Stadio Holdings Limited
(Registration number 2016/371398/06)
Consolidated and Separate Financial Statements
for the year ended 31 December 2021

General Information

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

General Information

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

Contents

Audit and Risk Committee Report

The Audit and Risk Committee (the ARC) is pleased to present its report in terms of section 94 of the Companies Act, 71 of 2008 as amended (the Companies Act), the King Code of Governance for South Africa, 2016 (King IV TM) and the Johannesburg Stock Exchange (JSE) Listings Requirements for Stadio Holdings Limited and its subsidiaries (the Group) for the financial year ended 31 December 2021.

1. Members of the Audit and Risk Committee

There were no changes in the composition of the ARC during the year. The members of the ARC are all independent non-executive directors of the Group and include:

Name
Mathukana Mokoka (Chairperson)
Tom Brown
Busiswe Vilakazi

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

2. Frequency and attendance of Meetings

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

During the year under review, the ARC held two scheduled meetings, of which were attended by all members of the ARC. All Board members were invited to attend these meetings as invitees.

3. Purpose and responsibilities

The ARC has an independent role whose purpose is to assist the Board by providing an objective and independent view on the Group’s finance, accounting and control mechanisms, including risk management. The ARC regularly reviews, and updates as necessary, its Charter for the Board for approval.

4. ARC Activities during the year

In line with its designated responsibilities, the ARC considered the following during the year ended 31 December 2021:

4.1. Risk governance and Information Technology (IT) management

The Board has assigned oversight of the risk management function to the ARC. In assessing the implementation of the Group’s risk strategy and framework, the ARC considered

- the Group’s risk reports;
- top ten strategic risks (including the impacts of COVID-19 and change management on the Group; and any likely impact of climate-related risks on the Group); and
- assessed the mitigation factors in place.

The ARC reviewed the IT governance risk and compliance strategy, policy and framework with a specific focus on cybersecurity.

The ARC has no reason to believe any risks fall outside the agreed Group’s risk tolerance level and reports back to the Board on the above-mentioned strategic and IT risks.

4.2. Internal audit

The ARC approved the decision to continue outsourcing the Group’s internal audit function. During the year, the appointment of BDO Advisory Services Proprietary Limited (BDO) as the Group’s internal auditors for a three year period, was recommended to the Board for approval. BDO take over the internal audit function from Kuhumelela Chartered Accountants and Advisors Proprietary Limited, who completed their assessment on the procurement, payment and treasury processes during 2021. The main function of internal audit is to provide an independent review of, and provide assurance on the effectiveness of the Group’s internal controls, including its corporate governance and accounting processes, whilst noting any control weaknesses that exist.

Audit and Risk Committee Report

4.3. External auditor

The ARC nominated and recommended to shareholders, the re-appointment of PricewaterhouseCoopers Inc. (PwC) as the independent external auditor. During the year, Mr Dawid de Jager, who had served as the designated partner of the Group since 2017, rotated off the audit, and Mr Viresh Harri, was appointed as the designated partner for the 2021 year-end audit.

The ARC satisfied itself, through enquiry, that PwC are independent as defined by the Companies Act as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act that internal governance processes within PwC support and demonstrate the claim to independence.

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

4.4. Internal controls

The ARC reviewed reports from both the internal and external auditors, in respect of their audits of the internal control environment. The ARC noted any concerns arising from these audits, and considered the appropriateness of the responses from management. Based on the extent of the audit work carried out by both the internal and external auditors, nothing was brought to the ARC's attention which would suggest a material breakdown of any internal control system. The ARC was therefore satisfied that the internal financial control environment continued to function effectively.

4.5. Financial reporting procedures, accounting practices and internal control

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

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

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

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

4.6. Consolidated and Separate Financial Statements

The ARC reviewed and assessed the fairness of the financial information and disclosures and recommended the approvals of the annual financial statements and integrated annual report of the Group, to the Board, taking into account:

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

4.7. Key audit matters

The ARC has applied its mind to the key audit matters identified by PwC and is comfortable that they have been adequately addressed and disclosed. These items require significant judgment and included the assessment of:
- judgements and estimates used in assessing the impairment of indefinite useful life intangible assets and goodwill.

Audit and Risk Committee Report

4.8. Evaluation of Chief Financial Officer

As required by paragraph 3.84(g)(i) of the JSE Listings Requirements, the ARC has assessed, and is satisfied with the expertise and experience of the Group's Chief Financial Officer, Ms S Totaram, as well as the current performance and future requirements for the financial management of the Group, and concluded that the current team has the appropriate skills, experience and expertise required to fulfil the finance function.

4.9. Complaints and/or concerns

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

On behalf of the ARC

Matukhana Mokoka (CA)SA
ARC Chairperson
Durbanville
11 March 2022

Directors' Responsibilities and Approval

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

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

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

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

The directors have reviewed the Group’s cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

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

- The consolidated and separate financial statements set out on pages 21 to 103, fairly present in all material respects the financial position, financial performance and cash flows of the Group in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the consolidated and separate financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the Group; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated and separate financial statements. The consolidated and separate financial statements have been examined by the Group's external auditors and their report is presented on pages 14 to 20.

The consolidated and separate financial statements set out on pages 21 to 103, which have been prepared on the going concern basis, were approved and authorised for issue by the board of directors on 11 March 2022 and were signed on their behalf by:

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

Company Secretary's Certification

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

p.p.

Stadio Corporate Services Proprietary Limited
Company Secretary
11 March 2022

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Stadio Holdings Limited and its subsidiaries (STADIO Holdings or the Group) for the year ended 31 December 2021.

1. Nature of business

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

2. Review of financial results and activities

The operating results and the performance of the Group and Company are set out in the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and notes thereto. The profit attributable to owners of the parent for the year under review recorded a net profit of R126 million (2020: loss of R120 million) with core headline earnings attributable to owners of the parent amounting to R149 million (2020: R117 million). Overall student enrolments for the year ended 31 December 2021 increased by 9% to 38 262 (2020: 35 031).

3. Share capital

Refer to Note 15 of the consolidated and separate financial statements for detail of the movement in authorised and issued share capital.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act of South Africa. As this general authority remains valid only until the next Annual General Meeting (AGM), the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares, up to a maximum of 5% of the Company's issued share capital, under the control of the directors until the following AGM.

5. Dividends

The directors have pleasure in declaring the Company's maiden dividend of 4.7 cents per ordinary share from income reserves which is payable on 16 May 2022.

No dividends were declared for the prior year ended 31 December 2020.

6. Directorate

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

Directors	Office	Designation
TV Maphai	Chairperson	Independent Non-executive
CPD Vorster	Chief Executive Officer	Executive
S Totaram	Chief Financial Officer	Executive
D Singh	Chief Academic Officer	Executive
CR van der Merwe		Non-executive
PN de Waal		Non-executive
A Mellet (alternate for PN de Waal)		Non-executive
MG Mokoka		Independent Non-executive
CB Vilakazi		Independent Non-executive
TH Brown		Independent Non-executive

Directors' Report

7. Directors' interests in shares

The following directors were interested in the Company's issued shares:

2021

Ordinary shares	Direct '000	Indirect '000	Total '000
CPD Vorster	-	14 819	14 819
S Totaram	716	-	716
D Singh	587	-	587
CR van der Merwe	-	4 735	4 735
PN de Waal	154	-	154
A Mellet (alternate for PN de Waal)	-	88	88
TV Maphai	220	-	220
MG Mokoka	174	-	174
TH Brown	100	-	100
	1 951	**19 642**	**21 593**

2020

Ordinary shares	Direct '000	Indirect '000	Total '000
CPD Vorster*	-	14 783	14 783
S Totaram	699	-	699
D Singh	157	-	157
CR van der Merwe	-	4 735	4 735
PN de Waal	154	-	154
A Mellet (alternate to PN de Waal)*	-	88	88
TV Maphai	220	-	220
MG Mokoka	174	-	174
TH Brown	100	-	100
	1 504	**19 606**	**21 110**

** Prior year figures restated to reclassify shares held as indirect.*

There were no changes to the directors interests in shares between the year end date and the date of approval of these financial statements.

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

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

8. Interests in subsidiaries

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

There were no significant acquisitions or divestitures during the year ended 31 December 2021.

Directors' Report

9. Special resolutions

A general authority was given to the board to repurchase shares in the Company subject to the requirements of the Companies Act of South Africa. This authority was given in terms of a special resolution passed at the annual general meeting (AGM) held on 22 June 2021.

No shares were repurchased by the Company for the year ended 31 December 2021.

The following special resolutions were approved by shareholders at the AGM held on 22 June 2021:

- Non-executive directors' remuneration for their services rendered to the Company for 2021;
- the Board of the Company, in terms of section 45(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the Board may deem fit to any director, prescribed officer or Company that is related or interrelated to the Company on the terms and conditions and for amounts that the Board of the Company may determine until the next AGM;
- the Board of the Company, in terms of section 44(3)(a)(ii) of the Companies Act, to approve any direct or indirect financial assistance that the board may deem fit to any director, prescribed officer or Company that is related or interrelated to the Company, for the purpose of the subscription of any options or shares issued or to be issued by the Company or a related or interrelated Company, on the terms and conditions and for the amounts that the Board of the Company may determine until the next AGM; and
- the Company and/or its subsidiaries to repurchase its own shares upon such terms as the directors may determine, but subject to the provisions of sections 46 and 48 of the Companies Act, and the Memorandum of Incorporation of the Company.

10. COVID-19

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

Notwithstanding another challenging year for both staff and students, the Group was well positioned to manage the impacts of the COVID-19 pandemic. More than 80% of the Group’s student body, study by way of the distance learning mode of delivery. As such, the various COVID-19 lock down levels implemented during the course of 2020 and 2021 did not have a material operational impact on the majority of the Group’s students. The Group continues to utilise various online teaching and learning and student support interventions to ensure that the contact learning students’ needs are addressed and to ensure that students are well positioned to complete the academic year.

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

Directors' Report

11. Going concern

Since March 2020 the country has been impacted by COVID-19. This has impacted economic growth, as well as trading and operating conditions. The directors in assessing the going concern considered the impact of the COVID-19 pandemic on the Group and Company. Furthermore, the impact of the civil unrest experienced in certain provinces in July 2021 was also considered. The Group and Company were not materially impacted by this civil unrest.

Further details of the impact of COVID-19 on the Group are set out on page 11.

The Group achieved an improved performance in the current year, recognising a profit after taxation of R137 million (2020: Loss after taxation of R138 million). The prior year losses were largely attributable to the non-cash impairment of trademarks following the transfer of various brands to STADIO Higher Education (Business Transfer). Furthermore, the impact of the fair value adjustment of R207 million to the consideration payable relating to the CA Connect acquisition negatively impacted earnings during the year ended 31 December 2020.

At 31 December 2021, the current liabilities of the Group exceeded the current assets by R33 million. Current liabilities include an amount of R77 million relating to contract liabilities which will be settled through the rendering of educational services to students. On adjusting for the impact of this non-cash item, current assets will exceed current liabilities and the Group has sufficient current assets to cover its current liabilities.

At 31 December 2021, the Group has drawn down on R15 million of the R200 million revolving credit facility available. The Group has adequate cash resources on hand and access to a debt facility to be able to meet its cash obligations as they fall due within 12 months.

At 31 December 2021, the Company is in a loss making position. The current assets exceed the current liabilities and the Company has access to additional cash resources within the Group to meet its cash obligations as they fall due within the next 12 months.

Based on the Group and Company's expected financial performance and cash flows, which considers the budgets for the next 12 months and the-5 year forecasts, the Board, after having considered the implications of COVID-19 as set out on page 11, are satisfied that the Group and the Company are in a sound financial position and have adequate cash resources and access to borrowings to continue to operate as a going concern in the foreseeable future.

Refer to Note 42.

12. Events after the reporting period

During December 2021, the Group entered into an agreement to dispose of the STADIO Montana campus for R52 million (net of fees). The disposal forms part of STADIO Higher Education's strategy to consolidate and optimise operations on the contact learning campuses. The existing students on the STADIO Montana Campus have been transferred to the new STADIO Centurion campus. The sale agreement is subject to transfer of the property which is expected to be concluded in the first quarter of 2022.

The impact of COVID-19 continues to be a consideration to management. Whilst the roll-out of the vaccine and other safety measures have curtailed the impact of the pandemic, COVID-19 is considered to be an ongoing event. Management are continually assessing and monitoring developments with regard to the pandemic and its impact on the business.

The corporate income tax rate will reduce from 28% to 27% and it will come into effect for years of assessment ending on or after 31 March 2023 and will affect the Group from the 2023 financial year. This is considered a non-adjusting post-balance sheet event. The Group has taken note of South Africa's finance minister's announcement on 23 February 2022 relating to the future limitation on the utilisation of assessed losses to 80% of taxable income. It has been indicated in the 2022 budget speech that the amendment will come into effect for years of assessment ending on or after 31 March 2023.

On 11 March 2022, the Group declared a dividend of 4.7 cents per share from income reserves for the year ended 31 December 2021, which is payable on 16 May 2022.

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

Directors' Report

13. Auditor

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

During the year, due to mandatory audit rotation, Mr Viresh Harri was appointed as the designated partner.

14. Secretary

The Company Secretary is Stadio Corporate Services Proprietary Limited.

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

15. Sponsors

PSG Capital Proprietary Limited and UBS South Africa Proprietary Limited (UBS) acted as joint sponsors for the Group and the Company during the year ended 31 December 2021, providing advise on the interpretation of and compliance with the JSE Listings Requirements and reviewing notices required in terms of the Company's Memorandum of Incorporation and the JSE. UBS acted specifically as the joint independent sponsor.

Effective 1 March 2022, the Group has appointed Tamela Holdings Proprietary Limited as the joint independent sponsor, to replace UBS.

16. Corporate Governance

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

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

17. Report of the Audit and Risk committee

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

STADIO Holdings is incorporated in the Republic of South Africa and is a public Company listed on the Johannesburg Stock Exchange.

Independent auditor's report

To the Shareholders of Stadio Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Stadio Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2021, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

What we have audited

Stadio Holdings Limited's consolidated and separate financial statements set out on pages 21 to 102 comprise:

- the consolidated and separate statements of financial position as at 31 December 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

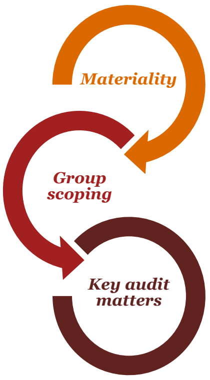
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Our audit approach

Overview



Overall group materiality

- Overall group materiality: R9.6 million, which represents 4.8% of consolidated profit before taxation.

Group audit scope

- The Group consists of twenty components, of which nineteen operate in the Republic of South Africa and one in Namibia.
- All operating locations of the group were visited by the group audit team, including
- Full scope audits were performed for six components due to their financial significance and other procedures on two components based on their contribution to the Group financial statements.
- Analytical procedures were performed on the remaining components.

Key audit matters

- Impairment assessment of goodwill and other indefinite life intangible assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R9.6 million.
How we determined it	4.8% of consolidated profit before taxation.
Rationale for the materiality benchmark applied	We chose consolidated profit before taxation as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 4.8% based on our professional judgement, after consideration of the range of quantitative materiality thresholds that we would typically apply for listed profit-oriented companies.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of twenty components, with the main components being Stadio Corporate Services (Corporate Services), The South African School of Motion Picture Medium and Live Performance (AFDA), Milpark Education (Milpark) and Stadio Proprietary Limited. Stadio Proprietary Limited consists of five operating components namely Embury Institute for Higher Education (Embury), Southern Business School (SBS), Stadio Shared Services (SSS), School of Fashion (Lisof) and Prestige Academy (Prestige). We conducted full scope audits on six components namely SBS, SSS, Embury, AFDA, Milpark and Corporate Services due to their financial significance to the group or specific risks. We also performed other procedures on two components namely Lisof and Prestige based on their contribution to the consolidated revenue and consolidated total assets of the Group. We performed analytical procedures on the remaining components.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of goodwill and other indefinite life intangible assets *This key audit matter relates to the consolidated financial statements only.* The Group's net assets include a significant amount of goodwill, trademarks and curriculum material classified as indefinite life intangible assets amounting to R852 million. Refer to notes 1.2, 5 and 6 to the consolidated financial statements for disclosure regarding significant judgements and sources of estimation uncertainty - Goodwill and other indefinite life intangible assets, Goodwill and Intangible Assets. As required by IAS 36 - *Impairment of Assets*, management conducts an annual impairment test, or more frequently if there is an indication of impairment, to assess the recoverability of the carrying value of goodwill and the indefinite life intangible assets. These tests are subjective in nature due to management's judgements and assumptions relating to the Cash Generating Units ("CGUs"). Management estimated the recoverable amount of the CGUs using the value in use method. This is performed by using a discounted cash flow model. Management applied the following key assumptions in determining the recoverable amount: • discount rate; • terminal growth rate; and • cash flows assumptions relating to tuition fee increases, student number growth and operating expenses growth.	We performed the following audit procedures: • We evaluated the valuation methodology used by management to determine the estimated value in use and whether the discounted cash flow model used by management is an appropriate valuation methodology applied in the circumstances and as required by IAS 36 - *Impairment of assets*. Based on our work performed, we accepted management's use of the discounted cash flow model as a valuation methodology; • We assessed, with the use of our valuation expertise, the principles of management's calculations and we challenged key inputs in the calculations such as the discount rate, terminal growth rate and future cash flow assumptions with reference to the board approved business plan and external market data. We did not note any aspects requiring further consideration; • In assessing management's forecasts, we considered the historical accuracy of the underlying businesses' forecasts to assess the reliability thereof, by comparing the actual results for the year with the original forecasts. We further considered the extent and appropriateness of the impact of the COVID-19 pandemic on the market-related cash flow assumptions through discussions with management. We evaluated differences noted against underlying documentation and explanations obtained from management in order to evaluate whether the impact of COVID-19 was appropriately assessed in their forecast. Based on our work performed we accepted these differences; and

Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of goodwill and other indefinite life intangible assets (continued)	
Based on results of the assessment performed, indefinite useful life intangible assets to value of R2.7 million were derecognised in the Group's consolidated statement of comprehensive income. No impairment was recognised for goodwill. We considered the impairment assessment of goodwill and indefinite life intangible assets to be a matter of most significance in our current year audit due to the following: • The judgement and estimates applied by management in performing the impairment assessment; and • The magnitude of these balances in relation to the consolidated financial statements.	• We compared the discount and terminal growth rates used by management to our independently developed benchmarks, which are based on various economic indicators. The rates used by management were found to be within an acceptable range of our independently determined range of discount and terminal growth rates. We performed independent sensitivity calculations on the impairment assessments, to assess the degree by which the key assumptions needed to change in order to trigger an impairment. Based on the outcome of our procedures, we did not note any aspect requiring further consideration.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Stadio Holdings Limited Consolidated and Separate Financial Statements for the year ended 31 December 2021", which includes the Directors' Report, the Audit and Risk Committee Report and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the document titled "Stadio Holdings 2021 Integrated Report", which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Stadio Holdings Limited for 6 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: Viresh Harri
Registered Auditor
Stellenbosch
11 March 2022

Consolidated and Separate Statements of Financial Position as at 31 December 2021

		Group			Company	
	Notes	2021 R '000	Restated 2020 R '000	Restated 1 Jan 2020 R '000	2021 R '000	2020 R '000
Assets						
Non-Current Assets						
Property, plant and equipment	3	810 319	717 120	663 358	-	-
Right-of-use assets	4	97 185	95 996	91 702	-	-
Goodwill	5	751 082	749 482	749 482	-	-
Intangible assets	6	151 931	168 967	211 522	-	-
Investments in subsidiaries	7	-	-	-	979 039	959 039
Trade and other receivables	8	18 285	17 254	16 281	-	-
Other financial assets	9	9 190	11 620	5 173	-	-
Deferred tax asset	10	82 639	92 254	71 124	-	-
		1 920 631	**1 852 693**	**1 808 642**	**979 039**	**959 039**
Current Assets						
Inventories	11	-	1 588	2 132	-	-
Loans to related parties	12	-	591	805	636 212	636 411
Trade and other receivables	8	114 943	106 073	115 834	-	-
Current tax receivable		15 479	7 107	9 908	-	-
Cash and cash equivalents	13	65 592	116 803	93 436	22	44
		196 014	**232 162**	**222 115**	**636 234**	**636 455**
Non-current assets held for sale	14	52 000	-	-	-	-
Total Assets		**2 168 645**	**2 084 855**	**2 030 757**	**1 615 273**	**1 595 494**
Equity and Liabilities						
Equity						
Equity Attributable to Equity Holders of Parent						
Share capital	15	1 618 817	1 597 512	1 565 675	1 618 817	1 597 512
Share-based payment reserves	16	31 942	21 159	11 033	-	-
Accumulated profit/(loss)		1 190	(125 299)	(5 548)	(11 223)	(9 945)
		1 651 949	1 493 372	1 571 160	1 607 594	1 587 567
Non-controlling interest		99 228	(7 381)	12 138	-	-
Total equity		**1 751 177**	**1 485 991**	**1 583 298**	**1 607 594**	**1 587 567**
Liabilities						
Non-Current Liabilities						
Borrowings	17	-	45 000	65 000	-	-
Lease liabilities	4	148 782	134 580	137 061	-	-
Deferred tax liability	10	39 186	35 041	34 907	-	-
Trade and other payables	19	-	132 694	18 993	-	-
		187 968	**347 315**	**255 961**	**-**	**-**
Current Liabilities						
Borrowings	17	15 065	79	392	-	-
Lease liabilities	4	35 575	33 385	32 309	-	-
Loans from related parties	18	96	96	96	7 201	7 201
Trade and other payables	19	91 073	116 303	65 757	478	726
Contract liabilities	20	76 780	88 542	89 786	-	-
Current tax payable		10 911	13 144	3 158	-	-
		229 500	**251 549**	**191 498**	**7 679**	**7 927**
Total Liabilities		**417 468**	**598 864**	**447 459**	**7 679**	**7 927**
Total Equity and Liabilities		**2 168 645**	**2 084 855**	**2 030 757**	**1 615 273**	**1 595 494**

Consolidated and Separate Statements of Comprehensive Income

		Group		Company	
	Notes	2021 R '000	Restated* 2020 R '000	2021 R '000	2020 R '000
Revenue	21	1 097 768	932 944	-	-
Other income	22	9 543	3 570	-	-
Loss allowance		(82 047)	(78 705)	-	-
Fair value losses on financial instruments	23	(697)	(207 209)	-	-
Employee costs	24	(478 080)	(392 810)	-	-
Operating expenses	24	(236 990)	(211 964)	(1 279)	(1 498)
Earnings/(loss) before interest, taxation,depreciation and amortisation (EBITDA)		**309 497**	**45 826**	**(1 279)**	**(1 498)**
Depreciation and amortisation	25	(66 707)	(64 579)	-	-
Impairment	25	(29 969)	(51 216)	-	-
Earnings/(Loss) before interest and taxation (EBIT)		**212 821**	**(69 969)**	**(1 279)**	**(1 498)**
Investment income	26	8 573	11 841	1	3
Finance costs	27	(20 730)	(20 502)	-	-
Profit/(loss) before taxation		**200 664**	**(78 630)**	**(1 278)**	**(1 495)**
Taxation	28	(63 224)	(59 730)	-	-
Profit/(loss) for the year		**137 440**	**(138 360)**	**(1 278)**	**(1 495)**
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the year		**137 440**	**(138 360)**	**(1 278)**	**(1 495)**
Profit/(loss) attributable to:					
Owners of the parent		126 005	(119 751)	(1 278)	(1 495)
Non-controlling interest		11 435	(18 609)	-	-
		137 440	**(138 360)**	**(1 278)**	**(1 495)**
Total comprehensive income/(loss) attributable to:					
Owners of the parent		126 005	(119 751)	(1 278)	(1 495)
Non-controlling interest		11 435	(18 609)	-	-
		137 440	**(138 360)**	**(1 278)**	**(1 495)**
Earnings/(loss) per share (cents)					
Per share information					
Basic earnings/(loss) per share	29	14,9	(14,5)	-	-
Diluted earnings/(loss) per share	29	14,5	(14,5)	-	-

*The prior year comparative operating expenses were disaggregated to provide further information on the nature of the items included in the total operating expenses. Refer to Note 39 for further information.

Consolidated and Separate Statements of Changes in Equity

	Share capital	Share-based payment reserve	Accumulated profit/(loss)	Total attributable to equity holders of the Group / company	Non-controlling interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000
Group						
Balance at 1 January 2020	**1 565 675**	**11 033**	**(5 548)**	**1 571 160**	**12 138**	**1 583 298**
Loss for the year	-	-	(119 751)	(119 751)	(18 609)	(138 360)
Total comprehensive loss for the year	**-**	**-**	**(119 751)**	**(119 751)**	**(18 609)**	**(138 360)**
Issue of shares	31 919	-	-	31 919	-	31 919
Share issue costs	(82)	-	-	(82)	-	(82)
Share-based payment charge	-	10 126	-	10 126	-	10 126
Capital contribution from non-controlling shareholder in subsidiary (Refer to Note 19)	-	-	-	-	5 214	5 214
Dividends paid to non-controlling shareholders	-	-	-	-	(6 124)	(6 124)
Total contributions by and distributions to owners of company recognised directly in equity	**31 837**	**10 126**	**-**	**41 963**	**(910)**	**41 053**
Balance at 1 January 2021	**1 597 512**	**21 159**	**(125 299)**	**1 493 372**	**(7 381)**	**1 485 991**
Profit for the year	-	-	126 005	126 005	11 435	137 440
Total comprehensive income for the year	**-**	**-**	**126 005**	**126 005**	**11 435**	**137 440**
Issue of shares	21 371	-	-	21 371	-	21 371
Share issue costs	(66)	-	-	(66)	-	(66)
Share-based payment charge	-	10 783	-	10 783	-	10 783
Capital contribution from non-controlling shareholder in subsidiary (Refer to Note 19)	-	-	-	-	15 361	15 361
Transaction with non-controlling interest (Refer to Note 19)	-	-	-	-	100 000	100 000
Changes in ownership interest - control not lost	-	-	484	484	(8 494)	(8 010)
Dividends paid to non-controlling shareholders	-	-	-	-	(11 693)	(11 693)
Total contributions by and distributions to owners of company recognised directly in equity	**21 305**	**10 783**	**484**	**32 572**	**95 174**	**127 746**
Balance at 31 December 2021	**1 618 817**	**31 942**	**1 190**	**1 651 949**	**99 228**	**1 751 177**
Notes	15	16				

Consolidated and Separate Statements of Changes in Equity

	Share capital	Share-based payment reserve	Accumulated profit/(loss)	Total attributable to equity holders of the Group / company	Non-controlling interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000
Company						
Balance at 1 January 2020	**1 565 675**	**-**	**(8 450)**	**1 557 225**	**-**	**1 557 225**
Loss for the year	-	-	(1 495)	(1 495)	-	(1 495)
Total comprehensive loss for the year	**-**	**-**	**(1 495)**	**(1 495)**	**-**	**(1 495)**
Issue of shares	31 919	-	-	31 919	-	31 919
Share issue costs	(82)	-	-	(82)	-	(82)
Total contributions by and distributions to owners of company recognised directly in equity	**31 837**	**-**	**-**	**31 837**	**-**	**31 837**
Balance at 1 January 2021	**1 597 512**	**-**	**(9 945)**	**1 587 567**	**-**	**1 587 567**
Loss for the year	-	-	(1 278)	(1 278)	-	(1 278)
Total comprehensive loss for the year	**-**	**-**	**(1 278)**	**(1 278)**	**-**	**(1 278)**
Issue of shares	21 371	-	-	21 371	-	21 371
Share issue costs	(66)	-	-	(66)	-	(66)
Total contributions by and distributions to owners of company recognised directly in equity	**21 305**	**-**	**-**	**21 305**	**-**	**21 305**
Balance at 31 December 2021	**1 618 817**	**-**	**(11 223)**	**1 607 594**	**-**	**1 607 594**
Notes	15	16				

Consolidated and Separate Statements of Cash Flows

		Group		Company	
		2021 R '000	2020 R '000	2021 R '000	2020 R '000
Cash flows from operating activities					
Cash generated from/(used in) operations	31	265 920	274 386	(1 528)	(1 396)
Investment income		4 780	8 881	1	3
Finance costs	35	(21 185)	(20 637)	-	-
Taxation paid	32	(59 978)	(67 749)	-	-
Net cash from/(used in) operating activities		**189 537**	**194 881**	**(1 527)**	**(1 393)**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(178 139)	(78 353)	-	-
Proceeds from disposal of property, plant and equipment		166	265	-	-
Purchase of intangible assets	5&6	(3 720)	(17 349)	-	-
Internally generated intangible assets	6	-	(8 870)	-	-
Proceeds received from loans to related parties		591	214	296	1 498
Acquisition of other financial assets	9	(16 360)	(6 000)	-	-
Proceeds from disposal of other financial assets	9	19 000	-	-	-
Net cash (used in)/from investing activities		**(178 462)**	**(110 093)**	**296**	**1 498**
Cash flows from financing activities					
Share issue costs	15	(66)	(82)	(66)	(82)
Issue of shares	15	1 275	-	1 275	-
Capital contribution from non-controlling shareholder in subsidiary	19	15 361	-	-	-
Proceeds from borrowings	33	122 065	45 079	-	-
Repayment of borrowings	33	(152 079)	(65 392)	-	-
Payment of principal portion of lease liabilities	33	(29 139)	(27 290)	-	-
Dividends paid to non-controlling shareholders		(11 693)	(6 124)	-	-
Acquisition of additional shares in subsidiary from non-controlling interest		(8 010)	-	-	-
Contingent consideration for acquisition of subsidiary		-	(7 612)	-	-
Net cash (used in)/from financing activities		**(62 286)**	**(61 421)**	**1 209**	**(82)**
Total cash movement for the year		**(51 211)**	**23 367**	**(22)**	**23**
Cash at the beginning of the year		116 803	93 436	44	21
Total cash at end of the year	13	**65 592**	**116 803**	**22**	**44**

Accounting Policies

1. Presentation of consolidated and separate financial statements

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

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate financial statements and the Companies Act of South Africa of South Africa, as amended.

These consolidated and separate financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, rounded to the nearest thousand Rand, and which is the Group and Company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Significant judgements and sources of estimation uncertainty

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

Critical judgements in applying accounting policies

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

Internally generated curriculum material

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

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

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

1.2 Significant judgements and sources of estimation uncertainty (continued)

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

Curriculum and trademarks useful lives

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

Curriculum material, once accredited, do not have significant cost associated with the maintenance of the core curriculum.

Trademarks may be renewed at little or no cost to the Group. Trademarks are assessed as having an indefinite useful life.

Incremental borrowing rate

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received; or
- if the lessee does not have recent third-party financing, use the group debt facility financing rate, as a starting point adjusted to reflect risk factors specific to the lessee; and
- makes adjustments specific to the lease, e.g. term and security

Lease term

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

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

- If there are significant penalties to terminate, the Group would extend if it makes commercial and operational sense to do so
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend
- Otherwise, the Group considers other factors including historical lease durations and the costs and operational disruption required to replace the leased asset

The lease term is reassessed if an option is exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The Group is reasonably certain to extend the lease term where the operational disruption to students is significant should the leased asset be replaced. During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension options was an increase in recognised lease liabilities and right-of-use assets of R7.5 million (2020: R0.9 million).

1.2 Significant judgements and sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

Impairment of trade receivables

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

Fair value estimation

The Group measured the consideration payable at fair value.

Information about the specific techniques and inputs utilised to determine fair value of this payable is disclosed in Note 41 .

Estimated useful lives assessment

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

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

Goodwill and other indefinite life intangible assets

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

Deferred tax asset

The Group has determined that it will be possible to utilise deferred tax assets through future taxable profits. This is based on financial forecasts which require the use of assumptions. Refer to Note 28 for further information.

COVID-19

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

The following key areas were considered in determining the impact of COVID-19 on the Group at 31 December 2021.

Impairment of property, plant and equipment (Note 3) and right-of-use assets (Note 4)
Throughout the various stages of the lockdown period, the Group continued its academic offering for enrolled students through online teaching and learning, in addition to the on-campus learning activities. Distance learning students were not materially impacted as a result of the COVID-19 lockdowns. As such there was limited overall disruption to the operations of the Group, with the academic offering continuing throughout the year.

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

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

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

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

The expected credit loss allowance for the Group improved to 7.5% (2020: 8.4%) of revenue to take into account the impact of COVID-19 and the improvement on collections in the current year.

The Group and company's ability to continue as a Going concern (Note 42)
Management critically reviewed and assessed the Group's ability to continue as a going concern with specific consideration to the impact of COVID-19 and based on five-year forecasts of the Group's operations and expected cash flows coupled with the Group's access to borrowings, no going concern risk has been identified.

July 2021 civil unrest

Whilst the Group has various operational sites in Kwa-Zulu Natal and Gauteng, the Group suffered no material damage due to the civil unrest and looting in July 2021.

1.3 Consolidation

Basis of consolidation

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

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

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

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

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

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

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

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

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Consolidation (continued)

Investments in subsidiaries in the separate financial statements

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

Business combinations

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

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

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

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

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

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

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

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

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

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

Common control transactions

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

Accounting Policies

1.3 Consolidation (continued)

Following the Business Transfer, the qualifying assets and liabilities from the underlying business of Southern Business School Proprietary Limited (SBS), Lisof Proprietary Limited (LISOF) and Prestige Academy Proprietary Limited (Prestige Academy) were transferred to STADIO Higher Education. The consideration payable by STADIO Higher Education was settled partly by the assumption of business liabilities and the issue of shares. These inter-group transactions are eliminated on consolidation and accordingly have R nil effect on the consolidated financial statements.

1.4 Property, plant and equipment

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

1.5 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

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

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

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

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

The amortisation period and the amortisation method for intangible assets are reviewed at each period end.

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

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

Internally generated intangible assets comprises computer software and curriculum material.

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

Accounting Policies

1.5 Intangible assets (continued)

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

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

1.6 Financial instruments

Classification

Financial assets:

The Group and Company classify their financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial liabilities:

The Group and Company classify their financial liabilities into the following specified categories:

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

Recognition and measurement

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

Subsequent measurement

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

Accounting Policies

1.6 Financial instruments (continued)

Derecognition

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

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

Loans to related parties

Classification

Loans to related parties (Note 12) are classified as financial assets subsequently measured at amortised cost.

Trade and other receivables

Classification

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

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

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

Other financial assets

Classification

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

Borrowings and loans from related parties

Classification

Loans from related parties (Note 18) and borrowings (Note 17) are classified as financial liabilities subsequently measured at amortised cost.

Trade and other payables

Classification

Trade and other payables (Note 19) are classified as financial liabilities subsequently measured at amortised cost with the exception of the contingent consideration liability. When a financial liability is a contingent consideration in a business combination, the Group classifies it as a financial liability at fair value through profit or loss.

Accounting Policies

1.6 Financial instruments (continued)

Cash and cash equivalents

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

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

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

Impairment of financial assets

Simplified model

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

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

General Model

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

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

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

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

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

Recognition of impairment losses

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

Accounting Policies

1.6 Financial instruments (continued)

Write off policy

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

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

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

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

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

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

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

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set off current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current taxation assets and liabilities on a net basis.

Tax expenses

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

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

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

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

Accounting Policies

1.8 Leases

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

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

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

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

Group as lessee

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

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

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

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

Lease liability

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

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (Note 27).

Accounting Policies

1.8 Leases (continued)

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

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

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

Right-of-use assets

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

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

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

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

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

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

Group as lessor

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

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

Accounting Policies

1.8 Leases (continued)

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other operating income (Note 22).

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

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

Finance leases

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

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

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

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

The Group recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease. Finance income recognised on finance leases is included in investment income in profit or loss (Note 26).

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

1.9 Inventories

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

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

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

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

1.10 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

A non-current asset is not depreciated while it is classified as held for sale.

1.11 Impairment of non financial assets

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

Irrespective of whether there is any indication of impairment, the Group also:

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

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

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

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

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

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

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

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

1.12 Share capital and equity

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

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

Accounting Policies

1.13 Share based payments

The Group issues equity-settled share-based payments to certain employees under the share option scheme.

These equity-settled share-based payments are measured at fair value at the grant date. Vesting conditions which are not market related (i.e. service conditions and non-market related performance conditions) are excluded when determining the fair value of the equity instruments granted. The fair value of the equity instruments at grant date are measured using the Black-Scholes Model. Additional details regarding the estimates are included in Note 16.

The fair value of the employee services received in exchange for the grant of the share options is expensed in profit and loss on the straight-line basis over the vesting period with a corresponding increase in the share-based payment reserve, based on the Group's estimate of the shares that will eventually vest.

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

1.14 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Accounting Policies

1.15 Revenue from contracts with customers

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

The Group recognises revenue from the following major sources:
- Revenue from tuition fees and education services
- Sale of goods
- Other income

Tuition and education services

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

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

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

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

Sale of goods

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

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

Other Income

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

1.15 Revenue from contracts with customers (continued)

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

1.16 Contract liabilities

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

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

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

1.17 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

1.18 Earnings per a share

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

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

Headline earnings per share
Basic earnings adjusted for non-headline items in terms of the requirements stipulated in Circular 1/2021, as issued by SAICA. Headline earnings per share is calculated by dividing headline earnings by the WANOS.

Accounting Policies

1.18 Earnings per a share (continued)

Core headline earnings per share

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

1.19 Interest income

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

1.20 Dividend income

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

1.21 Segmental information

The Group considers its executive directors to be the chief operating decision maker and therefore the segmental disclosures below are aligned with the quarterly report provided to the executive directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all of the services being related to higher education services within southern Africa. However, management does make decisions based on what they constitute to be reflective of the underlying financial performance of the Group and as such, the Group has identified core headline earnings as this measure. Non-core includes certain items which may distort the Group's performance from year-to-year, and by excluding this, should provide management with a more consistent reflection of the underlying financial performance of the Group. Refer to Note 30 for further information.

Notes to the Consolidated And Separate Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 4	1 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 7	1 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 9	1 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16	1 January 2021	The impact of the amendments is not material.
• Interest Rate Benchmark Reform - Phase 2: Amendments to IAS 39	1 January 2021	The impact of the amendments is not material.

2.2 Standards and interpretations not yet effective

The Group and Company have chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group and Company's accounting periods beginning on or after 1 January 2022 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Still to be determined	Unlikely there will be a material impact
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	1 January 2023	Unlikely there will be a material impact
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	1 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	1 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	1 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	1 January 2023	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 and IFRS 16	1 January 2022	Unlikely there will be a material impact
• Reference to the Conceptual Framework: Amendments to IFRS 3	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	1 January 2022	Unlikely there will be a material impact
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	1 January 2022	Unlikely there will be a material impact
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	1 January 2022	Unlikely there will be a material impact
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IAS 41	1 January 2022	Unlikely there will be a material impact

Notes to the Consolidated And Separate Financial Statements

3. Property, plant and equipment

Group	2021			2020		
	Cost R '000	Accumulated depreciation R '000	Carrying value R '000	Cost R '000	Accumulated depreciation R '000	Carrying value R '000
Land	165 757	-	165 757	46 624	-	46 624
Buildings	429 576	(1 036)	428 540	310 889	(633)	310 256
Leasehold improvements	132 100	(12 580)	119 520	128 283	(9 818)	118 465
Furniture and fixtures	41 955	(14 284)	27 671	33 455	(11 983)	21 472
Motor vehicles	3 894	(1 039)	2 855	3 877	(786)	3 091
Computer equipment	31 961	(19 792)	12 169	41 493	(29 720)	11 773
Creative and arts*	45 860	(21 244)	24 616	35 958	(17 808)	18 150
Assets under construction	29 191	-	29 191	187 289	-	187 289
Total	**880 294**	**(69 975)**	**810 319**	**787 868**	**(70 748)**	**717 120**

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

Notes to the Consolidated And Separate Financial Statements

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	Additions	Disposals	Classified as held for sale	Borrowing costs capitalised	Depreciation	Impairment loss	Other*	Total
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Land	46 624	70 669	-	(8 782)	-	-	-	57 246	165 757
Buildings	310 256	3 491	-	(43 218)	-	(548)	(9 899)	168 458	428 540
Leasehold improvements	118 465	3 856	(16)	-	-	(2 785)	-	-	119 520
Furniture and fixtures	21 472	11 645	(773)	-	-	(4 673)	-	-	27 671
Motor vehicles	3 091	341	(82)	-	-	(495)	-	-	2 855
Computer equipment	11 773	7 503	(41)	-	-	(7 066)	-	-	12 169
Creative arts	18 150	15 040	(863)	-	-	(7 711)	-	-	24 616
Assets under construction	187 289	66 591	-	-	1 015	-	-	(225 704)	29 191
	717 120	**179 136**	**(1 775)**	**(52 000)**	**1 015**	**(23 278)**	**(9 899)**	**-**	**810 319**

Reconciliation of property, plant and equipment - Group - 2020

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

***Other**

Other movements in the current year relate to the reallocation of assets under construction from land and buildings.

3. Property, plant and equipment (continued)

Borrowing costs capitalised

	2021 R '000	2020 R '000
Borrowing costs capitalised to qualifying assets	1 015	1 052
Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	5,72 %	7,89 %

Impairment

The Group entered into an agreement to dispose of the STADIO Montana Campus situated in Gauteng resulting in an impairment assessment of the associated land and buildings. The sale follows the strategic plan of the Group to consolidate its contact learning offerings. The total carrying value when the decision was taken, to dispose of the STADIO Montana campus, was R61.9 million. The recoverable amount was R52 million resulting in an impairment loss of R9.9 million. The recoverable amount was the property's fair value less costs to sell determined by the purchase price agreed less commissions. Consequently, the property has been reclassified to non-current assets held for sale (Refer to Note 14).

Other information

Assets-under-construction of R29.2 million (2020: R187.3 million) largely comprises of buildings in the Phase II construction of the STADIO Centurion campus in Gauteng, of which Phase I was completed June 2021.

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

No property, plant and equipment is encumbered as security for the borrowings as per Note 17 (2020: Rnil).

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

4. Leases (Group as lessee)

The Group leases the following assets:

- Land
  The Group leases the land on which the STADIO Waterfall campus is located, a portion of which is sub-let to Curro Holdings Limited, a related party, as described in Note 8. The term of the lease is 97 years.
- Buildings
  The Group leases various buildings as administrative offices and for the delivery of the Group's educational offerings. These lease terms range from 2 - 8 years.
- Other assets
  The leases for other assets comprise of leases for office equipment and motor vehicles. The lease terms range between 6 months - 5 years.

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

	Group	
	2021 R '000	2020 R '000
Net carrying amounts of right-of-use assets		
The carrying amounts of right-of-use assets are as follows:		
Land	29 829	30 234
Buildings	65 372	63 113
Computer equipment	-	14
Motor vehicles	61	71
Office, furniture and other equipment	1 923	2 564
	97 185	**95 996**
Additions to right-of-use assets		
Buildings	38 076	25 113

The additional leases in the current year relate to new leases entered into as a lease-term expired for administrative offices and new lease agreements for the delivery of educational services.

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (refer to Note 25).

	2021 R '000	2020 R '000
Land	347	347
Buildings	26 023	20 578
Computer equipment	13	116
Office, furniture and other equipment	641	647
Motor vehicles	11	22
	27 035	**21 710**

Notes to the Consolidated And Separate Financial Statements

4. Leases (Group as lessee) (continued)

	Group	
	2021 R '000	2020 R '000
Impairment recognised on right-of-use assets		
Buildings	17 308	-

The impairment is in respect of the leased Milpark Campus situated in Gauteng. This impairment followed the Board's decision to transition the Milpark business to offer programmes only on the distance learning mode of delivery. Consequently, the right-of-use asset related to the Milpark Campus will no longer generate future economic benefits, resulting in it being impaired. The impairment has been expensed in the total impairment charge in profit or loss (Note 25).

Other disclosures

	2021 R '000	2020 R '000
Interest expense on lease liabilities	17 583	17 644
Expenses on short term leases included in operating expenses	1 858	2 809
Leases of low value assets included in operating expenses	804	1 046
Operating lease income - subleasing right-of-use assets	34	938
Total cash outflow from leases	49 386	48 790

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2021 R '000	2020 R '000
Within one year	44 611	42 241
Within two to five years	125 738	114 364
Within six to ten years	31 755	31 859
Within eleven to fifty years	1 166 679	1 100 641
More than 50 years	9 236 546	9 309 696
	10 605 329	10 598 801
Less finance charges component	(10 420 972)	(10 430 836)
	184 357	**167 965**
Non-current liabilities	148 782	134 580
Current liabilities	35 575	33 385
	184 357	**167 965**

The weighted average lessee’s incremental borrowing rate applied to the lease liabilities range from 7% - 9,7% (for 2 - 8 year leases) and 13.1% (for the 97-year long-term lease) (2020: 7% - 9.7 % (for 2 - 8 year leases) and 13.1% (for the 97-year long-term lease).

COVID-19 related rent concessions

	2021 R '000	2020 R '000
Amounts recognised in profit or loss to reflect changes in lease payments arising from rent concessions applying the expedient	-	118

Notes to the Consolidated And Separate Financial Statements

5. Goodwill

Group	2021			2020		
	Cost R'000	**Accumulated impairment R'000**	**Carrying value R'000**	**Cost R'000**	**Accumulated impairment R'000**	**Carrying value R'000**
Goodwill	751 082	-	751 082	749 482	-	749 482

Reconciliation of goodwill - Group - 2021

	Opening balance R'000	**Addition R'000**	**Total R'000**
Goodwill	749 482	1 600	751 082

Reconciliation of goodwill - Group - 2020

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

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

The additional goodwill in the current year relates to the immaterial acquisition of the business of Intelligent Africa Marketing and Training Proprietary Limited (Intelligent Africa). This acquisition will enable STADIO Higher Education to grow the STADIO Centre for Lifelong Learning, which actively engages with industry to provide short-courses.

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

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

The CGUs represent the higher education institutions which were acquired by the Group.

The future cash flow assumption reflects the following key assumptions:

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

Notes to the Consolidated And Separate Financial Statements

5. (continued)

2021	STADIO (formerly Embury)**	AFDA	STADIO (formerly SBS Group)**	STADIO (formerly LISOF)**	Milpark	STADIO (formerly Prestige Academy)**
Pre-tax discount rate	14,6 %	14,6 %	14,6 %	14,6 %	14,6 %	14,6 %
Terminal growth rate	3 %	3 %	3 %	3 %	3 %	3 %
Cash flow assumptions						
-Tuition fee increases	5 %	5 %	6 %	5 %	6 %	6 %
-Student number growth	11 %	8 %	9 %	7 %	6 %	20 %
-Operating expenses growth	16 %	11 %	15 %	8 %	4 %	14 %

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

**In the prior year, the Group transferred the businesses of LISOF Proprietary Limited (LISOF), Prestige Academy Proprietary Limited (Prestige Academy) and Southern Business School Proprietary Limited (SBS) to a single registered higher education institution, STADIO Higher Education (formerly Embury Institute for Higher Education Proprietary Limited (Embury) (Business Transfer). These CGUs remain individual business operations within STADIO Higher Education, and as such continued to be disclosed as separate CGUs.

Notes to the Consolidated And Separate Financial Statements

5. (continued)

The goodwill attributable to CGUs is as follows:

	2021 R'000	2020 R'000
STADIO (formerly Embury)	39 924	39 924
AFDA	226 392	226 392
STADIO (formerly SBS Group)	144 950	143 350
STADIO (formerly LISOF)	84 824	84 824
Milpark	245 066	245 066
STADIO (formerly Prestige Academy)	9 926	9 926
	751 082	**749 482**

No impairments were recognised for the years ended 31 December 2021 or 2020.

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

Sensitivity analysis
A sensitivity analysis was performed on each individual CGU.The recoverable amount for the STADIO (formerly LISOF) CGU is estimated to exceed the carrying value of the CGU by R29.5 million (2020: R66.0 million). The recoverable amount of this CGU would equal it's carrying amount if the discount rate increased from 14.6% to 16.8 %. In addition, if EBITDA (which is calculated incorporating the key assumptions in the tuition fees, student number growth and operating expenses inputs) where to decrease by 20%, the recoverable amount of this CGU would equal it's carrying amount.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of this CGU and other CGUs to exceed its recoverable amount .

6. Intangible assets

Group	2021			2020		
	Cost **R '000**	**Accumulated amortisation /impairment** **R '000**	**Carrying value** **R '000**	**Cost** **R '000**	**Accumulated amortisation /impairment** **R '000**	**Carrying value** **R '000**
Trademarks	101 306	(43 755)	57 551	101 306	(43 755)	57 551
Computer software	34 711	(16 262)	18 449	39 267	(19 377)	19 890
Curriculum material	95 653	(27 421)	68 232	98 480	(20 373)	78 107
Client lists	36 591	(28 892)	7 699	36 591	(23 172)	13 419
Total	**268 261**	**(116 330)**	**151 931**	**275 644**	**(106 677)**	**168 967**

Reconciliation of intangible assets - Group - 2021

	Opening balance R'000	**Additions R'000**	**Amortisation R'000**	**Derecognition R'000**	**Total R'000**
Trademarks	57 551	-	-	-	57 551
Computer software	19 890	2 120	(3 561)	-	18 449
Curriculum material	78 107	-	(7 113)	(2 762)	68 232
Client lists	13 419	-	(5 720)	-	7 699
	168 967	**2 120**	**(16 394)**	**(2 762)**	**151 931**

Reconciliation of intangible assets - Group - 2020

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

Other information

Included in computer software is the Group's Enterprise Resource Planning (ERP) system. The carrying value of the ERP system at 31 December 2021 is R13.3 million (2020: R14.8 million) with a remaining useful life of 8 years and 11 months. The Group implemented the ERP system during the 2020 financial year.

Notes to the Consolidated And Separate Financial Statements

6. Intangible assets (continued)

Intangible assets with indefinite lives:

2021	**Trademarks R '000**	**Curriculum material R '000**	**Total R '000**
STADIO (formerly Embury)	-	20 312	20 312
AFDA	19 698	2 708	22 406
STADIO (formerly SBS Group)	-	3 462	3 462
STADIO (formerly LISOF)	-	2 708	2 708
Milpark	37 853	7 213	45 066
STADIO (formerly Prestige Academy)	-	4 651	4 651
Stadio Corporate Services	-	2 684	2 684
	57 551	**43 738**	**101 289**

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

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

During 2021, the decision was taken that certain programme offering will not be offered in the future, resulting in no future economic benefits expected to be derived from the curriculum development of the programme. This resulted in the derecognition of the carrying value of the curriculum material of R2.8 million. The derecognition of this programme has been included in the impairment expense (refer to Note 25) in profit or loss.

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

The Group and the Company prepare cash flow forecasts for the CGUs related to the intangible asset. The cash flow forecasts incorporate Board approved budgets, as well as projected cash flows post the budget period, taking into consideration growth rates for the underlying inputs related to the CGU.

Impairment tests for intangibles are based on a discount rate of 14.6% (2020: 14.5%) per annum and forecasted cash flow of 5 years (2020: 5 years) with a 3% (2020: 4%) terminal growth rate.

The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of each CGU to exceed its recoverable amount.

The directors were satisfied that no further impairment is required (2020: Rnil).

Notes to the Consolidated And Separate Financial Statements

7. Investment in subsidiaries

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

Company

Name of company	% holding 2021	% holding 2020	Carrying amount 2021 R'000	Carrying amount 2020 R'000
Stadio Investment Holdings Proprietary Limited (SIH)	100,00 %	100,00 %	979 039	959 039
Stadio Corporate Services Proprietary Limited (SCS)*	100,00 %	100,00 %	-	-
Stadio Multiversity Investment Holdings Proprietary Limited*	100,00 %	100,00 %	-	-
STADIO Group Share Incentive Trust*	100,00 %	100,00 %	-	-
Stadio Proprietary Limited*	100,00 %	100,00 %	-	-
Milpark Investments SPV Proprietary Limited*	68,50 %	87,20 %	-	-
Milpark BEE Investments SPV Proprietary Limited*	49,00 %	49,00 %	-	-
MBS Education Investments Proprietary Limited*^	68,50 %	87,20 %	-	-
Milpark Education Proprietary Limited*^	68,50 %	87,20 %	-	-
Lisof Proprietary Limited*	100,00 %	100,00 %	-	-
Wadam Properties Proprietary Limited*	100,00 %	100,00 %	-	-
Histodox Proprietary Limited*	100,00 %	100,00 %	-	-
Prestige Academy Proprietary Limited*	100,00 %	100,00 %	-	-
The South African School of Motion Picture Medium and Live Performance Proprietary Limited (AFDA)*	100,00 %	100,00 %	-	-
Intraframe Proprietary Limited*	100,00 %	100,00 %	-	-
Ekosto 1067 Proprietary Limited*	100,00 %	100,00 %	-	-
Southern Business School Proprietary Limited*	100,00 %	100,00 %	-	-
STADIO Namibia Proprietary Limited (STADIO Namibia) (previously Southern Business School of Namibia Proprietary Limited)*	100,00 %	74,00 %	-	-
			979 039	959 039

^Effective shareholding interest

All subsidiaries are incorporated in the Republic of South Africa with the exception of STADIO Namibia, which is incorporated in Namibia, with the principal place of business being Namibia.

Subsidiaries with material non-controlling interests

Effective 1 January 2021, the Group acquired the remaining 26% non-controlling interest in STADIO Namibia for a cash consideration of R8 million. There was no change in control following this acquisition. In the prior year, the 26% non-controlling interest was deemed to be material and at 31 December 2021 the non-controlling interest is nil % (2020: 26%).

Milpark is a material subsidiary with non-controlling shareholders holding 31.5% (2020: 12.8%). In the current year, the non-controlling shareholder acquired the additional shareholding in relation to the early settlement agreement of the CA Connect acquisition (refer to Note 19 for further information).

Notes to the Consolidated And Separate Financial Statements

7. Investment in subsidiaries (continued)

Summarised statement of financial position

	Milpark		STADIO Namibia		Total	
	2021 R '000	**2020 R '000**	**2021 R '000**	**2020 R '000**	**2021 R '000**	**2020 R '000**
Assets						
Non-current assets	377 094	395 044	-	23 267	377 094	418 311
Current assets	47 782	53 092	-	22 936	47 782	76 028
Total assets	424 876	448 136	-	46 203	424 876	494 339
Liabilities						
Non-current liabilities	51 526	187 338	-	1 070	51 526	188 408
Current liabilities	105 816	146 808	-	1 282	105 816	148 090
Total liabilities	157 342	334 146	-	2 352	**157 342**	336 498
Total net assets (liabilities)	267 534	113 990	-	43 851	**267 534**	157 841
Carrying amount of non-controlling interest	99 228	(18 865)	-	11 484	99 228	(7 381)

Summarised statement of profit or loss and other comprehensive income

	Milpark		STADIO Namibia		Total	
	2021 R '000	**2020 R '000**	**2021 R '000**	**2020 R '000**	**2021 R '000**	**2020 R '000**
Revenue	293 349	250 826	-	44 182	293 349	295 008
Other income and expenses	(218 985)	(394 302)	-	(24 969)	(218 985)	(419 271)
Profit/(loss) before tax	74 364	(143 476)	-	19 213	74 364	(124 263)
Tax expense	(20 819)	(17 638)	-	(6 252)	(20 819)	(23 890)
Profit (loss)	53 545	(161 114)	-	12 961	53 545	(148 153)
Total comprehensive income/(loss)	53 545	(161 114)	-	12 961	53 545	(148 153)
Profit/(loss) allocated to non-controlling interest	11 435	(20 622)	-	2 013	11 435	(18 609)

7. Investment in subsidiaries (continued)

Summarised statement of cash flows

	Milpark		STADIO Namibia		Total	
	2021 R '000	**2020 R '000**	**2021 R '000**	**2020 R '000**	**2021 R '000**	**2020 R '000**
Cash flows from operating activities	69 696	64 973	-	12 116	69 696	77 089
Cash flows from investing activities	(5 949)	(779)	-	(6 842)	(5 949)	(7 621)
Cash flows from financing activities	(81 629)	(56 868)	-	(1 452)	(81 629)	(58 320)
Net cash and cash equivalents	(17 882)	7 326	-	3 822	(17 882)	11 148
Dividend paid to non-controlling interest	(8 703)	(5 760)	(2 990)	(364)	(11 693)	(6 124)

8. Trade and other receivables

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Financial instruments:				
Trade receivables	209 725	145 632	-	-
Expected credit loss allowance	(121 928)	(77 647)	-	-
Trade receivables at amortised cost	87 797	67 985	-	-
Deposits	3 882	3 490	-	-
Net investment in lease	19 688	18 578	-	-
Other receivables	8 425	7 151	-	-
Non-financial instruments:				
VAT	1 137	2 640	-	-
Deposits	-	15 558	-	-
Prepayments*	12 299	7 925	-	-
Total trade and other receivables	**133 228**	**123 327**	**-**	**-**

**Comprises prepaid rent and license fees.*

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

In the prior year R13.5 million was included in deposits for the acquisition of the vacant land in Durbanville, Western Cape for the proposed STADIO Durbanville multi-faculty campus. The Group took transfer of the land in February 2021.

Split between non-current and current portions

	Group		Company	
Non-current assets	18 285	17 254	-	-
Current assets	114 943	106 073	-	-
	133 228	**123 327**	**-**	**-**

8. Trade and other receivables (continued)

Net investment in lease

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

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

	Group	
	2021 R '000	2020 R '000
Within one year	1 403	1 324
Within two years	1 487	1 403
Within three years	1 577	1 487
Within four years	1 671	1 577
Within five years	1 771	1 671
Within ten years	10 585	9 986
Within fifty years	775 856	688 273
More than fifty years	2 691 886	2 781 839
Total undiscounted lease payments receivable	3 486 236	3 487 560
Unearned finance income	(3 466 548)	(3 468 982)
Net investment in the lease	**19 688**	**18 578**
Split between current and no-current portions		
Current	1 403	1 324
Non-current	18 285	17 254
	19 688	**18 578**

Exposure to credit risk

Trade receivables outstanding mainly relates to fees outstanding for the 2021 academic year. The later release of the 2021 academic results (as a result of COVID-19 disruptions during 2021) has impacted the timing of collections and resulted in an increase in the expected credit loss allowance in the current ageing category.

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

Lease receivables are considered to be low risk at year end. The expected credit loss has been determined over a 12-month period. The identified expected credit loss was immaterial as the counterparty as has no amounts past due and a stable outlook on its credit rating.

Other receivables comprises of a deposit which is held by a reputable financial institution with a stable credit rating (refer to Note 37) and therefore the identified expected credit loss is immaterial. Deposits were assessed on an individual basis and the identified expected credit loss is immaterial.

Notes to the Consolidated And Separate Financial Statements

8. Trade and other receivables (continued)

Group

2021	**Current** R '000	**30 days past due** R '000	**60 days past due** R '000	**90 days past due** R '000	**Greater than 90 days past due** R '000	**Total** R '000
Trade receivables - gross carrying amount	60 284	16 944	10 015	14 421	108 061	209 725
Expected loss allowance	(16 858)	(7 328)	(5 387)	(7 895)	(84 460)	(121 928)
	43 426	**9 616**	**4 628**	**6 526**	**23 601**	**87 797**
Expected credit loss rate	28,0 %	43,2 %	53,8 %	54,7 %	78,2 %	

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

Fees which are due for the current academic year are considered past due and not impaired, given that final payment is typically due in November and December of the academic and financial year. Fees which are due for prior academic years are considered past due and are either fully impaired or written off.

Reconciliation of loss allowances

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

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Opening balance	**77 647**	**37 901**	**-**	**-**
Provision raised on trade receivables				
- receivables that originated in the current year	78 732	60 293	-	-
- receivables that originated in prior years	11 859	20 192	-	-
Unused loss allowance reversed	(5 362)	-	-	-
Receivables written off during the year as uncollectible	(40 948)	(40 739)	-	-
Closing balance	**121 928**	**77 647**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

9. Other financial assets

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Mandatorily at fair value through profit or loss:				
Unit trusts	9 190	11 620	-	-
	9 190	**11 620**	**-**	**-**

Fair value information

Refer to Note 41 Fair value information for details of valuation policies and processes.

Reconciliation of movements

	Group 2021	Group 2020	Company 2021	Company 2020
Opening balance	11 620	5 173	-	-
Additions	16 360	6 000	-	-
Re-investments	266	472	-	-
Fair value movements	(56)	(25)	-	-
Disposals	(19 000)	-	-	-
	9 190	**11 620**	**-**	**-**

Risk exposure

The investments held by the Group expose it to various risks, including credit risk and price risk. Refer to Note 40 Financial instruments and risk management for details of risk exposure and the processes and policies adopted to mitigate these risks.

10. Deferred tax

	Group		Company	
	2021 R '000	Restated 2020 R '000	2021 R '000	2020 R '000
Deferred tax				
Property plant and equipment	(18 258)	(16 039)	-	-
Right-of-use assets	(27 217)	(26 875)	-	-
Intangible assets	(17 968)	(21 675)	-	-
Prepayments	(359)	(866)	-	-
Net investment in lease	(6 256)	(5 202)	-	-
Allowance for future expenditure (S24C)	-	(1 664)	-	-
Contract liabilities	16 283	22 936	-	-
Loss allowance	21 099	13 213	-	-
Lease liability	51 626	47 019	-	-
Tax losses available for set off against future balances	15 607	40 368	-	-
Provisions	8 616	5 854	-	-
Other	280	144	-	-
Total deferred tax	**43 453**	**57 213**	**-**	**-**

The deferred tax assets and the deferred tax liabilities have been offset with each other as they relate to income taxes levied by the same taxation authority on the same taxable entity. Consequently, the disclosure for the Group on the statement of financial position is as follows:

	Group 2021 R '000	Group Restated 2020 R '000	Company 2021 R '000	Company 2020 R '000
Deferred tax liability	(39 186)	(35 041)	-	-
Deferred tax asset	82 639	92 254	-	-
Total net deferred tax asset	**43 453**	**57 213**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

10. Deferred tax (continued)

Reconciliation of deferred tax asset / (liability)

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
At beginning of year	57 213	36 217	-	-
Originating temporary differences on:	-	-	-	-
Property, plant and equipment	(2 219)	(2 893)	-	-
Intangible assets	3 707	1 558	-	-
Right-of-use assets	(342)	(1 240)	-	-
Loss allowance	7 886	5 429	-	-
Prepayments	507	300	-	-
Net investment in lease	(1 054)	(294)	-	-
Provisions	2 762	334	-	-
Lease liability	4 607	(351)	-	-
Contract liabilities	(6 653)	5 537	-	-
Assessed losses	(24 761)	11 549	-	-
S24C allowance	1 664	1 057	-	-
Other	136	10	-	-
	43 453	**57 213**	**-**	**-**

Recognition of deferred tax asset

Estimated tax losses available for set-off against future profits carried forward to next year are disclosed in Note 28.

Management have assessed the recognition of the deferred tax assets at 31 December 2021 and 31 December 2020 and are satisfied that there are expected future taxable profits against which the temporary differences can be utilised.

11. Inventories

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Study material and merchandise	1 579	1 588	-	-
	1 579	1 588	-	-
Inventories (write-downs)	(1 579)	-	-	-
	-	**1 588**	**-**	**-**

Write-downs of inventories to net realisable value amounted to R 1.6 million (2020: nil).

Notes to the Consolidated And Separate Financial Statements

12. Loans to related parties

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
VJ Properties Closed Corporation	-	532	-	-
Almika Properties 90 Proprietary Limited	-	59	-	-
Stadio Corporate Services Proprietary Limited	-	-	621 287	621 486
Stadio Investment Holdings Proprietary Limited	-	-	14 925	14 925
	-	**591**	**636 212**	**636 411**

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

Exposure to credit risk

Loans to related parties inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if counterparties fail to make payments as they fall due.

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

13. Cash and cash equivalents

Cash and cash equivalents consist of:

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Bank balances	39 523	62 099	22	44
Money market	86	7 124	-	-
Short-term deposits	25 810	47 515	-	-
Petty cash	173	65	-	-
	65 592	**116 803**	**22**	**44**
Cash and cash equivalents held by the entity that are not available for use by the Group*	2 255	2 255	-	-

*The cash and cash equivalents not available for use are restricted for debit and stop orders that may not clear.

13. Cash and cash equivalents (continued)

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

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

Credit rating				
Ba2 (Moody's) - Nedbank, Standard Bank, ABSA and First National Bank	61 470	109 089	-	-
A+ (Global Credit Rating) - PSG Collective Investments (RF) Limited *	86	11	-	-
AA (Global Credit Rating) - Bank Windhoek's Limited	3 863	7 638	-	-
	65 419	**116 738**	**-**	**-**

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

14. Non-current assets held for sale

During December 2021, the Group entered into an agreement to dispose of the STADIO Montana campus for R52 million (net of fees). The disposal forms part of STADIO's strategy to consolidate and optimise operations on the contact learning campuses. The existing students on the STADIO Montana Campus have been transferred to the new STADIO Centurion campus. The sale agreement is subject to transfer of the property which is expected to be concluded in the first quarter of 2022.

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Assets				
Non-current assets held for sale				
Property, plant and equipment	52 000	-	-	-

15. Share capital

	Group		Company	
	2021 '000	2020 '000	2021 '000	2020 '000
Authorised no of shares				
Shares at no par value	2 000 000	2 000 000	2 000 000	2 000 000
Reconciliation of number of shares issued:				
Reported as at 1 January	840 997	818 095	840 997	818 095
Issue of shares – Prestige Academy*	-	946	-	946
Issue of shares - CA Connect*	6 734	21 956	6 734	21 956
Issue of shares - Employee share incentive scheme	462	-	462	-
	848 193	**840 997**	**848 193**	**840 997**

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

15. Share capital (continued)

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Issued share capital				
Issued ordinary shares at 1 January	1 597 512	1 565 675	1 597 512	1 565 675
Issued during the year	21 371	31 919	21 371	31 919
Share issue costs	(66)	(82)	(66)	(82)
	1 618 817	**1 597 512**	**1 618 817**	**1 597 512**

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

The Group does not hold any shares as treasury shares.

Share capital movements

Current year

Effective 8 June 2021, the Group concluded the early settlement agreement in respect of the acquisition of the CA Connect business.

The early settlement agreement resulted in the Group settling R20 million through the issue of 6.7 million STADIO Holdings shares to the CA Connect shareholders. Refer to Note 19 for further information.

In October 2021, the Group issued 0.5 million shares for R1.4 million in relation to exercise of the employee share options.

Prior year

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

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

The Group issued 22 million shares in respect of the CA Connect acquisition valued at R30.5 million. Refer to Note 19 for further information.

Notes to the Consolidated And Separate Financial Statements

15. Share capital (continued)

Non-controlling interest equity movements

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Non-controlling interest movement				
Opening balance	(7 381)	12 138	-	-
Profit/(loss) for the year	11 435	(18 609)	-	-
Changes in ownership interest - control not lost	(8 494)	-	-	-
Capital contributions from non-controlling shareholder in subsidiary	15 361	5 214	-	-
Transactions with non-controlling interest	100 000	-	-	-
Dividends paid to non-controlling shareholders	(11 693)	(6 124)	-	-
	99 228	**(7 381)**	**-**	**-**

Changes in ownership
Effective 1 January 2021, the Group acquired the remaining 26% non-controlling interest in STADIO Namibia for R8 million. Immediately prior to the purchase, the carrying amount of the existing 26% non-controlling interest in STADIO Namibia was R8.5 million. The Group recognised a decrease in the non-controlling interest of R8.5 million and an increase in equity attributable to owners of the parent of R0.5 million. Refer to Note 7.

Capital Contributions and Transactions with non-controlling interest
The capital contributions from the non-controlling shareholder and transactions with non-controlling interest relate to amounts payable following the conclusion of the early settlement agreement in relation to the CA Connect acquisition. Refer to Note 19 for further information.

Dividends paid
During 2021, a dividend of R3.0million (2020: R0.4 million) was paid to non-controlling interest in STADIO Namibia and a dividend of R8.7 million (2020: R5.8 million) was paid to the non-controlling interest in Milpark.

16. Share based payments

Details of the employee option plan of the Company

The Company has established a share incentive scheme for certain key members of management. The number of shares available to award at the reporting date in terms of the Stadio Group Share Incentive Trust deed is 13 million (2020: 14 million).

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

Options awarded vest over a five year period from the grant date, namely:
- 25% thereof as at the second anniversary of the option grant date;
- 25% thereof as at the third anniversary of the option grant date;
- 25% thereof as at the fourth anniversary of the option grant date; and
- 25% thereof as at the fifth anniversary of the option grant date.

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

Notes to the Consolidated And Separate Financial Statements

16. Share based payments (continued)

	2021 Number 000	Weighted average exercise price R	2020 Number 000	Weighted average exercise price R
Outstanding at the beginning of the year	44 180	2,02	20 398	3,32
Granted during the year	6 668	2,62	27 688	1,22
Lapsed during the year	(2 811)	4,27	(3 906)	3,09
Exercised during the year	(3 744)	2,96	-	-
Outstanding at the end of the year	**44 293**		**44 180**	

The weighted average share price at the date of exercise options exercised during the year ended 31 December 2021 was R3.10 (2020: not applicable)

Director	Opening balance of share options at 1 January 2021	Number of share options awarded during the year	Number of share options lapsed during the year	Number of share options vested during the year	Strike price per share options awarded	Share option granted dated	Closing balance of share options at 31 December 2021
CPD Vorster	7 986	-	-	-	1,23	3 April 2020	7 968
	4 300	-	-	-	1,21	1 July 2020	4 300
	12 286	-	-	-	-		12 286
S Totaram	863	-	-	(431)	2,96	3 October 2017	432
	1 159	-	(290)	-	3,63	3 April 2019	869
	2 204	-	-	-	1,23	3 April 2020	2 204
	1 187	-	-	-	1,21	1 July 2020	1 187
	-	928	-	-	2,62	1 April 2021	928
	5 413	928	(290)	(431)	-		5 620
D Singh	879	-	-	(439)	2,96	3 October 2017	440
	1 865	-	(466)	-	3,63	3 April 2019	1 399
	1 268	-	-	-	1,23	3 April 2020	1 268
	683	-	-	-	1,21	1 July 2020	683
	-	845	-	-	2,62	1 April 2021	845
	4 695	845	(466)	(439)			4 635
JJ Human	1 552	-	-	(776)	2,96	3 October 2017	776
	-	-	-	-	3,63	3 April 2019	-
	1 136	-	-	-	1,23	3 April 2020	1 136
	612	-	-	-	1,21	1 July 2020	612
	-	1 064	-	-	2,62	1 April 2021	1 064
	3 300	1 064	-	(776)			3 588
CR van der Merwe	2 026	-	-	(1 014)	2,96	3 October 2017	1 012
	2 580	-	(645)	-	3,63	3 April 2019	1 935
	4 606	-	(645)	(1 014)	-		2 947
	30 300	**2 837**	**(1 401)**	**(2 660)**			**29 076**

Total expense of R11 million (2020: R10.1 million) related to equity-settled share based payments transactions were recognised. Included in the total expense is R3.8 million related to equity-settled share based payment transactions awarded to the directors.

The share options awarded in March 2018 and April 2019 that vested in the current year were out of the money and lapsed during the year.

16. Share based payments (continued)

Vesting date	Number of options '000	Weighted average exercise price R
29 March 2022	140	6,10
3 April 2022	2 083	3,63
3 April 2022	4 445	1,23
1 July 2022	2 393	1,21
3 October 2022	3 744	2,96
29 March 2023	140	6,10
3 April 2023	2 083	3,63
3 April 2023	4 445	1,23
3 April 2023	1 667	2,62
1 July 2023	2 393	1,21
3 April 2024	2 083	3,63
3 April 2024	4 445	1,23
3 April 2024	1 667	2,62
1 July 2024	2 393	1,21
3 April 2025	4 445	1,23
3 April 2025	1 667	2,62
1 July 2025	2 393	1,21
3 April 2026	1 667	2,62
	44 293	

Assumptions used in fair value

	2021	**2020**
Strike price (Rand)	2,62	1,21
Share price at award date (Rand)	2,90	1,42
Fair value (Rand)	1,90	0,91
Volatility (%)	92,70	85,10
Risk-free rate (%)	5,20	5,50
Dividend yield (%)	-	-

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

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

17. Borrowings

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Held at amortised cost				
Standard Bank of South Africa	15 000	45 000	-	-
The revolving credit facility bears interest at a three-month JIBAR plus 2.09%				
Bank overdraft	65	79	-	-
	15 065	**45 079**	**-**	**-**

17. Borrowings (continued)

Split between non-current and current portions

Non-current liabilities	-	45 000	-	-
Current liabilities	15 065	79	-	-
	15 065	**45 079**	**-**	**-**

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

At 31 December 2021, the Group had drawn down R15 million (2020: R45 million) of the Standard Bank revolving credit facility. Finance costs incurred for the period of R3.4 million (2020: R2.9 million) were fully paid. The total amount of undrawn facilities available for future operating activities and commitments are R185 million (2020: R155 million).

Under the terms of the major borrowing facilities, the Group is required to comply with the following financial covenants:

- the debt cover ratio of debt to EBITDA* must be not more than 2.5; and
- the interest cover ratio of EBITDA* to net finance costs** must not be less than 3.5.

* EBITDA has been adjusted for the fair value loss on the consideration payable in respect of the CA Connect acquisition
** Net finance costs exclude the finance costs arising as a result of the adoption of IFRS 16

The Group complied with the facilities financial covenant requirements for the 2021 and 2020 financial year ends. At 31 December 2021, the debt cover ratio was 0.1 (2020: 0.3) and the interest cover ratio was 58.1 (2020: 44.4).

Refer to Note 33 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and Note 40 Financial instruments and financial risk management for the fair value of borrowings.

18. Loans from related parties

Brimstone Investment Corporation	96	96	-	-
Stadio Proprietary Limited	-	-	7 201	7 201
	96	**96**	**7 201**	**7 201**

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

Refer to Note 33 Changes in liabilities arising from financing activities for details of the movement in loans from related parties during the reporting period.

19. Trade and other payables

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Financial instruments:				
Trade payables	8 549	8 275	21	11
Municipal costs	789	2 594	-	-
Audit fee	4 383	3 546	-	-
Other payables	5 336	3 946	457	715
Consideration payable	31 111	197 978	-	-
Non-financial instruments:				
Payroll accruals	9 753	11 984	-	-
Accrued bonus and leave pay	28 244	20 369	-	-
Value added tax	2 709	305	-	-
Other payables	199	-	-	-
	91 073	**248 997**	**478**	**726**

Fair value of trade and other payables

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

Consideration payable reconciliation:

	Fair value through profit or loss R'000	**Amortised cost R'000**
Opening balance	197 978	-
Fair value adjustment on consideration payable	573	-
Reclassification to amortised cost	(198 551)	198 551
Extinguishment of consideration payable and settled through equity	-	(100 000)
Settlement - cash	-	(48 000)
Settlement - shares	-	(20 000)
Interest on consideration payable	-	560
	-	**31 111**

CA Connect Acquisition

Effective 12 April 2018, the Group (through Milpark) acquired the business of CA Connect for a purchase consideration of R32.3 million, which consideration was contingent on the EBITDA performance of the CA Connect business over a three-year period, to be settled 75% through the issue of Company shares and 25% through cash. The CA Connect business is responsible for the offer of the Post Graduate Diploma in Accounting (PGDA) and PGDA Bridging programme.

On 5 October 2020, 75% of the earn-out, calculated on EBITDA multiple (as per the agreement) was settled through the issue of 22 million Company shares valued at R30.5 million and 25% was settled in cash of R10.2 million (of which R5.2 million was settled by the non-controlling shareholder in Milpark).

19. Trade and other payables (continued)

During 2021, the Group concluded an early settlement agreement with the CA Connect shareholders, fixing the price of the consideration due to R200 million and to be settled in two tranches. The first tranche of R68 million was settled by the Group on 8 June 2021, in cash of R48 million, of which R15.4 million was settled through a capital contribution by the non-controlling shareholder in Milpark. The balance of R20 million was settled through the issue of 6.7 million STADIO Holdings shares.

The final tranche of the CA Connect settlement will be concluded in April 2022 through a payment of R33 million in cash and R100 million through the issue of Milpark shares. The settlement through the issue of shares has been recognised as an extinguishment of the consideration payable and recognised in equity. Refer to the Statement of Changes in Equity.

Following the final settlement of the CA Connect consideration payable, the Group will have an effective shareholding in Milpark of 68.5% (2020: 87.2%).

This early settlement will align the focus of the CA Connect management team to pursue growth opportunities beyond the successful PGDA programmes and to retain the knowledge and skill of the CA Connect management team within the wider Milpark business.

Accordingly, due to the conclusion of the early settlement agreement, the consideration payable is no longer measured at fair value through profit or loss. The consideration payable is now recognised as a deferred consideration payable at amortised cost.

Prestige Academy
In the prior year, the Group settled the final consideration due of R4 million is respect of the Prestige Academy acquisition. Of this final consideration due, R2.6 million was settled in cash and R1.4 million was settled in shares.

Notes to the Consolidated And Separate Financial Statements

19. Trade and other payables (continued)

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Financial instrument and non-financial instrument components of trade and other payables				
At amortised cost	50 168	18 361	478	726
At fair value through profit or loss	-	197 978	-	-
Non-financial instruments	40 905	32 658	-	-
	91 073	**248 997**	**478**	**726**
Split between non-current and current portions				
Non-current liabilities	-	132 694	-	-
Current liabilities	91 073	116 303	478	726
	91 073	**248 997**	**478**	**726**

20. Contract liabilities

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Reconciliation of income received in advance				
Opening balance	88 542	89 786	-	-
Payments received in advance of delivery of performance obligations	160 390	171 586	-	-
Performance obligations satisfied in respect of cash received in current year	(112 583)	(102 235)	-	-
Performance obligations satisfied in respect of cash received in prior years	(59 569)	(70 595)	-	-
	76 780	**88 542**	**-**	**-**

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

Income received in advance is expected to be recognised over 1 to 3 years. Management estimates that as of 31 December 2021, 77% (2020: 80%) of the income received in advance will be recognised as revenue in the following financial year.

Notes to the Consolidated And Separate Financial Statements

21. Revenue

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Revenue from contracts with customers				
The group disaggregates revenue from customers as follows:				
Tuition and education services				
Tuition fees	1 049 168	905 464	-	-
Registration and enrolment fees	53 209	36 365	-	-
Discounts and bursaries granted	(24 816)	(23 939)	-	-
Other academic income	10 179	7 534	-	-
Hostel income	2 952	2 769	-	-
	1 090 692	**928 193**	**-**	**-**
Sale of goods				
Learning material	6 091	4 109	-	-
Canteen	985	642	-	-
	7 076	**4 751**	**-**	**-**
Total revenue from contracts with customers	**1 097 768**	**932 944**	**-**	**-**
Timing of revenue recognition				
At a point in time				
Sale of goods	7 076	4 751	-	-
Over time				
Rendering of services	1 090 692	928 193	-	-
Total revenue from contracts with customers	**1 097 768**	**932 944**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

22. Other income

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Conference income	-	1	-	-
Rental income	545	412	-	-
Operating lease income - subleasing of right-of-use assets	34	938	-	-
Compensation from insurance claims	2 358	283	-	-
Sundry income	2 512	1 633	-	-
Prescribed debt	4 094	303	-	-
	9 543	**3 570**	**-**	**-**

23. Fair value losses

Other financial assets	(56)	(25)	-	-
Consideration payable	(573)	(207 184)	-	-
Other	(68)	-	-	-
	(697)	**(207 209)**	**-**	**-**

Refer to Note 19 and Note 41 or further information on the fair value adjustment in respect of the consideration payable.

Notes to the Consolidated And Separate Financial Statements

24. Operating Expenses and Employee Costs

Earnings/(loss) before interest, taxation, depreciation and amortisation (EBITDA) for the year is stated after charging the following, amongst others:

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Facility costs*	44 832	45 756	-	-
Academic and research costs**	46 919	44 049	-	-
Advertising and marketing	36 348	31 258	-	-
Computer costs	25 870	21 492	-	-
Operating costs***	78 856	65 354	591	683
	232 825	**207 909**	**591**	**683**

The operating expenses were disaggregated to provide further information on the nature of the items included in the total operating expenses. The prior year figures have been represented accordingly. Refer to Note 39 for further information.

**Facility costs includes electricity, water and property rates and taxes; security costs; repairs and maintenance; insurance and cleaning costs*
***Costs include curriculum expenses (not capitalised); research costs; class project and library materials; external assessors and moderators costs*
****Costs include printing and stationery; consulting fees; and other administration costs*

	Group 2021	Group 2020	Company 2021	Company 2020
Auditor's remuneration				
Audit fees - PwC: current period	3 970	3 276	688	815
Audit fees - PwC: prior period	195	321	-	-
Audit fees - other than PwC	-	458	-	-
	4 165	**4 055**	**688**	**815**
Total Operating Expenses	**236 990**	**211 964**	**1 279**	**1 498**

Employee costs

	Group 2021	Group 2020	Company 2021	Company 2020
Salaries and wages	453 338	376 702	-	-
Defined contribution plans	13 959	14 420	-	-
Share-based payments	10 783	10 126	-	-
Staff costs capitalised	-	(8 438)	-	-
Total employee costs	**478 080**	**392 810**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

25. Depreciation, amortisation and impairment losses

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Depreciation				
Property, plant and equipment	23 278	25 311	-	-
Right-of-use assets	27 035	21 710	-	-
	50 313	**47 021**	**-**	**-**
Amortisation				
Intangible assets	16 394	17 558	-	-
Impairment losses				
Property, plant and equipment	9 899	-	-	-
Right-of-use assets	17 308	-	-	-
Intangible assets	2 762	51 216	-	-
	29 969	**51 216**	**-**	**-**

26. Investment income

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Interest income				
Interest income over time				
Bank and other cash	5 746	7 154	1	3
Financial assets measured at fair value through profit or loss	266	472	-	-
Finance lease receivables	2 439	2 297	-	-
Trade and other receivables	17	1 727	-	-
South African Revenue Service	105	191	-	-
Total interest income	**8 573**	**11 841**	**1**	**3**

27. Finance costs

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Deferred consideration	560	-	-	-
Lease liabilities	17 583	17 644	-	-
Borrowings	3 363	2 857	-	-
Bank and other third parties	11	136	-	-
South African Revenue Service	228	917	-	-
Total finance costs	**21 745**	**21 554**	**-**	**-**
Less: Capitalised to qualifying assets	(1 015)	(1 052)	-	-
Total finance costs expensed	**20 730**	**20 502**	**-**	**-**

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

Notes to the Consolidated And Separate Financial Statements

28. Taxation

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Major components of the tax expense				
Current				
Local income tax - current period	42 700	71 439	-	-
Local income tax - recognised in current tax for prior periods	-	3 201	-	-
Foreign income tax - current period	5 713	5 982	-	-
Foreign withholding tax	1 051	104	-	-
	49 464	**80 726**	**-**	**-**
Deferred				
South African deferred tax attributable to temporary differences	14 359	(21 085)	-	-
Foreign deferred tax attributable to temporary differences	(599)	89	-	-
	13 760	**(20 996)**	**-**	**-**
	63 224	**59 730**	**-**	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	Group 2021	Group 2020	Company 2021	Company 2020
Applicable tax rate	28,00 %	28,00 %	28,00 %	28,00 %
Listing and regulatory costs	0,10 %	(0,20)%	(12,50)%	(12,40)%
Share-based payment expense	1,60 %	(3,60)%	- %	- %
Legal expenses	- %	(0,20)%	- %	- %
Fair value loss and deferred interest on consideration payable	0,20 %	(73,80)%	- %	- %
Impairment on intangible assets	- %	(18,00)%	- %	- %
Deferred tax asset not recognised	0,20 %	(0,90)%	(15,50)%	(15,60)%
s12H learnership allowance	(0,20)%	0,30 %	- %	- %
Foreign tax differential	0,30 %	(1,00)%	- %	- %
Prior period adjustment	- %	(4,10)%	- %	- %
Other	1,30 %	(2,50)%	- %	- %
	31,50 %	**(76,00)%**	**- %**	**- %**

Estimated tax losses available for set-off against future taxable income amounting to R55.6 million (2020: R144.2 million) for the Group.

The estimated tax loss available for set-off against future taxable income relates to SCS. SCS serves as the property owner and property management company for the owned properties as well the investment management company within the Group and accordingly earns rental, property administration fees and management fees. As a result, based on SCS's future financial forecasts, the assessed loss is estimated to be fully utilised from 2029. The Group is satisfied that the deferred tax asset will be recoverable using the estimated future taxable income, which considered the impact of COVID-19, that will be generated for these entities. The impact of COVID-19 on estimated future taxable income had no impact on the recoverability of the deferred tax asset.

Estimated tax losses of R4.0 million (2020: R2.4 million) for the Group and R1.5 million (2020: R0.8 million) for the company have not been recognised.

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

Notes to the Consolidated And Separate Financial Statements

29. Earnings per share

	Group	
	2021 R '000	2020 R '000
Basic earnings/loss per share (cents)	14,90	(14,50)
Basic earnings/(loss) attributable to owners of the parent	126 005	(119 751)
Diluted earnings/(loss) per share (cents)	14,50	(14,50)
Reconciliation of weighted average number of ordinary shares used for earnings per share to weighted average number of ordinary shares used for diluted earnings per share		
Weighted average number of ordinary shares used for basic earnings per share	844 770	824 038
Adjusted for:		
Share options incentive plan	20 027	-
Consideration payable	3 044	-
	867 841	**824 038**

Prior year

For the comparative period, the 27.6 million share options granted during 2020 and the consideration payable partly settled in shares were not included in the calculation of diluted basic and headline earnings per share because they were antidilutive for the year ended 31 December 2020.

Notes to the Consolidated And Separate Financial Statements

29. Earnings per share (continued)

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

	Group	
	2021 R '000	2020 R '000
Headline earnings/(loss) per share (cents)	17,00	(8,50)
Diluted headline earnings/(loss) per share (cents)	16,60	(8,50)
Reconciliation between profit/(loss) attributable to owners the parent and headline earnings/(loss)		
Profit/(loss) for the year attributable to owners of the parent	126 005	(119 751)
Adjusted for:		
Impairment on intangible assets	2 762	51 216
Less: non-controlling interest	-	(1 314)
Less: taxation	(774)	-
Impairment on right-of-use assets	17 308	-
Less: non-controlling interest	(3 925)	-
Less: taxation	(4 847)	-
Impairment on property, plant and equipment	9 899	-
Less: taxation	(2 217)	-
Loss on disposal of property, plant and equipment	1 632	91
Less: non-controlling interest	(216)	(1)
Less: taxation	(113)	(25)
Compensation from third parties for items of property, plant and equipment that were lost or given up	(2 359)	(283)
Less: non controlling interest	-	4
Less: taxation	660	78
Headline earnings/(loss)	**143 815**	**(69 985)**

	Group	
	2021 R '000	2020 R '000
Reconciliation between headline earnings/(loss) and diluted headline earnings/(loss)		
Headline earnings/(loss)	143 815	(69 985)

30. Segmental information

The Group considers its executive directors to be the chief operating decision maker and therefore the segmental disclosures below are aligned with the quarterly report provided to the executive directors. Operating segments with similar economic characteristics have been aggregated into one reportable segment due to all of the services being related to higher education services within southern Africa. However, management does make decisions based on what they constitute to be reflective of the underlying financial performance of the Group and as such, the Group has identified core headline earnings as this measure. Non-core includes certain items which may distort the Group's performance from year-to-year, and by excluding this, should provide management with a more consistent reflection of the underlying financial performance of the Group. These non-core adjustments include once-off acquisition related costs, amortisation costs associated with client lists acquired and costs relating to consideration payable in respect of acquisitions.

As the Group has one reportable segment, the segmental disclosure around the specified amounts that are included in the measure of segment profit or loss will be consistent with the amounts presented on the face of the statement of comprehensive income.

Geographical information

	2021 R '000		2020 R '000	
	Revenue from customers	**Non-current assets**	**Revenue from customers**	**Non-current assets**
South Africa	1 055 074	1 818 833	888 762	1 738 466
Namibia	42 694	9 970	44 182	10 452

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

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

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

Core headline earnings

	Note	Group	
		2021 R '000	2020 R '000
Profit/(loss) before taxation		200 664	(78 630)
Taxation		(63 224)	(59 730)
Profit/(loss) after taxation		137 440	(138 360)
Profit attributable to owner		126 005	(119 751)
Headline items	29	17 810	49 766
Headline earnings		143 815	(69 985)
Core headline earnings per share (cents)	29	17,60	14,20
Core diluted headline earnings per share (cents)		17,10	12,50

		2021 R '000	**2020 R '000**
Reconciliation of core headline earnings			
Headline earnings/(loss) attributable to owners of parent	29	143 815	(69 985)
Adjusted for:			
Fair value loss on consideration payable		573	207 184
Less: non-controlling interest		(75)	(26 508)
Interest on consideration payable		560	-
Less: non-controlling interest		(176)	-
Amortisation of client list and trademarks		5 720	8 489
Less: non-controlling interest		(327)	(239)
Less: taxation		(1 520)	(1 542)
Core headline earnings		**148 570**	**117 399**

Notes to the Consolidated And Separate Financial Statements

30. Segmental information (continued)

	2021 R '000	2020 R '000
Reconciliation of weighted average number of ordinary shares used for core headline earnings per share to weighted average number of ordinary shares used for diluted core headline earnings per share		
Weighted average number of ordinary shares used for core headline earnings per share	844 770	824 038
Adjusted for:		
Share options incentive plan	20 027	6 770
Consideration payable	3 044	109 615
	867 841	940 423

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

31. Cash generated from/(used in) operations

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Profit (loss) before taxation	200 664	(78 630)	(1 278)	(1 495)
Adjustments for:				
Depreciation and amortisation	66 707	64 579	-	-
Impairment	29 969	51 216	-	-
Losses on disposals of property, plant and equipment	1 632	67	-	-
Losses/(gains) on foreign exchange	99	(118)	-	-
Interest income	(8 573)	(11 841)	(1)	(3)
Finance costs	20 730	20 502	-	-
Fair value losses	697	207 209	-	-
Share-based payment charge	10 783	10 126	-	-
Other non-cash items	(95)	(118)	-	-
Changes in working capital:				
Decrease in inventories	1 588	544	-	-
(Increase)/decrease in trade and other receivables	(7 462)	11 201	-	-
(Decrease)/Increase in trade and other payables *	(39 057)	892	(249)	102
Decrease in contract liabilities	(11 762)	(1 243)	-	-
	265 920	**274 386**	**(1 528)**	**(1 396)**

*Included in trade and other payables working capital movement is the cash-settled portion of the CA Connect early settlement agreement of R48 million. Refer to Note 19 for further details.

Notes to the Consolidated And Separate Financial Statements

32. Tax paid

	Group 2021 R '000	Group 2020 R '000	Company 2021 R '000	Company 2020 R '000
Balance at beginning of the year	(6 037)	6 749	-	-
Current tax for the year recognised in profit or loss	(49 464)	(80 726)	-	-
Interest	91	191	-	-
Balance at end of the year	(4 568)	6 037	-	-
	(59 978)	**(67 749)**	**-**	**-**

33. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2021

	Opening balance R'000	New leases and non-cash movements R'000	Total non-cash movements R'000	Proceeds from borrowings R'000	Repayment of borrowings R'000	Closing balance R'000
Borrowings	45 079	-	-	122 065	(152 079)	15 065
Finance lease liabilities	167 965	45 531	45 531	-	(29 139)	184 357
Loans from related parties	96	-	-	-	-	96
	213 140	**45 531**	**45 531**	**122 065**	**(181 218)**	**199 518**
Total liabilities from financing activities	**213 140**	**45 531**	**45 531**	**122 065**	**(181 218)**	**199 518**

Reconciliation of liabilities arising from financing activities - Group - 2020

	Opening balance R'000	New leases and non-cash movements R'000	Total non-cash movements R'000	Proceeds from borrowings R'000	Repayment of borrowings R'000	Closing balance R'000
Borrowings	65 392	-	-	45 079	(65 392)	45 079
Finance lease liabilities	169 370	25 885	25 885	-	(27 290)	167 965
Loans from related parties	96	-	-	-	-	96
	234 858	**25 885**	**25 885**	**45 079**	**(92 682)**	**213 140**
Total liabilities from financing activities	**234 858**	**25 885**	**25 885**	**45 079**	**(92 682)**	**213 140**

34. Finance costs paid

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Finance costs (Refer to Note 27)	20 730	20 502	-	-
Borrowing costs capitalised (Refer to Note 3)	1 015	1 052	-	-
Less: Interest on consideration payable (Refer to Note 19)	(560)	-	-	-
Less: South African Revenue Services interest (Refer to Note 27)	-	(917)	-	-
	21 185	**20 637**	**-**	**-**

35. Other non-cash items

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Opening balance consideration payable (refer to Note 19)	197 978	35 539	-	-
Fair value adjustment and interest on consideration payable (Refer to Note 19)	1 133	207 184	-	-
Non-cash: settlement of acquisitions through the issue of shares (Refer to Note 15)	(20 000)	(31 939)	-	-
Cash: settlement of CA Connect acquisition (Refer to Note 19)	(48 000)	(10 206)	-	-
Extinguishment of consideration payable and recognised through equity (Refer to Note 19)	(100 000)	-	-	-
Cash: settlement of Prestige Academy acquisition (Refer to Note 19)	-	(2 600)	-	-
	31 111	**197 978**	**-**	**-**

Notes to the Consolidated And Separate Financial Statements

36. Related parties

Relationships

Ultimate holding company	PSG Group Limited
Holding company	PSG Alpha Investments Proprietary Limited
Subsidiaries	Refer to Note 7
Group's B-BBEE partner and shareholder	Brimstone Investment Corporation Limited
Entities controlled by key management	Almika Properties 90 Proprietary Limited Citac Africa Proprietary Limited
Directors	Refer to Notes 16 & 38
Other related parties	PSG Financial Services Proprietary Limited PSG Collective Investments (RF) Limited PSG Corporate Services Proprietary Limited PSG Wealth Financial Planning Proprietary Limited Curro Holdings Limited PSG Capital Proprietary Limited Grit Procurement Solutions Proprietary Limited VJ Properties Close Corporation

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Related party balances				
Loan accounts - Owing (to)/by related parties				
VJ Properties Close Corporation	-	532	-	-
Almika Properties 90 Proprietary Limited	-	59	-	-
Brimstone Investment Corporation Limited	(96)	(96)	-	-
Stadio Investment Holdings Proprietary Limited	-	-	14 295	14 925
Stadio Corporate Services Proprietary Limited	-	-	621 287	621 486
Stadio Proprietary Limited	-	-	(7 201)	(7 201)
Trade and other receivables				
Curro Holdings Limited	19 887	18 935	-	-
PSG Corporate Services Proprietary Limited	6	6	-	-
Cash and cash equivalents				
PSG Collective Investments (RF) Limited	86	11	-	-
Lease liabilities				
Almika Properties 90 Proprietary Limited	-	(591)	-	-
Citac Africa Proprietary Limited	(15 075)	(18 302)	-	-
Trade and other payables				
Curro Holdings Limited	-	(96)	-	-
GRIT Procurement Solutions Proprietary Limited	-	(24)	-	-
PSG Capital Proprietary Limited	-	(19)	-	-

36. Related parties (continued)

Related party transactions

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Interest (received from)/paid to related parties				
Curro Holdings Limited	(2 439)	(2 297)	-	-
PSG Collective Investments (RF) Limited	(283)	(303)	-	-
Almika Properties 90 Proprietary Limited	7	221	-	-
Citac Africa Proprietary Limited	909	305	-	-
Purchases from related parties				
Curro Holdings Limited	-	38	-	-
GRIT Procurement Solutions Proprietary Limited	-	11	-	-
Listing and advisory fees paid to related parties				
PSG Capital Proprietary Limited	366	403	-	-
PSG Corporate Services Proprietary Limited	136	265	-	-
Consulting and other administrative fees paid to related parties				
PSG Capital Proprietary Limited	-	33	-	-
Insurance costs paid to related parties				
PSG Wealth Financial Planning Proprietary Limited	4 195	1 653	-	-

37. Commitments and Contingent liabilities

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Authorised capital expenditure				
Already contracted for but not provided for				
• Property, plant and equipment	56 200	120 906	-	-
Not yet contracted for and authorised by directors			-	-
• Property, plant and equipment	67 992	73 259		
• Intangible assets	5 611	6 800		
	73 603	**80 059**	**-**	**-**

During the year ended 31 December 2021, the Group has, in the normal course of business, obtained bank guarantees as required by the Department of Higher Education and Training (DHET) to the value of R10.6 million (2020: R11.5 million). This is funded by a cash deposit with Standard Bank. The amount of R5 million is restricted and therefore disclosed as other receivables as per Note 8. The remaining balance is covered through an insurance policy.

There are no guarantees relating to the Company.

The Group and Company have no contingent liabilities as at 31 December 2021 (2020: Rnil).

Notes to the Consolidated And Separate Financial Statements

38. Directors' and prescribed officers emoluments

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

Executive

2021

	Basic Salary R'000	Pension contributions paid R'000	Bonuses R'000	Gains on exercise of options R'000	Total R'000
CPD Vorster	3 208	159	2 450	-	5 817
S Totaram	2 365	351	1 980	36	4 732
D Singh	2 269	223	1 864	36	4 392
JJ Human	2 294	113	1 621	64	4 092
	10 136	**846**	**7 915**	**136**	**19 033**

.

2020

	Basic salary R '000	Pension contributions paid R '000	Bonus R '000	Total R '000
CPD Vorster*	2 867	123	1 800	4 790
S Totaram	2 203	329	1 890	4 422
D Singh	2 113	210	1 994	4 317
JJ Human**	2 220	101	200	2 521
CR van der Merwe***	711	70	3 663	4 444
	10 114	**833**	**9 547**	**20 494**

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

*** JJ Human, former CEO of Embury, was appointed COO of the Group 1 August 2019. The bonus payment relates to the 2019 financial year and was paid by Embury. JJ Human is a prescribed officer.*

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

Share options

During the year 2.8 million (2020: 17.6 million) shares options were issued to the executive directors and prescribed officer. Share options vesting in the current year of 1.4 million (2020: 1.9 million) lapsed and had no gain during the year. Refer to Note 16 for further information.

38. Directors' and prescribed officers emoluments (continued)

Non-executive

2021

	Directors' fees R'000	Gains on exercise of options R '000	Other fees R'000	Total R'000
TV Maphai	464	-	-	464
CR van der Merwe	273	105	2 000	2 378
PN de Waal	273	-	-	273
MG Mokoka	403	-	-	403
CB Vilakazi	355	-	-	355
TH Brown	328	-	-	328
	2 096	**105**	**2 000**	**4 201**

2020

	Directors' fees R '000	Other fees R '000	Total R '000
TV Maphai	197	-	197
PN de Waal	265	-	265
CR van der Merwe	177	1 500	1 677
DM Ramaphosa	220	-	220
MG Mokoka	392	-	392
CB Vilakazi	327	-	327
TH Brown	283	-	283
RH Stumpf	188	-	188
	2 049	**1 500**	**3 549**

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

CR van der Merwe's other fees relate to restraint of trade fees.

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

39. Prior period restatement

IAS 12 Deferred Tax

The Group has restated the prior year comparative period to correctly offset the deferred tax assets and deferred tax liabilities that relate income taxes levied by the same taxation authority on the same taxable entity as per IAS 12 presentation requirements. This was historically presented on the gross basis on the Statement of Financial Position and has resulted in the deferred tax asset and deferred tax liability being overstated.

IAS 1 Presentation of Financial of Statements

The Group has restated the comparative period operating expenses amount. The operating expenses were disaggregated to provide further information on the nature of the items included in the total operating expenses. Accordingly, employee costs are separately disclosed on the face of the Statement of Comprehensive Income.

Voluntary change in accounting policy

During the current year, the Group voluntarily elected to change their accounting policy by grouping depreciation and amortisation together as one line on the face of the Statement of Comprehensive Income. These amounts were previously presented as separate line items on the face of the Statement of Comprehensive Income. The Group believes that this change in accounting policy will provide more relevant and reliable information by presenting items of a similar nature as required by IAS 1. The comparative period amounts have been restated accordingly.

The above representations have been corrected by restating the affected financial statement line items for the prior periods as follows:

Statement of Financial Position	**Audited 2020 R'000**	**Adjustment R'000**	**Audited Restated 2020 R'000**	**Audited 2019 R000**	**Adjustment R'000**	**Restated Audited 1 Jan 2020 R'000**
Deferred tax asset	129 534	(37 280)	92 254	107 026	(35 902)	71 124
Deferred tax liability	(72 321)	37 280	(35 041)	(70 809)	35 902	(34 907)
Net assets	1 485 991	-	1 485 991	1 583 298	-	1 583 298
Retained loss	**(125 299)**	**-**	**(125 299)**	**(5 548)**	**-**	**(5 548)**

Statement of Comprehensive Income	**Audited 2020 R'000**	**Adjustment R'000**	**Restated Audited 2020 R'000**
Operating expenses	(602 994)	391 030	(211 964)
Loss allowance	(80 485)	1 780	(78 705)
Employee costs	-	(392 810)	(392 810)
Net impact	(683 479)	-	(683 479)
Retained loss	**(125 299)**	**-**	**(125 299)**

40. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2021

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Investments at fair value	9	9 190	-	9 190
Trade and other receivables	8	-	119 792	119 792
Cash and cash equivalents	13	-	65 592	65 592
		9 190	**185 384**	**194 574**

Group - 2020

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

Company - 2021

	Notes	Amortised cost R'000	Total R'000
Loans to related parties	12	636 212	636 212
Cash and cash equivalents	13	22	22
		636 234	**636 234**

Company - 2020

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

40. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2021

	Notes	Amortised cost R'000	Total R'000
Trade and other payables	19	50 168	50 168
Loans from related parties	18	96	96
Borrowings	17	15 065	15 065
Lease liabilities	4	184 357	184 357
		249 686	**249 686**

Group - 2020

	Notes	Fair value through profit or loss R'000	Amortised cost R'000	Total R'000
Trade and other payables	19	197 978	18 361	216 339
Loans from related parties	18	-	96	96
Borrowings	17	-	45 079	45 079
Lease liabilities	4	-	167 965	167 965
		197 978	**231 501**	**429 479**

Company - 2021

	Notes	Amortised cost R'000	Total R'000
Trade and other payables	19	478	478
Loans from related parties	18	7 201	7 201
		7 679	**7 679**

Company - 2020

	Notes	Amortised cost R'000	Total R'000
Trade and other payables	19	726	726
Loans from related parties	18	7 201	7 201
		7 927	**7 927**

40. Financial instruments and risk management (continued)

Capital risk management

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

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

		Group		Company	
		2021 R '000	2020 R '000	2021 R '000	2020 R '000
Loans from related parties	18	96	96	7 201	7 201
Borrowings	17	15 065	45 079	-	-
Lease liabilities	4	184 357	167 965	-	-
Trade and other payables	19	91 073	248 997	478	726
Total borrowings		**290 591**	**462 137**	**7 679**	**7 927**
Cash and cash equivalents	13	(65 592)	(116 803)	(22)	(44)
Net borrowings		**224 999**	**345 334**	**7 657**	**7 883**
Equity		1 751 177	1 485 991	1 607 594	1 587 564
Gearing ratio		13 %	23 %	1 %	1 %

Financial risk management

Overview

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

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

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

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

Notes to the Consolidated And Separate Financial Statements

40. Financial instruments and risk management (continued)

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

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

The loss allowance has been determined based on simplified model.

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

Finance lease receivable is over a substantial period, and the counterparty has a signed contract, All amounts at year end are not past due.

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

Group		2021			2020		
		Gross carrying amount R '000	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**	**Gross carrying amount R '000**	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**
Loans to related parties	12	-	-	-	591	-	591
Other financial assets	9	9 190	-	9 190	11 620	-	11 620
Lease receivables	8	19 688	-	19 688	18 578	-	18 578
Trade and other receivables (excluding lease receivables)	8	222 027	(121 928)	100 099	156 273	(77 647)	78 626
Cash and cash equivalents	13	65 592	-	65 592	116 803	-	116 803
		316 497	**(121 928)**	**194 569**	**303 865**	**(77 647)**	**226 218**

Company		2021			2020		
		Gross carrying amount R '000	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**	**Gross carrying amount R '000**	**Credit loss allowance R '000**	**Amortised cost / fair value R '000**
Loans to related parties	12	636 212	-	636 212	636 411	-	636 411
Cash and cash equivalents	13	22	-	22	44	-	44
		636 234	**-**	**636 234**	**636 455**	**-**	**636 455**

Notes to the Consolidated And Separate Financial Statements

40. Financial instruments and risk management (continued)

Liquidity risk

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

The Group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

At 31 December 2021, the Group has a revolving credit facility with Standard Bank and has drawn down R15 million (2020: R45 million) and has access to the remaining undrawn amount of R185 million (2020: R135 million). Refer to Note 17 for further information. The Company has access to additional resources within the Group to meet its cash obligations as they fall due.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2021

		Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Non-current liabilities							
Lease liabilities	4	-	45 205	80 533	10 434 980	10 560 718	148 782
Current liabilities							
Trade and other payables	19	91 073	-	-	-	91 073	91 073
Loans from related parties	18	96	-	-	-	96	96
Borrowings	17	15 065	-	-	-	15 065	15 065
Lease liabilities	4	44 611	-	-	-	44 611	35 575
		150 845	**45 205**	**80 533**	**10 434 980**	**10 711 563**	**290 591**

Group - 2020

		Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000
Non-current liabilities							
Trade and other payables	19	-	154 012	-	-	154 012	132 694
Borrowings	17	2 559	47 480	-	-	50 039	45 000
Lease liabilities	4	-	31 344	83 020	10 442 196	10 556 560	134 580
Current liabilities							
Trade and other payables	19	116 303	-	-	-	116 303	116 303
Loans from related parties	18	96	-	-	-	96	96
Borrowings	17	79	-	-	-	79	79
Lease liabilities	4	42 241	-	-	-	42 241	33 385
		161 278	**232 836**	**83 020**	**10 442 196**	**10 919 330**	**462 137**

Notes to the Consolidated And Separate Financial Statements

40. Financial instruments and risk management (continued)

Company - 2021

		Less than 1 year R'000	Total R'000	Carrying amount R'000
Current liabilities				
Trade and other payables	19	478	478	478
Loans from related parties	18	7 201	7 201	7 201

Company - 2020

		Less than 1 year R'000	Total R'000	Carrying amount R'000
Current liabilities				
Trade and other payables	19	726	726	726
Loans from related parties	18	7 201	7 201	7 201

Financing facilities

	Group		Company	
	2021 R '000	2020 R '000	2021 R '000	2020 R '000
Standard Bank revolving credit facility expiring December 2022:				
Drawn down	15 000	45 000	-	-
Available	185 000	155 000	-	-
	200 000	**200 000**	**-**	**-**

40. Financial instruments and risk management (continued)

Foreign currency risk

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

Exposure in Rand

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

		Group		Company	
		2021 R '000	2020 R '000	2021 R '000	2020 R '000
US Dollar exposure:					
Current assets:					
Trade and other receivables	8	250	444	-	-

Foreign currency sensitivity analysis

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

Group

At 31 December 2021, if the Rand/Dollar exchange rate had been 10% (2020: 10%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R0.02 million (2020: R0.04 million) higher and R0.02 million (2020: R0.04 million) lower.

Company

There is no foreign exchange currency risk for the Company at 31 December 2021 and 31 December 2020.

40. Financial instruments and risk management (continued)

Interest rate risk

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

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

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

Interest rate sensitivity analysis

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

Group

The impact on pre-tax profit in the year ended 31 December 2021, of a 25 basis points increase in the interest rate, would result in a net increase in profit of R0.2 million (2020: R0.6 million) for the Group. A 25 basis points decrease in the interest rate would have an equal, but opposite effect on profit or loss.

Company

The impact of an interest rate movement of 25 basis points would have had no significant change in pre-tax profit for the years ended 31 December 2021 and 31 December 2020.

Price risk

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

Price risk sensitivity analysis

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

Group

At 31 December 2021, if share prices in the portfolio were 10% (2020: 10%) higher or lower during the period, with all other variables held constant, profit or loss for the year would have been R0.9 million (2020: R1.1 million) lower and R0.9 million (2020: R1.1 million) higher.

Company

There is no price risk for the Company at 31 December 2021 and 31 December 2020.

Notes to the Consolidated And Separate Financial Statements

41. Fair value information

Fair value hierarchy

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

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

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

Level 3: Unobservable inputs for the asset or liability.

Levels of fair value measurements

		Group		Company	
		2021 R '000	2020 R '000	2021 R '000	2020 R '000
Level 1					
Recurring fair value measurements					
Assets	Note(s)				
Financial assets at fair value through profit or loss					
Unit trusts	9	9 190	11 620	-	-
Level 3					
Recurring fair value measurements					
Liabilities	Note				
Financial liabilities at fair value through profit and loss	19				
Contingent consideration liability		-	197 978	-	-
Non recurring fair value measurements					
Non-current assets held for sale					
Property, plant and equipment		52 000	-	-	-

Buildings which are currently classified as non-current assets held for sale have been recognised at fair value less costs to sell as the assets fair value less costs to sell is lower than its carrying amount.

Notes to the Consolidated And Separate Financial Statements

41. Fair value information (continued)

Reconciliation of assets and liabilities measured at level 3

	Note	Opening balance R '000	Fair value adjustment R '000	Reclassification R '000	Closing balance R '000
Group - 2021					
Liabilities					
Financial liabilities at fair value through profit and loss	19				
Consideration payable		197 978	573	(198 551)	-
Group - 2020					
Liabilities					
Financial liabilities at fair value through profit					
Consideration payable	19	35 539	207 184	(44 745)	197 978

**Due to the conclusion of the CA Connect early settlement agreement, the consideration is no longer measured at fair value through profit or loss. The consideration is now recognised as a deferred consideration payable and is measured at amortised cost. Refer to Note 19 for further information on the consideration payable.*

41. Fair value information (continued)

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

Consideration payable

2020:

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

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

Key assumptions:

- Discount rate - 2020: 20%
  A change in the discount rate by 1% would increase/decrease the fair value by approximately R3 million.
- EBITDA growth rate - 2020: 53%
  A change in the EBITDA growth rate by 5% would increase/decrease the fair value by approximately R 11 million.

42. Going concern

Since March 2020, the country has been impacted by COVID-19. This has impacted economic growth, as well as trading and operating conditions. The directors in assessing the going concern considered the impact of the COVID-19 pandemic on the Group and Company. Furthermore, the impact of the civil unrest experienced in certain provinces in July 2021 was also considered. The Group and Company was not materially impacted by this civil unrest.

Further details of the impact of COVID-19 on the Group are set out on page 11.

The Group achieved an improved performance in the current year, recognising a profit after taxation of R137 million (2020: Loss after taxation of R138 million). The prior year losses were largely attributable to the non-cash impairment of trademarks following the transfer of various brands to STADIO Higher Education (Business Transfer). Furthermore, the impact of the fair value adjustment of R207 million to the consideration payable relating to the CA Connect Acquisition negatively impacted earnings during the year ended 31 December 2020

At 31 December 2021, the current liabilities of the Group exceeded the current assets by R33 million. Current liabilities include an amount of R77 million relating to contract liabilities which will be settled through the rendering of educational services to students. On adjusting for the impact of this non-cash item, current assets will exceed current liabilities and the Group has sufficient current assets to cover its current liabilities.

At 31 December 2021, the Group has drawn down on R15 million of the R 200 million revolving credit facility available. The Group has adequate cash resources on hand and access to a debt facility to be able to meet its cash obligations as they fall due within 12 months.

At 31 December 2021, the Company is in a loss making position. The current assets exceed the current liabilities and the Company has access to additional cash resources within the Group to meet its cash obligations as they fall due within the next 12 months.

Based on the Group and Company's expected financial performance and cash flows, which considers the budgets for next 12 months and the 5-year forecasts, the Board, after having considered the implications of COVID-19 as set out on page 11, are satisfied that the Group and the Company are in a sound financial position and have adequate cash resources and access to borrowings to continue to operate as a going concern in the foreseeable future.

43. Events after the reporting period

During December 2021, the Group entered into an agreement to dispose of the STADIO Montana campus for R52 million (net of fees). The disposal forms part of STADIO Higher Education's strategy to consolidate and optimise operations on the contact learning campuses. The existing students on the STADIO Montana Campus have been transferred to the new STADIO Centurion campus. The sale agreement is subject to transfer of the property which is expected to be concluded in the first quarter of 2022.

The impact of COVID-19 continues to be a consideration to management. Whilst the roll-out of the vaccine and other safety measures have curtailed the impact of the pandemic, COVID-19 is considered to be an ongoing event. Management are continually assessing and monitoring developments with regard to the pandemic and its impact on the business.

The corporate income tax rate will reduce from 28% to 27% and it will come into effect for years of assessment ending on or after 31 March 2023 and will affect the Group from the 2023 financial year. This is considered a non-adjusting post-balance sheet event. The Group has taken note of South Africa's finance minister's announcement on 23 February 2022 relating to the future limitation on the utilisation of assessed losses to 80% of taxable income. It has been indicated in the 2022 budget speech that the amendment will come into effect for years of assessment ending on or after 31 March 2023.

On 11 March 2022, the Group declared a dividend of 4.7 cents per share from income reserves for the year ended 31 December 2021, which is payable on 16 May 2022.

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

Shareholders' Analysis

1. Distribution of shareholders

Range of shareholding 2021	Number of shareholders	% of shareholders	Number of shares	% of issued shares
1 - 10 000	11 382	84,0	19 083	2
10 001 - 100 000	1 840	13,5	55 196	7
100 001 - 1 000 000	283	2,1	76 385	9
More than 1 000 000	51	0,4	697 529	82
	13 556	**100,0**	**848 193**	**100**

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

Public and non-public shareholding 2021	Number of shareholders	% of shareholders	Number of shares	% of issued shares
Public shareholders	13 538	99,9	456 122	54
Non public shareholders	18	0,1	392 071	46
Where non-public shareholders consist of:				
PSG Alpha Investments Proprietary Limited	1	-	363 637	43
Directors (including prescribed officers and subsidiary directors)	11	0,1	22 629	2
Directors from other related parties	6	-	5 805	1
	13 556	**100,0**	**848 193**	**100**

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

2. Major shareholders

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

2021	Number of shares	% of shares held
PSG Alpha Investments Proprietary Limited	363 637	42,9
Coronation Fund Managers Limited	67 407	7,9
Brimstone Investment Corporation Limited	43 565	5,1

Coronation Fund Managers Limited held 4,1% of issued shares as at 31 December 2020.

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