Annual Financial Statements 2021

IDC

Industrial Development Corporation

Your partner in development finance

CONTENTS

CONFIRMATION OF ACCURACY AND FAIR PRESENTATION

INTEGRATED REPORT AND ANNUAL FINANCIAL STATEMENTS FOR THE 2021 FINANCIAL YEAR-END

We hereby acknowledge that the Integrated Report and the Annual Financial Statements of the Industrial Development Corporation of South Africa Limited (The IDC or the Group or the Corporation) have been submitted to the Auditor-General for auditing in terms of section 55(1)(c) of the PFMA. We acknowledge our responsibility for the accuracy of the accounting records and the fair presentation of the financial statements and confirm, to the best of our knowledge, the following:

ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). All amounts and information in the Integrated Report and Annual Financial Statements are consistent with the financial statements submitted to the auditors for audit purposes.

PERFORMANCE INFORMATION

The performance information fairly reflects the operations, and actual output against planned targets for performance indicators as per the Corporate Plan of the IDC and approved amendments for the financial year ended 31 March 2021. The performance information has been reported on in accordance with the requirements of the guidelines on annual reports as issued by National Treasury. A system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of performance information.

HUMAN RESOURCE MANAGEMENT

The human resource information contained in the respective tables in the integrated report, fairly reflects the information of the IDC for the financial year ended 31 March 2021.

IN RESPECT OF MATERIAL ISSUES

The Integrated Report is complete, accurate and free from any omissions.

PREPARATION OF THE FINANCIAL STATEMENTS

The financial results have been prepared under the supervision of Isaac Malevu CA(SA), the Group's Chief Financial Officer.

TP Nchocho
Chief Executive Officer
29 July 2021

BA Mabuza
Chairperson of the Board
29 July 2021

ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The Accounting Authority is responsible for the preparation of the IDC's annual financial statements and for the judgements made in preparing these financial statements. The Accounting Authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements. In my opinion, the annual financial statements fairly reflect the operations of the IDC for the financial year ended 31 March 2021.

The external auditors are engaged to express an independent opinion on the annual financial statements of the IDC. The IDC's annual financial statements for the year ended 31 March 2021 have been audited by the external auditors and their report is presented on page 12 to 19. The annual financial statements of the IDC set out on page 20 to page 107 have been approved.

TP Nchocho

Chief Executive Officer

29 July 2021

REPORT OF THE BOARD AUDIT COMMITTEE

Report of the Board Audit Committee in terms of Regulations 27(1)(10)(b) and (c) of the Public Finance Management Act of 1999 (as amended) and requirements of King IV Code of Governance.

BACKGROUND

The Board Audit Committee (BAC) oversees the Corporation's financial reporting process on behalf of the Board of Directors, specifically with regard to evaluating the adequacy and efficiency of accounting policies, internal controls, risk management and financial reporting processes. In addition, the BAC assesses the effectiveness of the Internal Auditors and independence and effectiveness of the External Auditors.

The Corporation's management has primary responsibility for the financial statements, for maintaining effective internal control over financial reporting and assessing the effectiveness of internal control over financial reporting.

RESPONSIBILITIES, COMPOSITION AND FUNCTIONS OF THE COMMITTEE

The Committee's role and responsibilities include its statutory duties according to the Public Finance Management Act of 1999 (as amended), the requirements of the King IV Code of Governance, the Companies Act, 71 of 2008 (as amended) and the responsibilities assigned to it by the Board.

As a Committee, we report that we adopted the appropriate formal Terms of Reference as approved by the Board and are satisfied that we have discharged our responsibilities according to the Companies Act, King IV and PFMA.

The Committee carried out its functions through attendance at Audit Committee meetings and discussions with executive management, Internal Audit, external auditors and external advisors where appropriate.

We meet at least four times per annum, with the authority to convene additional meetings as circumstances require. In executing its key functions and discharging its responsibilities as outlined in its Terms of Reference during the period under review, the Committee:

- Assisted the Board of directors in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems, risk management and auditing processes applied within the Corporation in the day-to-day management of its business;
- Facilitated and promoted communication between the Board, management, the external auditors and Internal Audit Department on matters that are the responsibility of the Committee;
- Introduced measures that, in the opinion of the Committee, may enhance the credibility and objectivity of the financial statements and reports prepared with reference to the affairs of the Corporation (and the IDC Group);
- Nominated and recommended for appointment of registered auditors, SNG-Grant Thornton and Nexia SAB&T, as the Corporation's external auditors the firms who, in the opinion of the Committee, are independent of the IDC;
- Determined the fees to be paid to the external auditors and the auditors' terms of engagement;
- Ensured that the appointment of the external auditors comply with the Companies Act and any other legislation relating to the appointment of auditors;
- Reviewed legal and compliance matters that could have a significant impact on the financial statements;
- Monitored internal control frameworks and procedures, including accounting policies, legislative compliance, regulatory matters and governance; and
- Assessed combined assurance from the external auditors, internal auditors and management and ensured that the combined assurance received is adequate to address all material risks.

INTERNAL CONTROL

We monitored the effectiveness of the IDC's internal controls and compliance with the Enterprise-wide Risk Management Framework (ERMF). The emphasis on risk governance is based on three lines of defence and the BAC uses the regular reports received from the three lines of defence (process owners/ department heads; Risk and Compliance Departments, management and Internal Audit Department) to evaluate the effectiveness of the internal controls. The ERMF places weight on accountability, responsibility, independence, reporting, communication and transparency, internally and with all the IDC's key external stakeholders.

No findings have come to the attention of the Committee to indicate that any material breakdown in internal controls has occurred during the financial year under review. The Committee is of the opinion that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the consolidated Annual Financial Statements, that accountability for assets and liabilities is maintained and that this

is based on sound accounting policies, supported by reasonable and prudent judgements and estimates. The BAC is further of the opinion that the internal controls of the Corporation have been effective in all material respects throughout the year under review. This opinion is based on the information and explanations given by management regarding various processes and initiatives aimed at improving the internal control environment and the integrity of information, discussions with Internal Audit and the independent external auditors, on the results of their audits.
To formulate its opinion, the Committee:

- Monitored the identification and correction of weaknesses and breakdowns of systems and internal controls;
- Monitored the adequacy and reliability of management information and the efficiency of management information systems;
- Reviewed quarterly, interim and final financial results and statements and reporting for proper and complete disclosure of timely, reliable and consistent information;
- Evaluated, on an ongoing basis, the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with generally accepted accounting practice and overall accounting standards as well as any related changes;
- Discussed and resolved any significant or unusual accounting issues;
- Reviewed reports supplied by management regarding the effectiveness and efficiency of the credit monitoring process, exposures and related impairments and adequacy of impairment provisions to discharge its obligations satisfactorily;
- Reviewed and monitored all key financial performance indicators to ensure that they are appropriate and that decision-making capabilities are maintained at high levels; and
- Reported to the Board on the effectiveness of the Corporation's internal reporting controls.

EXTERNAL AUDITORS

As a Committee, we recognise the importance of maintaining the independence of the Corporation's Independent Auditors, both in fact and appearance. Each year, the Committee evaluates the qualifications, performance and independence of the Corporation's Independent Auditors and determines whether to re-engage the current Independent Auditors. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities, technical expertise and knowledge of the Corporation's operations and industry. SNG- Grant Thornton and Nexia SAB&T have remained in office as joint auditors.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and audit fees for the financial year ended 31 March 2021.

The Committee:

- Approved the external auditors' annual plan and related scope of work;
- Monitored the effectiveness of the external auditors in terms of their skills, independence, execution of the audit plan, reporting and overall performance;
- Considered whether the extent of reliance placed on internal audit by the external auditors was appropriate and whether there were any significant gaps between the internal and external audits; and
- Approved the Non-audit Services Policy that specifies that the external auditors are precluded from engaging in non-audit related services.

EXPERTISE AND EXPERIENCE OF FINANCE FUNCTION

We have considered and satisfied ourselves of the overall appropriateness of the expertise and adequacy of resources of the IDC's finance function and experience of the senior members of management responsible for the financial function.

DUTIES ASSIGNED BY THE BOARD

INTEGRATED AND SUSTAINABILITY REPORTING

The BAC fulfils an oversight role regarding the Corporation's Integrated Report and the reporting process and considers the level of assurance coverage obtained from management and internal and external assurance providers in making its recommendation to the Board.

We considered the Corporation's information as disclosed in the Integrated Report and assessed its consistency with operational and other information known to Committee members and for consistency with the Annual Financial Statements. We discussed the information with management and considered the conclusions of the external assurance provider.

The Committee is satisfied that the sustainability information is, in all material respects, reliable and consistent with the financial results. Nothing has come to the attention of the Committee to indicate any material deficiencies in this regard.

REPORT OF THE BOARD AUDIT COMMITTEE

COMBINED ASSURANCE

The Committee is responsible for monitoring the combined assurance model detailing significant processes, line management monitoring, Internal Audit and external assurances. This model is used to assess the appropriateness of assurance over risks/ controls provided to the Board.

Engagement regarding the extent to which the various assurance providers rely on each other's work take place continuously and we are of the view that adequate coordination occurred between the external auditors and Internal Audit.

A Combined Assurance Policy is in place that integrates Internal Audit, Compliance and Risk Management Plans and other external assurance providers. Furthermore, a Combined Assurance Plan was approved and used to monitor the activities in relation to the Combined Assurance Process.

GOING CONCERN

The Committee concurs that the adoption of the going concern assumption in the preparation of the consolidated Annual Financial Statements is appropriate and sound. This is after the Committee reviewed a documented assessment by management of the going concern premise of the Corporation and the IDC Group.

GOVERNANCE OF RISK

The Board has assigned oversight of the Corporation's risk management function to a separate Board Risk and Sustainability Committee. The Chairperson of the BAC attends the Board Risk and Sustainability Committee meetings as a member to ensure that information relevant to these committees is shared regularly.

The Committee fulfils an oversight role regarding financial reporting risks, internal financial controls, fraud risk and information technology risks as they relate to financial reporting. We are satisfied that the appropriate and effective risk management processes are in place.

INTERNAL AUDIT

Internal audit forms part of the third line of defence as set out in the ERMF and engages with the first and second lines of defence to facilitate the escalation of key control breakdowns.

The Internal Audit Department has a functional reporting line to the Committee Chairperson, an operational reporting line to the CEO and full access to other BAC members.

The BAC, with respect to its evaluation of the adequacy and effectiveness of internal controls, receives reports from Internal Audit on a quarterly basis, assesses the effectiveness of the internal audit function and reviews and approves the internal audit plan. The Audit Committee is responsible for ensuring that the Corporation's internal audit function is independent and has the necessary resources, standing and authority within the Corporation to discharge its duties. We approved the internal audit function's annual audit plan and as a Committee, monitored and challenged, where appropriate, action taken by management with regard to adverse internal audit findings.

The Committee has overseen a process by which Internal Audit has performed audits according to a risk-based audit plan where the effectiveness of the risk management and internal controls were evaluated. These evaluations were the main input considered by the Board in reporting on the effectiveness of internal controls. The Committee is satisfied with the independence and effectiveness of the internal audit function.

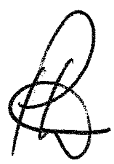
CONCLUSION

Having considered, analysed, reviewed and debated information provided by management, Internal Audit and the external auditors, the Committee confirmed that:

- The internal controls of the group were effective in all material aspects throughout the year under review;
- These controls ensured that the group's assets had been safeguarded;
- Proper accounting records had been maintained;
- Resources had been utilised efficiently; and
- The skills, independence, audit plan, reporting and overall performance of the external auditors were acceptable.

Following our review of the financial statements for the year ended 31 March 2021, we are of the opinion that they comply with the relevant provisions of the PFMA, as amended, and IFRS and that they present fairly the results of the operations, cash flow and financial position of the Corporation.

We have complied with all the King IV principles, with the inclusion of integrated reporting, evidenced by this issue of the Corporation's Integrated Report for the financial year ended March 2021. The Committee is satisfied that it has complied in all material respects, with its legal, regulatory and other responsibilities. The BAC recommended this Integrated Report to the Board for approval.



NP Mnxasana

Chairperson of the Board Audit Committee

29 July 2021

DIRECTORS' REPORT

INTRODUCTION

The Industrial Development Corporation of South Africa Limited was established in 1940 by the Industrial Development Corporation Act, No 22 of 1940. It is a registered public corporation and a Schedule 2 listed entity in terms of the Public Finance Management Act (PFMA), No 1 of 1999, and the related Treasury regulations. This report is presented in accordance with the provisions of the prescribed legislation and addresses the performance of the IDC, as well as relevant statutory information requirements. The Board of Directors is the Accounting Authority as prescribed in the PFMA.

NATURE OF BUSINESS

The IDC is a State-owned development finance institution that provides financing to entrepreneurs engaged in competitive industries, follows normal Company policies and procedures in its operations, pays income tax at corporate rates, and, subject to performance and in line with its Dividend Policy, pays dividends to its Shareholder.

The IDC's purpose is to:

- Grow sustainable industries
- Support entrepreneurs
- Improve lives.

Its vision is to create globally competitive industries that realises Africa's potential. IDC's priorities are aligned with government's policy direction as set out in the National Development Plan (NDP) and Industry Masterplans. Our mandate is to maximise our development impact through job-rich industrialisation, while contributing to an inclusive economy by, among others, funding black-owned and empowered companies, Black Industrialists, women-owned, youth-owned and empowered enterprises. At the same time, the IDC must ensure its long-term sustainability through prudent financial and human resource management, safeguard the natural environment and increasingly position itself as a Centre of Excellence for development finance.

As part of its industry development activities, the IDC has equity interests in several companies operating in a range of industries throughout the economy. Although the Corporation aims to keep its shareholding in these companies to levels below 50%, we do in some instances gain control of these businesses for various reasons. Details of trading subsidiaries and joint ventures are set out in the notes to the financial statements.

PUBLIC FINANCE MANAGEMENT ACT

The IDC Board is responsible for the development of the Corporation's strategic direction, which is captured in the Shareholder's Compact and Corporate Plan, reviewed on an annual basis to cater for changes both in the internal and external environment. Following agreement with the Shareholder Representative, these documents form the basis for detailed action plans and continuous performance evaluation.

Our business units and departments are therefore guided by the Corporate Plan to prepare annual business plans, budgets and capital programmes to meet their strategic objectives.

Day-to-day management responsibility is vested in line management through a clearly defined organisational structure and formal, delegated authority.

The IDC as an organ of state and its subsidiaries are subject to the PFMA and in turn the Preferential Procurement Policy Framework Act (PPPFA), (Act No. 5 of 2000).

We have a comprehensive system of internal controls designed to ensure that we meet corporate objectives and the requirements of the PFMA and other relevant legislation.

Processes are in place to ensure that where controls fail, the failure is detected and corrected.

PERFORMANCE MANAGEMENT

The IDC's performance indicators reflect the Corporation's goals as set out in our strategic objectives.

Our primary performance evaluation focus is on our financing activities. The performance measurement system ensures that the IDC remains aligned to its mandated objectives. We review performance indicators annually to account for changes in our external and internal environments and ensure that long-term objectives will be achieved. Performance indicators and targets form part of our annual Corporate Plan and are approved by the Shareholder Representative. Targets may also be reviewed mid-year to take into account performance achievement in the previous year and potential changes in the environment. Indicators and targets for the 2021 financial year were adjusted during the year to take into account the exceptional shifts in the operating environment. These changes were approved by the IDC Board and the Executive Authority. The changes involved introduction of new indicators as well as adjustments to existing indicators and targets.

DIRECTORS' REPORT

PERFORMANCE INDICATORS

The IDC adopted a balanced approach in its corporate scorecard and adapted the principles of the balanced scorecard to support its own objectives and operations. Measures related to our key objective of industrial capacity development are complemented with other indicators that measure our development impact, financial sustainability, human capital and stakeholder relations.

For 2020/21, we measured indicators in the following six areas:

- Funding and investment
- Impact on unemployment
- Transformation
- Liquidity management
- Client service
- Culture and people.

Performance against predetermined objectives for the 2021 financial year are discussed below.

PERFORMANCE OVERVIEW

2020/21 saw the IDC attempting to address legacy issues, continue operations throughout the crisis, and readying itself to build an organisation that can play a meaningful role in the economic recovery and growth of the country post-Covid.

Our response to the pandemic was three-pronged: ensure the safety of our employees; manage the immediate economic consequences of the pandemic; and ensure that we could meet our own financial obligations by managing our liquidity.

Employees were required to work remotely before the national lockdown on 27 March 2020 with only critical staff members allowed to work from the head office. Throughout the year, the IDC aligned to health and safety precautions as publicised by the National Department of Health and the World Health Organisation.

FUNDING ACTIVITY

To assist with the fight against the pandemic, the IDC launched the Covid-19 Essential Supplies Fund which was designed to provide funding to companies that could acquire, or manufacture products needed to treat, curtail and combat the spread of the Covid-19 pandemic. R536 million was approved to businesses that supplied a variety of goods including masks, sanitisers, protective clothing and pharmaceuticals against a targeted R500 million.

Lockdowns resulted in businesses in most sectors of the economy halting operations. This had dire consequences on the cashflows for these businesses. To assist our clients, we allowed for deferred payments of capital and interest that were due to the IDC to alleviate some of these pressures. Deferments of R778 million were approved for 78 clients.

The IDC also launched the Covid-19 Distressed Fund and the Covid-19 Small Industrial Finance Distressed Funds. Initial uptake for these funds was slow. This was as a result of several factors including restraint from distressed businesses to raise further debt, businesses being encouraged to consider alternative measures such as deferrals of payments, commercial banks supported by National Treasury's Covid-19 Loan Guarantee Scheme providing relief to businesses, and applications not able to meet the criteria set for the funds. The criteria for the funds were reviewed and marketing increased, which resulted in an increase in the uptake for the distressed funding, with R414 million approved during the year. Efforts to reach out to businesses that need assistance is ongoing.

Overall, the IDC provided R1.2 billion in relief for businesses negatively affected by the pandemic through deferrals and funding approved through the distressed funds.

The onset of the Covid-19 pandemic had immediate financial implications for the IDC:

- A drop in the value of the IDC's listed share portfolio, exacerbated by additional issues at Sasol
- Its debt/equity ratio breaching the Board-set prudential limit of 60%
- Downgrades to its credit rating resulting in reduced borrowing capacity and increased cost of borrowings – this was followed by a further downgrade later in the year.

To manage cash outflows, the IDC responded by reviewing all undrawn commitments and cancelling long outstanding commitments, funding for projects where economic and market conditions impacted the viability of a project, and unutilised portions of facilities where clients did not need the undrawn funds. This resulted in R9.2 billion worth of cancellations during the year. At the same time, the Corporation was instituting measures to manage its risk profile by applying more stringent funding norms. This coupled with lower overall business confidence resulted in new approvals of R6.5 billion for the year.

Overall disbursements of on-balance sheet funding, impacted by the measures to manage liquidity discussed above, reached R6.3 billion compared to the targeted R8.4 billion. An additional R1.07 billion was disbursed from funds that the IDC manages on behalf of others, funds managed by 3rd parties in which the IDC invested, and new guarantees that were issued during the year. This was slightly below the targeted R1.1 billion.

DEVELOPMENT IMPACT

The total number of jobs resulting from IDC's funding and other interventions is 13 354, exceeding the targeted 8 500. New funding approvals are expected to result in 2 676 new jobs being created and 264 jobs being saved. In addition, funding for distressed companies impacted by Covid-19 is expected to sustain another 10 414 jobs.

This does not take into account the impact of cancellations discussed above. These cancellations impacted close to 12 000 jobs. The largest contributors being the cancellation of IDC's participation in a zinc mine in the Northern Cape, and a coal mine in Limpopo.

New funding of R1.6 billion was approved for Black Industrialists, women-entrepreneurs, and youth-entrepreneurs (targeted groups) against a targeted R1.8 billion. Lower than expected performance resulted from overall lower levels of funding activity as discussed above. Funding for Black Industrialists made up R1.4 billion. These amounts do not take into account cancellations of R2.8 billion for targeted groups and R2.3 billion for Black industrialists.

FINANCIAL PERFORMANCE

The IDC (Company) performance was resilient in a challenging environment and muted economic growth environment. This was achieved inter alia through Collections from our business partners and investments being better than prior year at R9.5 billion. The balance sheet and key financial metrices improved from prior year on the back of a strong recovery in our listed shares portfolio and robust income statement performance. The gearing ratio was better than prior year at 52% compared to 77% and 3 months and 12 months liquidity coverage ratio remained above 100%.

The IDC and its financing subsidiaries (mini-group) recorded a profit of R3.3 billion in 2021 compared to a loss of R3.1 billion in 2020. A large contribution to the profit was a decrease in Impairments and an increase in Collections supported by strong dividends, capital, and interest repayments.

IDC continues to measure the performance of significant subsidiaries as part of its targets to ensure that the turnaround plans in place are well supported. The IDC Group recorded a reduced loss of R33 million compared to a loss of R3.8 billion in 2020.

STAKEHOLDERS

The results of the customer satisfaction survey shows an average level of satisfaction of 7.6, slightly below the 7.9 targeted. Although below the targeted levels, the rating scale used still considers a rating of between 7 and 8 as 'good performance'. Given the difficult circumstances and efforts to improve the quality of the portfolio, this result is to be expected.

The staff turnover rate of 6.1% was slightly better than the 6.5% targeted.

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The tables on the next pages show performance against objectives.

Theme	Indicator	Measurement description	Weight	Target	Actual achieved	Achievement
Funding and investment	Value of investments and funding raised for investment	IDC own funding disbursed (R'm)	10%	8 424	6 308	Not achieved
		Total funding disbursed from managed programmes and 3rd party funds and guarantees issued (R'm)	5%	1 100	1 072	Not achieved
	Value of support provided for Covid relief	Aggregate support for Covid-19 from various programmes (a+b)	20%	3 000	1 449	Not achieved
		a) Gross funding approved for IDC Covid-19 emergency supplies fund (including managed funds) (R'm)		500	536	Achieved
		b) Gross funding approved for Covid-19 distressed funds, including value of deferments of interest and capital for existing clients affected by the pandemic (Deferments' contribution to actual capped at 20% of the target) (R'm)		2 500	914	Not achieved
	Funding for more sustainable investments	Value of funding approved for medium and low-risk clients as a percentage of overall approvals (excluding Covid-19 distressed funding) with agreements signed (%)	5%	40%	39%	Not achieved
Impact on unemployment	Expected direct jobs created/ saved	Expected direct jobs created/saved and jobs sustained from Covid-19 distressed funds for funding approvals gross before cancellations (Number)	10%	8 500	13 354	Achieved
Transformation	Funding provided to targeted groups (black industrialists, women-entrepreneurs, youth-entrepreneurs)	Value of funding approved to IDC targeted groups – gross before cancellations (targeted groups include Black Industrialists, women-entrepreneurs, and youth-entrepreneurs) (R'm)	5%	1 800	1 550	Not achieved
		Value of funding approved to Black Industrialists – gross before cancellations (R'm)	5%	1 500	1 370	Not achieved
		% of total number of clients in portfolio in targeted groups	5%	50%	49%	Not achieved
Liquidity management	Liquidity Coverage Ratio (LCR)	Minimum end-of-quarter 3-month LCR recorded during 2020/21 (%)	10%	100%	102%	Achieved
	Impairments	Impairment ratio – total portfolio (%)	15%	Less than 5 percentage point increase in ratio	1.1 percentage point increase	Achieved
Client service experience	Client service index	Customer satisfaction index (rating from 1 to 10)	5%	7.9	7.6	Not achieved
High performing IDC culture	People sustainability index (PSI)	People sustainability index: Composite index measuring:				Achieved
		- Talent retention (voluntary turnover rate of individuals in critical roles) (50% weight)	2.5%	6.5%	6.05%	Achieved
		- Leadership Index (360° leadership survey as measured against the 10 agreed leadership characteristics) (rating from 1 to 5) (50% weight)	2.5%	3.5	3.8	Achieved

DIRECTORS' REPORT

FUNDING

The IDC sources loan funding mainly from international development agencies, facilities from commercial banks and bond issuances. The general 2021 funding requirements for the IDC Mini Group to fund, inter alia, finance advances of R6.2 billion and borrowing redemptions of R6.9 billion, amounted to R13 billion (2020: R20.0 billion). These requirements were met partly out of R8.9 billion of internally generated funds, namely repayments received and profits. New borrowings amounted to R9 billion for the year.

CORPORATE GOVERNANCE

The IDC's directors endorse the King IV Report on Corporate Governance and implemented the principles contained therein during the review period.

DIVIDENDS

Dividends were neither paid nor declared during the financial year.

SHARE CAPITAL

The authorised (R1.5 billion) and issued share capital (R1.4 billion) remained unchanged during the reporting year.

AUDIT COMMITTEE INFORMATION

The Audit Committee currently consists of the following non-executive directors:

- NP Mnxasana (Chairperson)
- RM Godsell
- Dr SM Magwentshu-Rensburg.

In addition, R Pitot and BP Mathidi are co-opted members of the committee.

GOING CONCERN

The directors assessed the IDC as being a going concern in terms of financial, operational and other indicators. The directors are of the view that our status as a going concern is assured.

EVENTS AFTER THE REPORTING PERIOD

COVID-19 pandemic

In June 2021, the country experienced a surge of COVID-19 infections from the third wave of the pandemic. The president announced the implementation of stricter restrictions on economic activity in the country through an adjusted stage 4 of the Disaster Management Act. This will adversely affect industries such as travel and tourism, retail and entertainment. The clients in these industries are expected to earn lower revenue. This will result in subdued collections and increase the impairments and non-performing loans. The financial impact of this could not be determined at the date of approval of these annual financial statements.

Listed portfolio

The value of the Group listed shares increased by R9.9 billion to R61.8 billion between the financial year end and signing of the financial statements on 29 July 2021.

Public unrest and riots

In July 2021, various protests broke out along with community unrest in various areas within Gauteng and Kwa-Zulu Natal. This was demonstrated through looting and riots in the communities resulting in economic activity being adversely impacted and some national roads being temporarily closed. This is expected to have a negative impact on IDC clients, as they are unable to freely conduct their business and their premises vandalised. The extent of the impact could not be reasonably assessed at approval date.

DIRECTORS AND SECRETARY

The current directors of the IDC are listed below:

Executive

- TP Nchocho (CEO)

Non-Executive

- BA Mabuza (Chairperson)
- LI Bethlehem
- BA Dames
- RM Godsell
- A Kriel
- Dr SM Magwentshu-Rensburg
- NP Mnxasana
- PM Mthethwa
- Adv ND Orleyn
- Dr NE Zalk

N Rapoo is the company secretary.

The IDC's registered office is at 19 Fredman Drive, Sandown, 2196.

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

1. We have audited the consolidated and separate financial statements of the Industrial Development Corporation of South Africa Limited and its subsidiaries (the Group) set out on pages 20 to 107, which comprise the consolidated and separate statements of financial position as at 31 March 2021, consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the requirements of the Public Finance Management Act of South Africa (Act No. 1 of 1999) and the Industrial Development Corporation Act of South Africa, 1940 (Act No 22, 1940 as amended) (IDC Act).

BASIS FOR OPINION

3. 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 this auditor's report.

4. 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).

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

KEY AUDIT MATTERS

6. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for 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.

Key audit matter	How the matter was addressed in the audit
Expected credit losses (ECL) on Solely Payments of Principal and Interest investments (SPPI) Refer to notes 1.4.3, 8, 9, 11, and 23 of the consolidated and separate financial statements. This key audit matter is applicable to both the consolidated and separate financial statements.	
SPPI investments represent 29% and 28% of the total assets of the Group and Company respectively and are considered significant to the separate and consolidated financial statements. The estimation of credit losses is inherently uncertain and is subject to significant judgement. Furthermore, models used by the accounting authority to determine expected credit losses require certain inputs that are not fully observable. The key areas of significant management judgement within the ECL calculations include: • Evaluation of significant increase in credit risk (SICR); • Incorporation of macro-economic inputs and forward-looking information into the SICR assessment and ECL measurement; and • Input assumptions applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL measurement. This estimation uncertainty is increased due to the ongoing volatility in South Africa, the wider regional economic market, and the impact of COVID-19.	Our audit procedures included the following: • We reviewed the IFRS 9 framework (classification) and assessed whether investments are classified in terms of the Company's business model. • We evaluated the expected credit loss model used by the Group and Company with specific emphasis on the assumptions used, and determined whether the expected credit losses on SSPI investments has been calculated in accordance with the relevant accounting standards. • We paid particular attention to the valuation of, and rights to, security held by the Group and Company by inspecting relevant supporting documentation on these securities. • Where management has used specialists to provide valuations, we assessed their competence, independence, professional qualifications and experience. We assessed whether the inputs used to calculate the expected credit losses by the accounting authority are in accordance with the Group's and Company's Investment Monitoring Committee Policy, by comparing the policy requirements against what has been applied during the year and assessed whether the conclusions reached were appropriate. We evaluated the adequacy of the presentation and disclosure in relation to this key audit matter given the likelihood of management judgment that may be applied.

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Valuation of unlisted investments and non-solely payments of principal and interest loans (non SSPI)
Refer to notes 1.4.1, 4, and 12 of the consolidated and separate financial statements for detailed disclosure of investments in unlisted shares and non SPPI loans respectively.

This key audit matter is applicable to both the consolidated and separate financial statements</td></tr>
<tr><td>This key audit matter is applicable to both the consolidated and separate financial statements

Unlisted investments are classified as at fair value through other comprehensive income and are significant in context of the consolidated and separate financial statements.

Non SPPI loans are classified as at fair value through profit and loss and are significant in context of the consolidated and separate financial statements.

For the Company, significant judgement is applied by management in the valuation of unlisted equities and non SPPI loans in:

1. subsidiaries,
2. associates, joint ventures and partnerships and
3. other entities.

For the Group, significant judgement is applied by management in the valuation of unlisted equities and non SPPI loans in other entities.

Significant judgements and assumptions are applied by management in valuing these investments include the following:

• Free cash flows of investees;
• Replacement values;
• Discount or premium applied on the stake held in investee companies;
• Debt weighting – this is the target interest-bearing debt level;
• Realisable value of assets; and
• Probabilities of failure in using the Net Asset Value-model.

Due to the significant judgment applied by the Group and the extensive audit work that had to be performed, the valuation of unlisted investments and non SPPI loans was considered a key audit matter.</td><td>Our audit procedures included the following:

• We assessed the models used by the Group and discount rates applied at year-end, and reperformed a sample of the valuations by agreeing valuation inputs to independently sourced data;
• We benchmarked inputs used for valuations to current market best practices in assessing the appropriateness of the methodologies applied;
• We assessed and challenged the reasonability of cash flows and discount rates used in valuing unlisted investments by comparing them to similar instruments;
• We independently recalculated the expected fair values to evaluate if the Group's estimates are within a reasonable range in comparison with our independent expectation;
• We also assessed the disclosures made relating to the valuation of unlisted investments to ensure consistency with the requirements of the relevant accounting standards and with the methodologies applied by the Group.</td></tr>
</table>

Key audit matter	How the matter was addressed in the audit
Impairment of cash generating units at Foskor Proprietary Limited (Foskor) Refer to note 1.10 and note 5 of the consolidated financial statements for detailed disclosure of the impairments of assets. This key audit matter is applicable to the consolidated financial statements.	
Included in Property, plant and equipment is a cash-generating unit (CGU) at Foskor, a subsidiary of the Industrial Development Corporation of South Africa Limited. Significant judgements and assumptions applied by the Group, in the impairment of the CGU include the following: • Risks specific to future cash flows; • Reasonableness of net asset value; • WACC assessment; • Reasonability of the assumptions and inputs; and • Sensitivity analysis This estimation uncertainty is increased due to the ongoing volatility in South Africa and wider regional economic markets. Due to the significant judgment applied by management and the extensive audit work that had to be performed, the impairment of cash-generating unit at Foskor, was considered a key audit matter.	Our audit procedures included the following: • We challenged the Group's impairment assessment by involving our own internal valuation team and recalculated the impairment assessment; • We assessed the reasonability of the Group's weighted average cost of capital (WACC) by comparing the factors used in determining the WACC to requirements per relevant accounting standard; and • We evaluated the reasonability of cash flows based on the selling price used by the Group in its assessment by independently assessing the underlying factors giving rise to these inputs and whether these factors were reasonable.

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

RESPONSIBILITY OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

7. The board of directors, which constitutes the accounting authority is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS, the requirements of the PFMA and the IDC Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

8. In preparing the consolidated and separate financial statements, the accounting authority is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

9. 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

10. A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

REPORT ON THE AUDIT OF THE PERFORMANCE REPORT*

INTRODUCTION AND SCOPE

11. In accordance with the Public Audit Act of South Africa, 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

12. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. We have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. Our procedures do not examine whether the actions taken by the public entity enabled service delivery. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

13. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the public entity for the year ended 31 March 2021:

Predetermined objectives	**Pages in the annual performance report**
Funding and investment	10
Impact on unemployment	10
Transformation	10

** As reported in the directors' report*

14. We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

15. We did not identify any material findings on the usefulness and reliability of the reported performance information for:

- Funding and investment
- Impact on unemployment
- Transformation

OTHER MATTER

16. We draw attention to the matter below. Our opinions are not modified in respect of this matter.

Achievement of planned targets

17. Refer to page 10 of the annual financial statements for information on the achievement of planned targets for the year.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

18. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

19. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.

Material misstatements in the consolidated and separate financial statements identified by the auditors in the submitted consolidated and separate financial statements were corrected, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

OTHER INFORMATION

20. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the confirmation of accuracy and fair presentation, the accounting officer's statement of responsibility of annual financial statements, the report of the board audit committee and the directors' report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.

21. Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

22. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

INTERNAL CONTROL DEFICIENCIES

24. We considered internal control relevant to our audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the finding on compliance with legislation included in this report.

25. Management did not implement adequate controls over the review of financial statements submitted for auditing to ensure that they were fully compliant with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. The material misstatements were corrected, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

AUDIT TENURE

26. In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T and SizweNtsalubaGobodo Grant Thornton Inc. have been the auditors of the Industrial Development Corporation of South Africa Limited for 2 years and 14 years respectively.

Nexia SAB&T

Nexia SAB&T
Registered Auditor

Per Aneel Darmalingam
Director
Chartered Accountant (SA)
Registered Auditor

29 July 2021

Nexia SAB&T
119 Witch-Hazel Avenue
Highveld Technopark
Centurion
0169

SizweNtsalubaGobodo Grant Thornton Inc.

SizweNtsalubaGobodo Grant Thornton Inc.
Registered Auditor

Per Nhlanhla Sigasa
Director
Chartered Accountant (SA)
Registered Auditor

29 July 2021

SizweNtsalubaGobodo Grant Thornton Inc.
SNG Grant Thornton Office Park
20 Morris Street East
Woodmead
2191

ANNEXURE: AUDITORS RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated and separate financial statements, and the procedures performed on reported performance information for selected objectives and on the public entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to our responsibility for the audit of the consolidated and separate financial statements as described in the auditor's report, 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 to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
   - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
   - conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Industrial Development Corporation of South Africa Limited and its subsidiaries 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a Group to cease to continue as a going concern.
   - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. We communicate with the accounting authority 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.

4. We also confirm to the accounting authority that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

5. From the matters communicated with the accounting authority, 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.

STATEMENTS OF FINANCIAL POSITION

Figures in Rand million	Note(s)	Group 2021	Group 2020	Company 2021	Company 2020
Assets					
Cash and cash equivalents	15	16 037	8 776	12 637	7 043
Derivative financial instruments	10	-	171	-	162
Trade and other receivables	14	2 625	1 994	608	438
Inventories	13	2 922	2 251	1	1
Current tax receivable		79	222	78	200
Loans and advances	11	25 505	29 099	24 520	28 199
Investments	12	56 314	27 401	44 995	25 391
Non-current assets held for sale and assets of disposal groups	26	14	36	-	-
Investments in subsidiaries	8	-	-	33 956	23 955
Investments accounted for using the equity method	9	32 401	30 555	29 850	26 257
Deferred tax asset	31	881	1 253	-	360
Investment property	6	304	232	41	37
Property, plant and equipment	5	6 122	7 084	318	53
Right of use assets	32	475	326	406	414
Biological assets		-	14	-	-
Intangible assets	7	33	217	19	-
Total Assets		**143 712**	**109 631**	**147 429**	**112 510**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	17	1 393	1 393	1 393	1 393
Reserves		45 434	19 545	58 122	32 280
Retained income		39 981	39 766	23 475	20 178
Non-controlling interest		(791)	(514)	-	-
Total Equity		**86 017**	**60 190**	**82 990**	**53 851**
Liabilities					
Bank overdraft	15	118	82	-	-
Derivative financial instruments	10	7	28	1	-
Trade and other payables	34	6 259	3 920	927	840
Lease liabilities	32	597	387	452	438
Current tax payable		298	-	-	-
Retirement benefit obligation	35	374	341	178	158
Borrowings	18	42 682	41 236	56 910	56 038
Deferred tax liability	31	6 448	1 715	5 409	-
Financial Guarantees	23	515	1 144	515	1 144
Provisions	27	397	587	47	41
Share-based payment liability	28	-	1	-	-
Total Liabilities		**57 695**	**49 441**	**64 439**	**58 659**
Total Equity and Liabilities		**143 712**	**109 631**	**147 429**	**112 510**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand million	Note(s)	Group		Company	
		2021	2020	2021	2020
Revenue	19	12 503	12 240	4 661	4 697
Interest income	20	4 633	4 038	4 905	4 130
Total Revenue		**17 136**	**16 278**	**9 566**	**8 827**
Cost of sales		(7 829)	(7 919)	-	-
Finance costs	21	(3 336)	(2 747)	(3 272)	(2 563)
Other income		404	502	4	290
Profit/(Loss) on financial assets classified as FVTPL		687	(702)	(520)	(1 557)
Expected credit losses on financial assets*		(1 900)	(4 359)	(263)	(5 625)
Financial assets written off		(311)	(2 616)	(255)	(2 407)
Operating expenses		(4 957)	(4 948)	(1 681)	(1 386)
Operating profit/(loss)	29	**(106)**	**(6 511)**	**3 579**	**(4 421)**
Income from equity accounted investments		1 200	1 005	-	-
Profit (loss) before taxation		**1 094**	**(5 506)**	**3 579**	**(4 421)**
Taxation	30	(1 127)	1 717	(282)	1 305
Profit (loss) for the year		**(33)**	**(3 789)**	**3 297**	**(3 116)**
Other comprehensive income/(loss):					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset		(1)	48	1	44
Fair value movements on equity instruments		31 699	(40 236)	31 198	(41 879)
Income tax relating to items that will not be reclassified		(6 526)	6 588	(5 487)	5 704
Total items that will not be reclassified to profit or loss		**25 172**	**(33 600)**	**25 712**	**(36 131)**
Items that may be reclassified to profit or loss:					
Share of associates comprehensive income		1 383	1 900	130	1
Exchange differences on translating foreign operations		(665)	375	-	-
Total items that may be reclassified to profit or loss		**718**	**2 275**	**130**	**1**
Other comprehensive income for the year net of taxation	37	25 890	(31 325)	25 842	(36 130)
Total comprehensive income/(loss) for the year		**25 857**	**(35 114)**	**29 139**	**(39 246)**
Profit/(loss) for the year attributable to:					
Owners of the Parent		244	(3 574)	3 297	(3 116)
Non-controlling interest		(277)	(215)	-	-
		(33)	**(3 789)**	**3 297**	**(3 116)**
Total comprehensive income/(loss) for the year attributable to:					
Owners of the parent		26 134	(34 899)	29 139	(39 246)
Non-controlling interest		(277)	(215)	-	-
		25 857	**(35 114)**	**29 139**	**(39 246)**

** Financial assets include loans and advances, financial guarantees, cash and cash equivalents and trade receivables.*

STATEMENTS OF CHANGES IN EQUITY

Group

Figures in Rand million	Share capital	Foreign currency translation reserve	Associated entities Reserves	Revaluation Reserve	Common control reserve	Other reserve*	Share-based payment Reserve	Retained Earnings	Non Controlling Interest	Total Equity
Balance at 01 April 2019	**1 393**	**1 926**	**914**	**46 051**	**1 657**	**17**	**304**	**43 340**	**(299)**	**95 303**
Profit for the year	-	-	-	-	-	-	-	(3 574)	(215)	(3 789)
Other comprehensive Income	-	375	1 900	(33 648)	-	48	-	-	-	(31 325)
Total comprehensive income for the year	**-**	**375**	**1 900**	**(33 648)**	**-**	**48**	**-**	**(3 574)**	**(215)**	**(35 114)**
Balance at 01 April 2020	**1 393**	**2 301**	**2 814**	**12 404**	**1 657**	**65**	**304**	**39 766**	**(514)**	**60 190**
Profit for the year	-	-	-	-	-	-	-	244	(277)	(33)
Other comprehensive Income	-	(665)	1 383	25 173	-	(1)	-	-	-	25 860
Total comprehensive income for the year	**-**	**(665)**	**1 383**	**25 173**	**-**	**(1)**	**-**	**215**	**(277)**	**25 827**
Balance at 31 March 2021	**1 393**	**1 636**	**4 197**	**37 576**	**1 657**	**64**	**304**	**39 981**	**(791)**	**86 017**

Company

Figures in Rand million	Share capital	Associated entities Reserves	Revaluation Reserve	Common control reserve	Other reserve*	Share-based payment Reserve	Retained Earnings	Total Equity
Balance at 01 April 2019	**1 393**	**25**	**67 109**	**1 222**	**54**	**-**	**23 294**	**93 097**
Profit for the year	-	-	-	-	-	-	(3 116)	(3 116)
Other comprehensive Income	-	1	(36 175)	-	44	-	-	(36 130)
Total comprehensive income for the year	**-**	**1**	**(36 175)**	**-**	**44**	**-**	**(3 116)**	**(39 246)**
Balance at 01 April 2020	**1 393**	**26**	**30 934**	**1 222**	**98**	**-**	**20 178**	**53 851**
Profit for the year							3 297	3 297
Other comprehensive Income	-	130	25 711	-	1	-		25 842
Total comprehensive income for the year	**-**	**130**	**25 711**	**-**	**1**	**-**	**3 297**	**29 139**
Balance at 31 March 2021	**1 393**	**156**	**56 645**	**1 222**	**99**	**-**	**23 475**	**82 990**

** The accounting policies on page 27 and the notes on pages 44 to 107 form an integral part of the financial statements. Other reserves include movements in net defined benefit assets and liabilities*

STATEMENTS OF CASH FLOWS

		Group		Company	
Figures in Rand million	Note(s)	2021	2020	2021	2020
Cash flows from operating activities					
Cash (used in)/generated from operations	22	2 610	(1 437)	1 798	(1 072)
Grant income received		1 760	1 462	7	-
Interest received		1 929	2 539	1 524	2 496
Dividend received		3 467	3 445	4 314	4 318
Interest Paid		(2 642)	(2 433)	(2 550)	(2 356)
Tax (paid) refunded	33	121	(29)	135	(19)
Net cash from operating activities		**7 245**	**2 169**	**5 228**	**628**
Cash flows from investing activities					
Purchase of property, plant and equipment		(347)	(697)	-	(95)
Purchase of intangible assets		-	(9)	-	-
Acquisition of investments		(309)	(2 852)	(273)	(3 002)
Sale of other financial assets		-	51	-	-
Proceeds on realisation of investments		758	465	758	465
Net cash from investing activities		**102**	**(3 042)**	**485**	**(2 632)**
Cash flows from financing activities					
Repayments of lease liabilities	32	(81)	(27)	(55)	(20)
Net cash from financing activities		**(81)**	**(27)**	**(55)**	**(20)**
Total cash movement for the year		**7 266**	**(900)**	**5 658**	**(2 024)**
Cash at the beginning of the year		8 860	9 760	7 209	9 233
Effect of foreign exchange rate movements on cash and cash equivalents		23	(27)	-	-
Total cash at end of the year	15	**16 149**	**8 860**	**12 867**	**7 209**
Expected credit loss on cash and cash equivalents		(230)	(166)	(230)	(166)
Cash as disclosed per note	**15**	**15 919**	**8 694**	**12 637**	**7 043**

REPORTABLE SEGMENTS

	Industrial Development Corporation		sefa, Konoil, Findevco and Impofin		Foskor (Pty) Limited	
Figures in Rand million	2021	2020	2021	2020	2021	2020
Income						
Interest received	4 905	4 130	117	113	55	40
Dividends received	4 314	4 268	-	-	-	-
Fee income	347	429	12	52	-	-
Farming, manufacturing and mining income	-	-	-	-	4 456	3 997
Rentals	-	-	16	-	-	-
Revenue	9 566	8 827	145	165	4 511	4 037
Share of profits of equity-accounted investments	-	-	44	14	-	-
Other income	4	356	147	33	343	118
Net capital gains	(1)	(66)				
Expenses				-		-
Financing costs	(3 272)	(2 668)	(54)	(50)	(356)	(243)
Operating expenses	(1 521)	(1 248)	(368)	(410)	(5 129)	(5 216)
Taxation	(282)	1 305	(270)	(5)	(273)	636
Depreciation	(71)	(24)	(15)	(3)	(333)	(361)
Project feasibility expenses	(88)	(9)	-	-	-	-
Net movement in impairments	(1 038)	(9 589)	(191)	(159)	(73)	-
Impairment of property, plant and equipment	-		-	-	(892)	(599)
Profit for the year	**3 297**	**(3 116)**	**(562)**	**(415)**	**(2 204)**	**(1 628)**
Total assets	147 429	112 510	29 948	19 048	7 521	8 285
Interest in equity-accounted investments	29 850	26 230	922	874	-	25
Total liabilities	64 439	58 659	5 128	1 855	6 159	4 621
Capital expenditure	-	95	2	9	149	284
Capital expenditure commitments	-	-	-	-	81	49
All revenue is from external customers.						

The IDC group reportable segments are subsidiaries that offer different products and services. These subsidiaries are managed as separate entities and require different managerial, technological and marketing strategies. The subsidiaries are aggregated based on the nature of the products and services produced, the production processes and the type of customers for each subsidiary.

The IDC Group has five reportable segments: IDC; sefa, Konoil, Findevco and Impofin; Foskor; Grinding media and Cast Products and Other. The IDC segment provides industrial funding to medium and large corporations. The sefa, Konoil, Findevco and Impofin segment also provides funding , however, focuses on small and medium enterprises. The Foskor segment focuses on two divisions, the mining division that processes Phosphate Rock and Magnesite and the Acid division that manufactures Granular fertiliser, Phosphoric acid, sulphuric acid and Sulphur, ammonia and gypsum for sale to mining and acid companies.

Grinding media and Cast Products segments are subsidiaries that manufacture cast products, forged grinding balls and high chrome grinding media products for sale to mining, railway, metals and power industries. Other segments focuses mainly on investment properties by renting out buildings and other assets to different entities and includes the consolidation journals processed at a Group level.

REPORTABLE SEGMENTS

Grinding Media and Cast Products		Other		Total	
2021	2020	2021	2020	2021	2020
-	1	(443)	(246)	4 633	4 038
-	-	(847)	(873)	3 467	3 395
-	-	26	(16)	385	465
3 069	3 223	1 126	1 160	8 651	8 380
-	-	(16)	-	-	-
3 069	3 224	(154)	25	17 136	16 278
-	-	1 156	991	1 200	1 005
16	10	(106)	51	404	568
-	-	(7)	-	(8)	(66)
(70)	(46)	416	260	(3 336)	(2 747)
(3 176)	(3 534)	(1 011)	(1 283)	(11 205)	(11 691)
-	-	-	-	-	-
(31)	(14)	(270)	(205)	(1 127)	1 717
(99)	(87)	(74)	(93)	(592)	(568)
-	-	-	-	(88)	(9)
1	-	(223)	2 071	(1 524)	(7 677)
-	-	(1)	-	(893)	(599)
(290)	**(447)**	**(274)**	**1 818**	**(33)**	**(3 789)**
2 493	2 592	(43 678)	(32 804)	143 712	109 631
-	-	1 629	3 399	32 401	30 528
1 381	1 242	(19 411)	(16 936)	57 695	49 441
135	194	61	67	347	649
-	-	141	92	222	141

GEOGRAPHICAL SEGMENTS

	South Africa		Rest of Africa		Other*		Total	
Figures in Rand million	2021	2020	2021	2020	2021	2020	2021	2020
Income								
Interest received	3 676	3 204	957	834	-	-	4 633	4 038
Dividends received	3 145	2 775	241	576	81	44	3 467	3 395
Fee income	385	465	-	-	-	-	385	465
Manufacturing and mining income	8 579	8 287	-	-	72	93	8 651	8 380
Rental Income	-	-	-	-	-	-	-	-
Revenue	15 785	14 731	1 198	1 410	153	137	17 136	16 278
Share of profits of equity-accounted investments	1 200	1 005	-	-	-	-	1 200	1 005
Other income	402	568	-	-	2	-	404	568
Net capital gains	(8)	(66)	-	-	-	-	(8)	(66)
Expenses							-	-
Financing expenses	(3 336)	(2 747)	-	-	-	-	(3 336)	(2 747)
Operating expenses	(11 111)	(11 578)	-	-	(94)	(113)	(11 205)	(11 691)
Taxation	(1 127)	1 723	-	-	-	(6)	(1 127)	1 717
Depreciation	(592)	(568)	-	-	-	-	(592)	(568)
Impairment of property, plant and equipment	(893)	(599)	-	-	-	-	(893)	(599)
Net movement in impairments	(1 524)	(7 677)	-	-	-	-	(1 524)	(7 677)
Project feasibility expenses	(88)	(9)	-	-	-	-	(88)	(9)
Profit for the year	**(1 292)**	**(5 217)**	**1 198**	**1 410**	**61**	**18**	**(33)**	**(3 789)**
Total assets	140 762	109 104	1 223	465	1 728	62	143 712	109 631
Interest in equity-accounted investments	28 626	26 224	3 775	4 304	-	-	32 401	30 528
Total liabilities	57 674	49 408	-	-	21	33	57 695	49 441
Capital expenditure	347	585	-	-	-	-	347	585
Capital expenditure commitments	222	141	-	-	-	-	222	141

** Other – includes all countries outside the African continent*

1. ACCOUNTING POLICIES

The Industrial Development Corporation of South Africa Limited (IDC, Company or Corporation) is domiciled in South Africa. The consolidated financial statements for the year ended 31 March 2021 comprise the IDC, its subsidiaries and the Group's interest in associates and jointly controlled entities (referred to as the Group).

The financial statements were authorised for issue by the directors on 29 July 2021.

1.1. STATEMENT OF COMPLIANCE

The separate and consolidated financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) as well as the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

1.2. BASIS OF PREPARATION

The separate and consolidated financial statements are presented on the going concern basis and in South African Rand, which is the Company's functional currency, rounded to the nearest million.

These consolidated financial statements are prepared on the historical cost basis, except for the following:

- Derivative financial instruments are measured at fair value
- Financial instruments designated at fair value through other comprehensive income are measured at fair value
- Financial instruments classified at fair value through profit or loss are measured at fair value
- Investments in subsidiaries, associates and jointly- controlled entities are carried at fair value in the separate financial statements of the company
- Investment property is measured at fair value
- Land and buildings are measured at revalued amount, being its fair value at the date of revaluation less subsequent accumulated depreciation and accumulated impairment losses
- Aircrafts are measured at fair value, less subsequent accumulated depreciation and accumulated impairment losses
- Non-current assets held-for-sale are measured at fair value less cost to sell

1.3. NEW STANDARDS, AMENDMENTS AND INTER-PRETATIONS TO EXISTING STANDARDS

1.3.1. New Standards as at 1 April 2020

The Group has applied the following standards and amendments for the first time for their annual reporting period:

1. Definition of Material – amendments to IAS 1 and IAS 8
2. Definitions of a Business – amendments to IFRS 3
3. Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
4. Revised Conceptual Framework for Financial Reporting.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements which provides financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the current context of the financial statements. A misstatement of information is material if it could be reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged items or hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

1.3.2. Standards, amendments and Interpretations to existing Standards not yet effective or early adopted by the Group

At the date of authorisation of these financial statements, certain new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Group.

The following new standards and amendments and any potential material impact were considered:

Annual Improvements to IFRS Standards 2018-2020 Cycle Effective Date: 1 January 2022

Key Requirements:

IFRS 9: Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The Group anticipates that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transactions arise.

**IFRS 10 and IAS 28 (amendments)
Effective Date: Still to be announced**

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the board; however, earlier application of the amendments is permitted. The Group anticipates that the application of these amendments may have an impact on the consolidated financial statements in future periods should such transactions arise.

1.4. FINANCIAL INSTRUMENTS

1.4.1. Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

Financial assets are derecognised when the contractual rights to receive cash flows from the investments have expired or on trade date, when they have been transferred and the Group has also transferred substantially all risks and rewards of ownership

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs and the amount paid for it is included in profit or loss.

Classification and initial measurement of financial assets

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable). As with the initial recognition of financial instruments, the fair value is determined by applying the guidance set out in IFRS 13.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI).

IDC group has made an irrevocable election at initial recognition to classify investments in ordinary shares as financial assets at FVOCI.

The classification for debt instruments is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income (interest income included in revenue other than from contracts with customers) or other financial items (fee income included in revenue from contracts with customers). The impairment for trade receivables is presented under expected credit losses on the Statement of Profit or loss and Other Comprehensive income.

Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Modification of financial instruments

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).

1.4.2. Subsequent measurement of financial assets

1.4.2.1. Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The amortised cost of a financial instrument is the amount at which the financial instrument is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective-interest method of any difference between the initial contractual amount and the maturity amount, less any cumulative impairment losses/expected credit losses (ECL).

The effective-interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider ECLs and includes transaction costs, premiums or discounts, fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit impaired financial assets (assets that are credit-impaired at initial recognition) the group calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of the ECLs in estimated future cashflows.

When the group revises the estimates of future cashflows, the carrying amount of the respective financial asset or financial liability is adjusted to reflect the new estimate, discounted using the original effective interest rate. Any changes are recognised in profit or loss.

IDC group loans and advances and preference shares that meet the above criteria are measured at amortised cost. Cash and cash equivalents; trade and most other receivables also fall into this category of financial instruments.

The impairment loss on loans and advances and trade receivables is presented in profit or loss.

1.4.2.2. Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists, refer to note 1.28

1.4.3. Impairment of financial assets

IFRS 9 implies a forward- looking approach to recognising expected credit losses (ECL's)

Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost, cash and cash equivalents, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

IDC considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, financial assets are broken down into these three-stages to determine the amount of impairment to be recognised as expected credit losses (ECL) at each reporting date as well as the amount of interest revenue to be recorded in future periods:

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. ECLs are discounted at the effective interest rate of the financial asset.

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

- **Stage 1:** Performing loan (Credit risk has not increased significantly since initial recognition – recognise 12 months ECL, and recognise interest on a gross basis);
- **Stage 2:** Underperforming loan (Credit risk has increased significantly since initial recognition – recognise lifetime ECL, and recognise interest on a gross basis);
- **Stage 3:** Non-performing loan (Financial asset is credit impaired – recognise lifetime ECL, and present interest on a net basis (i.e. on the gross carrying amount less credit allowance).

Lifetime ECL's are the result from all possible default events over the expected life of the financial instrument, while 12-month ECL's refers to default events that are within 12-months of reporting date (or a shorter period if the expected life of the financial asset is less than 12 months).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

As SICR is assessed on a business partner level, as opposed to a contract level, contagion is implicitly allowed for. SICR is driven by deterioration in credit risk, being added on the watchlist and where there are amounts past due exceeding 30 days. Business partners with amounts past due exceeding 90 days and those handed over to Recoveries, Business Rescue & Insolvencies (RBI) are automatically transitioned to stage 3 are considered to be credit impaired. Other Business Partners in distress will also be recognized as stage 3 assets. When a business partner's credit rating, account or economical standing improves, they may meet the criteria for curing. That will result in the instrument or exposure to return to a better stage. Where exposure is less than R100 million the curing period is 3 months and where exposure is R100 million or more the curing period is 12 months.

The stages of ECL can be overridden in instances of technical arrears, deferments in process, in instances where a business partner is transferred to Business Advisory and Turnaround and Recoveries, Business Rescue & Insolvencies department and lastly where there is evidence indicating deterioration in credit risk or debt serviceability. Stage overrides are approved by the Investment Monitoring Committee (IMC) and are documented. IDC also applies the 3-stage impairment model to financial guarantees and loan commitments.

- The ECL is calculated by taking into account the Probability of Default, Exposure at Default, Loss Given Default and Macro-economic conditions forecasts. Probability of Default (PD) - is the likelihood of an account defaulting within a specified Period;
- Exposure at Default (EAD) - is the total value the IDC is exposed to when a loan defaults;
- Loss Given Default (LGD) - is the proportion of the exposure that is most likely not to be recovered, considering the capital security held against the exposure.

For trade receivables that do not contain a significant financing component e.g. financial assets with a credit rating or trade receivables with a maturity of 12 months or less, we use a simplified impairment approach.

1.4.4. Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

1.4.5. Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

For the reporting periods under review, IDC has not designated forward currency contracts as hedging instruments in cash flow hedge relationships. These arrangements have been entered into to mitigate foreign currency exchange risk arising from certain highly probable transactions denominated in foreign currency.

1.5. INVESTMENTS IN SUBSIDIARIES

Subsidiaries are entities controlled by the IDC. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. Investments in subsidiaries in the Company's separate financial statements are carried at fair value as financial assets designated through other comprehensive income (FVOCI).

i) Business combinations

The acquisition method is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The assets, liabilities and contingent liabilities acquired are assessed and included in the statement of financial position at their estimated fair value to the Group. If the cost of acquisition is higher than the net assets acquired, any difference between the net asset value and the cost of acquisition of a subsidiary is treated in accordance with the Group's accounting policy for goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in profit or loss.

ii) Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

iii) Non-controlling interests

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

iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

1.6. CONSOLIDATED STRUCTURED ENTITIES

The Group has established a number of consolidated structured entities (CSEs) for trading and investment purposes. CSEs are entities that are created to accomplish narrow and well-defined objectives. A CSE is consolidated if, based on an evaluation of the substance of the relationship with the Group and the Group has control over the CSE. CSEs are the Group entities which are designed so that voting rights are not relevant to the determination of power, but instead other rights are relevant. CSEs controlled by the Group are generally those established under terms that impose strict limitations on the decision-making powers of the CSEs' management and that result in the Group receiving the majority of the benefits related to the CSEs' operations and net assets.

Investments in CSEs in the Company's separate financial statements are carried at fair value.

ACCOUNTING POLICIES

1.7. INVESTMENTS IN ASSOCIATES

Investments in associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

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

Unrealised gains and losses arising from transactions with equity-accounted investments are eliminated against the investment to the extent of the Group's interest in the investment. Unrealised losses are eliminated only to the extent that there is no evidence of impairment.

Investments in associates in the Company's separate financial statements are carried at fair value.

1.8. JOINT VENTURES AND PARTNERSHIPS

Joint ventures and partnerships are those entities over whose activities the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounted basis, from the date that joint control is established by contractual agreement until the date that it ceases. When the Group's share of losses exceeds its interest in a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

Unrealised gains and losses arising from transactions with equity-accounted joint ventures and partnerships are eliminated against the investment to the extent of the Group's interest in the investment.

Investments in joint ventures and partnerships in the Company's separate financial statements are carried at fair value.

1.9. INTANGIBLE ASSETS

a) Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets required and the liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit and loss.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Impairment losses on goodwill are recognized in profit or loss and determined in accordance with the impairment of non- financial assets.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured, and the settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquirees' awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared to the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

b) Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

ACCOUNTING POLICIES

Amortisation is charged on a straight-line basis over the estimated useful lives of the intangible assets which do not exceed four years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes being accounted for on a prospective basis.

c) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

1.10. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than land and buildings, deferred tax assets and investment property,) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

Any impairment loss of a revalued asset is treated as a revaluation decrease.

1.11. FOREIGN CURRENCY TRANSLATION

a) Transactions and balances

Transactions in foreign currencies are translated into South African Rand at the foreign exchange rate prevailing at the date of the transaction. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and amortised cost in foreign currency translated at the exchange rate at the end of the reporting period, if applicable.

Monetary assets and liabilities denominated in foreign currencies at the reporting date have been translated into South African Rand at the rates ruling at that date. Non- monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non- monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Rand at foreign exchange rates ruling at the dates the fair value was determined.

Foreign currency differences are recognized in profit and loss, except for FVOCI investments.

b) Financial statements of foreign operations

All foreign operations have been accounted for as foreign operations. Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation are translated into South African Rand at foreign exchange rates ruling at the reporting date. Income and expenses are translated at the average foreign exchange rates, provided these rates approximate the actual rates, for the year. Exchange differences arising from the translation of foreign operations are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

1.12. INVESTMENT PROPERTY

Investment property is property held either to earn rental income or for capital appreciation, or both.

a) Measurement

Investment property is measured initially at cost, including transaction costs and directly attributable expenditure in preparing the asset for its intended use. Subsequently, all investment properties are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ACCOUNTING POLICIES

Valuation takes place annually, based on the aggregate of the net annual rental receivable from the properties, considering and analysing rentals received on similar properties in the neighbourhood, less associated costs (insurance, maintenance, repairs and management fees). A capitalisation rate which reflects the specific risks inherent in the net cash flows is applied to the net annual rentals to arrive at the property valuations.
Gains or losses arising from a change in fair value are recognised in profit or loss.

External, independent valuers having appropriate, recognised professional qualifications and recent experience in the location and category of the property being valued are used to value the portfolio.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

1.13. PROPERTY, PLANT AND EQUIPMENT

a) Measurement

All items of property, plant and equipment recognised as assets are measured initially at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and any other cost directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Except for land, buildings and aircraft all other items of property, plant and equipment are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Land, buildings and aircraft are subsequently measured at fair value less accumulated depreciation and any accumulated impairment losses. Land, buildings and aircraft are revalued by external, independent valuers. Valuers have appropriate recognised professional qualifications and recent experience in the location and category of the property being valued are used to value the portfolio.

Any surplus in excess of the carrying amount is transferred to a revaluation reserve net of deferred tax. Surpluses on revaluation are recognised in profit or loss to the extent that they reverse revaluation decreases of the same assets recognised as expenses in the previous periods.

Decreases in revaluation are charged directly against the revaluation reserves only to the extent that the decrease does not exceed the amount held in the revaluation reserves in respect of that same asset, otherwise they are recognised in profit or loss.

Where parts of an item of property, plant and equipment have significantly different useful lives, they are accounted for as separate items of property, plant and equipment. Although individual components are accounted for separately, the financial statements continue to disclose a single asset.

b) Subsequent cost

The Group recognises the cost of replacing part of such an item of property, plant and equipment in carrying amount when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as they are incurred.

c) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis, based on the estimated useful lives of the underlying assets. Depreciation is calculated on the cost less any impairment and expected residual value of the asset. Land is not depreciated.
The estimated useful lives for the current and comparative periods are as follows:

Item	Average useful life
Buildings and infrastructure	
Building structure	50 years
Elevators	10 years
Plant and machinery	
Aircraft	5 years
Heavy plant and machinery	10-20 years
Equipment	8-10 years
Other property, plant and equipment	
Motor vehicles	1-6 years
Office furniture and equipment	1-6 years

The residual values, useful lives and depreciation method are re-assessed at each financial year-end and adjusted if appropriate.

d) De-recognition

The carrying amount of items of property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal.

Gains or losses arising from de-recognition are determined as the difference between the net disposal proceeds and the carrying amount of the item of property, plant and equipment and included in profit or loss when the items are derecognised. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained income.

ACCOUNTING POLICIES

1.14. LEASES

a) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon re-assessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate. The Group recognises a right- of-use asset and a lease liability at commencement of the lease.

b) Right-of-Use Asset

Right-of-use assets are initially measured at cost. Cost comprises the present value of the lease liability at commencement date of the lease, plus any payments already made.

The right-of-use assets are subsequently depreciated using the straight-line basis from commencement of the lease to the end of the lease term.

c) Lease Liability

Lease Liabilities are initially measured at the present value of the remaining lease payments at commencement date, discounted at the interest rate implicit in the lease. If the interest rate implicit in the lease cannot be readily determined, the remaining lease payments are discounted at the lessee's incremental rate of borrowing.

Measurement of the lease liability considers those fixed lease payments stipulated in the lease including annual lease increases.

The lease liability is subsequently measured at amortised cost using the effective interest rate method.

d) Leases of low-value assets ad short term leases

The Group has elected to use the relief provided by the IASB to expense lease payments made relating to low-value assets and short-term leases.

1.15. SHARE CAPITAL

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

1.16. INVENTORIES

a) Spares and consumables

Spares and consumables are valued at the lower of cost and net realisable value, on a weighted average method.

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

Obsolete, redundant and slow-moving items of spares and consumable stores are identified on a regular basis and written down to their net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

b) Raw materials, finished goods and phosphate rock

Raw materials, finished goods and phosphate rock are valued at the lower of cost of production and net realisable value.

Cost of production is calculated on a standard cost basis, which approximates the actual cost and includes the production overheads. Production overheads are allocated on the basis of normal capacity to finished goods.

The valuation of inventory held by agents or in transit includes forwarding costs, where applicable.

1.17. PROVISIONS

Provisions are recognised when:

- The Group has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision. Provisions are not recognised for future operating losses.

ACCOUNTING POLICIES

A constructive obligation to restructure is recognised when an entity:

- Has a detailed formal plan for the restructuring, identifying at least:
- The business or part of a business concerned
- The principal locations affected
- The location, function, and approximate number of employees who will be compensated for terminating their services
- The expenditures that will be undertaken
- When the plan will be implemented
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

a) Decommissioning provision

The decommissioning provision includes estimated costs for the rehabilitation or restoration of any sites, land or location as a result of prior business activity. The obligation to make good environmental or other damage incurred in installing an asset is provided in full immediately, as the damage arises from a past event.

If an obligation to restore the environment or dismantle an asset arises on the initial recognition of the asset, the cost is capitalised to the asset and amortised over the useful life of the asset. The cost of an item of property, plant and equipment includes not only the 'initial estimate' of the costs relating to dismantlement, removal or restoration of property, plant and equipment at the time of installing the item but also amounts recognised during the period of use, for purposes other than producing inventory.

If an obligation to restore the environment or dismantle an asset arises after the initial recognition of the asset, then a provision is recognised at the time that the obligation arises.

1.18. CONTINGENT LIABILITIES AND COMMITMENTS

a) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities are not recognised in the statement of financial position of the Group but disclosed in the notes.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- The amount that would be recognised as a provision
- The amount initially recognised less cumulative amortisation

b) Commitments

Items are classified as commitments where the Group has committed itself to future transactions. Commitments are not recognised in the statement of financial position of the Group but disclosed in the notes.

1.19. TAXATION

a) 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.

b) Income tax

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
- A business combination

Current tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity or other comprehensive income, in which case the current tax is also recognised in equity or other comprehensive income.

Current tax also includes any adjustment to tax payable in respect of previous years.

c) Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is recognised for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which unused tax deductions can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax will be realised.

Deferred tax is not recognised if the temporary differences arise on the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable income nor accounting income. Deferred tax is also not recognised in respect of temporary differences relating to investments in associates, subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future and the timing of the reversal of the temporary difference is controlled.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is charged or credited in profit or loss, except when it relates to items credited or charged directly to equity or other comprehensive income, in which case the deferred tax is also recognised in equity or other comprehensive income.

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

1.20. REVENUE

Revenue not from contracts with customers comprises dividend and interest income.

Revenue from contracts with customers comprises sales to customers and fee income. To determine whether to recognise revenue with contracts with customers, IDC follows a 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations;
- Recognising revenue when/as performance obligation(s) are satisfied.

a) Sales to customers

IDC group revenue from sale of goods comprises of vast category of products, such as phosphate rocks and acids, grinding media balls, cast steel products and others, due to the different industries the subsidiaries operate in. Revenue is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of such goods. IDC enters these contracts with customers as the principal and applies the 5-steps identified by IFRS 15 to identify the revenue to be recognized (stated above) for each contract.

b) Dividends

Dividend income is recognised when the right to receive payment is established on the ex-dividend date for equity instruments and is included in dividend income.

c) Interest

Interest income is recognised in profit or loss using the effective-interest method taking into account the contractual expected timing and amount of cashflows. The effective-interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income over the relevant period. Interest income includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing financial instrument and its amount at maturity calculated on an effective-interest-rate basis. The interest income is calculated by applying the effective interest rate to the gross carrying amount of performing loans and to the amortised cost of non-performing loans which have become credit impaired.

d) Fees

IDC earns fees and commissions from a range of services it provides to clients and these are accounted for as follows:

- Income earned on the execution of a significant act, such as the managing of funds, and is recognised when the significant act has been performed.
- Income earned from the provision of services is recognised as the service is rendered (i.e over time) by reference to the stage of completion of the service, measured using an output method.
- Income that forms an integral part of the effective interest rate of a financial instrument is recognised as an adjustment to the effective interest rate and recognised in revenue other than from contracts with customers.
- Fees charged for servicing a loan are recognised in revenue as the service is provided.

ACCOUNTING POLICIES

Revenue Source	Performance obligations	Recognition	Measurement and terms of sale	Critical estimates and judgements applied
Mining Division Revenue				
Sales of Phosphate Rock and Magnetite	Sale of Phosphate Rock and Magnetite Products per metric tonne sold to local and export customers. Local customers include all customers within the borders of South Africa, while export includes all customers outside of South Africa.	Recognised at the point of transfer of control which is generally at the point of loading at Foskor's Mine for local sales and at loading point for export shipments.	Measured at the price per ton as per Foskor's standard selling price, less any discounts or rebates to which the customer qualifies. Payment terms are generally 30-60 days.	Management have assessed the point of transfer of control based on their understanding of the critical terms and Conditions of sale, this assessment has concluded that control is transferred at the Foskor Mine or loading points at harbours in Maputo and Richards Bay. This is due to management being of the view that at this point the customer has obtained physical possession of the product and accepted the risks and rewards associated therewith. The estimated potential rebate/ discount Amount is only refunded to customers on a periodic basis. Management have estimated The potential effects of these arrangements and constrained revenue accordingly.
Acid Division Revenue				
Sale of Granular Fertiliser	Sale of Granulation fertiliser products per metric tonne sold to local and export customers. Local customers include all customers within the borders of South Africa, while export includes all customers outside of South Africa.	Recognised at the point of transfer of control which is Generally at the point of loading at Foskor's Acid plant for local sales and at Richards Bay harbour loading point for export shipments.	Measured at the price per ton as per Foskor's standard selling price, less any discounts or rebates to which the customer qualifies. Payment terms are generally 30-60 days.	Management have assessed the point of transfer of control based on their understanding of the critical terms and Conditions of sale, this assessment has Concluded that control is transferred at the Foskor Acid Plant or loading point at harbour in Richards Bay. This is due to management being of the view that at this point the customer. Has obtained physical possession of the product and accepted the risks and rewards associated therewith. The estimated potential rebate/discount amount is only refunded to customers on a periodic basis. Management have estimated the potential effects of these arrangements and constrained revenue accordingly.

ACCOUNTING POLICIES

Revenue Source	Performance obligations	Recognition	Measurement and terms of sale	Critical estimates and judgements applied
Acid Division Revenue (continued)				
Phosphoric and Sulphuric Acid sales	Sale of Phosphoric Acid and Sulphuric Acid products per metric tonne sold to local and export customers. Local customers include all customers within the borders of South Africa, while export includes all customers outside of South Africa.	Recognised at the point of transfer of control which is Generally at the point Of loading at Foskor's Acid plant for local sales and at Richards Bay harbour loading point for export shipments.	Measured at the price per ton as per Foskor's standard selling price, less any discounts or rebates to which the customer qualifies. Payment terms are generally 30-60 days.	Management have assessed the point of transfer of control based on their understanding of the critical terms and conditions of sale, this assessment has concluded that control is transferred at the Foskor Acid Plant or loading point at harbour in Richards Bay. This is due to management being of the view that at this point the customer has obtained physical possession of the product and accepted the risks and rewards associated therewith. The estimated potential rebate/discount amount is only refunded to customers on a periodic basis.
Sulphur, Ammonia & Gypsum Sales	Sale of Sulphur, Ammonia and Gypsum products per metric tonne sold to local. Local customers include all customers within the borders of South Africa.			Management have estimated the potential effects of these arrangements and constrained revenue accordingly.
Other income				
Sundry/Other Revenue	Other revenue is income earned from customers within South Africa and customers outside South Africa.	Recognised when the right to receive payment is established.	Measured at the agreed price and payment terms are generally 30-60 days.	Management have assessed the manner of service and agreed price based on the understanding of the terms and conditions of service rendered.
Royalties	Royalties is earned in accordance with substance of agreement.	Recognised on an accrual basis in accordance with the substance of the relevant agreements.	Measured at the agreed performance declaration and payment terms are generally 30-60 days.	Management have assessed the manner in which royalties are declared based on the understanding of the terms and conditions of the agreement.

1.21. BORROWING COSTS

Borrowing costs are expensed in the period in which they are incurred, except to the extent that they are capitalised when directly attributable to the acquisition, construction or production of a qualifying asset.

1.22. EMPLOYEE BENEFITS

a) Post-retirement medical benefits
Some Group companies provide post-employment healthcare benefits to their retirees. The entitlement to post-employment healthcare benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the projected unit of credit method. Valuations of these obligations are carried out annually by independent qualified actuaries.

b) Defined contribution plans
The majority of the Group's employees are members of defined contribution plans and contributions to these plans are recognised in profit or loss in the year to which they relate.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and under which the Group will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and previous periods.

c) Defined benefit plans
The Group operates a defined benefit and a defined contribution plan, the assets of which are held in separate trustee-administered funds. The schemes are generally funded through payments to insurance companies or trustee-administered funds as determined by periodic actuarial valuations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service and compensation.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and the effects of changes in actuarial assumptions to the defined benefit plans are recognised fully in other comprehensive income.

Past-service costs are recognised immediately in profit or loss when they occur.

d) Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

1.23. SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the executive committee to make decisions about resources allocated to each segment and assess its performance, and for which discreet financial information is available.

1.24. NON-CURRENT ASSETS HELD-FOR-SALE

a) Non-current assets held for sale
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than continuing use. This classification is only met if the sale is highly probable and the assets are available for immediate sale.

b) Measurement
Immediately before classification as held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with the applicable IFRS. Then, on initial classification as held for sale, the non-current assets and disposal groups are recognised at the lower of carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held-for-sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent measurement.

c) Reclassification

The non-current assets held-for-sale will be reclassified immediately when there is a change in intention to sell. At that date, it will be measured at the lower of its carrying value before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held-for-sale and its recoverable amount at the date of the subsequent decision not to sell.

1.25. RELATED PARTIES

The IDC operates in an economic environment together with other entities directly or indirectly owned by the South African government. Only parties within the national sphere of government will be considered to be related parties.

Key management is defined as individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the Board of Directors are regarded as key management per the definition of the standard. Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity.

Other related party transactions are also disclosed in terms of the requirements of IAS 24.

1.26. SHARE BASED PAYMENTS

A Group company operates an equity-settled share based plan and a cash-settled share based plan.

The equity settled share-based payments vest immediately, the reserve was recognised in equity at grant date.

The cash-settled plan was entered into with one of the Group company's employees, under which the company receives services from employees by incurring the liability to transfer cash to the employees for amounts that are based on the value of the company's shares. The fair value of the transaction is measured using an option pricing model, taking into account all terms and conditions. The fair value of the services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions
- Excluding the impact of any service and non-market performance vesting conditions
- Including the impact of any non-vesting conditions

The services received by the company are recognised as they are received and the liability is measured at fair value. The fair value of the liability is re-measured at each reporting date and at the date of settlement. Any changes in the fair value are recognised in profit or loss for the period.

1.27. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Financial assets and liabilities

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the Instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

b) Property, plant and equipment
The market value of land and buildings is the estimated amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

c) Intangible assets
The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

d) Investment property
Valuation methods and assumptions used in determining the fair value of investment property.

i) Capitalisation method
The value of the property reflects the present value of the sum of the future benefits which an owner may expect to derive from the property. These benefits are expressed in monetary terms and are based upon the estimated rentals for the property in an orderly transaction between market participants. The usual property outgoings are deducted to achieve a net rental, which is then capitalised at a rate an investor, would require receiving the income.

ii) Comparative method
The method involves the identification of comparable properties sold in the area or in a comparable location within a reasonable time. The selected comparable properties are analysed and compared with the subject property. Adjustments are then made to their values to reflect any differences that may exist. This method is based on the assumption that a purchaser will pay an amount equal to what others have paid or are willing to pay.

iii) Residual land valuation method
This method determines the residual value which is the result of the present value of expected inflows less all outflows (including income tax) less the developer's required profits. This is the maximum that the developer can afford to pay for the real estate. This residual value is in theory also the market value of the land.

e) Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

f) Share-based payment transactions
A Group company entered into a Business Assistance Agreement, which is considered to be an equity-settled, share-based payment transaction. The fair value of the technical and business services received in exchange for the grant of equity instruments is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity instruments granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest.

1.28. USE OF ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

a) Income taxes
Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

b) Fair value of financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to make assumptions that are mainly based on market conditions existing at each reporting date.

Listed equities are valued based on their listed value (fair value) on 31 March 2021.

Unlisted equities are valued based on various valuation methods, including free cash flow, price earnings (PE) and net asset value basis (NAV) bases.

ACCOUNTING POLICIES

Judgements and assumptions in the valuations and impairments include determining the:

- Free cash flows of investees
- Replacement values
- Discount or premium applied to the IDC's stake in investees
- Sector/subsector betas
- Debt weighting - this is the target interest bearing debt level
- Realisable value of assets
- Probabilities of failure in using the NAV-model

c) Loans with no repayment terms

Certain shareholder loans have no explicit repayments terms. When assessed under IFRS 9 whether these meet the criteria for SPPI judgement was applied by management. Based on common law principles in South Africa, loans with no repayment terms are deemed to be repayable on demand. As such shareholder loans are seen to meet the definition of SPPI under IFRS 9 and are thus classified at amortised cost.

d) Post-employment obligations

Significant judgement and actuarial assumptions are required to determine the fair value of the post-employment obligations. More detail on these actuarial assumptions is provided in the notes to the financial statements.

e) Environmental rehabilitation liability

In determining the environmental rehabilitation liability, an inflation rate of 4.38% (2020:7% was assumed to increase the rehabilitation liability for the next 30 years, and a rate of 10.93% (2020: 9.45%) to discount that amount to present value. The assumed discount rate of 10.5% is a risk-free rate.

f) Fair value of share-based payments

The fair value of equity instruments on grant date is determined based on a simulated company value, using the Geometric Brownian Motion model. The valuation technique applied to determine the simulated company value is part of the Monte Carlo simulation methodology.

g) Impairment of assets

The Group follows the guidance of IAS 36, Impairment of Assets to determine when an asset is impaired. This determination requires significant judgement. In making this judgement, the group evaluates the impairment indicators that could exist at year end, such as significant decreases in the selling prices of finished goods, significant decreases in sales volumes and changes in the international export regulatory environment.

h) Transfer of function

The transfer of function does not fall within the scope of IFRS therefore management used judgement to formulate the accounting treatment of these transactions. At the time of transfer, all assets and liabilities were deemed to be of the same quality and value to the receiving entity as they were to the transferring entity. Both entities applied similar group accounting policies therefore the values of the assets and liabilities would be similar.

i) Expected credit losses

The determination of ECL's involves forward looking information which involves areas of significant judgement. Refer to note 3 for more information on the key inputs and factors to determine ECL's.

1.29. TRANSFER OF FUNCTIONS

a) Between entities under common control

i) Recognition

The receiving entity recognises the assets and liabilities acquired through a transfer of functions on the effective date of the transfer. All income and expenses that relate to the functions transferred are also recognised from the effective date of the transfer. The recognition of these income and expenses are governed by the accounting policies related to those specific income and expenses and accordingly this policy does not provide further guidance thereon.

ii) Measurement

Assets and liabilities acquired, by the receiving entity, through a transfer of functions are measured at initial recognition at the carrying value that they were transferred. The difference between the carrying value of the assets and liabilities transferred and any consideration paid for the assets and liabilities transferred is recognised in equity. The carrying value at which the assets and liabilities are initially recognised is therefore the deemed cost thereof. Therefore, the subsequent measurement of these assets and liabilities the accounting policies relevant to those assets and liabilities are followed. Accordingly, this accounting policy does not provide additional guidance on the subsequent measurement of the transferred assets and liabilities.

iii) Derecognition

The transferring entity derecognises the assets and liabilities on the effective date of the transfer of functions. These transferred assets and liabilities are measured at their carrying values upon derecognition. The resulting difference between the carrying value of the assets and liabilities transferred and any consideration received for the assets and liabilities transferred is recognised in equity.

1.30. PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The financial results have been prepared under the supervision of Isaac Malevu CA (SA), the Group's Chief Financial Officer.

NOTES TO THE FINANCIAL STATEMENTS

1. COVID-19 AND ITS IMPACT ON THE FINANCIAL STATEMENTS

On 23 March 2020, President Cyril Ramaphosa announced a new measure to combat the spread of the COVID-19 coronavirus in South Africa – a three-week nationwide lockdown with severe restrictions on travel, movement and business activities – from midnight on Thursday, 26 March, to midnight on Thursday, 16 April. The lockdown was extended until the end of April. The impact of COVID-19 has led to widespread panic in global markets and the economic forecast were revised down to reflect the crisis. From 1 May 2020 the government started relaxing some of the travel restrictions in a bid to reopen the economy. At the end of March 2021 most industries had resumed business and some had seen significant recoveries. To respond to the severe changes brought about by Covid-19, Management revised its 5-year Corporate plan in February 2021, continued monitoring its liquidity and cash flows by utilising the cash preservation plan. Despite tough trading conditions, financial performance has been cushioned by increased dividend income as well as reducing operational expenses where possible.

Listed portfolio

Most significant listed business partners whose share prices declined at the end of March 2020, saw a strong recovery in share prices. This resulted in the IDC listed portfolio increasing by over R29 billion during the reporting period from R23 billion to R52 billion.

Unlisted portfolio

The economic assumptions and inputs used in the valuation of the unlisted book include the risk- free rate and benchmark interest rates and discount rates. Historical practice at the IDC is the use of a February dataset which is rolled forward by one month to March, the end of the financial year. This approach allows for the organisation to meet tight audit and reporting timelines while providing valuations that fairly represent the fair value of the unlisted book at year end. An independent assessment by the auditors has historically confirmed the validity of the inputs used and resulting valuations.

While the impact of COVID-19 was considered in the detailed cash flow forecasts underpinning the DCF valuation models, a significant movement in macro-economic indicators, specifically the change in the risk free rate from the R186 to R209 resulted in the weighted average cost of capital (WACC) increasing by more than 200 basis points. The overall impact was estimated to have a significant downward fair value adjustment of R3.5 billion.

The impact on the macro indicators by COVID-19 has proven to be temporary, as evidenced by the macro indicators recovering by the end of June 2020 to levels seen previously.

The macro-economic outlook and assumptions used to value the unlisted assets were much more optimistic than the prior year. The announcement of Covid-19 vaccine around the world and the re-opening of the economy resulted in an improved portfolio as the future cash flows were also positive in the DCF (Discounted Cash Flow) models. Our business partners experienced heightened economic activity in the country after the harsh initial restrictions and improving business confidence.

Loan Book

Despite difficult economic trading conditions the ECL increased slightly year on year, largely driven by the entity's efforts to increase collateral registration to reduce the impact of impairments on the balance sheet. The entity managed to register collateral in excess of R8 billion, that saw some significant savings in impairments. The close of the financial year saw a sizeable migration of clients from both stage 1 and 2 into stage 3. An overall increase in ECL of R166 million on the loan book was registered during this period.

Defined Benefit Obligations/Assets

COVID-19 had no impact on the actuarial assumptions underlying the defined benefit assets and defined benefit obligations.

2. FINANCIAL ASSETS AND LIABILITIES

The table below sets out the Group's classification of each class of financial assets and liabilities, and their fair values.

Figures in Rand million	FVTPL	FVOCI	Amortised cost	Total	Fair value
Group - 2021					
Cash and cash equivalents			16 037	16 037	16 037
Loans and advances	2 463		19 652	22 115	24 221*
Investments - listed equities		51 008		51 008	51 008
Investments - unlisted equities		3 761		3 761	3 761
Investments - preference shares	1 545		3 390	4 935	4 935*
Trade and other receivables			2 625	2 625	2 625
Borrowings			42 682	42 682	42 682
Derivative liabilities	7			7	7
Bank overdrafts			118	118	118
Trade and other payables			6 259	6 259	6 259
Total	**4 015**	**54 769**	**90 764**	**149 548**	**151 654**

Figures in Rand million	FVTPL	FVOCI	Amortised cost	Total	Fair value
Company - 2021					
Cash and cash equivalents			12 637	12 637	12 637
Loans and advances	2 463		18 667	21 130	23 235*
Investments - listed equities		39 731		39 731	39 731
Investments - unlisted equities		3 719		3 719	3 719
Investments - preference shares	1 545		3 390	4 935	4 935*
Trade and other receivables			608	608	608
Borrowings			56 910	56 910	56 910
Derivative liabilities	1			1	1
Trade and other payables			927	927	927
Total	**4 009**	**43 450**	**93 139**	**140 598**	**142 703**

** The fair value was calculated using the discounted cash flow method. The fair value of loans and advances as well as preference shares is obtained by reducing from the exposure, the probability-weighted difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive discounted at the risk free rate (10.5%). For preference shares that are carried at fair value through Profit and Loss refer to note 4.*

Since the amounts disclosed in the above tables do not all appear or agree to the amounts disclosed on the face of the Statement of Financial Position, a reconciliation of the above-disclosed to the amounts presented on the face of the Statement of Financial Position is provided below:

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Loans and Advances comprises:				
Loans at FVTPL	2 463	692	2463	692
Loans at Amortised cost	19 652	24 211	18 667	23 312
Investments – Preference shares	3 390	4 195	3 390	4 195
	25 505	**29 098**	**24 520**	**28 199**

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL ASSETS AND LIABILITIES *(continued)*

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Investments comprises:				
Investments – listed equities	51 008	23 114	39 731	21 147
Investments – unlisted equities	3 761	3 258	3 719	3 215
Investments – Preference shares	1 545	1 029	1 545	1 029
	56 314	**27 401**	**44 995**	**25 391**

Information regarding loans and advances to associates can be found in note 9.

Figures in Rand million	FVTPL	FVOCI	Amortised cost	Total	Fair value
Group - 2020					
Cash and cash equivalents	-	-	8 776	8 776	8 776
Loans and advances to clients	692	-	24 211	24 904	24 904
Investments - listed equities	-	23 114	-	23 114	23 114
Investments - unlisted equities	-	3 258	-	3 258	3 258
Investments - preference shares	1 029	-	4 195	5 224	5 224
Derivative assets	171	-	-	171	171
Trade and other receivables	-	-	1 939	1939	1939
Borrowings	-	-	41 236	41 236	41 236
Derivative liabilities	28	-	-	28	28
Bank overdrafts	-	-	82	82	82
Trade and other payables	-	-	3 920	3 920	3 920
Total	**1 920**	**26 372**	**84 359**	**112 652**	**112 652**

Figures in Rand million	FVTPL	FVOCI	Amortised cost	Total	Fair value
Company - 2020					
Cash and cash equivalents	-	-	7 043	7 043	7 043
Loans and advances to clients	692	-	23 312	24 004	24 004
Investments - listed equities	-	21 147	-	21 147	21 147
Investments - unlisted equities	-	3 215	-	3 215	3 215
Investments - preference shares	1 029	-	4 195	5 224	5 224
Derivative assets	162	-	-	162	162
Trade and other receivables	-	-	420	420	420
Borrowings	-	-	56 038	56 038	56 038
Trade and other payables	-	-	840	840	840
Total	**1 883**	**24 362**	**91 848**	**118 093**	**118 093**

3. FINANCIAL RISK MANAGEMENT

This risk category encompasses losses that may occur as a result of the way the IDC is financed and its own financing or investment activities. Financial risk includes credit and settlement risk related to the potential for counterparty default, market risk related to volatility in interest rates, exchange rates, commodity and equity prices, liquidity / funding risk related to the cost of maintaining various financial positions as well as financial compliance risk.

Other financial risks faced by the Corporation include the risk of concentration of investments in certain economic sectors, regions and/or counterparties as well as the risk of over-dependency in relation to income on a limited number of counterparties and/or financial products and the risk of margin erosion due to inappropriate pricing relative to the cost of funding. The management of these risk areas is therefore critical for the IDC.

RISK MANAGEMENT PLAN

Risk management, like any business activity should be continuously improved. This means that the Corporation will always continue to improve governance, risk identification, risk assessment, risk monitoring and risk optimisation and as such a Risk Management Plan detailing proposed activities and improvements to IDC's Enterprise Risk Management activities is prepared on an annual basis.

RISK MANAGEMENT POLICY STATEMENT

The Risk Management Policy statement communicates the Corporation's stance with regards to risk management. It is a brief statement about the Corporation's commitment to risk management and is informed by inter alia the Corporation's risk profile, risk appetite, risk tolerance and sustainability management.

FINANCIAL: CREDIT RISK

This refers to the risk that a counterparty to a financial transaction will fail to meet its obligations in accordance with the agreed terms and conditions of the contract, thereby causing the asset holder to suffer a financial loss. Credit risk, as defined by the IDC, comprises the potential loss on loans, advances, guarantees, quasi- equity and equity investments due to counterparty default.

Credit risk arises as a result of the Corporation's lending and investment activities as well as the placement of deposits with financial institutions.

APPROACH TO MANAGING CREDIT RISK

The IDC endeavours to maintain credit risk exposure within acceptable parameters, managing the credit risk inherent in the entire portfolio as well as the risk associated with individual clients or transactions. The effective management of credit risk is a critical component of a comprehensive risk management approach and is essential to the long-term success of the Corporation. This is the dominant risk within the IDC as the provision of loans, advances, quasi equity, equity investments and guarantees represents the Corporation's core business.

MANAGING CREDIT CONCENTRATION RISK

Risk concentrations can arise in a financial organisation's assets, liabilities or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories.

Investment or credit concentrations are considered to be a large group of exposures that respond similarly to the same stresses. These stresses include:

- Sensitivity to a certain industry or economic factors;
- Sensitivity to geographical factors, either a single country or region of interlinked countries;
- Sensitivity to the performance of a single company or counterparty; and/or
- Sensitivity to a particular risk mitigation technique, e.g. a particular collateral type.

3. FINANCIAL RISK MANAGEMENT *(continued)*

The potential for loss reflects the size of the position and the extent of loss given a particular adverse circumstance. The IDC can be exposed to various forms of credit risk concentration which, if not properly managed, may cause significant losses that could threaten its financial health. Accordingly, the IDC considers the management (including measurement and control) of its credit concentrations to be of vital importance.

There is recognition in the Basel Accords that portfolios of financial institutions can exhibit credit concentrations and that prudently managing such concentrations is one of the important aspects in effective credit risk management. However, despite the recognition of credit concentrations as important sources of risk for portfolios, there is no generally accepted approach or methodology for dealing with the issue (including measurement) of concentration.

The IDC has various established methodologies for the management of the credit concentrations it is exposed to and has established risk concentration limits, thresholds and policies for:

- Exposure to a single obligor
- A group of related parties (group counterparty)
- Geographical locations (outside of South Africa); and
- Industries.

The concentration limits and thresholds are reviewed on a regular basis. The status of the IDC's investment book including credit concentration risk, is reported to IDC Executive Management, the Board Risk and Sustainability Committee and the IDC Board on a quarterly basis.

SINGLE OBLIGOR AND GROUP COUNTERPARTY LIMITS

The Basel principles for the management of credit risk indicate in particular, that an important element of credit risk management is the establishment of exposure limits on single obligor and group counterparty basis. In determining the recommended limits for the IDC, its strategic objectives are taken into account, as well as protecting The IDC's financial position and profitability. A single obligor is defined as a single IDC client whereas a group counterparty refers to an 'economic group' of related entities, meeting the following criteria:

- Shareholding of more than 50% and/or
- Management control and/or
- Revenue or expenses reliance of 51% or more, and/or
- Provision of security for 51% or more of the IDC's exposure.

AFRICA PORTFOLIO AND REGIONAL LIMITS AND COUNTRY THRESHOLDS

Country risk refers to risk(s) associated with investing or lending in a country, arising from possible changes in the business environment that may adversely affect operating profits or the value of assets in the host country. These risks include political risk, exchange rate risk, economic risk, sovereign risk and transfer risk, and an investment's returns could suffer as result of political changes or instability in a country. The focus of the IDC's activities in the Rest of the African continent is determined by its mandate and is managed through the Corporation's investment criteria and regional investment limits, including country thresholds.

Country limits/thresholds, enable effective risk management of country concentration risk. The IDC's objectives are to contribute to the economic integration and industrial development in SADC and the Rest of Africa. The IDC views Africa in terms of South Africa, the SADC region and the Rest of Africa. The IDC strives to achieve its mandate in SADC region as well as the rest of Africa by focusing on being a catalyst for sustainable economic growth.

Given the importance of the IDC's mandate and its objectives, in conjunction with the consistent improvement of the African economic landscape, both in performance and risk profile, Portfolio and Regional Limits and Country Thresholds are reviewed regularly to support and enhance the developmental objectives of the IDC.

Should approval of a transaction result in breach of this limit explicit approval is required from the Board Investment Committee.

RISK APPETITE AND RISK TOLERANCE

One of the key practices of risk management is the determination and quantification of an organisation's risk appetite based on what is of strategic importance. IDC continuously makes improvements to the process to ensure that it is applicable to the Corporation and its strategic intent.

The setting of an effective risk appetite policy is considered one of the key building blocks to establishing a sound risk management framework. Risk appetite is defined as the amount and type of risk that an organisation is willing to accept. The determination of risk appetite plays an important role in an organization's Enterprise-wide Risk Management (ERM) processes/framework. It is also considered by the IDC to be a leading best practice methodology to assist it to achieve its strategic objectives while maintaining a sound platform for future viability and continued growth.

Defining risk appetite enables the IDC to:

- Make better informed business decisions;
- Focus on those risks that exceed the defined appetite for risk;
- Develop a business culture with a high awareness of risk; and
- Strike a balance between taking on risk and prudence.

The IDC's risk appetite is linked and aligned to its mandate and business objectives and is an agreement between its business goals and the related risks.

Risk tolerance is considered an integral part of the process and indicates an organisation's readiness to bear the risk after risk mitigation, in the pursuit of its strategic objectives. The setting of risk appetite and tolerance levels aids operational decision making and strategic planning and provides management with the information to determine whether the risk profiles of current and potential activities are either financially acceptable or require additional risk mitigation to reduce the risk. Hence, it helps management to allocate resources and time to the most significant risks.

Concentration by location of financial assets

	Group				Company			
	Loans and advances		Investment Securities		Loans and advances		Investment Securities	
Figures in Rand million	2021	2020	2021	2020	2021	2020	2021	2020
Carrying amount as per Note 11 and 12	**25 505**	**29 099**	**56 314**	**27 678**	**24 520**	**28 199**	**44 995**	**25 391**
Concentration by location:								
South Africa	18 661	19 896	53 406	26 136	17689	18 996	42 087	23 849
SADC	2 757	3 399	1 217	465	2 749	3 399	1 217	465
Rest of Africa	4 085	5 803	-	-	4 081	5 803	-	-
Outside Africa	2	1	1 691	1077	1	1	1 691	1077
	25 505	**29 099**	**56 314**	**27 678**	**24 520**	**28 199**	**44 995**	**25 391**

INDUSTRY LIMITS

Managing industry concentration remains another key strategic priority. Concentration risk in the context of industries generally results from an uneven distribution of an institution's exposure to specific industries which can generate losses large enough to jeopardise its solvency or profitability. Concentrations of credit exposures in industries can pose risks to the earnings and capital of any financial institution in the form of unexpected losses. One of the risk management techniques to manage industry concentration risk entails the establishment of concentration limits and the monitoring and analysis thereof.

The monitoring and limiting of the concentration of exposures in a certain industry is necessary to reduce the risk of an exposure to a significant downturn in a particular industry timeously, and thus to be able to avoid losses, as far as possible, by implementing counter measures (e.g. withdrawing from, reducing or hedging certain exposures). Experience has shown that the earlier risks are identified, the more effectively it can be countered.

3. FINANCIAL RISK MANAGEMENT *(continued)*

Although the IDC's business cuts across a number of industries, it could be exposed to concentration risk by virtue of disproportionately large exposures in any of these industries.

Managing and monitoring such concentrations to limit downside potential is therefore an integral part of an effective risk management processes. To avoid undue losses due to associated exposures, the IDC strives to identify potential common risk factors and minimise its aggregate exposure to these risk factors.

The goal of industry limits is for the IDC to attempt to diversify or at least identify its portfolio concentrations based on exposures to industries and to identify concentrations of exposures that could become closely related, especially during a crisis. This provides an important mechanism to protect the long term financial sustainability of the IDC. The key challenge to establishing an industry limit methodology is to ensure that it is effective in protecting the institution from credit events and is practical in its enforcement without restricting investment activities. The establishment of industry limits is aligned with the overall strategy of the IDC (including its risk appetite).

Concentration by industry of financial assets

	Group				Company			
	Loans and advances		Investment Securities		Loans and advances		Investment Securities	
Figures in Rand million	2021	2020	2021	2020	2021	2020	2021	2020
Carrying amount as per Note 11 and 12	**25 505**	**29 099**	**56 314**	**27 678**	**24 520**	**28 199**	**44 995**	**25 391**
Concentration by industry:								
Agriculture and Food	2 120	2 951	19	13	2 118	2923	19	13
Chemicals and Petroleum	1 741	1 750	11 405	1 995	1 738	1740	115	28
Finance & Insurance	1 975	1 682	30	43	1 088	1522	1	4
Metals & Machinery	4 459	4 956	12 031	7 609	4 440	4936	12 031	7 609
Mining	2 662	2 272	30 726	15 553	2 661	2267	30 726	15 549
Other Manufacturing	1 398	1 263	76	315	1 397	1155	76	38
Other Services	865	1 399	1 618	1 712	864	1356	1 618	1 712
Trade, Catering & Accommodation	2 494	3 730	-	7	2 481	3244	-	7
Transport, Communication & Utilities	7 791	9 096	409	431	7 733	9056	409	431
	25 505	**29 099**	**56 314**	**27 678**	**24 520**	**28 199**	**44 995**	**25 391**

INTERNAL RATING MODEL AND PRICING

The changing banking regulatory requirements and increased focus by international and local DFIs (Development Finance Institutes) to incorporate Basel principles in risk management makes it increasingly important for IDC to regularly measure credit risk and ensure that risk costs are transparent and appropriately accounted for. IDC therefore updated and redesigned its Project Finance and SME/Middle market rating and pricing methodologies and models with the assistance of consultants. These models were fully implemented during the 2018 financial year and continue to be enhanced.

The rating and pricing methodology follows a two-step approach namely; rating which is incorporated into the pricing solution for all credit transactions

The models offer amongst others, the following key value added features:

- Calculation of an Expected Loss (EL), where EL = (PD*EAD*LGD), which is included as a risk margin in the price of a facility based on the client's riskiness
- Customised qualitative factors based on consultation with industry specialists in the business units to reflect specific IDC industry focus, when rating a client;
- Objectively determine the credit quality of individual clients as well as the portfolio;
- Quantification of the development score impact into a ZAR amount;

NOTES TO THE FINANCIAL STATEMENTS

The key objectives of internal rating methodologies and related rating models are:

- To assess the overall credit or investment risk on a quantitative and objective basis;
- To objectively determine the credit quality of individual clients as well as the portfolio;
- To aid in portfolio analysis;
- To allow migration analysis of individual clients as well as the portfolio; and
- To assist in identifying which clients are due for review.

The IDC loan book is reviewed on a regular basis, by IMC SPPI, which monitors and manages the quality and arrears on a proactive basis. IFRS 9 requires an assessment to be performed of the credit risk of a financial asset at the valuation date, compared to the credit risk as at inception to determine whether a significant increase in credit risk ("SICR") has occurred.

As such, all financial assets that meet SPPI are assessed for SICR at each reporting period. The SICR assessment is done at business partner level.

A business partner is considered to have experienced SICR and will transition to stage 2 when:

- Amounts past due (arrears), exceed 30 days (rebuttable presumption);
- The business partner is on the IDC's watch list and is categorized as a 'high' risk; or
- A deterioration in probability of default occurred.

The SICR assessment is done at business partner level with reference to the stages described in note 1.4.4. The rebuttable presumption has not been rebutted in either of the reporting periods.

A financial asset is considered in default when the amount in arrears for more than 90 days exceeds 0.5% of the business partner's total exposure or the Business Partner is administered by the Recoveries, Business Rescue & Insolvencies (previously Legal Recoveries) department. Business partners may transition from stage 3 to stage 2 if there are indications that the business partner has cured, provided the predetermined cure rules are met:

- For exposures below R100 million the curing period is 3 months;
- For exposures exceeding R100 million and for clients in Business Advisory and Turnaround and Legal, the curing period is 12 months.

WATCH LIST:

IDC includes a client on its watch list where the SPPI exposure exceeds R50 million. A qualitative risk assessment is performed to determine the risk category (Red – high risk; Amber – medium risk or Green – low risk). Business partners allocated a 'high'/red risk indicator displays high default/repayment risk. The following categories of qualitative factors are considered in determining the watch list risk category:

- Business risk – those operational risks that expose a client to factors that will lead to lower profits and/or failure
- Financial risk – those risks that would prevent a client from being able to meet debt obligations, similar to credit risk
- Economic risk – those macro-economic risks that are outside of the clients' control

IFRS 9 requires an assessment to be performed of the credit risk of a financial asset at valuation date, compared to the credit risk at inception to determine whether a significant increase in credit risk ("SICR") has occurred. As such, all financial assets that meet SPPI are assessed for SICR at each reporting date. The SICR assessment is done at business partner level.

- Stage 1 assets are considered performing Credit risk has not increased significantly since initial recognition. A 12 months ECL / expected loss allowance is recognized for stage 1 assets.
- Stage 2 assets are considered to be underperforming as credit risk has increased significantly since initial recognition, but are not credit impaired. A lifetime ECL / loss allowance is recognized for stage 2 assets.
- Stage 3 assets are classified as nonperforming and credit impaired. A lifetime ECL / expected loss allowance is recognized for all stage 3 assets.

3. FINANCIAL RISK MANAGEMENT *(continued)*

The tables below reflect the amortised cost and staging of the Group's Loans & Advances:

Group - 2021

Loans & Advances (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	8 874	5 644	2 471	16 989
Medium risk	4 960	1 872	4 009	10 841
High risk	1 014	843	9 763	11 620
Subtotal	**14 848**	**8 359**	**16 243**	**39 450**
Expected credit losses	(578)	(1 999)	(10 740)	(13 317)
Interest in suspension	-	-	(628)	(628)
Amortised cost	**14 270**	**6 360**	**4 875**	**25 505**
ECL coverage ratio (%)	4%	24%	70%	35%

Group - 2020

Loans & Advances (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	14 562	2 133	1 326	18 021
Medium risk	4 663	2 256	9 110	16 029
High risk	686	102	7 100	7 889
Subtotal	**19 912**	**4 493**	**17 536**	**41 941**
Expected credit losses	(3 170)	1 687	(6 616)	(11 473)
Interest in suspension	-	-	(1 369)	(1 369)
Amortised cost	**16 742**	**2 806**	**9 552**	**29 099**
ECL coverage ratio (%)	16%	38%	46%	31%

The tables below reflect the amortised cost and staging of the Group's Guarantees.

Group - 2021

Guarantees (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	-	23	334	357
Medium risk	-	42	-	42
High risk	-	31	85	116
Total	**-**	**96**	**419**	**515**

Group - 2020

Guarantees (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	30	24	353	407
Medium risk	7	3	721	731
High risk	-	6	-	6
Total	**37**	**33**	**1 074**	**1 144**

NOTES TO THE FINANCIAL STATEMENTS

The tables below reflect the amortised cost and staging of the Company's Loans & Advances:

Company – 2021

Loans & Advances (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	8 156	5 635	2 471	16 262
Medium risk	4 944	1 564	3 947	10 455
High risk	1 018	842	9 010	10 870
Subtotal	**14 118**	**8 041**	**15 428**	**37 587**
Expected credit losses	(487)	(1 878)	(10 074)	(12 439)
Interest in suspension	-	-	(628)	(628)
Amortised cost	**13 631**	**6 163**	**4 726**	**24 520**
ECL coverage ratio (%)	3%	23%	69%	35%

Company - 2020

Loans & Advances (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	14 061	2 133	1 326	17 520
Medium risk	4 663	2 194	8 659	15 516
High risk	687	102	6 507	7 297
Subtotal	**19 411**	**4 429**	**16 492**	**40 333**
Expected credit losses	(3 037)	(1 645)	(6 083)	(10 765)
Interest in suspension	-	-	(1 369)	(1 369)
Amortised cost	**16 374**	**2 786**	**9 039**	**28 199**
ECL coverage ratio (%)	15%	37%	45%	30%

The tables below reflect the amortised cost and staging of the Company's Guarantees:

Company - 2021

Guarantees (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	-	23	334	357
Medium risk	-	42	-	42
High risk	-	31	85	116
Total	**-**	**96**	**419**	**515**

Company - 2020

Guarantees (R'm)	Stage 1 (12 months ECL)	Stage 2 (Lifetime ECL)	Stage 3 (Lifetime ECL)	Total
Low risk	30	24	353	407
Medium risk	7	3	721	731
High risk	-	6	-	6
Total	**37**	**33**	**1 074**	**1 144**

3. FINANCIAL RISK MANAGEMENT *(continued)*

WRITE-OFFS

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The Group may write-off financial assets that are still subject to enforcement activity. The Group still seeks to recover amounts that are legally owed in full, but which have been partially written off due to no reasonable expectation of full recovery. All amounts written off in the current and prior year are still subject to enforcement activity.

FORWARD LOOKING INFORMATION

A reasonable and supportable forecast of future events and economic conditions at the reporting date is incorporated in the calculation of expected credit losses / loss allowances. Forward-looking macro-economic information is introduced to allow loss allowances to automatically adjust to allow for future macro-economic conditions. Macro-economic information for three scenarios, base case, pessimistic and optimistic views, are taken in consideration.

The correlation between the IDC's historical default experience and a range of macro-economic indicators were assessed and indicators that are most likely to impact on the default propensity of IDC BP's were selected to be applied in the calculation of loss allowances:

- Household consumption
- Gross fixed capital formation
- Exports
- PPI
- IDC commodity index (calculated by R&I based on the IDC's commodity mix).

MODIFICATION OF FINANCIAL ASSETS

The IDC sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery. Restructuring is based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. The IDC monitors the subsequent performance of modified assets and may determine that the credit risk has significantly improved where assets have performed for three consecutive months or more.

COLLATERAL

The Group holds collateral against loans and advances to clients in the form of mortgage bonds over property, other registered securities over assets and guarantees. The fair values of underlying assets are based on the value of collateral assessed at the time of borrowing and subsequent valuations by the IDC Fixed Asset Valuation Department. Mortgage bonds over fixed property are the strongest form/quality of collateral, followed by special notarial bonds (SNB). SNB's are registered over specific assets, usually plant and equipment. General notarial bonds are registered over other unencumbered movable assets, hence the quality of this type of bond is generally lower than the other two collateral types.

The fair values of collateral held against financial assets is shown below:

	Group		Company	
Collateral held against stage 3 loans (R'm):	2021	2020	2021	2020
General notarial bond	7 057	5 400	7 057	5 400
Special notarial bonds	16 639	11 975	16 639	11 975
Mortgage bond	9 790	14 537	9 790	14 537
Other	148	149	148	149
	33 634	**32 061**	**33 634**	**32 061**

	Group		Company	
Collateral held against stage 1 & 2 loans (R'm):	2021	2020	2021	2020
General notarial bond	4 474	5 804	4 474	5 804
Mortgage bond	14 646	21 142	14 646	21 142
Special notarial bonds	15 492	8 994	15 492	8 994
Other	5	364	5	364
	34 617	**36 304**	**34 617**	**36 304**

Group and Company numbers are the same since only IDC takes collateral.

LIQUIDITY RISK

Liquidity risk refers to the risk that the Corporation will not be able to meet its obligations as they become due, increase in financing assets, including commitments and any other financial obligations (funding liquidity risk), or will only be able to do so at materially disadvantageous terms (market liquidity risk). Liquidity risk is governed by the Liquidity and Liquidity Risk Premia policy and the Asset and Liability Committee (ALCO) provides the objective oversight and makes delegated decisions within the prudential guidelines and policies established by the Board related to liquidity risk exposures.

Sources of liquidity risk include:

- Unpredicted and accelerated drawdowns on approved financing or call-ups of guaranteed obligations;
- Inability to roll and/or access new funding;
- Unforeseen inability to collect what is contractually due to the Corporation;
- Liquidity stress at subsidiaries;
- A recall without due notice of on-balance sheet funds managed by the Corporation on behalf of third parties;
- An unintended breach of covenant(s), resulting in the forced maturity of borrowing(s); and
- Inability to liquidate assets in a timely manner with minimal risk of capital losses.

Corporate Treasury performs day-to-day liquidity management within Board approved treasury limits, such that:

- There is always sufficient readily-available liquidity to meet probable operational cash flow requirements for a rolling three months' period; and
- Excess liquidity is minimised to limit the consequential drag on profitability.

Liquidity coverage ratio aims to ensure that suitable levels of unencumbered high-quality liquid assets are held to protect against unexpected, yet plausible liquidity stress events. Two separate liquidity stresses are considered; firstly an acute three-month liquidity stress impacting strongly on both funding and market liquidity and secondly, a protracted twelve-month liquidity stress impacting moderately on both funding and market liquidity. Approved high-quality liquid assets include cash, near-cash, committed facilities, as well as a portion of the Corporation's listed equity investments, after applying forced-sale discounts.

Figures in Rand million	3-months Scenario 1	12-months Scenario 2
2021		
Approved high-quality liquid assets	9 213	8 209
Net stressed outflows	(4 153)	(7 703)
Liquidity coverage ratios (%)	222	107
2020		
Approved high-quality liquid assets	11 823	11 823
Net stressed outflows	- (11 161)	- (11 069)
Liquidity coverage ratios (%)	106	107

Structural liquidity mismatch ratios aim to ensure adequate medium to long-term liquidity mismatch capacity by maintaining a stable funding profile. This is done by restricting, within reasonable levels, potential future borrowing requirements as a percentage of total funding-related liabilities. A robust funding structure reduces the likelihood that the Corporation's liquidity position would deteriorate in the event of a disruption to its sources of funding. The structural liquidity mismatch is based on conservative cash flow profiling with the added assumption that liquidity in the form of high-quality liquid assets are treated as readily available (i.e. recognised in the first-time bucket).

3. FINANCIAL RISK MANAGEMENT *(continued)*

Consolidated local and foreign currency structural liquidity mismatch (SLM) **Figures in Rand million**	0-18 months	18-24 months	24-36 months
2021			
Cumulative liquidity positive variance	5 865	13 132	24 439
Funding related liabilities	33 852	28 706	20 338
SLM (%)	17	46	120
2020			
Cumulative liquidity positive variance	6 478	5 910	1 713
Funding related liabilities	30 715	26 005	21 107
SLM (%)	21	23	8

Liquidity stress testing is a critically fundamental aspect to liquidity management as it allows the Corporation to model forward-looking severe, yet plausible scenarios and strategies to counter the effects of extreme risk events. Specific focus is placed on liquidity risk owing to its dynamic nature i.e. an internal risk event can quickly escalate into a liquidity event; likewise, an external shock can impair the Corporation's ability to raise funding. Remedial strategies are detailed within the Contingency Funding Plan (CFP) document, which lays out a specific sequence of actions that will be executed to manage a potential liquidity crisis. The contingency funding plan is managed on a forward-looking basis, consequently, a set of Early Warning Indicators (EWI's) are monitored monthly which can pre-empt a looming liquidity crisis.

The status of the EWI's are categorised on a RAG (Red, Amber and Green) scale and then aggregated per risk specific weighting to produce an overall RAG status which will then determine the course of action as per the CFP:

- Green: Business as Usual
- Amber: Potential liquidity problems that do not threaten the IDC's current financial position
- Red: Potential liquidity problems that may threaten the IDC's financial soundness.

NOTES TO THE FINANCIAL STATEMENTS

THE GROUP AND COMPANY'S UNDISCOUNTED MATURITY PROFILE OF LIABILITIES

Figures in Rand million	Repayable on Demand	Due within 1 year	Due after one year but within five years	Due after five years	Future Finance Costs	Balance as disclosed
Group - 2021						
Borrowings	4 478	7 657	27 499	12 366	(9 318)	42 682
Lease Liabilities	-	79	324	338	(144)	597
Trade Payables	-	6 259	-	-	-	6 259
Derivatives	-	7	-	-	-	7
Total	**4 478**	**14 001**	**27 823**	**12 704**	**(9 462)**	**49 545**

Figures in Rand million	Repayable on Demand	Due within 1 year	Due after one year but within five years	Due after five years	Future Finance Costs	Balance as disclosed
Group - 2020						
Borrowings	3 577	9 871	27 680	11 004	(10 896)	41 236
Lease Liabilities	-	71	274	187	(145)	387
Trade Payables	-	3 920	-	-	-	3 920
Derivatives	-	28	-	-	-	28
Total	**3 577**	**13 890**	**27 954**	**11 191**	**(11 041)**	**45 571**

Figures in Rand million	Repayable on Demand	Due within 1 year	Due after one year but within five years	Due after five years	Future Finance Costs	Balance as disclosed
Company - 2021						
Borrowings	19 250	7 315	27 229	12 348	(9 232)	56 910
Lease Liabilities	-	58	265	308	(179)	452
Trade Payables	-	927	-	-	-	927
Derivatives	-	1	-	-	-	1
Total	**19 250**	**8 300**	**27 494**	**12 656**	**(9 411)**	**58 289**

Figures in Rand million	Repayable on Demand	Due within 1 year	Due after one year but within five years	Due after five years	Future Finance Costs	Balance as disclosed
Company - 2020						
Borrowings	18 719	8 378	27 565	11 004	(9 628)	56 038
Lease Liabilities	-	58	225	419	(264)	438
Trade Payables	-	840	-	-	-	840
Derivatives	-	-	-	-	-	-
Total	**18 719**	**9 276**	**27 790**	**11 423**	**(9 892)**	**57 316**

3. FINANCIAL RISK MANAGEMENT *(continued)*

MARKET RISK

Market risk is the risk that the value of a financial position or portfolio will decline due to adverse movements in market rates. In respect of market risk, the Corporation is exposed to interest rate risk, exchange rate risk and equity price risk. Market risk is governed by the Asset and Liability Management policy and ALCO provides the objective oversight and makes delegated decisions related to market risk exposures.

INTEREST RATE RISK MANAGEMENT

Interest rate risk is the risk that adverse changes in market interest rates may cause a reduction in the Corporation's future net interest income and/or economic value of its shareholder's equity.

The Corporation's interest rate risk is a function of its interest-bearing assets and liabilities. The primary sources of interest rate risk include:

- Repricing risk: which results from interest-bearing assets and liabilities which reprice within different periods. This also includes the endowment effect caused by an overall quantum difference between interest-bearing assets and liabilities;
- Basis risk: due to the imperfect correlation between interest rate changes (spread volatility) on interest-bearing assets and liabilities which reprice within the same period;
- Yield curve risk: arising from unanticipated yield curve shifts (i.e. twists and pivots); and
- Optionality: due to the presence of embedded options in assets (i.e. prepayment) and liabilities (i.e. early settlement) which may be exercised based on interest rate considerations.

The sensitivity to interest rate shocks and/or changes in interest-bearing balances is measured by means of earnings and economic value approaches. The former focuses on quantifying the impact on net interest income over the next twelve months whereas the latter is used to gauge the impact on the fair market values of assets, liabilities and equity.

Figures in Rand million	0-3 months	4-6 months	7-12 months
Interest rate sensitivity mismatch - March 2021			
Cumulative liquidity positive variance			
SA Rand	4 564	4 584	4 657
US Dollar	(171)	(222)	(217)
Euro	(4)	(18)	(15)
Interest rate sensitivity mismatch - March 2020			
SA Rand	5 823	4 755	4 858
US Dollar	(161)	(272)	(273)
Euro	(3)	22	19

Furthermore, interest rate risk management is monitored through the sensitivity analysis done to the financial assets and liabilities. A 200 basis points (bps) increase/(decrease) in market interest rates resulted in the following sensitivities:

Figures in Rand million	Rand	US Dollar
2021		
+ 200 bps rate shock	108	(4)
- 200 bps rate shock	(108)	4
2020		
+ 200 bps rate shock	126	(4)
- 200 bps rate shock	(126)	4

EXCHANGE RATE RISK

Exchange rate risk is the risk that adverse changes in exchange rates may cause a reduction in the Corporation's future earnings and/or its shareholders equity.

In the normal course of business, the Corporation is exposed to exchange rate risk through its trade finance book and exposure to investments in and outside of Africa. The risk is divided into:

- Translation risk: refers to the exchange rate risk associated with the consolidation of offshore assets and liabilities or the financial statements of foreign subsidiaries for financial reporting purposes; and
- Transaction risk: arises where the Corporation has cash flows/transactions (i.e. a monetary asset or liability, off-balance sheet commitment or forecasted exposure) denominated in foreign currencies whose values are subject to unanticipated changes in exchange rates.

Any open (unhedged) position in a specific currency gives rise to exchange rate risk. Open positions can be either short (i.e. the Corporation will need to buy foreign currency to close the position) or long (i.e. the Group will need to sell foreign currency to close the position) with the net open foreign currency position referring to the sum of all open positions (spot and forward) in a specific currency.

For purposes of hedging, net open foreign currency positions are segmented into the following components:

- All exposures related to foreign currency denominated lending and borrowing; and
- All foreign currency denominated payables in the form of operating and capital expenditure, as well as foreign currency denominated receivables in the form of dividends and fees.

The Corporation does not hedge its exchange rate risk on foreign currency denominated shareholder loans, equity and quasi equity investments.

	US Dollar	Euro
Net open foreign currency positions - 2021		
Foreign currency lending and borrowing		
- Loans (assets)	467	45
- Derivative hedges (FEC's)	-	2
- Borrowings (liabilities)	(464)	(48)
Other net (payables) / receivables	12	5
	15	**4**
Net open foreign currency positions - 2020		
Foreign currency lending and borrowing		
- Loans (assets)	454	47
- Derivative hedges (FEC's)	45	12
- Borrowings (liabilities)	(523)	(59)
Other net (payables) / receivables	16	1
Net open foreign currency positions	**(7)**	**1**

3. FINANCIAL RISK MANAGEMENT *(continued)*

EQUITY PRICE RISK

Equity price risk is the risk that adverse movements in equity prices may cause a reduction in the value of the Corporation's investments in listed and/or unlisted equity investments, and therefore also its future earnings and/or value of its shareholder's equity.

Sources of equity price risk include:

- Systematic risk or volatility in relation to the market; and
- Unsystematic risk or company-specific risk factors.

The investment portfolio's beta is used as an indication of systematic risk, which is not diversifiable. Considering the long-term nature of the Group's investments, unsystematic risk is managed by means of diversification.

Sensitivity analysis were performed on the Corporation's equity portfolio, to determine the possible effect on the fair value should a range of variables change, e.g. cash flows, earnings, net asset values etc. These assumptions were built into the applicable valuation models.

In calculating the sensitivities for investments, the key input variables were changed in a range from -10% to +10%. The effect of each change on the value of the investment was then recorded. The key variables that were changed for each valuation technique were as follows:

- Discounted cash flow: Net income before interest and tax
- Price earnings: Net income
- Listed companies: Share price
- Forced sale net asset value: Net asset value.

From the table below it is evident that a 10% increase in the relevant variables, will have a R5 186 million increase in the equity values as at 31 March 2021 (2020: R7 200 million) and a 10% decrease will lead to a R5 186 million decrease in the equity values (2020: R7 200 million).

	10% increase	10% decrease
31-Mar-21	R5 186m	R5 186m
31-Mar-20	R7 200m	R7 200m

OPERATIONAL RISK

The IDC has adopted the Basel II (2004) definition for operational risk, which is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems and from external events. This definition includes legal risk but excludes systemic and reputational risk.. The IDC uses the Basel II framework event type categories to identify operational risks

The seven event-type categories are:

- Internal theft and fraud;
- External theft and fraud;
- Employment practices and workplace safety;
- Clients, products and business practices;
- Damage to physical assets;
- Business disruption and system failures; and
- Execution delivery and process management.

Approach to managing operational risk

The purpose of operational risk management in IDC is to reduce the likelihood and consequences of avoidable operational risk events. An operational risk management policy and framework, which has been approved by the IDC Board, has been developed to ensure that operational risks are consistently and comprehensively identified, assessed, mitigated, controlled, monitored and reported.

The IDC operational risk management framework comprises:

- The operational risk strategy and policies;
- The risk governance process;
- Risk identification and assessment;
- Risk measurement;
- Risk assurance;
- Risk execution and monitoring;
- Risk reporting; and
- Risk mitigation.

The IDC safeguards itself against operational risks through:

- A defined operational risk framework and operational risk policy;
- Regularly updating systems and procedures which are subject to approval by the Internal Audit Committee;
- Regular internal and external audits;
- Identifying operational risk at departmental and strategic business units levels;
- Regular review of the comprehensive Business Continuity Plan (BCP) which incorporates a Disaster Recovery Plan (DRP) for Information Technology (IT) recovery and a working Operational Risk and Business Continuity Management forum that meets on a quarterly basis;
- Insurance of fidelity guarantees, legal risks, public liability and other identified insurable risks including those of fixed assets which coverage is reviewed annually;
- The commitment of all employees to a code of conduct that encourages honesty, integrity and effectiveness.
- Departmental and business unit specific operational risk registers have been completed for all functions in IDC. In addition, Risk Champions have been appointed for departments and strategic business units who work in collaboration with the Operational Risk & Sustainability team. Each of the completed operational risk registers were analysed to achieve a more complete understanding of the operational risk profile of the Corporation and the top operational risks identified. Operational Risk and Sustainability department is in the process of collecting data on all material operational risks losses and intends to develop a basic loss database for the Corporation in the next financial year.

Financial Crime Prevention and Protected Disclosure Plan

The financial crime prevention plan includes the detection, prevention, investigation, and reporting programmes. The role players in the implementation of the plan are Financial, Risk, Operations and Human Capital, Information Technology, Procurement, Corporate Secretariat and Facilities Management Departments. However, employees have a duty to report (to Internal Audit, through Tip Off's Anonymous or using any prescribed channel) knowledge or suspicion that a financial crime has been or is about to be committed. All reports are made in terms of Protected Disclosure Act 26 of 2000 as amended by Act 5 of 2017.

3. FINANCIAL RISK MANAGEMENT *(continued)*

Business Continuity Management

Business Continuity Management (BCM) function forms part of Operational Risk Management within the IDC. BCM aims to ensure that the IDC continue to deliver products or services at pre-defined acceptable levels following a disruptive event or incident. BCM achieves its objectives through working in partnership with internal departments, SBU's and/ or external stakeholders.

BCM has dual reporting to the Corporate Risk Division and the BCM Forum. The Chief Risk Officer has functional responsibility for BCM while the BCM Forum is a monitoring body.

The roles and activities of the BCM Forum include the following

- Assumes ownership of business continuity efforts within the IDC, ensures effective management of business continuity and that the principles of business continuity management are reflected in all key policies, strategies and decision making processes;
- Provide oversight on monitoring key operational events and report/escalate Exco and Board Risk and Sustainability Committee (BRCS);
- Provide oversight, review, improvement, and maintenance of developed and implemented BCM policies/frameworks and plans;
- Ensure that business continuity policies/framework are developed, reviewed, updated and remain current and relevant to the IDC;
- Review and note the operational risk and business continuity strategy to manage ORM and BCM risks through Operational risk team in coordination with Departments/ SBU's/Regions in the IDC;
- Ensure that both the ORM and BCM functions operate effectively, efficiently and economically in the Corporation;
- Receive reports concerning the activities of ORM and BCM and the status of the management of these functions including the identification, assessment, monitoring and control/mitigation of operational and business continuity risks;
- Approves the terms of reference for sub-committees;
- Provide recommendation/commentary on BCM documents prior submission to the relevant approving committee; and
- Monitors BCM capabilities through internal and external BCM audit reports.

For the purposes of BCM function development and management, the IDC has adopted ISO 22301: 2019 (Security and resilience – Business continuity management systems – requirements), which is a BCM standard published by the International Organisation for Standardisation (ISO). In addition to the ISO 22301 standard, the function is also governed by the IDC's BCM Policy and aligned to the Business Continuity Institute's Global Good Practice Guideline 2018 (GPG: 2018 Edition). The guideline provides six phases of the BCM lifecycle which are widely adopted in the industry and provides a baseline for the purpose of common language in BCM.

GOVERNANCE RISK

Governance risk at the IDC is defined as the risk of loss resulting from inadequate legal, procurement, regulatory or compliance controls.

Approach to Managing Governance Risk

The management of the Corporation's governance risk include:

- Completion of Corporate Governance compliance checklists;
- The client due diligence process which includes a legal due diligence;
- Client reviews by Post Investment Monitoring Department;
- System restrictions for data capture, formatting and updates;
- Approval of all non-standard legal documents by the General Council and Divisional Executive: Legal and Post Investment;
- Obtaining external legal advice where appropriate;
- Continuous monitoring of new legislation and its application within the IDC context and policy manual updates;
- Compliance awareness training and reviewing of regulatory compliance policies, procedures and reporting; and
- The establishment of a Compliance Committee.

INFORMATION TECHNOLOGY GOVERNANCE RISK

Information Technology (IT) Governance risk is defined as the risk of loss resulting from inadequate or failed IT processes. The risk includes the failure of monitoring and evaluation processes resulting in non-compliance with legislation or internal processes and breach of security, business disruption and systems failure resulting in the inability to recover data and non-availability of IT applications. Other risks include poor service delivery from IT systems and failure of acquisition and implementation processes resulting in the non-alignment between business needs and IT solutions.

Recovery of IT is addressed in the Disaster Recovery Plan and other risks are addressed by:

- The IT security policy;
- Prudent and scrupulous recruitment policies; and
- Internal audit reviews of all information technology aspects, e.g. strategy, systems development, change management, hardware and software contracts and security policy.

Approach to Managing IT Governance Risk

The Corporation accepts that technology has a fundamental impact on the way in which business is conducted and businesses are measured. Therefore, IDC ensures that:

- Risks associated with the IT environment and projects are continuously evaluated and appropriate plans are in place and implemented to mitigate these risks to an acceptable level;
- IT expenditure is motivated by sound commercial principles rather than strategic instinct only i.e. that the business strategies and IT strategies are aligned;
- A long-term IT plan is developed and the appropriateness thereof is reviewed to ensure that it supports and does not inhibit the long-term strategy of the Corporation;
- Developments in the IT industry are continuously monitored and the potential impact thereof on the Corporation's long- term strategy is evaluated; and
- The necessary skills are in place to ensure that the internal control systems are adequately applied across the entire IT environment.

Capital management

The IDC is accountable to its sole shareholder, the Economic Development Department. The performance as well as management of IDC capital is supported by the agreement between the Corporation and the shareholder in a form of the Shareholder's Compact which outlines the agreements between the two parties.

Regulatory capital

IDC is not required by law to keep any level of capital but has to utilise its capital to achieve the shareholder's mandate. The IDC Act of 1940, as amended, dictates that IDC can be geared up to a 100% of its capital.

Risk appetite

The Board approved risk appetite limit serves as a monitoring tool to ensure that the impact of investment activities in the Corporation do not have a negative impact on the Corporation's financial position.

4. FAIR VALUE INFORMATION

Figures in Rand million	Level 1	Level 2	Level 3	Total
Group 2021				
Investment property	-	-	304	304
Land and buildings	-	-	2 199	2 199
Listed shares	51 008	-	-	51 008
Unlisted shares	-	-	3 761	3 761
Preference shares	-	-	1 545	1 545
	51 008	**-**	**7 809**	**58 817**
Derivative liabilities	-	7	-	7
Group 2020				
Derivative assets	-	171	-	171
Biological assets	-	-	14	14
Investment property	-	-	232	232
Land and buildings	-	-	2 120	2 120
Listed shares	23 114	-	-	23 114
Unlisted equities	-	-	3 258	3 258
Preference shares	-	-	1 029	1 029
	23 114	**171**	**6 653**	**29 938**
Derivative liabilities	-	28	-	28
Company 2021	-	-	-	-
Investment property			41	41
Listed shares	39 731			39 731
Unlisted shares			3 719	3 719
Preference shares			1 545	1 545
Investments in subsidiaries			25 957	25 957
Investments in associates	856		17 799	18 655
	40 587	**-**	**49 061**	**89 648**
Derivative liabilities	-	1	-	1
Company 2020				
Derivative assets	-	162	-	162
Investment property	-	-	37	37
Listed shares	21 147	-	-	21 147
Unlisted shares	-	-	3 215	3 215
Preference shares	-	-	1 029	1 029
Investments in subsidiaries	-	-	23 955	23 955
Investments in associates	345	-	14 629	14 974
	21 492	**162**	**42 865**	**64 519**
Derivative liabilities	-	17	-	17

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of assets and liabilities measured at level 3

Figures in Rand million	Note(s)	Opening balance	Gains/ losses recognised in profit or loss	Gains/losses recognised in other comprehensive income	Purchases	Sales	Closing balance
Group - 2021							
Assets							
Land and buildings	5	2 120	(59)	(27)	188	(23)	2 199
Unlisted shares	12	3 258	-	467	36	-	3 761
Preference shares	12	1 029	995	-	211	(690)	1 545
Investment Property	6	232	72	-	-	-	304
		6 639	**1 008**	**440**	**435**	**(713)**	**7 809**
Group - 2020							
Assets							
Land and buildings	5	1 850	(49)	-	404	(85)	2 120
Unlisted shares	12	5 676	-	(2 549)	159	28)	3 258
Preference shares	12	1 346	(569)	-	741	(489)	1 029
Investment property	6	290	-	-	-	(58)	232
		9 162	**(618)**	**(2 549)**	**1 304**	**(660)**	**6 638**

Figures in Rand million	Note(s)	Opening balance	Gains/ losses recognised in profit or loss	Gains/losses recognised in other comprehensive income	Purchases	Sales	Reclass ifications	Closing balance
Company - 2021								
Assets								
Unlisted shares	12	3 215	-	48	56	(28)	-	3 719
Preference shares	12	1 029	995	-	212	(690)	-	1 545
Investments in subsidiaries	8	23 955	-	1 981	-	(35)	56	25 957
Investments in associates	9	14 629	-	3 194	4	(29)	(56)	17 799
Investment property	6	37	4	-	-	-	-	41
		42 865	**999**	**5 680**	**272**	**(754)**	**-**	**49 061**
Company - 2020								
Assets								
Unlisted shares	12	4 060	-	(976)	159	(28)	-	3 215
Preference shares	12	1 346	(569)	-	741	(489)	-	1 029
Investments in subsidiaries	8	47 432	-	(24 748)	1 437	(166)	-	23 955
Investments in associates	9	18 389	-	(3 960)	1 071	(871)	-	14 629
Investment property	6	37	-	-	-	-	-	37
		71 264	**(569)**	**(29 684)**	**3 408**	**(1 554)**	**-**	**42 865**

4. FAIR VALUE INFORMATION *(continued)*

VALUATION PROCESSES APPLIED BY THE GROUP

The Group's main instruments of monitoring the performance of its investee companies are through quarterly IMC meetings, including but not limited to the PACS (payment and collection system), regular client review visits, as well as by way of analysis of management accounts and audited financial statements.

The Client Support & Growth Department (CSG) creates a focused approach to the monitoring of IDC investments. One of the key monitoring activities is the IMC Equity meetings, wherein the calculations of fair values and impairments are assessed and approved by the Committee. The IMC Equity Meetings are normally held three times per financial year, in April, August and December for reporting periods of February, June and September respectively.

VALUATION TECHNIQUES USING OBSERVABLE INPUTS

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements:

Level 1

Instruments valued with reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. These include listed shares.

Level 2

Instruments valued using inputs other than quoted prices as described above for Level 1 but which are observable for the instrument, either directly or indirectly, such as:

- Quoted price for similar assets or liabilities in an active market;
- Quoted price for identical or similar assets or liabilities in inactive markets;
- Valuation model using observable inputs; and
- Valuation model using inputs derived from/corroborated by observable market data.

These include derivative financial instruments.

VALUATION TECHNIQUES USING UNOBSERVABLE INPUTS

Level 3

Land and Buildings are valued using one of two approaches including the capitalisation method and the comparative method. The capitisation method values a property based on the discounted future cashflows derived from market-related rentals. The comparative method makes reference to sales prices in a similar area and open market. Where necessary, adjustments are made to values to reflect any differences that may exist.

Financial instruments valued using inputs not based on observable data and the unobservable inputs have a significant effect on the instruments' valuation. This category includes instruments that valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include price earnings, net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates and discount rates.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. These include land & buildings, investment property, preference shares & unlisted shares.

PRICE EARNINGS (PE) VALUATION

The PE valuation method is the first valuation option, but has only been used in respect of companies with:

- At least 2 years' profit history;
- Forecast/Budgeted steady growth in profits;
- Is low risk;
- Has a good year on year performance; and
- a long history of consistent return - operating in an industry that is not prone to fluctuations.

FREE CASH FLOW VALUATION (FCF)

FCF is the most widely used valuation method by the Group on its Level 3 financial instruments. The below approach is followed:

- All inputs are substantiated, especially in instances where there are prior year losses;
- This method is used without exception for valuing all projects and start-ups unless the going concern principle is in doubt.

In the case where a project has a limited remaining life (e.g. Mining operations or single contract with a determined end), a separate "Limited Life" FCF model is used.

NET ASSET VALUE VALUATION (NAV)

Forced-Sale basis

The Group uses the Forced-Sale NAV method in the following circumstances:

- Where the going concern assumption is not applicable; or
- Where it has been motivated that no other model is appropriate.

NAV - Going Concern

The Group uses NAV (without applying forced sale) where it can be motivated that no other model is appropriate based on the following conditions:

- An entity is consistently making losses and not meeting budgets (excluding start-up operations);
- An entity has material variances between actual and budgeted figures;
- An entity operates in high volatile sector making it almost impossible to budget;
- An entity has completed all studies necessary to implement a project but has however not yet secured the necessary capital to fully fund the implementation of the project;
- An entity is not fully funded and there is no clear indication that it will obtain the necessary funding to complete the project/ expansion/continue operations.

4. FAIR VALUE INFORMATION *(continued)*

Quantitative information about fair value measurements using significant unobservable inputs (Level 3)

Description	Valuation techniques	Unobservable input	Range
Equity Instruments and preference shares held at fair value			
All sectors		Risk-free rate	10.5%
		Expected long term growth	4.5%
Agro-processing	Discounted cash flow	Cost of Debt	3.3% - 7.0%
		Discount factor	8.1% - 20.9%
		Sector beta	0.78 - 1.50
	Price-earning valuation	Industry/sector PE ratio	16.89 - 24.43
		Risk Adjusted PE ratio	8.44 - 14.66
		Expected long term growth	2.00-4.5%
Automotive Transport	Discounted cash flow	Cost of Debt	4% - 8.5%
		Discount factor	8.8% - 16.50%
		Sector beta	0.87 - 1.06
Chemicals	Discounted cash flow	Cost of Debt	4.4% - 10%
		Discount factor	11.3% - 20.5%
		Sector beta	0.91 - 1.08
Chemicals and Medicals	Discounted cash flow	Cost of Debt	7.3% - 7.7%
		Discount factor	17.7% - 18.4%
		Sector beta	1
Energy	Discounted cash flow	Cost of Debt	N/a
		Discount factor	18.8% - 21.8%
		Sector beta	0,79
Infrastructure	Discounted cash flow	Cost of Debt	8%
		Discount factor	13.2% - 19.4%
		Sector beta	0.86 - 0.91
Machinery and Equipment	Discounted cash flow	Cost of Debt	6.6% - 9.5%
		Discount factor	16.1% - 17.3%
		Sector beta	0.79 - 1.04
Mining and Metals	Discounted cash flow	Cost of Debt	3% - 9.4%
		Discount factor	14.3 - 22.0%
		Sector beta	0.87 - 1.08
Tourism	Discounted cash flow	Cost of Debt	4.4% - 7.7%
		Discount factor	13.2% - 23.6%
		Sector beta	0.92 - 1.08

Discounted cash flow method valuation

Significant increases in any of the inputs in isolation would result in lower fair values. Significant decreases in any of the inputs in isolation would result in higher fair values.

Price-earning valuation

The fair value would increase (decrease) if:

- The risk-adjusted PE ratio were higher (lower) or
- The expected long term growth were higher (lower)

5. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
Figures in Rand million	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Group						
Land and buildings	3 078	(879)	2 199	2 639	(519)	2 120
Plant and machinery	10 377	(7 596)	2 781	10 037	(6 302)	3 735
Furniture and fixtures	280	(237)	43	265	(206)	59
Motor vehicles	22	(19)	3	21	(18)	3
Bearer plants	-	-	-	145	(13)	132
Asset under construction	1 096	-	1 096	1 035	-	1 035
Total	**14 853**	**(8 731)**	**6 122**	**14 142**	**(7 058)**	**7 084**

	2021			2020		
Figures in Rand million	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Company						
Plant and machinery	420	(131)	289	136	(131)	5
Furniture and fixtures	141	(115)	26	144	(99)	45
Motor vehicles	11	(9)	2	10	(8)	2
Asset under construction	1	-	1	1	-	1
Total	**573**	**(255)**	**318**	**291**	**(238)**	**53**

Reconciliation of property, plant and equipment - Group – 2021

Figures in Rand million	Opening balance	Additions	Disposals	Transfers	Foreign Exchange Movements	Revaluations	Depreciation & Impairment	Total
Land and buildings	2 120	135	(23)	53	-	(27)	(59)	2 199
Plant and machinery	3 735	483	(22)	39	(144)	14	(1 324)	2 781
Furniture and fixtures	59	2	-	7	-	-	(25)	43
Motor vehicles	3	1	-	-	-	-	(1)	3
Bearer plants	132	-	(132)	-	-	-	-	-
Asset under construction	1 035	144	(42)	(41)	-	-	-	1 096
	7 084	**765**	**(219)**	**58**	**(144)**	**(13)**	**(1 409)**	**6 122**

Revaluations were carried out during the year. The effective date of the revaluations was the 21st of January 2021. The historical Carrying amount of land that was revalued would have been R109m had the cost model been adopted.

Reconciliation of property, plant and equipment - Group – 2020

Figures in Rand million	Opening balance	Additions	Disposals	Transfers	Foreign Exchange Movements	Depreciation & Impairment	Total
Land and buildings	1 850	404	-	(85)	-	(49)	2 120
Plant and machinery	3 855	439	(78)	424	181	(1 086)	3 735
Furniture and fixtures	96	33	-	(42)	-	(28)	59
Motor vehicles	6	-	-	(2)	-	(1)	3
Bearer plants	203	14	(11)	(70)	-	(4)	132
Asset under construction	1 333	291	(186)	(403)	-	-	1 035
	7 343	**1 181**	**(275)**	**(178)**	**181**	**(1 168)**	**7 084**

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

Reconciliation of property, plant and equipment - Company – 2021

Figures in Rand million	Opening balance	Additions	Disposals	Transfers	Depreciation & Impairment	Total
Plant and machinery	5	291	(3)	(3)	(1)	289
Furniture and fixtures	45	-	-	-	(19)	26
Motor vehicles	2	1	-	-	(1)	2
Asset under construction	1	1	(1)	-	-	1
	53	**293**	**(4)**	**(3)**	**(21)**	**318**

Reconciliation of property, plant and equipment - Company – 2020

Figures in Rand million	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Plant and machinery	5	77	(77)	4	(4)	5
Furniture and fixtures	48	19	-	(3)	(19)	45
Motor vehicles	3	-	-	-	(1)	2
Asset under construction	2	-	-	(1)	-	1
	58	**96**	**(77)**	**-**	**(24)**	**53**

6. INVESTMENT PROPERTY

Figures in Rand million	2021			2020		
Group	Cost / Valuation	Movements	Fair value	Cost / Valuation	Movements	Fair value
Land and buildings leased to industrialists	35	20	55	34	1	35
Land held for development	165	44	209	24	8	165
Farming land and buildings	32	8	40	232	(67)	32
Total	**232**	**72**	**304**	**290**	**(58)**	**232**

Figures in Rand million	2021			2020		
Company	Cost / Valuation	Fair value adjustment	Carrying value	Cost / Valuation	Fair value adjustment	Carrying value
Land and buildings leased to industrialists	37	4	41	37	-	37

Reconciliation of investment property - Group – 2021

	Opening balance	Additions	Reclassification to property, plant & equipment	Fair value adjustment	Total
Land and buildings leased to industrialists	35	16	-	4	55
Land held for development	165	-	-	44	209
Farming land and buildings	32	-	-	8	40
	232	**16**	**-**	**56**	**304**

Reconciliation of investment property - Group – 2020

Figures in Rand million	Opening balance	Additions	Disposals	Fair value adjustment	Total
Land and buildings leased to industrialists	34	-	-	1	35
Land held for development	232	-	(58)	(9)	165
Farming land and buildings	24	-	-	8	32
	290	**-**	**(58)**	**-**	**232**

Reconciliation of investment property - Company – 2021

	Opening balance	Fair value adjustment	Total
Land and buildings leased to industrialists	37	4	41

Reconciliation of investment property - Company – 2020

	Opening balance	Fair value adjustment	Total
Land and buildings leased to industrialists	37	-	37

Details of valuation

Valuations take place annually, based on the aggregate of the net annual rental receivable from the properties, considering and analysing rentals received on similar properties in the neighbourhood, less associated costs (insurance, maintenance, repairs and management fees). A capitalisation rate which reflects the specific risk inherent in the net cash flows is applied to the net annual rentals to arrive at the property valuations.

The fair value of undeveloped land held as investment property is based on comparative market prices after intensive market surveys. Gains and losses arising from a change in fair value are recognised in profit or loss.

External, independent valuers having appropriate, recognised qualifications and recent experience in the location and category of the property being valued are used to value the portfolio.

7. INTANGIBLE ASSETS

Figures in Rand million	2021			2020		
Group	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Intellectual Property	6	(1)	5	230	(30)	200
Computer software	120	(92)	28	101	(84)	17
Total	**126**	**(93)**	**33**	**331**	**(114)**	**217**

Reconciliation of intangible assets - Group – 2021

Figures in Rand million	Opening balance	Additions	Disposals	Amortisation	Total
Intellectual Property	199	1	(194)	-	5
Computer software	18	22	(6)	(7)	28
	217	**23**	**(200)**	**(7)**	**33**

Reconciliation of intangible assets - Company – 2021

Figures in Rand million	Opening balance	Additions	Amortisation	Total
Computer software	-	21	(2)	19
	-	**21**	**(2)**	**19**

Reconciliation of intangible assets - Group – 2020

Figures in Rand million	Opening balance	Additions	Amortisation	Total
Intellectual Property	1	199	(1)	199
Computer software	8	15	(5)	18
	9	**214**	**(6)**	**217**

8. INVESTMENTS IN SUBSIDIARIES

Figures in Rand million	Company	
	2021	2020
Fair value of investments	25 957	17 742
Loans receivable*	9 041	8 721
Expected credit losses	(1 038)	(2 451)
Interest in suspense	(4)	(57)
	33 956	**23 955**

** At year end 31 March 2021 it is estimated that the fair value of loans to subsidiaries is R5,042m. More information on how this was determined can be found in note 2.*

NOTES TO THE FINANCIAL STATEMENTS

IDC subsidiaries	Share class	% interest	Shares at cost and fair value (R'm)		IDC net indebtedness to the holding company (R'm)		IDC net indebtedness by the holding company (R'm)	
			2021	2020	2021	2020	2021	2020
Findevco	Ordinary	100%	-	-	-	-	374	-
Foskor	Ordinary	59%	955	955	-	2 464	-	-
Foskor	Preference		3 177	3 177	-	-	-	-
Konoil	Ordinary	100%	-	-	-	-	(13 455)	(13 455)
Prilla	Ordinary	100%	14	14	319	319	-	-
Sefa	Ordinary	100%	-	-	1 190	-	-	-
Grinding Media SA	Ordinary	59%	-	-	1 271	1 957	-	-
Cast Products SA	Ordinary	85%	1 287	-	308	384	-	-
Sheraton Textiles	Ordinary	80%	-	-	123	53	-	-
Thelo Rolling Stock	Ordinary	50%	-	-	864	542	-	-
Other subsidiaries	Various	-	4	1 411	4 966	3 002	(160)	(664)
			5 437	**5 557**	**9 041**	**8 721**	**(13 989)**	**(14 119)**
Fair value adjustment			20 520	12 185	-	-	-	-
Expected credit losses Impair			-	-	(1 038)	(2 451)	-	-
Interest in suspense					(4)	(57)		
Total			**25 957**	**17 742**	**7 999**	**6 213**	**(13 989)**	**(14 119)**

Legally the IDC owns 59% of Foskor, but for accounting purposes an effective 85% of Foskor is consolidated by virtue of IDC holding shares on behalf of BBBEE participants until repayment of IDC funding is effected.

Subsidiaries with 50% stake

Although the Company holds 50% of the voting powers in Thelo Rolling Stock Leasing (Proprietary) Limited, the investment is considered a subsidiary because of additional voting powers granted to the IDC through its right to appoint three out of the five directors to the Board of Directors of Thelo Rolling Stock Leasing (Proprietary) Limited.

Profits and losses

The aggregate net profits and losses after taxation of subsidiaries attributable to the IDC were as follows:

Figures in Rand million	Group
	2021
Profits	37
Losses	(3 232)
	(3 195)

Included in financing are the following investments which have been made in terms of section 3 (a) of the Industrial Development Act with the approval of the State President:

Figures in Rand million	Group		Company	
	2021	2020	2021	2020
Foskor Limited - At cost	-	-	955	955
Sasol Limited - At cost	131	131	-	-
	131	**131**	**955**	**955**

A register of investments is available and is open for inspection at the IDC's registered office.

8. INVESTMENTS IN SUBSIDIARIES *(continued)*

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests which are material to the reporting company. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	Country of incorporation	% Ownership interest held by non-controlling interest 2021	% Ownership interest held by non-controlling interest 2020
Foskor	RSA	15%	15%

The percentage ownership interest and the percentage voting rights of the non-controlling interests were the same in all cases except for Foskor Limited where the voting rights were 41% (2020: 41%).

Summarised statement of financial position

Figures in Rand million	Foskor 2021	Foskor 2020
Assets		
Non-current assets	4 153	5 679
Current assets	3 368	2 606
Total assets	7 521	8 285
Liabilities		
Non-current liabilities	4 299	3 319
Current liabilities	1 860	1 302
Total liabilities	6 159	4 621
Total net assets (liabilities)	1 362	3 664
Carrying amount of non-controlling interest	204	550

Summarised statement of profit or loss and other comprehensive income

Figures in Rand million	Foskor 2021	Foskor 2020
Revenue	4 456	3 997
Other income and expenses	(6 386)	(6 262)
Profit/(loss)before tax	(1 930)	(2 265)
Tax expense	(273)	636
Profit (loss)	(2 203)	(1 629)
Other comprehensive income/(loss)	(12)	5
Total comprehensive income	(2 215)	(1 624)
Profit (loss) allocated to non-controlling interest	(332)	(244)

Summarised statement of cash flows

Figures in Rand million	Foskor 2021	Foskor 2020
Cash flows from operating activities	(651)	(920)
Cash flows from investing activities	(182)	(324)
Cash flows from financing activities	787	1 277
Net increase(decrease) in cash and cash equivalents	**(46)**	**33**

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Associated companies	**32 267**	**30 416**	**29 857**	**26 235**
Fair value of investments – listed shares in associates	-	-	856	345
Fair value of investments – unlisted shares in associates	-	-	17 799	14 629
Impairment of shares	-	-	-	-
Net asset value at acquisition	10 825	10 445	-	-
Accumulated equity-accounted income	27 643	24 934	-	-
Accumulated equity-accounted losses and impairments	(17 642)	(16 638)	-	-
Loans receivable*	18 443	18 006	18 204	17 592
Expected credit losses	(6 807)	(6 091)	(6 807)	(6 091)
Interest in suspense	(195)	(240)	(195)	(240)
Partnerships and joint ventures	**134**	**139**	**(7)**	**22**
Partners' capital	188	225	-	41
Accumulated profits/(losses)	(54)	(86)	(7)	(19)
	32 401	**30 555**	**29 850**	**26 257**

** At year end 31 March 2021 it is estimated that the fair value of loans to entities accounted for using the equity method is R10,423m. More information on how this was determined can be found in note 2.*

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Material associates

Companies		Financial year-ends*	Country of incorporation	% holding	Total exposure (R'm) 2021	Total exposure (R'm) 2020
BAIC Automobile SA (Pty) Ltd	Automotive manufacturer	31/12/2020	RSA	35.00%	761	5 721
Eyesizwe	Mining	31/12/2020	RSA	23.00%	3 234	3 086
Broadband Infraco	Provides telecommunication infrastructure	31/12/2020	RSA	26.00%	105	130
Columbus Stainless Steel	Steel manufacturer	31/12/2020	RSA	24.00%	767	821
Duferco Steel Processing	Processes steel coil	31/12/2020	RSA	50.00%	368	322
Eastern Produce Malawi	Farms tea, coffee and macadamia nuts	31/12/2020	Malawi	27.00%	167	182
Hans Merensky	Holds investments in timber and agricultural industries	31/12/2020	RSA	30.00%	2 406	1 693
Hulamin Limited	Asset-leasing company	31/12/2020	RSA	30.00%	701	771
Kalagadi Manganese	Exploration of manganese	31/12/2020	RSA	20.00%	4 461	3 365
Karoshoek Solar 1	Parabolic through solar energy farm	31/12/2020	RSA	20.00%	1 263	1 348
Karsten Boerdery	Farms table grapes and dates	31/12/2020	RSA	42.00%	981	852
KaXu Solar One	Parabolic through solar energy farm	31/12/2020	RSA	29.00%	1 141	1 223
KHI Solar One	Parabolic through solar energy farm	31/12/2020	RSA	29.00%	717	743
Merafe Ltd	Operates chrome and alloys plant	31/12/2020	RSA	22.00%	496	737
Mozal S.A.R.L.	Produces primary aluminium metal	31/12/2020	Mozambique	24.00%	3 608	4 122
Palabora Mining Co	Mining of various minerals	31/12/2020	RSA	20.00%	2 548	2 148
ScawSA	Steel manufacturer	31/12/2020	RSA	26.00%	1 352	1 900
Umicore Catalyst	Manufactures automotive catalysts	31/12/2020	RSA	35.00%	280	278
Xina Solar One	Parabolic through solar energy farm	31/12/2020	RSA	20.00%	812	1 031
York Timber Ltd	Sawmilling	31/12/2020	RSA	29.00%	839	873
Other associates	Various	31/12/2020	RSA	various	5 260	4 823
					32 267	**30 416**

* *The financial year-ends for which the financial statements of the associated entities have been prepared, where they are different from that of the investor, are disclosed above.*

NOTES TO THE FINANCIAL STATEMENTS

Summarised financial information of material associates 2021

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit (loss) from continuing operations	Other comprehensive income	Total comprehensive income	Dividend received from associate
BAIC Automobile SA	1	(33)	-	(33)	-
Broadband Infraco	463	(98)	-	(98)	-
Columbus Stainless	2 105	(30)	-	(30)	-
Duferco Steel Processing	1 349	(79)	(149)	(228)	-
Eastern Produce Malawi	501	(42)	-	(42)	6
Eyesizwe	1 301	1 947	-	1 947	1 851
Hans Merensky Holdings	16 360	648	178	826	9
Hulamin Limited	8 549	(230)	20	(211)	-
Kalagadi Manganese	2 096	(503)	-	(503)	-
Karoshoek Solar 1	1 455	(149)	(219)	(368)	79
Karsten Group Holdings	1 060	107	-	107	5
KaXu Solar One	432	149	-	149	-
KHI Solar One	164	(44)	-	(44)	-
Merafe Ltd	4 780	(1 003)	-	(1 003)	-
Mozal S.A.R.L.	10 007	937	-	937	-
Palabora Mining Co	13 562	2 971	-	2 971	-
ScawSA	3 949	277	-	277	-
Umicore Catalyst	2 833	134	2	136	46
Xina Solar One	1 432	(308)	-	(308)	-
York Timber Ltd	889	40	-	40	-

Summarised statement of financial position - 2021	Non current assets	Current assets	Non current liabilities	Current liabilities	Total net assets
BAIC Automobile SA	2 408	857	743	1 109	1 413
Broadband Infraco	986	155	316	424	401
Columbus Stainless	2 149	5 818	158	4 612	3 197
Duferco Steel Processing	1 243	1 437	1 831	410	439
Eastern Produce Malawi	691	322	204	187	622
Eyesizwe	14 947	3	857	-	14 093
Hans Merensky Holdings	8 818	5 266	2 503	3 480	8 101
Hulamin Limited	1 036	3 509	252	1 924	2 369
Kalagadi Manganese	13 258	519	5 037	6 226	2 514
Karoshoek Solar 1	9 632	788	8 873	145	1 402
Karsten Group Holdings	2 872	1 587	1 175	964	2 320
KaXu Solar One	5 323	976	5 314	719	266
KHI Solar One	3 242	250	891	2 196	405
Merafe Ltd	504	2 609	192	644	2 277
Mozal S.A.R.L.	12 339	5 819	1 667	1 480	15 011
Palabora Mining Co	12 756	9 690	6 346	3 358	12 742
ScawSA	2 192	2 201	1 292	1 314	1 787
Umicore Catalyst	101	1 164	102	363	800
Xina Solar One	7 899	1 313	7 636	322	1 254
York Timber Ltd	3 669	1 038	1 257	529	2 921

NOTES TO THE FINANCIAL STATEMENTS

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Reconciliation of summarised information to carrying amount - 2021

	Total net assets	IDC % Shareholding	IDC Share of Net Assets	Net Loans Received (Including Impairment)	Net Carrying Amount
BAIC Automobile SA	1 413	35%	494	267	761
Broadband Infraco	401	26%	105	-	105
Columbus Stainless	3 197	24%	767	-	767
Duferco Steel Processing	439	50%	219	149	368
Eastern Produce Malawi	622	27%	167	-	167
Eyesizwe	14 093	23%	3 241	-	3 241
Hans Merensky Holdings	8 101	30%	2 406	-	2 406
Hulamin Limited	2 369	30%	701	-	701
Kalagadi Manganese	2 514	20%	503	3 959	4 461
Karoshoek Solar 1	1 402	20%	280	982	1 263
Karsten Group Holdings	2 320	42%	974	-	974
KaXu Solar One	266	29%	77	1 064	1 141
KHI Solar One	405	29%	117	600	717
Merafe Ltd	2 277	22%	501	-	501
Mozal S.A.R.L.	15 011	24%	3 608	-	3 608
Palabora Mining Co	12 742	20%	2 548	-	2 548
ScawSA	1 787	26%	465	887	1 352
Umicore Catalyst	800	35%	280	-	280
Xina Solar One	1 254	20%	251	561	812
York Timber Ltd	2 921	29%	839	-	839

Summarised financial information of material associates 2020

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit (loss) from continuing operations	Other comprehensive income	Total comprehensive income	Dividend received from associate
BAIC Automobile SA	-	(175)	-	175	-
Broadband Infraco	469	(125)	-	(125)	-
Columbus Stainless	2 328	(168)	-	(168)	-
Duferco Steel Processing	1 320	(7)	-	(7)	-
Eastern Produce Malawi	566	(47)	-	(47)	99
Eyesizwe	2 493	1 897	-	1 897	458
Hans Merensky Holdings	18 434	660	-	660	175
Hulamin Limited	10 709	(1 205)	47	(1 158)	-
Kalagadi Manganese	1 585	(1 161)	-	(1 161)	14
Karoshoek Solar 1	932	(275)	(82)	(375)	29
Karsten Group Holdings	1 130	106	-	106	-
KaXu Solar One	1 358	6	-	6	-
KHI Solar One	438	(199)	-	(199)	-
Merafe Ltd	5 379	(1 362)	-	(1 362)	173
Mozal S.A.R.L.	12 229	(641)	-	(641)	-
Palabora Mining Co	9 226	1 520	(3 270)	1 750)	-
ScawSA	3 212	(71)	-	(71)	-
Umicore Catalyst	3 228	296	-	296	243
Xina Solar One	1 460	(86)	-	(86)	141
York Timber Ltd	868	(59)	-	(59)	-

NOTES TO THE FINANCIAL STATEMENTS

Summarised statement of financial position

	Non current assets	Current assets	Non current liabilities	Current liabilities	Total net assets
BAIC Automobile SA	2 114	1 302	414	1 687	1 315
Broadband Infraco	1 109	151	373	389	498
Columbus Stainless	2 171	6 058	231	4 576	3 422
Duferco Steel Processing	1 198	1 378	1 589	702	285
Eastern Produce Malawi	718	287	221	102	682
Hans Merensky Holdings	7 920	4 220	2 525	3 916	5 699
Eyesizwe	14 112	5	670	-	13 447
Hulamin Limited	1 033	3 228	276	1 413	2 572
Kalagadi Manganese	11 931	228	9 018	1 469	1 672
Karoshoek Solar 1	10 050	406	8 545	78	1 833
Karsten Group Holdings	2 622	1 257	1 222	643	2 014
KaXu Solar One	5 717	1 023	5 647	764	329
KHI Solar One	3 420	270	784	2 290	616
Merafe Ltd	1 502	3 057	585	594	3 380
Mozal S.A.R.L.	15 857	5 597	2 328	1 977	17 149
Palabora Mining Co	11 365	7 143	5 546	2 224	10 738
ScawSA	2 025	2 032	1 332	1 288	1 437
Umicore Catalyst	122	1 086	36	378	794
Xina Solar One	8 372	1 836	7 530	423	2 255
York Timber Ltd	3847	1082	1419	471	3039

Reconciliation of summarised information to carrying amount - 2020

	Total net assets	IDC % Shareholding	IDC Share of Net Assets	Net Loans Received (Including Impairment)	Net Carrying Amount
BAIC Automobile SA	1 315	35%	460	261	721
Broadband Infraco	498	26%	129	-	129
Columbus Stainless	3 422	24%	821	-	821
Duferco Steel Processing	285	50%	143	179	322
Eastern Produce Malawi	682	27%	183	-	183
Eyesizwe	13 447	23%	3086	-	3 086
Hans Merensky Holdings	5 699	30%	1693	-	1 693
Hulamin Limited	2 572	30%	761	-	761
Kalagadi Manganese	1 672	20%	334	3 030	3 365
Karoshoek Solar 1	1 833	20%	367	981	1 348
Karsten Group Holdings	2 014	42%	852	-	852
KaXu Solar One	329	29%	95	1 128	1 224
KHI Solar One	616	29%	179	565	743
Merafe Ltd	3 380	22%	737	-	737
Mozal S.A.R.L.	17 149	24%	4122	-	4 122
Palabora Mining Co	10 738	20%	2148	-	2 148
ScawSA	1 437	26%	374	1 526	1 900
Umicore Catalyst	794	35,00%	278	-	278
Xina Solar One	2 255	20,00%	451	580	1 031
York Timber Ltd	3039	28,72%	873	-	873

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

Aggregated associates accounted for using the equity method

Figures in Rand million	Group 2021	Group 2020
The aggregate amounts were as follows:		
Non-current assets	102 773	98 481
Current assets	48 962	44 550
	151 735	**152 453**
Equity	65 736	60 287
Non-current liabilities	53 716	55 900
Current liabilities	32 283	26 844
	151 735	**152 453**
Statement of Comprehensive Income		
Revenue	78 522	78 350
Profits	5 400	2 751
Losses	(3 557)	(6 799)

Partnerships and joint ventures

The IDC equity accounts for its joint venture, the Vantage Capital Fund Trust. While the IDC owns 100% of the trust, the trust deed does not grant the power to direct the investment.

	% interest	Total exposure 2021	Total exposure 2020
The Vantage Capital Fund Trust 100	100%	-	2
Women's Private Equity Fund One	39%	25	25
Profits		-	-

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
The aggregate amounts were as follows:				
Non-current assets	107	133	3	-
Current assets	195	6	-	-
	302	139	3	-
Equity	60	139	3	-
Statement of Comprehensive Income				
Profits	-	-	-	-
Losses	(33)	(6)	-	-

10. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Derivative assets				
Foreign exchange contract assets	-	171	-	162
Derivative liabilities				
Foreign exchange contract liabilities	7	28	1	-

These derivative assets and liabilities are subject to master netting agreements, which allows the Company to off-set the assets and liabilities, arriving at a net liability position of R1m (2020: net asset position of R162m)

All contractual maturities for the derivative assets and liabilities are within 12 months.

11. LOANS AND ADVANCES

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Loans and advances to clients	39 450	41 941	37 587	40 333
Expected credit losses	(13 317)	(11 473)	(12 439)	(10 765)
Interest in suspense	(628)	(1 369)	(628)	(1 369)
	25 505	**29 099**	**24 520**	**28 199**
Interest rates range between 0% (Mainly shareholder loans) and 22.85%				
Reconciliation of provision for impairment of loans and receivables				
Specific impairment of loans and advances				
Opening balance	12 842	10 766	12 134	9 997
Impairment loss for the year				
– Charge for the year	1 006	4 741	780	4 593
– Effect of foreign currency movements	408	(49)	408	(49)
– Write-offs	(311)	(2 616)	(255)	(2 407)
	13 945	**12 842**	**13 067**	**12 134**

Write-off's

Financial assets written off during the financial period but still subject to enforcement activities

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Assets written off during financial period still subject to enforcement activities	(311)	(2 616)	(255)	(2 407)

Modified Financial Assets

During the year, the Company accounted for financial assets (Loans and advances) that were modified without resulting in derecognition. A net modification gain of R134m was processed. The nature and effect of modifications is detailed below:

	2021	
Figures in Rand million	**Group**	**Company**
Loans that had a lifetime ECL		
Amortised cost of modified loans before modification	3 099	3 099
Net modification gain/(loss)	129	129
Loans that had moved from lifetime ECL to 12-month ECL		
Gross carrying amount of modified loans at reporting date	447	447

11. LOANS AND ADVANCES *(continued)*

Reconciliation of the Impairment Loss Allowance

	Group 2021				IDC 2021			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12 months ECL	Lifetime ECL		Total	12 months ECL	Lifetime ECL		Total
Impairment of loans and advances								
Opening balance	3 170	1 687	7 985	12 842	3 037	1 645	7 452	12 134
Impairment loss for the year								
• Charge for the year	(2 472)	122	3 356	1 006	(2 430)	43	3 167	780
• Effect of foreign currency movements	(120)	190	338	408	(120)	190	338	408
• Write-offs	-	-	(311)	(311)	-	-	(255)	(255)
	578	**1 999**	**11 368**	**13 945**	**487**	**1 878**	**10 702**	**13 067**

	Group 2020				IDC 2020			
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3	
	12 months ECL	Lifetime ECL		Total	12 months ECL	Lifetime ECL		Total
Impairment of loans and advances								
Opening balance	3 345	440	6 981	10 766	3 015	426	6 556	9 997
Impairment loss for the year								
• Charge for the year	(141)	1 261	3 621	4 741	56	1 233	3 304	4 593
• Effect of foreign currency movements	(34)	(14)	(1)	(49)	(34)	(14)	(1)	(49)
• Write-offs	-	-	(2 616)	(2 616)	-	-	(2 407)	(2 407)
	3 170	**1 687**	**7 985**	**12 842**	**3 037**	**1 645**	**7 452**	**12 134**

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Maturity of loans and advances (Present Value)				
• due within three months	2 362	2 029	2 362	2 028
• due after three months but within one year	5 423	7 125	4 532	6 283
• due after one year but within two years	6 926	5 781	6 567	5 602
• due after two years but within three years	5 053	6 027	4 952	5 971
• due after three years but within four years	5 209	4 966	5 032	4 927
• due after four years but within five years	6 559	5 084	6 399	5 059
• due after five years	7 919	10 929	7 743	10 463
• expected credit losses	(13 318)	(11 473)	(12 439)	(10 765)
• interest in suspense	(628)	(1 369)	(628)	(1 369)
	25 505	**29 099**	**24 520**	**28 199**

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand million	Group 2021			IDC 2021		
	Gross advances	Unearned finance charges	Net advances	Gross advances	Unearned finance charges	Net advances
Maturity of loans and advances						
• due within three months	3 289	927	2 362	3 289	927	2 362
• due after three months but within one year	8 218	2 795	5 423	6 812	2 280	4 532
• due after one year but within two years	10 049	3 123	6 926	9 322	2 755	6 567
• due after two years but within three years	7 626	2 573	5 053	7 329	2 377	4 952
• due after three years but within four years	7 409	2 200	5 209	7 121	2 089	5 032
• due after four years but within five years	8 304	1 745	6 559	8 079	1 680	6 399
• due after five years	13 508	5 589	7 919	13 260	5 517	7 743
• expected credit losses	(13 318)	-	(13 318)	(12 439)	-	(12 439)
• interest in suspense	(628)	-	(628)	(628)	-	(628)
	44 457	**18 952**	**25 505**	**42 145**	**17 625**	**24 520**

12. INVESTMENTS

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Listed equities	51 008	23 114	39 731	21 147
Unlisted equities	3 761	3 258	3 719	3 215
Preference shares	1 545	1 029	1 545	1 029
Shares at fair value	**56 314**	**27 401**	**44 995**	**25 391**

13. INVENTORIES

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Raw materials, components	569	376	-	-
Work in progress	125	115	-	-
Finished goods	982	1 010	-	-
Consumable stores	587	580	1	1
Phosphate rock	659	170	-	-
	2 922	**2 251**	**1**	**1**

Group inventory to the value of R43.3m was written down as a net realisable value adjustment at 31 March 2021 (2020: R 29.5m).

14. TRADE AND OTHER RECEIVABLES

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Financial instruments:				
Trade receivables	1 406	1 624	127	425
Other receivable	1 380	430	501	-
Expected credit losses	(292)	(115)	(40)	(5)
Trade receivables at amortised cost	2 494	1 939	588	420
Non-financial instruments:				
Prepayments	131	55	20	18
Total trade and other receivables	**2 625**	**1 994**	**608**	**438**

NOTES TO THE FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES *(continued)*

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

	Group		Company	
	2021	2020	2021	2020
At amortised cost	2 494	1 939	588	420

Trade and other receivables pledged as security

Prilla, a subsidiary, entered into an invoice discounting agreement with Nedbank Limited whereby it has discounted all of its debtors and has given first cession of all receivables as security for a R130 million (2020: R130 million) finance facility advanced to it.

Fair value of trade and other receivables

Fair value of trade and other receivables approximates their carrying amount.

Credit Risk analysis of Trade and other receivables

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Trade receivables are written off (ie derecognised) when there is no reasonable expectation of recovery. Failure to make payments and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Cash and balances with bank	7 925	3 828	4 214	1 393
Negotiable securities	8 342	5 114	8 653	5 816
Bank overdraft	(118)	(82)	-	-
Gross Cash	**16 149**	**8 860**	**12 867**	**7 209**
Expected credit losses	(230)	(166)	(230)	(166)
	15 919	**8 694**	**12 637**	**7 043**
Less: Restricted Cash*	(4 478)	(3 577)	(5 261)	(4 752)
Own Cash	11 441	5 117	7 376	2 291
Current assets	16 037	8 776	12 637	7 043
Current liabilities	(118)	(82)	-	-
	15 919	**8 694**	**12 637**	**7 043**

* *The IDC manages cash balances on behalf of other entities such as SEFA and various government funds. This cash is included in the above balances and amounts to R5,261m at the end of the 2021 financial year. This amount is also disclosed under note 18 – borrowings.*

In computing the Expected Credit Loss on Cash & Cash Equivalents, reference is made to the Financial Institution's credit ratings as per one or more of the major credit rating agencies. During the current year, the range of Credit Ratings across the institutions ranged from Aa1 through B2 according to the latest Moody's Report.

NOTES TO THE FINANCIAL STATEMENTS

16. NATURE AND PURPOSE OF RESERVES

Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as the effective portion of any foreign currency differences arising from hedges of a net investment in a foreign operation.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the fair value of those financial assets held at Fair Value through Other Comprehensive Income until the assets are derecognised or impaired. The revaluation reserve also relates to the revaluation of property, plant and equipment.

Associated entities reserve

The associated entities reserve comprises the cumulative net changes of equity accounted investment, directly to other comprehensive income.

Common control reserve

The common control reserve relates the the transfer of Small Enterprise Finance Agency from the Economic Development Department to the IDC.

Share-based payment reserve

The share-based payment reserve relates to the equity-settled portion share-based portion of the Foskor BEE transaction, entered into on 7 July 2009. Please refer to Note 30 for further detail.

Other Reserves

Other reserves relate to the group's net defined benefit plan.

17. SHARE CAPITAL

Figures in Rand million	Group		Company	
Issued	2021	2020	2021	2020
Authorised				
A shares of R1 each - 1 000 000	1	1	1	1
B shares of R1 each - 1 499 000 000	1 499	1 499	1499	1 499
	1 500	**1 500**	**1 500**	**1 500**
Issued				
Ordinary Type A	1	1	1	1
Ordinary Type B	1 392	1 392	1 392	1 392
	1 393	**1 393**	**1 393**	**1 393**

A shares are not transferable otherwise than by an Act of Parliament, however the B shares may be sold with the authorisation of the President of the Republic of South Africa.

The A shares held by the State shall entitle it to a majority vote.

18. BORROWINGS

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Foreign loans	7 789	10 370	7 673	10 370
Domestic loans	30 416	26 989	43 976	40 916
Third party cash balances*	4 477	3 877	5 261	4 752
	42 682	**41 236**	**56 910**	**56 038**
Split between non-current and current portions				
Non-current liabilities	32 677	30 137	32 433	29 992
Current liabilities	10 005	11 099	24 477	26 046
	42 682	**41 236**	**56 910**	**56 038**
Foreign loans				
US dollar	6 962	9 209	6 846	9 209
Euro	827	1 161	827	1 161
Total	**7 789**	**10 370**	**7 673**	**10 370**
Maturity of foreign loans				
- Due within one year	2 821	5 668	2 801	5 668
- Due after one year but within five years	3 620	4 157	3 534	4 157
- Due after five years	1 348	545	1 338	545
	7 789	**10 370**	**7 673**	**10 370**

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Maturity of domestic loans and third-party cash balances				
- Repayable on demand	4 477	3 877	19 250	18 679
- Due within one year	2 705	1 554	2 426	1 699
- Due after one year but within five years	18 076	14 290	17 926	14 149
- Due after five years	9 635	11 145	9 635	11 141
Total	**34 893**	**30 866**	**49 237**	**45 668**
Unsecured loans				
Rand-denominated loans	8 911	5 000	8 482	5 000
Public Investment Corporation GreenBond	4 670	4 651	4 670	4 651
Public Bond	13 982	15 681	13 982	15 681
Unemployment Insurance Fund Bond	2 853	1 657	2 853	1 657
Third Party Cash Balances*	4 477	3 877	5 261	4 752
Loans from subsidiaries with no fixed terms of repayment: interest free	-	-	13 989	13 927
Total	**34 893**	**30 866**	**49 237**	**45 668**

NOTES TO THE FINANCIAL STATEMENTS

Summary of Interest Rates on Interest-Bearing Borrowings Issued	Company	
	Average Interest Rate (%)	Range of Interest Rate (%)
Foreign Loans	1.46	0.00-4.10
Rand-denominated loans	5.99	3.82-8.20
Public Investment Corporation GreenBond	8.80	8.80
Public Bond	6.93	4.96-11.27
Unemployment Insurance Fund Bond	4.58	2.70-6.60
Loans with no fixed terms of repayment	2.93	0.00-5.00

Interest bearing loans	Group		Company	
Figures in Rand million	2021	2020	2021	2020
- Non-current interest-bearing loans	32 678	30 137	32 433	29 992
- Current interest-bearing loans	5 527	11 099	5 227	7 367
	38 205	**41 236**	**37 660**	**37 359**
Interest-free loans				
- Non-current interest free loans	-	-	-	-
- Current interest free loans	-	-	13 989	13 928
- Third party cash balances	4 477	3 877	5 261	4 752
	4 477	**3 877**	**19 250**	**18 679**

** The IDC manages cash balances on behalf of other institutions such as SEFA & the DTI, which results in loans that are included in the above borrowings to the value of R5,261m. This amount is also disclosed under Note 15 - Cash and cash equivalents.*

At 31 March 2021 management believes the amortised cost of borrowings represents the fair value since borrowings are either repayable on demand and therefor have no implications relating to the time-value of money and the remainder which is not repayable on demand is raised on in open capital markets and the Group lends on arms-length terms with commercial lenders.

19. REVENUE

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Revenue				
Sale of goods	8 651	8 380	-	-
Dividend income	3 467	3 395	4 314	4 268
Fee income	385	465	347	429
	12 503	**12 240**	**4 661**	**4 697**

20. INTEREST INCOME

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Interest received on cash and cash equivalents	409	627	340	542
Interest received on loans and advances	4 114	3 404	4 509	3 586
Interest received on other	110	7	56	2
	4 633	**4 038**	**4 905**	**4 130**

21. FINANCE COSTS

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Net foreign exchange (gains) losses on foreign	660	(540)	659	(527)
Trade and other payables	62	4	-	-
Current borrowings	2 384	2 750	2 433	2 979
Other interest paid	230	533	180	111
Total finance costs	**3 336**	**2 747**	**3 272**	**2 563**

Foreign exchange gains and losses arise mostly from financial instruments that are similar in nature (foreign borrowings, forward exchange contracts etc) and as such are appropriately included in finance costs.

NOTES TO THE FINANCIAL STATEMENTS

22. CASH USED IN OPERATIONS

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Profit (loss) before taxation	1 094	(5 506)	3 579	(4 421)
Adjustments for:				
Depreciation on property, plant and equipment	531	655	21	67
Depreciation on Right of use of Asset	54		48	
Impairment Property, plant and equipment	893	599	-	-
Surplus of revaluation of investment property	(57)	-	(4)	-
Income from equity accounted investments	(1 200)	(1 005)	-	-
Dividends received	(3 467)	(3 395)	(4 314)	(4 268)
Interest received	(4 631)	(4 038)	(4 567)	(4 130)
Finance costs	3 336	2 747	3 272	2 563
ECL-impairments	1 900	7 049	263	8 131
Losses on FVTPL Financial assets movements	(687)	628	520	1 458
Financial Assets written off	311	-	255	-
In-duplum Interest	318	-	318	-
Amortisation of intangible assets	7	-	2	-
Movement in retirement benefit assets and liabilities	26	34	21	19
Income statements effects of provision	(190)	221	6	-
Net capital (gains)/loss	8	66	1	66
Other non-cash items	303	77	(62)	172
Changes in working capital:				
Inventories	(671)	(200)	-	-
Trade and other receivables	(631)	(67)	(169)	(312)
Trade and other payables	2 340	878	87	(238)
Derivative assets	171	(170)	162	(162)
Derivative liabilities	(21)	(10)	1	(17)
Operating financial assets	(324)	-	(838)	-
Operating financial liabilities	3 197	-	3 197	-
	2 610	**(1 437)**	**1 798**	**(1 072)**

23. FINANCIAL GUARANTEES

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Guarantees issued in favour of third parties in respect of finance provided to industrialists	738	2 969	648	2 879
Sundry guarantees issued by subsidiaries	588	591	-	-
Guarantees issued by equity-accounted investments	-	-	-	-
Guarantees	**1 326**	**3 560**	**648**	**2 879**
Financial guarantees				
Expected credit losses	515	1 144	515	1 144
Maturity analysis of financial guarantees				
- due within one year	209	2 828	178	2 170
- due after one year but within five years	470	610	470	591
- due after five years	647	122	-	118
	1 326	**3 560**	**648**	**2 879**

NOTES TO THE FINANCIAL STATEMENTS

Foskor (Pty) Limited

The Group had mine rehabilitation guarantees amounting to R499 million (2020: 499 million) at year-end. In line with the requirements set out by the Department of Mineral Resources (DMR), this guarantee amount was in place at 31 March 2021.

These guarantees and the agreement reached with the Department of Mineral and Resources were based on the environmental rehabilitation and closure costs assessment that was performed during the 2021 financial year. The assessments are performed on a three-year rolling basis, with the next assessment due in 2023. Estimated scheduled closure costs for the mine are R546 million.

For unscheduled or premature closure, the DMR, in accordance with the Minerals and Petroleum Resources Development Act, requires Foskor (Pty) Ltd to provide for the liability of R693 million in the form of guarantees and cash. The premature closure cost of R693 million is covered by guarantees totalling R445 million and investment assets totalling R242 million. Foskor has, therefore, over provided for early closure costs by R6 million.

24. DIRECTORS' EMOLUMENTS AND EXECUTIVE REMUNERATION

Non-executive:

Fees for services as directors:

Figures in Rand thousand		2021	2020
Director			
BA Mabuza	Chairperson	1 652	1 298
LI Bethlehem[1]		587	427
BA Dames		542	671
RM Godsell		624	457
A Kriel		470	316
Dr SM Magwentshu-Rensburg		852	620
MP Mthethwa		691	459
N Mnxasana		875	627
Adv NDP Orleyn		911	533
Dr NE Zalk[2]		-	-
		7 204	**5 408**

[1] L Bethlehem does not derive any financial benefit for services rendered to the IDC. Her fees are paid directly to HCI Limited.
[2] Dr NE Zalk is employed by the DTIC and does not earn director's fees for services rendered to the IDC

Executive

2021 Figures in Rand thousand	Short Term Employee Benefits
TP Nchocho	5 382
PB Makwane - deceased 24 January 2021	4 053
JK Bate	4 000
MJ Tsele - appointed 1 July 2020	3 900
IN Malevu - appointed 1 October 2020	3 900
SAU Meer	3 661
PT Arran - resigned 28 February 2021	3 235
DA Jarvis	3 054
TL Khumalo	2 898
WH Smith	2 867
TP Mushungwa	2 800
NS Dlamini - resigned 31 July 2020	2 241
EN Rapoo - appointed 15 February 2021	675
	42 666

24. DIRECTORS' EMOLUMENTS AND EXECUTIVE REMUNERATION *(continued)*

2020 Figures in Rand thousand	Short Term Employee Benefits
TP Nchocho	5 337
Z Luthuli - resigned 31 December 2019	4 914
PM Mainganya - resigned 29 February 2020	4 096
NS Dlamini	3 690
SAU Meer	3 519
PB Makwane	3 317
DA Jarvis	2 936
TL Khumalo	2 874
WH Smith	2 845
VL Matshekga - resigned 5 August 2019	2 355
PT Arran - appointed 1 September 2019	1 808
RJ Gaveni - resigned 31 May 2019	1 664
TP Mushungwa - appointed 1 September 2019	1 634
JK Bate - appointed 1 February 2020	667
	41 656

During both 2020 and 2021, no long-term benefits, termination benefits nor share-based payments were made to the executive management team.

25. RELATED PARTIES

Shareholder: The Government of South Africa through the Economic Development Department

Directors' interests **Financing balance**

R'm	Company	Financing approved	2021	2020	Interest/ funding rate	Type of financing/ repayment terms	Director's interest	Year of approval
Lael Bethlehem	Ilangalethu (Pty) Ltd	1 504	-	1 475	R186 + (3.2% to 3.4%)	Senior Debt Loan	Hosken Consolidated Investments Limited (HCI) has a 10% stake in Ilangalethu (Pty) Ltd. Ms Bethlehem is a senior manager at HCI	2013
	Kai Garib Solar SPV	778	-	790	RATIRR of 10%	Normal loan	HCI holds 12.5% stake in Kai Garib Solar SPV. Ms Bethlehem is a senior manager at HCI	2015
Patience Nomavuso Mxnasana	Noma Namuhla Trading and Projects(Pty) Ltd – Facility 1	2,5	0,4	1	RATIRR of 13,3%	Quasi-Equity Loan	Ms Mnxasana owns 100% in Noma Namuhla Trading and Projects (Pty) Ltd	2017
	Noma Namuhla Trading and Projects(Pty) Ltd – Facility 2	4,6	4,2	-	Prime +2.7%	Normal loan	Ms Nomavuso Mnxasana owns 100% in Noma Namuhla Trading and Projects (Pty) Ltd.	2017

NOTES TO THE FINANCIAL STATEMENTS

R'm Company	Financing approved	2021 balance	2020 balance	Interest/ funding rate	Type of financing/ repayment terms
National sphere of government					
The Land & Agricultural Development Bank of SA Ltd	250	57	65	0%	Loan repayable on 31 March 2022
The Land & Agricultural Development Bank of SA Ltd	400	196	223	Prime	Loan repayable on 31 March 2025

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Related party transactions				
Non-financing transactions - Rendering of services				
Eskom Limited	544	504	-	6
Transnet Limited	1 615	1 083	-	-
South African Airways (Pty) Limited	-	188	-	10
Telkom Limited	5	10	1	-
National Ports Authority	24	25	-	-
	2 188	**1 810**	**1**	**16**

26. NON-CURRENT ASSETS HELD FOR SALE AND ASSETS OF DISPOSAL GROUPS

Assets and liabilities of disposal groups held for sale:

Assets and Liabilities

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Sefa (Investment Properties)	-	36	-	-
Sheraton Textiles (Pietermaritzburg Plant)	14	-	-	-
Total	**14**	**36**	**-**	**-**

The Board of Directors approved the sale of the Pietermaritzburg Plant and manufacturing operation as a going concern during the financial year.

27. PROVISIONS

Provisions - Group 2021

Figures in Rand million	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	712	38	(139)	20	631
Trust fund	(265)	-	(67)	-	(332)
Other provisions	140	7	(49)	-	98
	587	**45**	**(255)**	**20**	**397**

Provisions - Group 2020

Figures in Rand million	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	608	9	75	20	712
Trust fund	(242)	-	(23)	-	(265)
Other provisions	-	140	-	-	140
	366	**149**	**52**	**20**	**587**

Provisions - Company – 2021

Figures in Rand million	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	41	8	(2)	-	47

Provisions - Company – 2020

Figures in Rand million	Opening balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	41	6	(6)	-	41

FOSKOR (PTY) LTD

The company continually contributes to the Environmental Rehabilitation Trust to ensure that adequate funds are available to pay for mine closure and reclamation costs. The Environmental Rehabilitation Trust is an irrevocable trust under the control of the company.

The financial assets held by the Trust are intended to fund the environmental rehabilitation liability of Foskor (Pty) Ltd and are not available for general purposes of the Group. The objective of the Trust is to act as the financial provider for expenditure that its member, Foskor (Pty) Ltd, is likely to incur in order to comply with the statutory obligation for the environmental rehabilitation. The Trust is exempt from tax in accordance with Section 10(1)cP of the Income Tax Act (No. 58 of 1962).

Foskor, the Department of Water and Environmental Affairs (DWEA) and the Local Authority are in discussions on the rehabilitation of the Gypsum Dam area. The liability of the rehabilitation and/or closure is the responsibility of Foskor once all the Gypsum is removed. Foskor management have made a high level estimate of anticipated costs for the closure of the Gypsum waste facility in Richards Bay. Management estimated, in consultation with external experts, who have done similar projects, that the closure costs for the conventional capping will vary from R350/m2 to R750/m2 excluding all the approvals and design related costs. At 31 March 2021 a provision for rehabilitation of R324 million for the closure costs has been made.

The Group had mine rehabilitation guarantees amounting to R499 million at year-end. In line with the requirements set out by the Department of Mineral Resources, the guarantee amount was in place at 31 March 2021. These guarantees and the agreement reached with the Department of Mineral Resources were based on the environmental rehabilitation and closure costs assessment that was performed during the 2021 financial year.

Estimated scheduled closure costs for the mine are R586 million. For unscheduled or premature closure, the Department of Mineral and Resources, in accordance with the Minerals and Petroleum Resources Development Act, requires Foskor Proprietary Ltd to provide for the liability of R739 million in the form of guarantees and cash.

The premature closure cost of R739 million is covered by guarantees totalling R499 million and investment assets totalling R332 million.

AFRICAN CHROME (PTY) LTD

As a result of the processes used in the manufacture of the chemical products of the company, the ground water has become contaminated with a by-product Chrome 6. In terms of the minimum requirements of the National Water Act ,37 of 1998, Part 5, Section 20 and the Environment Conservation Act, 73 of 1989, Part V, Sub-sections 21 and 22, the company is required to remove the contaminated water and dispose of the waste material.

The Industrial Development Corporation, as primary shareholder, stands as security for the entire environmental provision until the land is fully rehabilitated.

The rehabilitation process initially comprised of two phases namely Phase 1 and Phase 2. The entire process was expected to take a period of 3 years; with Phase 1 having commenced on the 1st of March 2012 and was completed during the 2013/14 financial year.

The amount expected to be incurred for Phase 1 was based on contract agreements from suppliers. All expenditure relating to Phase 1 has been settled.

Phase 2 activities commenced during 2013/14 financial year after Phase 1 was completed. An amount of R18,5 million was expected to be incurred for Phase 2 activities, this provisional amount was based on previous historical costs and it was adjusted for inflation. It was assumed that the amount incurred each year for Phase 2 activities will be settled at each respective year end.

Tests were conducted to ascertain the success of Phase 1 in rehabilitating the surface of the soil. It was found that remediation works completed to date had effectively removed soil contamination from the surface of the site to concentration levels well below the recently gazetted South African Soil Screening Values (SSV2) for industrial land use. The site is therefore considered suitable for industrial re-development. However, the groundwater contamination has not been resolved giving rise to an environmental liability for the IDC.

The uncertainties about the timing and amount of cashflows which alter could environmental provision assumptions include the following:

- Having to revamp the pumps because of clogging or the need for more/stronger pumps in order to avoid overloading the municipality sewer system with Chrome 6 could alter the amount of cashflows.
- If the targeted rehabilitation level is reached but a clearance certificate is not obtained from the Department Of Water and sanitation and the Department of Forestry Fisheries and Environment DFFE (they are not happy and insist on more rehabilitation work), This might affect the timing and /or amount of the environmental rehabilitation provision.
- As a result of COVID-19 lockdown restrictions, the pumps outside the premises have become prone to theft. Approximately 10 metres of cables and 5 pumps have already been stolen since the beginning of lockdown in March 2020. The IDC' Environmental Health and Safety department (EHS) has been liaising with facilities in order to facilitate the procurement of replacement pumps etc.

27. PROVISIONS *(continued)*

IN-SITU CHROMIUM REDUCTION TECHNOLOGY

In the prior year, a new remediation technology (In-situ chromium reduction) for Chromium(Cr) VI groundwater contamination was explored. It was decided that Phase 2 would be substituted by this remediation method. In-situ chromium reduction is well proven remediation technology for CrVI contaminated groundwater which involves the injection or infiltration of a reductive reagent to precipitate and stabilise chromium in the less toxic form, CrIII.

The approach is as follows:

Conduct laboratory and field trials to determine the most suitable reagent. Review all existing boreholes and site infrastructures to determine the suitability use for the remediation trials. Design an upgraded system and refine according to the results of remediation field trials. Undertake full scale field trials to test the performance of the selected reagent. Install a combination of injection wells and/or infiltration galleries in the hot spot areas associated with the South and North-West plumes. Sample and test existing monitoring wells at regular intervals for p H, ORP and CrVI to monitor the reaction rate and spread of the reagent. It may be necessary to drill additional wells to ensure aquifer coverage.

In addition, the following supporting management measures have been proposed:

Semi-annual groundwater sampling between the site and residential receptors for five years. Obtain Waste License for Remediation Activities and undertake the Basic Assessment for authorisation.

The Interest rate relating to the ZAR186 government bond rate was used as the discount rate for calculating the present value of future cashflows for the current monthly groundwater site monitoring payments to Interwaste Environmental Solutions and Golder Associates over the next five years.

The government bond was selected based on the approximate maturity date as at 29 March 2020. The rate was not adjusted for risks as there is no risk relating to the technology used to rehabilitate the land.

All cash flows were adjusted for inflation rates forecasted for the relevant years by the IDC Research and Information Department. Per the latest assessment report, it is not possible to provide a reliable estimate of the rehabilitation completion time as only two of the six parameters required for the ascertainment have been quantified to a reasonable extent.

COLUMBUS

Columbus Joint Venture was a partnership between IDC, Samancor Limited and Highveld Steel. The provision is for the rehabilitation of dumps of different waste streams estimated at 4.3 million tonnes, which were not included in the sale of Middleburg Stainless Steel in January 2002, and accordingly each partner was liable for its share of the rehabilitation.

CAST PRODUCTS (Other provisions)

The warranty provision represents management's best estimate of the company's liability under one period warranties granted on products based on prior experience and averages for defective products.

28. SHARE BASED PAYMENTS

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Equity-settled share-based payment reserve				
At beginning of the year	304	304	-	-

In the 2011 financial year, Foskor and the Industrial Development Corporation Limited (IDC) entered into a Black Economic Empowerment Transaction (BEE Transaction). In terms of the transaction the IDC sold 15% interest in Foskor to Strategic Business Partners (SBPs) and Special Black Groups (SBGs) (collectively, the Manyoro Consortium), 5% to the communities where Foskor operates and a 6% interest in Foskor to the Foskor Employee Share Ownership Plan Trust (ESOP).The transaction with the Manyoro Consortium and communities constitutes an equity-settled share-based plan and the transaction with the employees constitutes a cash-settled share-based plan. Under the equity-settled share-based plan, the shares vest immediately at grant date. In determining the fair value of services received as consideration for equity instruments granted, measurement is referenced to the fair value of the equity instruments granted.

Equity-settled reserve: Weighted average fair value assumptions

The fair value of services received in return for equity instruments granted is measured by reference to the fair value of the equity instruments granted. The estimate of the fair value of the equity instruments granted is measured based on the Black Scholes Option pricing model.

The following weighted average assumptions were used in the share pricing models at the valuation date:

Grant date	31 December 2009
Initial company value (exercise price) (R'm)	3 500
Average share price at grant date	382.19
Annualised expected volatility (%)	18.51
Risk-free interest rate (%)	6.15
Dividend yield (%)	0.00
Strike price (R)	512.14

The holders of the equity instruments were required to hold the instruments to maintain the BEE status until 31 March 2021, however, due to the underperformance of the scheme, the participants have not exercised their options. The schemes funder has not called an event of default but neither has it made a commitment to extend the scheme, in the absence of the aforementioned, Foskor continues to recognise the Share-Based Payment Reserve. The volatility indicator used in the calculation was based on the market prices of globally listed proxy companies that are in the same industry as Foskor.

Cash-settled share-based payment liability: Weighted average fair value assumptions

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Cash-settled share-based payment liability				
At the beginning of the year	1	1	-	-
Fair value adjustment through profit or loss	(1)	-	-	-
	-	**1**	**-**	**-**

Foskor entered into a cash-settled share-based payment plan with its employees. A total liability of R0.041 million (2020: R0.88 million) is carried. The share-based payment adjustment for the current year of R0.839 million was recognised in profit or loss.

28. SHARE BASED PAYMENTS *(continued)*

The fair values were determined by reference to the fair value of the equity instruments granted using the Black Scholes Option Pricing model. This model has been modified to take into account early exercise opportunities and expected employee exercise behaviour.

The Employees Share Option Trust was due to end on 30 March 2021. However, due to the under performance of the scheme no exercising of options have taken place. The scheme's funder has not called an event of default, which results in the scheme being extended. Changes to the scheme are being considered for the future. The volatility indicator used in the calculation was based on market prices of globally listed proxy companies that are in the same industry as Foskor. The following weighted average assumptions were inputs into the model:

	Group	
Figures in Rand million	2021	2020
Exercise price (R)	3 500	3 500
Average share price at grant date (R)	382.19	382.19
Annualised expected volatility (%)	18.51%	10.19%
1 year expected option lifetime%	4.88%	7.61%
2 year expected option lifetime%	6.75%	6.1%
Dividend yield (%)	-	-
Strike price (R) - 1 year expected option lifetime	736.99	817.61
Strike price (R) - 2 year expected option lifetime	792.27	932.07

At year end the number of exercisable shares on the share schemes was 2,380,988.

29. OPERATING PROFIT (LOSS)

Operating profit (loss) for the year is stated after charging (crediting) the following, amongst others:

Figures in Rand million	Group		Company	
Auditor's remuneration - external	2021	2020	2021	2020
Audit fees	19	15	9	8
Employee costs				
Salaries, wages, bonuses and other benefits	3 097	2 939	1 045	866
Depreciation and amortisation				
Depreciation of property, plant and equipment	531	568	21	24
Amortisation of intangible assets	7	8	2	-
Depreciation of right of use assets	54	87	48	43
Total depreciation and amortisation	592	663	71	67
Impairment losses				
Property, plant and equipment	893	599	-	-

NOTES TO THE FINANCIAL STATEMENTS

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Other				
Research and development costs	2	11	2	11
Project feasibility expenses	88	9	88	9
Operating lease rentals	17	33	5	-
Expected credit losses on trade and other receivables	98	156	40	-
Revaluation on investment property	57	9	4	-
Repairs and maintenance	685	596	13	12
Interest on lease liabilities	61	40	32	35
Loss on financial assets classified as FVTPL	(687)	702	520	1 557
Expected credit losses	1 900	4 359	263	5 625
Financial assets written off	311	2 616	255	2 407

30. TAXATION

Major components of tax

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Current				
Local income tax - current period	277	74	-	71
Deferred tax - Current year	850	(1 791)	282	(1 376)
	1 127	**(1 717)**	**282**	**(1 305)**

Reconciliation of the taxation expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Applicable tax rate	28.00%	(28.00%)	28.00%	(28.00%)
Dividend Income	-	(21.70%)	(33.75%)	(27.03%)
Capital loss, Impairment & write offs	61.66%	29.69%	8.12%	36.98%
Donations and grants	7.60%	-	2.32%	-
Non deductible expenses	3.94%	-	1.20%	-
Non-taxable insurance claim	-	(1.81%)	-	(2.25%)
Increase in assessed loss	-	(9.30%)	-	(11.58%)
Other	2.00%	(0.09%)	2.14%	2.37%
	103.20%	**(31.21%)**	**8.03%**	**(29.51%)**

31. DEFERRED TAX

Deferred tax

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Deferred tax assets	6 584	7 004	5 704	5 752
Deferred tax liabilities	(12 151)	(7 467)	(11 113)	(5 392)
Net deferred tax asset/(liability)	**(5 567)**	**(463)**	**(5 409)**	**360**

Net deferred tax presented in the statement of Financial Position

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Deferred tax assets	881	1 252	-	360
Deferred tax liabilities	(6 448)	(1 715)	(5 409)	-
	(5 567)	**(463)**	**(5 409)**	**360**

To avoid offsetting deferred tax assets and deferred tax liabilities from different group entities, the deferred tax numbers are presented on the Statement of Financial Position as presented in the respective Group entities.

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Deferred tax assets:				
Provisions	411	297	144	103
Preference shares	1 476	-	1 476	-
Loans	2 005	-	2 006	-
Other financial instruments	(127)	3 696	-	3 696
PPE	(546)	(751)	-	1
Losses	4 148	3 841	2 078	1 952
Debtor allowances (SEFA)	-	(97)	-	-
Other deferred tax assets*	(783)	18	-	-
	6 584	**7 004**	**5 704**	**5 752**

** Other deferred tax assets include Income received in advance, cash settled share based payments & lease liabilities.*

The Minister of Finance announced the change in the corporate tax rate from 28% to 27% for years of assessment commencing on or after 1 April 2022 in the Budget Speech on 24 February 2021. After assessing all facts and circumstances, management have concluded that the change to the tax legislation is inextricably linked to other tax law changes and therefore at year end considered the tax rate change to not yet be substantively enacted.

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Deferred tax liabilities:				
Provisions	(20)	103	(20)	-
Ordinary shares	(11 981)	-	(10 667)	-
Bonds	(414)	(194)	(414)	(194)
Other financial instruments	327	(7 186)	-	(5 188)
PPE	(64)	(96)	(12)	(10)
Other deferred tax liabilities**	1	9	-	-
	(12 151)	**(7 467)**	**(11 113)**	**(5 392)**

*** Other deferred tax liabilities include those arising from business combinations & investment property.*

Deferred tax movements for the year

Figures in Rand million	Group 2021	Group 2020	Company 2021	Company 2020
Movements of deferred tax				
Opening balance	(463)	(3 862)	360	(6 719)
Charge for the current year (I/S)	(5)	1 791	(282)	1 376
Charge for the current year (OCI)	(5 090)	1 607	(5 487)	5 704
Charge directly in equity	(9)	-	-	-
Closing balance	**(5 567)**	**(463)**	**(5 409)**	**360**
Reconciliation of deferred tax asset / (liability)				
At beginning of year	(463)	(3 862)	360	(6 719)
Temporary differences				
Provisions	48	(51)	33	(75)
Loans and advance	(199)	-	(199)	-
Preference shares	(16)	-	(16)	-
Ordinary shares	(5 478)	-	(5 478)	-
Bonds	(220)	-	(220)	-
Other financial instruments	981	1 924	-	6 022
Property, Plant and Equipment	(305)	521	(2)	(1)
Tax loss utilised	113	988	136	1 109
Other	(28)	17	(23)	24
	(5 567)	**(463)**	**(5 409)**	**360**

32. LEASES

Group as lessee

Figures in Rand million **Right-of-use assets - Group**	Buildings	Plant and Machinery	Office Equipment	Total
Opening Balance	312	13	1	326
Additions	20	1	-	21
Lease Modifications	187			187
Terminations/Cancellations	(4)	-	(1)	(5)
Depreciation charge for the year	(51)	(3)	-	(54)
At 31 March 2021	**464**	**11**	**-**	**475**

Right-of-use assets - Company	Buildings	Plant and Machinery	Office Equipment	Total
Opening Balance	414	-	-	414
Additions	15	-	-	15
Lease Modifications	25	-	-	25
Depreciation charge for the year	(48)	-	-	(48)
At 31 March 2021	**406**	**-**	**-**	**406**

32. LEASES *(continued)*

Lease liabilities - Group	Buildings	Plant and Machinery	Office Equipment	Total
Opening Balance	377	9	1	387
Lease modifications	226	-	-	226
Increase in lease liabilities	6	1	-	7
Interest expense	61	2	-	63
Terminations	(4)	-	(1)	(5)
Lease payments	(78)	(3)	-	(81)
At 31 March 2021	**588**	**9**	**-**	**597**

Lease liabilities - Company	Buildings	Plant and Machinery	Office Equipment	Total
Opening Balance	438	-	-	438
Lease modifications	15	-	-	15
Increase in lease liabilities	22	-	-	22
Interest expense	32	-	-	32
Lease payments	(55)	-	-	(55)
At 31 March 2021	**452**	**-**	**-**	**452**

Foskor

The lease is between Foskor (Pty) Limited and uMhlathuze Water Board for an effluent pipeline.

The lease liability is effectively secured, as the rights to the leased asset revert to the lessor in the event of default. The lease is over a 20-year period with 6 years remaining as at 31 March 2021. Foskor has sole use of the effluent pipeline and pays for the maintenance. The lease is at a fixed rate of 14.4% per annum.

IDC Company

Certain items of computer and office equipment are leased by the Group to which the low value asset recognition exemption is applied.

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Commitments for future minimum rentals payable under non-cancellable leases are as follows:				
– due within one year	59	27	27	21
– due after one year but within five years	260	135	166	134
– due after five years	277	225	259	283
Present value of minimum lease payments	**596**	**387**	**452**	**438**
Future Finance Charges	**144**	**145**	**179**	**264**
Undiscounted value of minimum lease payments	**740**	**432**	**631**	**702**

Amounts recognised in profit or loss relating to lease assets and liabilities

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Expenses relating to short term leases	5	19	1	2
Expenses relating to leases of low-value assets	5	6	-	2
Interest expense on lease liabilities	63	38	32	35

33. TAX (PAID) REFUNDED

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Balance at beginning of the year	222	268	200	252
Current tax for the year recognised in profit or loss	(276)	(74)	-	(71)
Foreign withholding tax accrued	(45)	-	13	-
Balance at end of the year	220	(222)	(78)	(200)
	121	**(29)**	**135**	**(19)**

34. TRADE AND OTHER PAYABLES

	Group		Company	
Figures in Rand million	**2021**	**2020**	**2021**	**2020**
Financial instruments:				
Trade payables	3 316	2 658	791	714
Deferred grants payable (sefa)	2 639	1 001	-	-
Accrued leave pay	246	213	136	126
Accrued bonus	58	48	-	-
	6 259	**3 920**	**927**	**840**

35. RETIREMENT BENEFITS

Pension and provident schemes

The Group has pension and provident schemes covering substantially all employees. All eligible employees are members of either defined contribution or defined benefit schemes. These schemes are governed by the Pension Funds Act, 1956, as amended. The assets of the schemes under the control of trustees are held separately from those of the Group.

The costs charged to profit or loss represent contributions payable to the scheme by the Group at rates specified in the rules of the scheme.

Defined contribution schemes

Employees and Group companies contribute to the provident funds on a fixed-contribution basis. No actuarial valuation of these funds are required. Contributions, including past-service costs, are charged to profit or loss when incurred.

Defined benefit scheme

A Group company and its employees contribute to a defined benefit pension fund. The pension fund is final salary fully funded. The assets of the fund are held in an independent trustee-administered fund, administered in terms of the Pension Funds Act, 1956, as amended.

The fund is valued every three years using the projected unit credit method. The actuarial valuation for purposes of IAS 19 was performed on 31 March 2021.

Employees and Group companies contribute to the provident funds on a fixed-contribution basis. No actuarial valuation of these funds are required. Contributions, including past-service costs, are charged to profit or loss when incurred.

35. RETIREMENT BENEFITS *(continued)*

The amounts recognised in the statement of financial position are as follows:

	Group	
Figures in Rand million	**2021**	**2020**
Present value of funded obligations	297	275
Fair value of plan assets	(342)	(300)
Impact of asset ceiling	45	25
Liability recognised	-	-

	Group	
Figures in Rand million	**2021**	**2020**
The movement in the defined benefit obligation:		
Opening balance	275	310
Current-service cost	1	1
Interest-cost	33	31
Actuarial (gains)/losses	18	(38)
Benefit paid	(30)	(29)
Closing balance	**297**	**275**
Movement in plan asset		
Fair value of plan assets at beginning of the year	300	357
Expected return on asset	36	34
Actuarial (loss)/gain recognised during the year	35	(62)
Benefits paid	(29)	(29)
Fair value of plan assets at the end of the year	**342**	**300**
The amounts recognised in profit or loss are as follows:		
Current-service cost	1	1
Interest cost	32	31
Expected return on assets	(36)	(34)
Net actuarial gain recognised during the year	(3)	22
Total included in operating expenses	**(6)**	**20**

The amounts recognised in other comprehensive income in 2021 is a gain of R3m.

The actual return on plan assets was:		
Expected return on plan assets	36	34
Actuarial gains/(losses) on plan assets	(35)	(61)
Actual return on plan assets	**1**	**(27)**
Plan assets are comprised as follows		
Equity instruments	55%	47%
Cash	7%	8%
Debt instruments	33%	37%
Other	5%	8%
	100%	**100%**

NOTES TO THE FINANCIAL STATEMENTS

The principal actuarial assumptions for accounting purposes were:

Figures in Rand million	Group 2021	Group 2020
Discount rate %	12,56	12.81
Expected return on plan assets %	8,03	7.41
Future salary increases %	9,03	8.41
Future pension increases %	8.71	8.04
Normal retirement age	60	60

The sensitivity of the overall pension liability to changes in the weighted principal assumptions is:

	Impact on overall liability 2021	Impact on overall liability 2020
Inflation rate (increase of 1%)	8.4%	8.1
Inflation rate (decrease of 1%)	7.4%	7.1

The expected contributions to the post-employment pension scheme for the year ending 31 March 2021 are R0.67 million.

Post-retirement medical benefits

Some Group companies have obligations to provide post-retirement medical benefits to their pensioners. The accumulated post-retirement medical aid obligation and the annual cost of those benefits were determined by independent actuaries. Any surplus or shortfall between the actuarially determined liability and the aggregate amounts provided is charged to profit or loss.

The amounts recognised in the statement of financial position are as follows:

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Present value of unfunded obligation:				
Discovery Health members	374	341	178	158

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
Movement in the liability recognised in the statement of financial position:				
At the beginning of the year	341	375	158	183
Contributions paid	(23)	(21)	(12)	(11)
Current-service costs	4	8	1	2
Interest cost	41	31	20	17
(Deficit)/surplus	11	(52)	11	(33)
Balance at the end of the year	**374**	**341**	**178**	**158**

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
The principal actuarial assumptions used for accounting purposes were:				
– Discount rate (%)	11.00	13.00	-	-
– General inflation rate (%)	6.20	7.10	-	-
– Medical inflation rate (%)	8.20	9.10	-	-
– Normal retirement age	59/63	59/63	-	-

NOTES TO THE FINANCIAL STATEMENTS

35. RETIREMENT BENEFITS *(continued)*

	Group		Company	
	Change in past-service liability		Change in service cost plus asset	
Present value of unfunded obligation history				
Inflation rate (increase of 1%)	10.6% increase	10.1% increase	11.4% increase	10.8% increase
Inflation rate (decrease of 1%)	9.1% decrease	8.7% decrease	9.7% decrease	9.3% decrease

The expected contributions to post-employment medical plans for the year ending 31 March 2021 are R0.512 million.

36. COMMITMENTS

	Group		Company	
Figures in Rand million	2021	2020	2021	2020
In respect of:				
Undrawn financing facilities approved	9 242	11 454	8 958	11 454
Undrawn guarantee facilities approved	506	533	358	-
Capital expenditure approved by subsidiaries	222	141	-	-
– Contracted	222	141	-	-
Capital expenditure approved by equity-accounted investments	123	4	-	-
– Contracted	119	1	-	-
– Not contracted	4	3	-	-
Commitments net of counter-guarantees	**10 093**	**12 132**	**9 316**	**11 454**

Commitments will be financed by a combination of internally generated funds as well as borrowings.

37. OTHER COMPREHENSIVE INCOME

Components of other comprehensive income - Group – 2021

Figures in Rand million	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Movements on valuation of equity investments	31 699	(6 526)	25 173
Remeasurements on net defined benefit liability/asset	(1)	-	(1)
Total Items that will not be reclassified to profit or loss	**31 698**	**(6 526)**	**25 172**
Items that may be reclassified to profit or loss			
Share of associates comprehensive income	1 383	-	1 383
Exchange differences on translating foreign operations	(665)	-	(665)
Total items that may be reclassified to profit or loss	**718**	**-**	**718**
Total	**32 416**	**(6 526)**	**25 890**

NOTES TO THE FINANCIAL STATEMENTS

Components of other comprehensive income - Group – 2020

Figures in Rand million	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Movements on valuation of equity investments	(40 236)	6 588	(33 648)
Remeasurements on net defined benefit liability/asset	48	-	48
Total Items that will not be reclassified to profit or loss	**(40 188)**	**6 588**	**(33 600)**
Items that may be reclassified to profit or loss			
Share of associates comprehensive income	1 900	-	1 900
Exchange differences on translating foreign operations	375	-	375
Total items that may be reclassified to profit or loss	**2 275**	**-**	**2 275**
Total	**(37 913)**	**6 588**	**(31 325)**

Components of other comprehensive income - Company – 2021

Figures in Rand million	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Movements on valuation of equity investments	31 198	(5 487)	25 711
Remeasurements on net defined benefit liability/asset	1	-	1
Total Items that will not be reclassified to profit or loss	**31 199**	**(5 487)**	**25 712**
Items that may be reclassified to profit or loss			
Share of associates other comprehensive income	130	-	130
Total items that may be reclassified to profit or loss	**130**	**-**	**130**
Total	**31 329**	**(5 487)**	**25 842**

Components of other comprehensive income - Company – 2020

Figures in Rand million	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Gains/ (losses) valuations of equity investments	(41 879)	5 704	(36 175)
Remeasurements on net defined benefit liability/asset	44	-	44
Total Items that will not be reclassified to profit or loss	**(41 835)**	**5 704**	**(36 131)**
Items that may be reclassified to profit or loss			
Share of associates comprehensive income	1	-	1
Total items that may be reclassified to profit or loss	**1**	**-**	**1**
Total	**(41 834)**	**5 704**	**(36 130)**

38. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	Group		Company	
Figures in Rands	**2021**	**2020**	**2021**	**2020**
Fruitless and wasteful expenditure				
Fruitless and wasteful expenditure relating to the current year	4 432 533	3 195 201	51 161	2 256 800
Fruitless and wasteful expenditure relating to the prior year	1 715 000	-	-	-
Condonements	-	(32 124)	-	(32 124)
Recoveries	(46 992)		(46 992)	
	6 100 542	**3 163 077**	**4 169**	**2 224 676**
Irregular expenditure reconciliation				
Opening balance	5 495 184 603	5 491 237	7 810 425	5 491 237
Irregular expenditure – relating to prior year	-	2 814 767 922	-	1 021 626
Irregular expenditure – relating to current year	3 699 975 488	2 674 947 614	1 335 512	1 319 731
Prior year amounts condoned	-	-	-	-
Current year amounts condoned	-	(22 170)	-	(22 170)
Closing balance	**9 195 160 091**	**5 495 184 603**	**9 145 937**	**7 810 424**
Details of fruitless and wasteful expenditure				
Travel - cancellations and rescheduling	4 169	54 002	4 169	54 002
Travel - penalties on booking	-	28 228	-	28 228
Interest & penalty payments to SARS - current year	21 255	3 064 638	-	2 126 237
Interest & penalty payments to SARS - prior year	1 715 000	-	-	-
Separation costs	4 360 117	-	-	-
Duplicate payments - Fixed assets valuations	-	37 570	-	37 570
Bursaries - Late university payments		10 763	-	10 763
Condonements	-	(32 124)	-	(32 124)
Payment erroneously paid to additional cleaner	46 992	-	46 992	-
Recoveries	(46 992)	-	(46 992)	-
	6 100 541	**3 163 077**	**4 169**	**2 224 676**
Details of irregular expenditure				
Relating to current year				
Erroneous additional payment to vendor	64 949		64 949	
Travel	-	22 170	-	22 170
Development of a Financial and Sustainability Model	-	109 909	-	-
PFMA Exemption not received iro procurement at Grinding Media SA, Cast Products SA, Lodox, Prilla, and Foskor	3 660 904 794	2 666 098 640	-	-
Properties supplier payment	-	7 419 334	-	-
Contract extensions	-	1 297 561	-	1 297 561
Condonements	-	(22 170)	-	(22 170)
Relating to prior year				-
Contract extensions	1 270 563	1 021 626	1 270 563	1 021 626
Expiry of Exemption to apply requirements of PPPFA	37 735 182	2 813 746 296	-	-
	3 699 975 488	**5 489 693 366**	**1 335 512**	**2 319 187**

39. EVENTS AFTER THE REPORTING PERIOD

COVID-19 pandemic

In June 2021, the country experienced a surge of COVID-19 infections from the third wave of the pandemic. The president announced the implementation of stricter restrictions on economic activity in the country through an adjusted stage 4 of the Disaster Management Act. This will adversely affect industries such as travel and tourism, retail and entertainment. The clients in these industries are expected to earn lower revenue. This will result in subdued collections and increase the impairments and non-performing loans. The financial impact of this could not be determined at the date of approval of these annual financial statements.

Listed portfolio

The value of the Group listed shares increased by R9.9 billion to R61.8 billion between the financial year end and signing of the financial statements on 29 July 2021.

Public unrest and riots

In July 2021, various protests broke out along with community unrest in various areas within Gauteng and KwaZulu-Natal. This was demonstrated through looting and riots in the communities resulting in economic activity being adversely impacted and some national roads being temporarily closed. This is expected to have a negative impact on IDC clients, as they are unable to freely conduct their business and their premises vandalised. The extent of the impact could not be reasonably assessed at approval date.

40. GOING CONCERN

The significant impact of the COVID-19 pandemic continues to be a challenge to the South African economy. With the country having experienced second and third wave which led to some restrictions on travel, movement and business activities. The pandemic has put pressure on the liquidity of many subsidiaries and associates of the IDC, however, the Group has managed to reduce the losses from that of the prior period.

The IDC has established a good working relationship with its lenders such that the Corporation has the option to renew loans as they mature. The IDC remains solvent even if the subordinated loans are not collected from subsidiaries with a healthy gearing ratio of 51.6%. Assets well-exceed liabilities and revenue continues to increase even under the current challenges facing the local and global economy.

The IDC continues to be a going concern and remains financially stable. The Corporation has sufficient liquidity to meet its current obligations and remains confident that, for the foreseeable future, it will be able to meet its obligations and leverage its balance sheet for the new advances into the economy.

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