ANNUAL FINANCIAL STATEMENTS

AUDITED

2022

CORONATION

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CONTENTS

Directors' responsibility report 1
Declaration by the Company Secretary 1
Group Chief Executive Officer (CEO) and Chief Financial Officer (CFO) responsibility statement 2
Audit committee report 3
Independent auditor's report 4

CORONATION FUND MANAGERS LIMITED GROUP

Directors' report 9
Consolidated statement of comprehensive income 12
Consolidated statement of financial position 13
Consolidated statement of changes in equity 14
Consolidated statement of cash flows 16
Accounting policies 17

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Operating segments 27
Revenue from contracts with customers 29
Finance and dividend income and expense 29
Other income and sundry gains and losses 29
Total operating expenses 29
Other expenses 30
Income tax expense 31
Earnings per share 32
Reconciliation of fund management earnings 33
Intangible assets 34
Equipment 34
Investment in equity-accounted investees 35
Deferred tax 36
Investments backing policyholder funds and investments held through investment partnerships 37
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships 37
Financial assets and financial liabilities 38
Long-term borrowings 40
Share capital 40
Financial risk disclosures 41
Leases 47
Commitments, contingent liabilities and guarantees 48
Related parties 48
Principal subsidiaries, associates, structured entities and external investors in consolidated funds 49
Non-cash and other adjustments 51
Cash flows from policyholders and investment partnerships 51
Events subsequent to the reporting period 51

CORONATION FUND MANAGERS LIMITED COMPANY

Company statement of comprehensive income 52
Company statement of financial position 53
Company statement of changes in equity 54
Company statement of cash flows 55
Notes to Coronation Fund Managers Limited company financial statements 56
Analysis of shareholders 57
Glossary of financial reporting terms 58
Shareholders' diary and corporate information 61

The financial statements for the year ended 30 September 2022 have been audited in compliance with section 30 of the Companies Act of South Africa and prepared under the supervision of N Salie CA(SA).

DIRECTORS' RESPONSIBILITY REPORT

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Coronation Fund Managers Limited, comprising the statements of financial position at 30 September 2022, and the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies, the directors' report and the audit committee report, in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The board reviews the operation of the system of internal control primarily through the audit committee of Coronation Fund Managers Limited and various other risk monitoring committees.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group's and Company's ability to continue as a going concern and there is no reason to believe the aforementioned businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements of Coronation Fund Managers Limited are fairly presented in accordance with International Financial Reporting Standards and the Companies Act of South Africa.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements of Coronation Fund Managers Limited, as identified in the first paragraph, for the year ended 30 September 2022 set out on pages 9 to 56 were approved by the board of directors on 6 December 2022 and are signed on its behalf by:

Alexandra Watson
Chairperson

6 December 2022

Anton Pillay
Chief Executive Officer

6 December 2022

Mary-Anne Musekiwa
Chief Financial Officer

6 December 2022

DECLARATION BY THE COMPANY SECRETARY

In terms of the Companies Act of South Africa (the Act), and for the year ended 30 September 2022, I certify that Coronation Fund Managers Limited has lodged all returns required by the Act with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

Nazrana Hawa
Company Secretary

6 December 2022

GROUP CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) RESPONSIBILITY STATEMENT

The Group CEO and the CFO, hereby confirm that:

+ The consolidated and separate annual financial statements set out on pages 9 to 56, fairly present in all material respects the financial position, financial performance and cash flows of Coronation Fund Managers Limited in terms of IFRS;
+ No facts have been omitted or untrue statements made that would make the consolidated and separate annual financial statements false or misleading;
+ Internal financial controls have been put in place to ensure that material information relating to Coronation Fund Managers Limited has been provided to effectively prepare the financial statements; and
+ The internal financial controls are adequate and effective and can be relied upon in compiling the consolidated and separate annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Report on Corporate Governance for South Africa, 2016 (King IV). Where we are not satisfied, we have disclosed to the audit committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

Anton Pillay
CEO

6 December 2022

Mary-Anne Musekiwa
CFO

6 December 2022

AUDIT COMMITTEE REPORT

to the shareholders of Coronation Fund Managers Limited

The Group audit committee of Coronation Fund Managers Limited, which acts as the audit committee for all its subsidiaries, is a committee of the board of directors that serves in an advisory capacity to the board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems, the review of financial information and the preparation of the consolidated and separate annual financial statements. This includes satisfying the board that adequate internal, operating and financial controls are in place. In addition to the above, the audit committee also has its own statutory responsibilities.

TERMS OF REFERENCE

The audit committee has adopted a formal audit committee charter that has been updated and approved by the board of directors, and has executed its duties during the past financial year in compliance with these terms of reference.

Composition of the audit committee and meeting process

The audit committee comprises Ms Lulama Boyce (Chairperson), Mr Saks Ntombela, Mrs Madichaba Nhlumayo and Dr Hugo Nelson. All members of the audit committee serve on the risk committee to ensure there is overlap of members who are fully apprised of the matters under the committees' respective agendas. The audit committee met three times during the year, which included the Chief Executive Officer, certain senior executive management, the Chief Financial Officer, the external auditor and the risk assurance manager.

The external auditor and the risk assurance manager have unrestricted access to the committee and to its Chairperson. Ad hoc meetings are held as required.

Duties

In execution of its statutory duties during the past financial year, the audit committee has:

+ Ensured the appointment of the external auditor, that is a registered auditor and who, in the opinion of the audit committee, was independent of the Company and its subsidiaries.
+ Determined the fees to be paid to the external auditor and such auditor's terms of engagement.
+ Ensured that the appointment of the external auditor complies with any legislation relating to the appointment of such auditors.
+ Determined the nature and extent of any non-audit services which the auditor may provide to the Company and its subsidiaries.
+ Pre-approved any proposed contract with the auditor for the provision of non-audit services to the Company and its subsidiaries.
+ Considered the independence of the external auditors and has concluded that the external auditor has been independent of the Company and its subsidiaries throughout the year taking into account all other non-audit services performed and circumstances known to the committee.
+ Received and dealt appropriately with any queries relating to the accounting practices and internal audit of the Company and its subsidiaries, the content or auditing of its consolidated and separate annual financial statements, the internal financial controls of the Company and its subsidiaries, or to any related matter.
+ Made submissions to the board on any matter concerning the Company's accounting policies, financial control, records and reporting.
+ Ensured that the Group Chief Financial Officer, as well as the Group finance function has the appropriate expertise and experience in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements.
+ Ensured that the appropriate financial reporting procedures exist and are working for all entities included in the consolidated annual financial statements and that same was effectively prepared and reported on in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements.

LEGAL REQUIREMENTS

The audit committee has complied with all applicable legal, regulatory and other responsibilities for the financial year.

ANNUAL FINANCIAL STATEMENTS

Following our review of the consolidated and separate annual financial statements for the year ended 30 September 2022, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act of South Africa and International Financial Reporting Standards and that they fairly present the financial position at 30 September 2022 for Coronation Fund Managers Limited and the results of operations and cash flows for the year then ended.

In compliance with requirements of the King Report on Governance for South Africa 2016, an integrated annual report is being compiled for the 2022 financial year in addition to these annual financial statements.

Lulama Boyce
Chairperson of the audit committee

6 December 2022

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Coronation Fund Managers Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Coronation Fund Managers Limited (the Group and Company and collectively Coronation) set out on pages 12 to 56, which comprise:

+ the consolidated statement of financial position as at 30 September 2022;
+ the consolidated statement of comprehensive income for the year ended 30 September 2022;
+ the consolidated statement of changes in equity for the year ended 30 September 2022;
+ the consolidated statement of cash flows for the year ended 30 September 2022;
+ the accounting policies, the notes to the consolidated financial statements, and the directors' interest and directors' remuneration notes as set out in the directors' report, for the year ended 30 September 2022;
+ the company statement of comprehensive income for the year ended 30 September 2022;
+ the company statement of financial position as at 30 September 2022;
+ the company statement of changes in equity for the year ended 30 September 2022;
+ the company statement of cash flows for the year ended 30 September 2022; and
+ the notes to the Coronation Fund Managers Limited company financial statements and the directors' interest and directors' remuneration notes as set out in the directors' report, for the year ended 30 September 2022.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Coronation Fund Managers Limited as at 30 September 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company 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)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional 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.

No key audit matters were noted for the separate financial statements.

Revenue from contracts with customers Note 2 to the consolidated financial statements and the related accounting policy notes.	
KEY AUDIT MATTER	**HOW THE MATTER WAS ADDRESSED IN OUR AUDIT**
Revenue from contracts with customers comprises fees earned in respect of fund management activities and is the most significant line item in the consolidated statement of comprehensive income. Revenue from fund management activities comprises fund management fees charged to clients based on a percentage of assets under management as per underlying client mandates, as well as performance fees charged once certain thresholds are met. The two key components to fund management fees are the agreed percentages ("fee rates") and the assets under management ("AUM"). **The following are identified as the key risks for revenue from contracts with customers:** + There is a risk of overstatement of management and performance fees through premature revenue recognition or recording fictious revenues. + There is a risk that performance fees are not accurately calculated due to the complexity in applying the mandated criteria, as well as the risk of human error due to the calculation being performed manually. We consider management and performance fees to be one of most significant focus areas of the audit because of the size and nature thereof to the financial statements of the group, the complexity of the calculations involved, and the work effort required by the audit team. As a result, Revenue from contracts with customers is considered to be a key audit matter.	Our audit included the following audit procedures: **Procedures in relation to fee rates:** + We tested the design and operating effectiveness of controls over fee rates and over new and amended fee agreements. + We agreed a sample of fee rates used in the system calculation to the original mandates or fund prospectuses outlining the latest effective fee rates. **Procedures in relation to assets under management ("AUM")** + We obtained the Coronation Service Organisation Report prepared in accordance with ISAE 3402 for the period 1 October 2021 to 30 September 2022. We evaluated the key controls around the processing of AUM, including the controls covering the reconciliation of the AUM from the administrator to the Coronation records. + We obtained the AUM report from management, and independently verified the AUM report to the system over which control reliance has been placed. **General procedures:** + In addition to testing the inputs listed above (fee rates and AUM data), we engaged our Data and Analytics specialists to independently recalculate 100% of the automated management fees and compared the recalculated fees to the general ledger records. + We selected a sample of management fees calculated manually and independently recalculated and traced the inputs to supporting information such as mandates and the related AUM data. + We selected a sample of performance fees to independently recalculate and trace the inputs to supporting information such as independent benchmark data, mandates, and the related AUM data. + We considered the completeness and accuracy of the financial statement disclosures required by IFRS 15 Revenue from contracts with customers ("IFRS 15").

Investments backing policyholder funds and investments held through investment partnerships
Note 14 to the consolidated financial statements and the related accounting policy notes.

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
Investments backing policyholder funds and investments held through investments partnerships are significant to the Group. Investments backing policyholder funds and investments held through investment partnerships ("investments") are measured at fair value through profit or loss since the financial assets are managed and its performance evaluated on a fair value basis. **The following has been identified as the key risk:** + Investments are subject to complexities associated with valuation in terms of IFRS 13 Fair value measurement ("IFRS 13"). + Investments classified as Level 2 financial instruments which do not have directly observable market inputs and are subject to valuation risks given the number of inputs that require judgement. + Investments classified as Level 1 financial instruments are priced using unadjusted market prices, however, are still considered as a focus area for the audit, due to the volume of trades which occur related to these instruments. + Due to the significance of the balance and the judgement involved, the valuation of investments was determined to be a key audit matter.	Our audit included the following audit procedures: + We inquired of management to understand the process surrounding investments to ensure that the valuation methodologies and assumptions are appropriate in terms of IFRS 13. + We performed an assessment of the design and implementation of controls around the valuation and administration of investments with reference to the ISAE 3402 reports issued by the outsourced service organisations. + We engaged our internal valuation specialists to evaluate investments: – classified as Level 2 financial instruments by challenging the model and assumptions for the valuation of these instruments. This includes benchmarking of credit spreads to reflect counterparty risks in unlisted debt instruments. – classified as Level 1 financial instruments by agreeing the prices used by management to independent third-party sources. + We performed an assessment of management's classifications of these investments in terms of IFRS 13.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Coronation Annual Financial Statements Audited 2022", which includes the Directors' report (excluding the directors' interest and directors' remuneration identified as audited), the Audit committee report and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the "Coronation Annual Integrated Report 2022", which is expected to be made available to us after the date of this report. The other information does not include the consolidated and 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 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 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, 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 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 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 and 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 and 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 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.

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.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Coronation Fund Managers Limited (continued)

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 KPMG Inc. has been the auditor of Coronation Fund Managers Limited for 2 years.

KPMG Inc.

Per ZA Beseti
Chartered Accountant (SA)
Registered Auditor
Director

6 December 2022

KPMG Inc
The Halyard
4 Christian Barnard Street
Foreshore
Cape Town
8001

DIRECTORS' REPORT

BUSINESS ACTIVITIES

Coronation Fund Managers Limited (Coronation) (registration number 1973/009318/06) is one of southern Africa's most successful third-party fund management companies. It is a pure fund management business which offers both individual and institutional investors access to local and global expertise across all asset classes. Our clients include individuals, retirement funds, medical schemes and financial institutions. We also manage assets for several leading international retirement funds, endowments and family offices.

GROUP RESULTS

After a very strong recovery from the Covid lows in early 2020, global equity markets collapsed in 2022. Most asset classes declined precipitously as markets digested an unrelenting series of negative developments. Inflation, which soared to levels not seen in recent decades, and a dramatic increase in interest rates to curb it are likely to cause significant economic damage in the years to come.

Fund managers are cyclical businesses that are heavily impacted by market movements. Our financial results for the period under review reflect the sharp declines seen across all asset classes globally.

In this challenging market environment, we experienced outflows representing 6% of our average assets under management (AUM). This is in line with management's expectations, and it reflects the realities of a shrinking domestic savings pool. As a large domestic manager, we expect Coronation's flows to broadly reflect that of the savings pool and the economic reality within which it operates. Recent changes to Regulation 28 will further shrink the pool of domestically managed assets.

For the period under review, average AUM is R621 billion which is marginally higher than the previous year (September 2021: R617 billion). Closing AUM is 9% lower at R574 billion (September 2021: R634 billion).

Total expenses were down by 12% from the previous year, which is a significant decline considering the current inflationary environment. This is the result of our continued focus on managing fixed expenses, which were marginally up by 2%, and our variable expenditure model that has shielded shareholders from the extreme cost pressures that businesses around the world are currently experiencing. It is also worth noting that we continue to invest in the business to ensure that we are able to offer our clients world-class service in an ever-evolving landscape.

Fund management earnings per share (FMEPS) for the year ended 30 September 2022 decreased by 18% to 387.0 cents from 470.9 cents in the previous year. FMEPS is used by management to measure true operating financial performance. FMEPS excludes the net mark-to-market impact of fair value gains and losses and related foreign exchange movements on our investments held for seeding products. Diluted and basic headline earnings per share decreased by 25% to 366.3 cents (September 2021: 487.9 cents).

In 2023, the Company will celebrate its 30th anniversary. Our long-term investment track record over that period remains exemplary. Over the past three decades, 96% of our portfolios have outperformed their benchmarks.*

FINANCIAL STATEMENTS

The annual financial statements for the year ended 30 September 2022 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS) and the Companies Act of South Africa and in accordance with the JSE Listings Requirements.

CASH RETURNED TO SHAREHOLDERS

We continue to reward shareholders through regular and significant distributions of free cash flow generated. We endeavour to distribute at least 75% of after-tax cash profit. After assessing any projected future cash requirements, a final gross dividend of 172.0 cents per share has been declared for the year ended 30 September 2022, which has resulted in a final net dividend of 137.6 cents per share for shareholders subject to Dividends Tax (DT). Together with the interim gross dividend of 214.0 cents per share, this amounts to a total gross dividend of 386.0 cents per share for the year.

COMPLIANCE WITH APPLICABLE LAWS

The board confirms that the Company has complied with the provisions of the Companies Act relating to the Company's incorporation and that the Company is operating in conformity with its Memorandum of Incorporation.

** Company-wide, asset weighted since inception track record for funds with >10 year track record*

DIRECTORS' REPORT (continued)

SUBSIDIARY AND ASSOCIATE COMPANIES

Details of the associate company and principal subsidiaries are set out in notes 12 and 23.

The Group equity accounts its 40% shareholding in Namibia Asset Management Limited.

The Group consolidates the Coronation Global Equity Select [ZAR] Feeder Fund; the Coronation Global Sustainable Equity Income Fund* and the Coronation International Equity Fund* due to the seed capital invested in the funds relative to the total fund size being significant. In the current year, the Group seeded the Coronation Emerging Markets Diversified Equity Fund* and is the largest unitholder and as such will consolidate this fund.

* *Common Contractual Fund*

DIRECTORS AND SECRETARY

Profiles of directors are provided in the integrated annual report.

Details of the company secretary and the company's registered address are set out at the end of this report. The business address of the Company secretary is the same as the Company's registered address.

DIRECTORS' INTEREST (AUDITED)

There were no material contracts entered into during the financial year in which a director or officer of the Company had any interest.

The directors' direct and indirect beneficial interests in the issued share capital of the Company were:

	BENEFICIAL DIRECT	BENEFICIAL INDIRECT	%
2022			
Ordinary shares			
Anton Pillay	**506 557**	**4 354 117**	**1.39**
Hugo Nelson*	**3 751 046**	**2 576 370**	**1.81**
Mary-Anne Musekiwa	**–**	**76 729**	**0.02**
Neil Brown	**127 000**	**–**	**0.04**
2021			
Ordinary shares			
Anton Pillay	506 557	4 277 557	1.37
Hugo Nelson	3 751 046	2 576 370	1.81
Mary-Anne Musekiwa	–	53 594	0.01
Neil Brown	127 000	–	0.04

* *590 700 shares to the value of R17.7 million are pledged as security against a R13.6 million loan facility with a remaining term of 4.2 years as at 30 September 2022; 613 645 shares to the value of R18.4 million pledged as security against a R7.9 million interest only facility with no fixed term as at 30 September 2022; and 1 125 470 shares to the value of R33.8 million are pledged as security against a R16.5 million interest only facility with no fixed term as at 30 September 2022.*

There have been no changes in directors' interest subsequent to year-end up to the date of signing the financial statements.

DIRECTORS' REMUNERATION (AUDITED)

Remuneration paid by subsidiaries for services rendered for the year ended 30 September 2022 were as follows:

EXECUTIVE DIRECTORS	SALARY AND OTHER BENEFITS R'000	CASH VARIABLE REMUNERATION R'000	TOTAL CASH REMUNERATION 2022 R'000	TOTAL CASH REMUNERATION 2021 R'000
Anton Pillay	**2 166**	**8 754**	**10 920**	14 206
Mary-Anne Musekiwa	**2 166**	**2 085**	**4 251**	3 597
Total	**4 332**	**10 839**	**15 171**	17 803

In addition, for non-cash remuneration, refer to the share-based payments (note 6) and related party notes (note 22) in the financial statements.

Non-executive directors' remuneration paid by the Company for services rendered to the Group were as follows:

NON-EXECUTIVE DIRECTORS	BOARD MEETINGS R'000	AUDIT COMMITTEE MEETINGS R'000	RISK COMMITTEE MEETINGS R'000	REMU-NERATION AND NOMINATIONS COMMITTEE MEETINGS R'000	SOCIAL, ETHICS AND TRANS-FORMATION COMMITTEE MEETINGS R'000	TOTAL 2022 R'000	TOTAL 2021 R'000
Alexandra Watson	**1 250**	**–**	**–**	**300**	**–**	**1 550**	1 337
Hugo Nelson	**560**	**200**	**200**	**300**	**–**	**1 260**	1 079
Judith February	**560**	**–**	**–**	**–**	**250**	**810**	774
Lulama Boyce	**560**	**300**	**200**	**–**	**–**	**1 060**	795
Madichaba Nhlumayo	**560**	**200**	**200**	**–**	**150**	**1 110**	843
Neil Brown	**560**	**–**	**200**	**200**	**–**	**960**	803
Phakamani Hadebe	**560**	**–**	**–**	**–**	**150**	**710**	611
Saks Ntombela	**650**	**200**	**300**	**–**	–	**1 150**	749
Jock McKenzie	**–**	**–**	–	–	–	**–**	618
Shams Pather	**–**	**–**	**–**	**–**	**–**	**–**	750
Total	**5 260**	**900**	**1 100**	**800**	**550**	**8 610**	8 359

The above fees exclude VAT

In addition, remuneration paid by the subsidiary companies for services rendered to subsidiary companies for the year ended 30 September 2022 were as follows:

NON-EXECUTIVE DIRECTORS	BOARD MEETINGS R'000	TOTAL 2022 R'000	TOTAL 2021 R'000
Shams Pather	**–**	**–**	49
Alexandra Watson	**120**	**120**	98
Lulama Boyce	**120**	**120**	98
Madichaba Nhlumayo	**120**	**120**	98
Total	**360**	**360**	343

The above fees exclude VAT

SPECIAL RESOLUTIONS

At the annual general meeting of the Company held on 16 February 2022, the following special resolutions were passed:

+ The Company was authorised to generally provide any direct or indirect financial assistance contemplated in and subject to the provisions of section 44 and 45 of the Companies Act of South Africa.
+ The Company's remuneration to non-executive directors in respect of the financial year ending 30 September 2022 was approved.
+ The directors received general authority to repurchase up to 20% of the company's issued share capital, subject to certain conditions.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The final cash dividend for the 2022 financial year of R602 million (172.0 cents per share) was declared based on the actual shares in issue of 349 799 102.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2022

	NOTE	2022 R MILLION	2021 R MILLION
Fund management activities			
Revenue	2	**3 738**	4 263
Other (losses)/income	4.1	**(13)**	50
Total operating expenses	5,6	**(1 862)**	(2 104)
Results from operating activities		**1 863**	2 209
Finance and dividend income	3.1	**16**	13
Finance expense	3.2	**(60)**	(39)
Profit from fund management		**1 819**	2 183
Share of profit of equity-accounted investees	12	**5**	5
Sundry (losses)/gains	4.2	**(129)**	106
(Losses)/income attributable to policyholder linked assets and investment partnerships		**(3)**	10
Net fair value gains on policyholder and investment partnership financial instruments	14	**122**	118
Administration expenses borne by policyholders and investors in investment partnerships	15	**(125)**	(108)
Profit before income tax		**1 692**	2 304
Income tax expense	7	**(411)**	(597)
Taxation on shareholder profits	7	**(414)**	(587)
Taxation on policyholder investment contracts	7	**3**	(10)
Profit for the year		**1 281**	1 707
Other comprehensive gains/(losses) (to be recycled through profit and loss)		**30**	(46)
Foreign currency translation differences for foreign operations		**30**	(46)
Total comprehensive income for the year		**1 311**	1 661
Profit attributable to:			
– equity holders of the company		**1 281**	1 707
Profit for the year		**1 281**	1 707
Total comprehensive income attributable to:			
– equity holders of the company		**1 311**	1 661
Total comprehensive income for the year		**1 311**	1 661
Earnings per share (cents)			
– basic	8	**366.3**	487.9
– diluted	8	**366.3**	487.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

	NOTE	2022 R MILLION	2021 R MILLION
Assets			
Intangible assets	10	**1 088**	1 088
Equipment	11	**15**	18
Right-of-use assets	20	**74**	61
Investment in equity accounted investees	12	**41**	41
Deferred tax assets	13	**176**	228
Investments backing policyholder funds and investments held through investment partnerships	14	**54 718**	60 786
Investment securities	16.2	**1 341**	1 278
Taxation receivable		**62**	54
Trade and other receivables	19	**684**	675
Cash and cash equivalents	19	**656**	600
Total assets		**58 855**	64 829
Liabilities			
Long-term borrowings	17	**481**	451
Long-term other payables	19	**6**	61
Lease liabilities	20	**106**	94
Deferred tax liabilities	13	**6**	51
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	15	**54 712**	60 771
External investors in consolidated funds	23	**648**	178
Trade and other payables	19	**857**	957
Total liabilities		**56 816**	62 563
Net assets		**2 039**	2 266
Equity			
Share capital and premium	18	**256**	256
Retained earnings		**1 630**	1 888
Reserves		**153**	122
Total equity		**2 039**	2 266

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2022

	SHARE CAPITAL AND PREMIUM R MILLION	FOREIGN CURRENCY TRANSLATION RESERVE R MILLION
Balance at 30 September 2020	256	157
Profit for the year		
Other comprehensive losses		
Currency translation differences	–	(46)
Total comprehensive income for the year	–	(46)
Transactions with owners recorded directly in equity		
Share-based payments	–	–
Dividends paid	–	–
Total transactions with owners	–	–
Balance at 30 September 2021	256	111
Profit for the year	**–**	**–**
Other comprehensive income		
Currency translation differences	**–**	**30**
Total comprehensive income for the year	**–**	**30**
Transactions with owners recorded directly in equity	**–**	**–**
Share-based payments	**–**	**–**
Dividends paid		
Total transactions with owners	**–**	**–**
Balance at 30 September 2022	**256**	**141**

RETAINED EARNINGS R MILLION	SHARE-BASED PAYMENT RESERVE R MILLION	TOTAL EQUITY R MILLION
1 752	10	2 175
1 707		1 707
–		(46)
1 707		1 661
–	1	1
(1 571)	–	(1 571)
(1 571)	1	(1 570)
1 888	11	2 266
1 281	**–**	**1 281**
–	**–**	**30**
1 281	**–**	**1 311**
–	**1**	**1**
(1 539)	**–**	**(1 539)**
(1 539)	**1**	**(1 538)**
1 630	**12**	**2 039**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 September 2022

	NOTE	2022 R MILLION	2021 R MILLION
Cash flows from operating activities			
Profit from fund management		**1 819**	2 183
Non-cash and other adjustments	24	**119**	11
Operating profit before changes in working capital		**1 938**	2 194
Working capital changes		**(170)**	220
(Increase)/decrease in trade and other receivables		**(15)**	35
(Decrease)/increase in trade and other payables		**(155)**	185
Cash flows from policyholder and investment partnership activities*	25	**(1 081)**	1 662
Cash generated from operations		**687**	4 076
Interest on lease liabilities paid	20	**(12)**	(11)
Interest paid		**(33)**	(28)
Income taxes paid		**(406)**	(682)
Net cash from operating activities		**236**	3 355
Cash flows from investing activities			
Finance and dividend income	3.1	**16**	13
Acquisition of equipment	11	**(6)**	(11)
Net disposal of investment securities		**258**	16
Net cash from investing activities		**268**	18
Cash flows from financing activities			
Dividends paid		**(1 539)**	(1 571)
Lease liability paid	20	**(20)**	(13)
Net cash utilised in financing activities		**(1 559)**	(1 584)
(Decrease)/increase in cash and cash equivalents		**(1 055)**	1 789
Net increase in cash and cash equivalents – shareholders		**26**	127
Net (decrease)/increase in cash and cash equivalents – policyholders and investment partnerships*		**(1 081)**	1 662
Cash and cash equivalents at beginning of year		**7 485**	5 742
Cash and cash equivalents at beginning of year – shareholders		**600**	519
Cash and cash equivalents at beginning of year – policyholders and investment partnerships*		**6 885**	5 223
Effect of exchange rate fluctuations on cash held		**30**	(46)
Cash and cash equivalents at end of year		**6 460**	7 485
Cash and cash equivalents at end of year – shareholders		**656**	600
Cash and cash equivalents at end of year – policyholders and investment partnerships*		**5 804**	6 885

** The above cash flows include the policyholder and investment partnership activities. These cash flows represent net contributions and withdrawals by policyholders and investment partnerships and the related investing activities. Cash and cash equivalents of policyholders and investment partnerships are not available for use by the shareholders of the Group.*

ACCOUNTING POLICIES

for the year ended 30 September 2022

Coronation Fund Managers Limited (Coronation) is incorporated in South Africa. The consolidated and separate financial statements for the year ended 30 September 2022 include the Company and its subsidiaries, the Group's interest in associates and consolidated funds. The financial statements were authorised for issue by the directors on 6 December 2022.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS and its interpretations issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of South Africa and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and in accordance with the JSE Listings Requirements.

The accounting policies applied in the presentation of the consolidated financial statements are in terms of IFRS.

BASES OF PREPARATION

The financial statements are presented in South African rand, rounded to the nearest million. The financial statements are prepared on the going concern and the historical cost bases, except for certain financial instruments which are stated at fair value.

The directors have made an assessment of the Group's and Company's profitability and financial position and have determined that the Group and Company will be a going concern for at least 12 months from approval of the consolidated and separate financial statements. Therefore these consolidated and separate financial statements have been prepared on a going concern basis. The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

On 23 February 2022, the Minister of Finance announced a change in the corporate tax rate from 28% to 27% effective for years of assessment ending on or after 31 March 2023. This resulted in a change in the rate of deferred tax for the current reporting period. The reduction of 1% in the corporate tax rate did not have a material impact on the financial statements.

These financial statements have been prepared under the supervision of N Salie CA(SA).

BASIS OF CONSOLIDATION

Subsidiaries

The financial information of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the case of the Company, investments in subsidiaries are measured at fair value through other comprehensive income with other comprehensive income not recycling through profit and loss.

Consolidation

Coronation applies IFRS 10 Consolidated Financial Statements. The consolidated financial statements combine the financial statements of Coronation and all its subsidiaries. Subsidiaries are entities over which Coronation has control.

The Group has control over another entity when the Group has all of the following:

+ power over the relevant activities of the investee, for example through voting or other rights;
+ exposure to, or rights to, variable returns from its involvement with the investee; and
+ the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control. Details of the principal subsidiaries are given in note 23.

Loss of control

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

Associates

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

Investments in associates are initially recognised at cost.

In the case of the Company, investments in associates are carried at cost less impairments.

Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, to the extent that there is no evidence of impairment.

Unconsolidated structured entities

Coronation applies IFRS 12 Disclosure of Interests in Other Entities to identify unconsolidated structured entities. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. Any significant assumptions and judgements made by management in determining whether an entity meets the definition of a structured entity, and the details of Coronation's interest in these entities, are included in note 23. Outside interests of investments held by the Group are recognised as external investors in consolidated funds (financial liability).

FOREIGN CURRENCY

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to rand at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation, realisation or settlement are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to rand at foreign exchange rates ruling at the dates the fair value was determined.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill arising on consolidation, are translated to rand at foreign exchange rates ruling at the reporting date.

The income and expenses of foreign operations are translated to rand at rates approximating foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in the foreign currency translation reserve in other comprehensive income. This reserve is reclassified to profit or loss when foreign operations are disposed of.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised on the same basis as the foreign operation.

Net investment in foreign operations

Foreign exchange differences arising from the translation of the net investment in foreign operations are taken to a foreign currency translation reserve. They are reclassified into profit or loss upon disposal.

FINANCIAL INSTRUMENTS

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 Revenue From Contracts With Customers (IFRS 15).

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in three categories:

+ Financial assets at amortised cost;
+ Financial assets at FVOCI; or
+ Financial assets at FVTPL.

Financial assets at amortised cost
The Group measures financial assets at amortised cost if both of the following conditions are met:

+ The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
+ The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at fair value and subsequently measured using the effective interest method and are subject to impairment testing. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets held at amortised cost comprise cash and cash equivalents, trade and other receivables and amounts due to Group companies.

Cash and cash equivalents comprise balances held with banks that are not held for investment purposes.

Financial assets designated at FVOCI
Upon initial recognition, the Group can elect to classify irrevocably its investments in equities as designated at FVOCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income (OCI). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Company elected to classify investment in subsidiaries under this category.

Financial assets at FVTPL
Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments, however, the Group does not apply hedge accounting. Financial assets with cash flows that are not SPPI, and not designated as FVOCI, are classified and measured at FVTPL, irrespective of the business model.

Financial assets at FVTPL are recognised in the statement of financial position at fair value with net changes in profit or loss.

Investments backing policyholder funds and investments held through investment partnerships are measured at FVTPL since the financial assets are managed and its performance evaluated on a fair value basis.

The Group's financial assets at FVTPL includes investments backing policyholder funds and investments held through investment partnerships and investment securities.

Fair value hierarchy
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

Fair values are determined according to the following hierarchy based on the requirements of IFRS 13 'Fair Value Measurement':

+ Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
+ Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as closing prices) or indirectly (i.e. derived from closing prices). The majority of Level 2 investments are deposits held with financial institutions. The fair values of these deposits are determined using a discounted cash flow valuation methodology based on market rates, reflecting the time value of money and counterparty credit risk. The fair values of the policyholder and investment partnership liabilities included in Level 2, are measured with reference to the fair values of the mentioned assets underlying these liabilities.
+ Level 3: Inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

Transfers between levels of the assets and liabilities held at fair value occur when assets and liabilities are no longer held in an active market and vice versa. Bonds are classified as Level 1 if they have been traded within three months prior to the reporting date as the Level 1 classification for these instruments are based on the liquidity basis.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

+ The rights to receive cash flows from the asset have expired; or
+ The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without a material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised for those credit exposures for which there has been a significant increase in credit risk since initial recognition, over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs.

The Group considers a financial asset in default when contractual payments are past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL or amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

All investment contract liabilities and liabilities to holders of interests in investment partnerships issued by the Group are designated on initial recognition at fair value through profit or loss. This designation significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value.

The fair value of linked investment contract liabilities and liabilities to holders of interests in investment partnerships is determined based on the fair value of the associated linked financial assets and is net of the taxation payable on investment gains. Changes in the fair value of these financial instruments are recognised in profit or loss in the period in which they arise. Contributions received from policyholders and benefit payments made to policyholders are not recognised in profit or loss but are accounted for as deposits. The taxation payable is separately disclosed as part of taxation in the statement of comprehensive income.

The Group's financial liabilities include trade and other payables, borrowings, policyholder investment contract liabilities, external investors in consolidated funds, lease liabilities and long-term other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

EQUIPMENT

Equipment is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the equipment is capitalised as part of the equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Depreciation is provided on the depreciable amount of each component on a straight-line basis over the estimated useful life of the component. The depreciable amount related to each component is determined as the difference between the cost and the residual value of the component. The residual value is the estimated amount, net of disposal costs that the Group would currently obtain from the disposal of a component of similar age and condition as expected at the end of its useful life. The residual values, estimated useful lives and depreciation methods of equipment are reassessed at each reporting date.

The estimated depreciation rates for each class of equipment for the current and comparative periods are as follows:

+ Computer equipment	33% – 50%
+ Furniture and fittings	10% – 20%
+ Office equipment	20%

Leasehold improvement depreciation rates are determined by reference to the appropriate useful life of its separate components, limited to the period of the lease term.

Routine maintenance of assets is expensed as incurred. Subsequent expenditure is only capitalised if it is probable that future economic benefits associated with the item will flow to the Group.

The carrying amount of an item of equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition, determined as the difference between the net disposal proceeds and the carrying amount of the item, is recognised in profit or loss when the item is derecognised.

IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses whether there is any indication that an asset (excluding deferred tax assets) may be impaired. The recoverable amount, being the higher of fair value less costs to sell and value in use, is determined for any asset for which an indication of impairment is identified. For goodwill, the recoverable amount is estimated at each reporting date. If the recoverable amount of an asset is less than its carrying value, the carrying value of the asset is reduced to its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of cash inflows of other assets or groups of assets (the 'cash-generating unit'). 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 for the individual asset, the recoverable amount of the cash-generating unit (CGU) to which the asset belongs will be determined. An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount.

Impairment losses are recognised as an expense in profit or loss in the period in which they are identified. An impairment loss in respect of goodwill is not reversed. Impairment is first allocated to reduce the carrying amount of goodwill allocated to the CGU and then to reduce the carrying amount of other assets in the CGU on a pro rata basis. In respect of other assets, reversal of impairment losses is recognised in profit or loss in the period in which the reversal is identified, to the extent that the asset is not increased to a carrying value higher than it would have been had no impairment loss been recognised for the asset in prior years.

ACCOUNTING POLICIES

for the year ended 30 September 2022 (continued)

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 determines 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.

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. Details of leasing arrangements where the Group is a lessee are presented in note 20 Leases.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

Lease payments included in the measurement of the lease liabilities comprise fixed lease payments, including in-substance fixed payments, less any lease incentives as well as lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option. The lease liabilities are presented as a separate line item on the statement of financial position. The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liabilities is included in finance costs.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the statement of financial position.

The items included in the initial recognition of the right-of-use assets comprise the following:

+ the initial amount of the corresponding lease liabilities;
+ any lease payments made at or before the commencement date;
+ any initial direct costs incurred; and
+ less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated over the shorter of the lease term and the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The depreciation charge for each year is recognised in profit or loss.

INTANGIBLE ASSETS

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries and associates. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment in the equity-accounted investee.

Derecognition

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

EMPLOYEE BENEFITS

The cost of all employee benefits is recognised as an expense during the period in which the employee renders the related service. The accrual for employee entitlements to remuneration and annual leave represents the amount which the Group has a present obligation to pay as a result of employees' services provided by the reporting date. These accruals have been calculated at undiscounted amounts based on current salary rates.

Defined contribution plans

A defined contribution plan is a benefit plan under which an entity pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Contributions to defined contribution plans are recognised as an expense in profit or loss as incurred.

Share-based payment transactions with employees
The Group engages in equity-settled share-based payment transactions in respect of services received from employees.

The fair value of the services received in respect of equity-settled share-based payment transactions is determined by reference to the fair value of the shares or share options on the grant date to the employee. The cost of the share-based payment is recognised as an expense, with a corresponding increase in equity, over the vesting period of the grant. The amount recognised as an expense is adjusted to reflect the actual number of instruments that are expected to vest.

The increase in equity arising on the recognition of the share-based payments expense is recorded in the share-based payments reserve. Subsequently, once the transaction which gave rise to the initial expense has reached its conclusion, the portion of the share-based payments reserve which arose as a result of that particular transaction is transferred to retained earnings.

The grant date fair value measurement is based on option pricing models, taking into account the risk-free interest rate, volatility of the underlying equity instrument, expected dividends, share price as at grant date and any market-based performance conditions attaching to the grant.

Long-term employee benefits
The obligation in respect of long-term employee benefits is the amount of the bonus pool deferred to future periods. This future benefit relates to the net impact of unrealised gains or losses on financial investments and will be paid out upon ultimate redemption. As this amount will be deferred for a period greater than 12 months, it meets the definition of other long-term employee benefits per IAS 19 Employee Benefits. The present value of the liability is recognised in the statement of financial position as long-term other payables with a corresponding adjustment recognised in profit or loss.

The financial investments do not qualify as plan assets and are presented separately in the statement of financial position. The accounting policy for financial assets at fair value through profit or loss addresses the accounting treatment of these investments.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS
Provisions are liabilities of uncertain timing or amount, and are recognised if, as a result of a past event, the Group has created a legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent assets and contingent liabilities are not recognised.

REVENUE FROM CONTRACTS WITH CUSTOMERS
IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Revenue from fund management activities comprises fund management fees charged to clients based on a percentage of assets under management as per underlying client mandates as well as performance fees charged once certain thresholds are met. The Group views all revenue from contracts with customers to be linked to this single performance obligation. Revenue is measured at the amount of the transaction price which is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods and services to a customer, net of value-added tax.

Fund management fees are recognised over time in profit or loss as the services are rendered and the performance obligation is satisfied. Performance fees are included in fund management fees and are also recognised over time. These performance fees represent variable consideration and are only recognised when the Group is unconditionally entitled to the revenue and no contingency with respect to future performance exists. The Group earns a performance fee if certain performance thresholds and other criteria are met.

The Group includes variable consideration in revenue when it is no longer highly probable of significant reversal. Generally, the Group is deemed to be the principal in the contracts because the Group controls the promised services before they are transferred to customers, and accordingly presents the revenue gross of related costs.

Management fees and performance fees are both forms of variable consideration, however, there is no significant judgement or estimation involved as the transaction price is equal to the amount determined at the end of each measurement period and is equal to the amount billed to the customer as per contractual agreements. The Group uses the output method to recognise revenue, applying the practical expedient that allows an entity to recognise revenue in the amount to which the entity has a right to invoice if that consideration corresponds directly with the value to the customer of the entity's performance completed to date. Majority of management fee invoices are payable within 30 days and performance fee invoices are issued according to contractual terms.

The disaggregation of revenue from contracts with customers is based on geographic location which represent the Group's key reporting segments. This disaggregation provides the most appropriate depiction of how economic factors might impact the nature, amount, timing and uncertainty of the Group's revenue.

Financial and other income
Financial income comprises interest and dividend income. Other income includes other sundry income.

Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date the entity's right to receive payment is established.

Sundry gains and losses
Sundry gains and losses comprise realised and unrealised gains or losses on revaluation or on disposal of financial assets at FVTPL, as well as the related realised and unrealised foreign exchange gains and losses.

EXPENSES
Finance expense
Finance expense comprises interest payable on borrowings calculated using the effective interest method.

Income tax expense
Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss unless the underlying transaction is recognised in other comprehensive income or equity, in which case the related tax is also recognised in other comprehensive income or equity.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary deductible and taxable differences are not provided for:

+ initial recognition of goodwill not deductible for tax purposes;
+ the initial recognition of assets or liabilities in a transaction that is not a business combination that affects neither accounting nor taxable profit; and
+ differences relating to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Uncertain tax treatments are considered individually or collectively depending on the uncertainty of the impact on the taxation and deferred taxation and how the tax authority will make its examination. Judgements and estimates made in accounting for uncertain tax treatments are reassessed if the facts and circumstances on which the judgement or estimate was based change or as a result of new information. In determining the tax impact of an uncertainty, management considers whether it is probable that the taxation authority, ultimately being the court of law, will accept the uncertain treatment, and, if so no tax liability is raised, otherwise management reflects the uncertainty in estimating the tax liability.

EARNINGS PER SHARE
The Group presents basic, diluted and headline earnings per share data for its ordinary shares. Basic earnings per share is based on profit or loss attributable to equity holders of the Group, and will not include non-controllable interest, and is calculated on the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive ordinary shares.

Headline and diluted headline earnings per share is calculated in accordance with the circular titled Headline Earnings issued by the South African Institute of Chartered Accountants.

Fund management earnings are used by management to measure operating financial performance, which excludes the net impact of fair value gains and losses, and related foreign exchange, on investment securities held by the Group for seeding products.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the executive committee in order to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the executive committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

BLACK ECONOMIC EMPOWERMENT TRANSACTIONS

The scope of IFRS 2 Share-based Payments (IFRS 2) includes the Group's B-BBEE ownership initiatives in accordance with international interpretations in this regard. Where goods or services are received from black economic empowerment partners as consideration for equity instruments of the Group, then these transactions are accounted for in terms of IFRS 2, even when the goods and services cannot be specifically identified.

MANAGED FUNDS AND TRUST ACTIVITIES

Certain companies within the Group operate unit trusts and hold and invest funds on behalf of clients. Assets and liabilities representing such activities are not reflected on the statement of financial position, as these relate directly to clients. The values of these items are disclosed in the notes.

KEY MANAGEMENT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements, in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key areas in which judgement is applied include:

+ Assessing whether the Group controls an investee by assessing the power over the investee, exposure or rights, to variable returns from its involvement with its investee and the ability to use its power over the investee to affect the amount of the Group's returns (refer to note 23).
+ Assessing the probability of a negative outcome in relation to areas of tax uncertainty. In addition, judgement has been applied in determination of the ultimate tax authority.

Key areas in which estimation uncertainty is applied include:

+ Valuation of the share-based payment expense where inputs are based on observable market inputs, adjusted for factors that specifically apply to the transaction and recognising market volatility.
+ The valuation of unlisted investments is the principal area of judgement applied in the preparation of these financial statements. It is the opinion of the directors that fair value approximates carrying amount.

ACCOUNTING POLICIES

for the year ended 30 September 2022 (continued)

IFRS, AMENDMENTS AND IFRIC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following IFRS and amendments that are relevant to the Group have been issued but are not yet effective for the current financial year. The Group will adopt these no later than their effective dates, to the extent that they are applicable to its activities. The adoption of these standards and amendments is not expected to have a material impact on the financial statements of the Group.

+ ***IAS 1 Presentation of Financial Statements***
  Effective for annual periods beginning on or after 1 January 2024

  Classification of liabilities as current or non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

  Effective for annual period beginning on or after 1 January 2023

  Disclosure of Accounting Policies: The amendments require the Group to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when accounting policy information is likely to be material.

+ ***IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors***
  Effective for annual periods beginning on or after 1 January 2023

  Definition of Accounting Estimates: The amendments clarify how the Group should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The requirements for recognising the effect of a change in accounting prospectively remain unchanged.

+ ***IFRS 9 Financial Instruments***
  Effective for annual periods beginning on or after 1 January 2022

  Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognise a financial liability.

+ ***IAS 12: Income Taxes***
  Effective for annual reporting periods beginning on or after 1 January 2023

  Deferred Tax related to assets and liabilities arising from a single transaction: The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2022

1 OPERATING SEGMENTS

Segment information is presented in respect of the Group's operating segments based on geographical location. The international segment consists of internationally domiciled funds and clients as well as South African clients with international mandates.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Each segment's operating profitability is measured based on segment results and the segment's income from fund management.

	AFRICA		INTERNATIONAL		GROUP	
	2022 R MILLION	2021 R MILLION	**2022 R MILLION**	2021 R MILLION	**2022 R MILLION**	2021 R MILLION
Segment report						
Fund management						
Segment external revenue	**2 625**	2 830	**1 113**	1 433	**3 738**	4 263
Segment operating expenses	**(1 365)**	(1 546)	**(497)**	(558)	**(1 862)**	(2 104)
Segment result	**1 260**	1 284	**616**	875	**1 876**	2 159
Segment financial income/(expense)	**25**	61	**(22)**	2	**3**	63
Finance and dividend income	**15**	13	**1**	–	**16**	13
Other income/(losses)	**10**	48	**(23)**	2	**(13)**	50
Segment finance expense	**(50)**	(32)	**(10)**	(7)	**(60)**	(39)
Segment income from fund management	**1 235**	1 313	**584**	870	**1 819**	2 183
Share of profit of equity accounted investee	**5**	5	**–**	–	**5**	5
Sundry (losses)/gains					**(129)**	106
Income attributable to policyholder linked assets and investment partnerships					**(3)**	10
Net fair value gains on policyholder and investment partnership financial instruments					**122**	118
Administration expenses borne by policyholders and investors in investment partnerships					**(125)**	(108)
Profit before income tax					**1 692**	2 304
Income tax expense					**(411)**	(597)
Taxation on shareholder profits					**(414)**	(587)
Taxation on policyholder investment contracts and investors in investment partnerships					**3**	(10)
Profit for the year					**1 281**	1 707

	AFRICA		INTERNATIONAL		GROUP	
	2022 R MILLION	2021 R MILLION	**2022 R MILLION**	2021 R MILLION	**2022 R MILLION**	2021 R MILLION
1 OPERATING SEGMENTS (continued)						
Segment report (continued)						
Segment assets	**1 561**	1 458	**1 197**	1 167	**2 758**	2 625
Right-of-use assets	**19**	43	**55**	18	**74**	61
Intangible assets	**–**	–	**–**	–	**1 088**	1 088
Investment in equity-accounted investee	**–**	–	**–**	–	**41**	41
Deferred tax assets	**–**	–	**–**	–	**176**	228
Investments backing policyholder funds and investments held through investment partnerships	**–**	–	**–**	–	**54 718**	60 786
Total assets	**1 580**	1 501	**1 252**	1 185	**58 855**	64 829
Segment liabilities	**1 600**	1 368	**392**	279	**1 992**	1 647
Lease liabilities	**50**	72	**56**	22	**106**	94
Deferred tax liabilities	**–**	–	**–**	–	**6**	51
Policyholder investment contract liabilities and liabilities to holders of interests in investment partnerships	**–**	–	**–**	–	**54 712**	60 771
Total segment liabilities	**1 650**	1 440	**448**	301	**56 816**	62 563

Major customers

None of the Group's customers individually represent revenue in excess of 10% of the Group's total revenue.

	2022 R MILLION	2021 R MILLION
2 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Management fees	**3 277**	3 285
Performance fees	**461**	978
	3 738	4 263

Revenue from contracts with customers comprises fees earned in respect of fund management activities.

Refer to note 1 for disaggregation of revenue based on the geographical split of revenue earned.

All revenue from contracts with customers is earned over time.

	2022 R MILLION	2021 R MILLION
3 FINANCE AND DIVIDEND INCOME AND EXPENSE		
3.1 Finance and dividend income		
Finance income on financial assets at fair value through profit or loss	**–**	5
Finance income on financial assets at amortised cost	**16**	7
Dividend income on financial assets at fair value through profit or loss	**–**	1
	16	13
3.2 Finance expense		
Finance expense on interest-bearing borrowings as well as lease liabilities	**60**	39
	60	39
4 OTHER INCOME AND SUNDRY GAINS AND LOSSES		
4.1 Other (losses)/income		
Other sundry (losses)/income	**(13)**	50
	(13)	50
4.2 Sundry (losses)/gains		
(Losses)/gains on financial assets at fair value through profit or loss	**(129)**	106
5 TOTAL OPERATING EXPENSES		
are stated after taking into account:		
Auditor's remuneration: audit fees	**5**	6
Depreciation	**9**	11
Distribution expenses	**51**	54
Fund administration services	**198**	175
Information technology	**212**	228
Marketing expenses	**76**	58
Depreciation on right-of-use asset	**15**	13
Personnel expenses (including executive directors' remuneration)		
– salaries and incentive compensation	**1 143**	1 327
– provident fund contributions	**51**	48
– social security costs	**5**	4
– share-based payment expense	**1**	1

Details of the directors' remuneration and their interests are disclosed in the directors' report on pages 10 and 11 and in notes 6 and 22.

Coronation Retirement Fund

All employees are members of a defined contribution provident fund, the plan for South African employees is governed by the Pension Funds Act, 24 of 1956, as amended. No valuation is performed as the liability of the fund cannot exceed its assets. Other than ongoing contributions charged against income as incurred, the Group has no further retirement benefit obligations.

6 OTHER EXPENSES

Share-based payment expense

Coronation offered shares to the employees of the Group in 2005. The sale of shares is restricted while an employee is employed by Coronation. The compensation benefit which was required to be spread over the vesting period was approximated by the intrinsic value of the offer, being the difference between the market share price and the offer price on grant date.

	2022 NUMBER	2021 NUMBER
Details of number of restricted shares held during the year		
At beginning of year	**23 531 668**	23 531 668
At end of year	**23 531 668**	23 531 668

Equity-based remuneration of executive directors

As at 30 September 2022, Anton Pillay held 125 000 restricted Coronation shares with a market value of R3.8 million (2021: 125 000 shares with a market value of R6.3 million).

B-BBEE transaction

Coronation established the Imvula Trust to facilitate its B-BBEE transactions. On 1 April 2005, the Imvula Trust acquired 10% of Coronation Investment Management (South Africa) (Pty) Ltd (CIMSA) from Coronation. The acquisition consideration amounted to R147 million, based on a price per Coronation share of R3.85, and was funded by the issue of redeemable preference shares to a third-party financier. The funding was guaranteed by Coronation and the Imvula Trust was consolidated into the Group's financial statements. The Imvula Trust was no longer consolidated into the Group as from 28 February 2013. The majority of the units have been allocated to beneficiaries as at 30 September 2022, which was also the case as at 30 September 2021. Any current allocations subject to service conditions have vesting periods ranging from 3 – 7 years.

During 2014, the Imvula II Trust was formed to house unallocated units and both trusts are managed by an independent board of Trustees. A board of trustees was established to nominate the beneficiaries who will, upon fulfilment of certain conditions, have an interest in the underlying shares held by the Imvula Trust. During the current year 1.4 million shares were purchased which are yet to be allocated to beneficiaries. The funding for the transaction was raised in CIMSA and on-lent to Imvula Capital II which in turn provided a capital contribution to Imvula II Trust to enable Imvula II Trust to purchase the shares. The dividend flow from the shares will be utilised to pay off the debt funding.

The fair value was estimated at the date of the sale in 2005 using an appropriate option valuation model as determined by external valuation experts. The inputs into the model were as follows:

+ Assumed employee forfeiture rate per annum	5%
+ Dividend yield	6.5%
+ Fair value at grant date (cents per share)	385

The assumed forfeiture rate for 2022 is 2% (2021: 2%).

	2022 R MILLION	2021 R MILLION
Expense charged to profit or loss		
B-BBEE transaction	**1**	1
Total expense	**1**	1

Coronation shares	RESTRICTED SHARES BALANCE 1 OCTOBER 2021	GRANTED	VESTED	VESTING DATE	RESTRICTED SHARES BALANCE 30 SEPTEMBER 2022	**30 SEPTEMBER 2022 R MILLION**
2022						
Anton Pillay	125 000	–	–	–	125 000	**4**

	2022 R MILLION	2021 R MILLION
7 INCOME TAX EXPENSE		
Taxation on shareholder profits		
Normal tax		
South Africa		
– current tax on income for the year	**361**	600
– adjustments in respect of prior years	**(27)**	4
Other – International		
– current tax on income for the year	**64**	60
Total current tax	**398**	664
Deferred tax		
South Africa	**16**	(58)
– Origination and reversal of temporary differences	**10**	(58)
– Reduction due to change in tax rate	**6**	–
International		
– Origination and reversal of temporary differences	**–**	(19)
Total deferred tax	**16**	(77)
Taxation on shareholder profits	**414**	587
Taxation on policyholder investment contracts	**(3)**	10
Income tax expense	**411**	597
The rates of corporation tax for the relevant years are:		
South Africa	**28%**	28%
International (average)	**16%**	16%
Profit from fund management, share of profit from equity accounted investees and sundry gains	**1 695**	2 294
Taxation on shareholder profits	**414**	587
Effective tax rate excluding policyholder tax	**24%**	26%
Effective tax rate including policyholder tax	**24%**	26%

		2022 R MILLION	2021 R MILLION
7	**INCOME TAX EXPENSE (continued)**		
	Reconciliation of taxation on shareholder profits		
	The tax charge is different to the standard rate as detailed below:		
	Tax on profit before tax, at SA rate of 28%	**475**	643
	Effect of tax rates in foreign jurisdictions	**(63)**	(64)
	Tax on capital gain	**25**	15
	Non-deductible expenses*	**(27)**	29
	Tax Exempt Income	**15**	(22)
	Non-taxable income**	**11**	(16)
	(Over)/under provided in prior years	**(27)**	4
	Reduction in tax rate	**6**	–
	Effect of equity-accounted profits included net of tax	**(1)**	(2)
	Taxation on shareholder profits	**414**	587

** Non-deductible expenses relate to accounting adjustments*

***Non-taxable income relates mainly to realised/unrealised gains on investments*

	2022 R MILLION	2021 R MILLION
Tax on policyholder investment contracts		
Current tax		
South Africa		
– current tax on income for the year	**6**	4
Deferred tax		
South Africa	**(9)**	6
Tax on policyholder investment contracts	**(3)**	10
Income tax expense	**411**	597

8 EARNINGS PER SHARE

BASIC EARNINGS PER SHARE (CENTS)	CENTS	CENTS
Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted number of ordinary shares in issue during the year.	**366.3**	487.9

	NUMBER '000	NUMBER '000
Issued ordinary shares at beginning of year	**349 799**	349 799
Weighted average number of ordinary shares in issue during the year	**349 799**	349 799
Adjusted weighted number of ordinary shares potentially in issue	**349 799**	349 799

	R MILLION	R MILLION
Earnings attributable to shareholders	**1 281**	1 707
Earnings attributable to ordinary shareholders	**1 281**	1 707

	CENTS	CENTS
Diluted earnings per share (cents)		
Diluted earnings per share is calculated by dividing the earnings attributable to ordinary shareholders, adjusted for the effects of dilutive ordinary potential shares, by the weighted average number of shares in issue during the year plus the weighted average number of ordinary shares potentially in issue.	**366.3**	487.9

	2022 R MILLION	2021 R MILLION

8 EARNINGS PER SHARE (continued)

Earnings attributable to shareholders	**1 281**	1 707
Diluted earnings attributable to ordinary shareholders	**1 281**	1 707

Headline earnings per share (cents)

Headline earnings per share has been calculated in accordance with Circular 1/2021 titled Headline Earnings issued by the South African Institute of Chartered Accountants.

	PROFIT BEFORE TAX R MILLION	TAX R MILLION	EARNINGS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS R MILLION	PER SHARE CENTS
2022				
Per the financial statements	**1 692**	**(411)**	**1 281**	**366.3**
Headline earnings	**1 692**	**(411)**	**1 281**	**366.3**
Diluted headline earnings per share (cents)			**1 281**	**366.3**
2021				
Per the financial statements	2 304	(597)	1 707	487.9
Headline earnings	2 304	(597)	1 707	487.9
Diluted headline earnings per share (cents)			1 707	487.9

DIVIDENDS PER SHARE	**2022 CENTS**	2021 CENTS
Dividend distribution		
– interim: declared 24 May 2022 (2021: 25 May)	**214**	244
– final: declared 22 November 2022 (2021: 23 November)	**172**	226
Total dividend	**386**	470

9 RECONCILIATION OF FUND MANAGEMENT EARNINGS

Fund management earnings are used by management to measure operating financial performance, which excludes the net impact of fair value gains and losses and related foreign exchange on investment securities held by the Group. In management's view, this measure represents the earnings from core business activities of the Group, being fund and investment management activities.

The calculation of fund management earnings is based on headline earnings attributable to ordinary shareholders, adjusted for the after tax and after bonus impact of sundry gains or losses disclosed in the consolidated statement of comprehensive income. These sundry gains and losses include the fair value and foreign exchange movements on investment securities held by the Group for seeding products.

	2022 R MILLION	2021 R MILLION
Headline earnings attributable to ordinary shareholders	**1 281**	1 707
Sundry losses/(gains) (consolidated statement of comprehensive income)	**129**	(106)
Related tax (28% at capital gains inclusion rate) and bonus impact	**(57)**	46
Earnings from fund management	**1 353**	1 647
Fund management earnings per share (cents)	**387.0**	470.9
Diluted fund management earnings per share (cents)	**387.0**	470.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 September 2022 (continued)

		2022 R MILLION	2021 R MILLION
10	**INTANGIBLE ASSETS**		
	Goodwill (cost)	**1 088**	1 088
	Total	**1 088**	1 088

Substantially all goodwill arose on the acquisition of the Group's Africa fund management operations and is allocated to this cash-generating unit for impairment testing purposes. For the purposes of impairment testing, goodwill is considered in aggregate based on the Group's Africa fund management operations. The impairment test was based on fair value less costs to sell, which is evidenced by way of reference to the traded share price of Coronation at reporting date. As the listed share price of R30.04 per share as at 30 September 2022 is substantially in excess of the R3.29 per share price at which the Company listed in June 2003, the recoverable amount significantly exceeds the carrying amount of the Group's fund management operations (including goodwill).

		COMPUTER EQUIPMENT R MILLION	FURNITURE AND FITTINGS R MILLION	OFFICE EQUIPMENT R MILLION	LEASEHOLD IMPROVEMENTS R MILLION	TOTAL R MILLION
11	**EQUIPMENT**					
	2022					
	Cost					
	At beginning of year	**139**	**17**	**13**	**6**	**175**
	Additions	**4**	**–**	**2**	**–**	**6**
	Disposals	**(2)**	**–**	**–**	**(3)**	**(5)**
	At end of year	**141**	**17**	**15**	**3**	**176**
	Accumulated depreciation					
	At beginning of year	**(122)**	**(17)**	**(12)**	**(6)**	**(157)**
	Depreciation	**(8)**	**–**	**(1)**	**–**	**(9)**
	Disposals	**2**	**–**	**–**	**3**	**5**
	At end of year	**(128)**	**(17)**	**(13)**	**(3)**	**(161)**
	Carrying value – 2022	**13**	**–**	**2**	**–**	**15**
	2021					
	Cost					
	At beginning of year	132	16	12	6	166
	Additions	9	1	1	–	11
	Disposals	(2)	–	–	–	(2)
	At end of year	139	17	13	6	175
	Accumulated depreciation					
	At beginning of year	(114)	(16)	(12)	(6)	(148)
	Depreciation	(10)	(1)	–	–	(11)
	Disposals	2	–	–	–	2
	At end of year	(122)	(17)	(12)	(6)	(157)
	Carrying value – 2021	17	–	1	–	18

	2022 R MILLION	2021 R MILLION

12 INVESTMENT IN EQUITY-ACCOUNTED INVESTEES

Analysis of the movement in our share of net assets:

	2022 R MILLION	2021 R MILLION
At beginning of year	**41**	41
Share of profit from equity-accounted investee	**5**	5
Dividends received	**(5)**	(5)
At end of year	**41**	41

Summary financial information of equity-accounted investees:

	COUNTRY	OWNERSHIP %	NON-CURRENT ASSETS R MILLION	CURRENT ASSETS R MILLION	NON-CURRENT LIABILITIES R MILLION	CURRENT LIABILITIES R MILLION	EQUITY R MILLION	REVENUE R MILLION	SHARE OF PROFIT R MILLION
2022									
Namibia Asset Management Limited	Namibia	**40.05**	**4**	**25**	**1**	**17**	**11**	**36**	**5**

	COUNTRY	OWNERSHIP %	NON-CURRENT ASSETS R MILLION	CURRENT ASSETS R MILLION	NON-CURRENT LIABILITIES R MILLION	CURRENT LIABILITIES R MILLION	EQUITY R MILLION	REVENUE R MILLION	PROFIT R MILLION
2021									
Namibia Asset Management Limited	Namibia	40.05	5	29	1	20	13	36	5

The market capitalisation of Namibia Asset Management Limited as at 30 September 2022 is NAD 134 million (2021: NAD 132 million).

By virtue of an arms-length and market-related agreement, the Group provides asset management services to Namibia Asset Management Limited.

	Assets 2022 R million	Assets 2021 R million	Liabilities 2022 R million	Liabilities 2021 R million	Net 2022 R million	Net 2021 R million
13 DEFERRED TAX						
Deferred tax assets and liabilities are attributable to the following:						
Employee benefits	**149**	233	**–**	–	**149**	233
Provisions, prepayments and leases	**11**	(5)	**–**	–	**11**	(5)
Unrealised fair value adjustments on financial assets						
– shareholders	**16**	–	**–**	(36)	**16**	(36)
– policyholders	**–**	–	**(6)**	(15)	**(6)**	(15)
Net deferred tax assets/liabilities	**176**	228	**(6)**	(51)	**170**	177

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR	**Balance 2021 R million**	**Change in tax rate R'million**	**Recognised* in profit or loss R million**	**Foreign currency translation differences R million**	**Balance 2022 R million**
Employee benefits	**233**	**8**	**(92)**	**1**	**150**
Provisions, prepayments and leases	**(5)**	**–**	**16**	**–**	**11**
Unrealised fair value adjustments on financial assets	**(51)**	**(2)**	**62**	**–**	**9**
	177	**6**	**(14)**	**1**	**170**

	Balance 2020 R million	Recognised* in profit or loss R million	Foreign currency translation differences R million	Balance 2021 R million
Employee benefits	147	87	(1)	233
Provisions and prepayments	4	(9)	–	(5)
Unrealised fair value adjustments on financial assets	(44)	(7)	–	(51)
	107	71	(1)	177

** Included in this amount is deferred tax related to policyholder and investment partnerships*

	2022 R MILLION	2021 R MILLION
14 INVESTMENTS BACKING POLICYHOLDER FUNDS AND INVESTMENTS HELD THROUGH INVESTMENT PARTNERSHIPS		
Net fair value gains on policyholder and investment partnership financial instruments		
Investment income	**2 923**	2 955
Realised and unrealised net fair value (losses)/gains on investments designated at fair value through profit or loss backing policyholders funds and holders of interest in investment partnerships	**(1 743)**	7 281
Increase in liabilities to policyholders and holders of redeemable interests in investment partnerships	**(1 058)**	(10 118)
	122	118
Policyholder and investment partnership investments		
Equities	**20 952**	23 523
Mining	**4 203**	6 183
Banks, insurance and financial services	**5 105**	6 016
Industrial, retail and other sectors	**11 644**	11 324
Derivative financial instruments	**55**	17
Real estate funds and property loan stock companies	**1 147**	1 330
Interest-bearing stocks, debentures and other loans	**13 544**	16 842
Deposits at financial institutions	**5 804**	6 885
Domestic unit trusts	**4 024**	3 898
Mutual funds	**7 794**	7 173
International equities	**202**	–
International bonds	**719**	139
Unsettled trades	**292**	633
	54 533	60 440
Investments at book value	**59 403**	55 964
Unrealised investment (losses)/gains	**(4 870)**	4 476
Partnership trade receivables	**185**	346
Balance at end of year	**54 718**	60 786
Comprising:		
Investments backing policyholder funds	**50 642**	55 952
Investments held through investment partnerships	**4 076**	4 834
	54 718	60 786
15 POLICYHOLDER INVESTMENT CONTRACT LIABILITIES AND LIABILITIES TO HOLDERS OF INTERESTS IN INVESTMENT PARTNERSHIPS		
Movement in financial liability:		
Balance at beginning of year	**58 518**	48 145
	30 022	36 579
Contributions from policyholders and investors	**27 099**	33 624
Investment income	**2 923**	2 955
	(33 833)	(33 487)
Withdrawals by policyholders and investors	**(33 711)**	(33 369)
Operating expenses	**(125)**	(108)
Taxation on policyholder investment contracts	**3**	(10)
Realised and unrealised net fair value (losses)/gains on investments designated at fair value through profit or loss backing policyholder funds and holders of interest in investment partnerships	**(1 743)**	7 281
Balance at end of year	**52 964**	58 518
Trade payables	**390**	675
Short positions	**1 358**	1 578
Deferred tax (see note 13)	**6**	15
Balance at end of year	**54 718**	60 786

	2022 R MILLION	2021 R MILLION
15 POLICYHOLDER INVESTMENT CONTRACT LIABILITIES AND LIABILITIES TO HOLDERS OF INTERESTS IN INVESTMENT PARTNERSHIPS (continued)		
Comprising:		
Liability to policyholders in respect of investment contracts	**50 636**	55 937
Liability to holders of redeemable interests in investment partnerships	**4 076**	4 834
	54 712	60 771
Deferred tax liabilities	**6**	15
	54 718	60 786

The amount of cash placed as collateral in respect of scrip borrowings amounts to R1 million (2021: R27 million). This amount is recognised as a receivable by the investment partnerships. In addition to this, the investment partnerships have placed scrip as collateral amounting to R1.6 billion (2021: R2.0 billion). This collateral relates to the short sale transactions.

Policyholder liabilities are payable on demand. Trade payables relate to costs incurred on behalf of policyholders.

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Accounting classifications

The table below sets out the Group's classification of each class of financial assets and financial liabilities: For financial assets and financial liabilities not designated at FVTPL, the carrying value approximates fair value.

R MILLION	NOTE	MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	CARRYING AMOUNT
2022					
Cash and cash equivalents		–	656	–	656
Trade and other receivables		–	684	–	684
Investments backing policyholder funds	14	50 642	–	–	50 642
Investments held through investment partnerships	14	4 076	–	–	4 076
Investment securities	16.2	1 341	–	–	1 341
		56 059	1 340	–	57 399
Trade and other payables		–	–	857	857
Lease liabilities		–	–	106	106
Liability to policyholders in respect of investment contracts	15	50 636	–	–	50 636
Liability to holders of redeemable interests in investment partnerships	15	4 076	–	–	4 076
External investors in consolidated funds		648	–	–	648
Long-term other payables		–	–	6	6
Long-term borrowings		–	–	481	481
		55 360	–	1 450	56 810

16 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

16.1 Accounting classifications (continued)

R MILLION	NOTE	MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL LIABILITIES AT AMORTISED COST	CARRYING AMOUNT
2021					
Cash and cash equivalents		–	600	–	600
Trade and other receivables		–	675	–	675
Investments backing policyholder funds	14	55 952	–	–	55 952
Investments held through investment partnerships	14	4 834	–	–	4 834
Investment securities	16.2	1 278	–	–	1 278
		62 064	1 275	–	63 339
Trade and other payables		–	–	957	957
Lease liabilities		–	–	94	94
Liability to policyholders in respect of investment contracts	15	55 937	–	–	55 937
Liability to holders of redeemable interests in investment partnerships	15	4 834	–	–	4 834
External investors in consolidated funds		178	–	–	178
Long-term other payables		–	–	61	61
Long-term borrowings		–	–	451	451
		60 949	–	1 563	62 512

	2022 R MILLION	2021 R MILLION
16.2 Investment securities		
Financial assets at fair value through profit or loss		
– Unit trusts	**120**	162
– Mutual funds and unit trusts (including consolidated funds)	**1 221**	718
– Listed equities and bonds in respect of consolidated funds	**–**	398
	1 341	1 278
16.3 Loan to Intembeko Investment Administrators (Pty) Ltd (IntIA)		
At beginning of year	**36**	34
Income due to unwinding of discount	**3**	2
Value of loan at end of year	**39**	36

Included in trade and other receivables is a loan provided to IntIA that was advanced during the 2018 financial year to the value of R42 million. The loan is interest free, subordinated in favour of other creditors, and is expected to be repaid within 5 years from date of issue (29 March 2018). A discount rate linked to the Prime Lending Rate of South Africa (prime) was applied in calculating the present value of the loan.

See note 23 for more information regarding the loan.

16.4 Loan to Intembeko Solutions (Pty) Ltd

	2022 R MILLION	2021 R MILLION
At beginning of year	**–**	–
Loan advanced during current year	**50**	–
Discounting on current year loan	**(16)**	–
Value of loan at end of year	**34**	–

Included in trade and other receivables is a loan provided to Intembeko Solutions to the value of R50 million during the current financial year. The loan is interest free, subordinated in favour of other creditors, and is expected to be repaid within 5 years from date of issue (30 September 2022). A discount rate linked to the Prime Lending Rate of South Africa (prime) was applied in calculating the present value of the loan.

See note 23 for more information regarding the loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 September 2022 (continued)

		2022 R MILLION	2021 R MILLION
17	**LONG-TERM BORROWINGS**		
	Balance at beginning of year	**451**	467
	Interest accrued	**27**	27
	Interest paid	**(27)**	(27)
	Foreign exchange losses/(gains)	**30**	(16)
		481	451

The cumulative redeemable preference shares with fixed rate dividends payable quarterly have a capital payment of R300 million (2021: R300 million) due on 1 April 2025.

Additional long-term borrowings at year-end reflect a term loan facility of R181 million (2021: R151 million) with the Standard Bank of South Africa Limited (Standard Bank) entered into on 18 October 2019, amounting to US$10 million, for the purposes of funding for a Common Contractual Fund (CCF) (refer to note 23) issued by Coronation Global Fund Managers (Ireland) Limited. The loan facility is at a fixed rate and capital repayment is due on 17 October 2024.

		2022 R MILLION	2021 R MILLION
18	**SHARE CAPITAL**		
	Authorised		
	750 000 000 (2021: 750 000 000) ordinary shares of 0.01 (2021: 0.01) cent per share	**75**	75

Issued, allotted and fully paid

	NUMBER ('000)	NUMBER ('000)
Number of ordinary shares		
At beginning of year	**349 799**	349 799
At end of year	**349 799**	349 799
	R MILLION	R MILLION
Share capital and premium	**256**	256

Unissued shares

Unissued shares are under the control of the directors until the forthcoming annual general meeting.

Shareholders with a direct or indirect beneficial interest of 5% or more in shares are disclosed on page 57.

19 FINANCIAL RISK DISCLOSURES

The Group is exposed to market risk, credit risk, liquidity risk, price risk, interest rate risk and currency risk through a combination of the nature of its operations, the financial instruments of which it is a party and the location of its operations.

This note represents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management and control are integral to the governance of the Group as more fully explained in the integrated annual report. There has been no significant change in the documented risk management policies in the current year.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management strategy and framework (risk framework) and associated policies. The board has established the Group risk committee, which is responsible for oversight of the Group's risk framework and risk management function. The committee reports regularly to the board of directors on its activities. The audit committee is appraised of material financial risks through the risk committee.

The Group's risk framework is established to identify and analyse the risks faced by the Group, to set an appropriate risk appetite, identify mitigating controls, and to monitor risks exceeding the risk appetite. Risk registers are reviewed regularly to reflect changes in market conditions, internal operations, products and services offered.

The market and credit risk associated with the financial assets held to back investment contract liabilities issued by a Group company is borne in its entirety by policyholders. The liquidity risk associated with the Company being contractually obligated to repay policyholders on demand, is managed through the investment composition of assets included in the policyholder portfolios and by contract with the policyholders. Such contracts mitigate the liquidity risk faced by the Company and passes this on to policyholders in the ordinary course of business and in the event that substantial withdrawals require large scale disinvestment of the assets in these portfolios. The investment composition at year-end is provided in note 14.

The assets held through limited liability investment partnerships which the Group is deemed to control and which are therefore consolidated, are held to back the investors' interests in these partnerships. The financial assets within these investment partnerships are subject to a variety of financial risks (market and credit risk), all of which are borne by the investors into these partnerships. Fluctuations in the values of these assets directly impact the carrying value of the Group's financial liabilities to the holders of redeemable interests in these partnerships. By virtue of the fact that these investment partnerships are permitted in terms of their investment mandates to use leverage in their investment strategies and the fact that certain companies in the Group are the general partner to these partnerships, exposes the Group to the residual risk of any shortfall in the net assets of the partnerships – refer to note 14. This risk is considered remote and a financial loss to the Group would require the limited partners or investors into these partnerships to lose all of the capital they have contributed, together with investment returns earned.

As explained above, the Group's exposure to financial risk arising from the financial assets and liabilities relating to investment partnerships is negligible and therefore no further analysis is required to be presented.

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.

Financial assets which are subject to credit risk consist principally of cash and receivables. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

Investments are allowed only in liquid securities and only with counterparties that have high credit ratings.

At the reporting date, the majority of cash and cash equivalents were held with one financial institution. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

19 FINANCIAL RISK DISCLOSURES (continued)

Credit risk (continued)

At the reporting date, the Group's financial assets exposed to credit risk amounted to the following:

	CARRYING AMOUNT	
	2022 R MILLION	2021 R MILLION
Trade and other receivables	**684**	675
Cash and cash equivalents	**656**	600
	1 340	1 275

The ageing of trade and other receivables at the reporting date was:

Not past due	**603**	562
Past due 0 – 30 days	**18**	39
Past due 31 – 120 days	**53**	56
Past due 121 – 365 days	**10**	18
Total	**684**	675

The majority of trade and other receivables comprise fees receivable as well as the loans to IntIA and Intembeko Solutions (Pty) Ltd (refer to note 16.3 and 16.4).

Despite certain receivables being past due, the Group considers the full amount to be recoverable and the expected credit loss has been assessed to be insignificant. Trade and other receivables have not been discounted as the impact of discounting is considered to be insignificant.

Each of the amounts past due are backed by a portfolio of assets supporting its recoverability. While the value of the trade and other receivables has decreased the profile has remained the same as the prior year and amounts reflected as past due will be collected in terms of the agreement with these clients.

Capital adequacy

The Group comprises financial services providers. As such the various operating entities in the Group are subject to the financial services regulations in the jurisdictions in which they operate.

These are as follows:

+ South Africa – Financial Sector Conduct Authority (FSCA)
+ United Kingdom – Financial Conduct Authority (FCA)
+ Ireland – Central Bank of Ireland (CBI)

All of these bodies have prescribed minimum capital requirements for financial service entities operating in their jurisdiction. As such, the Group ensures ongoing compliance with these requirements.

Capital adequacy is ensured by means of compliance with the regulations set out above. All operating entities have complied with all externally imposed capital requirements throughout the year. There have been no material changes in the Group's management of capital during the year.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Amounts due to policyholders is the fair value of the underlying assets, and the amount at which these assets are realised will be paid to policyholders.

Amounts due to external investors in consolidated funds were carried at the fair value of the underlying assets.

The cumulative redeemable preference shares issued by Coronation Investment Management SA Proprietary Limited has a capital repayment due on 1 April 2025.

The additional long-term borrowings is a loan term facility with Standard Bank entered into on 18 October 2019, with capital repayment due on 17 October 2024.

For more information on these cumulative redeemable preference shares and the term loan facility, see note 17.

19 FINANCIAL RISK DISCLOSURES (continued)

Liquidity risk (continued)

The following are the contractual maturities of short-term financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

R MILLION	CARRYING AMOUNT	CONTRACTUAL CASH FLOWS	6 MONTHS OR LESS	MORE THAN 6 MONTHS
30 September 2022				
Non-derivative financial liabilities				
Trade and other payables	**857**	**(857)**	**(857)**	**–**
Long-term borrowings	**481**	**(547)**	**(10)**	**(537)**
	1 338	**(1 404)**	**(867)**	**(537)**
30 September 2021				
Non-derivative financial liabilities				
Trade and other payables	957	(957)	(957)	–
	957	(957)	(957)	–

Trade and other payables relate to operating expenses incurred in the ordinary course of business.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

The revenues and profit generation of the Group are linked to the value of assets under management. Movements in equity markets and interest rates, currency exchange rates and commodity prices that adversely affect the value of assets under management will impact the Group's revenues and reported profits. In the event that performance benchmarks are not met, the Group may be exposed to underperformance rebates. The Group manages this risk through its structured investment process. The value of assets under management at the reporting date is as follows:

	2022 R BILLION	2021 R BILLION
Assets under management		
Fair value of assets under management – by geographical region		
Africa	**412**	444
International	**162**	190
	574	634

The Group earned an average revenue margin of 59 basis points (2021: 68 basis points) on assets under management.

19 FINANCIAL RISK DISCLOSURES (continued)

Interest rate risk

The following table provides an analysis of the financial assets and liabilities of the Group and indicates those categories that are interest sensitive and their contractual maturities.

R MILLION	TOTAL	ONE YEAR OR LESS	ONE – FIVE YEARS	MORE THAN FIVE YEARS	NON-INTEREST-BEARING
2022					
Assets					
Trade and other receivables	**684**	**–**	**–**	**–**	**684**
Cash and cash equivalents	**656**	**656**	**–**	**–**	**–**
	1 340	**656**	**–**	**–**	**684**
Liabilities					
Long-term borrowings	**481**	**–**	**481**	**–**	**–**
Long-term other payables	**6**	**–**	**–**	**–**	**6**
Lease liabilities	**106**	**18**	**59**	**29**	**–**
Trade and other payables	**857**	**–**	**–**	**–**	**857**
	1 450	**18**	**540**	**–**	**863**
2021					
Assets					
Trade and other receivables	675	–	–	–	675
Cash and cash equivalents	600	600	–	–	–
	1 275	600	–	–	675
Liabilities					
Long-term borrowings	451	–	451	–	–
Long-term other payables	61	–	–	–	61
Lease liabilities	94	16	71	7	–
Trade and other payables	957	–	–	–	957
	1 563	16	522	7	1 018

South African cash balances earn interest at a rate of prime minus 4.5% (2021: 4.5%) per annum. Foreign cash balances earn and pay negligible interest rates.

An increase of 10 basis points in interest rates at the year ended 30 September 2022 would have increased profits before tax by R0.9 million (2021: R0.6 million). A decrease of 10 basis points would have had the equal but opposite effect. There is no further impact on the Group's equity. This assumes all other variables remain constant and the year-end balance has been constant throughout the year.

Price risk

The Group is exposed to other price risks in respect of its investments in mutual funds, unit trusts, listed equities and bonds as per note 16.2 and consequently for external investors in consolidated funds. A reasonable possible change in the price of the investments as per note 16.2 of 20%, with other variables held constant, would result in a corresponding gain or loss recognised in profit or loss for financial instruments designated as fair value through profit or loss.

19 FINANCIAL RISK DISCLOSURES (continued)

Foreign currency risk

In respect of other monetary assets and liabilities held in currencies other than the rand, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The following currency profile analyses the Group's financial assets and liabilities according to the currencies in which they are held at 30 September 2022. The totals are then expressed in the equivalent rand amount (in millions).

R MILLION CURRENCY	ZAR	EUR	GBP	USD	TOTAL
Closing exchange rate	**1.0000**	**17.7274**	**20.2005**	**18.0855**	
2022					
Assets					
Investment securities	**659**	**–**	**–**	**682**	**1 341**
Trade and other receivables	**545**	**4**	**30**	**105**	**684**
Cash and cash equivalents	**67**	**66**	**4**	**519**	**656**
	1 271	**70**	**34**	**1 306**	**2 681**
Liabilities					
Long term borrowings	**300**	**–**	**–**	**181**	**481**
Long term other payables	**6**	**–**	**–**	**–**	**6**
Lease liabilities	**50**	**13**	**43**	**–**	**106**
Trade and other payables	**773**	**15**	**31**	**38**	**857**
	1 129	**28**	**74**	**219**	**1 450**

R MILLION CURRENCY	ZAR	EUR	GBP	USD	TOTAL
Closing exchange rate	1.0000	17.4877	20.3431	15.1129	
2021					
Assets					
Investment securities	12	–	–	1 266	1 278
Trade and other receivables	569	6	13	87	675
Cash and cash equivalents	375	48	11	166	600
	956	54	24	1 519	2 553
Liabilities					
Long-term borrowings	300	–	–	151	451
Long-term other payables	61	–	–	–	61
Lease liabilities	77	17	–	–	94
Trade and other payables	859	15	31	52	957
	1 297	32	31	203	1 563

Sensitivity analysis

A 10% (2021: 20%) strengthening of the rand against the following currencies at 30 September 2022 would have decreased equity and profit or loss by the amounts shown below.

This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on a similar basis for 2021. The analysis is performed using 10% in the current and 20% in the prior period as it is more reflective of a reasonable possible change due to the Covid-19 impact in the prior period and relaxation of Covid-19 related measures in the current period.

R MILLION	EQUITY	PROFIT OR LOSS
30 September 2022		
EUR	(3)	**(5)**
GBP	–	**–**
USD	(61)	**(109)**
30 September 2021		
EUR	–	(5)
GBP	–	1
USD	–	(263)

19 FINANCIAL RISK DISCLOSURES (continued)

Foreign currency risk (continued)

Sensitivity analysis (continued)

A 10% (2021: 20%) weakening of the rand against the above currencies at 30 September 2022 would have had the equal but opposite effect on the above currencies to the amounts shown on page 45, on the basis that all other variables remain the same.

Fair value hierarchy

+ Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. The fair value of policyholder and investment partnership liabilities that are included in Level 1 of the hierarchy, are measured with reference to the quoted prices in an active market of the investments underlying the liabilities.
+ Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as closing prices) or indirectly (i.e. derived from closing prices). The majority of Level 2 investments are deposits held with financial institutions. The fair values of these deposits are determined using a discounted cash flow valuation methodology based on market rates, reflecting the time value of money and counter party credit risk. The fair values of the policyholder and investment partnership liabilities included in Level 2, are measured with reference to the fair values of the mentioned assets underlying these liabilities. Cash and cash equivalent balances along with their related liabilities of R2 335 million (2021: R 3 983 million)
+ Level 3: Inputs for the asset or liability that are not based on observable market data (significant unobservable inputs).

R MILLION	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2022				
Investments backing policyholder funds and investments held through investment partnerships	**47 750**	**4 633**	**–**	**52 383**
Investment securities	**1 331**	**–**	**10**	**1 341**
	49 081	**4 633**	**10**	**53 724**
Policyholder, external investor and investment partnership liabilities	**–**	**52 981**	**–**	**52 981**
2021				
Investments backing policyholder funds and investments held through investment partnerships	52 028	4 775	–	56 803
Investment securities	1 268	–	10	1 278
	53 296	4 775	10	58 081
Policyholder, external investor and investment partnership liabilities	–	56 788	–	56 788

During the current year, an amount of R88 million (2021: R243 million) in debentures included in investments backing policyholder funds and investments held through investment partnerships were transferred from Level 1 to Level 2 as these are now considered to be held in an inactive market and R185 million (2021: R69 million) moved from Level 2 to Level 1 as those are now considered to be in an active market. Transfers between levels of the assets and liabilities held at fair value occur when there is a change in market conditions, with transfers from Level 1 occurring when assets and liabilities are no longer held in an active market and vice versa. Bonds are classified as Level 1 if they have been traded within three months prior to the reporting date as the Level 1 classification for these instruments are based on the liquidity basis.

Fair value for all other financial assets and liabilities have not been presented because they are not carried at fair value and their carrying amounts approximate fair value.

20 LEASES

The Group has leases for office and parking facilities. With the exception of short-term leases and leases of low-value underlying assets, leases are reflected on the statement of financial position as right-of-use assets and lease liabilities.

Right-of-use assets

Details pertaining to leasing arrangements, where the Group is the lessee are presented below. The carrying amounts of right-of-use assets are as follows:

	R MILLION
1 October 2020	**76**
Depreciation for the year	**(13)**
Foreign exchange losses	**(2)**
30 September 2021	**61**
1 October 2021	**61**
Additional leases during the year	**42**
Lease modification adjustment – change in consideration	**(14)**
Depreciation for the year	**(15)**
30 September 2022	**74**

Lease liabilities

The lease liabilities are measured in terms of IFRS 16 Leases.

Lease payments are apportioned between the finance charges and the reduction of the lease liabilities using the incremental borrowing rate.

	2022 R MILLION	2021 R MILLION
Maturity analysis – contractual undiscounted cash flows		
Within one year	**22**	25
Two to five years	**74**	84
More than five years and less than 10 years	**32**	7
Total undiscounted cash flows	**128**	116
Total lease liabilities	**106**	94
Current	**18**	16
Non-current	**88**	78

The weighted-average incremental borrowing rate for lease liabilities initially recognised as of 1 October 2021 was 12% p.a.

	2022 R MILLION	2021 R MILLION
Other disclosures		
Short-term leases	**3**	3
Amounts recognised in the statement of comprehensive income		
+ Interest expense on lease liabilities	**12**	11
+ Depreciation on right-of-use asset	**15**	13
Total cash outflow from leases within the scope of IFRS 16	**25**	24

21 COMMITMENTS, CONTINGENT LIABILITIES AND GUARANTEES

Guarantees

Coronation Management Company (RF) Proprietary Limited is the disclosed partner in the Coronation Granite Hedge Fund en Commandite Partnership, the Coronation Granite Plus Hedge Fund en Commandite Partnership, the Coronation Multi-Strategy Arbitrage Hedge Fund en Commandite Partnership and the Coronation Presidio Hedge Fund en Commandite Partnership. As the disclosed partner, these companies are liable to third parties for all the liabilities of the partnership over and above the capital contributions, and future income which accrues to the partners as well as the retained and current profits and assets of the partnerships. The other partners have no further liability for further contributions, or to incur any liability to any third party over and above their contributions. Based on current performance the probability of payment is insignificant.

All portfolio risk inherent within the investment partnerships is managed within the general risk parameters and controls as set out in the Risk Management section of the Group's integrated report. In addition, the Coronation Investment Management (South Africa) group stands guarantor for the term loan facility of US$10 million with Standard Bank (refer to note 17).

Contingent liabilities: South Africa Revenue Service (SARS) matters

From time to time, in common with other organisations, the Group is subject to review by SARS. The Group has been the subject of a review on a matter of principle relating to its international operations, and assessed for the 2012 to 2017 financial periods, to which management strongly disagrees and has objected. In the prior financial year, this matter was heard in the Western Cape Tax Court ('the Court') and the Court ruled in the Group's favour on 17 September 2021. SARS subsequently appealed this judgment, and the matter was heard before the Supreme Court of Appeal on 17 November 2022. The Group awaits the judgement in this regard and management, supported by external legal advisers involved in the matter, remain confident of the Group's position. An outflow is not considered probable.

22 RELATED PARTIES

Identity of related parties

The Group has related party relationships with its subsidiaries, associates and with its key management personnel.

Transactions with key management personnel

Key management personnel is defined as the board of directors, directors of subsidiary companies and senior management of Coronation. There were no material transactions with key management personnel or their families during the current or previous year other than normal remuneration for employee services and personal investments.

Key management remuneration

	2022 R MILLION	2021 R MILLION
Short-term remuneration	**136**	169
Long-term remuneration	**86**	110
Total	**222**	279

Key management remuneration excludes fees paid to non-executive directors for all services rendered as directors to the Group and its subsidiaries. Fees paid to non-executive directors are disclosed on page 11.

Other related party balances at year-end

Directors' interest in share capital and directors' remuneration (refer to directors' report)

Loans to and transactions with related parties (refer to note 23)

DEFERRED VARIABLE REMUNERATION VESTED IN CURRENT YEAR	**2022 R MILLION**	2021 R MILLION
Executive directors		
Anton Pillay	**30**	35
Mary-Anne Musekiwa	**1**	–
	31	35

Directors' payments include deferred variable remuneration allocated in prior years that have vested in the current financial year. The deferred variable remuneration was invested in a combination of Coronation shares and Coronation unit trusts at allocation date. Directors' disclosed deferred variable remuneration payments have been enhanced by gains that have been achieved in the mark to market of those investments.

23 PRINCIPAL SUBSIDIARIES, ASSOCIATES, STRUCTURED ENTITIES AND EXTERNAL INVESTORS IN CONSOLIDATED FUNDS

Principal subsidiaries and associates

The following represents the principal subsidiary and associate companies of Coronation:

COMPANY (% OF EQUITY CAPITAL DIRECTLY AND INDIRECTLY HELD)		COUNTRY OF INCORPORATION	FUNCTIONAL CURRENCY	STATED/ISSUED SHARE CAPITAL
Coronation Fund Managers Limited				
100	Coronation Investment Management SA Proprietary Limited	**South Africa**	**ZAR**	**100**
100	Coronation Asset Management Proprietary Limited	**South Africa**	**ZAR**	**80 250 000**
100	Coronation Management Company (RF) Proprietary Limited	**South Africa**	**ZAR**	**2 000 000**
100	Coronation Life Assurance Company Limited	**South Africa**	**ZAR**	**1 800**
100	Coronation International Limited	**United Kingdom**	**GBP**	**1 000 000**
100	Coronation Global Fund Managers (Ireland) Limited	**Ireland**	**USD**	**1 826 755**
100	Coronation Investment Services Proprietary Limited	**South Africa**	**ZAR**	**10**
100	Coronation Alternative Investment Management Proprietary Limited	**South Africa**	**ZAR**	**5 000 000**
100	Coronation Investment Management International Proprietary Limited	**South Africa**	**ZAR**	**5 000 000**
40	Namibia Asset Management Limited	**Namibia**	**NAD**	**2 000 000**

Consolidated structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases it may sponsor or have exposure to such an entity but not consolidate it.

The Group has no equity interest in the following limited liability partnerships, which are consolidated based on control:

+ Coronation Granite Hedge Fund en Commandite Partnership
+ Coronation Granite Plus Hedge Fund en Commandite Partnership
+ Coronation Multi-Strategy Arbitrage Hedge Fund en Commandite Partnership
+ Coronation Presidio Hedge Fund en Commandite Partnership

Details regarding the Group's contractual commitments to these partnerships are included in note 21.

External investors in consolidated funds

The Group's interest at year-end in the Coronation Global Equity Select [ZAR] Feeder Fund is 21% (30 September 2021: 19%); and its interest in the Coronation Global Sustainable Equity Income Fund* is 100% (30 September 2021: 100%) and in the Coronation International Equity Fund* is 100% (30 September 2021: 100%) and its holding in Coronation Emerging Markets Diversified Equity Fund* is 100%.

The Group consolidates the Coronation Global Equity Select [ZAR] Feeder Fund; the Coronation Global Sustainable Equity Income Fund* and the Coronation International Equity Fund* due to the seed capital invested in the funds relative to the total fund size being significant. In the current year, the Group seeded the Coronation Emerging Markets Diversified Equity Fund* and is the largest unitholder in these funds and as such will consolidate this fund.

During the year, the Group's interest in Coronation Global Frontiers Fund and Coronation Sustainable Global Emerging Markets Fund* has decreased and Coronation no longer holds any interest in these funds and as such they are no longer consolidated.

* *Common Contractual Fund*

23 PRINCIPAL SUBSIDIARIES, ASSOCIATES, STRUCTURED ENTITIES AND EXTERNAL INVESTORS IN CONSOLIDATED FUNDS (continued)

Unconsolidated structured entities

The CFM Deferred Remuneration Trust, Intembeko Investment Administrators (Pty) Ltd , Intembeko Solutions (Pty) Ltd, Utolo Trust, Imvula Capital II (Pty) Ltd and Imvula II Trust are unconsolidated structured entities.

CFM Deferred Remuneration Trust

The CFM Deferred Remuneration Trust (the Trust) is the vehicle established to administer the long-term deferred remuneration allocated to Coronation employees. The Group transfers the amounts allocated to long term deferred remuneration to the Trust. The Group recognises this as an expense in the year incurred as the Group is not entitled to recover any amount from the Trust. This is classified as a long-term employee benefit plan, which excludes the Trust from the scope of consolidation.

The Trust uses amounts received to purchase instruments which vest with employees of the Group. The Group does not bear any risk relating to instruments purchased by the Trust and risks related to fluctuations in the value of these instruments are borne by the beneficiaries.

The Group is neither an income nor capital beneficiary of the Trust and therefore does not receive any income or capital benefits from the Trust. The Group pays an administrative charge to cover the expenses of the Trust, thereby facilitating the activities of the Trust on an ongoing basis.

Intembeko Investment Administrators (Pty) Ltd (IntIA) , Intembeko Solutions (Pty) Ltd and the Utolo Trust

IntIA, a black-owned and managed transfer agency service provider in South Africa, commenced providing transfer agency administration services to Coronation in 2018. The total amount paid to IntIA in respect of transfer agency services was R60 million (2021: R52 million) for the year ended 30 September 2022. In addition, IntIA paid Coronation for access to information technology licences to the value of R29 million (2021: R31 million) for the year ended 30 September 2022.

Intembeko Solutions (Pty) Ltd is a newly formed entity which will provide consulting services for information systems within the financial services industry. Coronation's financial exposure to IntIA and Intembeko Solutions is not considered to be significant in relation to the balance sheet of the Coronation Group and is limited to interest-free loans (see notes 16.3 and 16.4) which has been provided to support the businesses.

All transactions with IntIA and Intembeko Solutions, other than the loan finance referred to above, are on market-related terms.

The majority ultimate shareholder in IntIA and Intembeko Solutions is the Utolo Trust (60%). The primary activity of the Utolo Trust is the holding of investment assets, including IntIA and Intembeko Solutions, for the benefit of black beneficiaries.

Coronation does not hold any equity interest in IntIA and Intembeko Solutions and has no other contractual arrangements which could give Coronation control. In addition and given that Coronation has no majority representation on the board of trustees of the Utolo Trust nor any representation on the board of IntIA and Intembeko Solutions, (together with its inability to appoint trustees or directors in respect of these entities), Coronation has no power or ability to influence the returns over the Utolo Trust nor IntIA and Intembeko Solutions.

The directors have considered the above factors in respect of IFRS and have concluded that Coronation does not control the Utolo Trust or IntIA and Intembeko Solutions.

Imvula Capital II (Pty) Ltd and Imvula II Trust

In keeping with objective of the Trust to enhance the participation of Black Persons in the financial industry a transaction was executed whereby the current 1.4million unallocated shares in Imvula II were leveraged to purchase an additional 1.4million shares the total of which is to be allocated to beneficiaries. The funding for the transaction was received in CIMSA and on-lent to Imvula Capital II which in-turn provided a capital contribution to Imvula II Trust to enable Imvula II Trust to purchase the shares. The dividend flow from the shares will be utilised to pay off the debt funding.

Imvula Capital II is a 100% held subsidiary of Imvula II Trust which is a special purpose vehicle created for the purpose of facilitating the financing of the share purchase by Imvula II Trust. Imvula II Trust has ultimate power to control Imvula Capital II as the only shareholder by virtue of the fact that it can appoint and remove directors of Imvula Capital II. Further, the Imvula II Trust is governed by an independent board of Trustees which constitutes the decision making authority of the Imvula II Trust and the Coronation does not have the ability to appoint or remove Trustees of the Trust.

The directors have considered the above factors in respect of IFRS and have concluded that Coronation does not control the Imvula Capital II nor Imvula II Trust.

	2022 R MILLION	2021 R MILLION
24 NON-CASH AND OTHER ADJUSTMENTS		
Depreciation and amortisation	**9**	11
Finance expense	**60**	39
Finance and dividend income	**(16)**	(13)
Reversal of provision	**–**	(25)
IFRS 16 adjustment	**20**	13
Dividend from associate	**5**	5
Share-based payment expenses	**1**	1
Revaluation of financial assets at fair value through profit or loss	**16**	(17)
Other	**24**	(3)
Total	**119**	11

	2022 R MILLION	2021 R MILLION
25 CASH FLOWS FROM POLICYHOLDERS AND INVESTMENT PARTNERSHIPS		
Investment income	**2 923**	2 955
Realised and unrealised (losses)/gains	**(1 743)**	7 281
Tax expense	**3**	(10)
Operating expenses	**(125)**	(108)
Profit after taxation	**1 058**	10 118
Non-cash adjustments	**4 867**	(4 466)
Unrealised losses/(gains)	**4 870**	(4 476)
Tax expense	**(3)**	10
Tax paid	**(6)**	(4)
Working capital changes	**218**	219
Cash flow from operating activities	**6 137**	5 867
Contributions from policyholders and investors	**27 099**	33 624
Withdrawals from policyholders and investors	**(33 711)**	(33 369)
Cash flow from financing activities	**(6 612)**	255
Net acquisition of investments	**(606)**	(4 460)
Cash flows from investing activities	**(606)**	(4 460)
Cash flows from policyholders and investment partnership activities	**(1 081)**	1 662

26 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The final cash dividend for the 2022 financial year of R602 million (172 cents per share) was declared based on the actual shares in issue of 349 799 102.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 September 2022

	NOTE	2022 R MILLION	2021 R MILLION
Dividend income from subsidiaries	f	**1 551**	1 583
Operating expenses		**(12)**	(11)
Profit before income tax		**1 539**	1 572
Income tax expense	b	**–**	–
Profit for the year		**1 539**	1 572
Other comprehensive (losses)/income			
Change in fair value of financial assets through other comprehensive income (not available to be recycled through profit or loss in future periods)		**(7 017)**	3 421
Total comprehensive (losses)/income		**(5 478)**	4 993

COMPANY STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

	NOTE	2022 R MILLION	2021 R MILLION
Assets			
Investment in subsidiaries	c	**10 508**	17 525
Total assets		**10 508**	17 525
Liabilities			
Trade and other payables		**–**	2
Loan from Group company	d	**3**	1
Total liabilities		**3**	3
Net assets		**10 505**	17 522
Equity			
Share capital and premium	e	**905**	905
Retained earnings		**1 421**	1 421
Revaluation reserve		**8 179**	15 196
Total equity		**10 505**	17 522

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2022

	SHARE CAPITAL AND PREMIUM R MILLION	RETAINED EARNINGS R MILLION	REVALUATION RESERVE R MILLION	TOTAL EQUITY R MILLION
Balance at 30 September 2020	905	1 420	11 775	14 100
Total comprehensive income for the year				
Profit for the year	–	1 572	–	1 572
Other comprehensive income				
Change in fair value of financial assets through other comprehensive income (not available to be recycled through profit or loss in future periods)	–	–	3 421	3 421
Total comprehensive income for the year	–	1 572	3 421	4 993
Transactions with owners recorded directly to equity				
Dividends paid	–	(1 571)	–	(1 571)
Total transactions with owners	–	(1 571)	–	(1 571)
Balance at 30 September 2021	905	1 421	15 196	17 522
Total comprehensive income for the year				
Profit for the year	**–**	**1 539**	**–**	**1 539**
Other comprehensive losses				
Change in fair value of financial assets through other comprehensive income (not available to be recycled through profit or loss in future periods)	**–**	**–**	**(7 017)**	**(7 017)**
Total comprehensive income for the year	**–**	**1 539**	**(7 017)**	**(5 478)**
Transactions with owners recorded directly to equity				
Dividends paid	**–**	**(1 539)**	**–**	**(1 539)**
Total transactions with owners	**–**	**(1 539)**	**–**	**(1 539)**
Balance at 30 September 2022	**905**	**1 421**	**8 179**	**10 505**

COMPANY STATEMENT OF CASH FLOWS

for the year ended 30 September 2022

	2022 R MILLION	2021 R MILLION
Cash flows from operating activities		
Profit for the year	**1 539**	1 572
Non-cash and other adjustments	**(1 551)**	(1 583)
Dividend income	**(1 551)**	(1 583)
Operating loss before changes in working capital	**(12)**	(11)
Working capital changes	**–**	(1)
Increase/(decrease) in loans to Group companies	**2**	(2)
(Decrease)/increase in trade and other payables	**(2)**	1
Cash utilised in operating activities	**(12)**	(12)
Dividends received	**1 551**	1 583
Net cash from operating activities	**1 539**	1 571
Cash flows from financing activities	**(1 539)**	(1 571)
Dividends paid	**(1 539)**	(1 571)
Net change in cash and cash equivalents	**–**	–
Cash and cash equivalents at beginning of year	**–**	–
Cash and cash equivalents at end of year	**–**	–

NOTES TO CORONATION FUND MANAGERS LIMITED COMPANY FINANCIAL STATEMENTS

for the year ended 30 September 2022

a ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the IASB together with the Companies Act of South Africa.

Bases of preparation

The financial statements are presented in South African rand, rounded to the nearest million. They are prepared on the going concern and historic cost bases except for certain financial instruments which are stated at fair value. The Company's current liabilities exceed its current assets by R3 million (2021: R3 million) as at 30 September 2022 due to trade and other payables and an intercompany loan. Management does not consider this a risk to the ability of the Company to continue as a going concern as these current liabilities are expected to be settled in the 2023 financial year with the dividends earned from subsidiaries. The financial statements are therefore prepared on the going concern basis.

The accounting policies set out on pages 17 to 26 have been applied consistently to all periods presented in these financial statements.

	2022 R MILLION	2021 R MILLION
b INCOME TAX EXPENSE		
The standard rate of corporation tax for the year is:	**28%**	28%
Profit before income tax	**1 539**	1 571
Tax on profit	**–**	–
Effective tax rate	**0%**	0%
The tax charge for the year is different to the standard rate as detailed below:		
Tax on profit before tax, at SA rate of 28%	**431**	440
Non-deductible expenses	**3**	3
Tax exempt revenues	**(434)**	(443)
Total income tax expense for the year	**–**	–
c INVESTMENT IN GROUP COMPANIES		
Investment in subsidiaries		
Balance at beginning of year	**17 525**	14 104
Revaluation adjustment	**(7 017)**	3 421
Balance at end of year	**10 508**	17 525

The fair value of the investment in subsidiaries is classified as a Level 2 instrument and elected to measure as fair value through OCI with OCI not recycling through profit or loss. The investment in subsidiaries is valued using the Coronation Fund Managers Limited share price as a proxy. Refer to note 23 of the consolidated financial statements for the full list of subsidiaries.

d LOAN FROM/TO GROUP COMPANIES

These loans are unsecured, not subject to interest and payable or repayable on demand. They are Level 2 financial instruments and are carried at amortised cost.

e SHARE CAPITAL

The Company's share capital is detailed in note 18 of the consolidated financial statements.

f RELATED PARTIES

Details of related parties are disclosed in notes 22 and 23 of the consolidated financial statements.

The Company received dividends from Coronation Investment Management (South Africa) (Pty) Ltd and Coronation Investment Management International (Pty) Ltd to the value of R997 million (2021: R977 million) and R554 million (2021: R606 million) respectively.

g PRICE RISK

The Company is exposed to price risk through its investment in subsidiaries which are carried at fair value. The fair value of the investment in subsidiaries are primarily determined by reference to the listed share price of Coronation Fund Managers Limited shares. Movements in the listed price will impact the fair value movements of the investment in subsidiaries recorded through other comprehensive income.

A reasonable possible change of 10% (2021: 20%), in the quoted price of Coronation Fund Managers Limited shares, with other variables held constant, could lead to the following increase or decrease in fair value:

+ R1.1 billion (2021: R3.5 billion) in the fair value of the investment in subsidiaries with the corresponding movement in other comprehensive income

ANALYSIS OF SHAREHOLDERS

as at 30 September 2022

DISTRIBUTION OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 – 1 000 shares	8 825	45.32	1 990 895	0.57
1 001 – 10 000 shares	8 993	46.18	24 566 934	7.02
10 001 – 100 000 shares	1 329	6.83	39 860 647	11.40
100 001 – 1 000 000 shares	270	1.39	74 450 738	21.28
1 000 001 shares and over	55	0.28	208 929 888	59.73
	19 472	100.00	349 799 102	100.00

DISTRIBUTION OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
Banks	21	0.11	1 788 537	0.51
Brokers	33	0.17	15 087 319	4.31
Close Corporations	102	0.52	619 518	0.18
Endowment Funds	51	0.26	2 800 710	0.80
Individuals	16 539	84.94	53 488 389	15.29
Insurance Companies	364	1.87	8 241 754	2.36
Medical Aid Schemes	30	0.15	1 398 462	0.40
Mutual Funds	431	2.21	86 122 851	24.62
Nominees and Trusts	988	5.07	5 447 764	1.56
Other Corporations	7	0.04	1 147 851	0.33
Pension Funds	289	1.48	69 810 220	19.96
Private Companies	420	2.16	6 838 160	1.95
Sovereign Wealth Funds	5	0.03	1 564 605	0.45
Staff Holdings	192	0.99	95 442 962	27.28
	19 472	100.00	349 799 102	100.00

PUBLIC/NON-PUBLIC SHAREHOLDERS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
Non-public shareholders				
	194	1.00	101 897 378	29.13
Directors (direct and indirect holdings)	7	0.04	12 711 843	3.63
Shares held by staff	187	0.96	89 185 535	25.50
Public shareholders	19 278	99.00	247 901 724	70.87
	19 472	100.00	349 799 102	100.00

GEOGRAPHICAL OWNERSHIP	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
South Africa	19 115	98.17	280 470 779	80.18
International	357	1.83	69 328 323	19.82
	19 472	100.00	349 799 102	100.00

SHAREHOLDERS WITH DIRECT OR INDIRECT BENEFICIAL INTEREST OF 5% OR MORE IN SHARES	NUMBER OF SHARES	%
Government Employees Pension Fund	50 563 803	14.46
The Imvula Trust	27 929 640	7.98
Allan Gray	26 205 054	7.49
Louis Stassen	18 029 789	5.15

GLOSSARY OF FINANCIAL REPORTING TERMS

GROUP STRUCTURES	
Company	A legal business entity registered in terms of the applicable legislation of that country.
Entity	Coronation Fund Managers Limited, a subsidiary or associate.
Equity-accounted investee	An entity, other than a subsidiary or joint venture, in which the Group has significant influence over the financial and operating policies.
Group	Coronation Fund Managers Limited and its subsidiaries and associate.
Operation	A component of the Group that: – represents a separate major line of business or geographical area of operation; and – can be distinguished separately for financial and operating purposes.
Subsidiary	Any entity over which the Group has control.

GENERAL ACCOUNTING TERMS	
Acquisition date of a business	The date on which control in respect of subsidiaries and significant influence in respect of associates commences.
Consolidated financial statements	The financial results of the Group, which comprise the financial results of Coronation Fund Managers Limited and its subsidiaries and its interests in associates.
Control	An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
Disposal date	The date on which the control in respect of subsidiaries and significant influence in respect of associates ceases.
Fair value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Financial results	Comprise the financial position (assets, liabilities and equity), financial performance (revenue and expenses) and cash flows of the Group or an entity within the Group.
Functional currency	The currency of the primary economic environment in which the entity operates.
Long term	A period longer than 12 months from reporting date.
Other comprehensive income	Comprises items of income and expenses (including reclassification adjustments) that are not recognised in profit or loss as required.
Presentation currency	The currency in which the financial statements are presented.
Reclassification	Amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous period.
Recoverable amount	The amount that reflects the greater of the fair value less costs to sell and value in use that can be attributed to a non-financial asset as a result of its ongoing use by the entity. In determining the value in use, expected pre-tax future cash flows are discounted to their present values using the appropriate discount rate.
Related parties	The following entities or parties are considered related parties to the reporting entity: – a subsidiary, fellow subsidiary, associate, jointly controlled entity or an entity having joint control in relation to the reporting entity; – key management personnel and their close members of family and entities which they control, jointly control or over which they exercise significant influence; and – post-employment benefit plan for the benefit of employees of the entity or any related party.
Significant influence	The power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

FINANCIAL INSTRUMENT TERMS	
Cash and cash equivalents	Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.
Derivative instrument	A financial instrument: – whose value changes in response to movements in a specified interest rate, commodity price, instrument price, foreign exchange rate or similar variable, provided in the case of a non-financial variable that the variable is not specific to a party of the contract; – that requires minimal initial net investment; and – is settled at a future date.
Effective interest rate	The rate that discounts the expected future cash flows to the net carrying amount of the financial asset or financial liability.
Equity instrument	Any financial instrument (including investments) that evidences a residual interest in the assets of an enterprise after deducting all of its liabilities.
Financial asset	Cash or cash equivalents, a right to receive cash or cash equivalents, an equity instrument of another entity, a right to exchange a financial instrument under favourable conditions.
Financial guarantee contract	A contract that requires the issuer to make specified payments to reimburse the holder for the loss it incurs, because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions.
Financial instruments classified as held for trading	Derivatives or instruments that are held principally with the intention of short-term disposal.
Financial assets and liabilities at fair value through profit or loss	Financial instruments held at fair value through profit or loss include all instruments classified as held for trading and those instruments designated as held at fair value through profit or loss on initial recognition.
Financial assets and liabilities at fair value through other comprehensive income	Financial instruments held at fair value through other comprehensive income include all investments designated at fair value through other comprehensive income.
Financial instruments issued by the Group classified as financial liabilities	Financial instruments issued by the Group are classified as liabilities if they contain a contractual obligation to transfer cash or another financial asset or to exchange financial assets or liabilities under potentially unfavourable conditions.
Financial instruments issued by the Group classified as equity	Financial instruments issued by the Group are classified as equity where they confer on the holder a residual interest in the net assets of the Group.

GLOSSARY OF FINANCIAL REPORTING TERMS (continued)

FINANCIAL INSTRUMENT TERMS (continued)	
Loans and receivables	Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and exclude those that the Group intends to trade in, which are classified as held for trading, and those that the Group designates as at fair value through profit or loss.
Monetary asset	Units of currency held or an asset which will be received in a fixed or determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or easily determinable amount of money.
Structured entity	An entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangement.
Transaction date	The date when the entity becomes a party to the contractual provisions of an instrument.

SHAREHOLDERS' DIARY AND CORPORATE INFORMATION

Annual general meeting	22 February 2023
Share code (ordinary shares): CML	ISIN number: ZAE000047353

BOARD OF DIRECTORS

Anton Pillay (Chief Executive Officer)
Mary-Anne Musekiwa (Chief Financial Officer)
Alexandra Watson#
Hugo Nelson#
Judith February#
Lulama Boyce#
Madichaba Nhlumayo#
Neil Brown#
Phakamani Hadebe#
Saks Ntombela#

 # Independent non-executive

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
Gauteng

POSTAL ADDRESS

Private Bag X9000
Saxonwold 2132

COMPANY SECRETARY

Nazrana Hawa

REGISTERED OFFICE

7th Floor, MontClare Place
Cnr Campground and Main Roads
Claremont 7708
Cape Town

POSTAL ADDRESS

PO Box 44684
Claremont 7735
Cape Town

AUDITORS

KPMG Inc
The Halyard
4 Christian Barnard Street
Foreshore
Cape Town
8001

SPONSOR

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