Accounting policies

for the year ended 30 June 2016

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

Group accounting

Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

The company accounts for subsidiary undertakings at cost less impairments.

Changes in ownership interests in subsidiaries without change of control

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

Disposal of subsidiaries

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

Equity-accounted investments

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

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

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

Impairment

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

Associates

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

Joint arrangements

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

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.

Separately recognised goodwill is assessed for impairment on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. The calculation of gains and losses on the disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

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

Other intangible assets

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

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

Leasehold premiums	Lease period
Gaming licence bids	Period of the licence and/or up to a maximum of 20 years
Management contracts	Period of initial contract
Computer software	4 to 10 years
Brands	Indefinite life
Goodwill	Indefinite life

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the company and which have probable economic benefits exceeding the costs beyond one year are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of the relevant overheads. Expenditure meeting the definition of an asset is recognised as a capital improvement and added to the original cost of the asset.

Bid costs on gaming licence bids are capitalised and subsequently amortised using the straight-line method over their useful lives, but not exceeding 20 years. Intangible assets are not revalued.

Inventory

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

Foreign currency translation

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

Transactions and balances

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

Foreign entities

The financial statements of foreign entities that have a functional currency different from the presentation currency are translated into South African Rands as follows:

- Assets and liabilities, at exchange rates ruling at the last day of the reporting period.
- Income, expenditure and cash flow items at average exchange rates.
- Premiums on transactions with minorities and fair value adjustments arising from the acquisition of a foreign entity are reported using the exchange rate at the date of the transaction.

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

Property, plant and equipment

Freehold land is included at cost and not depreciated.

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

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

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

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

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

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

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

Borrowing costs and certain direct costs relating to major capital projects are capitalised during the period of development or construction.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Impairment of non-financial assets

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

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

Pre-opening expenditure

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

Financial instruments

Financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. All purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset.

Subsequent recognition is dependent on how financial instruments are classified on initial recognition. IAS 39 has several categories but the group only has financial instruments classified as loans and receivables, available for sale, fair value through profit and loss and financial liabilities at amortised cost. Financial instruments are only derecognised when the criteria for derecognition in IAS 39 are achieved.

Measurement of financial instruments

Financial assets

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. The financial assets carried at statement of financial position date are classified as 'Loans and receivables' and 'Available-for-sale investments'. All purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as non-current assets unless receipt is anticipated within 12 months in which case the amounts are included in current assets. The group's loans and receivables comprise 'Loans and receivables', 'Accounts receivable' (excluding VAT and prepayments) and 'Cash and cash equivalents'. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment.

Available-for-sale financial assets

Available-for-sale investments are financial assets specifically designated as available-for-sale or not classified in any other categories available under financial assets. These are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date, in which case they are included in current assets. Available-for-sale investments are carried at fair value. Unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recognised in other comprehensive income in the period in which they arise.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are transferred to the statement of comprehensive income. Subsequent to initial recognition, available-for-sale investments are carried at fair value, less any impairment.

Financial liabilities

The group's financial liabilities at statement of financial position date include 'Borrowings' and 'Accounts payable and accruals' (excluding VAT and employee related payables). These financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities are included in current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date. The group also has 'Put option liabilities' which are described below under "Forward contract over non-controlling interest."

Derivative financial instruments

The group uses derivative financial instruments, primarily foreign exchange contracts and interest rate cross currency swaps to hedge its risks associated with foreign currency and interest rate fluctuations relating to certain firm commitments and forecasted transactions. These derivatives are initially measured at fair value on the contract date, and are remeasured to fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss as it arises unless the derivative is designated and effective as a hedging instrument. The group designates certain derivatives as cash flow hedges.

Forward contract over non-controlling interest

A forward purchase contract is a contract that specifies that the parent will acquire the minority shareholding at a date in the future at a price with no ability for either party to avoid the transaction. The ownership risk and rewards of the shares relating to the forwards should be analysed to determine whether they remain with the minority or have transferred to the parent. The minority is recognised to the extent that the risks and rewards relating to ownership remain with them.

The terms of the forward contract should be analysed to assess whether they provide the parent with access to the economic benefits and risks associated with the actual ownership of the shares during the contract period.

The minority interest is derecognised to the extent that the risks and rewards relating to ownership no longer remain with the outside shareholders.

Irrespective of whether the minority interest is recognised, a financial liability is recorded to reflect the forward. The liability is recognised for the present value of the forward price. All subsequent changes to the liability are recognised in profit and loss.

Put option liabilities

Written put options held by non controlling shareholders who have the right to put their shares at fair value in the event of certain events occurring or not occurring is accounted for as a financial liability. The financial liability is recognised initially at the present value of the redemption amount and accounted for subsequently at amortised cost. Finance charges are recognised in the statement of comprehensive income over the contract period up to the final redemption amount and any adjustments to the redemption amount are also recognised as finance charges in the statement of comprehensive income.

Borrowings

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

Preference shares, which are redeemable on a specific date or at the option of the shareholder or which carry non-discretionary dividend obligations, are classified as borrowings. The dividends on these preference shares are recognised in the statement of comprehensive income as interest expense. Dividends are subject to a 15% withholdings tax.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Cash flow hedges

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in other comprehensive income. The ineffective portion is recognised immediately in profit or loss in the respective line items. Amounts deferred to the hedging reserves are recognised through profit and loss in the same period in which the hedged item affects profit and loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to profit or loss for the period.

Impairment of financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after initial recognition which has a negative effect on the estimated future cash flows of the financial asset that can be estimated reliably. The group assesses at each reporting date whether there is objective evidence that a financial asset which is either carried at amortised cost or classified as available-for-sale is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in fair value of a financial asset below its cost is considered an indicator that the asset is impaired. If any such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss) is recognised in the statement of comprehensive income. Impairment losses are not reversed through the statement of comprehensive income.

Fair value of financial instruments:

IFRS 13 requires disclosure of the fair value measurements by level of the fair value measurements hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1)
- Inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)(level 3)

The fair value of publicly traded derivatives is based on quoted market prices at the financial reporting date. The effective value of the interest rate cross currency swaps is calculated at the present value of the estimated future cash flows. The fair value of foreign exchange contracts is determined using forward exchange market rates at the financial reporting date. Appropriate market related rates are used to fair value long term borrowings. Other techniques, such as the discounted value of estimated future cash flows, are used to determine the fair value for the remaining financial instruments.

Current and deferred tax

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

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

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

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

Leases

Leases of assets where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at commencement and are measured at the lower of the fair value of the leased asset and the present value of minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding lease obligations, net of finance charges, are included in borrowings. The interest element of the lease payment is charged to the statement of comprehensive income over the lease period. The assets acquired under finance leasing contracts are depreciated over the shorter of the useful life of the asset, or the lease period. Where a lease has an option to be renewed, the renewal period is considered when the period over which the asset will be depreciated is determined.

Leases of assets under which substantially all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as an expense in the period in which termination takes place.

Employee benefits

Defined benefit scheme

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

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

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

Past service costs are recognised immediately in income.

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

Defined contribution scheme

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

Post-retirement medical aid contributions

The group provides limited post-retirement healthcare benefits to eligible employees. The entitlement to these benefits is usually conditional upon the employee remaining in service up to retirement age and the employee must have joined the group before 30 June 2003. Employees are eligible for such benefits on retirement based upon the number of completed years of service. Employees who joined the group after 1 July 2003 are not entitled to any co-payment subsidy from the group upon retirement.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognised in the statement of comprehensive income. These obligations are valued annually by independent qualified actuaries."

Share-based payments

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

Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions are made for wide area progressives. The full provision is expected to be utilised within the next financial year.

Restructuring provisions comprise of the employee termination benefits.

Share capital

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

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

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

Revenue recognition

Revenue includes net gaming win, hotel, entertainment income, other fees, rental income and goods and services (i.e. merchandise, food and beverages) sold less returns and allowances. Vacation club income is only relevant to the Sun City operations and is included as 'Other' in the segment report. Although it is received upfront, vacation club income is recognised over 10 years. Value Added

Tax (VAT) and other taxes levied on net gaming wins are included in revenue and treated as overhead expenses as these are borne by the group and not by its customers. VAT on all other revenue transactions is considered to be a tax collected as an agent on behalf of the revenue authorities and is excluded from revenue.

Customer loyalty points are earned on net gaming wins and are provided against when points are earned. The reward points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale such that the award points are initially recognised as deferred income at their fair value. Revenue from the reward points is recognised when the points are redeemed.

The Company revenue also comprises dividend income which is recognised when the right to receive payment is established.

Dividend distributions

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

Segmental reporting

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

The group owns and operates casino, hotel and resort properties in South Africa, other African countries and Latin America. The executive management review the operations and allocate resources at a property level. The group's interest in the African Countries other than South Africa and Nigeria have been accounted for as associates (Namibia, Botswana and Lesotho properties) or as a joint venture (Zambian property). The group's interest in these properties has therefore not been viewed as a separate operating segment.

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

Accounting policy developments

The group has evaluated the effect of all new standards, amendments and interpretations that have been issued but which are not yet effective. Based on the evaluation, management does not expect these standards, amendments and interpretations to have a significant impact on the group's results and disclosures. The expected implications of applicable standards, amendments and interpretations are dealt with below.

IFRS 15 "Revenue from contracts with customers"

The Financial Accounting Standards Board and the International Accounting Standards Board (IASB) issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer.

The effective date of this IFRS is 1 January 2018. Management is currently considering the effect of this change.

IFRS 9 "Financial Instruments" and amendments to IFRS 9

This IFRS is part of the IASB's project to replace IAS 39 "Financial Instruments Recognition and Measurement". IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- Their own credit risk requirements for financial liabilities;
- Classification and measurement requirements for financial assets and financial liabilities;
- The full current version of IFRS 9

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9.

The effective date of this IFRS is 1 January 2018. Management is currently considering the effects of these changes.

IFRS 16 "Leases"

This new standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of a low value (such as laptops and office furniture). A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion.

Apart from the changes mentioned above, further implications of the new standard will be changes to key financial ratios such as performance and leverage ratios.

The effective date of this IFRS is 1 January 2019.

The Amendments to IAS 1 – Presentation of financial statements and to IAS 7 – Statement of cash flows have been implemented in these financial statements. Refer to the overall accounting policies section for further details.

Annual Improvements Project

In September 2014 the IASB issued annual improvements to IFRSs 2012 – 2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments are effective for annual periods beginning on or after 1 January 2016 and affect the following standards:

- IFRS 5 Non-current assets held for sale and discontinued operations
- IFRS 7 Financial instruments: Disclosures
- IAS 19 Employee benefits
- IAS 34 Interim financial reporting