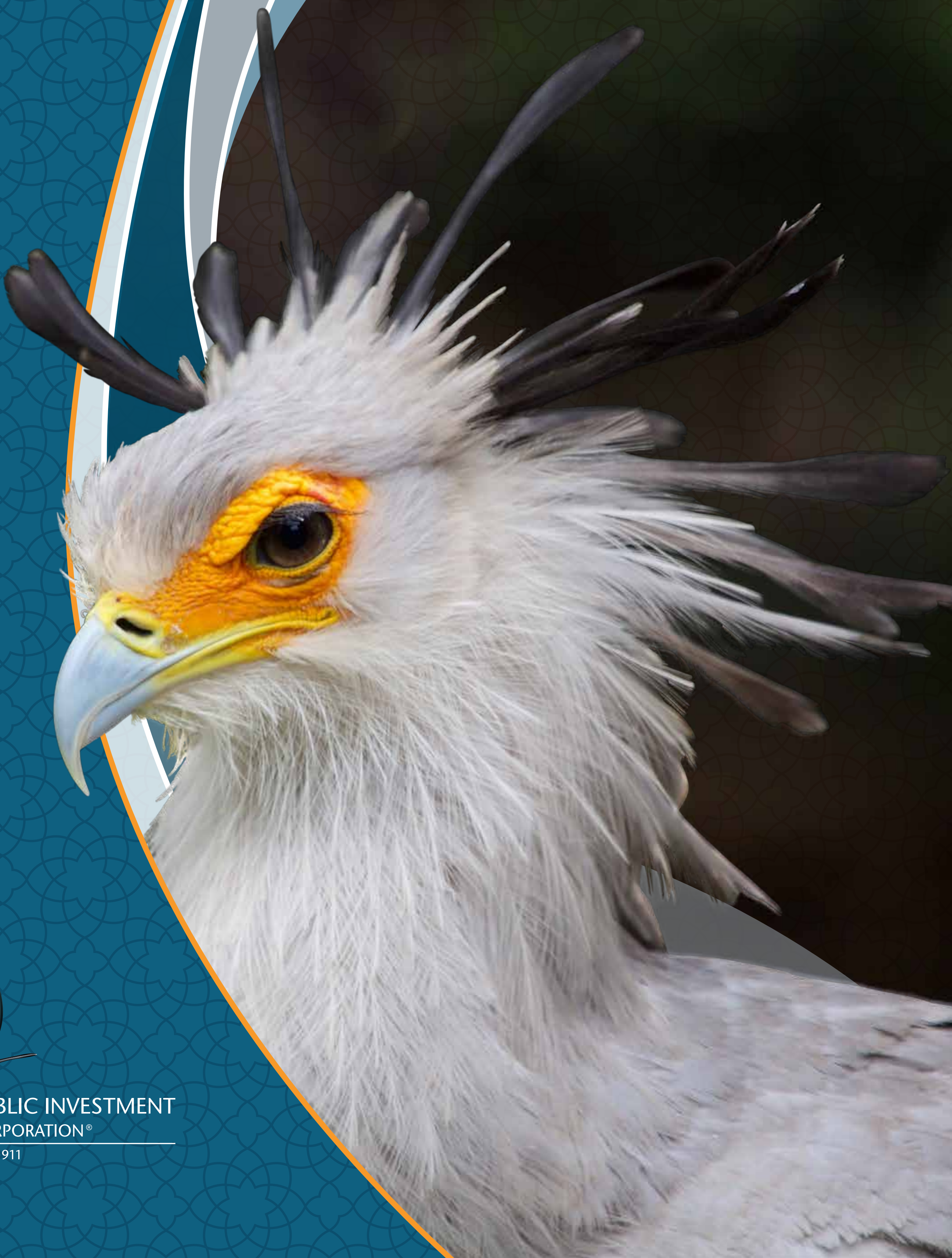
ANNUAL FINANCIAL STATEMENTS TWENTY22



PUBLIC INVESTMENT CORPORATION®
Est. 1911

*CONTENTS

**This Integrated Annual Report consists of two books:*
The **2022 Integrated Annual Report** and the **2022 Annual Financial Statements.**

CONFIRMATION OF ACCURACY AND FAIR PRESENTATION

The statement of responsibility for the Annual Financial Statements for the year ended 31 March 2022 of the Chief Executive Officer. I acknowledge my responsibility together with my team, for the accuracy of the accounting records, preparation and the fair presentation of the financial statements and confirm, to the best of my knowledge, the following:

1. Integrated Report for the 2022 financial year end

I hereby acknowledge that the Integrated Annual Report of the Public Investment Corporation SOC Limited (the Company) has been submitted to the Auditor-General of South Africa (AGSA) for auditing in terms of Section 55(1)(c) of the Public Finance Management Act (PFMA).

2. Annual Financial Statements

The Board of Directors that constitutes the Accounting Authority is responsible for the preparation of, fair presentation and judgements made in the Company's Annual Financial Statements.

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

3. 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 Company for the financial year ended 31 March 2022. This has been reported on in accordance with the requirements of the guidelines on annual reports as issued by National Treasury. A system of internal controls has been designed to provide reasonable assurance as to the integrity and reliability of performance information.

B-BBEE ACT COMPLIANCE

The PIC continues to monitor compliance with the provisions of the B-BBEE Act (Act 53 of 2002) and has fully complied during the period under review.

4. External auditor

The external auditor is engaged to express an independent audit opinion on the Annual Financial Statements of the Company. There were no scope limitations placed on AGSA and it had unrestricted access to persons within the Company from whom it could obtain the necessary audit evidence to express an audit opinion.

The Annual Financial Statements of the Company set out on pages 12 to 67 have been approved by the Board of Directors.

5. Human resource management

The human resource information contained in the respective tables in the Integrated Annual Report fairly reflect the information of the PIC for the financial year ended 31 March 2022.

6. In respect of material issue

The Integrated Annual Report is complete, accurate and free of material omissions.

7. Preparation of the Financial Statements

The Company's Annual Financial Statements have been prepared under the supervision of Brian Mavuka CA(SA), the Acting Chief Financial Officer.

Mr Abel Sithole
Chief Executive Officer

Mr Brian Mavuka
Acting Chief Financial Officer

COMPANY SECRETARY'S CERTIFICATE

In terms of Section 88(2) of the Companies Act of 2008, as amended, I certify that, to the best of my knowledge and belief, the PIC has lodged with the Registrar of Companies for the financial year ended 31 March 2022 all such returns and notices as are required of a state-owned company in terms of the Companies Act of 2008, as amended, and that all such returns and notices are true, correct and up to date.

Ms Bongani Mathebula
Company Secretary

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is required in terms of the Companies Act and the PFMA to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the Board of Directors' responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Public Investment Corporation SOC Limited's (the Company's) financial position as at 31 March 2022 and the profit or loss and cash flows of the Company for the financial year ended 31 March 2022.

In preparing and ensuring that these Annual Financial Statements are fairly presented, the Board of Directors is required to:

- Consistently apply accounting policies as defined in the Annual Financial Statements;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Ensure that the Annual Financial Statements are prepared on a going-concern basis unless it is inappropriate to presume that the Company will continue in business for the foreseeable future.

The Audit Committee (AC) has reviewed the Company's Annual Financial Statements and has recommended their approval to the Board of Directors. In preparing the Annual Financial Statements, the Company complied with IFRS and the Companies Act. In addition, the Company has complied with the requirements of the Public Finance Management Act of 1999 (PFMA), except for section 55(1)(b) of the PFMA included as a non-compliance in the auditor's report.

The Company used appropriate accounting policies supported by reasonable and prudent judgments and estimates. Judgments and estimates that are made in accordance with IFRS, which have a significant impact on the Annual Financial Statements, are disclosed in the notes to the Annual Financial Statements.

The Board of Directors has every reason to believe that the Company has adequate resources and facilities in place to be able to continue in operation for the foreseeable future. Therefore, the Board of Directors is satisfied that the Company is a going concern and has continued to adopt the going-concern basis in preparing the Annual Financial Statements.

The internal audit activities are performed in accordance with the pre-approved internal audit plan. The internal audit plan is reviewed and approved by the AC annually. The Company's Internal Audit department executed the internal audit plan during the year and has provided assurance to the Board of Directors as to the state of the internal controls of the Company. Its assessment of the internal controls of the Company is included in the AC report. The AC has reviewed the effectiveness of the Company's internal controls and considers the systems appropriate for the effective operation of the Company.

The external auditor, AGSA, is responsible for independently auditing and reporting on the Annual Financial Statements in conformity with International Standards on Auditing (ISAs). The result was an unqualified audit report with a material finding.

The Board of Directors is of the opinion that the Company complied with applicable laws and regulations, except for the PFMA included as a non-compliance in the Auditor's report. The Board of Directors is of the opinion that these Annual Financial Statements fairly represent the financial position of the Company as at 31 March 2022 and the results of its operations and cash flow information for the year ended 31 March 2022.

Dr David Masondo
Chairperson

REPORT FROM THE BOARD OF DIRECTORS

The Board of Directors is pleased to present the Annual Financial Statements of the Public Investment Corporation SOC Limited for the financial year ended 31 March 2022.

1. Nature of business

The PIC is incorporated and domiciled in the Republic of South Africa. It is a schedule 3B state-owned entity as defined in the PFMA. The Company provides asset management services primarily to public sector entities. It operates principally in South Africa, but also invests offshore and within the continent.

The Company's Annual Financial Statements for the financial year ended 31 March 2022, were authorised for issue in accordance with a resolution passed by the Board of Directors on 05 August 2022.

There have been no material changes to the nature of the Company's business from the prior financial year.

2. Financial results

The Company's business model was designed and developed to focus on financial sustainability. The financial sustainability strategy is directly aligned to the three-year corporate plan and there is monthly monitoring of financial targets, as well as cost containment measures implemented throughout the year.

In the financial year under review, the net operating profit decreased compared to the prior financial year because of decrease in unlisted revenue by R145 million that was driven by a step down in unlisted management fees and the impairment of non-performing unlisted assets. In the current year listed instrument fair value movement was lower than in the previous year by R123 million due to the previous year's fair value movement being boosted by the recovery of the financial market after the COVID-19 impact.

Full details of the financial position, profit or loss and cash flows of the company are set out in these Annual Financial Statements from page 12 to 67.

3. Share capital

There were no changes to the authorised or issued share capital during the year under review.

4. Dividends

No dividends were declared in the current financial year. The Board of Directors declared a dividend of R99 million based on the applicable dividend policy in the 2020 financial year and on 05 August 2022 the Board recommended the dividend be paid to the shareholder.

5. Directorate

The composition and profiles of Board of Directors for the Company are set out on pages 113 to 119 of the Integrated Annual Report. Information on the Board of Directors and Board committees, their activities, meetings, attendance and any other information, is set out in the Integrated Annual Report under the corporate governance statement on pages 104 to 126.

DIRECTORS

Dr Reuel Khoza (Non-Executive Director)*
Dr David Masondo (Chairperson) ***
Ms Matshepo More (CFO)#
Mr Frans Baleni (Non-Executive Director)***
Dr Angelo de Bruyn (Non-Executive Director)*
Prof Bonke Dumisa (Non-Executive Director)**
Ms Beverley Bouwer (Non-Executive Director)***
Mr Ben Hlaise (Non-Executive Director)***
Mr Abel Sithole (CEO)
Mr Mongwena Maluleke (Non-Executive Director)**
Ms Karabo Morule (Non-Executive Director)*
Mr Brian Mavuka (Acting CFO)
Ms Makano Mosidi (CTO)
Ms Tshepiso Moahloli (Non-Executive Director)****
Mr Pitsi Moloto (Non-Executive Director)*
Adv Makhubalo Ndaba (Non-Executive Director)*
Dr Lufuno Mulaudzi (Non-Executive Director)***
Ms Tryphosa Ramano (Non-Executive Director)***
Ms Ntombifuthi Mtoba (Deputy Chairperson) (Non-Executive director)**
Ms Barbara Watson (Non-Executive Director)**

Ms Matshepo More's employment contract was terminated on 7 October 2021.
* Term ended on 31 October 2021.
** Term ended on 31 October and reappointed on 1 November 2021.
*** Appointed on 1 November 2021.
**** Resigned on 15 October 2021.

6. Associates

The Company has a 46% (2021: 46%) shareholding in Harith Fund Managers (Pty) Limited, 30% (2021: 30%) shareholding in Harith General Partners (Pty) Limited, 30% (2021: 30%) in Bophelo Insurance Group (BIG) and 7.21% (2021: 7.31%) in the SA SME Fund Limited(SA SME). Harith Fund Managers (Pty) Limited and Harith General Partners (Pty) Limited both have a financial year end consistent with that of the Company. BIG and SA SME have a February financial year end.

Harith Fund Managers (Pty) Limited's nature of business is the management of the funds of the Pan African Infrastructure Development Fund (PAIDF). Harith Fund Managers (Pty) Limited is also responsible, on behalf of the PAIDF, for the provision of specified administrative services relating to the operations of the PAIDF. Harith Fund Managers (Pty) Limited assists the Company in carrying out its mandate as it relates to infrastructure in South Africa and the rest of the continent.

Harith General Partners (Pty) Limited is a company established in South Africa, specialising in investments in infrastructure projects in energy, transport, rail, port and airports, information and communication technology, water and sanitation, energy and many others mainly on the African continent. Harith General Partners (Pty) Limited provides fund management and advisory services to the PAIDF.

BIG is a majority black-owned insurance group that holds two subsidiaries in the life and short-term insurance sector, namely Bophelo Life Insurance Limited (Bophelo Life) and Nzalo Insurance Service Limited (NIS). Bophelo Life is a wholly owned subsidiary of BIG and is an authorised financial services provider as prescribed by the FAIS Act, and a registered life insurer in terms of the Long-Term Insurance Act, No 52 of 1998. NIS is a short-term insurer licensed by the Financial Service Conduct Authority (FSCA) to underwrite all classes of business defined in the Short-Term Insurance Act of 1998. Nzalo Insurance Service Limited and Bophelo Life Insurance Limited are currently going through liquidation.

The SA SME Fund was established as part of the CEO initiative in conjunction with National Treasury and corporate South Africa. The Company's objective is to equity invest in high potential entrepreneurial enterprises in the small and medium enterprises (SME) Sector and to build a high-quality mentorship cohort to provide business and other forms of support to SMEs and entrepreneurs funded by the Company. In the current year, the PIC did not invest any additional funds.

The details of all the transactions between the company and the associates are disclosed in note 6 of the Annual Financial Statements.

7. Related party transactions

Details of related party transactions are disclosed in note 30 of the Annual Financial Statements.

8. Internal financial controls

During the year under review, the Board of Directors, through the AC, assessed the results of the formal documented review of the Company's system of internal controls and risk management, including the design, implementation and effectiveness of the internal financial controls conducted by Internal Audit, and considered the information and explanations given by management and discussions with the external auditors on the results of the audit.

Based on the results obtained, nothing came to the attention of the Board of Directors that has caused it to believe that the Company's system of internal financial controls does not form a sound basis for the preparation of reliable financial statements.

According to Treasury Regulations, (paragraph 28), and the PFMA, (section 55), the Annual Financial Statements must include a report by the Accounting Authority that discloses remuneration of all members of the Accounting Authority, who are the Company's non-executive and executive directors and senior management. As per the Companies Act 71 of 2008, (paragraph 30(5)), the Annual Financial Statements must show the amount of any remuneration or benefits paid or receivable by all members of the Accounting Authority. The details of the disclosure are included in the disclosure of remuneration.

9. Corporate governance

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

10. Special resolutions

There was no special Board resolution in the current year.

11. Going concern

The Board of Directors reviewed the financial budgets with their underlying business plans for the period up to 31 March 2023. When assessing the Company's ability to continue as a going concern, both quantitative and qualitative factors were taken into account. The two critical quantitative factors were liquidity and solvency requirements. Qualitative factors that may cast significant doubt about the going-concern assumption, such as financial trends, external and internal matters, were assessed, taking into account the impact of the economic condition we operate in.

On the basis of the review performed and of the current financial position, the Board of Directors is satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The Board of Directors, therefore, considers it appropriate that the Annual Financial Statements be prepared on a going-concern basis.

12. Auditors

AGSA is the registered auditor of the Company. The auditors of Harith Fund Managers (Pty) Limited and Harith General Partners (Pty) Limited are BDO South Africa Inc. BIG's subsidiaries, which are Nzalo Insurance Service Limited and Bophelo Life Insurance Limited, are currently going through liquidation, therefore, there is currently no planned audit for the aforementioned subsidiaries. The auditor of SA SME Fund Limited is Deloitte.

AGSA was given unrestricted access to all financial records and related data, including minutes of all meetings of the Company. The Board of Directors believes that all representations made to the external auditor during the audit are valid and appropriate.

13. Holding company

The Company is 100% owned by the National Government of the Republic of South Africa. The shareholder representative is the Minister of Finance. The Company's oversight department is National Treasury.

The Annual Financial Statements, which have been prepared on the going-concern basis, were approved by the Board of Directors on 05 August 2022, and were signed on its behalf by:

Dr David Masondo
Chairperson, Non-Executive Director

INDEPENDENT AUDITOR'S REPORT

Report of the Auditor-General to Parliament on the Public Investment Corporation SOC Limited

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Public Investment Corporation SOC Limited (PIC) set out on pages 12 to 67 which comprise the statement of financial position as at 31 March 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the PIC as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Companies Act of South Africa 71 of 2008 (Companies Act).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the board of directors for the financial statements

6. The board of directors, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS and the requirements of the PFMA and the Companies Act, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the 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 my 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 financial statements.
9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
11. My procedures address the usefulness and reliability of the reported performance information, which must be based on the entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I 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 objective presented in the entity's annual performance report for the year ended 31 March 2022:

Objective	Pages in the annual performance report*
Customers/Stakeholders	18 – 21

** 2022 Integrated Annual Report*

13. I performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. I 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.
14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:

- Customers/stakeholders

Other matter

15. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

16. Refer to the annual performance report in the Integrated Annual Report on pages 16 to 21 for information on the achievement of planned targets for the year.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

17. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information for an indicator of the Customers/Stakeholders objective. As management subsequently corrected the misstatement, I did not raise any material findings on the usefulness and reliability of the reported performance information.

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, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

20. 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. A material misstatement of the contingent liability disclosure note identified by the auditors in the submitted financial statements was corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the Integrated Annual Report, which includes the directors' report, audit committee's

report and company secretary's certificate, as required by the Companies Act. The other information does not include the financial statements, the auditor's report and the selected objective presented in the annual performance report that has been specifically reported on, in this auditor's report.

22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
23. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. If based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my 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.
26. Due to, in some instances, inadequate internal controls over the preparation and review of the annual financial statements by management, I noted that management did not prepare financial statements free from material misstatement. I recommend that management enhance its internal controls to prevent material misstatements on the financial statements.

Other reports

27. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

AUDIT-RELATED SERVICES

28. At the request of the PIC, a limited assurance engagement was conducted by the AGSA to review compliance with section 19(3) of the Financial Advisory and Intermediary Services Act 37 of 2002. The report covered the period 1 April 2021 to 31 March 2022 and was issued on 5 August 2022.
29. A private audit firm conducted an engagement in terms of International Standard on Assurance Engagements (ISAE) 3402 relating to asset under management. The engagement included a description of controls, their design and operating effectiveness for the period 1 April 2021 to 31 March 2022, and the report was issued on 20 June 2022.

Auditor General

AUDITOR-GENERAL
SOUTH AFRICA

Pretoria
5 August 2022

ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected objective and on the entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

    - Identify and assess the risks of material misstatement of the 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the PIC to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern; and
    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I 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 I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

Figures in Rand thousand	Note(s)	2022	2021
Assets			
NON-CURRENT ASSETS			
Property, plant and equipment	3	47,636	52,023
Right-of-use assets	4	100,176	203,363
Intangible assets	5	47,343	41,115
Investments in associates	6	345,364	272,679
Deferred tax	9	98,334	101,905
		638,853	**671,085**
CURRENT ASSETS			
Trade and other receivables	11	166,288	135,209
Financial instruments at amortised cost	12	96,669	356,899
Financial assets at fair value through profit or loss	7	2,477,278	2,072,351
Current tax receivable	10	95,147	67,537
Cash and cash equivalents	13	792,408	608,541
		3,627,790	**3,240,537**
Total Assets		**4,266,643**	**3,911,622**
Equity and Liabilities			
EQUITY			
Share capital	14	1	1
Reserves	15 and 16	962,980	964,787
Retained income		2,710,978	2,406,476
		3,673,959	**3,371,264**
Liabilities			
NON-CURRENT LIABILITIES			
Lease liabilities	4	150,860	238,719
Provisions	17	133,396	41,665
		284,256	**280,384**
CURRENT LIABILITIES			
Trade and other payables	18	51,705	32,520
Lease liabilities	4	21,017	30,177
Provisions	17	136,706	98,277
Dividend payable	28	99,000	99,000
		308,428	**259,974**
Total Liabilities		**592,684**	**540,358**
Total Equity and Liabilities		**4,266,643**	**3,911,622**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

Figures in Rand thousand	Note(s)	2022	2021
Revenue	19	1,061,705	1,119,768
Other operating income	20	5,927	9,350
Unrealised gain or (loss) on financial asset at fair value through profit/loss	21	149,042	274,305
Impairment (losses) or gains on financial assets at amortised cost		1,786	(460)
Other operating expenses	21	(1,132,924)	(851,153)
Operating profit	21	**85,536**	551,810
Investment income	22	212,052	176,867
Finance costs	23	(17,613)	(19,796)
Income from equity accounted investments	6	74,492	13,699
Profit before taxation		**354,467**	722,580
Taxation	24	(49,965)	(194,427)
Profit for the year		**304,502**	528,153
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Share of comprehensive income of equity accounted investments	6	(1,807)	7,775
Other comprehensive income for the year net of taxation		**(1,807)**	7,775
Total comprehensive income for the year		**302,695**	535,928

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

Figures in Rand thousand	Share Capital	Foreign Currency Translation Reserve	Non-distributable Reserves	Total Reserves	Retained Income	Total Equity
Balance at 01 April 2020	1	21,420	935,592	957,012	1,878,323	2,835,336
Profit for the year	-	-	-	-	528,153	528,153
Other comprehensive income	-	7,775	-	7,775	-	7,775
Total comprehensive income for the year	-	7,775	-	7,775	528,153	535,928
Opening balance as previously reported	1	29,195	935,592	964,787	2,406,476	3,371,264
Balance at 01 April 2021 as restated	1	29,195	935,592	964,787	2,406,476	3,371,264
Profit for the year	-	-	-	-	304,502	304,502
Other comprehensive income	-	(1,807)	-	(1,807)	-	(1,807)
Total comprehensive income for the year	-	(1,807)	-	(1,807)	304,502	302,695
Balance at 31 March 2022	1	27,388	935,592	962,980	2,710,978	3,673,959
Note(s)	14	15	16			

STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

Figures in Rand thousand	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from operations	25	100,066	202,214
Interest income		69,863	151,628
Finance costs	4	(17,613)	(19,795)
Tax paid	26	(74,004)	(119,715)
Net cash from operating activities		**78,312**	**214,332**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(8,212)	(1,094)
Sale of property, plant and equipment		138	360
Purchase of intangible assets	5	(6,636)	(17,447)
Financial assets at amortised cost additions		(545,000)	(536,405)
Financial assets at amortised cost disposals		813,547	621,680
Purchase of financial assets		(226,292)	(235,408)
Sale of financial assets		62,093	105,779
Dividend received from listed investments		41,146	18,753
Net cash from investing activities		**130,784**	**(43,782)**
Cash flows from financing activities			
Payment on lease liabilities	4	(25,229)	(24,640)
Net cash from financing activities		**(25,229)**	**(24,640)**
Total cash movement for the year		**183,867**	**145,910**
Cash at the beginning of the year		608,541	462,631
Total cash at end of the year	13	**792,408**	**608,541**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 BASIS OF PREPARATION

The Public Investment Corporation SOC Limited's (the Company)/(the PIC) Annual Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB), the PFMA and the requirements of the Companies Act.

The Company's Annual Financial Statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair value. The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

Information about significant areas of estimates, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Annual Financial Statements, have been disclosed.

The Company Annual Financial Statements have been prepared on a going-concern basis, which assumes that the Company will be able to discharge its liabilities. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Company has adequate resources to continue in operation existence for the foreseeable future, and not fewer than 12 months from the end of the reporting period.

1.2 INVESTMENTS IN ASSOCIATES

The Annual Financial Statements include the Company's share of the income and expenses and equity movements of associates on an equity-accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Company's share of losses exceeds its interest in an associate, the Company's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of an associate.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company makes judgements, estimates and assumptions concerning the future when preparing the Annual Financial Statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, 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 discussed below.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method, less loss allowance (if any).

Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial year end. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market (unlisted securities) is determined by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each financial year-end.

Revenue recognition

In making its judgement, management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Company had transferred control of the services to the customer. Management is satisfied that control has been transferred and that the recognition of revenue in the current year is appropriate.

Revenue earned from the management of the underlying investment portfolio on behalf of clients by the PIC is recognised over time.

Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised. When recognising deferred tax assets, the Company exercises judgement in determining whether sufficient taxable profits will be available. This is done by assessing the future financial performance of the underlying assets to which the deferred tax relates to.

Taxation

The Company is subject to income tax in South Africa. As a result, significant judgement is required in determining the Company's provision for income taxes. The Company recognises tax liabilities for anticipated tax issues based on estimates of whether additional taxes will be payable. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the current and deferred tax in the period in which such determination is made.

Long-term employee benefits

Long-term employee benefits obligations are measured on a discounted basis when the effect of the time value of money is material, and are expensed when the service that gives rise to the obligation is rendered. Where the effect is not material, the obligation is measured on an undiscounted basis. The changes in the carrying value shall be recognised in profit or loss.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

The Company recognises 12-month expected credit loss (ECL) for stage 1 financial instruments. If the credit risk of the financial instrument deteriorates such that it poses a significant increase in credit risk since initial recognition, the Company recognises lifetime ECL and migrates the financial instrument to stage 2. When the instrument defaults, it moves to stage 3 as a credit impaired financial instrument and lifetime ECL recognised.

The Company's investment mandates state that in order to diversify and to minimise excessive credit exposure to a single counterparty, the Company will invest only in institutions that have a credit rating of at least A or A3 from one of the recognised domestic and or international credit-rating agencies. If the issuer credit rating falls below the credit rating of A or A3, the Company will sell the instrument if there is a market.

At each reporting date the Company assesses whether there has been a significant increase in credit risk exposure since initial recognition by comparing the probability of default (PD), over the remaining expected life, at the reporting date with that on the date of initial recognition.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are defined as tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised only when:

- It is probable that future economic benefits associated with the item will flow to the Company; and
- The cost of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost if it is probable that future economic benefits associated with the items will flow to the Company and they have a cost that can be measured reliably.

Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Property, plant and equipment are depreciated on a straight-line basis at rates calculated to reduce the cost price of these assets to estimated residual values over their expected useful lives. Subsequent costs are included in the assets' carrying amount only when it is probable that future economic benefits associated with the line item will flow to the Company and the cost of the item can be reliably measured.

Property, plant and equipment useful lives and residual values are reviewed on an annual basis with the effects of any changes in estimates accounted for on a prospective basis.

In determining residual values, the Company uses historical sales or acquisitions and management's best estimate based on market prices of similar items. Useful lives of property, plant and equipment are based on management estimates and take into account historical experience with similar assets, the expected usage of the asset and physical wear and tear.

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

	AVERAGE
Furniture and fixtures	5 – 10 years
Motor vehicles	5 – 8 years
Office equipment	5 – 8 years
IT equipment	3 – 5 years
Leasehold improvements	2 – 10 years or lease term

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

The carrying values of property, plant and equipment are written down to their estimated recoverable amounts, where the estimated recoverable amount is lower than the carrying value. The recoverable amount for property, plant and equipment is determined as the higher of the asset's fair value less costs to sell and the value in use.

All gains or losses arising on the disposal or scrapping of property, plant and equipment are recognised in profit or loss in the period of disposal or scrapping. Repairs and maintenance are charged to profit and loss when the expenditure is incurred.

1.5 INTANGIBLE ASSETS

Intangible assets are defined as identifiable, non-monetary assets without physical substance. No intangible asset is recognised when arising from research. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale;
- There is an intention to complete and use or sell it;
- There is an ability to use or sell it;
- It will generate probable future economic benefits;
- There are available technical, financial and other resources to complete the development and to use or sell the asset; and
- The expenditure attributable to the asset during its development can be measured reliably.

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

Subsequent expenditure relating to intangible assets is capitalised when it is probable that future economic benefits from the use of the assets will be increased and will be realised. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Surpluses and deficits on the disposals of intangible assets are recognised in profit or loss. The surplus or deficit is the difference between the disposal proceeds and the carrying value of the asset at the date of sale.

The Company's intangible assets with finite useful lives make the judgements surrounding the estimated useful lives and residual values critical to the Company's financial position and performance. Useful lives are reviewed on an annual basis with the effects of any changes in estimate accounted for on a prospective basis. The useful life is determined with reference to the licence term of the computer software. For unique software products controlled by the Company, the useful life is based on historical experience with similar assets as well as anticipation of future events such as technological changes that may impact the useful life. Useful lives of other intangible assets are based on management's estimates and take into account historical experience as well as future events that may affect the useful lives.

Amortisation is charged to profit or loss on a straight-line basis and is calculated to reduce the original costs to the expected residual values over the estimated useful lives.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	3 – 5 years
Other intangible assets	Straight line	Indefinite

1.6 INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Company has the ability to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the entity. This is generally demonstrated by the Company holding in excess of 20%, but no more than 50%, of the voting rights. The existence of significant influence by the Company is usually evidenced in one or more of the following:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in the policymaking process, including participation in decisions about dividends or other distributions;
- Material transactions between the entity and the investee;
- Interchange of managerial personnel; or
- Provision of essential technical information.

On initial recognition, the investment in associates is recognised at cost and the carrying amount is equity accounted. The Company's share of post-acquisition profit or loss and post-acquisition movements in other comprehensive income are recognised in the Statement of Profit or loss and Other Comprehensive Income (OCI), respectively. The Company applies the equity method of accounting from the date significant influence commences until the date significant influence ceases (or the associate is classified as held for sale), i.e. when the Company's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil, inclusive of any long-term debt outstanding. The recognition of further losses is discontinued, except to the extent that the Company has incurred legal or constructive obligations, or guaranteed obligations, in respect of the associate. If the associates reports profits, the Company resumes recognising its share of those profits only after its share of the profit equals the share of losses not recognised.

When the Company transacts with an associate, unrealised profits and losses are eliminated to the extent that there is no evidence of impairment. When the Company transacts with an associate, any instrument that contains potential voting rights is accounted for in accordance with IFRS 9.

In applying the equity method, the Company uses the financial statements of the associate as of the same date as the financial statements of the Company unless it is impracticable to do so. If it is impracticable, the most recent available financial statements of the associate or joint venture will be used, with adjustments made for the effects of any significant transactions or events occurring between the end of the two accounting periods. However, the difference between the reporting date of the associate and that of the investor cannot be longer than three months.

At each reporting date, the Company determines whether there is objective evidence that the investment in associates are impaired. Objective evidence of impairment for an associate investment includes information about significant changes resulting in adverse effects that have taken place in the technological, market, economic or legal environment in which the associate operates, and indicates that the cost of the associate investment may not be recoverable. A significant or prolonged decline in the fair value of an associate investment below its cost is also considered objective evidence of impairment. The carrying amount of such investments are then reduced to recognise any impairment by applying the impairment methodology.

The accounting is discontinued from the date that the Company ceases to have significant influence over the associate or joint control over the joint venture. The Company measures at fair value any investment it has retained in the entity when significant influence is lost and recognises the resulting gain or loss in profit or loss. The gain or loss is measured as the difference between the fair value of this retained investment and the carrying amount of the original investment at the date significant influence or joint control is lost.

1.7 FINANCIAL INSTRUMENTS

Recognition and initial measurement

Financial assets or financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Classification

FINANCIAL ASSETS

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Company assesses the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- Objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported;
- The risks that affect the performance of the business model and its strategy for how those risks are managed; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Assessment of whether contractual cash flows are SPPI:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money.

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- Contingent events that would change the amount and timing of cash flows;
- Prepayment and extension terms; and
- Features that modify consideration of the time value of money.

Equity instruments have contractual cash flows that do not meet the SPPI criterion. Accordingly, all such financial assets are measured at FVTPL unless the FVOCI option is selected.

Reclassification:

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition:

FINANCIAL ASSETS

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

FINANCIAL LIABILITIES

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

OFFSETTING

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

FAIR VALUE MEASUREMENT

'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 Company has access at that date. The fair value of a liability reflects its non-performance risk.

The Company 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 Company uses valuation techniques that maximize 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.

IMPAIRMENT

The Company recognises loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments; and
- Trade receivables;

No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt instruments that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company does not apply the low credit risk exemption to any other financial instruments.

Twelve-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months of the reporting date. Financial instruments for which 12-month ECL is recognised are referred to as stage 1 financial instruments. Financial instruments allocated to stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit impaired.

Lifetime ECL is the ECL that results from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL is recognised but that are not credit impaired are referred to as 'stage 2' financial instruments. Financial instruments allocated to stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit impaired.

Financial instruments for which lifetime ECL is recognised and that are credit impaired are referred to as 'stage 3' financial instruments.

MEASUREMENT OF ECL

ECL is a probability weighted estimate of credit losses. It is measured as follows:

- Financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive); and
- Financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

When discounting future cash flows, the following discount rates are used:

- The original effective interest rate or an approximation thereof.

CREDIT-IMPAIRED FINANCIAL ASSETS

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired (referred to as 'stage 3 financial assets'). A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event; and
- The disappearance of an active market because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position:

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets.

WRITE OFF

Debt instruments are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower or issuer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are recognised when cash is received and are included in 'impairment losses on financial instruments' in the statement of profit or loss and other comprehensive income.

TRADE AND OTHER PAYABLES

Classification

Trade and other payables (note 18), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the Company becomes a party to the contractual provisions and are measured, at initial recognition, at fair value plus transaction costs, if any.

Trade and other payable are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 23).

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 32 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, bank balances and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Carrying values of cash and cash equivalents are considered a reasonable approximation of their fair values. Term deposits are presented as cash equivalents if they have a maturity of three months or fewer from the date of acquisition. Term deposits measured at amortised cost are presented as cash equivalents if they have a maturity of three months or fewer from financial position date. Term deposits measured at amortised cost with three months or fewer to maturity as at the financial position date are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose and are presented as cash equivalents.

1.8 TAX

Current tax assets and liabilities

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective taxation bases. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and is measured at the taxation rates (enacted or substantively enacted at the reporting date) that are expected to be applied to the temporary differences when they reverse.

Deferred tax is recognised in profit or loss for the period, except to the extent that it relates to a transaction that is recognised directly in equity or in other comprehensive income, or a business combination that is accounted for as an acquisition. The effect on deferred tax of any changes in taxation rates is recognised in profit or loss for the period, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax liabilities are recognised for all taxable temporary differences, and deferred taxation assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences 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 taxation benefits will be realised.

Deferred tax is not recognised for the following temporary differences:

- The initial recognition of goodwill;
- The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- Differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefits will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different taxation 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.

Tax expenses

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

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

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

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

1.9 RIGHT OF USE AND OPERATING LEASE

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This is applied on contracts entered into (or changed) on or after 1 April 2019.

Company acting as a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates consideration in the contract to each lease component on the basis of its relative standalone price. However, for lease of head office premises the Company has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- Fixed payments, including substance fixed payments; and
- Variable lease payments that depend on a rate.

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

The Company presents right-of-use assets separate from 'property and equipment' and lease liabilities in 'other liabilities' in the statement of financial position.

SHORT-TERM LEASES AND LEASES OF LOW-VALUE ASSETS:

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company acting as a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative standalone selling prices.

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

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. The Company applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease.

Company as lessee

RIGHT-OF-USE ASSETS

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is calculated using the straight-line method over the estimated useful lives, as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Buildings	Straight line	Lease term
IT equipment	Straight line	Lease term

1.10 IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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).

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.

The Company's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated.

Impairment losses are recognised in profit or loss.

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.

1.11 SHARE CAPITAL AND EQUITY

Ordinary shares are classified as equity. Share capital issued by the Company is recorded as the value of the proceeds received less the external costs directly attributable to the issue of the shares.

Dividends to equity holders are recognised as a liability in the period in which they are declared and are accounted for in the statement of changes in equity.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value are classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.12 NON-DISTRIBUTABLE RESERVES AND OTHER RESERVES

Foreign currency reserve

The Company recognises foreign currency transactions initially at the rate of exchange at the date of the transaction. At each subsequent financial position date:

- Foreign currency monetary balances are reported using the closing rate;
- Non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction; and
- Non-monetary items carried at fair value are reported at the rate that existed when the fair values were determined.

Foreign exchange differences arising on translation are recognised in profit and loss.

Non-distributable reserves

The Company will make a transfer of profits to the non-distributable reserve (NDR) on an annual basis. These reserves are not available for distribution.

The directors may use the NDR funds to fund future capital expenditure of the Company, therefore ensuring the financial sustainability of the Company.

1.13 OPERATING EXPENSES

Operating expenses reflect costs incurred during the reporting period and relate to operating activities of an entity. Expenses are recognised on the basis of the accrual and comparability principles in the reporting period during which the related income is earned, regardless of the time of spending the cash. Only that portion of costs of the previous reporting periods that is related to the income earned during the reporting period is recognised as expenses.

Costs that are not related to income earned during the reporting period, but are expected to generate future economic benefits, are recorded in accounting and presented in the financial statements as assets. The portion of assets that are intended for earning income in future periods shall be recognised as expenses when the associated income is earned. When the use of certain assets will generate income over several future reporting periods and due to that, the association between income and expenses can be determined only approximately, expenses are recognised using indirect recognition methods, for example depreciation and amortisation of non-current assets.

1.14 EMPLOYEE BENEFITS

Short-term employee benefits

Short-term benefits consist of salaries, accumulated leave payments, bonus and any non-monetary benefits such as medical aid contributions.

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

A liability is recognised for the amount expected to be paid under the short-term benefits if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term incentives

On an annual basis, the long-term incentive (LTI) provision will be re-measured taking into account the probability of payout at the end of the vesting period. The best estimate of the amount that will be paid will be determined by using the historical analysis of the payout made and also taking into consideration any special events that could have resulted in a significant event that could impact on the carrying amount. The changes in the carrying value shall be recognised in profit or loss.

Termination benefits

Termination benefits are recognised as an expense when the Company is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Defined-contribution plans

Under defined-contribution plans:

(a) The Company's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. Thus, the amount of the post-employment benefits received by the employee is determined by the amount of contributions paid by both the employer and employee to a post-employment benefit plan, together with investment returns arising from the contributions; and
(b) In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the employee.

Defined-benefit plans

Under defined-benefit plans:

(a) The Company's legal or constructive obligation is not limited to the amount that it agrees to contribute to the fund; and
(b) In consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets invested will be insufficient to meet expected benefits) fall on the Company.

1.15 PROVISIONS AND CONTINGENCIES

Provisions represent liabilities of uncertain timing or amount.

Provisions are recognised when:

- The Company 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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The amount recognised as a provision is the reasonable estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of discounting is material, the provision is discounted. The discount rate reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Gains from the expected disposal of assets are not taken into account in measuring provisions. Provisions are reviewed at each reporting date and adjusted to reflect the current reasonable estimate. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

Provisions are not recognised for future operating losses.

1.16 IRREGULAR EXPENDITURE

When confirmed, irregular expenditure must be recorded in the notes to the financial statements. The amount to be recorded in the notes must be equal to the value of the irregular expenditure incurred unless it is impracticable to determine the value thereof.

Where such impracticality exists, the reasons therefore must be provided in the notes. Irregular expenditure must be removed from the notes when it is either:

(a) Condoned by National Treasury or the relevant authority; and
(b) It is transferred to receivables for recovery; or
(c) It is not condoned and is irrecoverable.

A receivable related to irregular expenditure is measured at the amount that is expected to be recovered and must be derecognised when the receivable is settled or subsequently written off as irrecoverable.

1.17 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is asset management fees (fees), which comprise fees earned on equities, properties, fixed income, and unlisted debt and equities asset classes.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when the revenue should be recognised.

Revenue comprises asset management fees activities, which consist of management fees and property development fees. In terms of IFRS 15, the Company is required to recognise revenue when or as the entity satisfies a performance obligation by transferring a promised service to a customer. The Company, therefore assessed the impact of IFRS 15 based on the IFRS 15 five step, process as per below:

- The mandate is the contract signed between the customer and the Company and is the legally enforceable contract identifying the rights of each party.
- The performance obligation in the mandate is the promise by the Company to manage the clients funds to generate an alpha.
  - Revenue is earned in the form of management fees, as management services are rendered, i.e. ongoing management of the investment portfolio as agreed in terms of the mandates with customers. IFRS 15.119(a).
  - Management fees are calculated based on market value of assets under management and billed in arrears or advance depending on the mandate, with payment terms of 30 days. Any uncertainty related to the variable consideration will be resolved as of the end of each reporting period. No estimation is required for variable consideration when allocating the transaction price to the performance obligation. IFRS 15.119(b).
  - Revenue earned from management fees is recognised over time based on the annual management fees percentage per contracts with customers and on direct measurement of the value to the customer of the services transferred, i.e. output method. The PIC has elected to apply the practical expedient, and therefore it will not adjust the promised amount of consideration for the effect of significant financing components since the payment will be within one year.
- The mandate specifies the transaction price as the expected management fees and performance fee (if any) to be charged.
- The total management fees should be allocated to the single performance obligation, that of managing the portfolio of investments on behalf of customers. Due to the nature of the revenue earned (management fees and/or performance fees), no estimation is required for variable consideration when allocating the transaction price to the performance obligation.
- The Company recognises the revenue only when it has satisfied the promised obligation of providing the asset management service and the obligation has been monetised. Revenue of management fees is recognised over time.

The Company's revenue is measured based on the consideration received in the contract with the customer excluding value added taxation (VAT).

1.18 INVESTMENT INCOME

Interest is recognised as part of investment income using the effective interest rate method.

Dividends are recognised as part of investment income when the Company's right to receive payment has been established.

1.19 COMMITMENTS

A commitment is a state or quality of being dedicated to a cause or activity. The PIC commitments disclosure comprises four classes of commitments, i.e. leases, future capital expenditures that are authorised by the Company's Board of Directors both contracted and uncontracted, future operating expenses that are authorised by the Company's Board of Directors (contracted expenses) and future investments that are authorised by the Company's Board of Directors.

1.20 RELATED PARTY

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

1.21 SUBSEQUENT EVENTS

Events after the reporting period

It is an event, which could be favourable or unfavourable, that occurs between the end of the reporting period and the date that the financial statements are authorised for issue. The Company adjusts its financial statements for events after the balance sheet date that provide further evidence of conditions that existed at the end of the reporting period, including events that indicate that the going-concern assumption in relation to the whole or part of the enterprise is not appropriate.

The Company does not adjust its financial statements for events or conditions that arise after the end of the reporting period. If the events are material, they will be disclosed in the Annual Financial Statements. If the Company declares dividends after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period. If the Company receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions in the light of the new information.

1.22 COMPARATIVES

The Company discloses comparative information for the previous period for all amounts reported in the financial statements, both on the face of the financial statements and in the notes, unless another standard requires otherwise.

1.23 OFFSETTING

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expense items are offset only to the extent that their related instruments have been offset in the statement of financial position.

The Company does not offset any assets and liabilities, and income and expenses, unless it is required or permitted by an IFRS.

2. New Standards and Interpretations

2.1 STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE

The Company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2022 or later periods:

STANDARD/INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT
• IAS 1: Presentation of Financial Statements	01 January 2023	Unlikely there will be a material impact
• IAS 16: Property, Plant and Equipment	01 January 2022	Unlikely there will be a material impact
• IAS 37: Provision, Contingent Liabilities and Contingents Assets	01 January 2022	Unlikely there will be a material impact
• IFRS 3: Business Combination	01 January 2022	Unlikely there will be a material impact
• IAS 8: Accounting Policies, changes in accounting estimates and errors	01 January 2023	Unlikely there will be a material impact
• IAS 12: Taxation	01 January 2023	Unlikely there will be a material impact
• IFRS 9: Financial Instrument	01 January 2022	Unlikely there will be a material impact
• IFRS 16: Leases	01 January 2022	Unlikely there will be a material impact

3. Property, plant and equipment

Figures in Rand thousand	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	16,919	(11,365)	5,554	17,234	(10,593)	6,641
Motor vehicles	409	(85)	324	409	(34)	375
Office equipment	18,098	(12,719)	5,379	18,026	(11,237)	6,789
IT equipment	21,095	(12,291)	8,804	19,513	(14,562)	4,951
Leasehold improvements	53,999	(26,424)	27,575	53,984	(20,717)	33,267
TOTAL	**110,520**	**(62,884)**	**47,636**	**109,166**	**(57,143)**	**52,023**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2022

	Opening balance	Additions	Write-off	Depreciation	Total
Furniture and fixtures	6,641	-	(52)	(1,035)	5,554
Motor vehicles	375	-	-	(51)	324
Office equipment	6,789	250	(93)	(1,567)	5,379
IT equipment	4,951	7,946	(405)	(3,688)	8,804
Leasehold improvements	33,267	16	-	(5,708)	27,575
	52,023	**8,212**	**(550)**	**(12,049)**	**47,636**

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2021

	Opening balance	Additions	Write-off	Depreciation	Total
Furniture and fixtures	7,824	-	(8)	(1,175)	6,641
Motor vehicles	-	409	-	(34)	375
Office equipment	8,278	58	(3)	(1,544)	6,789
IT equipment	8,231	-	(170)	(3,110)	4,951
Leasehold improvements	38,265	627	(1)	(5,624)	33,267
	62,598	1,094	(182)	(11,487)	52,023

4. Right of use

Details pertaining to leasing arrangements, where the company is lessee, are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

Figures in Rand thousand	2022	2021
Office buildings – cost	269,766	341,556
Office buildings – accumulated depreciation	(169,590)	(139,042)
Building – net carrying amount	100,176	202,514
IT equipment – cost	-	4,242
IT equipment – accumulated depreciation	-	(3,393)
IT equipment – net carrying amount	-	849
Total right-of-use assets carrying amount	**100,176**	203,364

The company has a lease for office buildings and IT equipment, with the exception of low-value underlying asset. Each lease is reflected on the balance sheet as a right-of-use asset and lease liability.

The office lease rental amount was reduced during the current year. The office building cost was adjusted by R72 million as a result of renegotiation of the lease term.

The office buildings and IT equipment leases are subject to the following terms:

1. Menlyn Maine

- Office building leased by the PIC situated on corner Aramist Avenue and Corobay Avenue, Waterkloof Glen Extension 2, Gauteng.
- Lease term is nine years and ten months.
- Remaining term at 31 March 2022 is five years and nine months.
- No option to extend, option to purchase, the lease payments are not linked to an index and no termination option.

2. Konica Minolta printers

- Printers leased by the PIC for operations.
- Lease term three years.
- Lease ended at 31 March 2020 with an extension option of two years. The PIC exercised the option.
- The lease ended on 31 March 2022.
- No option to purchase, the lease payments are not linked to an index and no termination option.

4. Right-of-use (continued)

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets is presented below. It includes depreciation that has been expensed in the total depreciation charge in profit or loss (note 21), as well as depreciation that has been capitalised to the cost of other assets.

Figures in Rand thousand	2022	2021
Buildings	30,548	34,765
IT equipment	849	849
	31,397	**35,614**
Other disclosures		
Interest accrued on lease liabilities	16,686	19,795
Lease interest paid	16,686	19,795
Lease liability capital paid	25,229	24,640
Total cash outflow from leases	41,915	44,435
Lease liabilities		
The maturity analysis of lease liabilities is as follows:		
Within one year	32,397	48,073
Two to five years	150,229	232,411
More than five years	28,337	51,716
	210,963	**332,200**
Less finance charges component	(39,086)	(63,304)
	171,877	**268,896**
Non-current liabilities	150,860	238,719
Current liabilities	21,017	30,177
	171,877	**268,896**

5. Intangible assets

Figures in Rand thousand	2022			2021		
	Cost/ valuation	Accumulated amortisation	Carrying value	Cost/ valuation	Accumulated amortisation	Carrying value
Computer software	55,655	(8,791)	46,864	47,371	(6,735)	40,636
Other intangible assets	479	-	479	479	-	479
TOTAL	**56,134**	**(8,791)**	**47,343**	47,850	(6,735)	41,115

RECONCILIATION OF INTANGIBLE ASSETS – 2022

	Opening balance	Additions	Amortisation	Total
Computer software	40,636	10,954	(4,726)	46,864
Other intangible assets	479	-	-	479
	41,115	**10,954**	**(4,726)**	**47,343**

This relates to externally generated intangible assets.

Included in other intangible assets is enterprise content management application. This application has an indefinite useful life. The company will continue to use this application as long as it continues operations. This application is not amortised but it is tested for impairment annually.

Reconciliation of intangible addition

Total addition	10,954
Less addition not paid at year end	(4,318)
Addition paid at year end	**6,636**

RECONCILIATION OF INTANGIBLE ASSETS – 2021

	Opening balance	Additions	Amortisation	Total
Computer software	24,702	20,436	(4,502)	40,636
Other intangible assets	479	-	-	479
	25,181	20,436	(4,502)	41,115

6. Investments in associates

Investments in associates are investments in which the Company has significant influence, but not control over the financial and operating policies. Investment in associates is accounted for using the equity method in terms of IAS 28. The Company has four associates, namely Harith Fund Managers (Pty) Limited, Harith General Partners (Pty) Limited, Bophelo Insurance Group (BIG) and South African SME Fund Limited (SA SME).

Associates

Harith Fund Managers (Pty) Limited's nature of business is the management of the funds of the Pan African Infrastructure Development Fund (PAIDF 1). Harith Fund Managers (Pty) Limited is also responsible, on behalf of the PAIDF 1, for the provision of specified administrative services relating to the operations of the PAIDF 1. Harith Fund Managers (Pty) Limited assists the Company in carrying out its mandate as it relates to infrastructure in both South Africa and the rest of the continent. PAIDF 1 came to the end of its life.

Harith General Partners (Pty) Limited is a company established in South Africa in 2006, specialising in investments in infrastructure projects in energy, transport, rail, port and airports, information and communication technology, water and sanitation, energy and many others mainly on the African continent. Harith General Partners (Pty) Limited provides fund management and advisory services to the PAIDF 2. PAIDF 2 is still operational.

BIG is a majority black-owned insurance group. BIG holds two subsidiaries in the life and short-term insurance sector, namely Bophelo Life Insurance Limited (Bophelo Life) and Nzalo Insurance Service Limited (NIS). Bophelo Life is a wholly owned subsidiary of BIG and is an authorised financial services provider as prescribed by the FAIS Act, and a registered life insurer in terms of the Long-term Insurance Act, No 52 of 1998. NIS is a short-term insurer licensed by the FSCA to underwrite all classes of business as defined in the Short-term Insurance Act of 1998.

The SA SME Fund was established as part of the CEO initiative in conjunction with National Treasury and corporate South Africa. The Company's objective is to equity invest in high-potential entrepreneurial enterprises in the SME sector and to build a high-quality mentorship cohort to provide business and other forms of support to SMEs and entrepreneurs funded by the Company. The Company has a right to elect a director in SA SME Fund.

	2022	2021	2022	2021
Name of company	% ownership interest		Carrying amount	
Harith Fund Managers (Pty) Limited	46.00%	46.00%	(552)	(1,166)
Harith General Partners (Pty) Limited	30.00%	30.00%	252,251	178,423
Bophelo Insurance Group	30.00%	30.00%	-	-
South African SME Fund Limited	7.21%	7.31%	93,665	95,421
			345,364	272,678

The PIC has significant influence in SA SME due to its board representation.

The PIC is entitled to one seat on the board of SA SME.

The SME Fund has a maximum of 12 board members.

The PIC (as the asset manager) will be involved in decisions about dividends or other distributions.

Material associates

The following associates are material to the Company:

			2022	2021
	Country of incorporation	Method	% Ownership interest	
Harith Fund Managers (Pty) Limited	South Africa	Equity accounting	46%	46%
Harith General Partners (Pty) Limited	South Africa	Equity accounting	30%	30%
Bophelo Insurance Group	South Africa	Equity accounting	30%	30%
South African SME Fund Limited	South Africa	Equity accounting	7.21%	7.31%

6. Investments in associates (continued)

Summarised financial information of material associates

Figures in Rand thousand — 2022

Summarised statement of profit or loss and other comprehensive income	Revenue	Profit/(loss)	Other comprehensive income	Total comprehensive income	Profit/(loss) attributable to the Company
Harith Fund Managers (Pty) Limited	110,790	1,333	-	1,333	613
Harith General Partners (Pty) Limited	471,235	252,117	(6,022)	246,094	73,828
South African SME Fund Limited	52,420	(24,360)	-	(24,360)	(1,756)
	634,445	**229,090**	**(6,022)**	**223,067**	**72,685**

Summarised statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
Harith Fund Managers (Pty) Limited	1,321	9,213	-	26	10,508
Harith General Partners (Pty) Limited	373,155	462,206	4,292	53,851	777,218
South African SME Fund Limited	591,798	750,234	40,044	17,092	1,284,896
	966,274	**1,221,653**	**44,336**	**70,969**	**2,072,622**

Reconciliation of net assets to equity accounted investments in associates	Total net assets
Harith Fund Managers (Pty) Limited	10,508
Harith General Partners (Pty) Limited	777,218
South African SME Fund Limited	1,284,896
	2,072,622

Reconciliation of movement in investments in associates	Investment at beginning of financial year	Share of profit	Share of other comprehensive income	Investment at end of the financial year
Harith Fund Managers (Pty) Limited	(1,166)	614	-	(552)
Harith General Partners (Pty) Limited	178,424	75,634	(1,807)	252,251
South African SME Fund Limited	95,421	(1,756)	-	93,665
	272,679	**74,492**	**(1,807)**	**345,364**

6. *Investments in associates (continued)*

Figures in Rand thousand					2021
Summarised statement of profit or loss and other comprehensive income	Revenue	Profit/(loss)	Other comprehensive income	Total comprehensive income	Profit/(loss) attributable to the Company
Harith Fund Managers (Pty) Limited	121,649	1,427	-	1,427	656
Harith General Partners (Pty) Limited	220,861	44,560	25,918	70,478	21,143
South African SME Fund Limited	53,448	(4,453)	-	(4,453)	(326)
	395,958	**41,534**	**25,918**	**67,452**	**21,473**

Summarised statement of financial position	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Total net assets
Harith Fund Managers (Pty) Limited	1,839	7,348	-	12	9,175
Harith General Partners (Pty) Limited	192,849	443,780	2,380	100,280	533,969
South African SME Fund Limited	481,655	848,762	32,651	9,567	1,288,199
	676,343	**1,299,890**	**35,031**	**109,859**	**1,831,343**

Reconciliation of net assets to equity accounted investments in associates	Total net assets
Harith Fund Managers (Pty) Limited	9,175
Harith General Partners (Pty) Limited	533,969
South African SME Fund Limited	1,288,199
	1,831,343

Reconciliation of movement in investments in associates	Investment at beginning of financial year	Share of profit	Share of other comprehensive income	Investment at end of the financial year
Harith Fund Managers (Pty) Limited	(1,822)	656	-	(1,166)
Harith General Partners (Pty) Limited	157,280	13,368	7,775	178,423
South African SME Fund Limited	95,747	(326)	-	95,421
	251,205	**13,698**	**7,775**	**272,678**

7. Financial assets at fair value through profit or loss

Figures in Rand thousand	2022	2021
Current assets		
Listed shares	993,433	657,275
Bonds	1,483,845	1,415,076
	2,477,278	**2,072,351**

Financial assets at fair value through profit and loss

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price at reporting date.
- The fair values on investments not listed or quoted are estimated using the yield curve valuation technique using the nominal rate of interest compounded continuously. This method is consistent with that of the prior year.

For debt securities classified at fair value through profit or loss, the maximum exposure to credit risk at the reporting date is the carrying amount.

The maximum exposure to credit risk at the reporting date is the fair value of each class of financial instrument mentioned above and the fair value of the trade and other receivables is disclosed in note 12. The Company has not pledged any collateral as security.

Financial instruments measured at fair value shall be classified into a hierarchy that reflects the significance of the inputs used in making the measurements. The hierarchy of all the financial instruments is level 1. Level 1 inputs are quoted prices in active markets for identical assets, which are observable for the assets, either directly or indirectly.

Credit quality of other financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Financial assets at fair value through profit/loss

Credit rating	2022	2021
A+	2,608	2,805
AA-	62,932	64,640
AA	9,726	10,028
AAA	1,267,875	1,200,560
B	140,703	137,044
Other	993,434	657,274
	2,477,278	**2,072,351**

8. Financial instruments by class

All financial assets at fair value through profit or loss are designated at initial recognition. The carrying value of the financial instruments approximates the fair value. All financial liabilities are carried at amortised cost.

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand thousand	2022	2021
Fair value through profit or loss		
Bonds	1,483,845	1,415,076
Listed shares	993,433	657,275
	2,477,278	2,072,351
Carried at amortised cost		
The carrying amount of financial instrument carried at amortised cost are approximately fair value		
Financial assets at amortised cost	96,669	356,899
Trade receivables	145,943	110,620
Bank balances	792,404	608,387
Trade and other payables	(30,955)	(27,676)
Lease liabilities	(171,877)	(268,896)
	832,184	779,334

9. Deferred tax

Figures in Rand thousand	2022	2021
Deferred tax		
Leave pay	6,447	6,741
Prepayments	(2,663)	(2,655)
Unrealised (profit)/loss	5,292	47,024
Short-term incentive provision	23,455	9,293
Long-term incentive provision	45,726	23,151
Expected credit loss	1	2
Right-of-use	20,076	18,349
Total deferred tax asset	**98,334**	**101,905**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax asset	98,334	101,905

Reconciliation of deferred tax asset/(liability)		
At beginning of year	101,905	196,536
Leave pay	(294)	1,476
Prepayments	(8)	(591)
Unrealised (profit)/loss	(41,732)	(76,806)
Short-term incentive provision	14,162	(7,684)
Long-term incentive provision	22,576	(14,080)
Expected credit loss	(2)	(18)
Right-of-use	1,727	3,072
	98,334	**101,905**

10. Current tax payable (receivable)

Opening balance	(67,536)	(47,074)
Raised during the year	46,394	99,796
Tax paid during the year	(74,004)	(119,714)
Tax refunded from prior year	-	(544)
	(95,146)	**(67,536)**

11. Trade and other receivables

Figures in Rand thousand	2022	2021
Financial instruments:		
Trade receivables	141,383	109,185
Accrued interest	1,476	330
Sundry debtors	3,084	1,105
Non-financial instruments:		
Prepayments	20,345	24,589
Total trade and other receivables	**166,288**	**135,209**
Split between non-current and current portions		
Current assets	166,288	135,209
Financial instrument and non-financial instrument components of trade and other receivables		
At amortised cost	145,943	110,620
Non-financial instruments	20,345	24,589
	166,288	**135,209**

Exposure to credit risk

Trade receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due. To mitigate the risk of financial loss from defaults, the Company deals only with reputable customers with consistent payment histories. The exposure to credit risk and the creditworthiness of customers are continuously monitored.

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 has occurred.

The significant increase in credit risk assessment is done at a client level.

A client is considered to have experienced significant increase in credit risk assessment and will transition to stage 2 when:

- Amounts past due (arrears) exceed 30 days (rebuttable presumption);
- The client is on PIC's watch list and is categorised as a high risk; or
- A deterioration in probability of default occurred.

A financial asset is considered in default when the amount is in arrears for more than 60 days.

There have been no significant changes in credit risk management policies and processes since the prior reporting period. The average credit period on trade receivables is 30 days (2021: 30 days). No interest is charged on outstanding trade receivables.

11. Trade and other receivables (continued)

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables that have been written off are not subject to enforcement activities.

The Company measures the loss allowance for trade receivables by applying the general approach as described by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as 12-month expected loss allowance.

The approach has been developed by considering the following:

- Past default experience of the debtors;
- Information for estimating occurrence of default events within 12 months of the reporting date;
- Information for estimating occurrence of default events within the life of the instrument and their probable outcomes;
- If any, instrument credit risk and identifying its significant increase;
- % of financial instruments with related parties;
- % of financial instruments based on mandates with related parties and method of collection;
- Type of organisation where the financial instruments are held i.e. state-owned or pension fund;
- For pension fund consider whether it is fully funded or not; and
- Consider all signed mandates with clients and method of collection as a fund manager.

Trade and other receivables are categorised as stage 1.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses):

Figures in Rand thousand	2022	2021
Opening balance in accordance with IFRS 9	-	30
Opening balance in accordance with IFRS 9	**-**	**(30)**
Lifetime ECL	-	30
Closing balance	**-**	-

Measurement of trade receivable ECL

- 99.6% of trade receivables are PIC clients that are also related parties;
- Revenue from the related parties is based on mandate agreements with clients;
- 100% of these related parties are state-owned, with significantly low risk of cash flow problems;
- The PIC has control over the collection of management fees, once the client has approved the invoice; and
- Based on historical data, there has not been an impairment on any revenue due from client.

Based on the above and low risk of default, management will not recognise the ECL provision on trade receivables.

12. Financial instruments at amortised cost

Figures in Rand thousand	2022	2021
Fixed deposit	86,587	344,798
Promissory notes	10,082	12,101
	96,669	356,899

Exposure to credit risk

Fixed deposit and promissory notes inherently expose the company to credit risk, being the risk that the company will incur financial loss if counterparties fail to make payments as they fall due.

Credit loss allowances

The following tables show the movement in the loss allowance for fixed deposit and promissory notes.

The movement in the gross carrying amounts of the fixed deposit and promissory note is presented to assist in the explanation of movement in the allowance:

								2022
Instrument	Basis of loss allowance	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Weighted average loss rate	Gross carrying amount	Loss allowance	Amortised cost
Fixed deposit	12-Month ECL	AA	Fitch	N/A	0.03%	69,602	(19)	69,583
Fixed deposit	12-Month ECL	AA+	Fitch	N/A	0.03%	17,008	(4)	17,004
Promissory notes	Lifetime	CCC-	N/A	Not performing	6.3%	10,760	(678)	10,082
						97,370	**(701)**	**96,669**

								2021
Instrument	Basis of loss allowance	External credit rating (where applicable)	Rating agency	Internal credit rating (where applicable)	Weighted average loss rate	Gross carrying amount	Loss allowance	Amortised cost
Fixed deposit	12-month ECL	AA	Fitch	N/A	0.40%	346,186	(1,388)	344,798
Promissory notes	Lifetime	CCC-	N/A	Not performing	8.33%	13,200	(1,099)	12,101
						359,386	(2,487)	356,899

12. Financial instruments at amortised cost (continued)

Reconciliation of loss allowances

The following tables show the movement of the loss allowances for investments in debt instruments that are measured at amortised cost. The movement in the gross carrying amounts of the investments is also presented to assist in the explanation of movements in the loss allowance. The loss allowances do not reduce the carrying amount on the statement of financial position, but are recognised in profit or loss.

Fixed deposit: Loss allowance measured at 12-month ECL:

Figures in Rand thousand	2022	2021
Opening balance	1,388	1,723
Movement for the year	(1,365)	(355)
Gross carrying amount at end of reporting period	**23**	**1,388**

The decrease in ECL allowance was due to lower interest rate and lesser acquisitions as compared to matured instruments.

Promissory notes: Loss allowance measured at lifetime:

Opening balance	1,099	304
Movement for the year	(421)	795
Gross carrying amount at end of reporting period	**678**	**1,099**

The decrease in ECL allowance was due to matured instruments and the decrease in PD for promissory note.

The decrease in PD and loss given default (LGD) for the Land Bank promissory note is due to the improved financial performance of the bank compared to 2021. Forty-three percent of the defaulted capital has been paid, the bank has been making Mora interest payment on a monthly basis since default and the government has pledged more than R7 billion to recapitalise the bank. A thorough analysis and valuation was done by the Risk department that concluded that the PD for this instrument should be 7.3% and LGD is set at 100%.

Amount arising from ECL

Inputs, assumptions and techniques for estimating impairment.

Significant increase in credit risk

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

12. Financial instruments at amortised cost (continued)

The objective of the assessment is to identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- The remaining lifetime PD as at the reporting date, with
- The remaining lifetime PD for this point in time that was estimated at the time of initial recognition of the exposure (adjusted where appropriate for changes in prepayment expectations).

The Company uses three criteria for determining whether there has been a significant increase in credit risk:

- A quantitative test based on movement in PD;
- Qualitative indicators; and
- A backstop of 30 days past due.

Credit risk grades

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default. These factors vary depending on the nature of the exposure and the type of counterparty.

Credit risk grades are defined and calibrated such that the risk of default occurring increases exponentially as the credit risk grade deteriorates. Each exposure is allocated to a credit risk grade on initial recognition based on available information about the counterparties. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Data from credit reference agencies, press articles, changes in external credit ratings; and
- Actual and expected significant changes in the political, regulatory and technological environment of the counterparties.

Credit risk grades are a primary input into the determination of the term structure of PD for exposures.

The Company collects performance and default information about its credit risk exposures analysed by asset class as well as by credit risk grading. For the asset class financial assets, information purchased from external credit reference agencies is used.

The Company employs a methodology to analyse the data collected and generates estimates of the remaining lifetime PD of exposures and how these are expected to change over time. As a general indicator, the credit risk of a particular exposure is deemed to have increased significantly since initial recognition if, based on the Company's quantitative data:

- Credit risk grades are determined to have deteriorated by more than two notches; and
- The remaining lifetime PD is determined to have increased by more than 1% of the corresponding amount estimated on initial recognition.

Credit risk may also be deemed to have increased significantly since initial recognition based on qualitative factors linked to the Company's credit risk management processes that may not otherwise be fully reflected in its quantitative analysis on a timely basis.

As a backstop, the Company considers that a significant increase in credit risk occurs no later than when an asset is more than 30 days past due. Days past due are determined by counting the number of days since the earliest elapsed due date on which full payment has not been received.

If there is evidence that there is no longer a significant increase in credit risk relative to initial recognition, then the loss allowance on an instrument returns to being measured at 12-month ECL.

Definition of default

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

- The borrower or counterparty is unlikely to pay its credit obligations to the Company in full;
- The borrower or counterparty is more than 60 days past due on any material credit obligation to the Company; and
- It is becoming probable that the borrower or counterparty will restructure the asset as a result of bankruptcy due to inability to pay its obligations.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Incorporation of forward-looking information

The Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL.

The Company has identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, has estimated if there is any significant effect as a result of change in key drivers, i.e. GDP growth and interest rate.

Measurement of ECL

The key inputs into the measurement of ECL are the term structure of the following variables:

- PD;
- Loss given default (LGD); and
- Exposure at default (EAD).

ECL for exposures in stage 1 are calculated by multiplying the 12-month PD by LGD and EAD. Lifetime ECL is calculated by multiplying the lifetime PD by LGD and EAD.

Credit rating methodology is used to estimate the PD.

LGD is the magnitude of the likely loss if there is a default. The LGD was set at 45% for senior unsecured debt. EAD represents the expected exposure in the event of a default. The Company derives the EAD from the current exposure to the counterparty.

The EAD of a financial asset is its gross carrying amount at the time of default.

Exposure to liquidity risk

The key measure used by the Company for managing liquidity risk is the ratio of net liquid assets to short-term funding. For this purpose, 'net liquid assets' includes cash and cash equivalents and investment-grade debt securities for which there is an active and liquid market divided by commitments maturing within the next month.

13. Cash and cash equivalents

Figures in Rand thousand	2022	2021
Cash and cash equivalents consist of:		
Cash on hand	4	5
Bank balances	681,860	215,607
Short-term deposits	110,544	392,929
	792,408	**608,541**

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

The credit quality of cash at bank and short-term deposits, excluding cash on hand, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
AA	78,164	608,541
AA+	714,240	-
	792,404	**608,541**

Exposure to currency risk

- Management has concluded that the financial statements present fairly the Company's financial position, financial performance and cash flows and has complied with applicable IFRSs.
- For fair presentation in reflecting the Company's short-term cash commitments, management has diverged regarding the application of IAS 7 paragraph 7 to present financial assets at amortised cost as cash equivalent on the basis of the three-month remaining period to maturity at the financial position date rather than from its acquisition date.
- Cash and cash equivalents have increased by R183,867 million and financial assets at amortised cost have decreased by R260,230 million.

14. Share capital

Authorised		
100 ordinary shares of R10 each	1	1
Issued		
100 ordinary shares of R10 each	1	1

15. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries from associate.

Opening balance	29,195	21,420
Foreign currency translation reserves	(1,807)	7,775
	27,388	**29,195**

16. Non-distributable reserves

Figures in Rand thousand	2022	2021
Reserves	**935,592**	935,592

17. Provisions

RECONCILIATION OF PROVISIONS 2022						
Figures in Rand thousand	Opening balance	Raised	Utilised during the year	Reversed during the year	Transfer to payables	Total
Leave pay	24,074	37,441	(34,226)	(4,263)	-	23,026
Long-term incentives	82,679	92,726	(37,571)	27,890	(2,417)	163,307
Short-term incentives	33,189	197,725	(147,145)	-	-	83,769
	139,942	**327,892**	**(218,942)**	**23,627**	**(2,417)**	**270,102**

RECONCILIATION OF PROVISIONS 2021					
Figures in Rand thousand	Opening balance	Raised	Utilised during the year	Reversed during the year	Total
Leave pay	18,805	37,642	(26,146)	(6,227)	24,074
Long-term incentives	132,968	12,382	(62,671)	-	82,679
Short-term incentives	60,633	28,589	(56,033)	-	33,189
	212,406	78,613	(144,850)	(6,227)	139,942

Figures in Rand thousand	2022	2021
Non-current liabilities	133,396	41,665
Current liabilities	136,706	98,277
	270,102	139,942

Leave provision

The Company accrues in full the employees' rights to annual leave entitlement in respect of past service. This is expensed over the period the services are rendered. The leave provision is recognised as a liability and expected to be settled within 12 months of the end of the period in which the employees render the related services.

Short-term employee benefits

The short-term incentives (STI) scheme of R84 million (2021: R33 million) has been recognised as a provision.

The short-term incentives pool is measured at 64% of a certain percentage (based on the Company score as per the remuneration policy) of the profit before tax.

17. Provisions (continued)

The incentive pool must be approved by the Board after year end before payout. At year end there is uncertainty regarding the bonus pool since this is at the discretion of the Board.

The STI scheme is recognised and accrued in the year the service was rendered, but paid only after the financial statements are approved by the Board. The trigger for the payment of the STI is if the Company has made at least 10% of the net income over management fees and scores a performance rating of three.

Long-term employee benefits

The LTI scheme is R163 million (2021: R83 million).

The long-term incentives pool is measured at 36% of a certain percentage (based on the company score as per the remuneration policy) of the profit before tax. The assumption includes % of probability of payment and considers time value of money (if material).

The incentive pool must be approved by the Board after year end before payout. At year end there is uncertainty regarding the bonus pool since this is at the discretion of the Board.

The LTI scheme is recognised and accrued in the year the service was rendered, but paid only after the vesting period. The trigger for the allocation of the LTI is if the Corporation has made at least 10% of the net income over management fees and scores a performance rating of three.

The scheme is to attract, retain and reward high-performing management. The Company management is eligible to participate in the LTI scheme only if the Company achieves an overall performance rating of three and if a manager achieves a minimum individual performance rating of 3.5.

The time value of money was not considered when raising the provision since the impact of discounting is immaterial.

18. Trade and other payables

Figures in Rand thousand	2022	2021
Financial instruments:		
Trade payables	6,451	5,431
Accrued expenses	24,504	22,245
Non-financial instruments:		
Employee-related control account	4,206	-
VAT	16,544	4,844
	51,705	**32,520**

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

At amortised cost	30,955	27,676
Non-financial instruments	20,750	4,844
	51,705	**32,520**

19. Revenue

Figures in Rand thousand	2022	2021
Revenue from contracts with customers		
Rendering of services	1,061,705	1,119,768

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Revenue by customer		
Associated Institutions Pension Fund	4,690	3,820
Compensation Commissioner Fund	16,375	14,247
Compensation Commissioner Pension Fund	31,408	31,034
Futuregrowth Asset Manager (Pty) Ltd	5	-
Government Employees Pension Fund	804,399	846,077
Old Mutual	18	-
National Skills Fund	2,438	2,136
PIC other clients	5,429	5,096
Political Office Bearers Pension Fund	130	112
RDP Fund	7,004	7,759
Temporary Employees Pension Fund	(217)	438
Unemployment Insurance Fund	190,026	209,049
	1,061,705	**1,119,768**

The following table indicates the revenue recognised per underlying investment asset class:

Equities	394,759	338,755
Fixed income	194,912	179,351
Properties	175,370	160,067
Unlisted debts and equities (excluding properties)	296,664	441,595
	1,061,705	**1,119,768**

20. Other operating income

Board fees	1,944	2,655
Other income	3,983	6,695
	5,927	**9,350**

21. Operating profit (loss)

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

Figures in Rand thousand	2022	2021
Auditor's remuneration – external		
Audit fees	10,978	12,893
Remuneration other than to employees		
Consulting and professional services	36,733	36,837
Employee costs		
Salaries, wages, bonuses and other benefits	648,514	466,818
Retirement benefit plans: Defined contribution expense	30,947	30,472
Long-term incentive scheme	120,615	12,382
Total employee costs	**800,076**	**509,672**
Leases		
Lease charges		
Premises	712	1,692
Equipment	238	349
	950	**2,041**
Depreciation and amortisation		
Depreciation of property, plant and equipment	12,049	11,487
Depreciation of right-of-use assets	31,398	35,614
Amortisation of intangible assets	4,727	4,502
Total depreciation and amortisation	**48,174**	**51,603**
Movement in credit loss allowances		
Financial assets at amortised cost	**(1,786)**	**461**

21. Operating profit (loss) (continued)

Figures in Rand thousand	2022	2021
Other		
Unrealised (gain) or loss	(151,064)	(274,305)
Loss/(profit) on forex	(1,885)	(2,546)
Expenses by nature		
Employee costs	800,076	509,672
Lease expenses	950	2,041
Depreciation and amortisation	47,696	51,603
Other expenses	284,202	287,837
	1,132,924	851,153

EXECUTIVE COMMITTEE 2022

Figures in Rand thousand	Emoluments	Short-term incentive allocation	Long-term incentive allocation	Other	Total
Dolamo S	6,729	1,346	673	12	8,760
Hako V	5,719	1,144	572	12	7,447
Van Heerden A	6,363	1,272	636	12	8,283
	18,811	**3,762**	**1,881**	**36**	**24,490**

There were changes to the Exco terms of reference in the current year, hence the reduction in the number of Exco members.

The other three Exco members who are Executive Board members are disclosed in note 31 with Non-Executive Directors.

EXECUTIVE COMMITTEE 2021

Figures in Rand thousand	Emoluments	Short-term incentive allocation	Long-term incentive allocation	Other	Total
Buthelezi N	3,241	-	-	12	3,253
Dlamini L	2,608	222	479	1	3,310
Dolamo S	5,894	1,179	1,768	12	8,853
Hako V	7,647	1,529	2,294	12	11,482
Maluleka H	4,377	267	1,326	1	5,971
Mabuza D	2,732	177	-	12	2,921
Van Heerden A	1,593	319	478	3	2,393
Phahlamohlaka K	3,141	-	-	5	3,146
Pholwane C	3,759	752	1,128	12	5,651
Rajdhar R	4,836	967	1,451	1	7,255
Solomon R	4,108	822	1,232	12	6,174
	43,936	6,234	10,156	83	60,409

22. Investment income

Figures in Rand thousand	2022	2021
Dividend income		
Equity instruments at fair value through profit or loss:		
Listed investments – local	43,973	18,753
Interest income		
Investments in financial assets:		
Bank and other cash	168,079	158,114
Total investment income	**212,052**	176,867

23. Finance costs

Interest expense on lease liabilities	16,686	19,795
Other interest	927	1
Total finance costs	**17,613**	19,796

24. Taxation

Major components of the tax expense		
Current		
Local income tax – current period	**46,394**	99,796
Deferred		
Deferred tax movement for the year	3,571	94,631
	49,965	194,427
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense		
Accounting profit	354,467	722,580
Tax at the applicable tax rate of 28% (2021: 28%)	99,251	202,322
Tax effect of adjustments on taxable income		
Non-deductible expenses	674	(7,895)
Tax-exempt income	(49,960)	-
	49,965	194,427

25. Cash generated from operations

Figures in Rand thousand	2022	2021
Profit before taxation	354,467	722,580
Adjustments for:		
Depreciation and amortisation	48,174	51,603
Write off of property, plant, equipment and intangible assets	412	(180)
Fair value losses (gains)	(149,042)	(274,305)
Income from equity accounted investments	(74,492)	(13,699)
Dividends income	(43,973)	(18,753)
Interest income	(168,079)	(158,114)
Finance costs	17,613	19,796
Expected credit loss allowances	(1,786)	460
Movements in provisions	130,160	(72,464)
Changes in working capital:		
Trade and other receivables	(28,252)	(35,122)
Trade and other payables	14,864	(19,044)
Tax refund/additional payment	-	(544)
	100,066	**202,214**

26. Tax paid

	2022	2021
Balance at beginning of the year	67,537	47,074
Current tax for the year recognised in profit or loss	(46,394)	(99,796)
Tax refund/additional payment	-	544
Balance at end of the year	(95,147)	(67,537)
	(74,004)	**(119,715)**

27. Changes in liabilities arising from financing activities

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES – 2022	Opening balance	Fair value changes	Interest accrued	Total non-cash movements	Cash flows	Closing balance
Lease liabilities	268,896	(71,790)	16,686	(55,104)	(41,915)	171,877
	268,896	**(71,790)**	**16,686**	**(55,104)**	**(41,915)**	**171,877**
Total liabilities from financing activities	**268,896**	**(71,790)**	**16,686**	**(55,104)**	**(41,915)**	**171,877**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES – 2021	Opening balance	Interest accrued	Total non-cash movements	Cash flows	Closing balance
Lease liabilities	293,536	19,795	19,795	(44,435)	268,896
	293,536	19,795	19,795	(44,435)	268,896
Total liabilities from financing activities	293,536	19,795	19,795	(44,435)	268,896

28. Dividends

Figures in Rand thousand	2022	2021
Balance at beginning of the year	99,000	99,000

29. Commitments

Figures in Rand thousand	2022	2021
Capital expenditure, information technology cost and investments		
• Contracted capex	**114,812**	**99,858**
Within one year	46,871	48,291
In second to fifth year inclusive	67,941	51,567
• Uncontracted capex	**223,838**	**602,593**
Within one year	101,779	136,073
In second to fifth year inclusive	122,059	466,520
• Contracted operation	**214,635**	**193,600**
Within one year	126,746	92,957
In second to fifth year inclusive	87,889	100,643
• Uncontracted operation	-	506
Within one year	-	506
Total	**553,285**	**896,557**

Commitments include all items of capital expenditure, information technology costs and investments for which specific Board approval has been obtained up to the reporting date.

Commitments		
- Within one year	275,396	277,827
- In second to fifth year inclusive	277,889	618,730
	553,285	**896,557**

30. Related parties

Relationships

Ultimate holding company	National Government of the Republic of South Africa
Company	Public Investment Corporation SOC Limited

Figures in Rand thousand	2022	2021
Related-party balances		
Amounts included in trade receivable (trade payable) regarding related parties		
Associated Institutes Pension Fund	455	29
Compensation Commissioner Pension Fund	1,792	1,519
Compensation Commissioner Fund	6,522	5,651
Government Employees Pension Fund	82,416	126,441
National Skill Fund	266	220
Harith General Partners	(890)	(1,976)
Other PIC clients	584	507
Political Office Bearers Pension Fund	18	11
RDP fund	681	766
Temporary Employees Pension Fund	12	383
Unemployment Insurance Fund	47,176	38,125
Services delivered	139,921	166,437
Related-party transactions		
Services delivered		
State-controlled entities and national departments	1,061,682	1,119,768
Purchased services		
Financial Sector Conduct Authority	(2,004)	(1,949)
South African Broadcasting Corporation	(10)	-
Compensation Commissioner	(183)	(164)
Auditor-General of South Africa	(10,978)	(12,893)
South African Revenue Service	(74,005)	(119,715)
Harith General Partners	(890)	(2,157)
Compensation to directors and other key management		
Short-term employee benefits	48,425	66,901
Benefits – pension, defined contribution plan. Six key management under this plan	3,897	5,892
Long-term benefits – incentive scheme	3,849	14,824
	56,171	**87,617**

The PIC is part of the national sphere of government and its related parties includes national departments, public entities as per National Treasury consolidation instruction relating to inter-entity and other institutions reporting to executive authority (National Treasury).

31. Directors' emoluments

EXECUTIVE DIRECTORS 2022

Figures in Rand thousand	Emoluments	Short-term incentive allocation	Long-term incentive allocation	Other	Total
A Sithole	10,226	2,045	1,023	12	13,306
M More*	6,058	-	-	7	6,065
B Mavuka	5,345	1,069	535	12	6,961
M Mosidi	4,105	821	411	11	5,348
	25,734	**3,935**	**1,969**	**42**	**31,680**

EXECUTIVE DIRECTORS 2021

Figures in Rand thousand	Emoluments	Short-term incentive allocation	Long-term incentive allocation	Other	Total
A Sithole	6,388	3,194	3,194	8	12,784
M More*	6,970	-	-	12	6,982
B Mavuka	5,580	376	1,474	12	7,442
	18,938	3,570	4,668	32	27,208

* Employment was terminated by the PIC on 7 October 2021.

NON-EXECUTIVE DIRECTORS 2022

Figures in Rand thousand	Directors' fees Meeting attendance	Retainer fees	Total
For services as directors:			
F Mtoba	894	134	1,028
F Baleni	206	-	206
A de Bruyn	800	129	929
B Dumisa	1,038	134	1,172
K Morule	870	129	999
B Bouwer	195	-	195
R Khoza	703	129	832
L Mulaudzi	177	-	177
M Maluleka	1,103	134	1,237
P Mloto	525	112	637
M Ndaba	845	112	957
W Hlaise	185	-	185
B Watson	1,081	134	1,215
T Ramano	333	-	333
	8,955	**1,147**	**10,102**

* Appointed on 01 November 2021. Meeting attendance is still below the 70% minimum Board meeting attendance to qualify for a retainer fee.

31. *Directors' emoluments (continued)*

NON-EXECUTIVE DIRECTORS 2021

Figures in Rand thousand	Directors' fees Meeting attendance	Retainer fees	Total
For services as directors:			
F Mtoba	224	-	224
I Charnley	831	134	965
A de Bruyn	923	134	1,057
B Dumisa	947	134	1,081
K Morule	351	-	351
T Gamedze	894	134	1,028
R Khoza	1,018	134	1,152
S Mabaso-Koyana	578	-	578
M Maluleke	686	134	820
P Moloto	557	134	691
M Ndaba	978	134	1,112
M Ramos	522	134	656
B Watson	997	134	1,131
	9,506	1,340	10,846

32. Financial instruments and risk management

The Company has exposure to the following risks from financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Interest risk.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's Risk Committee considers reports from the market and credit risk units. The other committee that provides risk management oversight is the Audit Committee. The Audit Committee considers reports from Internal Audit consisting of both regular and ad hoc reviews of risk management controls and procedure.

Financial risk management

MARKET RISK

Market risk is the risk that the Company's earnings and capital will be adversely affected by movements in the level or volatility of market rates or prices such as interest rates and foreign exchange rates. The overarching objective of market risk management in the Company is to protect the Company's net earnings against adverse market movements through containing the innate interest rate and foreign currency risks within acceptable parameters.

The PIC's operating fund (PICOF) has exposure to interest-rate-sensitive instruments. Market risk is managed through adherence to mandate requirements such as a tracking error limit relative to a chosen benchmark and liquidity needs (see liquidity definition below).

INTEREST RATE RISK

Interest rate risk refers to the susceptibility of the Company's financial position to adverse fluctuations in market interest rates. Variations in market interest rates have an impact on the cash flows and income stream of the Company through their net effect on interest-rate-sensitive assets. At the same time movements in interest rates impact on the Company's capital through their net effect on the market value of assets. Interest rate risk in the Company arises naturally as a result of investments made in the PICOF account, which are investments on traded instruments and are impacted by interest rate fluctuations.

32. *Financial instruments and risk management (continued)*

The table below shows the 2022 sensitivity analysis of the PICOF portfolio.

Figures in Rand thousand	Profit/Loss R'000
CAPITAL MARKET PICOF FUNDS SPREAD IN BASIS POINTS	
-200	220,956
-150	159,837
-100	102,885
-50	49,719
50	46,575
100	90,277
150	131,350
200	170,011
MONEY MARKET PICOF FUNDS SPREAD IN BASIS POINTS	
-200	771
-150	577
-100	384
-50	192
50	191
100	381
150	570
200	759
CAPITAL MARKET MET FUNDS SPREAD IN BASIS POINTS	
-200	12,333
-150	8,989
-100	5,827
-50	2,834
50	2,688
100	5,238
150	7,661
200	9,965
MONEY MARKET PIC MET FUNDS SPREAD IN BASIS POINTS	
-200	355
-150	251
-100	167
-50	83
50	83
100	166
150	248
200	330

32. Financial instruments and risk management (continued)

Debt instruments at fair value through other comprehensive income
Trade and other receivables
Cash and cash equivalents

The table below shows the 2021 sensitivity analysis of the PICOF portfolio.

Figures in Rand thousand	Profit/Loss R'000
CAPITAL MARKET PICOF FUNDS SPREAD IN BASIS POINTS	
-100	109,046
-50	52,752
100	(49,520)
50	(96,083)

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises from mismatches in the timing and amounts of cash flows, which are inherent to the Company's operations and investments.

This risk specifically arises from the inability to honour commitments to borrowers, lenders and investors and operational expenditure.

Liquidity is held primarily in the form of money market instruments such as listed bonds, fixed deposits, listed shares and promissory notes as well as liquid debt issued from government, municipalities and approved issuers.

In addition to holding a minimum level of liquidity in the form of cash and near cash equivalents, the Company uses cash flow forecasts and cumulative maturity gap analysis to assess and monitor its liquidity requirements and risk level.

The funding liquidity is managed by proper planning of cash flow needs.

32. *Financial instruments and risk management (continued)*

Liquidity risk (continued)

Below is the maturity analysis for the remaining contractual obligations.

						2022
		Less than 3 months	More than 3 to 9 months	More than 9 to 12 months	More than 1 year	Total
Financial assets						
Promissory note		-	-	10,760	-	10,760
Fixed deposit		110,544	82,560	4,049	-	197,153
Cash and cash equivalents		681,860	-	-	-	681,86
Trade receivables		145,943	-	-	-	145,943
Bonds		-	-	-	1,483,845	1,483,845
Financial liabilities						
Trade and other payables	18	(30,955)	-	-	-	(30,955)
Lease liability		(4,961)	(10,345)	(5,711)	(150,86)	(171,877)
		(902,431)	**(72,215)**	**(9,098)**	**(1,332,985)**	**(2,316,729)**

						2021
		Less than 3 months	More than 3 to 9 months	More than 9 to 12 months	More than 1 year	Total
Financial assets						
Promissory note		-	-	13,200	-	13,200
Fixed deposit		351,372	221,537	105,596	-	678,505
Cash and cash equivalents		216,038	-	-	-	216,038
Trade receivables		110,617	-	-	-	110,617
Bonds		-	-	-	1,415,076	1,415,076
Financial liabilities						
Trade and other payables	18	(27,676)	-	-	-	(27,676)
Lease liability		(7,043)	(14,771)	(8,363)	(238,719)	(268,896)
		(643,308)	(206,766)	(110,433)	(1,176,357)	(2,136,864)

32. Financial instruments and risk management (continued)

CREDIT RISK

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, thus causing the holder of the claim to suffer a loss in cash flow or market value and arises principally from the Company's financial assets i.e. bonds, cash and cash equivalents, trade and other receivables, listed shares, fixed deposits and promissory notes.

Management of credit risk

Credit risk is managed according to the mandate parameters and the Company's internal credit risk policy. Credit mitigation techniques are transaction-dependent but may include, where appropriate, the right to be furnished with collateral or an equity injection by counterparties.

No collateral was held on PICOF for the period under review. The Company also utilises various models to guide limit setting as well as credit ratings from external rating agencies. Limits are approved by the relevant committees in accordance with the Board-approved delegation of authority.

Risk reports on these exposures are regularly submitted to the Portfolio Management Committee, Investment Committee, Audit Committee, Risk Committee and Board.

Management of credit risk includes developing and maintaining the Company's processes for measurement of ECL for:

- Initial approval, regular validation and back-testing of the model used;
- Determining and monitoring significant increase in credit risk; and
- Incorporation of forward-looking information.

Financial assets exposed to credit risk at year-end were as follows:

Figures in Rand thousand	2022	2021
Assets		
Bonds	1,483,845	1,415,076
Cash and cash equivalents	792,404	608,541
Trade and other receivables	145,943	135,206
Listed shares	993,433	657,275
Fixed deposits	86,587	344,798
Promissory notes	10,082	12,101
	3,512,294	3,172,997

33. Going concern

The Board of Directors reviewed the financial budgets with their underlying business plans for the period up to 31 March 2023. When assessing the Company's ability to continue as a going concern, both quantitative and qualitative factors were taken into account. The two critical quantitative factors were liquidity and solvency requirements. Qualitative factors that may cast significant doubt about the going-concern assumption, such as financial trends, external and internal matters, were assessed, taking into account the impact of the reduced COVID-19 pandemic levels and existence of vaccines for the virus.

On the basis of the review performed and of the current financial position, the Board of Directors is satisfied that the Company has adequate resources to continue in operation for the foreseeable future. The Board of Directors, therefore, considers it appropriate that the Annual Financial Statements be prepared on a going-concern basis.

There are no material uncertainties that might cause a going concern assumption to be inappropriate when completing the AFS.

34. Events after the reporting period

The directors are not aware of any other material event that occurred after the reporting date and up to the date of this report other than as disclosed below, and which are not considered to be 'adjusting events'.

Investment in South African Airways (SAA)

Takatso Aviation Proprietary Limited was incorporated in the Republic of South Africa on 30 July 2021. The Company's main responsibility is to acquire a 51% stake in South African Airways SOC Limited on terms and subject to the conditions more fully described in the memorandum of understanding (SAA transaction). Harith General Partners has a 80% stake in Takatso.

PIC owns 30% of Harith General Partners.

The Harith has obtained all relevant governance processes to effect the SAA transaction and Takatso filed the transaction with the Competition Commission in May 2022, which approval is part of the conditions precedent of the share purchase agreement. The transaction is currently undergoing a financial closing process which is expected to be finalised in September 2022.

35. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure incurred during the year: 1,600

The expenditure of R1.6 million was due to a settlement payment to a client. The payment was found to have met the definition of fruitless and wasteful expenditure. PIC is taking consequence management in addressing the root cause of the incident.

36. Capital management

The Company is licensed as a financial services provider under the FSCA formerly known as the Financial Service Board. The FSCA licence requirements are monitored and adhered to. There is no regulatory capital management ratio imposed on the Company.

The Company's objectives when managing capital are to:

Safeguard their ability to continue as a going concern, so that they can continue to pay their obligations as they fall due and provide return for the shareholder.

The company uses internally generated income to finance new projects. As a result, any dividend amount must come out of the residual profits after excluding all projected capital requirements.

The capital reserves are not available to be declared as a dividend to the shareholder and are used to fund future capital expenditure.

The Company satisfied its capital adequacy requirements for the period under review, namely that the Company has at all times maintained:

- Liquid assets equal to or greater than 8/52 weeks of annual expenditure;
- Assets that exceed liabilities, and
- Current assets that were at least sufficient to meet current liabilities.

37. Contingent liability

The Company had contingent liability at 31 March 2022 in respect of:

Associates

In the previous year, based on the judicial commission of enquiry into allegation of impropriety at the PIC, there was a concern regarding the PIC shareholding of Harith (meaning Harith Fund Managers and Harith General Partners) shares. This triggered an investigation to determine the rightful ownership of the shares.

In the current year, the PIC obtained a legal opinion confirming that it is the owner of the shares in Harith based on contracts concluded at the time. However, the PIC is still awaiting the outcome of the investigation.

Such examination may result in a remedial action to correct any incorrectness of the share ownership. It is not practical to estimate the potential effect of this concern and the timing thereof.

South African Revenue Service

In July 2022, the PIC discussed the outcome of a VAT ruling confirming a present obligation that cannot be reliably estimated.

PIC and the commissioner of revenue services (SARS) are still engaging on this matter.

38. Irregular expenditure

Figures in Rand thousand	2022	2021
Reconciliation of irregular expenditure		
Opening balance	8,096	14,166
Add: Irregular expenditure – current year	-	1,879
Add: Irregular expenditure identified in prior year but recognised in current year	3,444	-
Add: Irregular expenditure incurred in prior year but identified in current year	-	7,727
Less: Amount condoned	-	(15,676)
Less: Amount written off***	(7,250)	-
Less: Approved by the Accounting Authority**	(4,290)	-
Closing balance	**-**	**8,096**
Total expenditure, excluding employee cost	332,848	341,481
Irregular expenditure	-	8,096

** The Accounting Authority has approved the removal of the irregular expenditure not condoned by the relevant authority as per paragraph 62 of Irregular Expenditure Framework. This was after confirmation that paragraph 63(a) – (e) requirements have been met.

***The amount has been removed from the list of irregular expenditure, following a legal assessment performed that concluded that the amount is irrecoverable, therefore the amount must be written off and the write-off has been approved by the Board. Consequence management was implemented and finalised in the current financial year, due to the occurrence of the irregular expenditure.

39. Employee benefits

Pension fund

The pension fund had 371 active members at 31 March 2022. During the current year, 43 employees joined, 39 employees withdrew and there were no transfers from the Company.

The contribution for the year amounted to R51 million. The pension fund is a defined contribution plan. The result is that the risk of any decline in fair value lies with the employee and not the employer.

There are nine employees on the GEPF. The contribution for the year amounted to R168 000. During the year, one employee withdrew from the fund.

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Asset Management

DIRECTORS

Dr David Masondo (Chairperson) (Non-Executive Director)
Ms Ntombifuthi Mtoba (Deputy Chairperson) (Non-Executive Director)
Mr Frans Baleni (Non-Executive Director)
Ms Beverley Bouwer (Non-Executive Director)
Prof Bonke Dumisa (Non-Executive Director)
Mr Walter Hlaise (Non-Executive Director)
Mr Mugwena Maluleke (Non-Executive Director)
Dr Lufuno Mulaudzi (Non-Executive Director)
Ms Tryphosa Ramano (Non-Executive Director)
Ms Barbara Watson (Non-Executive Director)
Mr Abel Sithole (Chief Executive Officer) (Executive Director)
Mr Brian Mavuka (Acting Chief Financial Officer) (Executive Director)
Ms Makano Mosidi (Chief Technology Officer) (Executive Director)

REGISTERED OFFICE AND BUSINESS ADDRESS

Menlyn Maine Central Square
Corner Aramist Avenue and Corobay Avenue
Waterkloof Glen Extension 2
Pretoria
0181

POSTAL ADDRESS

Private Bag X187
Pretoria
South Africa
0001

HOLDING AND ULTIMATE HOLDING COMPANY

Public Investment Corporation SOC Limited incorporated in the Republic of South Africa

AUDITORS

Office of the Auditor-General of South Africa registered auditors

COMPANY SECRETARY

Ms Bongani Mathebula

COMPANY REGISTRATION NUMBER

2005/009094/30

COMPANY ANNUAL FINANCIAL STATEMENTS

The Company's Annual Financial Statements were prepared under the supervision of the Company Acting CFO, Mr Brian Mavuka.

ADDRESS OF SECRETARY

Menlyn Maine Central Square
Corner Aramist Avenue and Corobay Avenue
Waterkloof Glen Extension 2
Pretoria
0181

PUBLIC INVESTMENT CORPORATION SOC LIMITED DISCLAIMER

The Public Investment Corporation SOC Limited (PIC), registration number 2005/009094/30, is a licensed financial services provider, FSP 19777, approved by the Financial Sector Conduct Authority (FSCA) (www.fsca.co.za) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002).

The PIC is wholly owned by the South African government, with the Minister of Finance as the shareholder representative.

Products offered by the PIC do not provide any guarantees against capital losses. Market fluctuations and changes in rates of exchange or taxation may have an effect on the value, price or income of investments. Since the performance of financial markets fluctuates, an investor may not get back the full invested amount. Past performance is not necessarily a guide to future investment performance.

Personal trading by staff is regulated to ensure that there is no conflict of interest. All Directors and employees who are likely to have access to price-sensitive and unpublished information in relation to the Public Investment Corporation are further regulated in their dealings. All employees are remunerated with salaries and standard short-term and long-term incentives. No commission or incentive is paid by the PIC to any persons and all inter-group transactions are done on an arm's length basis. The PIC has comprehensive crime and professional indemnity insurance.

Directors: Dr David Masondo (Chairperson), Ms Ntombifuthi Mtoba (Deputy Chairperson) | Mr Frans Baleni, Ms Beverley Bouwer, Prof Bonke Dumisa, Mr Walter Hlaise, Mr Mugwena Maluleke, Dr Lufuno Mulaudzi, Ms Tryphosa Ramano, Ms Barbara Watson | Mr Abel Sithole (Chief Executive Officer), Mr Brian Mavuka (Acting Chief Financial Officer), Ms Makano Mosidi (Chief Technology Officer) | Company Secretary: Ms Bongani Mathebula.

For more details as well as for information on how to contact us and how to access information, please visit www.pic.gov.za.

ACRONYMS

AC	Audit Committee
ACSA	Airports Company South Africa
AGM	Annual General Meeting
AIPF	Associated Institutions Pension Fund
AuM	Assets under Management
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BOE	Bank of England
CC	Compensation Commissioner Fund
CEO	Chief Executive Officer
CoBT	Class of business training
CP	Compensation Commissioner Pension Fund
CPD	Continuous professional development
DAC	Directors' Affairs Committee
DOA	Delegation of Authority
ECB	European Central Bank
ERMF	Enterprise Risk Management Framework
ESG	Environmental, social and governance
EXCO	Executive Committee
FAIS Act	Financial Advisory and Intermediary Services Act, 2002
Fed	Federal Reserve
FSCA	Financial Sector Conduct Authority
GEPF	Government Employees Pension Fund
GDP	Gross Domestic Product
HDIs	Historically Disadvantaged Individuals
HRRC	Human Resources and Remuneration Committee
IC	Investment Committee
IC-LI	Investment Committee - Listed Investments
ICTGC	Information, Communication and Technology Governance Committee
IC-UI	Investment Committee - Unlisted Investments
IMF	International Monetary Fund
IoDSA	Institute of Directors of Southern Africa
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	Johannesburg Stock Exchange
Libstar	Liberty Star Consumer Holdings
MOI	Memorandum of Incorporation
PFMA	Public Finance Management Act, 1999
PIC	Public Investment Corporation SOC Limited
PIC Act	Public Investment Corporation Act, 2004
PMC	Portfolio Management Committee
RC	Risk Committee
SAICA	South African Institute of Chartered Accountants
SDGs	Sustainable Development Goals
SETCO	Social, Ethics and Transformation Committee
SIPs	Structured investment products
UIF	Unemployment Insurance Fund
US	United States

NOTES

NOTES

PUBLIC INVESTMENT
CORPORATION®
Est. 1911

RP193/2022
ISBN: 978-0-621-50456-9

www.pic.gov.za