		23 %	14 %	1 %	1 %

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

Credit risk

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

The group is exposed to credit risk on loans to related parties, trade receivables, lease receivables, cash and cash equivalents and other financial assets.

Credit risk exposure arising on cash and cash equivalents and other financial assets are managed by the group through dealing with well-established financial institutions with high credit ratings.

Notes to the Consolidated and Separate Financial Statements

36. Financial instruments and risk management (continued)

In order to mitigate the risk of financial loss from defaults, the group monitors trade receivable balances on a continuous basis. Trade receivables arise from transactions with students. At the start of the academic period, the student selects their payment plan, students are monitored through the academic period to ensure that payments are being made as per agreed terms. Additional measures are taken where payment terms are not being met and accounts are overdue such as contacting students to agree on payment plans. In order for a student to access their final results and re-register, their accounts are required to be up to date.

The customer base for students is large and widespread for outstanding fees at year end, and there is no significant exposure to a single debtor at year end.

The credit risk for loans to related parties and lease receivables are considered to be low risk at year end. The counterparties have balances which are not past 30 days due and there are no other factors that have arisen indicating that there has been an increase in significant risk. Continuous engagement ensure timeous payments from counterparties. The group therefore has assessed that these counterparties are able to meet their payment obligations and the expected loss allowance is immaterial.

The maximum exposure to credit risk is presented in the table below:

Group		2020			2019		
		Gross carrying amount R '000	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**	**Gross carrying amount R '000**	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**
Loans to related parties	12	591	-	591	805	-	805
Other financial assets	9	11 620	-	11 620	5 173	-	5 173
Lease receivables	8	18 578	-	18 578	17 530	-	17 530
Trade and other receivables (excluding lease receivables)	8	156 273	(77 647)	78 626	109 476	(37 901)	71 575
Cash and cash equivalents	13	116 803	-	116 803	93 436	-	93 436
		303 865	**(77 647)**	**226 218**	**226 420**	**(37 901)**	**188 519**

Company		2020			2019		
		Gross carrying amount R '000	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**	**Gross carrying amount R '000**	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**
Loans to related parties	12	636 411	-	636 411	636 508	-	636 508
Cash and cash equivalents	13	44	-	44	21	-	21
		636 455	**-**	**636 455**	**636 529**	**-**	**636 529**

Liquidity risk

The group is exposed to liquidity risk, which is the risk that the group will encounter difficulties in meeting its obligations as they become due.

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows, through monitoring of weekly cash reserves, assessing cash forecasts on a monthly basis and comparing forecasted cash movements to actual cash movements. The financing requirements are met through a combination of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements.

The maturity profile of contractual cash flows of financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

Notes to the Consolidated and Separate Financial Statements

36. Financial instruments and risk management (continued)

Group - 2020

		Less than 1 year R '000	1 to 2 years R '000	2 to 5 years R '000	Over 5 years R '000	Total R '000	Carrying amount R '000
Non-current liabilities							
Trade and other payables	17	-	154 012	-	-	154 012	132 694
Borrowings	16	2 559	47 480	-	-	50 039	45 000
Lease liabilities	4	-	31 344	83 020	10 442 196	10 556 560	134 580
Current liabilities							
Trade and other payables	17	116 303	-	-	-	116 303	116 303
Loans from related parties	12	96	-	-	-	96	96
Borrowings	16	79	-	-	-	79	79
Lease liabilities	4	42 241	-	-	-	42 241	33 385
		161 278	**232 836**	**83 020**	**10 442 196**	**10 919 330**	**462 137**

Group - 2019

		Less than 1 year R '000	1 to 2 years R '000	2 to 5 years R '000	Over 5 years R '000	Total R '000	Carrying amount R '000
Non-current liabilities							
Trade and other payables	17	-	7 758	11 235	-	18 993	18 993
Borrowings	16	6 288	5 872	70 872	-	83 032	65 000
Lease liabilities	4	-	34 518	74 041	10 462 312	10 570 871	137 061
Current liabilities							
Trade and other payables	17	36 202	-	-	-	36 202	36 202
Loans from related parties	12	96	-	-	-	96	96
Borrowings	16	392	-	-	-	392	392
Lease liabilities	4	42 369	-	-	-	42 369	32 309
		84 955	**48 148**	**156 148**	**10 462 312**	**10 751 563**	**290 053**

Notes to the Consolidated and Separate Financial Statements

36. Financial instruments and risk management (continued)

Company - 2020

		Less than 1 year R '000	Total R '000	Carrying amount R '000
Current liabilities				
Loans from related parties	12	7 201	7 201	7 201
Trade and other payables	17	726	726	726

Company - 2019

		Less than 1 year R '000	Total R '000	Carrying amount R '000
Current liabilities				
Loans from related parties	12	7 201	7 201	7 201
Trade and other payables	17	624	624	624

Financing facilities

	Group		Company	
	2020 R '000	2019 R '000	2020 R '000	2019 R '000
Standard Bank revolving credit facility expiring December 2022:				
Drawn down	45 000	65 000	-	-
Available	155 000	135 000	-	-
	200 000	**200 000**	**-**	**-**

36. Financial instruments and risk management (continued)

Foreign currency risk

The group is exposed to foreign currency risk as a result of certain transactions which are denominated in foreign currencies. The foreign currencies in which the group deals primarily are US Dollars, Namibian Dollars and Eswatini Lilangeni. The risk associated with the Namibian Dollar and Eswatini Lilangeni immaterial due to both their exchange rate being 1:1 to the South African Rand. The risk to the US Dollar is managed through negotiation of exchange rates with suppliers or customers upfront where possible.

Exposure in Rand

The net carrying amounts, in Rand, of the various exposures, are denominated in the following currencies. The amounts have been presented in Rand by converting the foreign currency amounts at the closing rate at the reporting date:

		Group		Company	
		2020 R '000	2019 R '000	2020 R '000	2019 R '000
US Dollar exposure:					
Non-current assets:					
Trade and other receivables	8	444	1 607	-	-
Current liabilities:					
Trade and other payables	17	-	(13)	-	-
Net exposure		**444**	**1 594**	**-**	**-**
Botswana Pula					
Current assets:					
Trade and other receivables	8	-	12	-	-
Eswatini Lilangeni:					
Current liabilities:					
Trade and other payables	17	-	(47)	-	-
Net exposure to foreign currency in Rand		**444**	**1 559**	**-**	**-**

Foreign currency sensitivity analysis

The following information presents the sensitivity of the group to an increase or decrease in the respective currencies it is exposed to. The sensitivity rate is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated amounts and adjusts their translation at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 31 December 2020, if the Rand/Dollar exchange rate had been 10% (2019: 10%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R0.2 million (2019: R1 million) higher and R0.2 million (2019: R1 million) lower.

Company

There is no foreign exchange currency risk for the company at 31 December 2020 and 31 December 2019.

Notes to the Consolidated and Separate Financial Statements

36. Financial instruments and risk management (continued)

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The group policy with regards to financial assets, is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments in order to maintain liquidity, while also achieving a satisfactory return for shareholders. The group most significant interest bearing financial assets are it's investments in unit trusts and money market funds.

The most significant debt in the group comprises of the Standard Bank revolving credit facility, whose interest is linked to the three-month JIBAR. The interest rate has been compared to rates available in the market and is considered to be favourable. The interest rate risk is managed through scenario planning of drawdowns, repayments and monitoring the JIBAR rate movements.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

The impact on pre-tax profit in the year ended 31 December 2020, of a 25 basis points increase in the interest rate, would result in a net increase in profit of R0.6 million (2019: R0.5 million) for the group. A 25 basis points decrease in the interest rate would have an equal, but opposite effect on profit or loss.

Company

The impact of an interest rate movement of 25 basis points would have had no significant change in pre-tax profit for the years ended 31 December 2020 and 31 December 2019.

Price risk

The group is exposed to price risk due to changes in the market values of its unit trust investments held by the group classified as fair value through profit and loss. This risk is managed as the unit trust investments are managed by reputable financial institutions.

Price risk sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used to price risk internally by key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

Group

At 31 December 2020, if share prices in the portfolio were 10% (2019: 10%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R1.1 million (2019: R0.5 million) lower and R1.1 million (2019: R0.5 million) higher.

Company

There is no price risk for the company at 31 December 2020 and 31 December 2019.

Notes to the Consolidated and Separate Financial Statements

37. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

		Group		Company	
		2020 R '000	2019 R '000	2020 R '000	2019 R '000
Level 1					
Recurring fair value measurements					
Assets	Note				
Financial assets at fair value through profit or loss					
Other financial assets	9	11 620	5 173	-	-
Level 3					
Recurring fair value measurements					
Liabilities	Note				
Financial liabilities at fair value through profit and loss					
Contingent consideration liability	17	197 978	35 539	-	-

Notes to the Consolidated and Separate Financial Statements

37. Fair value information (continued)

Reconciliation of assets and liabilities measured at level 3

	Note	Opening balance R '000	Fair value adjustment* R '000	Settlement R '000	Closing balance R '000
Group - 2020					
Liabilities					
Fair value through profit and loss					
Contingent consideration liability	17	35 539	207 184	(44 745)	197 978
Group - 2019					
Liabilities					
Fair value through profit and loss					
Contingent consideration liability	17	24 251	15 288	(4 000)	35 539

** Refer to Note 21 for the fair value adjustment on the contingent consideration.*

Information about valuation techniques and inputs used to derive level 3 fair values

Contingent consideration

The valuation technique used in Level 3 fair value measurement of the contingent consideration liability is the income approach method with the significant unobservable inputs being the discount rate and EBITDA growth rate as detailed below:

- The estimated future cash flows, based on management's forecast for the 18-month period from 1 January 2021 to 30 June 2022, are discounted using a pre-tax discount rate.
- The future cash flow assumption reflects the following key assumptions:
  - pre-tax discount rate, which reflects the specific risks to the valuation
  - EBITDA which takes into account student number growth, based on historical experience and estimated growth in enrolment numbers; and operating expenses, which are a function of growth in student numbers and inflation.

Key assumptions:

- Discount rate - 20% (2019: 19%)
  A change in the discount rate by 1% would increase/decrease the fair value by approximately R3 million (2019: R1 million).
- EBITDA growth rate - 53% (2019: 25%)
  A change in the EBITDA growth rate by 5% would increase/decrease the fair value by approximately R11 million (2019: R 5 million).

38. Going concern

The directors in assessing the going concern considered the impact of the COVID-19 pandemic on the group and company. Further details of the impact of COVID-19 on the group are set out on pages 28 to 29.

In the current year, the group incurred a non-cash impairment loss on the trademarks of LISOF, Prestige Academy, SBS and Embury as a result of the Business Transfer (R40 million). The group also recognised a material fair value adjustment (R207 million) to the contingent consideration liability to cater for the higher-than-expected consideration payable to the CA Connect shareholders as a result of student enrolments on the PGDA and PGDA Bridging programmes significantly exceeding expected enrolments for the period. The CA Connect contingent consideration liability will be settled partly in shares and in cash during 2021 and 2022.

The impact of these transactions resulted in the group recognising a loss after taxation of R138 million (2019: R84 million profit) for the period and an accumulated loss at 31 December 2020 of R125 million (2019: R6 million). The effect of these transactions are circumstantial and unlikely to have as significant an impact on operations going forward.

At 31 December 2020, the current liabilities of the group exceeded the current assets by R19 million. This is due to the increased contingent consideration liability, 75% of which will be settled through the issue of shares in the company. On adjusting for the impact of the non-cash settled current portion of the liability, current assets will exceed current liabilities and the group has sufficient current assets to cover its current liabilities.

At 31 December 2020, the group has drawn down on R45 million of the R 200 million revolving credit facility. The group has adequate cash resources on hand and access to a debt facility to be able to meet its cash obligations as they fall due within 12 months.

Based on the group’s 12-month budgets and 5-year forecasts of the group’s financial performance and cash flows, the directors, after having considered the implications of COVID-19 as set out on pages 28 to 29, are satisfied that the group and the company are in a sound financial position and have adequate cash resources and access to borrowings to continue to operate as a going concern in the foreseeable futures.

39. Events after the reporting period

The group entered into negotiations to acquire the remaining 26% interest in SBS Namibia for a cash purchase consideration of R8 million, subject to meeting certain conditions.

The group also entered into negotiations to early settle the remaining earn-out due in respect of CA Connect acquisition for a final settlement amount of R200 million, thereby aligning the focus of the management team of CA Connect and Milpark to pursue growth opportunities beyond the PGDA programmes.

The group entered into agreements in 2018 to acquire vacant land, located in Durbanville (Western Cape), with a view to open a large-scale multi-faculty campus in the Western Cape. The group took transfer of the land and paid a consideration of R52 million in February 2021 and intends to develop this campus for opening between 2023 and 2024.

The impact of COVID-19 has been considered up to 31 December 2020. The pandemic is considered to be an ongoing event and there is no immediate concern around going concern. Management are continually assessing and monitoring developments with regard to the pandemic and its impact on the business.

Subsequent to year-end there have been no significant changes in the COVID-19 restrictions impacting the group and thus no subsequent events related to the COVID-19 have occurred.

Save as set above, the directors are not aware of any further material events which occurred after the reporting date and up to the date of this report.

Shareholders' Analysis

1. Distribution of shareholders

Range of shareholding 2020	Number of shareholders	% of shareholders	Number of shares	% of issued shares
1 - 10 000	10 502	81,7	20 986	2
10 001 - 100 000	2 047	15,9	59 997	7
100 001 - 1 000 000	262	2,0	71 231	9
More than 1 000 000	46	0,4	688 783	82
	12 857	**100,0**	**840 997**	**100**

Range of shareholding 2019	Number of shareholders	% of shareholders	Number of shares	% of issued shares
1 - 10 000	11 886	83,0	25 041	3
10 001 - 100 000	2 109	14,7	59 286	7
100 001 - 1 000 000	273	1,9	72 426	9
More than 1 000 000	50	0,4	661 342	81
	14 318	**100,0**	**818 095**	**100**

Public and non-public shareholding 2020	Number of shareholders	% of shareholders	Number of shares	% of issued shares
Public shareholders	12 836	99,8	447 901	53
Non public shareholders	21	0,2	393 096	47
Where non-public shareholders consist of:				
PSG Alpha Investments Proprietary Limited	1	-	363 637	43
Directors (including prescribed officers and subsidiary directors)	13	0,1	23 133	3
Directors from other related parties	7	0,1	6 326	1
	12 857	**100,0**	**840 997**	**100**

Public and non-public shareholding 2019	Number of shareholders	% shareholders	Number of shares	% of issued shares
Public shareholders	14 291	99,8	372 173	45
Non public shareholders	27	0,2	445 922	55
Where non-public shareholders of:				
PSG Alpha Investments Proprietary Limited	1	-	359 597	44
Directors (including prescribed officers and subsidiary directors)	17	0,1	80 004	10
Directors from other related parties	9	0,1	6 321	1
	14 318	**100,0**	**818 095**	**100**

2. Major shareholders

The following shareholders have a holding of greater than 5% of the issued shares of the company:

2020	Number of shares	% of shares held
PSG Alpha Investments Proprietary Limited	363 637	43,2
Brimstone Investment Corporation Limited	43 565	5,2

Coronation Fund Managers Limited held 4,1% (2019: 7,3%) of issued shares as at 31 December 2020.

2019	Number of shares	% of shares held
PSG Alpha Investments Proprietary Limited	359 597	44,0
Coronation Fund Managers Limited	59 355	7,3
Brimstone Investment Corporation Limited	43 565	5,3