YeboYethu (RF) Limited

Registration no. 2008/014734/06

Consolidated financial statements
for the year ended 31 March 2021

The preparation of these consolidated financial statements was supervised by RK Morathi CA(SA), M.Phil., H.Dip Tax and has been audited by the independent auditors, Ernst & Young Inc.

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Directors' statement of responsibility

The directors are responsible for the preparation, integrity and fair presentation of the consolidated financial statements of YeboYethu (RF) Limited and its subsidiary ('the Group').

The consolidated financial statements have been audited by the independent auditing firm Ernst & Young Inc. which was given unrestricted access to all financial records and related data, including minutes of meetings of shareholders, the board and committee of the board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the auditors is presented on the next page.

The consolidated financial statements for the year ended 31 March 2021 presented on pages 11 to 29 have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), the Financial Reporting Guides as issued by the South African Institute of Chartered Accountants ('SAICA') Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange ('JSE') Listings Requirements and the requirements of the Companies Act of 2008, as amended. They are based on appropriate accounting policies which have been consistently applied, and which are supported by reasonable and prudent judgements, including judgements involving estimations. The going concern basis has been adopted in preparing the consolidated financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

In terms of section 3.84(k) of the JSE Listings Requirements, the directors, whose names are stated below, hereby confirm that:

a. the consolidated financial statements set out on pages 11 to 29, fairly present in all material respects the financial performance, financial position and cash flows of the issuer in terms of IFRS;
b. no facts have been omitted or untrue statements made that would make the consolidated financial statements false or misleading;
c. internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the consolidated financial statements of the issuer; and
d. the internal financial controls are adequate and effective and can be relied upon in compiling the consolidated financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The consolidated financial statements were approved by the board on 7 June 2021 and are signed on its behalf:

ZBM BASSA	**TV MOKGATLHA**
Director	Director

Certificate by the company secretary

In terms of section 88(2)(e) of the Companies Act No. 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, YeboYethu (RF) Limited has lodged with the Companies and Intellectual Property Commission for the financial year ended 31 March 2021, all such returns and notices as are required of a public company and that all such returns and notices appear to be true, correct and up to date.

Company Secretary (Vodacom Group Limited)
7 June 2021

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Independent Auditor's Report

To the Shareholders of YeboYethu (RF) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of YeboYethu (RF) Limited and its subsidiary ('the group') set out on pages 11 to 29, which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of YeboYethu (RF) Limited and its subsidiary as at 31 March 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no such matters to report.

Other Information
The directors are responsible for the other information. The other information comprises the information included in the 29-page document titled "YeboYethu (RF) Limited consolidated financial statements for the year ended 31 March 2021" and in the 28-page document titled "YeboYethu (RF) Limited separate financial statements for the year ended 31 March 2021", which includes the Directors' statement of responsibility, Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that *Ernst & Young Inc*. has been the auditor of YeboYethu (RF) Limited for 2 years.

DocuSigned by:
Ernst & Young Inc
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Ernst & Young Inc.
Director - Imraan Akoodie
Registered Auditor
08 June 2021

Directors' report

Nature of business

YeboYethu (RF) Limited ('YeboYethu') was incorporated on 19 June 2008 under the laws of the Republic of South Africa. YeboYethu Investment Company (RF) Proprietary Limited ('YeboYethu Investment') was created on 24 April 2018 as a wholly-owned subsidiary of YeboYethu for the purpose of holding Vodacom Group Limited ('Vodacom Group') shares, which shares are held as security for the borrowings incurred from a consortium of funders (Note 17 to the consolidated financial statements). The principal activities of the company and the Group as a whole are to:

- carry on business of acquiring and holding shares in Vodacom Group; and
- receive and distribute dividends and other distributions received by it pursuant to its holding in Vodacom Group.

Financial results

Net profit for the year was R1,270 million (2020: R764.6 million).

This was mainly attributable to an increase in the Vodacom Group share price in the current financial year. Refer Note 11 to the consolidated financial statements for detail of the investment. Information on the performance of Vodacom Group for the year ended 31 March 2021 is available at www.vodacom.com.

Full details on the performance and financial position of the Group are set out in these consolidated financial statements.

Dividend distribution

Dividends of R103.2 million (2020: R100.0 million) were declared and paid during the year. Details in respect of the final dividend for the year ended 31 March 2021 are included in Events after the reporting period of the Directors' report.

	2021 R'000	2020 R'000
Interim dividend declared 24 November 2020 and paid 14 December 2020	58,737	—
Final dividend declared 21 May 2020 and paid 6 July 2020	44,449	—
Interim dividend declared 22 November 2019 and paid 17 December 2019	—	59,266
Final dividend declared 7 June 2019 and paid 1 July 2019	—	40,745
	103,186	100,011

Dividend policy

The Group's policy is to pay dividends in accordance with the priority of payments as stipulated in the funding agreements. There is however no assurance that a dividend will be paid in respect of any financial period and any future dividends is dependent upon the dividend distribution from Vodacom Group, as well as the Group's operating results and financial condition.

Impact of COVID-19

On 11 March 2020, the World Health Organisation officially declared the novel coronavirus, COVID-19, a pandemic. The Group's financial position and liquidity is solely dependent on its investment in Vodacom Group. Vodacom Group's performance amidst this pandemic is therefore pivotal in the assessment of the Group's operations and the continuous flow of dividends. The Group has assessed the potential impact of COVID-19 on the return from its investment in Vodacom Group, including a wide range of related risks that the aforementioned will have on its performance and liquidity in the short to medium term. The going concern assumption, as adopted in the preparation of the financial statements for the Group, remains applicable.

Going concern

The Group's consolidated financial position and its consolidated cash flows are described on pages 12 and 13. In addition, Note 21 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives,details of its financial instruments, and its exposures to credit and liquidity risk.

The Group generates its revenue from dividends received from its indirect investment in Vodacom Group through YeboYethu Investment.

The Group's total assets exceeds its total liabilities by R3,642.6 million (2020: R2,475.6 million) and its current assets exceeds its current liabilities by R10.1 million (2020: R5.2 million).

Directors' report (continued)

Going concern (continued)

Taking all information into consideration as well as the impact of COVID-19 may have on the Group in the medium term, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly, continue to adopt the going concern basis in preparing the consolidated financial statements.

Share capital and ordinary share premium

Full details of the share capital and ordinary share premium of the Group are contained in Notes 15 and 16 of these consolidated financial statements.

Shareholder analysis

The Group's shareholder analysis as at 31 March 2021 was as follows:

Size of holdings	Number of shareholders	Percentage of shareholders (%)	Number of shares owned	Percentage of shares (%)
1-100 shares	72,630	86.83	7,098,214	13.41
101-1,000 shares	8,379	10.02	3,332,442	6.29
1,001-10,000 shares	2,554	3.05	5,072,248	9.59
10,001-50,000 shares	60	0.08	1,177,721	2.23
More than 50,000 shares	19	0.02	36,235,335	68.48
	83,642	100	52,915,960	100

Distribution of shareholders	Number of shareholders	Percentage of shareholders (%)	Number of shares owned	Percentage of shares (%)
Individual	81,956	97.98	16,925,451	31.99
Unincorporated	1,003	1.20	192,106	0.36
Company	522	0.62	22,738,497	42.97
Trust	161	0.20	13,059,906	24.68
	83,642	100	52,915,960	100

Directors' report (continued)

Share capital and ordinary share premium (continued)

Top ten shareholders

Name of shareholder	Number of ordinary shares owned	Percentage holding (%)
Royal Bafokeng Holdings Limited	15,115,295	28.56
Vodacom Siyanda Employee Trust	11,544,839	21.83
Thebe Investment Corporation Proprietary Limited[1]	5,995,984	11.33
The Innovator Trust	1,203,757	2.27
Jabulani Richard Khethe	370,686	0.70
Overport Brickclay Property CC	262,377	0.50
Fareeda Aboobaker	241,247	0.46
Beagle Investments Proprietary Limited - BEE	207,315	0.39
Royal Bafokeng Nation Platinum Province BBBEE Trust	200,000	0.38
Metro Home Improvements Proprietary Limited	145,511	0.27
	35,287,011	66.69

Share price performance

Opening price 1 April 2020	R15.70
Closing price 31 March 2021	R39.22
Closing high for the period (1 April 2020 - 31 March 2021)	R40.01
Closing low for the period (1 April 2020 - 31 March 2021)	R15.71
Number of shares in issue	52,915,960
Volume traded during the period (1 April 2020 - 31 March 2021)	676,500
Ratio of volume traded to shares issued (%) (1 April 2020 - 31 March 2021)	1.3 %
Rand value of shares traded (1 April 2020 - 31 March 2021)	R20,982,300
Total deals (1 April 2020 - 31 March 2021)	2,133

[1] On 22 April 2021, Thebe Investment Corporation Proprietary Limited disposed of its entire beneficial interest of 5,995,984 (11.33%) shares in the total issued ordinary share capital of the Group to Mineworkers Investment Company (RF) Proprietary Limited, through MIC Investment Holdings Proprietary Limited.

Directors' report (continued)

Directors and secretary

Movements in directorate and secretary during the year under review:

	In office 31/03/2020	Resignations	Appointments	In office at signature date
Directors	ZBM Bassa (Chairperson)*			ZBM Bassa (Chairperson)*
	AM Hall*			AM Hall*
	MM Mbungela			MM Mbungela
	KKD Kobue			KKD Kobue
	U Lucht			U Lucht
	N Booi	22/04/2021		
	B Silwanyana*			B Silwanyana*
	A Conrad*			A Conrad*
	TV Mokgatlha*			TV Mokgatlha*
	A Mjamekwana (alternate to N Booi)	22/04/2021		
			23/04/2021	O Fuchs
Secretary	S Khan	04/03/2021		
			04/03/2021	Vodacom Group Limited

* Independent non-executive directors.

In terms of the company's memorandum of incorporation, Ms B Silwanyana and Messrs KKD Kobue and U Lucht retires by rotation at the annual general meeting ('AGM') to be held on 27 July 2021. Mr O Fuchs representing Mineworkers Investment Company, having being appointed since the last AGM of the Group, is in accordance with the provisions of the company's memorandum of incorporation, obliged to retire at the forthcoming AGM. All retiring directors are eligible and available for re-election.

Ms ZBM Bassa will step down as chairman of the Board at the forthcoming AGM to be held on 27 July 2021 and will be succeeded by Mr TV Mokgatlha. Mr TV Mokgatlha was first appointed to the Board in April 2019.

The appointment of Ms Fundiswa Roji-Maphlanka as an independent non-executive director will be put to shareholders at this AGM.

All directors are non-executive. The Board has considered and satisfied itself that all independent non-executive directors are independent.

Interests of directors

The following director has direct and indirect beneficial interests in YeboYethu ordinary shares as at 31 March 2021.

	Units held in Vodacom Siyanda Employee Trust	Direct beneficial percentage interest in YeboYethu	Indirect beneficial percentage interest in YeboYethu
MM Mbungela	12,384	0.009 %	0.023 %

Address

Registered office:	Vodacom Corporate Park 082 Vodacom Boulevard Midrand 1685	**Postal address:**	Private Bag X9904 Sandton 2146

Directors' report (continued)

Auditors

Ernst & Young Inc. has been appointed as the auditor for the current financial year and will continue in office until the next AGM in accordance with section 90(1) of the Companies Act of 2008, as amended.

Events after the reporting period

A final dividend of 100 cents per share for the year ended 31 March 2021 was declared on 7 June 2021 payable on 5 July 2021 to shareholders recorded in the register at the close of business on 2 July 2021.

The net dividend is 80.00000 cents per share after taking into account dividend withholding tax of 20.00000 cents per share for those shareholders not exempt from dividend withholding tax.

The board is not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the consolidated financial statements, which significantly affects the financial position of the Group at 31 March 2021 and the results of its operations or cash flows for the financial year end.

Audit committee's report

1. Mandate and terms of reference

The YeboYethu (RF) Limited's ('the company') Audit committee operates within a Board-approved mandate and terms of reference in line with the Companies Act of 2008, as amended. The members of the Audit committee were appointed at the annual general meeting held on 21 August 2020.

2. Statutory duties

In terms of section 94(7)(f) of the Companies Act of 2008, as amended ('the Act'), the Audit committee discharged all of those functions delegated to it in terms of the Audit committee mandate and the Act:

- Considered and satisfied itself that the external auditors are independent;
- Assessed the qualification, expertise, resources and effectiveness of the external auditors;
- Nominated the external auditors for appointment for the 2021 financial year;
- Agreed the audit fee for the 2021 financial year;
- Considered and approved all non-audit services performed by the external auditor as applicable;
- Approved the internal audit plan for the year;
- Held separate meetings with management and the external auditors to discuss any reserved matters as applicable;
- Ensured that the Audit committee complied with the membership criteria as set out in the Act;
- Reviewed the consolidated financial statements of the Group;
- Key audit matters were considered and areas in respect of which the Audit committee satisfied itself include the valuation of shares and underlying derivatives, compliance with funding and shareholding agreements, compliance with statutory requirements and the JSE Listing requirements; and
- Reviewed the appropriateness of any amendments to accounting policies and internal financial controls.

3. Membership

The members of the Audit committee during the current financial year included the following independent non-executive directors:

TV Mokgatlha (Chairman)

ZBM Bassa

B Silwanyana

A Conrad

The Chief Financial Officer of Vodacom Group Limited, the Managing Executive Group Finance of Vodacom Group Limited, the Executive Head of Internal Audit of Vodacom Group Limited as well as the external auditors attend the Audit committee meetings by invitation. The primary role of the Audit committee is to ensure the integrity of the financial reporting, the audit process and that a sound risk management and internal control system is maintained. In pursuing these objectives the Audit committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function.

The internal and external auditors have unlimited access to the Chairman of the Audit committee.

Two Audit committee meetings are scheduled per calendar year. Additional Audit committee meetings may be convened when necessary. During the current financial year, three committee meetings were convened and attendance was as follows:

	20/05/2020	04/09/2020	24/11/2020
TV Mokgatlha (Chairman)	✔	✔	✔
ZBM Bassa	✔	✔	✔
B Silwanyana	✔	✔	✔
A Conrad	✔	✔	✔

TV MOKGATLHA
Chairman
Audit committee

Consolidated statement of comprehensive income
for the year ended 31 March 2021

	Notes	2021	2020
		R'000	R'000
Income	4	938,500	961,390
Expenditure	5	(16,381)	(16,614)
Operating profit		922,119	944,776
Finance income	6	629	888
Finance cost	7	(473,858)	(676,351)
Gain on remeasurement of financial instrument	8	1,058,673	638,638
Profit before tax		1,507,563	907,951
Taxation	9	(237,319)	(143,303)
Net profit		1,270,244	764,648
Total comprehensive income		1,270,244	764,648

		Cents	Cents
Basic earnings per share	10	2,400	1,445
Diluted earnings per share	10	2,400	1,445

Consolidated statement of financial position

As at 31 March 2021

	Notes	2021 R'000	2020 R'000
Assets			
Non-current assets		14,450,606	13,391,933
Financial assets	11	14,450,606	13,391,933
Current assets		15,428	10,517
Account receivable	12	8,879	6,017
Tax receivable		457	463
Restricted cash	13	313	313
Cash and cash equivalents	14	5,779	3,724
Total assets		14,466,034	13,402,450
Equity and liabilities			
Share capital	15	4,193,265	4,193,265
Ordinary share premium	16	359,883	359,883
Retained losses		(910,537)	(2,077,595)
Total equity		3,642,611	2,475,553
Non-current liabilities		10,818,070	10,921,556
Borrowings	17	9,388,386	9,729,015
Deferred tax	9	1,429,684	1,192,541
Current liabilities		5,353	5,341
Accounts payable	18	3,622	3,342
Dividends payable		1,731	1,999
Total equity and liabilities		14,466,034	13,402,450

Consolidated statement of changes in equity for the year ended 31 March 2021

	Notes	Share capital R'000	Ordinary share premium R'000	Retained losses R'000	Total equity R'000
Balance at 1 April 2019		4,193,265	359,883	(2,742,232)	1,810,916
Net loss		—	—	764,648	764,648
Dividends		—	—	(100,011)	(100,011)
Balance at 31 March 2020	15, 16	4,193,265	359,883	(2,077,595)	2,475,553
Net profit		—	—	1,270,244	1,270,244
Dividends		—	—	(103,186)	(103,186)
Balance at 31 March 2021		4,193,265	359,883	(910,537)	3,642,611

Consolidated statement of cash flows for the year ended 31 March 2021

	Notes	2021 R'000	2020 R'000
Cash generated from operations	19	922,392	943,726
Tax paid		(171)	(282)
Dividends paid		(103,454)	(100,410)
Net cash flows generated from operating activities		818,767	843,034
Cash flows from investing activities			
Increase in overnight deposit		(17,055)	—
Decrease in overnight deposit		14,200	—
Finance income received		629	888
Net cash flows (utilised in)/generated from investing activities		(2,226)	888
Cash flows from financing activities			
Repayment of borrowings		(269,696)	(160,909)
Finance cost paid		(544,790)	(687,647)
Overnight deposit movement		—	4,563
Net cash flows utilised in financing activities		(814,486)	(843,993)
Net movement in cash and cash equivalents		2,055	(71)
Cash and cash equivalents at the beginning of the year		3,724	3,795
Cash and cash equivalents at the end of the year	14	5,779	3,724

Notes to the consolidated financial statements

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS as issued by the IASB and interpretations issued by the IFRS Interpretations Committee and comply with the SAICA Financial Reporting Guides as issued by the SAICA Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listing Requirements and the requirements of the Companies Act of 2008, as amended. The consolidated financial statements are presented in South African rand which is the Group's functional and presentation currency. The significant accounting policies are consistent in all material respects with those applied in the previous year.

Basis of consolidation

The consolidated financial statements incorporate the separate financial statements of YeboYethu (RF) Limited and its wholly owned subsidiary, YeboYethu Investment Company (RF) (Proprietary) Limited which is one reportable segment ('the Group').

1. Significant accounting policies

Accounting convention

The consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments which are measured at fair value or at amortised cost.

Accounting for subsidiaries

A subsidiary is an entity controlled by the Group. Control is achieved where the Group has existing rights that give it the current ability to direct the activities that affect the Group's returns and exposure or rights to variable returns from the entity.

The results of subsidiaries are included in profit or loss from the effective date of acquisition up to the effective date of disposal. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Financial instruments

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets and financial liabilities are initially measured at fair value, including transaction costs except for those classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Financial assets, excluding derivative financial instruments

Financial assets are recognised and derecognised on trade-date where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

Subsequent to initial recognition, these instruments are measured as follows:

- Equity investments are stated at fair value, with gains and losses arising from changes in fair value recognised in profit or loss.
- All other investments, including trade receivables, are held to collect contractual interest and principal repayments and are stated at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

The Group does not have an expectation of credit loss on financial assets other than those at fair value through profit or loss, as they are short-term and repayable on demand from high credit quality financial institutions.

Financial liabilities, excluding derivative financial instruments, and equity instruments

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the applicable definitions. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets.

Subsequent to initial recognition, these instruments are measured as follows:

- Borrowings are subsequently stated at amortised cost. Any difference between the proceeds and the settlement or redemption of borrowings is recognised over the term of borrowings.

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

Financial liabilities, excluding derivative financial instruments, and equity instruments (continued)

- Accounts payable (excluding liabilities created by statutory requirements) as well as dividends payable are not interest bearing and are subsequently stated at their nominal values.

Restricted cash

Restricted cash comprise of amounts deposited by potential shareholders for the purchase of YeboYethu ordinary shares on the JSE Empowerment segment and therefore are restricted in the Group's use of the funds. Restricted cash has been recognised as a financial asset and carried at amortised cost. Due to the short-term nature of these, the amortised cost normally approximates its fair value.

Cash and cash equivalents

Cash and cash equivalents comprise call deposits, net of bank borrowings, all of which are available for use by the Group unless otherwise stated. Included in cash and cash equivalents is amounts payable to shareholders for dividends declared prior to the listing of YeboYethu on the JSE Empowerment segment arising from failed payments. These funds are not available for general use by the Group.

Cash on hand is initially recognised at fair value and subsequently stated at its face value.

Deposits held on call are classified as financial assets at amortised cost by the Group. Due to the short-term nature of these, the amortised cost normally approximates its fair value.

Taxation

Taxation represents the sum of the current tax and deferred tax.

Tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or on different taxable entities which intend to settle the tax assets and liabilities on a net basis.

Current tax

Current tax payable or recoverable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that the deductible temporary difference will reverse in the foreseeable future and taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

Income

Dividends from investments are recognised when the Group's right to receive payment has been established.

2. New accounting pronouncements

Accounting pronouncements adopted on 1 April 2020

On 1 April 2020 the Group adopted the following new accounting pronouncements which had had no impact on the results, financial position or cash flows of the Group:

- Amendments to IFRS 3 “on the definition of a business,
- Amendments to IAS 1 and IAS 8 on the definition of "Material”,
- Amendments to IFRS 9, IAS 39 and IFRS 7 on interest rate benchmark reform - Phase 1; and
- The Revised Conceptual Framework for Financial Reporting.

These changes had no impact on the results, financial position or cash flows of the Group.

Notes to the consolidated financial statements

2. New accounting pronouncements (continued)

New accounting pronouncements to be adopted on 1 April 2021

The following pronouncements issued by the IASB are effective for periods commencing on or after 1 June 2020 and 1 January 2021, respectively. The Group's financial reporting will be presented in accordance with these new standards, which are not expected to have a material impact on the consolidated statement of comprehensive income, consolidated statement of financial position or consolidated cash flow statement:

- Amendments to IFRS 16 relating to COVID-19 Related rental concessions, issued by the IASB, is effective for periods commencing on or after 1 June 2020; and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2, issued by the IASB, is effective for periods commencing on or after 1 January 2021. The Group is keeping abreast of developments relating to interest rate benchmark reform, as and when Group is exposed to. The Group will continue to asses the impact of interest rate benchmark reform as the revised benchmark rates are published.

New accounting pronouncements to be adopted on or after 1 April 2022

The Group is currently assessing the impact of the following new pronouncements, which have been issued by the IASB that are effective for annual periods beginning on or after 1 January 2022. Unless otherwise stated, the Group does not currently believe the adoption of these pronouncements will have a material impact on its results, financial position or cash flows from 1 April 2022:

- Amendments to IFRS 3 relating to the reference to the Conceptual Framework;
- Amendments to IAS 16 relating to proceeds before intended use;
- Amendments to IAS 37 relating to costs of fulfilling a contract;
- Amendments to IFRS 1 relating to a subsidiary as a first-time adopter;
- Amendments to IFRS 9 relating to fees in the '10 per cent' test for derecognition of financial liabilities; and
- Amendments to IAS 1 relating to the classification of liabilities as current or non-current.

No other new accounting standards, interpretations and amendments are expected to have a material impact on the results, financial position or cash flows of the company.

3. Critical accounting judgements including those involving estimations

Direct and indirect tax liabilities

The Group's total direct and indirect taxation liabilities necessarily involves judgements, including those involving estimations, in respect of certain matters where the tax impact is uncertain until a conclusion has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The Group uses in-house tax experts when assessing uncertain tax positions and seeks the advice of external professional advisors where appropriate.

Provisions are recognised for uncertain tax positions when the Group has a present obligation as a result of a past event and it is probable that there will be a future outflow of economic benefits from the Group. Provisions are measured using the most likely outcome. The final resolution of uncertain tax positions may give rise to material profits, losses and/or cash flows.

The Group is regularly subject to an evaluation by tax authorities of its direct and indirect tax filings. The consequence of such reviews is that disputes may arise with tax authorities over the interpretation or application of certain tax rules to the Group's business. The tax laws are in some instances ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Group's business sustainability. All major tax positions taken are subject to review by executive management and are reported to the Board. The Group has support from external advisors supporting the positions taken in respect of the significant tax matters which confirms the application and interpretation of the tax legislation. The Group has considered all matters in dispute with the relevant tax authorities and has accounted for any exposure identified, if required.

Notes to the consolidated financial statements

		2021 R'000	2020 R'000
4.	**Income**		
	Dividends received - Vodacom Group Limited	938,500	961,390

		2021 R'000	2020 R'000
5.	**Expenditure**		
	Administration fees	(13,573)	(12,715)
	Consulting fees	(256)	(1,566)
	Auditors' remuneration	(1,215)	(1,094)
	Directors remuneration (Refer Note 23)	(1,321)	(1,223)
	Other	(16)	(16)
		(16,381)	(16,614)

Administration fees mainly comprises:

- share register maintenance fee paid of R567 thousand (2020: R556 thousand);
- Annual General Meeting expenses of R89 thousand (2020: R320 thousand);
- fees associated with costs of trading, security license and initial listing of R156 thousand (2020: R143 thousand);
- administration service fees to Vodacom Group of R4,978 thousand (2020: R4,801 thousand);
- general administration and call centre agents cost of R5,104 thousand (2020: R5,165 thousand);
- costs associated with payment of dividends of R212 thousand (2020: R220 thousand);
- agency fees to Rand Merchant Bank (a division of FirstRand Bank Limited) of R556 thousand (2020: R531 thousand);
- unclaimed dividend campaign costs of R534 thousand (2020: Rnil);
- printing and posting of the annual report and interim results of R1,022 thousand (2020: R843 thousand).

Consulting fees comprises fees for valuation services and legal costs whereas in the prior financial year placement fee on recruitment of non-executive directors were also incurred.

Auditors' remuneration comprises of current year costs of R869 thousand and an under accrual of prior year audit fees for R346 thousand. In the prior year R817 thousand was incurred and an under accrual of prior year audit fees of R277 thousand.

		2021 R'000	2020 R'000
6.	**Finance income**		
	Interest income		
	Overnight deposit	551	694
	Banks	78	194
		629	888

All interest income is earned from financial assets not at fair value through profit or loss.

Notes to the consolidated financial statements

		2021 R'000	2020 R'000
7.	**Finance cost**		
	Interest expense		
	Class A preference shares	(205,843)	(300,696)
	Class B preference shares	(268,015)	(375,655)
		(473,858)	(676,351)

All interest expense is incurred from financial liabilities not at fair value through profit or loss.

Interest expense is recognised at a rate of 68% of First National Bank Limited's prime overdraft lending rate ('prime') on the class A preference shares and at a rate of 70% of prime on the class B preference shares. For further details, refer to Note 17.

		2021 R'000	2020 R'000
8.	**Gain on remeasurement of financial instruments**		
	Gain on fair value of Vodacom Group shares	1,058,673	638,638

In the current year, the Vodacom Group share price increased to R126.26 as at 31 March 2021 from a share price of R117.01 as at 31 March 2020 resulting in a gain on remeasurement on the investment in Vodacom Group of R1,058.7 million. In the prior financial year, the Vodacom Group share price increased from R111.43 per share as at 31 March 2019 to the closing price of R117.01 per share as at 31 March 2020, resulting in a gain on remeasurement on the investment in Vodacom Group of R638.6 million. Information on the performance of Vodacom Group for the year ended 31 March 2021 is available at www.vodacom.com

		2021 R'000	2020 R'000
9.	**Taxation**		
9.1	**Income tax expense**		
	South African current tax		
	Current year	(176)	(249)
	South African deferred tax		
	Current year	(237,143)	(143,054)
		(237,319)	(143,303)
	Components of deferred tax charged to profit or loss		
	Capital gains tax on fair value gain	(237,143)	(143,054)

Notes to the consolidated financial statements

		2021 R'000	2020 R'000
9.	**Taxation (continued)**		
9.1	**Income tax expense (continued)**		
	Factors affecting tax expense for the year		
	The table below discloses the differences between the expected income tax expense at the South African statutory tax rate and the Group's total income tax expense:		
	Profit before tax	1,507,563	907,951
	Expected income tax expense on profit before tax at the South African statutory tax rate	(422,118)	(254,226)
	Non-deductible preference share finance cost	(132,680)	(189,378)
	Non-deductible operating expenditure	(4,587)	(4,652)
	Gain on remeasurement of financial instrument (capital gains tax rate difference)	59,286	35,764
	Exempt dividend income	262,780	269,189
		(237,319)	(143,303)

The South African statutory tax rate is 28.0% (2020: 28.0%); the Group's effective tax rate is 15.7% (2020: 15.8%).

		2021 R'000	2020 R'000
9.2	**Deferred tax and components**		
	Deferred tax liability: Capital gains tax on fair value movement	1,429,684	1,192,541
	Reconciliation of net deferred tax balance		
	Balance at the beginning of the year	1,192,541	1,049,487
	Charge to profit or loss	237,143	143,054
	Balance at the end of the year	1,429,684	1,192,541

Deferred tax on the remeasurement of the investment in Vodacom Group is raised at the capital gains tax rate.

The deferred tax on the remeasurement of the investment in Vodacom Group is based on the fair value less the base cost of the investment as rolled over in terms of Section 42 of the Income Tax Act No. 58 of 1962.

Notes to the consolidated financial statements

		2021 Cents	2020 Cents
10.	**Earnings and dividends per share**		
	Basic earnings per share	2,400	1,445
	Dividends per share (Note 10.3)	195	189

There were no adjustments required to earnings attributable to equity shareholders in the determination of headline earnings. Therefore headline earnings per share is the same as per basic earnings per share disclosed above.

There are no potential ordinary shares that would have a dilutive effect on the earnings per share. Therefore diluted earnings per share and diluted headline earnings per share is the same as per basic earnings per share disclosed above.

Earnings per share calculations are based on earnings and the weighted average number of ordinary shares outstanding as set out below:

		2021 R'000	2020 R'000
10.1	**Earnings and headline earnings**		
	Earnings and headline earnings attributable to equity shareholders for all earnings per share amounts disclosed above	1,270,244	764,648

This disclosure is a requirement of the JSE Limited and is not a recognised measure under IFRS. It has been calculated in accordance with Circular 1/2019 as issued by SAICA.

10.2	**Reconciliation of weighted average number of ordinary shares outstanding**	**2021**	**2020**
	For basic and headline earnings per share	52,915,960	52,915,960

10.3 Dividends per share

Dividends per share of 195 cents per share consist of a final dividend per share of 84 cents based on 52,915,960 shares, paid on 6 July 2020, and an interim dividend per share of 111 cents based on 52,915,960 shares, paid on 14 December 2020. The prior year's dividends per share of 189 cents per share consist of a final dividend per share of 77 cents based on 52,915,960 shares, paid on 1 July 2019, and an interim dividend per share of 112 cents based on 52,915,960 shares paid 17 December 2019.

Notes to the consolidated financial statements

11. Financial assets

Financial asset at fair value through profit or loss

In demonstrating its ongoing and continued commitment to transformation and BBBEE ownership in South Africa, Vodacom Group, together with Vodacom SA entered into a number of agreements during the 2019 financial year in terms of which the original shareholders of YeboYethu, together with Lisinfo Investments 209 (Proprietary) Limited ('RBH) and Main Street 661 (Proprietary) Limited ('Thebe'), YeboYethu ESOP and the new Vodacom Siyanda Employee Trust ('the Trust'), acquired 6.23% of the issued shares in Vodacom Group (post issuance) in terms of a new BBBEE transaction through YeboYethu and YeboYethu Investment. The transaction entailed a series of interlinked and inter-conditional steps as described below and in Note 17.

- Vodacom SA repurchased 114,744,844 of its shares (31,813,785 from RBH, 13,634,479 from Thebe, 30,298,842 from YeboYethu (as public 'A' shares) and 38,997,738 from YeboYethu (YeboYethu ESOP 'A' shares)) for a nominal consideration (R0.00001 per Vodacom SA 'A' share, and R1,147.45 in aggregate) pursuant to the Vodacom SA notional vendor finance ('NVF') transaction terms, upon which the remaining Vodacom SA 'A' shares will rank pari passu with the Vodacom SA ordinary shares in all respects and will be unencumbered.
- The 12,000,000 YeboYethu 'N' shares in issue automatically converted into YeboYethu ordinary shares according to their terms of issue (in respect of which the YeboYethu ESOP was the sole shareholder), and at the same time 3,318,908 of those shares were acquired by YeboYethu for a nominal amount (R0.00001 per share, and R33.19 in aggregate) based on the existing YeboYethu NVF transaction terms.
- RBH and Thebe exchanged their Vodacom SA shares for 21,593,279 new YeboYethu ordinary shares in terms of share-for-share transactions, thereby consolidating all of the Vodacom SA BEE shareholders' interests into a single vehicle, being YeboYethu.
- On 22 August 2018, YeboYethu declared a special dividend of R73.00 per YeboYethu ordinary share, subject to YeboYethu meeting a solvency and liquidity test as contemplated by section 45 of the Companies Act of 2008, as amended.
- Vodacom Group (on behalf of itself and various employer companies within the Vodacom Group) made a contribution of R1,050 million to the Trust to enable it to acquire YeboYethu ordinary shares.
- YeboYethu exchanged its Vodacom SA shares for YeboYethu Investment shares.
- YeboYethu Investment then exchanged its Vodacom SA shares for 49,689,995 new Vodacom Group shares on a fair market value basis of R7.1 billion.
- YeboYethu raised R9.9 billion in subscription proceeds from the issue of the class A preference shares and class B preference shares.
- The proceeds received from the new YeboYethu ordinary shares issued to the Trust and the preference shares issued were used to subscribe for 7,332,756 shares in YeboYethu Investment for R7.3 billion, which in turn subscribed for 64,761,185 additional shares in Vodacom Group, and fund the payment of the special dividend and transaction costs associated with the preference share funding.

	2021	2020
	R'000	R'000
Investment in Vodacom Group		
Cost	14,455,817	14,455,817
Accumulated fair value adjustment (refer Note 8)	(5,211)	(1,063,884)
	14,450,606	13,391,933

The Group holds 114,451,180 (2020: 114,451,180) shares in Vodacom Group.

The investment is categorised as level 1 in the fair value hierarchy. Fair value was determined using the JSE listed closing share price of R126.26 (2020: R117.01).

Notes to the consolidated financial statements

		2021 R'000	2020 R'000
12.	**Accounts receivable**		
	Overnight deposit	8,590	5,735
	Prepayments	289	282
	Interest receivable	*	*
		8,879	6,017

Accounts receivable are carried at cost which normally approximates fair value due to the short-term maturity thereof. Interest is earned on overnight deposit at money market rates.

		2021 R'000	2020 R'000
13.	**Restricted cash**		
	Restricted cash	313	313

Restricted cash comprises of amounts deposited by potential shareholders for the purchase of YeboYethu ordinary shares on the JSE Empowerment segment. Refer Note 18.

		2021 R'000	2020 R'000
14.	**Cash and cash equivalents**		
	Bank balances	3,634	3,724
	Overnight deposit	2,145	—
		5,779	3,724

		2021 R'000	2020 R'000
15.	**Share capital**		
	Ordinary share capital		
	Authorised		
	100.0 million authorised ordinary shares at no par value	—	—
	Issued		
	52.9 million ordinary shares at no par value	4,193,265	4,193,265

There were no changes to the issued ordinary shares in the current financial year.

		2021 R'000	2020 R'000
16.	**Ordinary share premium**		
	14.4 million issued ordinary shares at R24.99999 each.	359,883	359,883

(*) Less than R500.

Notes to the consolidated financial statements

		2021 R'000	2020 R'000
17.	**Borrowings**		
	Held at amortised cost		
	Class A preference shares	4,056,975	4,360,171
	Class B preference shares	5,331,411	5,368,844
		9,388,386	9,729,015

During the 2019 financial year, the Group raised funding through the issuance of Class A and Class B preference shares. The funding was used to subscribe for additional shares in Vodacom Group and payment of resultant transactional costs as well as a special dividend. The carrying amount of Borrowings approximates fair value as this is linked to the prime interest rate.

Class A preference shares

The subscribers to the Class A preference shares are ABSA Bank Limited, FirstRand Bank Limited and Depfin Investments Proprietary Limited.

Finance cost is recognised at a rate of 68% of prime (non tax deductible) on the outstanding balance of the Class A preference shares.

The final redemption date for the Class A preference shares is 5 years from subscription date that is 13 September 2023. Interest on the Class A preference shares accrues daily, capitalised monthly and settled semi-annually, subject to a permitted interest roll up to a maximum of 135%.

The Class A preference shares funding is secured as follows:

- Cession and pledge of YeboYethu's transaction account, proceeds account and redemption reserve account;
- Cession and pledge of any shares or other securities held from time to time by YeboYethu (including its YeboYethu Investment shares);
- Guarantee issued by YeboYethu Investment for the performance and payment of YeboYethu's obligations in respect of the preference shares funding; and
- Cession and pledge of:
  i. any shares or other securities held by YeboYethu Investment from time to time (including its Vodacom Group shares); and
  ii. YeboYethu Investment's bank account.

Class B preference shares

In September 2018, Vodacom Group Limited subscribed for the Class B preference shares.

Interest expense is recognised at a rate of 70% of prime on the outstanding balance of the Class B preference shares.

The final redemption date for the Class B preference shares is 10 years commencing from subscription date that is 13 September 2028. Class B preference share funding is unsecured.

Interest on the Class B preference shares accrues daily, capitalised monthly and serviced, subject to available cash (taking into account the Class A preference shares and provision for ordinary dividends), within a prescribed number of days after receipt by YeboYethu of distributions from YeboYethu Investment and/or cashflow receipts on account of the disposal of YeboYethu's shares in YeboYethu Investment.

		2021 R'000	2020 R'000
18.	**Accounts payable**		
	Supplier accounts payable and accruals	3,081	2,898
	Shareholder deposits (Refer Note 13)	313	313
	Payables	228	131
		3,622	3,342

The average credit period is 30 days. No interest is incurred on accounts payable. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accounts payable are carried at cost which normally approximates fair value due to short-term maturity.

Notes to the consolidated financial statements

	2021 R'000	2020 R'000
19. Cash generated from operations		
Profit for the financial year	1,270,244	764,648
Adjusted for:		
Taxation	237,319	143,303
Finance income	(629)	(888)
Finance costs	473,858	676,351
Fair value adjustments	(1,058,673)	(638,638)
Cash flow from operations before working capital changes	922,119	944,776
Movement in accounts receivable	(7)	(279)
Movement in account payable	280	(771)
	922,392	943,726

20. Related parties

All transactions with related parties have been made on terms equivalent to those that prevail in arm's length transactions. Directors' remuneration is disclosed in Note 23.

	2021 R'000	2020 R'000
20.1 Balances with related parties		
Accounts receivable		
Vodacom Group Limited	8,590	5,735
Cash and cash equivalents		
Vodacom Group Limited	2,145	—
Accounts payable		
Vodacom Group Limited	228	123
Vodacom (Proprietary) Limited	—	8
Borrowings		
Vodacom Group Limited	5,331,411	5,368,844
20.2 Transactions with related parties		
Vodacom Group Limited		
Dividends received	938,500	961,390
Service fee	(4,978)	(4,801)
Finance income received	551	694
Class B preference share interest	(268,015)	(375,655)
The Innovator Trust (entity within the Vodacom Group structure)		
Dividends paid	(2,344)	(924)

Notes to the consolidated financial statements

		2021 R'000	2020 R'000
20.	**Related parties (continued)**		
20.2	**Transactions with related parties (continued)**		
	YeboYethu Employee Participation Trust (entity within the Vodacom Group structure)		
	Dividends paid	—	(549)
	Vodacom Siyanda Employee Trust (entity within the Vodacom Group structure)		
	Dividends paid	(22,108)	(20,900)

		2021 R'000	2020 R'000
21.	**Financial instruments and risk management**		
21.1	**Net gain on financial instruments**		
	Net gain on financial instruments analysed by category, are as follows:		
	Gain on fair value of financial asset at fair value through profit or loss	1,058,673	638,638
	Dividends received	938,500	961,390
	Financial assets measured at amortised cost	629	888
	Financial liabilities measured at amortised cost	(473,858)	(676,351)
		1,523,944	924,565
21.2	**Carrying amounts of financial instruments**		
	Carrying amounts of financial instruments analysed by category		
	Assets		
	Financial asset measured at fair value through profit or loss	14,450,606	13,391,933
	Financial asset measured at amortised cost	14,682	9,772
		14,465,288	13,401,705
	Liabilities		
	Financial liabilities measured at amortised cost	9,393,739	9,734,356
21.3	**Fair value hierarchy**		
	The table below sets out the valuation basis of the financial instrument measured at fair value:		
	Level one		
	Financial asset at fair value through profit or loss		
	Vodacom Group shares	14,450,606	13,391,933

The fair value of the level one instrument is determined using the JSE listed share price (refer Note 11).

21.4 Financial risk management

21.4.1 Market risk management

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how profit after tax and equity after tax would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

Notes to the consolidated financial statements

21. Financial instruments and risk management (continued)

21.4 Financial risk management (continued)

21.4.1 Market risk management (continued)

21.4.1.1 Interest rate risk management

The Group's interest rate profile consists mainly of floating rate bank balances which exposes the Group to fair value interest rate risk and cash flow interest rate risk and can be summarised as follows:

	2021 R'000	2020 R'000
Financial liabilities		
Borrowings linked to RSA prime rates	9,388,386	9,729,015
Financial assets		
Bank and overnight deposits at floating rates of interest	14,369	9,459

The Group is exposed to floating rates of interest namely South African prime rates and South African money market rates.

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non- derivative instruments at the reporting date. For floating rate instruments, the analysis is prepared assuming the amount of the instrument outstanding at the reporting date was outstanding for the whole year.

The basis points increase or decrease, as detailed in the table below discloses the Group's sensitivity to the specified basis point change in the market interest rates it is exposed to. Management's assessment of a reasonable possible change in market interest rates are based on economic forecasts.

A positive number below indicates an increase in profit after tax if interest rates were higher by the basis points indicated below in a net financial asset position.

A negative number below indicates a decrease in profit after tax if interest rates were higher by the basis points indicated below in a net financial liability position.

If interest rates were lower by the basis points indicated, there would be an equal and opposite impact on the profit after tax.

The sensitivity analysis is representative of the Group's exposure to interest rate risk. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

	2021	2020
RSA prime rates		
Basis point increase	25	75
Profit post tax (R'000)	(23,449)	(72,917)

21.4.2 Credit risk management

Investments, accounts receivable and cash and cash equivalents potentially expose the Group to credit risk.

The Group's exposure to credit risk with regards to overnight deposit is low due to the deposit being with Vodacom Group that is placed with high credit quality financial institutions.

The Group's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

Notes to the consolidated financial statements

21. Financial instruments and risk management (continued)

21.4 Financial risk management (continued)

21.4.3 Equity price risk management

The Group's exposure to equity price risk arises from investment held by the Group and classified in the statement of financial position as at fair value through profit or loss (Refer Note 11).

	2021	2020
% increase in listed market price	10%	10%
Profit post taxation (R'000)	1,121,367	1,039,214

21.4.4 Liquidity risk management

In terms of its borrowing requirements, the Group ensures that adequate funds are available to meet its expected and unexpected financial commitments. In terms of its long-term liquidity risk, a reasonable balance is maintained between the period over which assets generate funds and the period over which the respective assets are funded.

Trigger events as detailed in the preference share subscription agreement between the Class A preference share funders and the Group can initiate early payment of the unredeemed preference shares on a date set out in the notice to the Group if issued. However the trigger events is closely monitored and remediation measures are in place to rectify the trigger event that is not within the control of the Group.

The ultimate maturity of the A preferences shares is 13 September 2023 and the contractual payments during the funding term is dependent on available cash resources and subject to interest roll up of a maximum of 135% . The investment in Vodacom Group shares is held to manage this liquidity risk. The ultimate maturity of the B preferences shares is 13 September 2028 and the contractual payments during the funding term is dependent on available cash resources .

The tables below disclose the maturity profile of the Group's non-derivative financial liabilities and those financial assets used for managing liquidity risk. The amounts disclosed are the future undiscounted contractual cash (outflows)/inflows which therefore differs from both the carrying amount and the fair value. Due to the uncertainty and dependencies of the contractual cash flows of the preference shares, the tables excludes these borrowings, and the assets used to manage this risk.

	0-1 year R'000	2+ years R'000	Total R'000
2021			
Financial liabilities			
Accounts payable	3,622	—	3,622
Financial assets			
Accounts receivable	8,590	—	8,590
Cash and cash equivalents	5,779	—	5,779
	14,369	—	14,369
2020			
Financial liabilities			
Accounts payable	3,342	—	3,342
Financial assets			
Accounts receivable	5,735	—	5,735
Cash and cash equivalents	3,724	—	3,724
	9,459	—	9,459

21.4.5 Capital risk management

The Group defines total capital as 'equity' in the statement of financial position. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for

Notes to the consolidated financial statements

21. Financial instruments and risk management (continued)

21.4 Financial risk management (continued)

21.4.5 Capital risk management (continued)

shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or improve the capital structure, the Group may adjust the amount of dividends paid to shareholders.

There is a financial condition present in the preference share subscription agreement between the Class A preference share funders and YeboYethu that YeboYethu shall ensure that on each day during the funding period the Share Cover Ratio shall not be less than or equal to 2 times and the leverage ratio not exceed 2.5 times during a financial reporting period. The Share Cover Ratio is the ratio which the aggregate market value of the Vodacom Group shares that the Group owns and any acceptable secured asset; bears to the outstanding preference shares obligations less amounts standing to the credit of the reserve account for so long as the reserve account is subject to security as contemplated by the Group cession and pledge in security. Leverage ratio is the ratio of Vodacom Group net debt as at the last day of a financial reporting period to the Vodacom Group's earnings before interest, taxation, depreciation and amortisation ('EBITDA') in respect of the financial reporting period.

The Group will be able to remedy such breach of the financial covenant (in the event a breach occurs) by either voluntary redemption of the preference shares, depositing such amount into the reserve account or encumbering other assets acceptable to the preference share agent such that the share cover ratio is greater than 2.4 times. The financial covenants are strictly monitored.

22. Commitments

	2021 R'000	2020 R'000
Operating commitments	1,605	4,328

The operating commitments will be financed through internal cash generation.

23. Directors emoluments

	2021 R	2020 R
ZBM Bassa (Chairperson)#	(421,862)	(401,775)
AM Hall	(162,370)	(154,638)
B Silwanyana#	(227,686)	(194,729)
A Conrad	(204,466)	(194,729)
TV Mokgatlha#	(304,293)	(277,004)
	(1,320,677)	(1,222,875)

Director registered as a VAT vendor therefore amount inclusive of VAT.

24. Impact of COVID-19

On 11 March 2020, the World Health Organisation officially declared the novel coronavirus, COVID-19, a pandemic. The Group's financial position and liquidity is solely dependent on its investment in Vodacom Group. Vodacom Group's performance amidst this pandemic is therefore pivotal in the assessment of the Group's operations and the continuous flow of dividends. The Group has assessed the potential impact of COVID-19 on the return from its investment in Vodacom Group, including a wide range of related risks that the aforementioned will have on its performance and liquidity in the short to medium term. The going concern assumption, as adopted in the preparation of the financial statements for the Group, remains applicable.

Notes to the consolidated financial statements

25. Events after reporting period

The board is not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the consolidated financial statements, which significantly affects the financial position of the Group at 31 March 2021 and the results of its operations or cash flows for the financial year end.

Dividends receivable
Vodacom Group Limited declared a dividend of 410 cents per share on 17 May 2021 payable on 28 June 2021 to shareholders recorded in the register at the close of business on Friday 25 June 2021.

Dividend declared after the reporting date and not recognised as a liability
A dividend of R52.9 million for the year ended 31 March 2021, was declared on 7 June 2021 payable on 5 July 2021 to shareholders recorded in the register at the close of business on 2 July 2021. The net dividend is 80.00000 cents per share after taking into account dividend withholding tax of 20.00000 cents per share for those shareholders not exempt from dividend withholding tax.

Redemption of preference shares after the reporting date and not recognised as a reduction in liability nor impact on cash flow
The board resolved to make payment of R266.2 million towards Class A preference shares as well as a payment of R144.8 million towards Class B preference shares on 30 June 2021.

26. Separate financial statements

The separate financial statements have not been presented as the material transactions within the entity is reflected in the Group's presentation of its financial performance and position which would provide duplication to information already disclosed. The separate financial statements are available for inspection at the company's registered office and have been audited by the independent auditing firm Ernst & Young Inc..

The company's material elements of their financial position is as follows:

- 100% interest in YeboYethu Investment for an amount of R14.5 billion at carrying value.
- Borrowings of R9.4 billion as disclosed in Note 17.