MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED
(Registration number 2006/015293/07)
Group and company annual financial statements
for the year ended 31 March 2019

General Information

Prominent Notice

These annual financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, No 71 of 2008. Tim Jacobs (Group Chief Financial Officer) supervised the preparation of the annual financial statements.

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Video-entertainment and internet subscriber platforms
Directors	DG Eriksson FLN Letele JJ Volkwyn KB Sibiya KD Moroka T Jacobs S Dakile-Hlongwane SJZ Pacak CP Mawela E Masilela OM Matloa L Stephens
Registered office	144 Bram Fischer Drive Randburg 2194
Postal address	P O Box 1502 Randburg 2125
Holding company	MultiChoice Group Limited
Ultimate holding company	MultiChoice Group Limited
Auditors	PricewaterhouseCoopers Inc.
Company secretary	DM Dickson

The reports and statements set out below comprise the group and company annual financial statements presented to the shareholders:

Audit Committee Report

1. Members of the Audit Committee

The majority of the members of the audit committee are independent non-executive directors of the group and include:

Name of committee member	Designation	Qualifications
DG Eriksson	Independent Non-Executive Chairman	Chartered Accountant (SA)
S Dakile-Hlongwane	independent Non-Executive	Bachelor of Economics and Statistics Master of Development Economics
E Masilela	Non-Executive	Bachelor of Arts in Social Sciences (Economics and Statistics) Masters in Social Sciences (Economic Policy and Analysis)
L Stephens	Independent Non-Executive	Chartered Accountant (SA)
OM Matloa	Independent Non-Executive	Chartered Accountant (SA)

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The audit committee meets at least three times per annum in accordance with the charter. All members act independently as described in section 94 of the Companies Act. During the year under review, the following four meetings were held:

Date of meeting	Attendees
01 June 2018	All attended
05 September 2018	All attended
08 November 2018	Apologies from L Stephens
20 March 2019	All attended

3. External auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by PWC and the IRBA that internal governance processes within the firm support and demonstrate the claim to independence.

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

Audit Committee Report

4. Functions of the audit committee

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter. The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the act as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements;
- Reviewed external audit reports on the annual financial statements;
- Approved the internal audit charter for recommendation to the board. Approved the internal audit plan and budget;
- Reviewed the internal audit and risk management reports and, where relevant, recommendations being made to the board;
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors and nominated PricewaterhouseCoopers Inc. as the auditors for 2019 and noted the appointment of Mr BS Humphreys as the designated auditor;
- Approved audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved contract terms for the provision of non-audit services by the external auditors.

5. Discharge of responsibilities

The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in its charter, details of which are included in point 4 of this report. The board concurred with this assessment.

6. Internal Audit

The audit committee fulfils an oversight role on the group's financial statements and the reporting process, including the systems of internal financial control. It is responsible for ensuring the internal audit function is independent and has the necessary resources, standing and authority in the organisation to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

7. Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

8. Expertise and experience of finance function

The committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

DG Eriksson
Chair: Audit Committee
Johannesburg
14 June 2019

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the group and company annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group and company annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group and company annual financial statements.

The group and company annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the group and its subsidiaries cash flow forecast for the year to 31 March 2020 and, in the light of this review and the current financial position, they are satisfied that the group and company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group and company's annual financial statements. The group and company annual financial statements have been examined by the group and company's external auditors and their report is presented on pages 9 to 11.

The group and company annual financial statements set out on pages 12 to 95, which have been prepared on the going concern basis, were approved by the board on 14 June 2019 and were signed on its behalf by:

FLN Letele

CP Mawela

Directors' Report

The directors have pleasure in submitting their report on the group annual financial statements of MultiChoice South Africa Holdings Proprietary Limited and its subsidiaries, associates and joint ventures for the year ended 31 March 2019.

1. Nature of operations

MultiChoice South Africa Holdings Proprietary Limited ("MCSAH") was incorporated on 19 May 2006 under the laws of the Republic of South Africa. The principal activities of MCSAH and its operating subsidiaries, joint ventures and associated companies (collectively "the group") are the operation of video-entertainment and internet subscriber platforms. These activities are conducted primarily in South Africa.

2. Operating and financial review

The group and company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Group revenue increased by 1% from R40 165 million in the prior year to R40 391 million for the year ended 31 March 2019.

The Group recorded a net profit after tax for the year ended 31 March 2019 of R3 466 million. This represented a decrease of 55,5% from the net profit after tax of the prior year of R7 789 million. This is as a consequence of the R2.6bn cost related to the empowerment transaction that was implemented by Naspers on unbundling of the MultiChoice Group and foreign exchange losses recognised on translation of the finance lease liabilities.

Group cash flows from operating activities increased by 15% from R7 461 million in the prior year to R 8 558 million for the year ended 31 March 2019.

3. Share capital

On 04 March 2019, Naspers Limited unbundled its entire investment in the video entertainment segment to its existing shareholders resulting in a change in the group's ownership from MIH Holdings Limited to MultiChoice Group Limited. As part of the unbundling the group issued an additional 5% stake in MultiChoice South Africa Holdings (Pty) Ltd to the two Phuthuma Nathi entities in proportion to their relevant original shareholding to increase their joint interest in MultiChoice South Africa from 20% to 25%. The group issued an additional 22,5 million ordinary shares of R0.0001 each (refer to note 20) valued at R2,564 billion for a nominal amount to the two Phuthuma Nathi entities to facilitate the transaction. Refer to note 47.

There has not been any changes to the group's authorised share capital during the year under review.

4. Directorate

The directors in office during the financial year are as follows:

FLN Letele	Independent Non-Executive Chairman	
DG Eriksson	Independent Non-Executive	
JJ Volkwyn	Non-executive	
KB Sibiya	Independent Non-Executive	
KD Moroka	Independent Non-Executive	
S Dakile-Hlongwane	Independent Non-Executive	
SJZ Pacak	Independent Non-Executive	
E Masilela	Non-executive	
L Stephens	Independent Non-Executive	Appointed 06 August 2018
OM Matloa	Independent Non-Executive	Appointed 06 August 2018
CP Mawela	Chief Executive Officer	Appointed 01 November 2018
MI Patel	Chief Executive Officer	Resigned 01 November 2018
T Jacobs	Chief Financial Officer	Appointed 01 November 2018
U Raman	Chief Financial Officer	Resigned 31 October 2018
B van Dijk	Non-Executive	Resigned 02 January 2019

Directors' Report

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

At 31 March 2019 the group's investment in property, plant and equipment amounted to R10 390 million (2018: R 11 199 million), of which R491 million (2018: R 431 million) was added in the current year through additions. Refer to note 4.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R63.1 million (2018: R 92.1 million). These commitments have been approved by the board of the group. Refer to note 31 of the group and company annual financial statements for further details.

6. Dividends

An ordinary dividend of R 6.6 billion (2018: R 6.5 billion) was paid in the current year. The ordinary dividend paid was 1955.56 cents per share (2018: 1925.93 cents per share). The board recommends that an ordinary dividend of R6 billion (1666.67 cents per share) be declared for the year.

7. Group

MCSAH's principal shareholders are MultiChoice Group Limited, Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited, who own 75%, 16.67% and 8.33% of the company respectively. MCSAH's ultimate controlling party is MultiChoice Group Limited, a company listed on the JSE Securities Exchange of South Africa. All subsidiaries, joint ventures and associates share the same financial year-end as MCSAH.

The name, country of incorporation and effective financial percentage interest in each of the group's principal subsidiaries, joint arrangements and associates are disclosed in notes 7, 8 & 9.

8. Auditors

PricewaterhouseCoopers Inc. will continue in office as auditors for the group for the next financial year.

At the AGM, the shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the independent external auditors of the group and to confirm Mr B Humphreys as the designated lead audit partner for the 2020 financial year.

9. Secretary

On 1 April 2019, Mrs RJ Gabriels relinquished her secretarial duties for MultiChoice South Africa Holdings Proprietary Limited. Ms DM Dickson was subsequently appointed as the company secretary on 1 April 2019 by the board.

10. Borrowings

The group has unlimited borrowing powers in terms of its Memorandum of Incorporation.

11. Events after the reporting date

There have been no material events subsequent to the end of the reporting period.

12. Going concern

The directors are satisfied that the group and company are in sound financial position and that sufficient borrowing facilities and cash reserves are accessible in order to enable the group to meet their foreseeable commitment requirements. On this basis they have considered that the group has adequate resources to continue operating for the foreseeable future and therefore deem it adequate to adopt the going concern basis in preparing the financial statements for this reporting period.

Company Secretary's Certification

Declaration by the Company secretary in respect of Section 88(2)(e) of the Companies Act 71 of 2008

I, Donna Maree Dickson, being the company secretary of MultiChoice South Africa Holdings Proprietary Limited, certify that the company has, for the year under review, lodged all returns required of a company with the Registrar of Companies, and that all such returns are, to best of my knowledge and belief, true, correct and up to date.

DM Dickson
Company Secretary

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Independent auditor's report

To the Shareholders of MultiChoice South Africa Holdings Proprietary Limited

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of MultiChoice South Africa Holdings Proprietary Limited (the company) and its subsidiaries (together the group) as at 31 March 2019, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

MultiChoice South Africa Holdings Proprietary Limited's financial statements set out on pages 12 to 95 comprise:

- the group and company statements of financial position as at 31 March 2019;
- the group statement of profit or loss and other comprehensive income for the year then ended and the company statement of profit or loss for the year then ended ;
- the group and company statements of changes in equity for the year then ended;
- the group and company statements of cash flows for the year then ended; and
- the notes to the group and company annual financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

We are independent of the 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 International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Other information

The directors are responsible for the other information. The other information comprises the information included in the MultiChoice South Africa Holdings Proprietary Limited Group and Company annual financial statements, which includes the Audit Committee Report, Directors' Report and the Company Secretary's Certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the *MultiChoice South Africa Integrated Annual Report 2019*, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

pwc

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 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated and separate financial information of the entities or business activities within the group to express an opinion on the consolidated and separate 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.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: BS Humphreys
Registered Auditor
Johannesburg
14 June 2019

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015293/07)
Group Annual Financial Statements for the year ended 31 March 2019

Group Statement of Financial Position as at 31 March

	Notes	2019 R'000	2018 R'000
Assets			
Non-Current Assets			
Property, plant and equipment	4	10 390 162	11 199 147
Goodwill	5	3 268 425	3 268 425
Intangible assets	6	434 160	582 615
Investments in associates and joint ventures	9	(42 462)	(38 006)
Investments in joint ventures	8	11 792	15 232
Deferred tax	13	1 329 532	835 982
Amounts due from related parties	26	-	1 077 707
Other financial assets	11	206 792	105 600
Derivative asset	10	442 318	-
		16 040 719	**17 046 702**
Current Assets			
Inventories	14	183 361	54 706
Programme and film rights	15	2 688 479	2 568 063
Trade receivables	16	1 288 136	987 705
Other receivables	17	236 975	365 915
Amounts due from related parties	26	3 598 957	1 172 256
Derivative assets	10	1 078 137	20 159
Prepayments	18	2 835 000	2 612 255
Cash and cash equivalents	19	2 080 479	2 272 620
		13 989 524	**10 053 679**
Total Assets		**30 030 243**	**27 100 381**
Equity and Liabilities			
Equity			
Share capital and share premium	20	17 216 270	17 216 270
Reserves		(11 283 019)	(15 771 952)
Retained income		4 367 106	7 423 991
		10 300 357	**8 868 309**
Liabilities			
Non-Current Liabilities			
Finance lease liabilities	22	9 562 406	8 260 071
Share based payment liability	29	103 026	68 464
Derivative liability	10	16 853	404 097
Deferred tax liability	13	529 029	107 277
Amounts due to related parties	26	-	37 478
Long-term loans	23	900	-
		10 212 214	**8 877 387**
Current Liabilities			
Finance lease liabilities	22	593 963	308 778
Payable for programme and film rights	24	1 756 379	1 460 228
Other payables	30	3 830 696	3 779 704
Provisions	25	74 100	187 311
Trade payables		2 761 014	2 123 697
Share based payment liability	29	90 500	72 512
Amounts due to related parties	26	215 603	298 729
Derivative liability	10	8 204	1 067 630
Current taxation payable	41	187 213	56 096
		9 517 672	**9 354 685**
Total Liabilities		**19 729 886**	**18 232 072**
Total Equity and Liabilities		**30 030 243**	**27 100 381**

The notes on pages 16 to 89 are an integral part of the group and company annual financial statements.

Group Statement of Profit or Loss and Other Comprehensive Income

	Notes	2019 R '000	2018 R '000
Revenue	32	40 391 096	40 165 003
Cost of providing services and sale of goods		(21 438 728)	(21 544 531)
Gross profit		**18 952 368**	**18 620 472**
Other gains	33	18 773	18 489
Selling, general and administration costs		(8 550 206)	(7 959 148)
Operating profit	34	**10 420 935**	**10 679 813**
Finance income	35	310 006	320 841
Foreign exchange differences	37	(1 541 151)	659 995
Empowerment transaction	47	(2 564 000)	-
Impairment of equity-accounted investments	8&9	(60 470)	(201)
Share of equity-accounted investments' results	8&9	(110 878)	(96 767)
Profit on sale of business	45	-	117 756
Finance costs	36	(644 094)	(644 929)
Profit before taxation		**5 810 348**	**11 036 508**
Taxation	39	(2 344 083)	(3 247 202)
Net profit for the year		**3 466 265**	**7 789 306**
Changes in value of investments, up to and including the date of sale			
- Net gains/(losses) in the changes in value of equity investments		50 400	(46 800)
Items of other comprehensive income that may be reclassified to profit or loss:			
Changes in value of cash flow hedges			
- Net gains/(losses) in the changes in cash flow hedges, gross		2 258 636	(608 624)
- Net (losses)/gains in the changes in cash flow hedges, tax		(581 305)	170 204
Total other comprehensive income for the year		**1 727 731**	**(485 220)**
Total comprehensive income for the year		**5 193 996**	**7 304 086**
Profit attributable to:			
Owners of the parent		3 466 265	7 789 306
Total comprehensive income attributable to:			
Owners of the parent		5 193 996	7 304 086

The notes on pages 16 to 89 are an integral part of the group and company annual financial statements.

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015293/07)
Group Annual Financial Statements for the year ended 31 March 2019

Group Statement of Changes in Equity

	Share capital	Share premium	Total share capital and premium	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Share based payment reserve	Existing control business combination reserve	Retained earnings	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Balance at 01 April 2017	**34**	**17 216 236**	**17 216 270**	**180**	**(413 825)**	**157 381**	**71 830**	**(15 050 974)**	**6 116 745**	**8 097 607**
Profit for the year	-	-	-	-	-	-	-	-	7 789 306	7 789 306
Other comprehensive income	-	-	-	-	(438 419)	(46 800)	-	-	-	(485 219)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(438 419)**	**(46 800)**	**-**	**-**	**7 789 306**	**7 304 087**
Transfer between reserves	-	-	-	-	-	-	(17 940)	-	17 940	-
Share based compensation movement	-	-	-	-	-	-	(33 385)	-	-	(33 385)
Dividends (Refer to note 44)	-	-	-	-	-	-	-	-	(6 500 000)	(6 500 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**(51 325)**	**-**	**(6 482 060)**	**(6 533 385)**
Opening balance as previously reported	34	17 216 236	17 216 270	180	(852 244)	110 581	20 505	(15 050 974)	7 423 991	8 868 309
Change in accounting policy*	-	-	-	-	-	-	-	-	107 104	107 104
Balance at 01 April 2018 as restated	**34**	**17 216 236**	**17 216 270**	**180**	**(852 244)**	**110 581**	**20 505**	**(15 050 974)**	**7 531 095**	**8 975 413**
Profit for the year	-	-	-	-	-	-	-	-	3 466 265	3 466 265
Other comprehensive income	-	-	-	-	1 677 331	50 400	-	-	-	1 727 731
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**1 677 331**	**50 400**	**-**	**-**	**3 466 265**	**5 193 996**
Transfer between reserves	-	-	-	-	-	-	(15 383)	-	15 383	-
Share based compensation movement (refer to note 47)	-	-	-	-	-	-	2 725 863	-	-	2 725 863
Other movements	-	-	-	24 280	158	-	26 284	-	(45 637)	5 085
Dividends (Refer to note 44)	-	-	-	-	-	-	-	-	(6 600 000)	(6 600 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**24 280**	**158**	**-**	**2 736 764**	**-**	**(6 630 254)**	**(3 869 052)**
Balance at 31 March 2019	**34**	**17 216 236**	**17 216 270**	**24 460**	**825 245**	**160 981**	**2 757 269**	**(15 050 974)**	**4 367 106**	**10 300 357**
Notes	20	20	20		21					

The notes on pages 16 to 89 are an integral part of the group and company annual financial statements.

* Change in accounting policies include the adoption of IFRIC 22: Foreign Currency Transactions and Advance Considerations, which resulted in a R155 million adjustment to opening retained earnings and a R48 million adjustment made in respect of the adoption of IFRS 9: Financial Instruments (refer to note 2).

Group Statement of Cash Flows

	Notes	2019 R '000	2018 R '000
Cash flows from operating activities			
Cash receipts from customers		40 388 251	39 259 772
Cash paid to suppliers and employees		(28 966 463)	(28 685 877)
Cash generated from operations	40	11 421 788	10 573 895
Net interest paid	42	(91 132)	(157 480)
Dividends received from Phuthuma Nathi Investments 2 (RF) Limited		18 773	18 489
Tax paid	41	(2 791 884)	(2 974 077)
Net cash from operating activities		**8 557 545**	**7 460 827**
Cash flows from investing activities			
Purchase of property, plant and equipment	43	(485 125)	(431 105)
Proceeds from disposal of property, plant and equipment		6 077	113 952
Purchase of other intangible assets		(148 553)	(221 968)
Proceeds from disposal of other intangible assets		2 501	7 500
Cash paid for other investments and loans		(31 828)	-
Cash received from other investments and loans		11 899	-
Disposal of business	45	-	141 140
Net cash used in investing activities		**(645 029)**	**(390 481)**
Cash flows from financing activities			
Proceeds from long term borrowings	23	900	-
Proceeds from related party funding	23	2 599 039	27 510 221
Repayments of related party funding	23	(425 325)	(27 931 555)
Loans to related parties		(5 072 562)	(79 074)
Repayments of loans by related parties		1 385 100	-
Finance lease payments	23	(299 433)	(295 715)
Dividends paid		(6 600 000)	(6 500 000)
Purchase of shares for share based compensation		(18 287)	(29 078)
Net cash used in financing activities		**(8 430 568)**	**(7 325 201)**
Total cash movement for the year		**(518 052)**	**(254 855)**
Cash at the beginning of the year		2 272 620	2 600 694
Effect of exchange rate movement on cash balances		325 911	(73 966)
Reclassification of cash to held for sale		-	747
Total cash at end of the year	19	**2 080 479**	**2 272 620**

The notes on pages 16 to 89 are an integral part of the group and company annual financial statements.

Group and Company Accounting Policies

1. Presentation of group and company annual financial statements

The group and company annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC), interpretations issued and effective at the time of preparing these financial statements and the South African Companies Act 71 of 2008, as amended. The group and company annual financial statements have been prepared on the historical cost basis as modified by the revaluation of investments in equity instruments, financial assets and financial liabilities (including derivative instruments) held at fair value through profit and loss with the movements recognised in the statement of comprehensive income, and incorporate the principal accounting policies set out below. They are presented in South African rands.

The accounting policies have been applied consistently compared to the prior year, with the exception of new standards required to be adopted in terms of IFRS. For further details refer to note 2.

1.1 Consolidation

Basis of consolidation

The group annual financial statements incorporate the results of MultiChoice South Africa Holdings Proprietary Limited and its subsidiaries, associates and joint ventures.

MultiChoice South Africa Holdings Proprietary Limited has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries

The results of subsidiaries are included in the group annual financial statements from the effective date of acquisition to the effective date of disposal.

All intra-group transactions, balances and unrealised gains and losses are eliminated in full on consolidation. Profits and losses arising from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions which result in changes in ownership levels, where MultiChoice South Africa Holdings Proprietary Limited has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity in the existing control business combination reserve. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in an acquisition of a business (acquiree) comprises the fair values of the assets transferred, the liabilities assumed, the equity interests issued by the group and the fair value of any contingent consideration arrangements. If the contingent consideration is classified as equity, it is not subsequently remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of contingent consideration are recognised in the statement of profit or loss and other comprehensive income.

For each business combination, the group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Where a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the statement of profit or loss and other comprehensive income. The fair value of the group's previously held equity interest forms part of the consideration transferred in the business combination at the acquisition date.

Group and Company Accounting Policies

1.1 Consolidation (continued)

When a selling shareholder is required to remain in the group's employment subsequent to a business combination, any retention option arrangements are recognised as employee benefit arrangements and dealt with in terms of the accounting policy for employee or equity compensation benefits.

Goodwill

Goodwill in a business combination is recognised at the acquisition date when the consideration transferred and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. If the consideration transferred is lower than the fair value of the identifiable net assets of the acquiree (a bargain purchase), the difference is recognised in the statement of profit or loss and other comprehensive income. The gain or loss on disposal of an entity is calculated after consideration of attributable goodwill.

Disposals

When the group ceases to have control (subsidiaries) or significant influence (associates), any retained interest in the entity is remeasured to its fair value, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest of an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory), are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements. The book values of the acquired entity are the consolidated book values as reflected in the group annual financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing business combination reserve in equity. Where comparative periods are presented, the financial statements and financial information are not restated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions with non-controlling shareholders

Non-controlling shareholders are equity participants of the group and all transactions with non-controlling shareholders are therefore accounted for as equity transactions and included in the statement of changes in equity. In transactions with non-controlling shareholders, any excess of the cost/proceeds of the transaction over the group's proportionate share of the net asset value acquired/disposed is allocated to the existing control business combination reserve in equity.

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 (Non-current assets held-for-sale and discontinued operations). Under the equity method, investments in associates are carried in the group statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the group's interest in that associate are recognised only to the extent that the group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

Group and Company Accounting Policies

1.1 Consolidation (continued)

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

The group applies the "cost of each purchase" method for step acquisitions of associates. With this method the cost of an associate acquired in stages is measured as the sum of the consideration paid for each purchase plus a share of the investee's profits and other equity movements. Any other comprehensive income recognised in prior periods in relation to the previously held stake in the acquired associate is reversed through equity and a share of profits and other equity movements is also recorded in equity. Any acquisition-related costs are treated as part of the investment in the associate.

When the group increases its shareholding in an associate and continues to have significant influence, the group adds the cost of the additional investment to the carrying value of the associate. The goodwill arising is calculated based on the fair value information at the date the additional interest is acquired.

The group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Where the group's share of losses in the associate equals or exceeds its interest in the associate, including any unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

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

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

Dilution gains and losses arising on disposal of investments in associates are recognised in the statement of profit or loss.

Group and Company Accounting Policies

1.1 Consolidation (continued)

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An interest in a joint venture is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 (Non-current assets held-for-sale and discontinued operations). Under the equity method, interests in joint ventures are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the joint venture, less any impairment losses. Profits or losses on transactions between the group and a joint venture are eliminated to the extent of the group's interest therein.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment, however, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other ventures. The group does not recognise its share of gains or losses from the joint venture that results from the purchase of assets by the group from the joint venture until it resells the assets to an independent third party.

When the group loses joint control, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Where necessary, accounting policies for joint ventures have been changed to ensure consistency with the policies adopted by the group.

1.2 Investments in subsidiaries

The cost of an investment in a subsidiary is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.3 Investments in associates and joint ventures

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The consolidated financial statements include the group's share of post-acquisition accumulated profits or losses of associated companies and joint ventures in the carrying amount of the investments, which are generally determined from their latest results. Gains or losses arising on investments in associates and joint ventures are recognised in profit or loss.

1.4 Financial instruments

Financial assets

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

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Group and Company Accounting Policies

1.4 Financial instruments (continued)

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

• the financial asset is held within a business model whose objective is 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 that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

• for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'foreign exchange differences' line item

Group and Company Accounting Policies

1.4 Financial instruments (continued)

Impairment of financial assets

The group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group always recognises lifetime expected credit losses for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(ii) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

• an actual or expected significant deterioration in the financial instrument's credit rating;

• significant deterioration in external market indicators of credit risk for a particular financial instrument

• existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

• an actual or expected significant deterioration in the operating results of the debtor

• significant increases in credit risk on other financial instruments of the same debtor;

• an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,

(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Group and Company Accounting Policies

1.4 Financial instruments (continued)

(iii) Definition of default

The group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

• when there is a breach of financial covenants by the debtor; or information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group)

• information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collateral held by the group).

Irrespective of the above analysis, the group considers that default has occurred when a financial asset is more than 90 days past due unless the group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iv) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(v) Write-off policy

Trade and other receivables - subscriptions

The group writes off financial assets relating to subscription receivables when the amounts owing are 365 days past due. Financial assets written off may still be subject to enforcement activities under the group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Trade and other receivables - other

The group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, business rescue or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(vi) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. The exposure at default, for financial assets, is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future determined based on historical trend, the group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

1.4 Financial instruments (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the group expects to receive from the holder, the debtor or any other party.

The group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs. Repurchase of the group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the group, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) designated as at fair value through other comprehensive income (FVOCI), or (iii) designated as at fair value through profit and loss (FVTPL), are measured subsequently at amortised cost using the effective interest method.

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

Group and Company Accounting Policies

1.4 Financial instruments (continued)

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'foreign exchange differences' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments and hedging strategy

Hedging strategy

The group applies hedging where economically viable in all markets for periods between 12 and 36 months as part of our foreign currency risk management strategy which is reviewed regularly by the board of directors. This provides certainty in terms of future financial assets and obligations denominated in foreign currency and allows the group to set achievable financial plans and deliver sustainable returns to shareholders. This is applied through forward exchange contracts (FECs).

Hedging of foreign currency costs

The group uses FECs to hedge the exposures arising from its cash obligations denominated in US dollar for transponder lease payments and its US dollar and euro denominated payments to purchase programming and channels, because the entities with the obligation to settle these exposures do not have the US dollar or euro as their functional currencies. This is performed for periods between 18 and 36 months.

Hedge accounting

The group applies hedge accounting where all the relevant criteria are met. The group designates hedging instruments taken out as either a cash flow hedge or fair value hedge as follows:

- Cash flow hedge: hedge of the foreign currency risk of a firm commitment to purchase programming and channels;
- Fair value hedge: hedge of the fair value of recognised transponder lease liabilities

Changes in the fair value of FECs that are designated, and qualify, as cash flow hedges are recognised in consolidated other comprehensive income and the ineffective part of the hedge is recognised in the consolidated statement of profit or loss and other comprehensive income. The amounts deferred in consolidated other comprehensive income are transferred to the consolidated statement of profit or loss and other comprehensive income and classified as income or expense in the same periods during which the hedged transaction affects the consolidated statement of profit or loss and other comprehensive income. The amounts transferred are recognised in either 'cost of providing services and sale of goods' or 'selling, general and administration expenses'.

Changes in the fair value of derivatives that are designated, and qualify, as fair value hedges are recorded in the statement of profit or loss and other comprehensive income, along with changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. These are presented in Financial Instruments (refer to note 10).

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Group and Company Accounting Policies

1.4 Financial instruments (continued)

For hedges of foreign currency purchases, the group enters into hedge relationships where the critical terms (notional value and timing of exposure) of the hedging instrument match the terms of the hedged item. In addition, the gain or loss on the hedged item (which for transponder lease liabilities is designated as the portion of the contractual cash flows covered by forward exchange contracts) is compared to the gain or loss on the hedging instrument to ensure the hedging relationship is effective. The group therefore performs a qualitative and quantitative assessment of effectiveness.

Rebalancing will occur when adjustments need to be made to the hedged item due to a material change in the underlying hedged item. This is treated as a continuation of the hedging relationship.

Hedge ineffectiveness will be assessed and recognised immediately in the consolidated statement of profit or loss and other comprehensive income before adjusting the hedging relationship.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes significantly from what was originally estimated, the total amount of the hedged item reduces or if there are changes in the credit risk of either party to the hedging relationship.

Hedge accounting will be discontinued in its entirety when the hedging relationship no longer meets the risk management objective, the hedging relationship no longer complies with the qualifying criteria or the hedging instrument has been sold or terminated.

Partial discontinuation will occur when a portion of the forecast transaction is no longer highly probable, or a portion of the hedged item is no longer part of the hedge relationship due to an adjustment to the hedge ratio (percentage cover in relation to highly probable forecasted transactions).

Hedging of operating costs

The group utilises FECs to hedge operational costs to provide certainty of foreign exchange rates for financial planning purposes.

Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible within 3 months to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, net of transaction costs incurred. Subsequently they are measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that some or all of the facility will be drawn-down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

The group has certain financial liabilities in respect of programme and film rights which are measured at amortised cost using the effective interest rate method. Certain programme and film rights have settlement dates that are not short term in nature; therefore these liabilities are recorded as non-current liabilities and have been recorded at the present value of expected future cash flows.

Group and Company Accounting Policies

1.5 Property, plant and equipment

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

Item	Average useful life
Land	Indefinite
Computer equipment	1 to 10 years
Office equipment	2 to 17 years
Furniture	5 years
Vehicles	2 to 10 years
Buildings - Owned	10 to 50 years
Buildings - Leased	5 years
Building Improvements - Owned	4 to 50 years
Building Improvements - Leased	5 years
Transmission equipment - Owned	5 to 20 years
Transmission equipment - Leased	15 years

The carrying values of property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced and the reduction is charged as an expense against income.

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

Work in progress is defined as assets still in the construction phase and not yet available for use. These assets are carried at initial cost and are not depreciated. Depreciation on these assets commence when they become available-for-use and depreciation periods are based on management's assessment of their useful lives.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic life. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the group and the cost can be reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.6 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and operations and represents the excess of the consideration transferred over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries and joint ventures is presented separately from 'other intangible assets' in the statement of financial position. Goodwill on acquisitions of associates is included in 'investment in associates'.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Group and Company Accounting Policies

1.7 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs (software and website) that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

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

Directly attributable costs that are capitalised as part of the software product include software development employee costs and an appropriate portion of the relevant overheads.

Other development expenditures that do not meet these criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to profit or loss in the period in which they are incurred.

Naming rights are carried at cost and are amortised against income over the period that future benefits are expected to arise.

Transfer fees in respect of player contracts acquired are capitalised and amortised over the contract period. The group regularly assesses whether there is any indication of impairment and any impairment loss is recognised immediately in profit or loss.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

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

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

Separately acquired intangible assets are shown at historical cost. Trademarks, brand names, subscriber bases, content agreements, customer relationships, the analogue licence, film library and licences acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives subject to the following limits:

Group and Company Accounting Policies

1.7 Intangible assets (continued)

item	Useful life
Intellectual property rights	3 years
Brand names	3 to 15 years
Soccer player rights	1 to 5 years
Subscriber base	2 to 5 years
Software (including internally developed software)	2 to 10 years
Content agreements	3 years
Customer relationships	5 years
Analogue license	4 years
Film library	2 years

1.8 Programme and film rights

Programme material rights

Purchased programme and film rights are stated at acquisition costs less accumulated amortisation. Programme material rights, which consist of the rights to broadcast programmes, series and films, are recorded at the date the rights come into license at the spot rates on the purchase date. The rights are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

Programme material rights contracted by the reporting date in respect of programmes, series and films not yet in license are disclosed as commitments.

Programme production costs

Programme production costs, which consist of all costs necessary to produce and complete a programme to be broadcast, are recorded at the lower of direct cost or net realisable value. Net realisable value is set at the average cost of programme material rights. Where a prepayment has been made on a right, the right will be recorded at the spot rate on prepayment date for the portion of the right prepaid and at the spot rate on licence date for the portion of the licence not prepaid.

Programme production costs are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

All programme production costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.

Sports events rights

Sports events rights are recorded at the date that the period to which the events relate commences, at the rate of exchange ruling at that date. These rights are expensed over the period to which the events relate or where management has confirmed that it is its intention that the event will not be screened.

Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred. Rights to future sport events contracted by the reporting date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

1.9 Impairment of assets

Goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill and intangible assets with indefinite useful lives are allocated to cash-generating units for purposes of impairment testing. The recoverable amount of a cash generating unit or individual asset is the higher of its value in use and its fair value less costs of disposal. An impairment test is performed by determining the recoverable amount of the cash-generating unit to which the goodwill or intangible assets with indefinite useful lives relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in "Other gains/(losses) – net" in the statement of profit or loss and other comprehensive income. Impairment losses recognised on goodwill are not reversed in subsequent periods.

Group and Company Accounting Policies

1.9 Impairment of assets (continued)

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

Other intangible assets and property, plant and equipment

Other intangible assets (with finite useful lives) and items of property, plant and equipment are reviewed for indicators of impairment at least annually. Indicators of impairment include, but are not limited to: significant underperformance relative to expectations based on historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the group's overall business and significant negative industry or economic trends.

Intangible assets still in the development phase, and not yet available for use (work in progress), are tested for impairment on an annual basis.

An impairment loss is recognised in "Other (losses)/gains – net" in the statement of profit or loss and other comprehensive income when the carrying amount of an asset exceeds its recoverable amount.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date less the incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows of other assets or groups of assets (a cash generating unit level).

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the revised recoverable amount exceeds the carrying amount. The reversal of such an impairment loss is recognised in "Other (losses)/gains – net" in the statement of profit or loss and other comprehensive income.

1.10 Inventories

Inventory is measured at the lower of cost and net realisable value on the weighted average cost basis.

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

The cost of finished products and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Costs of inventories include the transfer from other comprehensive income of any gains or losses on qualifying cash flow hedges relating to inventory purchases.

Group and Company Accounting Policies

1.10 Inventories (continued)

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

1.11 Provisions and contingencies

Provisions are obligations of the group where the timing or amount (or both) of the obligation is uncertain.

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

The group recognises a provision relating to its estimated exposure on all products still under warranty at the statement of financial position date. A provision for onerous contracts is established when the expected benefits to be derived under a contract are less than the unavoidable costs of fulfilling the contract. Restructuring provisions are recognised in the period in which the group becomes legally or constructively committed to a formal restructuring plan.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense in the statement of profit or loss and other comprehensive income.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense in the statement of profit or loss.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.12 Taxation

Tax expenses

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss and other comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

The normal South African company tax rate applied for the year ending 31 March 2019 is 28% (2018: 28%). The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. International tax rates vary from jurisdiction to jurisdiction.

Group and Company Accounting Policies

1.12 Taxation (continued)

Deferred taxation

Deferred tax assets and liabilities for South African entities at 31 March 2019 have been calculated using the 28% (2018: 28%) tax rate, and for other entities using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date, being the rates the group expects to apply to the periods in which the assets are realised or the liabilities are settled. Deferred taxation is provided on the taxable or deductible temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction, other than a business combination, that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised. Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Withholding tax on dividends

Dividends paid on or after 22 February 2017 by MultiChoice South Africa Holdings Proprietary Limited to shareholders that are not exempted from dividends withholding tax under South African tax law are subject to dividend withholding tax at a rate of 20%. Dividends paid prior to this date are subject to dividend withholding tax at a rate of 15%.

1.13 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The differences between the amounts recognised as an expense and the contractual payments is recognised as an operating lease asset or liability. This asset or liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.14 Translation of foreign currencies

Functional and presentation currency

The consolidated annual financial statements are presented in rand, which is the group's functional and presentation currency. All the material operations in the group have a rand functional and presentation currency, which is the currency of the primary economic environment in which these companies operate.

Group and Company Accounting Policies

1.14 Translation of foreign currencies (continued)

Transactions and balances

A foreign currency transaction is recorded, on initial recognition in rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group and company annual financial statements are recognised in profit or loss in the period in which they arise, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within cost of providing services and sale of goods or selling, general and administration costs.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss.

Cash flows arising from transactions in a foreign currency are recorded in rands by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

Group companies

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:
- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

Group and Company Accounting Policies

1.15 Revenue recognition

The group recognises revenue from the following major sources:

- Subscription fees
- Device sales
- Installation revenue
- Advertising revenue
- Sponsorship revenue
- Management fees
- Reconnection fees
- Programming and Sublicensing fees

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

Revenue is measured as the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

Subscription fees

Pay-television and Access subscription fees are earned over the period the services are provided. Subscription revenue arises from the monthly billing of subscribers for pay-television and internet services provided by the group. Revenue is recognised in the month the service is rendered. Any subscription revenue received in advance of the service being provided is recorded as deferred revenue on the consolidated statement of financial position and recognised as revenue in the month the service is provided.

Device sales

Revenue is recognised at a point in time, when the devices are provided to the customer. Payments for the devices are either received upon delivery of the device or through extension of credit to the customer. Repayment terms for credit sales are up to 24 months, however the extended repayment terms are deemed insignificant to the group.

Installation revenue

Installation revenue on devices are recognised when the device is provided to the customer. Payments for the installation are either received upon delivery of the device or through extension of credit to the customer. Repayment terms for credit sales are up to 24 months, however the extended repayment terms are deemed insignificant to the group.

Advertising revenue

The group mainly derives advertising revenues from advertisements broadcast on its video entertainment platforms, shown online on its websites and instant messaging windows. Advertising revenues from video entertainment platforms are recognised upon showing. Online advertising revenues are recognised over the period in which the advertisements are displayed.

Sponsorship revenue

Sponsorship revenues is earned on major events and recognised over the period of the event.

Management fees

Management fee income derived by the group primarily relates to fees charged to companies within the MultiChoice group for underwriting and decoder insurance claims management activities. These fees are earned over the period to which they relate.

Reconnection fees

Reconnection fee income derived by the group relates to the fee charged to customers for the reconnection of their pay-television services.

Group and Company Accounting Policies

1.15 Revenue recognition (continued)

Programming and sub-licensing revenue

Program revenue is generated by packaging content into dedicated channels for broadcast. Revenue is recognised in the month the service is rendered. Any program revenue received in advance of the service being provided is recorded as deferred revenue and recognised in the month the service is provided.

1.16 Finance income

Finance income is recognised on a time-proportion basis using the effective interest rate method. Where a loan or receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as finance income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

1.17 Other income

Dividend income is recognised when the right to receive payment is established.

1.18 Employee benefits

Short-term employee benefits

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

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

Bonus plans

The group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the group's shareholders and various other performance related considerations. The group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

Medical aid benefits

The group's contributions to medical aid benefit funds for employees are recognised as an expense in the period during which the employees render services to the group.

Defined contribution plans

The group provides retirement benefits for its full-time employees, primarily by means of monthly contributions to defined contribution pension and provident funds. The assets of these funds are generally held in separate trustee-administered funds. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not have sufficient assets to pay all employees the benefits relating to employee service in current and prior periods. The group's contributions to retirement funds are recognised as an expense when the employees render the related service. The group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Group and Company Accounting Policies

1.19 Share based payments

The group operates a number of equity and cash-settled share-based compensation plans under which the entity receives services from employees as consideration for equity instruments (options and share appreciation rights ("SARs") of the group). In terms of these plans, employees are offered awards in the form of either share options or restricted stock units (RSUs).The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and the grant date.

At the end of each reporting period, the group revises the estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

When the options are exercised, the group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The grant by the group of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

If the terms of an equity-settled award are modified, at a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

If an equity award is cancelled by forfeiture, when the vesting conditions (other than market conditions) have not been met, any expense not yet recognised for that award, as at the date of forfeiture, is treated as if it had never been recognised. At the same time, any expense previously recognised on such cancelled equity awards are reversed from the accounts effective as at the date of forfeiture.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments vest immediately the services received are recognised in full.

A share option scheme is considered equity-settled when the option/gain is settled by the issue of MultiChoice South Africa Holdings (MCSAH) shares as the obligation to settle these lies with MCSAH. They are considered cash-settled when they are settled in cash or any other asset, including MultiChoice Group Limited shares, where the obligation to settle these lies with the group. Each share trust deed/SAR plan, as appropriate, indicates whether a plan is to be settled by the issue of the company's shares or not.

Group and Company Accounting Policies

1.19 Share based payments (continued)

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal) and share premium when the options are exercised.

1.20 Advertising expenses

Advertising expenses are expensed in the financial period in which they are incurred.

1.21 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

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

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

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

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

1.22 Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.23 Dividend distributions

Dividend distributions to the group's shareholders are recognised as a liability in the group financial statements in the period in which the dividends are approved by the group's shareholders until the date they are paid.

1.24 Significant judgements and sources of estimation uncertainty

The preparation of the group and company annual financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent assets and liabilities at the statement of financial position date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates.

Estimates are made regarding the fair value of intangible assets recognised in business combinations; impairment of property, plant and equipment (refer to note 4); goodwill (refer to note 5); other intangible assets (refer to note 6); financial assets carried at amortised cost and other assets (refer to note 10); the remeasurements required in business combinations and disposals of associates, joint ventures and subsidiaries (refer to note 45); fair-value measurements of level 2 and level 3 financial instruments (refer to note 12); provisions (refer to note 25); taxation (refer to note 39) and share based payment liability (refer to note 29).

Group and Company Accounting Policies

1.24 Significant judgements and sources of estimation uncertainty (continued)

Significant judgements include:

Consideration of useful lives

The group calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal or other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the group may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss.

Leased transponders and transmitters represent approximately 72% (2018: 72%) of the groups' property, plant and equipment as of 31 March 2019. All of the groups' leased transponders are capitalised and depreciated over the shorter of their expected useful life or the lease term because the term of the lease covers at least 75% of the transponder's estimated useful life.

The useful life of transponders depends on various factors. These factors include the success of the launch and the amount of fuel required for the transponder to be placed in the correct orbital location. Many factors can influence the useful life of a transponder. However, they are designed for operational redundancies to minimise service disruptions should critical systems fail.

Empowerment transaction

As part of the Restructure, MultiChoice Group Limited allocated, for no consideration, an additional 5% stake in MultiChoice South Africa Holdings Proprietary Limited ("MCSA") to Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited (collectively "Phuthuma Nathi"). In terms of IFRS 2, Share-based payments, this transaction qualifies as an equity-settled share-based payment. The value of the 5% Phuthuma Nathi share issue has been calculated at R2.6 billion using a discounted cash flow valuation method, applying a terminal growth factor of 5.5%, applying a cost of equity of 11.9% and a non-controlling interest discount factor of 17.5%.

Estimated impairment of goodwill

Goodwill is tested annually to assess whether the group has suffered impairment. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

The group believes that the accounting estimate relating to goodwill impairment is a critical accounting estimate because the discounted cash flows are highly susceptible to change from period to period because it requires the group's management to make assumptions about future sales volumes and the cost of providing services over the life of the goodwill and discount rates for media-based businesses in emerging markets, and because recognising an impairment could have a material impact on the value of the goodwill reported on the group's statement of financial position and the level of its net profit.

The discount rates applied to the cash flows, the growth rate to extrapolate the cash flows and the basis for determining the recoverable amount are disclosed per cash-generating unit in note 5 to the group annual financial statements. There is significant head room between each of the cash-generating unit's discounted cash flows and the carrying amount of the respective goodwill.

Amortisation of acquired film rights

Costing of acquired film rights is based on a fixed amortisation period, which represents the period over which film rights are acquired. The costing method is consistent with that of the prior year and changes to these assumptions is expected to have a significant impact on the carrying value of programme and film rights.

Notes to the Group Annual Financial Statements

2. New Standards and Interpretations

The IASB issued a number of standards, amendments to standards and interpretations during the year ended 31 March 2019.

The following amended accounting standards have been adopted by the group and are applicable for the first time during the year ended 31 March 2019. These pronouncements had no significant effect on the company's financial statements:

Standard/Interpretation	Title
IFRS 2	Share-based payments
IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRIC 22	Foreign Currency Transactions and Advance Considerations
Various	Annual Improvements to IFRS 2014-2016

The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2019. The group is currently evaluating the effects of these standards and interpretation, which have not been early adopted. The group has done an initial assessment and tentatively concluded that the implementation of these changes will not have a material impact on the financial statements.

Standard/Interpretation	Title	Effective for year ending
IAS 1	Presentation of Financial Statements	March 2021
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	March 2021
IAS 19	Employee benefits	March 2021
IFRS 3	Business Combinations	March 2021
IFRS 9	Financial Instruments	March 2020
IFRS 16	Leases	March 2020
IFRIC 23	Uncertainty over Income tax treatments	March 2020
Various	Annual improvements cycle 2015 -2017	March 2020

Notes to the Group Annual Financial Statements

2. New Standards and Interpretations (continued)

(1) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments (IFRS 9) was issued in July 2014, replacing IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The group applied IFRS 9 from 1 April 2018 (the 2019 financial year) for the first time. As permitted by IFRS 9's transitional provisions, the group has not restated comparative information.

The initial application of IFRS 9 had the following impact on the group's accounting policies:

Classification and measurement

In terms of IAS 39, the group classifies equity investments as fair value through other comprehensive income (FVOCI) (refer to note 10) with changes in fair value recognised in other comprehensive income. On disposal or impairment, cumulative fair value changes recognised in other comprehensive income are reclassified to the statement of profit or loss and other comprehensive income. Furthermore, certain investments are measured at cost as their fair value cannot be measured with sufficient reliability. IFRS 9 classifies these investments as financial assets at fair value through other comprehensive income and does not permit the reclassification of cumulative fair value changes to the statement of profit or loss and other comprehensive income on disposal or impairment. IFRS 9 no longer permits cost measurement where fair value cannot be measured with sufficient reliability. The group has accordingly no longer classified cumulative fair value changes on these investments to the statement of profit or loss and other comprehensive income but has rather transferred such cumulative changes to retained earnings on disposal of the investment.

Impairment

IFRS 9 introduced a forward-looking impairment model, based on expected credit losses, to replace the incurred loss model in terms of IAS 39. In terms of IFRS 9, the group's impairment methodology has taken forward-looking information, that has been demonstrated to be predictive of credit losses, into consideration when assessing the impairment of financial assets.

The group has prospectively applied the provisions of IFRS 9 at the date of initial application (1 April 2018), resulting in the following adjustments to the amounts recognised in the group statement of financial position and statement of changes in equity:

	Carrying amount 31 March 2018 R'000	Remeasurement R'000	Carrying amount 1 April 2018 R'000
Retained earnings	(7 423 991)	48 151	(7 375 840)
Trade and Other Receivables	1 353 620	(48 151)	1 305 469

(2) IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers (IFRS 15) was issued in May 2014, replacing IAS 18 Revenue. The group has applied IFRS 15 from 1 April 2018 (the 2019 financial year) on a retrospective basis.

Apart from having provided additional detailed disclosure around revenue recognition the application of IFRS 15 has not had a material impact on the group's revenue recognition practices and consolidated annual financial statements.

The adoption of IFRS 15 did not result in a change in the total revenue recognised for 2018 but the only change was a reallocation of revenue of R308 million between installation and device sales. These specific line items have been restated in revenue note 32.

(3) IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for non-monetary assets and liabilities arising from the payment or receipt of advance consideration in a foreign currency. IFRIC 22 determines that these items (typically prepaid expenses and deferred revenue) should not be retranslated to the reporting group's functional currency after initial recognition. The group has applied IFRIC 22 from 1 April 2018 on a prospective basis.

IFRIC 22 Foreign currency transactions and advance consideration, applies to foreign currency transactions that result in the recognition of a non-monetary asset or non monetary liability arising from the payment or receipt of advance consideration before the group recognises the related asset or expense or income.

2. New Standards and Interpretations (continued)

IFRIC 22 specifies that the date of a transaction for the purpose of determining the exchange rate to use on the initial recognition of related asset, expense or income on derecognition of the non monetary asset or non monetary liability arising from the payment or receipt of advance consideration, is the date on which that non monetary asset or non monetary liability was recognised. Therefore, the related income, expense or asset is not remeasured for changes in exchange rates occurring between the date of initial recognition of the transaction to which that consideration relates.

In accordance with the provisions of IFRIC 22 the group is no longer permitted to recognise foreign exchange gains/losses on non monetary assets or liabilities .i.e. content prepayments.

The group has prospectively applied the provisions of IFRIC 22 at the date of initial application (1 April 2018), resulting in the following adjustments to the amounts recognised in the balance sheet:

	Carrying amount 31 March 2018	Remeasurement	Carrying amount 1 April 2018
	R'000	R'000	R'000
Trade and other receivables	1 353 620	155 255	1 508 875
Retained earnings	(7 423 991)	(155 255)	(7 579 246)

(4) IFRS 16 Leases

IFRS 16 Leases was issued in January 2016 and will be adopted by the group on 1 April 2019. It will result in almost all leases being recognised on the statement of financial position by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals is recognised. The only exceptions are short-term and low-value leases (such as leases of operating equipment etc.). The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets (including property leases) will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The group is currently assessing the impact of this standard and the impact on the future annual financial statements. The group plans to elect the practical expedient to not reassess the definition of leases. As at the reporting date, the group has non-cancellable operating lease commitments of R172 million. Of these commitments, approximately R26.4 million relate to short-term, low value leases which will continue to be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the group will recognise a right of use asset which will initially be measured at the amount of the future lease liability plus any initial direct cost incurred. The group will also record the corresponding lease liability which will initially be measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease. We expect this to result in an increase in current and long-term liabilities, and an increase in non-current assets.

The most significant operating leases that the group has pertain to the following properties:

- Erf 170996 Falcon Crescent, Airport City
- Portion 1 of Erf 393 Strijdom Park Extention 25, corner of Hammer and Gerdus Street, Stijdom Park, Randburg
- 251 Oak Avenue, Ferndale, Randburg, 2194
- 309 Umhlanga rocks Drive, La Lucia ridge
- Hoogland Ext. 42, Aintree Lane, Northriding, Randburg
- Snail Snow Properties - Cape town

The adoption of the standard will result in a change in the presentation of lease payments in the statement of comprehensive income. The lease payments currently disclosed as operating expenses, will in future, under the right of-use model, be disclosed as depreciation and interest expense will be recognised separately. Operating cash flows will increase, and financing cash flows are expected to increase as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

2. New Standards and Interpretations (continued)

The group's activities as a lessor are not material.

The net impact of the adoption of IFRS 9 and IFRIC 22 on the group's statement of financial position is summarised as follows:

	Carrying amount 31 March 2018 R'000	Remeasurement R'000	Carrying amount 1 April 2018 R'000
Trade and other receivables	1 353 620	107 104	1 460 724
Retained earnings	(7 423 991)	(107 104)	(7 531 095)

3. Significant acquisitions and divestitures

The group has not made any significant acquisitions or divestitures in the current year.

4. Property, plant and equipment

	2019 R '000			2018 R '000		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings - Purchased	1 821 807	(401 978)	1 419 829	1 800 862	(353 910)	1 446 952
Land and buildings - Leased	17 614	(8 744)	8 870	10 717	(4 293)	6 424
Transmission equipment - Purchased	3 642 636	(2 790 125)	852 511	3 845 743	(2 877 356)	968 387
Transmission equipment - Leased	10 035 081	(2 599 394)	7 435 687	10 035 081	(1 931 581)	8 103 500
Computer and office equipment, furniture and vehicles - Purchased	1 406 495	(1 015 245)	391 250	1 508 580	(1 063 190)	445 390
Work-in-progress	282 015	-	282 015	228 494	-	228 494
Total	**17 205 648**	**(6 815 486)**	**10 390 162**	**17 429 477**	**(6 230 330)**	**11 199 147**

Notes to the Group Annual Financial Statements

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019 (R '000)

	Opening balance	Additions	Disposals	Transfers to and from WIP	Reallocations	Depreciation	Impairment loss	Total
Land and buildings - Purchased	1 446 952	13 978	-	22 785	-	(63 886)	-	1 419 829
Land and buildings - Leased	6 424	2 910	-	3 987	-	(4 451)	-	8 870
Transmission equipment - Purchased	968 387	220 532	(3 517)	61 584	(26)	(389 197)	(5 252)	852 511
Transmission equipment - Leased	8 103 500	-	-	-	-	(667 813)	-	7 435 687
Computer and office equipment, furniture and vehicles - Purchased	445 390	94 741	(393)	12 932	(6)	(161 414)	-	391 250
Work-in-progress	228 494	158 476	(3 580)	(101 288)	(87)	-	-	282 015
	11 199 147	**490 637**	**(7 490)**	**-**	**(119)**	**(1 286 761)**	**(5 252)**	**10 390 162**

Reconciliation of property, plant and equipment - 2018 (R '000)

	Opening balance	Additions	Disposals	Transfers	Reallocations	Depreciation	Total
Land and buildings - Purchased	1 492 243	3 269	(800)	17 050	-	(64 810)	1 446 952
Land and buildings - Leased	9 369	-	-	35	-	(2 980)	6 424
Transmission equipment - Purchased	1 166 237	189 760	(4)	37 027	-	(424 633)	968 387
Transmission equipment - Leased	8 771 314	-	-	-	-	(667 814)	8 103 500
Computer and office equipment, furniture and vehicles - Purchased	453 659	140 776	(3 106)	41 963	-	(187 902)	445 390
Work-in-progress	276 274	97 300	(6 344)	(96 075)	(42 661)	-	228 494
	12 169 096	**431 105**	**(10 254)**	**-**	**(42 661)**	**(1 348 139)**	**11 199 147**

4. Property, plant and equipment (continued)

The group has pledged property, plant and equipment with a carrying value of R7 443 million at 31 March 2019 (R8 106 million at 31 March 2018) as security against certain term loans (refer to note 31 for details). The pledge mainly relates to assets acquired in terms of finance leases. The pledge would come into effect should default on the lease payments occur.

In terms of IAS 8 'Accounting policies, changes in accounting estimates and errors' an assessment of the expected future benefits associated with property, plant and equipment was determined. There have been no changes in the estimated useful lives of assets in the year ended 31 March 2019 or 31 March 2018.

	2019 R '000	2018 R '000
Classification of depreciation in statement of Profit or Loss and Other Comprehensive Income		
Cost of providing services and sale of goods	1 048 841	1 091 864
Selling, general and administration costs	237 920	256 275
	1 286 761	**1 348 139**

Registers containing additional information on land and buildings are available for inspection at the registered offices of the respective group companies. The directors are of the opinion that the recoverable amount of each class of property exceeds the carrying amount, at which it is included in the statement of financial position.

5. Goodwill

	2019 R '000			2018 R '000		
	Cost	**Accumulated impairment**	**Carrying value**	**Cost**	**Accumulated impairment**	**Carrying value**
Goodwill	3 290 812	(22 387)	3 268 425	3 290 812	(22 387)	3 268 425

The group has allocated its goodwill and other intangible assets to its various cash-generating units. The recoverable amounts have been determined based on a value-in-use calculation. The value-in-use is based on pre-tax discounted cash flow calculations. The group based its cash flow calculations on three to five years budgeted and forecast information approved by senior management and the various boards of directors of group companies. Long-term average growth rates for the country in which the entities operate were used to extrapolate the cash flows into the future. The key assumptions used for the value-in-use calculations are as follows:

Notes to the Group Annual Financial Statements

5. Goodwill (continued)

2019	**Basis of determination**	**Discount rate (a)**	**Growth rate into perpetuity (b)**	**Carrying amount R'000**
M-Net and SuperSport businesses	Value-in-use	13 %	3 %	3 268 425

2018	**Basis of determination**	**Discount rate (a)**	**Growth rate into perpetuity (b)**	**Carrying amount R'000**
M-Net and SuperSport businesses	Value-in-use	13 %	3 %	3 268 425

a. Pre-tax discount rate applied to the cash flow projections.
b. Weighted average growth rate used to extrapolate cash flows beyond the budget period.

The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units. The weighted average growth rates used are consistent with forecasts included in industry reports.

The group has performed a sensitivity analysis by varying the input factors by a reasonably possible margin and assessing whether the change in input factors result in any impairment of goodwill. No impairment was necessary based on the outcome of this analysis.

Goodwill represents the assembled workforce and synergies obtained from the acquisitions.

	2019 R '000	**2018 R '000**
Reconciliation of goodwill		
Opening balance	3 268 425	3 268 425
Closing balance	**3 268 425**	**3 268 425**

Notes to the Group Annual Financial Statements

6. Intangible assets

	2019 R '000			2018 R '000		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Brand names	220 800	(220 800)	-	220 800	(220 800)	-
Software	1 301 862	(917 395)	384 467	1 215 687	(707 759)	507 928
Other	1 166 435	(1 143 736)	22 699	1 226 399	(1 190 543)	35 856
Work-in-progress	26 994	-	26 994	38 831	-	38 831
Total	**2 716 091**	**(2 281 931)**	**434 160**	**2 701 717**	**(2 119 102)**	**582 615**

Reconciliation of intangible assets - 2019 (R '000)

	Opening balance	Additions	Disposals	Transferred from WIP	Reallocations	Amortisation	Impairment loss *	Total
Brand names	-	-	-	-	-	-	-	-
Software	507 928	83 904	(21)	57 177	119	(213 784)	(50 856)	384 467
Other	35 856	19 309	(2 145)	-	-	(30 321)	-	22 699
Work-in-progress	38 831	45 340	-	(57 177)	-	-	-	26 994
Total	**582 615**	**148 553**	**(2 166)**	**-**	**119**	**(244 105)**	**(50 856)**	**434 160**

*The group recognised impairment losses on other intangible assets of R50,86 million (2018: RNil) relating to software that is no longer used for its intended purpose. The impairment losses have been included in "Selling, general and administration costs" in the statement of profit or loss and other comprehensive income.

Notes to the Group Annual Financial Statements

6. Intangible assets (continued)

Reconciliation of intangible assets - 2018 (R '000)

	Opening balance	Additions	Disposal / acquisition of business	Transferred from WIP	Reallocations	Amortisation	Total
Brand names	-	-	-	-	-	-	-
Subscriber base	-	-	-	-	-	-	-
Software	500 847	99 935	(13)	57 557	42 661	(193 059)	507 928
Other	47 251	39 332	(12 573)	-	-	(38 154)	35 856
Work-in-progress	13 687	82 701	-	(57 557)	-	-	38 831
Total	**561 785**	**221 968**	**(12 586)**	**-**	**42 661**	**(231 213)**	**582 615**

Classification of amortisation in Statement of Comprehensive Income

	2019 R '000	2018 R '000
Cost of providing services and sale of goods	3 829	10 826
Selling, general and administration costs	240 276	220 387
	244 105	**231 213**

None of the intangible assets have an indefinite useful life.

Notes to the Group Annual Financial Statements

7. Investments in subsidiaries

Name of company	% holding 2019	% holding 2018	Nature of business	incorporation and principal place of business	Functional currency	Financial year end date
CommerceZone Proprietary Limited	100 %	100 %	e-Procurement platform	South Africa	ZAR	31 March 2019
DStv Media Sales Proprietary Limited	100 %	100 %	Commercial air-time sales	South Africa	ZAR	31 March 2019
Electronic Media Network Proprietary Limited	100 %	100 %	Pay TV content provider	South Africa	ZAR	31 March 2019
Huntley Holdings Proprietary Limited	100 %	100 %	Investment holding	South Africa	ZAR	31 March 2019
Jellybean Interactive Proprietary Limited	60 %	60 %	Online Electronics retailer (Dormant)	South Africa	ZAR	31 March 2019
M-Net Intelprop Holdings Proprietary Limited	100 %	100 %	Dormant	Mauritius	MUR	31 March 2019
GoTV Lesotho (Pty) Ltd	100 %	100 %	Digital television services provider	Lesotho	ZAR	31 March 2019
MultiChoice Proprietary Limited	100 %	100 %	Broadcaster of Pay TV Services	South Africa	ZAR	31 March 2019
MultiChoice Investments Proprietary Limited	100 %	100 %	Investment holding	South Africa	ZAR	31 March 2019
MultiChoice Mobile Operations Proprietary Limited	100 %	100 %	Mobile platform management services	South Africa	ZAR	31 March 2019
MultiChoice Operations Proprietary Limited	100 %	100 %	Dormant	South Africa	ZAR	31 March 2019
MultiChoice Eastern Cape Proprietary Limited	100 %	100 %	Dormant	South Africa	ZAR	31 March 2019
MultiChoice South Africa Proprietary Limited	100 %	100 %	Investment holding	South Africa	ZAR	31 March 2019
MultiChoice Support Services Proprietary Limited	100 %	100 %	Subscriber management services, Subscription television technical support and Property holding company	South Africa	ZAR	31 March 2019
MultiChoice Technical Operations Proprietary Limited	100 %	100 %	Dormant	South Africa	ZAR	31 March 2019
Huntley Media Services Proprietary Limited	100 %	100 %	Internet service provider	South Africa	ZAR	31 March 2019
NMS Properties Proprietary Limited	100 %	100 %	Dormant	South Africa	ZAR	31 March 2019
Orbicom Proprietary Limited	100 %	100 %	Subscription television infrastructure	South Africa	ZAR	31 March 2019
SSI Intelprop Holdings Limited	100 %	100 %	Investment holding	South Africa	ZAR	31 March 2019
SuperSport International Proprietary Limited	100 %	100 %	Sports content provider	South Africa	ZAR	31 March 2019
SuperSport International Holdings Proprietary Limited	100 %	100 %	Sports broadcasting	South Africa	ZAR	31 March 2019
SuperSport Sports Holdings Proprietary Limited	100 %	100 %	Sports Holdings	South Africa	ZAR	31 March 2019
SuperSport United Football Club Proprietary Limited	100 %	100 %	Football Club	South Africa	ZAR	31 March 2019
NMS Communications (Pty) Ltd*	50 %	50 %	Dormant	South Africa	ZAR	31 March 2019

* Refer to note 46

Notes to the Group Annual Financial Statements

7. Investments in subsidiaries (continued)

A register containing the number of shares and class of shares for all investments in subsidiaries is available for inspection at the group's registered office.

8. Investments in joint ventures

Joint ventures

The following information relates to MultiChoice South Africa Holdings Proprietary Limited's financial interest in its significant joint ventures in which the group has voting rights through its direct and indirect interests in intermediate holding companies and other entities. All of these entities are unlisted. They are all incorporated and have their principal place of business in South Africa and all have the South African rand as their functional currency, unless otherwise indicated:

Name of company	% ownership interest 2019	% ownership interest 2018	Carrying value 2019 R '000	Carrying value 2018 R '000
Kwazulu Natal Cricket Proprietary Limited	50,00 %	50,00 %	(2 326)	(1 801)
Western Province Professional Cricket Proprietary Limited	50,00 %	50,00 %	(1 114)	(991)
Titans Cricket Proprietary Limited	50,00 %	50,00 %	15 232	16 121
Vast Networks Proprietary Limited	49,00 %	49,00 %	-	1 903
EMN Media Services Proprietary Limited	33,00 %	33,00 %	-	-
			11 792	15 232

A register containing the number of shares and class of shares for all investments in joint ventures is available for inspection at the group's registered office.

Summarised financial information of material joint ventures

Revenue	167 723	221 526
Other income and expenses	(384 476)	(409 155)
Loss from continuing operations	(216 753)	(187 629)
Other comprehensive income	(361)	-
Total comprehensive losses	(217 114)	(187 629)

Summarised Statement of Financial Position

Assets		
Non-current	111 194	150 801
Current	140 849	180 789
Total assets	252 043	331 590
Liabilities		
Non-current liabilities	354 231	195 760
Current liabilities	88 674	118 137
Total liabilities	442 905	313 897
Total shareholder's equity	(190 862)	17 693
Total equity and liabilities	252 043	331 590

8. Investments in joint ventures (continued)

	2019 R '000	2018 R '000
Reconciliation of investment of joint ventures		
Investment at beginning of period	15 232	107 451
Loans and advances	168 527	143
Share of losses	(106 213)	(91 962)
Impairment	(65 754)	(400)
Investment at end of period	11 792	15 232

The summarised information presented above reflects the financial statements of the joint ventures after adjusting for differences in accounting policies between the group and the joint venture.

The group has applied IFRS 11 by accounting for joint ventures in terms of the equity method.

9. Investments in associates and joint ventures

Material associates

The following information relates to MultiChoice South Africa Holdings Proprietary Limited's financial interest in its significant associates in which the group has voting rights through its direct and indirect interests in intermediate holding companies and other entities. All of these entities are unlisted. They are all incorporated and have their principal place of business in South Africa and all have the South African rand as their functional currency, unless otherwise indicated:

	2019 Shareholding %	2018 Shareholding %	2019 R '000	2018 R '000
Central Cheetahs Proprietary Limited *	8.16%	8.16%	-	-
Free State Cheetahs Proprietary Limited	24.50%	24.50%	(762)	(480)
The Sharks Proprietary Limited	49.00%	49.00%	(41 700)	(37 526)
			(42 462)	**(38 006)**

* The effective investment in Central Cheetahs Proprietary Limited is below 20%. Significant influence is established through board representation.

The group continues to recognise losses in these investments as the group have taken out guarantees against the obligations related to these losses.

A register containing the number of shares and class of shares for all investments in associates is available for inspection at the group's registered office.

Summarised financial information of material associates

Summarised Statement of Comprehensive Income

	2019 R '000	2018 R '000
Revenue	268 981	288 198
Other income and expenses	(279 505)	(297 078)
Loss from continuing operations	(10 524)	(8 880)
Net loss	(10 524)	(8 880)

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000
9. Investments in associates and joint ventures (continued)		
Summarised Statement of Financial Position		
Assets		
Non-current	95 613	97 833
Current	28 339	51 402
Total assets	123 952	149 235
Liabilities		
Non-current	87 607	61 045
Current	81 985	103 305
Total liabilities	169 592	164 350
Total shareholders' equity	(45 640)	(15 115)
Total equity and liabilities	123 952	149 235

Reconciliation of net assets to equity accounted investments in associates

	2019 R '000	2018 R '000
Investment at beginning of period	(38 006)	(33 400)
Loans	(5 075)	-
Share of loss	(4 665)	(4 805)
Impairment reversal/(loss)	5 284	199
Investment at end of period	**(42 462)**	**(38 006)**

10. Financial instruments

Financial risk factors

The group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the financial performance of the group. The group uses derivative financial instruments such as forward exchange contracts to hedge certain risk exposures. The group does not speculate with, or engage in the trading of financial instruments.

Risk management is carried out by the management of the group under policies approved by the board of directors. Management identifies, evaluates and hedges financial risks. The various boards of directors within the group provide written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative instruments and the investment of excess liquidity.

The group did not designate any cash as hedge instruments in the current and prior year.

Capital management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk. The group sets the amount of capital in proportion to risk. The group manages capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

As of 31 March 2019, the group had total interest bearing debt (including capitalised finance leases) of R10 156 million (2018: R8 569 million) and total cash of R2 billion (2018: R2.3 billion). The net interest-bearing debt to equity ratio was 98% (2018: 97%) at 31 March 2019. The group excludes satellite transponders from total interest-bearing debt when evaluating and managing capital. These items are considered to be operating expenses. The adjusted total interest-bearing debt (excluding transponder leases) was Rnil (2018: Rnil) and the adjusted net interest-bearing debt ratio was 0% (2018: 0%).

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

The group does not have a formal targeted debt-equity ratio.

General authority has been granted to the directors of the group to allot and issue the un-issued shares of the group subject to the requirements of the Companies Act.

There were no changes in the group's approach to capital management during the year.

Equity price risk

The group holds investments in equity instruments that are classified as equity investments. These investments expose the group to equity price risk as changes in the fair value of the investments are recognised in other comprehensive income.

Equity price risk sensitivity analysis

Management's best estimate of the reasonably possible changes (10%) in the market values of equity investments, assuming all other variables were held constant, specifically foreign exchange rates, would result in an increase in total equity of R15.6 million (2018: R10.6 million).

Foreign exchange risk

The group is exposed to foreign exchange risk arising from various currency exposures. The majority of the group's revenue is denominated in South African rand. A significant portion of cash obligations, including payment obligations under satellite transponder leases and contracts for pay-television programming and channels, are denominated in US dollars. Where the group's revenue is denominated in local currency such as rand, depreciation of the local currency against the US dollar adversely affects the group's earnings and its ability to meet cash obligations. Entities in the group use forward exchange contracts to hedge their exposure to foreign currency risk in connection with their functional currencies. Management is responsible for hedging the net position in the major foreign currencies by using forward currency contracts. The group generally covers forward 80% to 100% of firm commitments in foreign currency for up to three years.

The group has classified its forward exchange contracts relating to forecast transactions and firm commitments as cash flow and fair value hedges, and states them at fair value. The transactions relate mainly to programming costs, transponder lease instalments and the acquisition of inventory items. A cumulative after tax gain of R1677.3 million (2018: loss of R438.4 million) has been deferred in a hedging reserve at 31 March 2019. This amount is expected to realise over the next three financial years. The fair value of all forward exchange contracts designated as cash flow hedges at 31 March 2019 was a net asset of R1.117 million (2018: R1.185 million net liability). The fair value of all forward exchange contracts designated as fair value hedges at 31 March 2019 was a net asset of R324 million (2018: R286 million net liability). The embedded derivative at 31 March 2019 was R54 million (2018: R20 million).

The following is an analysis of the fair value of the forward exchange contracts and embedded derivatives in place at year-end:

	2019 R '000	2018 R '000
Assets		
Non current	442 318	-
Current	1 078 137	20 159
	1 520 455	**20 159**
Liabilities		
Non current	(16 853)	(404 097)
Current	(8 204)	(1 067 630)
	(25 057)	**(1 471 727)**
Derivative assets	1 520 455	20 159
Derivative liabilities	(25 057)	(1 471 727)
Total net derivative asset/(liability)	**1 495 398**	**(1 451 568)**

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000

10. Financial instruments (continued)

	2019 R '000	2018 R '000
Movement		
At the beginning of the year	(1 451 566)	(693 333)
Fair value hedges	687 719	(150 218)
Released to hedged item	48 022	57 288
Revaluation	2 211 223	(665 303)
At the end of the year	**1 495 398**	**(1 451 566)**

The group's forward exchange contracts are subject to master netting arrangements that allow for offsetting of asset and liability positions with the same counterparty in the event of default. None of the group's forward exchange contracts have been offset in the statement of financial position. Had forward exchange contracts been offset, the net asset presented in the statement of financial position would amount to R1.495 billion net asset (2018: net liability of R1.452 billion).

As at 31 March 2019 and 31 March 2018, the group had no hedges of net investments in foreign operations.

Foreign exchange contracts	**2019 R'000**		**2018 R'000**	
	Cash flow hedges	**Fair value hedges**	**Cash flow hedges**	**Fair value hedges**
Carrying amount per currency pair - asset/(liability)				
- USD/ZAR	1 205 919	255 438	1 140 183	216 856
- EUR/ZAR	20 542	-	114 688	-
	1 226 461	**255 438**	**1 254 871**	**216 856**
Notional amount per currency pair - buy/(sell)				
USD/ZAR - (USD'000)	1 681 535	435 726	583 505	120 590
EUR/ZAR - (EUR'000)	49 640	-	69 000	-
Maturity date range	April 2019 - January 2022	April 2019 - January 2022	April 2018 - January 2020	April 2018 - January 2020
Hedge ratio per currency pair				
USD/ZAR	100 %	100 %	100 %	100 %
EUR/ZAR	100 %	- %	100 %	- %
Change in value of hedged item used to determine hedge effectiveness per currency pair - gain/(loss)				
USD/ZAR	2 343 418	627 712	*	*
EUR/ZAR	51 867	-	*	*
	2 395 285	**627 712**	*	*
Weighted average hedged rate per currency pair for the year				
USD/ZAR	14,59	14,76	14,29	14,27
EUR/ZAR	17,42	-	17,44	-

* The group elected to apply IFRS 9 on a modified retrospective basis (i.e. from 1 April 2018) and therefore no comparative information is disclosed.

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

The table below sets out the periods when the cash flows are expected to occur for both fair value and cash flow hedges in place as at year-end:

	2019			2018		
	Foreign currency amount '000	Average rate R	R'000	Foreign currency amount '000	Average rate R	R'000
US dollar						
Within 1 year	912 035	13,64	12 440 157	499 096	14,26	7 114 862
1 to 2 years	836 495	15,07	12 605 979	205 000	14,36	2 943 683
2 to 3 years	368 731	16,04	5 914 445	-	-	-
Euro						
Within 1 year	42 320	17,40	736 368	34 000	17,25	586 396
1 to 2 years	7 320	17,59	128 759	35 000	17,63	616 963
2 to 3 years	-	-	-	-	-	-

The group's forward exchange contracts are used primarily to hedge the rand against the US dollar. During the financial year ended 31 March 2019, the rand weakened against the US dollar by approximately 22%(2018: weakened by 12%). Below is an analysis of the covered and uncovered foreign currency commitments of the group. The exposure amount primarily reflects US dollar denominated debt relating to finance lease commitments and programme and film rights. The group's exposure to exchange rate fluctuations in currencies other than the US dollar and euro is not material.

	2019		2018	
	Foreign currency amount '000	R'000	Foreign currency amount '000	R'000
Covered commitments and liabilities				
US dollar	2 117 260	30 960 723	704 096	10 058 545
Euro	49 640	865 234	69 000	1 203 359
Uncovered commitments				
US dollar	33 581	486 834	1 312 210	15 568 839
Euro	20 968	341 009	23 350	340 628
Australian dollar	70	718	2 207	20 059

Foreign exchange rates

The exchange rates used by the group are as follows:

	2019		2018	
	Average rate R	Closing rate R	Average rate R	Closing rate R
US dollar	13,82	14,50	12.91	11.84
Euro	15,94	16,26	15.22	14.59

The average rates listed above are only approximate average rates for the year. The group measures separately the transactions of each of its material operations using the particular currency of the primary economic environment in which the operation conducts its business, translated at the prevailing exchange rate on the transaction date.

Foreign currency sensitivity analysis

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

The group's presentation currency is the South African rand, but as it procures goods and services internationally, it is exposed to a number of currencies, of which the exposure to the US dollar and euro are the most significant.

The sensitivity results below detail the group's sensitivity to a 10% decrease in the rand against the US dollar and euro. These percentage decreases represent management's assessment of the possible changes in the foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the above percentage change in foreign currency rates.

A 10% decrease of the rand against the US dollar and euro, after taking into account the effects of hedging, would result in the profit after tax decreasing by approximately R104.3 million (2018: R360.9 million). Changes in other equity would increase by approximately R1921.8 million (2018: increase by approximately R267 million).

10.1 Credit risk

The majority of the group's customers pay their accounts in advance, therefore the trade receivables mostly relate to retailers in respect of device sales.

The group monitors the aging of related party receivables and provides for expected credit losses after analysing the possibility of default. Once a debt is considered irrecoverable it is written off as a bad debt. There have been no provisions made against the related party balances at 31 March 2019 as there are no indicators of impairment.

The group is exposed to certain concentrations of credit risk relating to its cash and Investments. It places its cash mainly with major banking groups and high-quality institutions that have high credit ratings. The group's treasury policy is designed to limit exposure to any one institution and invests its excess cash in low-risk investment accounts. The counterparties that are used by the group are evaluated on a continuous basis. At 31 March 2019 cash and Investments were held with numerous financial institutions.

The maximum amount of credit risk that the group is exposed to is as follows:

	2019 R '000	2018 R '000
Investments and other financial assets	176 122	82 826
Trade and other receivables	1 525 111	1 353 620
Derivative assets	1 520 455	20 159
Cash and cash deposits	2 080 479	2 272 620
Related party receivables	3 598 957	2 249 963
	8 901 124	**5 979 188**

The carrying amounts of the group's trade receivables are denominated in South African rands. The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable. The group does not hold any collateral as security.

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

Impairment of financial assets

The group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables from subscriptions and sale of devices,
- other receivables relating to sundry services and sales, and
- related party receivables

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

Trade receivables for subscription and device sales

Trade and other receivables consist primarily of invoiced amounts from normal trading activities and ordinarily have 30 day payment terms. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables from the sales of device sales have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 March 2019 or 01 April 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the gross domestic product (GDP) and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The majority of commercial subscription and device sales is prepaid.

The majority of these receivables relates to retailers with low credit risk. The group identifies specific credit loss allowances if these receivables are greater than 90 days. There were no specific loss allowances identified for the current and prior year. Receivables are written-off after 365 days. No specific write-offs were recognised by the group during the current year.

On that basis, the loss allowance as at 31 March 2019 and 01 April 2018 (on adoption of IFRS 9) was determined as follows for trade receivables:

31 March 2019 - R'000	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	10 %	8 %	29 %	77 %	67 %	27 %
Gross carrying amount - trade receivables	887 958	271 820	108 224	31 783	469 538	1 769 323
Lifetime expected credit losses	89 442	20 987	31 442	24 367	314 948	481 186

01 April 2018 - R'000	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
Expected loss rate	7 %	15 %	45 %	75 %	93 %	31 %
Gross carrying amount - trade receivables	690 202	294 470	29 632	22 735	322 428	1 359 467
Lifetime expected credit losses	48 151	42 881	13 400	17 106	298 375	419 913

Other receivables

The group applies an internal expected credit loss model on a similar basis to trade receivables for subscription and device sales to measure the expected credit losses which uses a lifetime expected loss allowance for other receivables.

After IFRS 9 assessments were conducted by the group, the expected credit loss was not determined to be material.

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

Related party receivables

In assessing the expected credit loss on related party receivable balances, the following was considered:

- Whether the borrower has sufficient available highly liquid current assets (which can be accessed immediately after taking into consideration any more senior external or internal loans which would need to be repaid) to repay the outstanding intercompany loan if the loan was demanded at reporting date. If sufficient highly liquid current assets could be assessed, the probability of default would approximate 0%.
- If it was determined that the borrower does not have sufficient highly liquid current assets, the group would allow the borrower to continue trading or to sell assets over a period of time. A review of a cash flow forecast was performed to give an indication of the expected trading cash flows and/or liquid assets expected to be generated during the recovery period. The expected credit losses was limited to the effect of discounting the amount due on the loan over the period until cash is realised and repaid to the group. IFRS 9 requires the discount rate to be the loan's effective interest rate. The intercompany loans are interest free and repayable on demand and such have an effective interest rate of 0%. Accordingly, for such loans, discounting over the recovery period has no effect.

Upon assessment the expected credit loss was determined as Rnil (2018: Rnil).

Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 April 2018, the financial instruments of the group were as follows, with any reclassifications noted:

	Measurement category		Carrying amount		
	Original (IAS 39)	New (IFRS 9)	Original	New '000	Difference '000
Non-current financial assets					
Amounts due from related parties	Amortised cost	Amortised cost	1 077 707	1 077 707	-
Investments in equity instruments	Available for sale	FVOCI	105 600	105 600	-
Current financial assets					
Amounts due from related parties	Amortised cost	Amortised cost	1 172 256	1 172 256	-
Trade receivables	Amortised cost	Amortised cost	987 705	939 554	(48 151)
Other receivables	Amortised cost	Amortised cost	365 915	365 915	-
Derivative assets	Held to maturity	FVPL/FVOCI*	20 159	20 159	-
Non-current financial liabilities					
Derivative liability	Held to maturity	FVPL/FVOCI*	404 097	404 097	-
Amounts due to related parties	Amortised cost	Amortised cost	37 478	37 478	-
Current financial liabilities					
Amounts due to related parties	Amortised cost	Amortised cost	298 729	298 729	-
Trade payables	Amortised cost	Amortised cost	2 123 697	2 123 697	-
Other payables	Amortised cost	Amortised cost	3 779 704	3 779 704	-
Derivative liability	Held to maturity	FVPL/FVOCI*	1 067 630	1 067 630	-

* Derivative financial instruments are always at fair value through profit/loss unless they are qualifying hedging instruments in a cash fow hedge.

Notes to the Group Annual Financial Statements

10. Financial instruments (continued)

10.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. In terms of the articles of association of the group, no limitation is placed on its borrowing capacity. The facilities expiring beyond one year are subject to renewal. The group had borrowing facilities in the prior year with ABSA, First Rand and Nedbank of R1 billion, R469 million and R514 million respectively. These facilities were transferred to MultiChoice Group Treasury Services Proprietary Limited, a fellow MultiChoice Group Limited subsidiary, in the current financial year to support the wider group's funding requirements. As at the reporting date MultiChoice Group Limited and its subsidiaries had borrowing facilities available with ABSA of R1 billion, First Rand Bank of R1 billion and Nedbank of R1.5 billion.

The following table details the group's remaining contractual maturity for its financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

2019	**Carrying amount R'000**	**Contractual cash flows R'000**	**0 - 12 months R'000**	**1 - 5 years R'000**	**5 years + R'000**
Embedded derivatives	54 583	54 583	47 346	7 237	-
Finance lease liabilities	10 156 369	12 455 664	979 520	4 774 800	6 701 344
Non-interest bearing loans	900	900	-	900	-
Payable for programme and film rights	1 756 379	1 863 352	1 729 173	134 179	-
Trade payables	2 738 430	2 943 976	2 943 976	-	-
Accrued expenses and other current liabilities	2 175 537	2 181 778	2 181 778	-	-
Amounts due to related parties	-	-	-	-	-
Other financial liabilities	16 249	19 810	19 810	-	-
	16 898 447	**19 520 063**	**7 901 603**	**4 917 116**	**6 701 344**

2018	**Carrying amount R'000**	**Contractual cash flows R'000**	**0 - 12 months R'000**	**1 - 5 years R'000**	**5 years + R'000**
Net derivative liabilities	1 471 727	1 540 078	1 091 408	448 669	-
Embedded derivatives	20 159	20 159	16 182	3 977	-
Finance lease liabilities	8 568 849	10 775 550	604 391	3 724 152	6 447 007
Payable for programme and film rights	1 460 228	1 504 420	1 302 201	202 219	-
Trade payables	2 092 858	2 281 347	2 281 347	-	-
Accrued expenses and other current liabilities	1 662 381	1 662 381	1 662 381	-	-
Inter-group creditors	298 728	298 728	298 728	-	-
Inter-group loans payable	37 478	37 478	37 478	-	-
Personnel accruals	24 941	28 010	28 010	-	-
	15 637 349	**18 148 151**	**7 322 126**	**4 379 017**	**6 447 007**

10.3 Interest rate risk

Interest rate sensitivity analysis

The majority of the group's borrowings at the end of the 2019 financial year related to transponder leases, which are held at fixed interest rates (refer to note 22). The group is exposed to limited interest rate fluctuations of the South African repo rate. The following changes in the repo rates represent management's best estimate of the possible change in interest rates at the respective year-ends:

- South African repo rate: increases by 100 basis points (2018: increases by 100-basis points)

10. Financial instruments (continued)

If interest rates changed as stipulated above and all other variables were held constant, the group's net profit after tax for the year ended 31 March 2019 would increase by R9.5 million (2018: increase by R13.3 million). Total equity would be unaffected by the above changes in interest rates (2018: Rnil).

10.4 Price risk

The only significant exposure that the group had was to the price risk in respect of it's investment in Phuthuma Nathi Investments 2 (RF) Limited shares. A 10% increase/(decrease) in the Phuthuma Nathi Investments 2 (RF) Limited share price would have a R12.1 million after-tax effect on the group's total comprehensive income (2018: R8.2 million).

	2019 R '000	2018 R '000
11. Other financial assets		
Investments in equity instruments	156 000	105 600

In March 2016 the group acquired 1 200 000 shares in Phuthuma Nathi Investments 2 (RF) Limited at a cost price of R10 per share. At year end these shares were revaluated to market value of R130 per share (2018: R88 per share).

Originating loans

	2019 R '000	2018 R '000
Originating loans	50 792	-
Originating loans - short term portion (refer to note 17)	16 532	41 536
	67 324	**41 536**

Originating loans include loans to the MultiChoice Enterprise Development Trust beneficiaries. These loans are non-interest bearing loans and are repayable over a fixed repayment term.

12. Fair value information

For financial assets and liabilities which are traded on an active market, such as listed investments or listed debt instruments, fair value is determined by reference to market value. For non-traded financial assets and liabilities, the fair values were calculated using market information and other relevant valuations techniques, and do not necessarily represent the values that the group will realise in the normal course of business. The carrying amounts of cash and cash deposits, receivables and payables are deemed to reflect fair value due to the short maturities of these instruments. The fair values of forward exchange contracts are based on quoted market prices.

Notes to the Group Annual Financial Statements

12. Fair value information (continued)

	Carrying amount R '000	Fair value R '000
2019		
Assets		
At fair value through other comprehensive income		
Investments in equity instruments and loans	156 000	156 000
Receivables and loans		
Trade receivables	1 288 136	1 288 136
Intercompany loans receivable	-	-
Other receivables	236 975	236 975
Intercompany receivables	3 598 957	3 598 957
Originating loans	67 324	67 324
Derivative financial instruments		
FEC	1 465 872	1 465 872
Embedded derivatives	54 583	54 583
Cash and cash equivalents	2 080 479	2 080 479
	8 948 326	8 948 326
Liabilities		
Financial liabilities at amortised cost		
Finance lease liabilities	10 156 369	9 924 091
Programme and film rights payables	1 756 379	1 756 379
Non-interest bearing loans	900	900
Trade payables	2 761 014	2 761 014
Accrued expenses	1 492 245	1 492 245
Intercompany payables	215 603	215 603
Intercompany loans payable	-	-
Derivative financial instruments		
FEC	25 057	25 057
Bank overdrafts and call loans	-	-
	16 407 567	16 175 289

Notes to the Group Annual Financial Statements

12. Fair value information (continued)

	Carrying amount R '000	Fair value R '000
2018		
Assets		
At fair value through profit and loss		
Investments in equity instruments and loans	105 600	105 600
Derivative asset	20 159	20 159
Receivables and loans		
Trade receivables	987 705	987 705
Related party loans	99 122	99 122
Other receivables	1 940 422	1 940 422
Related party receivables	9 163	9 163
Inter-group debtors	1 163 093	1 163 093
Inter-group loans receivable	978 585	978 585
Cash and cash equivalents	2 272 620	2 272 620
	7 576 469	7 576 469
Liabilities		
Derivative liability	1 471 727	1 471 727
Financial liabilities at amortised cost		
Finance lease liabilities	8 568 849	8 159 153
Programme and film rights payables	1 460 229	1 460 229
Trade payables	2 092 858	2 092 858
Accruals	1 662 381	1 662 381
Inter-group loans payable	37 478	37 478
Inter-group creditors	298 728	298 728
Bank overdraft	-	-
	15 592 250	15 182 554

Of the instruments listed above, the investments in equity instruments of R156 million (2018: R106 million) are classified as level 1 financial instruments and the derivative assets (excluding embedded derivatives) of R1 466 million (2018: Rnil) and liabilities of R25 million (2018: R1 472 million) are classified as level 2 financial instruments. The embedded derivative of R55 million (2018: R20 million) is classified as a level 3 financial instrument and is carried at fair value in the statement of financial position (refer below). The finance lease liabilities of R10 156 million (2018: R8 569 million) which is classified as a level 3 financial instrument carried at the amortised cost on the statement of financial position (refer to note 22). There were no transfers between level 1 and level 2 financial instruments during the year.

The group categorises fair value measurements into levels 1 to 3 of the fair value hierarchy based on the degree to which the inputs used in measuring fair value are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in active markets (for example, derivatives such as interest rate swaps, forward exchange contracts and certain options) is determined through valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in level 2.
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Group Annual Financial Statements

12. Fair value information (continued)

Valuation techniques and key inputs used to measure significant level 2 and level 3 fair values

Level 2 Fair-value measurements

- Forward exchange contracts - in measuring the fair value of forward exchange contracts, the group makes use of market observable quotes of forward foreign exchange rates on instruments that have a maturity similar to the maturity profile of the group's forward exchange contracts. Key inputs used in measuring the fair value of forward exchange contracts include: current spot exchange rates, market forward exchange rates and the term of the group's forward exchange contracts.
- Interest rate swaps - the fair value of the group's interest rate swaps is determined through the use of discounted cash flow techniques using only market observable information. Key inputs used in measuring the fair value of interest rate swaps include: spot market interest rates, contractually fixed interest rates, counterparty credit spreads, notional amounts on which interest rate swaps are based, payment intervals, risk-free interest rates as well as the duration of the relevant interest rate swap arrangement.

Level 3 Fair-value measurements

- Shareholders' liabilities relate predominantly to written put options and derivative financial instruments contained in shareholders' agreements to which the group is a party that grant or allow another shareholder in a group entity to purchase or sell interests in those entities to the group. Options are valued using appropriate option pricing models as well as discounted cash flow analyses. Significant inputs include: the current fair value of the underlying share over which the instrument is written, the strike price of the option, risk-free interest rates, calculated volatilities and the period to exercise.
- Earn-out obligations relate to amounts that are payable to the former owners of businesses now controlled by the group provided that contractually stipulated post-combination performance criteria are met. These are premeasured to fair value at the end of each reporting period. Key inputs used in measuring fair value include: current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments.
- Currency devaluation features relate to clauses in content acquisition agreements that provide the group with protection in the event of significant devaluations of the purchasing entity's functional currency relative to the currency of the content acquisition agreement. The fair value of currency devaluation features is measured through the use of discounted cash flow techniques. Key inputs used in measuring fair value include the terms and benchmark rates contained in content acquisition agreements and spot exchange rates prevailing at the relevant measurement dates.

Instruments not measured at fair value for which fair value is disclosed

- Level 3 - the fair values of all level 3 disclosures have been determined through the use of discounted cash flow analyses. Key inputs include current market interest rates as well as contractual cash flows.

Opening to closing balance reconciliation of level 3 fair-value measurements

	2019
Assets	**Currency devaluation clauses R '000**
Opening balance	20 159
Total losses in statement of profit or loss and other comprehensive income	21 324
Other movements	13 100
Closing balance	**54 583**

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000
13. Deferred tax		
Deferred tax liability		
Deferred tax liability to be recovered within 12 months	(529 029)	(107 277)
Deferred tax asset		
Deferred tax asset to be recovered after 12 months	837 609	332 137
Deferred tax asset to be recovered within 12 months	491 923	503 845
Total deferred tax asset	**1 329 532**	**835 982**
Deferred tax liability	(529 029)	(107 277)
Deferred tax asset	1 329 532	835 982
Total net deferred tax asset	**800 503**	**728 705**
Reconciliation of net deferred tax asset		
At beginning of year	728 705	879 579
Recognised in profit or loss	653 103	(321 078)
Recognised in other comprehensive income	(581 305)	170 204
	800 503	**728 705**

The group charged deferred income taxation of R581,3 million (2018: charged R170.2 million) to other comprehensive income as a result of changes in fair value of derivative financial instruments where the forecast transaction or commitment has not resulted in an asset or liability.

The ultimate outcome of additional taxation assessments may vary from the amounts accrued. However, management believes that any additional taxation liability over and above the amount accrued would not have a material adverse impact on the group's profit or loss and financial position.

Deferred tax assets and liabilities are offset when the income tax relates to the same fiscal authority and there is a legal right to offset upon settlement.

The group assessed the recoverability of the deferred tax asset by analysing future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences.

Notes to the Group Annual Financial Statements

13. Deferred tax (continued)

2019

Deferred taxation assets	**At beginning of year R'000**	**Recognised in profit or loss R'000**	**Recognised in other compre-hensive income R'000**	**At end of year R'000**
Property, plant and equipment	36 627	(27 641)	-	8 986
Intangible assets	1 338	(535)	-	803
Programme and film rights	32 334	1 550	-	33 884
Receivables and current assets	6 867	(5 949)	-	918
Provisions and other payables	397 724	28 720	-	426 444
Income received in advance	411 275	(15 339)	-	395 936
Capitalised finance leases	2 511 977	368 099	-	2 880 076
Share based compensation	33 408	21 502	-	54 910
Hedging reserve	282 670	(133 734)	(32 984)	115 952
Derivatives	-	(83 738)	-	(83 738)
Other	1	(471)	464	(6)
	3 714 221	**152 464**	**(32 520)**	**3 834 165**

Deferred taxation liabilities	**At beginning of year R'000**	**Recognised in profit or loss R'000**	**Recognised in other compre-hensive income R'000**	**At end of year R'000**
Property, plant and equipment	(12 911)	5 303	-	(7 608)
Intangible assets	(28 149)	27 465	-	(684)
Receivables and current assets	(360 479)	(289 844)	-	(650 323)
Capitalised finance leases	(2 268 979)	199 576	-	(2 069 403)
Provisions and other current liabilities	(2 812)	(56 844)	-	(59 656)
Programme and film rights	(300 142)	299 702	-	(440)
Share based compensation	-	(145)	-	(145)
Hedging reserve	1	232 522	(432 164)	(199 641)
Derivatives	(10 892)	73 208	(116 621)	(54 305)
Other	(1 153)	9 696	-	8 543
	(2 985 516)	500 639	(548 785)	(3 033 662)
Net deferred taxation asset	**728 705**	**653 103**	**(581 305)**	**800 503**

14. Inventories

	2019 R '000	**2018 R '000**
Set-top boxes and associated components	567 242	331 914
Consumables	2 041	1 751
	569 283	333 665
Provision for obsolete inventory	(385 922)	(278 959)
	183 361	**54 706**

Inventory carried at net realisable value at 31 March 2019 amounted to R181 million (2018: R53 million).

The cost of inventories recognised as an expense in cost of providing services and sale of goods amounted to R2,5 billion (2018: R2.6 billion).

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	2019 R '000	2018 R '000

15. Programme and film rights

	2019 R '000	2018 R '000
Cost		
Programme rights	10 120 791	7 888 575
Film rights	920 600	990 927
	11 041 391	**8 879 502**
Accumulated amortisation		
Programme rights	(7 704 095)	(5 605 476)
Film rights	(648 817)	(705 963)
	(8 352 912)	**(6 311 439)**
Carrying amount		
Programme rights	2 416 696	2 283 099
Film rights	271 783	284 964
	2 688 479	**2 568 063**

All of these programme and film rights are classified as current on the statement of financial position at R2 688 million (2018: R2 568 million). The amortisation of programme and film rights recorded in "cost of providing services and sale of goods" in the statement of profit or loss and other comprehensive income amounted to R14 billion (2018: R14.1 billion).

16. Trade receivables

	2019 R '000	2018 R '000
Trade receivables - gross	1 769 323	1 359 467
Expected credit loss for trade receivables	(481 187)	(371 762)
	1 288 136	**987 705**

Refer to note 10 for details on credit risk.

17. Other receivables

	2019 R '000	2018 R '000
Accrued income	39 725	32 083
Sundry deposits	1 246	1 248
VAT and related taxes receivable	8 022	85 134
Originating loans - short-term portion	16 532	41 536
Current tax receivable	6 082	83 887
Other receivables	165 368	122 027
	236 975	**365 915**

Other receivables include mainly staff debtors, accrued income and other sundry debtors.

18. Prepayments

	2019 R '000	2018 R '000
Prepayments	2 835 000	2 612 255

19. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019 R '000	2018 R '000
Cash and deposits	2 080 479	2 272 620

Cash and cash equivalents consists of South African accounts denominated in rands and foreign bank accounts. Foreign accounts are translated to South African rands using the closing spot rate at year end. Total USD accounts translated at year end amounted to R983 million (2018: R1.1 billion).

19. Cash and cash equivalents (continued)

The group is exposed to certain concentrations of credit risk relating to its cash and derivative assets. It places these instruments mainly with major banking groups and high-quality institutions that have high relative credit ratings. The group's treasury policy is designed to limit exposure to any one institution and to invest excess cash in low-risk investment accounts. As at 31 March 2019, the group held the majority of its cash, deposits and derivative assets with local and international banks with a 'Baa3' credit rating or higher (Moody's International's Long-term Deposit rating). The counterparties that are used by the group are evaluated on a continuous basis.

The expected credit loss on cash and cash equivalents is immaterial.

	2019 R '000	2018 R '000
20. Share capital and share premium		
Authorised		
3 000 000 000 ordinary shares of R0.0001 each (2018: 3 000 000 000)	300	300
Issued (fully paid up)		
360 000 000 ordinary shares of R0.0001 each (2018: 337 500 000)	34	34
Share premium	17 216 236	17 216 236
	17 216 270	**17 216 270**

Refer to note 47 for details of the additional shares issued.

21. Other reserves

The existing control business combination reserve is used in common control transactions (where all combining entities in a business combination are ultimately controlled by the same entity) where the excess of the cost over the acquirer's proportionate share of the net assets is allocated to this reserve.

The share based payment reserve represents the fair value of equity settled share options that are expected to become exercisable in terms of the group's equity settled schemes over the vesting period. This reserve is adjusted when the group revises its estimates of the numbers of share options that are expected to become exercisable. It recognises the impact of revision of original estimates, if any, in profit or loss, with a corresponding adjustment to this reserve in equity for equity settled plans.

The fair value reserve relates to changes in the fair value of investments classified as equity instruments.

The foreign currency translation reserve relates to exchange differences arising from the translation of foreign subsidiaries' and joint ventures' statements of comprehensive income at average exchange rates for the year and their statement of financial position at the ruling exchange rates at the year-end rate.

The hedging reserve relates to the changes in the fair value of derivative financial instruments that are designated as cash flow hedges of forecasted transactions or firm commitments. The changes in fair value are recognised in the hedging reserve until the forecasted transaction or firm commitment results in the recognition of an asset or liability, at which point such deferred gains or losses are included in the initial measurement of the asset or liability.

Movements in the hedging reserve related to cash flow hedges are detailed below. The amount deferred is expected to realise over three years in line with the maturity of the forward exchange contracts.

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000
21. Other reserves (continued)		
Reconciliation of hedging reserve		
Balance at 1 April	(852 244)	(413 825)
Net fair value losses recognised in other comprehensive income	2 210 615	(665 303)
Derecognised and added to asset	21 537	345 608
Derecognised and reported in cost of providing services and sale of goods	66 242	(200 963)
Derecognised and reported in finance cost	(39 758)	(87 357)
Tax effects	(581 305)	169 596
Other movements	158	-
Balance at 31 March	**825 245**	**(852 244)**

22. Finance lease liabilities

	2019 R '000	2018 R '000
Future minimum lease payments due		
- within one year	979 520	604 391
- in second to fifth year inclusive	4 774 800	3 724 152
- later than five years	6 701 344	6 447 007
	12 455 664	10 775 550
less: future finance charges	(2 299 295)	(2 206 701)
Present value of minimum lease payments	**10 156 369**	**8 568 849**
Present value of future minimum lease payments due		
- within one year	593 963	308 777
- in second to fifth year inclusive	3 573 336	2 596 013
- later than five years	5 989 070	5 664 059
	10 156 369	**8 568 849**
Total liabilities	10 156 369	8 568 849
Less: Current portion	(593 963)	(308 778)
	9 562 406	**8 260 071**

Analysis of finance lease liabilities	**Currency**	**Year of final repayment**	**Fixed interest rate**	**2019 R '000**	**2018 R '000**
Transponder 1-19	USD	2027	4.5%	3 592 151	3 242 089
Transponder 20	USD	2027	4.5%	189 061	154 385
Transponder 21	USD	2031	4.98%	258 231	210 868
Transponder 20B	USD	2032	3.50%	6 116 926	4 961 507
				10 156 369	**8 568 849**

23. Long-term loans

Movement in carrying amount:

	2019 R '000	2018 R '000
At the beginning of the year	-	-
Drawdown on borrowings	1 750 900	1 500 000
Capital repayment on borrowings	(1 750 000)	(1 500 000)
Interest repayment	(30 886)	(40 656)
Interest accrued	30 886	40 656
	900	**-**

The group drew down on a Nedbank borrowing facility to the value of R 1.75 billion in the current year. This was classified as current and repaid in full. This loan carried interest at a rate of 7.38% per annum.

Notes to the Group Annual Financial Statements

23. Long-term loans (continued)

Reconciliation of liabilities arising from financing activities	**Finance lease liabilities**	**Interest bearing liabilities**	**Related party loans**	**Non-interest bearing liabilities**
Balance as at 31 March 2018	**8 568 849**	**-**	**336 207**	**-**
Additional liabilities recognised	-	1 750 000	2 599 039	900
Repayments	(299 433)	(1 750 000)	(425 325)	-
Interest paid	(384 083)	-	-	-
Interest accrued	384 083	-	-	-
Foreign exchange translation	1 886 953	-	-	-
Settlement of related party loans	-	-	(2 173 714)	-
Settlement of short term liabilities	-	-	(120 604)	-
Balance as at 31 March 2019	**10 156 369**	-	**215 603**	**900**
Less: Current Portion	(593 963)	-	(215 603)	-
Non-current liabilities	**9 562 406**	**-**	**-**	**900**

	2019 R '000	**2018 R '000**
24. Payable for Programme and film rights		
Unsecured - Non-interest bearing:		
Current		
Programme and film rights	1 756 379	1 460 228

This liability is denominated in a combination of South African rands and US dollars.

25. Provisions

	2019	2018
Restructuring	-	164 211
Ad valorem	23 100	23 100
Provision for guarantees	51 000	-
	74 100	**187 311**

The restructuring provision raised in the prior year related to staff reorganisations that took place in the 2018 financial year.

The ad valorem provision relates to an ongoing duties enquiry by the tax authorities.

The provision for guarantees relates to possible defaults for guarantees issued to sports clubs.

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000
26. Related party balances		
Subsidiaries		
Amounts due from related parties: Non-current	-	1 077 707
Amounts due from related parties: Current	3 598 957	1 172 256
Amounts due to related parties: Non-current	-	(37 478)
Amounts due to related parties: Current	(215 603)	(298 729)
	3 383 354	**1 913 756**
Amounts due from related parties		
Non-current		
Principal parent company		
MIH Holdings Proprietary Limited*	-	12 490
Fellow subsidiaries		
MultiChoice Group Treasury Services (Pty) Ltd	-	-
Other	-	284
MIH Treasury Services Proprietary Limited*	-	965 811
Joint ventures		
Vast Networks Proprietary Limited	-	99 122
	-	**1 077 707**
Current		
Principal parent company		
MIH Holdings Proprietary Limited*	-	196
MultiChoice Group Limited	27 614	-
Fellow subsidiaries:		
Irdeto USA Inc.	3 367	6 170
Irdeto South Africa Proprietary Limited	7 695	573
Media24 Ltd Proprietary Limited*	-	-
NMS Communications Proprietary Limited	-	6 616
MultiChoice Africa Holdings BV	827 188	855 926
MultiChoice Nigeria Limited	114 493	65 169
OLX BV*	-	3 425
MultiChoice Group Treasury Services (Pty) Ltd	2 426 685	-
MultiChoice Mozambique Limited	9	-
Naspers Limited*	-	13
Media 24 Divisions*	-	11 303
MSS Local Productions Nigeria Ltd	191 522	194 070
ShowMax BV	307	19 623
Other	-	9
Myriad Southern Africa Limited*	77	-
Joint ventures		
The Sharks Proprietary Limited	-	-
WeChat Africa Services Proprietary Limited	-	9 163
	3 598 957	**1 172 256**

These current balances are unsecured, interest free and have no fixed terms of repayment.

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000

26. Related party balances (continued)

Amounts due to related parties

	2019 R '000	2018 R '000
Non-Current		
Principal parent company		
MIH Holdings Proprietary Limited*	-	2 659
Fellow subsidiaries		
Media24 Proprietary Limited*	-	34 819
Other	-	-
	-	**37 478**
Current		
Principal parent company	-	
MIH Holdings Proprietary Limited*	-	2 358
Fellow subsidiaries		
Irdeto BV	1 780	-
Irdeto Africa BV	85 742	86 651
MIH Finance VOF*	-	30 407
Myriad / MIH (Malta) Limited*	-	5 506
Myriad International Holdings BV*	-	16 503
Myraid Services Limited*	-	3 127
Local Productions (Kenya) Limited	1 596	3 499
MultiChoice Africa Holdings BV	3 142	2 335
MSS Local Productions Nigeria Limited	45 051	13 335
24.Com Online Studio Proprietary Limited*	-	1 603
New Media Publishing Proprietary Limited*	-	4 635
ShowMax BV	78 292	127 647
Other	-	1 123
	215 603	**298 729**

* Effective 4 March, the MultiChoice Group (MCG) was unbundled from the Naspers group. As a result of this, as at 31 March 2019, this entity is not classified as a related party and all receivable and payable balances have been disclosed as third party. Transactions with this entity for 11 months (up to 28th February 2019) prior to the unbundling are disclosed as related party.

These balances are unsecured, interest free and have no fixed terms of repayment.

Notes to the Group Annual Financial Statements

27. Related parties transactions

27.1 Relationship with parent

On 4 March 2019 the MultiChoice Group Limited (MCG) was unbundled from the Naspers group and listed separately on the Johannesburg Stock Exchange (JSE). As part of the unbundling, MIH Holdings (Pty) Limited's 80% holding in MultiChoice South Africa Holdings (Pty) Ltd was transferred to MultiChoice Group Limited to become the group's new parent company. On 04 March 2019 Phuthuma Nathi (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited were allocated an additional 5% of MultiChoice South Africa Holdings (Pty) Limited's through a new issue of the company's ordinary share. This has resulted in a change in the group's parent company's, shareholding in MultiChoice South Africa Holdings (Pty) Ltd from 80% to 75% at 31 March 2019.

27.2 Related party transactions

The group entered into transactions with a number of related parties, including equity investees, shareholders and entities under common control. The significant transactions with related parties are summarised below. Transactions that are eliminated on consolidation are not included.

	2019 R '000	2018 R '000
Sales of goods and services		
Irdeto South Africa (Pty) Ltd	139	-
Media24 Proprietary Limited*	-	8 511
MultiChoice Africa Holdings BV: Sale of programming	3 045 666	-
MultiChoice Africa Limited - Sale of programming**	2 393 080	6 186 440
MultiChoice Africa Limited - Subscriber management fees**	1 263 498	1 218 140
MultiChoice Group Limited	352	-
Naspers Limited*	-	165
Takealot Online (RF) Proprietary Limited*	-	5 536
ShowMax BV	35 363	20 389
Other	-	865
	6 738 098	7 440 046
	6 738 098	**7 440 046**
Purchases of goods and services		
Irdeto Africa BV	1 021 479	816 176
New Media Publishing Proprietary Limited*	-	74 861
MIH Holdings Proprietary Limited*	-	411
MultiChoice Group Limited	5 836	-
Irdeto USA Inc.	12 375	17 942
Local Productions (Kenya) Limited	15 776	54 354
MultiChoice Africa Limited**	-	69 080
PayU Payments Solutions Proprietary Limited*	-	2 008
24.Com Online Studio Proprietary Limited*	-	5 624
MSS Local Productions Nigeria Limited	4 363	45 981
Media24*	7	-
ShowMax BV	502 454	443 701
Other	-	737
	1 562 290	1 530 875
Recoveries, recharges and other		
MIH Holdings Limited*	-	(91 341)
MultiChoice Nigeria Limited	27 535	21 598
Media24 Proprietary Limited*	-	65 000
	27 535	**(4 743)**

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000
27. Related parties transactions (continued)		
Interest		
Interest paid to MIH Holdings Proprietary Limited on short-term funding*	(30 886)	(35 159)
Hedging		
MIH Treasury Services Proprietary Limited - Cash flow hedging (gains)/losses (net)	13 999	-
MIH Treasury Services Proprietary Limited - Fair value hedging (gains)/losses (net)	72 854	-
MultiChoice Group Treasury Services Proprietary Limited - Cash flow hedging (gains)/losses (net)	79 328	-
MultiChoice Group Treasury Services Proprietary Limited - Fair value hedging (gains)/losses (net)	(101 232)	-
	64 949	**-**

* Effective 4 March, the MultiChoice Group (MCG) was unbundled from the Naspers group. As a result of this, as at 31 March 2019, this entity is not classified as a related party and all receivable and payable balances have been disclosed as third party. Transactions with this entity for 11 months (up to 28th February 2019) prior to the unbundling are disclosed as related party

** During the year MultiChoice Africa Limited ("MAL") underwent a restructuring project whereby it ultimately merged with MAH BV. As a result, MAH BV assumed all of its assets and liabilities, effective 8 November 2018.

27.3 Key management staff compensation

Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the group. Comparatives have not been restated for changes in the composition of key management.

	2019 R '000	2018 R '000
Key management remuneration - Consolidated		
Short-term employee benefits	135 970	129 551
Other long-term benefits	8 907	6 689
Share-based payment charge	62 143	20 184
Fees paid to key management	**207 020**	**156 424**
Non-executive directors		
Directors' fees	56 452	52 709

All of these amounts are paid by companies in the group other than MCSAH.

Key management remuneration and participation in share-based incentive plans

Comparatives have not been restated to account for the change in the composition of key management.

The total of executive directors' and key management emoluments amounted to R207.0 million (2018: R156.4 million); comprising short-term employee benefits of R136.0 million (2018: R129.6 million), post-employment benefits of R8.9 million (2018: R6.7 million), and share-based payment charges of R62.1 million (2018: R20.2 million).

Notes to the Group Annual Financial Statements

27. Related parties transactions (continued)

Share options and share allocations

The aggregate number of shares/share appreciation rights granted to the executive directors and key management during the 2018 financial year and the number of shares/share appreciation rights allocated to the executive directors and key management at 31 March 2019 respectively are:

2019	Allocated during the year	Aggregate allocated
Shares listed on the stock exchange:		
Naspers Limited Class N ordinary shares	21 941	293 576
MultiChoice Group shares	3 022	277 078
Share appreciation rights (SARs) in unlisted companies:		
MultiChoice 2008 SARs	1 406 268	3 015 895
Naspers Global Ecommerce SARs	-	21 227

2018	Allocated during the year	Aggregate allocated
Shares listed on the stock exchange:		
Naspers Limited Class N ordinary shares	22 342	359 162
Share appreciation rights (SARs) in unlisted companies:		
MultiChoice 2008 SARs	563 572	2 959 426

These shares and SARs were offered on the same terms and conditions as those offered to employees of the group.

	2019 R '000	2018 R '000
28. Directors' emoluments		
Directors and prescribed officers emoluments	**48 908**	**25 330**
Non-executive directors		
Fees for services as directors of the company	5 696	4 412
Remuneration for services to other group companies	36 811	37 698
Fees for services as directors of other group companies	13 945	10 599
	56 452	52 709
	105 360	**78 039**

No director has a notice period of more than one year.

The group directors' service contracts do not include predetermined compensation as a result of termination that would exceed one year's salary and benefits and none are linked to any restraint payments.

The individual directors received the following remuneration and emoluments:

28. Directors' emoluments (continued)

2019	Salary and other allowances[3]	Annual cash bonuses and performance-related payments	Pension contributions paid on behalf of director to the pension scheme	Total
Executive directors	**R'000**	**R'000**	**R'000**	**R'000**
F L N Letele[2]	8 125	3 395	-	11 520
TN Jacobs[2][6]	2 077	3 810	281	6 168
C P Mawela[2][6]	2 402	-	306	2 708
M I Patel[2][5]	8 437	7 940	306	16 683
U Raman[1][2][4]	6 260	4 802	766	11 828
	27 301	**19 947**	**1 659**	**48 907**

Executive directors' annual performance payment is based on financial, operational and discrete objectives, which were approved by the human resources and remuneration committee in advance. Remuneration is earned for services rendered in connection with the carrying on of the affairs of the group.

Notes

(1) Director and prescribed officer.
(2) Paid by other companies in the group.
(3) Includes directors' fees.
(4) Resigned on 31 October 2018.
(5) Resigned on 1 November 2018.
(6) Appointed on 1 November 2018.

2018	Salary and other allowances[4]	Annual cash bonuses and performance-related payments[1]	Pension contributions paid on behalf of director to the pension scheme	Total
Executive directors	**R'000**	**R'000**	**R'000**	**R'000**
F L N Letele[3]	7 821	4 958	-	12 779
U Raman[2][3]	4 480	7 436	635	12 551
	12 301	**12 394**	**635**	**25 330**

Executive directors' annual performance payment is based on financial, operational and discrete objectives, which were approved by the human resources and remuneration committee in advance. Remuneration is earned for services rendered in connection with the carrying on of the affairs of the group.

Notes

(1) Relates to payments made during the current year.
(2) Director and prescribed officer.
(3) Paid by other companies in the group.
(4) Included directors' fees.

Notes to the Group Annual Financial Statements

28. Directors' emoluments (continued)

2019	Directors' remuneration	Directors' fees		Committee[2] and trustee fees[3]		Total
	Paid for services to other group companies	Paid for services to the group	Paid for services to other group companies	Paid for services to the group	Paid for services to other group companies	
Non-executive directors	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
S Dakile-Hlongwane[1][2]	-	483	-	288	-	771
D G Eriksson[1][2]	-	483	3 510	706	3 650	8 349
E Masilela[1]	-	483	256	288	-	1 027
O M Matloa[1]	-	241	-	144	-	385
K D Moroka[1][2]	-	483	408	519	181	1 591
S J Z Pacak[1][2]	-	483	3 805	227	687	5 202
K B Sibiya[1]	-	483	1 130	-	-	1 613
L Stephens[1]	-	241	180	144	137	702
B van Dijk[4]	34 173	-	-	-	-	34 173
JJ Volkwyn[5]	2 639	-	-	-	-	2 639
	36 812	**3 380**	**9 289**	**2 316**	**4 655**	**56 452**

Notes

(1) Directors' fees include fees for services as directors , where appropriate for NMS Insurance Services Limited.
(2) Committee fees include fees for the attendance of the audit committee, risk committee, human resources and remuneration committee, the nomination committee and the social and ethics committee meetings of the board. Other fees relate to payments for other services to the group.
(3) Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds. An additional fee may be paid to directors for work done as directors with specific expertise.
(4) Remunerated as an employee of another Naspers group company.
(5) Remunerated as an employee of MultiChoice Africa Services BV.

Notes to the Group Annual Financial Statements

28. Directors' emoluments (continued)

2018	Directors' remuneration	Directors' fees		Committee[2] and trustee fees[3]		Total
	Paid for services to other group companies	Paid for services to the group	Paid for services to other group companies	Paid for services to the group	Paid for services to other group companies	
Non-executive directors	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
S Dakile-Hlongwane[1][2]	-	455	-	204	-	659
D G Eriksson[1][2]	-	686	3 005	668	3 040	7 399
K D Moroka[1][2]	-	455	356	23	-	834
S J Z Pacak[1][2]	-	456	3 856	215	342	4 869
E Masilela[4]	-	455	-	340	-	795
K B Sibiya[1]	-	455	-	-	-	455
B van Dijk[4]	36 006	-	-	-	-	36 006
JJ Volkwyn[5]	1 692	-	-	-	-	1 692
	37 698	**2 962**	**7 217**	**1 450**	**3 382**	**52 709**

Notes

(1) Directors' fees include fees for services as directors , where appropriate for Media24 Proprietary Limited, Naspers Limited and NMS Insurance Services Limited.
(2) Committee fees include fees for the attendance of the audit committee, risk committee, human resources and remuneration committee, the nomination committee and the social and ethics committee meetings of the board. Other fees relate to payments for other services to the group.
(3) Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds. An additional fee may be paid to directors for work done.
(4) Remunerated as an employee of another Naspers group company.
(5) All amounts are paid by companies in the group other than MultiChoice South Africa Holdings Proprietary Limited.

General notes

Non-executive directors are subject to regulations on appointment and rotation in terms of the group's memorandum of incorporation and the South African Companies Act.

Notes to the Group Annual Financial Statements

28. Directors' emoluments (continued)

Directors' interest in the group's share incentive schemes

The executive directors' and non-executive directors' of MultiChoice South Africa Holdings Proprietary Limited are allowed to participate in MultiChoice South Africa Holdings Proprietary Limited group share-based incentive schemes. Details as at 31 March 2019 in respect of the executive directors', non-executive directors' and prescribed officers' participation in share options, are as follows:

2019 Name	Incentive scheme	Offer date	Number of N shares	Offer price	Release period	Option fair value R
J J Volkwyn	MCG - MIH Services FZ LLC - N - ZAR (Naspers shares)	24/07/2015	3 636	0	24/07/2019	106.10
		24/07/2015	3 638	0	24/07/2020	106.10
			7 274			
	MIH Services FZ LLC - N - ZAR (Naspers shares)	24/07/2015	3 636	1822,89	24/07/2019	829.44
		24/07/2015	3 638	1822.89	24/07/2020	903.61
			7 274			
Calvo Mawela	MCA 2008 SAR Plan	15/09/2014	5 087	125.60	15/09/2019	58.08
		15/09/2015	16 240	113.19	15/09/2019	46.75
		15/09/2015	16 242	113.19	15/09/2020	51.69
		01/09/2016	13 958	116.30	01/09/2019	39.54
		01/09/2016	13 958	116.30	01/09/2020	45.30
		01/09/2016	13 958	116.30	01/09/2021	50.62
		28/06/2017	10 594	94.39	28/06/2020	35.73
		28/06/2017	10 594	94.39	28/06/2021	39.76
		28/06/2017	10 595	94.39	28/06/2022	43.51
		27/06/2018	26 119	77.19	27/06/2021	29.48
		27/06/2018	26 119	77.19	27/06/2022	32.92
		27/06/2018	26 119	77.19	27/06/2023	36.00
			189 583			
Tim Jacobs	MCA 2008 SAR Plan	03/12/2018	151 142	77.19	03/12/2021	30.37
		03/12/2018	151 142	77.19	03/12/2022	33.97
		03/12/2018	151 143	77.19	03/12/2023	37.27
		08/09/2017	-	2861.73	08/09/2021	1084.59
			453 427			

Notes to the Group Annual Financial Statements

28. Directors' emoluments (continued)

2018

Name	Incentive scheme	Offer date	Number of N shares	Offer price	Release period	Option fair value R
J J Volkwyn	MIH Services FZ LLC - N - ZAR (Naspers shares)	24/07/2015	3 636	1822.89	24/07/2018	746.68
		24/07/2015	3 636	1822.89	24/07/2019	830.40
		24/07/2015	3 638	1822.89	24/07/2020	904.65
			10 910			
Bob Van Dijk	Naspers Global eCommerce SAR Plan	12/09/2014	1 493 226	15.58	12/09/2018	15.59
		12/09/2014	1 493 229	15.58	12/09/2019	16.29
		15/08/2017	146 789	27.25	15/08/2018	8.99
		15/08/2017	146 789	27.25	15/08/2019	10.39
		15/08/2017	146 789	27.25	15/08/2020	11.40
		15/08/2017	146 789	27.25	15/08/2021	12.27
		15/08/2017	146 789	27.25	15/08/2022	13.04
		08/09/2017	35 051	27.60	08/09/2018	9.01
		08/09/2017	35 051	27.60	08/09/2019	10.32
		08/09/2017	35 051	27.60	08/09/2020	11.38
		08/09/2017	35 051	27.60	08/09/2021	12.24
		08/09/2017	35 055	27.60	08/09/2022	13.00
			3 895 659			
	MIH Services FZ LLC (Naspers shares - 2017)	08/09/2017	12 932	2861.73	08/09/2018	638.52
		08/09/2017	12 932	2861.73	08/09/2019	805.20
		08/09/2017	12 932	2861.73	08/09/2020	950.87
		08/09/2017	12 932	2861.73	08/09/2021	1084.59
			51 728			

Notes to the Group Annual Financial Statements

28. Directors' emoluments (continued)

2018

Name	Incentive scheme	Offer date	Number of N shares	Offer price	Release period	Option fair value R
Bob Van Dijk	MIH Services FZ LLC - N - ZAR (Naspers shares)	11/07/2013	6 698	767.89	11/07/2018	344.19
		28/03/2014	277 334	1152.89	28/03/2019	581.92
		05/07/2016	49 302	2162.89	05/07/2019	842.78
		05/07/2016	49 302	2162.89	05/07/2020	948.40
		05/07/2016	49 302	2162.89	05/07/2021	1041.61
			431 938			
	SimilarWeb SAR Plan	10/09/2014	39 937	1.45	10/09/2018	4.73
		10/09/2014	39 937	1.45	10/09/2019	4.78
			79 874			
	Flipkart SAR Plan	10/09/2014	73 170	63.64	10/09/2018	24.63
		10/09/2014	73 174	63.64	10/09/2019	26.04
			146 344			
U Raman	MIH HOLDINGS Share Trust (Naspers Shares)	27/06/2016	1 551	2098.89	27/06/2019	824.95
		27/06/2016	1 551	2098.89	27/06/2020	927.61
		27/06/2016	1 553	2098.89	27/06/2021	1020.04
		05/07/2016	136	2162.89	05/07/2019	842.78
		05/07/2016	136	2162.89	05/07/2020	948.40
		05/07/2016	137	2162.89	05/07/2021	1041.61
			5 064			
	MIH HOLDINGS Share Trust (Naspers shares - 2017)	28/08/2017	1 049	2945.89	28/08/2018	673.40
		28/08/2017	1 049	2945.89	28/08/2019	851.09
		28/08/2017	1 049	2945.89	28/08/2020	1006.02
		28/08/2017	1 052	2945.89	28/08/2021	1144.64
			4 199			
	Showmax SAR Plan	01/07/2016	1 572	18.00	01/07/2018	5.41
		01/07/2016	1 572	18.00	01/07/2019	6.25
		01/07/2016	1 572	18.00	01/07/2020	6.90
		01/07/2016	1 575	18.00	01/07/2021	7.43
			6 291			
	MCA 2008 SAR Plan	27/06/2016	85 769	116.30	27/06/2019	13.42
		27/06/2016	85 769	116.30	27/06/2020	14.67
		27/06/2016	85 771	116.30	27/06/2021	16.56
		28/06/2017	7 049	94.39	28/06/2020	20.25
		28/06/2017	7 049	94.39	28/06/2021	23.28
		28/06/2017	7 051	94.39	28/06/2022	26.33
			278 458			

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000

29. Share based payment liability

29.1 Effect on profit and financial position

	2019 R '000	2018 R '000
Non-current liabilities	103 026	68 464
Current liabilities	90 500	72 512
	193 526	**140 976**
Share based payments expense		
- Equity settled*	2 725 863	58 281
- Cash settled	73 655	52 506
	2 799 518	**110 787**

* The equity-settled share based payment expense is inclusive of the empowerment transaction charge which took place during the 2019 financial year. Refer to note 47.

29.2 Salient features applicable to each plan

RSUs:

On 4 March 2019 the MultiChoice Group (MCG) was unbundled from the Naspers group and listed separately on the Johannesburg Stock Exchange (JSE). As part of the unbundling, participants in the Naspers Restricted Stock Plan (RSU) had their RSUs vested on a pro rata basis. This means that the portion of the RSU award participants received was calculated based on the number of days participants were employed by the company in the vesting year up to date of unbundling. The pro rata portion of RSUs was exercised automatically on the date of listing in accordance with the scheme rules. All remaining unvested RSUs lapsed on the same date.

In November 2018 the participants were given the choice of either:

Option A. Receiving MCG shares in addition to Naspers shares at a 1 for 1 ratio.

Option B. Cash. When the participant's pro rata portion of RSUs was settled the participant received Naspers shares plus a cash payment. The cash payment was equal to the number of RSUs settled multiplied by R106.01 (the closing price of MCG shares on the listing date).

MCA 2008 Share Appreciation Rights (MCA 2008 SARs):

This scheme was retained by the MultiChoice Group after the unbundling from Naspers and the awards remained unchanged. The awards will continue to vest in accordance with the original vesting schedule.

An annual valuation will be performed, and all other provisions of the scheme rules will continue to apply.
The only change for both these schemes is that the gains will be settled with MultiChoice Group shares instead of Naspers shares when participants choose to exercise their share appreciation rights.

Naspers share option schemes:

All unvested awards were accelerated on listing date and participants were able to exercise all their profitable awards for 60 days starting on the date of listing (27 Feb 2019) until 27 April 2019.

In November 2018 the participants were given the choice of either:

Option A. Receiving MultiChoice Group shares in addition to Naspers shares at a 1 for 1 ratio. The MultiChoice Group shares had the same offer and vesting dates as the Naspers options and were linked to the Naspers options, so they had to be traded simultaneously.

29. Share based payment liability (continued)

Option B. Adjusting the strike price of the options by the closing price of MultiChoice Group shares on the listing date. When participants subsequently exercised their options, they would pay less for the options and receive Naspers shares instead of receiving MultiChoice Group shares.

29.2.1 Share trust incentive plans

	Date of incorporation	Vesting period	Period to expire from date of offer	IFRS 2 classification/ Method of settlement
MIH Holdings Share Trust	27 September 1993	1/3 vest after 3,4,5 years	10 years	Equity settled
Naspers Restricted Stock Plan Trust*	11 September 2015	1/4 vest after 1,2,3,4 years	**	Equity settled

At the Naspers annual general meeting held on Friday 27 August 2010 a resolution was adopted by shareholders whereby the maximum number of shares available for fresh allocation after 27 August 2010 to participants under this scheme and any other share incentive scheme of Naspers or any direct or indirect subsidiary of Naspers is 40 588 541 shares which number will increase by virtue of any subdivision of shares or decrease by virtue of any consolidation of shares, as the case may be.

*The Naspers Restricted Stock Plan Trust may issue no more than 200 000 awards in aggregate during any one financial year.

**The Naspers shares are automatically settled with the participants on their respective vesting dates.

29.2.2 Share Appreciation Rights plans (SARs)

	Date of incorporation	Vesting period	Period to expire from date of offer	IFRS 2 classification/ Method of settlement
MCA 2008 SAR Scheme^^	02 April 2008	1/3 vest after 3,4,5 years	10 years	Cash settled

29.2.2 Share Appreciation Rights plans (SARs) (continued)

Maximum awards permissible: 10% is the maximum percentage of the respective companies issued/notional share capital that the applicable SAR plan may allocate to participants.

^^ For this scheme, the initial grants vest at 33% after 3, 4 and 5 years with all subsequent grants vesting as indicated in the table above.

29.2.3 Additional information

All share options, with the exception of options granted in the Naspers Restricted Stock Plan Trust (Naspers RSU scheme) are granted with an exercise price of not less than 100% of the market value or fair value of the respective company's shares on the date of the grant. All share options granted in the Naspers RSU scheme have a strike price of zero. All SARs are granted with an exercise price of not less than 100% of the fair value of the SARs on the date of the grant. All unvested share options/SARs are subject to forfeiture upon termination of employment. All cancelled options/SARs are options/SARs cancelled by mutual agreement between the employer and employee.

Notes to the Group Annual Financial Statements

29. Share based payment liability (continued)

MIH Holdings Limited Plan

In terms of a section 311 scheme of arrangement on 20 December 2002, Naspers Limited offered one Naspers N ordinary share to all the minority shareholders of MIH Holdings Limited, including the MIH Holdings plan, for every 2,25 MIH Holdings shares that it held. All the MIH Holdings shares were exchanged for Naspers N ordinary shares on 23 December 2002. Subsequent offers are of Naspers N ordinary shares. Unvested share options are subject to forfeiture upon termination of employment. Cancelled options are options cancelled by mutual agreement between the employer and employee.

	2019 MCA 2008 SAR Plan	2018 MCA 2008 SAR Plan
SARs		
Outstanding at 1 April	2 454 021	23 251 981
Movements	850 266	(1 616)
Granted	1 815 517	7 961 661
Exercised	-	(80 948)
Forfeited	(457 999)	(3 330 471)
Outstanding at 31 March	4 661 805	27 800 607
Available to be implemented at 31 March	962 704	5 331 078
Weighted average exercise price		
Outstanding at 1 April	109,91	114,66
Movements	109,33	99,44
Granted	77,19	94,39
Exercised	-	88,05
Forfeited	106,52	112,74
Outstanding at 31 March	97,40	109,16
Available to be implemented at 31 March	112,44	109,90
Weighted average share price of options taken up during the year		
Shares	-	80,95
Weighted average share price	-	94,39

	2019 MCA 2008 SAR Plan	2018 MCA 2008 SAR Plan
Weighted average fair value at measurement date	31,69	23,37
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:		
Weighted average share price	79,40	77,51
Weighted average exercise price	77,19	94,39
Weighted average expected volatility (%)	21,60 %	21,60 %
Weighted average option life (years)	10,00	10,00
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8,00 %	7,80 %
Weighted average annual sub-optimal rate (%)	100,00 %	100,00 %
Weighted average vesting period (years)	4,00	4,00

29. Share based payment liability (continued)

2019	MCG - MIH HOLDINGS Share Trust (Naspers shares - 2017)	MCG - MIH HOLDINGS Share Trust (Naspers Shares)	MCG - MIH Services FZ LLC - N - ZAR (Naspers shares)	MCG - Naspers RSU	MIH HOLDINGS Share Trust (Naspers Shares)	MIH Services FZ LLC - N - ZAR (Naspers shares)	Naspers RSU
SARs							
Outstanding at 1 April	-	-	-	-	47 006	10 910	2 379
Movements	3 817	10 743	10 910	91	17 240	7 477	334
Granted	4 550	-	-	-	9 115	17 502	-
Exercised	(1 059)	(931)	-	(91)	(39 550)	(24 131)	(1 121)
Forfeited	-	-	-	-	(11 059)	-	(1 592)
Outstanding at 31 March	7 308	9 812	10 910	-	22 752	11 758	-
Available to be implemented at 31 March	7 308	9 812	10 910	-	22 752	11 758	-
Weighted average exercise price							
Outstanding at 1 April	-	-	-	-	1 945,41	1 822,89	-
Movements	-	-	-	-	1 252,02	2 839,88	-
Granted	-	-	-	-	3 159,98	3 054,64	-
Exercised	-	-	-	-	1 587,13	2 995,65	-
Forfeited	-	-	-	-	2 594,81	-	-
Outstanding at 31 March	-	-	-	-	2 213,73	1 896,24	-
Available to be implemented at 31 March	-	-	-	-	2 213,73	1 896,24	-
Weighted average share price of options taken up during the year							
Shares	1 059	931	-	91	39 550	24 131	1 121
Weighted average share price	118,12	119,56	-	105,97	3 241,91	3 267,44	2 891,00

Notes to the Group Annual Financial Statements

29. Share based payment liability (continued)

2018	MIH Holdings Ltd share trust incentive plan	MIH Services (F2 LLC) - N - ZAR Share trust incentive plans	Naspers RSU Share trust incentive plans
SARs			
Outstanding at 1 April	203 944	43 512	26 735
Movements	4 284	584	(1 285)
Granted	41 536	1 083	10 384
Exercised	(88 763)	(32 602)	(6 542)
Forfeited	(9 635)	(329)	(2 541)
Outstanding at 31 March	151 366	12 248	26 751
Available to be implemented at 31 March	38 575	129	-
Weighted average exercise price			
Outstanding at 1 April	1 081,60	572,72	-
Movements	2 111,17	1 441,00	-
Granted	3 016,90	2 945,89	-
Exercised	696,38	152,27	-
Forfeited	2 071,15	2 945,89	-
Outstanding at 31 March	1 804,71	1 879,38	-
Available to be implemented at 31 March	584,85	1 004,92	-
Weighted average share price of options taken up during the year			
Shares	88 763	32 602	6 542
Weighted average share price	3 097,96	3 351,94	3 295,86

2019	MCG - MIH HOLDINGS Share Trust (Naspers shares - 2017)	MIH HOLDINGS Share Trust (Naspers Shares)	MIH Services FZ LLC - N - ZAR (Naspers shares)
Weighted average fair value at measurement date	120,70	1 115,91	1 125,05
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:			
Weighted average share price	120,70	3 159,98	3 054,64
Weighted average exercise price	-	3 159,98	3 054,64
Weighted average expected volatility (%)	41,20 %	33,60 %	35,10 %
Weighted average option life (years)	10,00	10,00	10,00
Weighted average dividend yield (%)	- %	0,20 %	0,20 %
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8,00 %	8,40 %	8,60 %
Weighted average annual suboptimal rate (%)	100,00 %	340,00 %	340,00 %
Weighted average vesting period (years)	2,50	3,70	2,50

Notes to the Group Annual Financial Statements

29. Share based payment liability (continued)

2018	**MIH Holdings Limited share trust incentive plan**	**Naspers RSU Share trust incentive plans**
Weighted average fair value at measurement date	946,58	2 600,08
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:		
Weighted average share price	3 016,90	-
Weighted average exercise price	3 016,90	-
Weighted average expected volatility (%)	26,50 %	- %
Weighted average option life (years)	10,00	4,00
Weighted average dividend yield (%)	0,20 %	0,30 %
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8,00 %	- %
Weighted average annual suboptimal rate (%)	318,00 %	- %
Weighted average vesting period (years)	2,52	2,51

30. Other payables

	2019 R '000	**2018 R '000**
Deferred income	1 518 755	1 421 508
Taxes and social securities	176 914	73 616
Accrued leave pay	150 682	148 331
Accrued bonus	341 764	343 772
Accrued expenses	1 492 245	1 621 500
Other current liabilities	150 336	170 977
	3 830 696	**3 779 704**

Other current liabilities include mainly subscription debtors with credit balances, personnel accruals and sundry creditors.

31. Commitments

The group is subject to contingencies, which in the normal course of business, include legal proceedings and claims that cover a wide range of matters. These contingencies include contract and employment claims, product liability and warranty. None of these claims are expected to result in a material gain or loss for the group. The group plans to fund the below commitments and liabilities out of existing loan facilities and internally generated funds.

Capital expenditure

The group has commitments in respect of contracts placed for capital expenditure at 31 March 2019 amounting to R63,1 million (2018: R92.1 million).

Programme and film rights

The group has entered into contracts for the purchase of programme and film rights. The commitments in respect of the contracts amounted to R32,2 billion (2018: R32.8 billion).

Set-top boxes

The group has entered into contracts for the purchase of set-top boxes. The commitments in respect of the contracts amounted to R1,7 billion (2018: R1.8 billion).

Operating lease commitments

Refer to note 38 for details regarding operating lease commitments.

Notes to the Group Annual Financial Statements

31. Commitments (continued)

Guarantees

The group has guarantees of R14,1 million (2018: R220 million) in respect of guarantees provided to external parties.

Assets pledged as security

The group pledged property, plant and equipment, investments and cash and cash equivalents with a net carrying value of R7 443 million (2018: R8 106 million) for satellite transponders. Refer note 4 for further details.

Cash and cash equivalents

As at 31 March 2019, the group did not designate any cash as a hedging instrument. This cash has balance has been designated for payment of sports rights and other foreign liabilities.

Network and other service commitments

The group has commitments in respect of its network infrastructure and other services of as at 31 March 2019 of R1,79 billion (2018: R664 million).

	2019 R '000	2018 R '000
32. Revenue		
Device sales*	1 108 977	1 138 763
Installation revenue*	255 888	308 196
Subscriber management service fee	1 263 498	1 076 758
Subscription revenue	27 729 578	26 870 667
Advertising revenue	2 872 390	2 848 806
Decoder maintenance revenue	427 296	345 850
Reconnection fees	486 342	420 086
Programming revenue	5 314 771	6 186 440
Sub-licencing revenue	478 294	492 006
e-Commerce revenue	14 862	26 665
Other	439 200	450 766
	40 391 096	**40 165 003**

* Due to the adoption IFRS 15, the amount of R308 million has been reclassified for the financial year 2018.

Other revenue includes sundry revenue and related party revenue.

33. Other gains

Dividends received from Phuthuma Nathi Investments 2 (RF) Limited	18 773	18 489

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000
34. Operating profit		
Administration costs	372 580	385 095
Amortisation of other intangible assets (refer note 6)	244 105	231 213
Auditors remuneration		
- Audit fees	17 467	14 174
- Prior period under/(over) provision	4 437	(204)
- Other audit related fees	2 568	2 038
Consultants	312 875	323 473
Depreciation (refer note 4)	1 286 761	1 348 139
General overheads	573 785	267 687
General cost of providing services	1 917 884	907 475
Hardware	3 066 134	3 587 177
Impairment of other assets	45 875	(55)
Licence fees	181 900	176 846
Maintenance	1 376 181	1 102 427
Management fees	297 217	254 855
Network costs	-	110 560
Net loss/(profit) on disposal of property, plant and equipment	1 321	(2 593)
Programme and film rights	13 968 858	14 087 746
Programme guide costs	62 941	84 359
Sales and marketing	1 534 480	1 244 663
Transmission	158 464	187 524
Travel costs	104 602	97 480
Staff costs		
- Salaries, wages and bonuses	2 974 537	3 187 018
- Retirement benefit costs	223 606	212 489
- Medical aid fund contributions	182 429	152 503
- Share based payment charges (refer to note 29)	235 518	110 787
- Training costs	88 389	80 219
Other	754 020	1 350 584
Total costs of providing services, distribution and administration costs	**29 988 934**	**29 503 679**

35. Finance income

	2019 R '000	2018 R '000
Interest received		
Loans and bank account	299 084	315 268
From loans to group and other related parties:		
Joint ventures	10 922	5 573
Total finance income	**310 006**	**320 841**

36. Finance costs

	2019 R '000	2018 R '000
Trade and other payables	-	35 159
Finance leases	384 083	372 885
Other	260 011	236 885
Total finance costs	**644 094**	**644 929**

Other finance costs include mainly the financing element of discounting the content liabilities.

37. Foreign exchange differences

	2019 R '000	2018 R '000
(Loss)/gain on translation of finance lease liability	(1 886 954)	1 150 403
Loss on translation of other assets and liabilities	(155 898)	(80 755)
Gain/(loss) on revaluation of forward exchange contracts	501 701	(409 653)
	(1 541 151)	**659 995**

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000

38. Operating lease

	2019 R '000	2018 R '000
Future minimum lease payments		
- within one year	73 747	72 110
- in second to fifth year inclusive	98 439	143 519
- later than five years	-	-
	172 186	**215 629**

The group leases office and warehouse space under various non-cancellable operating leases. Certain contracts contain renewal options and escalation clauses for various periods of time.

39. Taxation

	2019 R '000	2018 R '000
Normal		
- Current year	3 052 658	2 891 594
- Prior year	(45 814)	34 530
Foreign taxation	(9 658)	-
	2 997 186	**2 926 124**
Deferred		
- Current year	(667 349)	350 810
- Prior year	14 246	(29 732)
	(653 103)	**321 078**
	2 344 083	**3 247 202**

Tax rate reconciliation

Reconciliation between statutory tax rate and average effective tax rate.

	2019	2018
Statutory tax rate for the year	28 %	28 %
Non-deductible expenses*	13,2 %	1,4 %
Non-taxable income	(1,0)%	(0,3)%
Unprovided timing differences	(0,5)%	0,1 %
Prior year adjustments	(0,5)%	0,1 %
Tax attributable to associates and joint ventures	0,5 %	0,2 %
Other taxes	0,7 %	- %
Effective tax rate for the year	**40,4 %**	**29,5 %**

* Non-deductible expenses include the equity-settled share-based payment charge of R2.6 billion for the additional 5% stake issued to the Phuthuma Nathi entities. Refer to note 47.

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	2019 R '000	2018 R '000

40. Cash generated from operations

	2019 R '000	2018 R '000
Operating profit	10 420 935	10 679 813
Adjustments for:		
Depreciation and amortisation	1 530 866	1 579 352
(Profit)/loss on disposal of property, plant and equipment	1 321	(2 593)
(Profit)/loss on disposal of intangible assets	(2 907)	(4 164)
Dividends received from Phuthuma Nathi Investments 2 (RF) Limited	(18 773)	(18 489)
Reversal of bad debt provision	-	3 290
Share based payment charges	235 518	110 787
Impairment of other assets	45 875	(55)
Amortisation of hedging reserve	(10 358)	389 470
Provisions	-	(6 216)
Other	51 000	-
Changes in working capital:		
Trade and other receivables	(2 843)	(905 228)
Trade and other payables	(409 385)	(1 414 560)
Programme and film rights	(358 646)	(282 483)
Inventory	(128 653)	26 621
Amounts due to related parties	9 163	(4 005)
Amounts due from related parties	58 675	422 355
	11 421 788	**10 573 895**

41. Tax

	2019 R '000	2018 R '000
Current tax liability at beginning of the year	(56 096)	(82 027)
Charged to profit or loss:		
- South African normal current taxation	(2 997 186)	(2 926 124)
- Current tax asset utilised (included in other receivables - prior year)	77 805	-
- Other	(3 620)	(22 022)
Current tax liability at end of the year	187 213	56 096
	(2 791 884)	**(2 974 077)**

42. Net interest paid

	2019 R '000	2018 R '000
Finance income	310 006	320 841
Finance costs	(644 094)	(644 929)
Adjusted for:		
Finance costs accrual	23 335	(13 758)
Discounting on programme and film rights	219 621	180 366
	(91 132)	**(157 480)**

43. Purchase of property, plant and equipment

	2019 R '000	2018 R '000
Acquisition of property, plant and equipment (refer note 4)	490 637	431 105
Adjusted for non-cash movements:		
Non-cash items	(5 512)	-
	485 125	**431 105**

44. Dividends per share

A dividend of 1955.56 cents (2018: 1925.93 cents) per share has been declared and paid during the current year.

Notes to the Group Annual Financial Statements

	2019 R '000	2018 R '000
45. Disposal of Subsidiaries/business		
Net current liabilities	-	(23 385)
	-	(23 385)
Profit on sale	-	(117 756)
Net cash inflow on disposal of subsidiaries/business	**-**	**(141 141)**

46. Events after the reporting period

Given the group's positive financial performance and consideration of challenging operating conditions including rising costs, flattening revenues and plans to invest in online and emerging technologies, the MultiChoice South Africa Group board has recommended that a dividend of R6 billion be paid to its ordinary shareholders in September 2019.

The directors of NMS Communications (Pty) Ltd initiated liquidation proceedings for the liquidation of the company prior to the reporting date. The liquidation of the company is expected to be concluded in the first quarter of the new financial period.

47. Empowerment transaction

On 4 March 2019, Naspers Limited unbundled its entire investment in the video entertainment segment to its existing shareholders resulting in a change in the group's ownership from MIH Holdings Limited to MultiChoice Group Limited. As part of the unbundling the group issued an additional 5% stake in MultiChoice South Africa Holdings (Pty) Ltd to the two Phuthuma Nathi entities in proportion to their relevant original shareholding to increase their joint interest in MultiChoice South Africa from 20% to 25%. The group issued an additional 22,5 million ordinary shares of R0.0001 each (refer to note 20) valued at R2,564 billion for a nominal amount to the two Phuthuma Nathi entities to facilitate the transaction.

Company Statement of Financial Position as at 31 March 2019

	Note(s)	2019 R '000	2018 R '000
ASSETS			
Non-current			
Investment in subsidiary	2	16 875 000	16 875 000
Investment in joint venture	3	*	*
		16 875 000	**16 875 000**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	4	34	34
Share premium	4	16 874 966	16 874 966
		16 875 000	**16 875 000**
LIABILITIES			
Current			
Amounts due to related parties	3	*	*
		*	*
Total equity and liability		**16 875 000**	**16 875 000**

* Amounts less than R1 000.

The notes on page 16 to 89 and page 94 to 95 are an integral part of these annual financial statements.

Company Statement of Profit or Loss

	Note	2019 R '000	2018 R '000
Dividends received		6 600 000	6 500 000
Taxation	7	-	-
Net profit and comprehensive income for the year		**6 600 000**	**6 500 000**

The notes on page 16 to 89 and page 94 to 95 are an integral part of these annual financial statements.

Company Statement of Changes in Equity

	Number of shares	Share capital R '000	Share premium R '000	Retained earnings R '000	Total R '000
Balance at 01 April 2017	**337 500 000**	**34**	**16 874 966**	**-**	**16 875 000**
Net profit and comprehensive income for the year	-	-	-	6 500 000	6 500 000
Dividends paid	-	-	-	(6 500 000)	(6 500 000)
Balance at 31 March 2018	**337 500 000**	**34**	**16 874 966**	**-**	**16 875 000**
Balance at 01 April 2018	**337 500 000**	**34**	**16 874 966**	**-**	**16 875 000**
Share issue	22 500 000	-	-	-	-
Net profit and comprehensive income for the year	-	-	-	6 600 000	6 600 000
Dividends paid (note 6)	-	-	-	(6 600 000)	(6 600 000)
Balance at 31 March 2019	**360 000 000**	**34**	**16 874 966**	**-**	**16 875 000**

The notes on page 16 to 89 and page 94 to 95 are an integral part of these annual financial statements.

Company Statement of Cash Flows

	2019 R '000	2018 R '000
Cash flow from operating activities		
Dividends received	6 600 000	6 500 000
Dividends paid (note 6)	(6 600 000)	(6 500 000)
Change in cash and cash equivalents for the year*	-	-
Cash and cash equivalents at the beginning of the year*	-	-
Cash and cash equivalents at the end of the year	-	-

The notes on page 16 to 89 and page 94 to 95 are an integral part of these annual financial statements.

* These transactions are non-cash transactions via the intercompany account with MultiChoice (Pty) Limited.

Notes to the Company Annual Financial Statements

	2019 R '000	2018 R '000

1. Additional accounting policies

An investment in a subsidiary is accounted for at cost less accumulated impairment in the company's financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

The company did not acquire or dispose of any material subsidiaries during the current year.

2. Investment in subsidiary

	2019 R '000	2018 R '000
Unlisted investment - At cost less accumulated impairment		
MultiChoice South Africa Proprietary Limited	16 875 000	16 875 000

The company has a 100% interest in MultiChoice South Africa (Pty) Ltd, which is incorporated in South Africa, is an investment holding company and which has the South African rand as its functional currency. A register containing the number of shares and class of shares for this investment is available for inspection at the company's registered office.

3. Investment in joint venture

	2019 R '000	2018 R '000
Unlisted investment - At cost less accumulated impairment		
Yizani Phuthuma Nathi (RF) Proprietary Limited	*	*

MultiChoice SA Holding has a 50% interest in Yizani Phuthuma Nathi (RF) Proprietary Limited at a value of R50.

4. Share capital and premium

	2019 R '000	2018 R '000
Share capital		
Authorised		
3 000 000 000 ordinary shares of R0.0001 each	300	300
Issued (fully paid up)		
360 000 000 ordinary shares of R0.0001 each (2018: 337 500 000)	34	34
Share premium		
Share premium	16 874 966	16 874 966

The directors of the company have unrestricted authority until after the following annual general meeting to allot and issue the unissued ordinary shares in the company, subject to the provisions of the Companies Act.

The company issued 22.5 million shares in the current year to the two Phuthuma Nathi entities as part of the unbundling of MultiChoice Group Limited from Naspers Limited. The empowerment transaction resulted in the Phuthuma Nathi entities acquiring an additional 5% stake increasing their overall investment in MultiChoice South Africa Holdings (Pty) Ltd from 20 - 25%.

5. Events after the reporting period

Given the company's positive financial performance and consideration of challenging operating conditions including rising costs, flattening revenues and plans to invest in online and emerging technologies, the MultiChoice South Africa Group board has recommended that a dividend of R6 billion be paid to its ordinary shareholders in September 2019.

Refer to note 46 in the group financial statements.

Notes to the Company Annual Financial Statements

	2019 R '000	2018 R '000

6. Dividends per share

A dividend of 1955.56 cents (2018: 1925.93 cents) per share has been declared and paid during the current year.

7. Taxation

	2019 R '000	2018 R '000
Normal taxation		
Current year	-	-
Reconciliation of taxation		
Taxation at statutory rate of 28%	1 848 000	1 820 000
Adjusted for:		
Non-taxable income - dividends received	(1 848 000)	(1 820 000)
Income tax expense per statement of comprehensive income	-	-