



RACEHORSE
OWNERS
ASSOCIATION

ANNUAL
REPORT

31 JULY 2023





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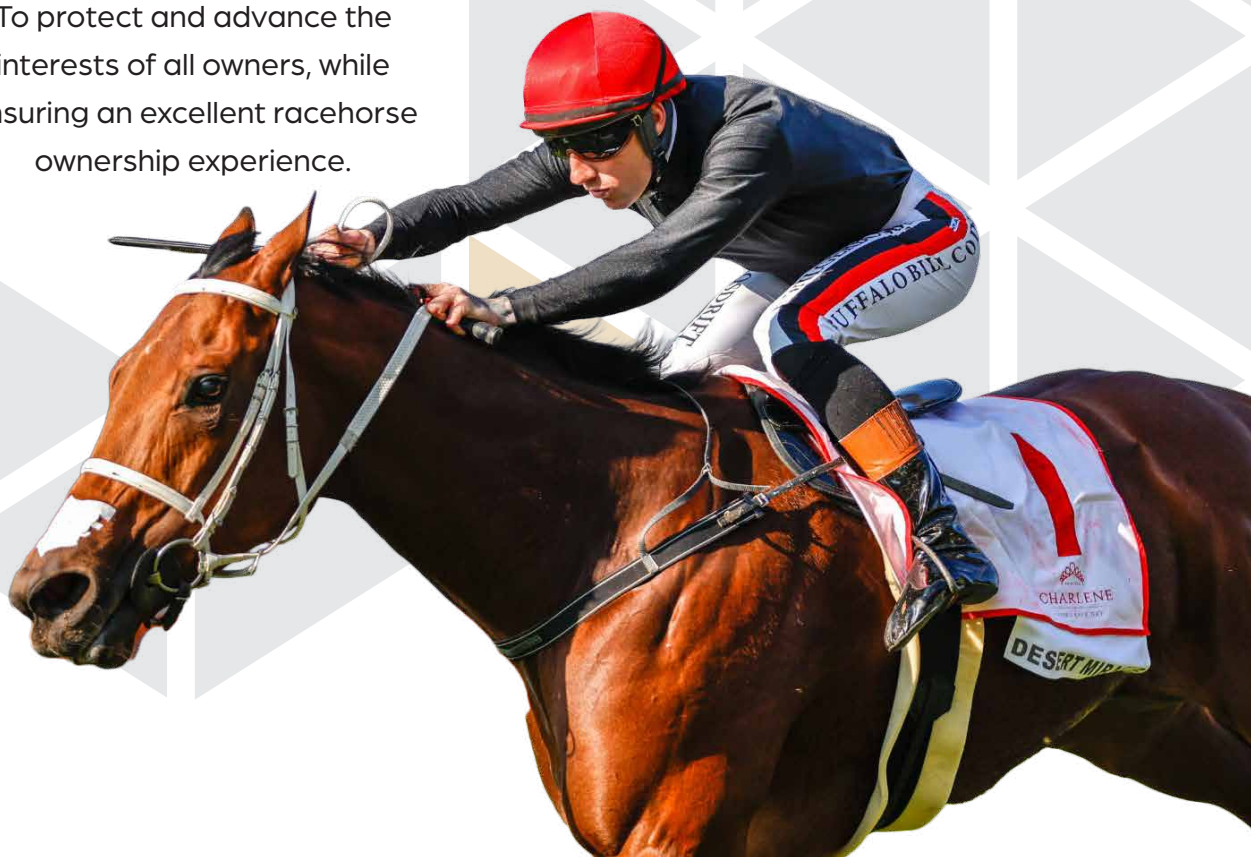
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JC Photographics
Pauline Herman
Candiese Lenferna
Chase Liebenberg

Mission Statement

To protect and advance the
interests of all owners, while
ensuring an excellent racehorse
ownership experience.





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN TO THE MEMBERS OF THE RACEHORSE OWNERS ASSOCIATION NPC THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING ("AGM") OF THE ASSOCIATION WILL BE HELD IN PERSON IN THE CENTENARY ROOM, TURFFONTEIN RACECOURSE, JOHANNESBURG AND SIMULTANEOUSLY VIA VIDEO CONFERENCE ON WEDNESDAY 7 FEBRUARY 2024 AT 10H00.

AGENDA

The agenda for the Annual General Meeting is as follows:

1. Approval of the Minutes of the previous Annual General Meeting.
2. Presentation of the Chairman's Report for the year under review.
3. Presentation of the audited annual financial statements for the financial year ended 31 July 2023.
4. Adoption of proposed resolutions (set out below).
5. Any other business that may be transacted at the Annual General Meeting, if any. To this end, Members are invited to submit items for discussion and inclusion on the Agenda by no later than Wednesday 31 January 2024.

PURPOSE OF THE MEETING

The purpose of the Annual General Meeting is to consider and if deemed fit, pass, with or without modification, the ordinary resolutions and special resolutions set out hereunder in accordance with the Companies Act, 71 of 2008 ("the Act").

1. Approval of Minutes of Previous Annual General Meeting

Ordinary Resolution Number 1:

"THAT the minutes of the twenty fourth Annual General Meeting held on Wednesday 8 February 2023 be and are hereby approved."

Explanatory note:

The minutes of the previous annual general meeting of the Association held on Wednesday 8 February 2023 accompany the Notice of Annual General Meeting.

2. Presentation of Audited Annual Financial Statements

Ordinary Resolution Number 2:

"THAT the audited annual financial statements of the Association, including the Directors' report and report of the Auditors, for the financial year ended 31 July 2023 be

and are hereby confirmed by Members of the Association."

Explanatory note:

In terms of section 30(3) of the Act, read with clause 25.1 of the Association's Memorandum of Incorporation, the audited annual financial statements of the Association are required to be presented to Members for confirmation after the statements have been approved by the Board.

A copy of the audited annual financial statements accompanies this Notice of Annual General Meeting.

3. Appointment of Auditors

Ordinary Resolution Number 3:

"THAT Moore Infinity Incorporated be appointed as the auditors of the Association until the conclusion of the next annual general meeting."

Explanatory note:

The Association is required each year at its annual general meeting to appoint an auditor which complies with the requirements of section 90(2) of the Act.

The directors are satisfied that the firm of Moore Infinity Incorporated complies with the requirements of section 90(2) of the Act and has nominated them to conduct the audit of the Association's financial statements for the following financial year.

4. Approval of Directors' Remuneration

Special Resolution Number 1:

"THAT the remuneration policy for non-executive directors of the Association be approved and confirmed for the following financial year."

Explanatory note:

In terms of section 66(9) of the Act, read with clause 18.1 of the Association's Memorandum of Incorporation, Members are required to approve the remuneration policy for non-executive directors of the Association, which states:

Notice of Annual General Meeting (Cont.)

- all non-executive directors are entitled to receive a monthly fee for services as directors in the amount of R 3000; and
- in the case of Board sub-committees, each non-executive director who serves on such a committee, is entitled to receive an amount of R450 per hour, for each meeting attended.

5. Termination of The Thoroughbred Horseracing Trust

Special Resolution Number 2:

"THAT the members of the Association hereby sanction the Board of the Association to give its written consent, subsequent to consultation with the South African Sports Confederation and Olympic Committee ("SASCOC"), to the termination of The Thoroughbred Horseracing Trust."

Explanatory note:

With Phumelela Gaming and Leisure Limited in Business Rescue as well as the conclusion of the sale of shares in Kenilworth Racing Proprietary Limited, The Thoroughbred Horseracing Trust (the "Trust"), no longer owns any significant assets and has no source of revenue at its disposal to fund its key transformation projects, namely the Gauteng Jockey Academy and the Work Riders Programme on the Highveld and in the Eastern Cape. The Trust's involvement in and any assets pertaining to these worthy initiatives have been transferred, or where appropriate, donated to other entities to ensure the sustainable continuation of these projects. Therefore, there being no future need for the Trust to continue in its current form members are requested to approve a resolution to terminate the Trust.

In terms of clause 16.2.2.2 of the Trust Deed, the Racehorse Owners Association must provide its written consent to the termination of the Trust, provided that, such consent shall have been duly sanctioned by a general meeting of the Racehorse Owners Association held in accordance with its Memorandum of Incorporation.

6. The Thoroughbred Horseracing Trust's transfer of shares in Phumelela Gaming and Leisure Limited (in Business Rescue).

Special Resolution Number 3:

"THAT the members of the Association hereby sanction the Board of the Association to give its written consent to

the Trustees of The Thoroughbred Horseracing Trust to transfer its shares in Phumelela Gaming and Leisure Limited (in Business Rescue) to GMB Liquidity Proprietary Limited."

Explanatory note:

The Trust, in terms of the agreement of sale of shares in Kenilworth Racing Proprietary Limited is obligated to advance all funds received in terms of distributions from Phumelela Gaming and Leisure Limited (in Business Rescue) to GMB Liquidity Proprietary Limited. Consequent upon the termination of the Trust, its shares in Phumelela Gaming and Leisure Limited (in Business Rescue) need to be transferred to GMB Liquidity Proprietary Limited in order to facilitate the future flow of funds.

In terms of clause 15.3.2.2 of the Trust Deed, the Racehorse Owners Association must provide its written consent to the Trust for the disposal or alienation of its shares in Phumelela Gaming and Leisure Limited, provided that, such consent shall have been duly sanctioned by a general meeting of the Racehorse Owners Association held in accordance with its Memorandum of Incorporation.

VOTING

For each ordinary resolution to be adopted, it must be supported by more than 50% (fifty percent) of the voting rights exercised on the resolution.

For each special resolution to be adopted, it must be supported by at least 75% (seventy five percent) of the voting rights exercised on that resolution.


RECORD DATE

The Board has determined, in accordance with section 59(1) (a) and (b) of the Act, that the record date for Members to receive notice of the Annual General Meeting and on which Members must be registered as such in the register of Members of the Association is 23 January 2024.

ATTENDANCE

All voting Members of the Association in good standing are entitled to attend, speak and vote at the Annual General Meeting.

The Annual General Meeting will be conducted in person as well as by way of electronic facilities and communication. A qualifying Member (or its representative or proxy) will be



entitled to participate in and vote at the Annual General Meeting through an electronic link that will be made available to all registered participants.

VOTING AND PROXIES

On a poll, every Member present in person, online or by proxy shall have one vote. A Member entitled to attend and vote at the Annual General Meeting may appoint any individual who is a voting Member in good standing, as a proxy to participate in, speak and vote, at the Annual General Meeting on that Member's behalf. A Member may not appoint two or more persons concurrently as proxies.

Proxy forms for use by Members are attached to the Notice of Annual General Meeting. Duly completed and executed proxy forms must be delivered to the Association, or to any other person on behalf of the Association, before the proxy exercises any rights of the voting Member at the Annual General Meeting.

IDENTIFICATION

In terms of section 63(1) of the Act, any person attending or participating in the Annual General Meeting must present reasonably satisfactory identification before he or she may attend or participate in the meeting, and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (as Member or as proxy for a Member) has been reasonably verified. A secure link to participate in the meeting will be provided on registration to any person wishing to attend or participate in the Annual General Meeting.



PETER RISKOWITZ
CHAIRMAN

Proxy Form

**ANNUAL GENERAL MEETING OF THE RACEHORSE OWNERS ASSOCIATION NPC TO BE HELD IN PERSON IN THE CENTENARY ROOM AND SIMULTANEOUSLY VIA VIDEO CONFERENCE
AT 10H00 ON WEDNESDAY 7 FEBRUARY 2024**

I (full name)

of (address)

being a Member of The Racehorse Owners Association NPC hereby appoint

(Please fill in the name of a Member who you know will be participating in the AGM or alternatively, nominate "The Chairman")

as my proxy to vote on my behalf at the Annual General Meeting of the Racehorse Owners Association NPC to be held on Wednesday 7 February 2024 and at any adjournment thereof, as follows:

Mark applicable box with an X

	Yes	No	Abstain
1. Ordinary Resolution Number 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ordinary Resolution Number 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ordinary Resolution Number 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Special Resolution Number 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Special Resolution Number 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Special Resolution Number 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Signature

Date

Note:

In terms of the Memorandum of Incorporation of the Racehorse Owners Association NPC:

- A Member entitled to attend and vote at a General Meeting shall be entitled to appoint 1 (one) person as his proxy to attend, speak and vote at a General Meeting on his behalf.
- A proxy must be a Member in good standing.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) shall be delivered by electronic mail to the address indicated on the form appointing the proxy, or delivered by any other format which the Directors may approve, at the office of the Racehorse Owners Association at any time before the commencement of the Annual General Meeting.
- E-mail to: caroline@racehorseowners.co.za or deliver by hand to The Racehorse Owners Association, 14 Turf Club Street, Turffontein, Johannesburg



Administration

Administration Office

14 Turf Club Street, Turffontein,
Johannesburg
P O Box 74054, Turffontein, 2140
Telephone: (011) 683-3220
Website: www.racingassociation.co.za

Auditors: Moore Infinity Incorporated

Bankers: Standard Bank of
South Africa Limited

Directors

Mr P Riskowitz	Chairman
Ms D De Andrade	
Mr G Kotzen	
Ms J Motaung	
Mr G Towell	
Ms N Turner	Ex officio
Natalie Turner	Chief Executive Officer



Minutes of the AGM

MINUTES OF THE TWENTY FOURTH ANNUAL GENERAL MEETING ("AGM") OF MEMBERS OF THE RACEHORSE OWNERS ASSOCIATION ("ROA") HELD AT 10H00 ON WEDNESDAY 8 FEBRUARY 2023 VIA VIDEO CONFERENCE

PRESENT

Directors: Mr P Riskowitz (Chairman)
Ms D de Andrade
Ms J Motaung
Mr K Sommerville (online)
Mr G Towell
Ms N Turner (CEO)

Attendance: 48 Members in person or by proxy
(as registered)

Apologies: 1 Apology (as recorded)

1. WELCOME

The Chairman welcomed Members to the twenty fourth Annual General Meeting of the Members of the Racehorse Owners Association. Members had been provided with a virtual link to facilitate their participation in the meeting.

The Chairman noted that all of his co-directors were in attendance except for Mr Greg Kotzen, who could not attend due to health reasons and who had tendered his apology.

The Chairman also welcomed as online attendees, Mrs Antoinette Schalekamp and Mr Kevin Engelbrecht who were representing the ROA's auditors, Moore Infinity Incorporated (previously under the banner of PKF Octagon) as well as Mrs Sunette Morgan, representing Levitt Kirson, the company secretaries to the ROA.

2. INTRODUCTION

The Chairman noted that the Notice of AGM had been distributed on 25 January 2023, in accordance with the required notice period provided for in the Memorandum of Incorporation. Therefore, he would take the Notice and the content of the accompanying Annual Report, as read.

3. QUORUM FOR AN ANNUAL GENERAL MEETING

In terms of clause 10.6 of the ROA's Memorandum of Incorporation, at least 2% of voting Members present in person or by proxy is required to constitute a quorum.

The Chairman confirmed that 40 proxy forms had been received and accepted from Members who wished to be

represented by proxy at this meeting. He advised that there were 5 Members present in person and 4 Members (3 of whom were voting Members) online.

The Chairman noted that the number of Members in good standing on the register is 907. He advised that 48 Members are present at this meeting in person or by proxy which represents roughly 5% of Members entitled to be present and vote at this meeting.

The Chairman accordingly declared that a quorum was present and the meeting was accordingly duly constituted.

The Chairman welcomed the Social Member (non-voting) to the meeting and thanked all Social Members for their interest. He noted that from a zero base, the ROA currently has 37 Social Members, and that is very encouraging.

4. LIFE MEMBERS

The Chairman said he was pleased to announce that the following 6 Members had been awarded Life Member status during the year.

Mr DJ Vereb	Mr RJ Garner
Mr AJ Sham	Mr TJ Fagri
Mr JM Gerber	Mr JG Gomes

He thanked the Members for their long-standing membership of the ROA and noted that we are pleased to welcome them as Life Members.

5. REPORT OF THE CHAIRMAN FOR THE YEAR UNDER REVIEW

It was noted that the report, which is included in the ROA's 2022 Annual Report, has been available to Members for some time. The Chairman took his report as read, and called for comments, questions or suggestions relating thereto. There were no comments, and no queries were raised.

6. ORDINARY RESOLUTION 1: THAT THE MINUTES OF THE TWENTY THIRD ANNUAL GENERAL MEETING HELD ON MONDAY 6TH DECEMBER 2021 BE AND ARE HEREBY APPROVED

The Chairman invited Members to make themselves heard on the proposal to pass Ordinary Resolution 1. No questions or comments were forthcoming.

Members were requested to cast their votes.

IT WAS RESOLVED, BY A VOTE OF 100%, THAT ORDINARY RESOLUTION 1 BE APPROVED.



Minutes of the AGM (Cont.)

7. ORDINARY RESOLUTION 2: THAT THE AUDITED ANNUAL FINANCIAL STATEMENTS OF THE ASSOCIATION INCLUDING THE DIRECTORS' REPORT AND THE REPORT OF THE AUDITORS FOR THE FINANCIAL YEAR ENDED 31 JULY 2022 BE AND ARE HEREBY CONFIRMED BY MEMBERS OF THE ASSOCIATION.

The Chairman noted that the annual financial statements are included in the Annual Report which was distributed with the Notice of AGM, and have thus been available to Members for some time. He would therefore take same as read.

The Chairman called for questions or comments on Ordinary Resolution 2. No questions or comments were forthcoming.

Members were requested to cast their votes.

IT WAS RESOLVED, BY A VOTE OF 100%, THAT ORDINARY RESOLUTION 2 BE APPROVED.

8. ORDINARY RESOLUTION 3: THAT MOORE ASSURANCE JOHANNESBURG ER INC BE APPOINTED AS THE AUDITORS OF THE ASSOCIATION UNTIL THE CONCLUSION OF THE NEXT ANNUAL GENERAL MEETING.

The Chairman called for questions or comments on Ordinary Resolution 3. No questions or comments were forthcoming.

Members were requested to cast their votes.

IT WAS RESOLVED, BY A VOTE OF 100%, THAT ORDINARY RESOLUTION 3 BE APPROVED.

9. ORDINARY RESOLUTION 4: THAT MS JESSICA DINEO MOTAUNG BE AND IS ELECTED AS A DIRECTOR OF THE ASSOCIATION.

The Chairman reminded Members that Ms Motaung had been appointed to the Board of the ROA to fill the vacancy created by the resignation of Mr ST Dev Naidoo during the course of 2022. In terms of the Association's Memorandum of Incorporation, any director so appointed needs to be put to Members at the AGM for re-election.

The Chairman called for questions or comments on Ordinary Resolution 4. No questions or comments were forthcoming.

Members were requested to cast their votes.

IT WAS RESOLVED, BY A VOTE OF 98%, THAT ORDINARY RESOLUTION 4 BE APPROVED.

10. SPECIAL RESOLUTION 1: THAT THE REMUNERATION POLICY FOR NON-EXECUTIVE DIRECTORS OF THE ASSOCIATION BE APPROVED AND CONFIRMED FOR THE FOLLOWING YEAR.

The Chairman noted that details of the remuneration policy are contained in the Special Resolution explanatory note.

The Chairman called for questions or comments on Special Resolution 1. No questions or comments were forthcoming.

Members were requested to cast their votes.

IT WAS RESOLVED, BY A VOTE OF 98%, THAT SPECIAL RESOLUTION 1 BE APPROVED.

11. SPECIAL RESOLUTION 2: THAT THE MEMBERS OF THE ASSOCIATION HEREBY ADOPT THE MEMORANDUM OF INCORPORATION ANNEXED TO THE NOTICE OF AGM AND THE ANNUAL REPORT AS "ANNEXURE A" IN TERMS OF SECTION 16(1)(c) OF THE COMPANIES ACT 71 OF 2008, THE PROVISIONS OF WHICH WILL SUBSTITUTE THE ASSOCIATION'S EXISTING MEMORANDUM OF INCORPORATION IN ITS ENTIRETY.

The Chairman noted that "Annexure A" is included in the Annual Report and he will therefore take same as read.

An explanatory note had been included in the Notice of AGM. The Chairman added that it was important to note that the key proposed changes to the Memorandum of Incorporation are aimed at enhancing our status as a Public Benefit Organisation, ensuring compliance with the relevant parts of the Ninth Schedule to the Income Tax Act and to enable the ROA, once fully processed through the authorities, to issue Section 18A certificates for funds received from donors. This will enable the Association to tap into corporate budgets allocated for matters such as transformation and socio-economic development. The other significant change is to refine the election of Directors. There would, should the new Memorandum of Incorporation be adopted by Members at this AGM, be no specific requirement for regional representation, notwithstanding which the Directors, in considering nominations for positions on the Board, would have regard to regional representation to the extent that it is deemed appropriate and required.

The Chairman called for questions or comments on Special Resolution 2. No questions or comments were forthcoming.

Minutes of the AGM (Cont.)

Members were requested to cast their votes.

IT WAS RESOLVED, BY A VOTE OF 96%, THAT SPECIAL RESOLUTION 2 BE APPROVED.

The Chairman said that the formal section of the meeting had now been concluded.

12. GENERAL BUSINESS

The Chairman stated that Members had been invited to provide, in writing, to the ROA by no later than Wednesday 1 February 2023, any specific item which they wished to have discussed which was not already on the agenda. No items had been submitted for discussion.

The Chairman invited attendees to put forward any questions or comments of a more general nature.

Mr Garth Towell enquired as to when we expect our PBO status to be finalised. In response, Ms Desiree de Andrade advised that the application would need to be made to SARS, with only three people in the country currently having the authority to review and approve such an application. Once approved, the ROA will be able to issue Section 18A certificates to anyone willing to donate money to the ROA. This will make us a purely Non-Profit Organisation. The process will begin immediately after the new MOI is lodged with CIPC and we will then need to await feedback from SARS on the matter as it progresses.

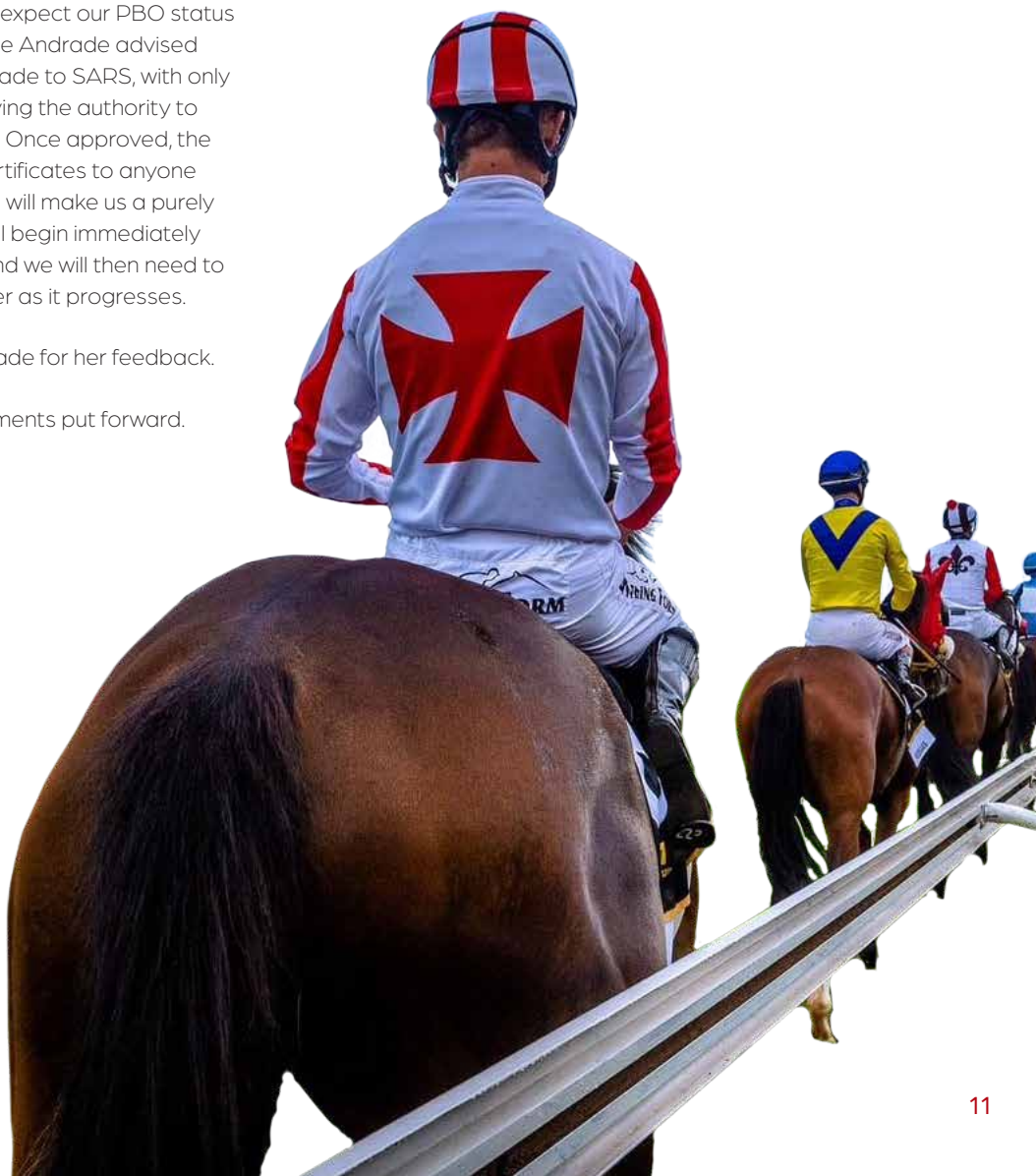
The Chairman thanked Desiree de Andrade for her feedback.

There were no further questions or comments put forward.

13. THANKS AND CLOSE

On behalf of the Board, the Chairman thanked all of those Members who have been in attendance at this Annual General Meeting. He said that we look forward, as the Board of the Racehorse Owners Association, to lobby and act in the best interests of all Members and in fact, all owners across the country as a whole. This he said would be done regardless of whether owners are individuals, companies or syndicates, and regardless of colour or creed and whether they are male or female. The Chairman commented that owners in this country are in dire need of a voice and that it is heard in every relevant forum in the racing industry. He added that we, as the ROA Board, intend to ensure that this is the case.

There being no further business for discussion, the meeting terminated at 10h18.





Chairman's Report

As chairman of the Racehorse Owners Association ("the ROA"), I herewith present to you my report in respect of the financial year ended 31 July 2023. While my report ostensibly covers the financial year in question, it is relevant to also comment on broader matters relevant to you as members, both from ROA and the wider horse racing industry perspectives.

ANNUAL REPORT AND FINANCIAL MATTERS

The annual report of the ROA is presented herewith and, among other things, incorporates the annual consolidated and separate financial statements ("AFS") of the ROA and its subsidiary (Randjesfontein Training Centre) for the year ended 31 July 2023.

The AFS embodied herein clearly reflect the financial position of the group as at 31 July 2023, and the operating results for the year then ended. Without regurgitating the detail contained therein, I deem it appropriate to highlight the following for the benefit of members:

- The ROA returned a bottom-line surplus for the 2023 financial year of R1.97 million against a deficit of R3.06 million in the prior year. While the change comprised of various "swings and roundabouts", certain key items included:
 - o a much-improved performance on the group's unit trust investments, which yielded a gain of some R4.8 million against a loss previously of R2.2 million;
 - o receipt of capital distributions made by the business rescue practitioner of Phumelela Gaming and Leisure of R5.9 million (R1.7 million in 2022);
 - o reversal of a bad debt provision of R1.8 million following part settlement of a debt owed to the ROA (with 2022 having seen a reversal of around R500k on other matters);
 - o conversely, R2.6 million less revenue was received in regard to the collection of nomination and declaration fees, this following the cessation from 1 August 2022 of collections in regard to the Western Cape; and
 - o the requirement, in terms of accounting standards, to accrue for circa R5.3 million in respect of the ROA's committed future contributions to the all-important 4Racing Grooms' Initiative (referred to later).
- In addition to the above, the ROA achieved a return of around R500k more on invested cash and cash equivalents

and contributed roughly R1.1 million less to stakes (discussed below), while an accounting, non-cashflow loss of R1.58 million was incurred on the disposal of certain assets no longer required for the purpose of ROA's objectives going forward.

- Pleasing to note is that at financial year end, the value of the group's investment in unit trusts stood at R37.5 million, while cash and cash equivalents amounted to just shy of R17 million. Aggregated, this confirms the ROA's strong liquidity position. The board nevertheless remains aware of the need to deploy these resources diligently so as to ensure longer term financial viability. Furthermore, additional sources of funding are being considered and pursued to supplement existing resources, while expenditure is tightly controlled.
- The ROA's property located at Randjesfontein in Midrand, carried on balance sheet at a little under R196 million, remains a valuable and strategic asset. While options regarding the long-term future of this asset continue to be considered, it will remain a premier training facility at least in the short to medium term. Members will notice from the balance sheet and the relevant note thereto that this asset is now reflected on what is termed the cost model, as opposed to being shown at fair value as has been the case previously. The primary driver for this change is that the property is a specialised-use asset, making valuation thereof on a comparable basis to other properties in and around the area neither feasible nor practical. The change in disclosure had no financial effect.

KEY OBJECTIVES AND STRATEGIC MATTERS

The ROA has in recent years – out of necessity – involved itself in a number of actions and activities not core to its primary objectives, this following the demise of Phumelela Gambling and Leisure, coupled with the severe impact of the Covid-19 pandemic. With the resurrection so to speak of racing across the country post these events through the involvement of various investors and benefactors, re-aligning ourselves to our key function and purpose has become necessary. Consequently we have, among other things, in the past twelve to eighteen months:

- Progressively handed over to the relevant operator certain aspects of and relating to racedays such as catering, eventing, hospitality and maintenance of facilities. While any involvement (albeit limited) with these functions in the Western Cape came to an end around mid-2022, the handover to 4Racing in regard to Turffontein, Fairview and the Vaal has been effected more recently. Notwithstanding

Chairman's Report (Cont.)

this, the ROA will continue to ensure appropriate access, facilities and hospitality for its members, this being a non-negotiable in any arrangement with the operator in question.

- Ceased performing the function of collecting nomination and declaration fees, this rather being the remit of the relevant operators. As mentioned earlier, this ceased in regard to the Western Cape with effect from 1 August 2022, while that pertaining to the Highveld and Eastern Cape was terminated on 1 August 2023. [The ROA has not been involved in this function in regard to KZN racing].

The ROA's key focus revolves around the promotion, enhancement and growth of the sport of horseracing, with the interests of our members (or owners if you wish) at its core. Having relieved itself of the non-core activities as mentioned above, the ROA board has been able to revisit the association's strategic and primary objectives afresh. While embodying a host of elements, the fundamental aspects hereof have been confirmed to include the following:

Enhancing the ownership experience

The term "ownership experience" is often used rather glibly, with it being paid no more than "lip service" in many instances without satisfactory and impactful actions being taken or implemented to add real value to our owners in the industry. Not only is ensuring satisfactory ownership experience of supreme importance, but genuinely enhancing this is what all players in the industry should be aspiring to, given the fact that owners are probably the single most important category of stakeholders driving our sport.

The ROA, whose constituent members essentially comprise owners, accordingly holds this in the highest of priorities. Acknowledging that certain distractions and non-core activities have, in recent times, occupied the attention and time of the ROA, the board are acutely aware that a lot more needs to be done for its members as well as owners in general. To this end, various actions and initiatives are being and will be progressed either directly or in collaboration or partnership with others in order to:

- ensure greater communication, transparency, clarity and information in regard to all matters affecting owners;
- impart knowledge to owners and potential owners including improving understanding of all relevant aspects of horse ownership and the racing industry;
- ensure that "the voice" of owners is heard without fear of

favour by lobbying authorities, engaging on their behalf with operators and other stakeholders, and generally ensuring that owners are treated fairly, genuinely cared about and given the credit that they deserve as a key element in the future of the sport;

- facilitate the process of and options available to becoming an owner, provide guidance in the relationship between owner and trainer and then ensure a great raceday experience.

Stakes maximisation

It is no secret that stakes play a critical and arguably the most vital role in ensuring both the sustainability and growth of the horseracing industry. The knock-on effects of adequate (or rather attractive) stakes levels cannot be over-emphasised. Stakes provide an incentive to owners to racehorses and contribute to their cost of owning horses. At adequate levels this would then support trainers and their grooms, encourage owners (new and existing) to purchase horses and in turn entice breeders to produce more foals – and so it goes "full circle".

The ROA board stands firm in its stance that adequate stakes levels are first and foremost the responsibility of the racing operators. It has thus been encouraging to see an uplift in stakes both directly from operators and in their ability to attract sponsors, all of whom are to be commended. While this leans more toward (but is not limited to) feature races, the board believes that added stakes incentives, especially in regard to maiden races as well as to recognise ROA members, is paramount. Accordingly, the ROA contributed a further R4 million to stakes in the 2023 financial year, with the board having agreed to further, meaningful incentives for the current 2023–2024 racing calendar.

Philanthropy

Philanthropy is probably best defined as the desire to promote (financially and/or via assistance) the welfare of others, be it in regard to their health, happiness, prosperity or well-being in general. The ROA board considers this a priority, especially in our industry, and is fully committed to playing an active and meaningful role in this arena.

In light of this, the ROA is particularly proud to have partnered with 4Racing in the latter's commendable "Grooms Initiative", this having come to fruition on 1 April 2023. Embodying medical and funeral benefits, much needed in the all-important and historically overlooked grooms' contingent, the ROA has committed an aggregate amount of R6 million (over a 5–6 year period) by way of contributions to this most worthy cause. A

Chairman's Report (Cont.)

retirement funding scheme will also be implemented early in 2024.

STATUTORY AND GOVERNANCE MATTERS

In addition to the statutory information which is contained in the AFS, it is relevant to alert members to the pending winding up of the Thoroughbred Horseracing Trust ("the Trust"). As an integral part of the sale of Kenilworth Racing to the Greg Borz/HollywoodBets consortium, the Trust no longer owns any assets in addition to which it will, going forward, not have any resources at its disposal to fund or progress any projects or activities. The resolution to wind up the Trust taken by its trustees is subject to the sanction of ROA members, and in this regard such proposal will be put to members at the upcoming AGM.

The board has two formally constituted sub-committees, these being the Social, Ethics and Transformation Committee ("SETCOM") and the Finance, Audit and Risk Committee ("FINCOM") respectively. These committees, which comprise non-executive directors with the addition of Natalie Turner in her capacity as CEO of the ROA, normally meet on three occasions during each year and assist the board in the specific areas encompassed by their respective mandates.

Members are referred to the report by the chair of the SETCOM, Desiree de Andrade, included elsewhere in this Annual Report.

INDUSTRY OBSERVATIONS

It is most disappointing to be witness to the various issues and the periodic "mudslinging" that all too often seem to characterise our industry. Fundamentally, the overarching issues and challenges faced by the many stakeholders are similar, yet there very seldom seems to be an alignment in terms of how to address these in a manner that yields constructive and productive outcomes. I speak for the full ROA board when I say that it had been hoped that a greater degree of transparency and communication would have evolved throughout as endeavours to promote the wellbeing of the industry have (and certainly should have) taken centre stage over the last few years in particular. As an owner-focused organisation, it is even more disappointing and most concerning to see the impact on owners in many of these instances.

As mentioned earlier, the ROA board remains committed to playing its role in ensuring that owners are provided with clear, unambiguous information, as well as being correctly treated and looked after, such that their interests and vast contribution to our sport are protected and enhanced. Notwithstanding,

the board will neither engage in nor act on conjecture, instead using all reasonable endeavours to establish the facts and then proceed or take action considered appropriate with such information at hand.

ACKNOWLEDGEMENT

The unwavering passion and commitment constantly exhibited by my fellow board of directors (executive and non-executive), often in the wake of much criticism and some very trying circumstances, is acknowledged. Likewise, the continuing support of the ROA and indeed horseracing demonstrated by you, our members and owners at large, is to be applauded.

CONCLUSION

Paraphrasing comments made by our CEO, Natalie Turner, in a meeting of the ROA board towards the end of 2023, we ideally need to bridge tradition and innovation in the world of horseracing, adapting to the evolving landscape while preserving the sport's timeless charm. Through the ROA's vision and strategic pillars we, both as an entity and in partnership with key players in the industry, aim to introduce horseracing to new patrons, ignite a new generation of enthusiasts, and maximise the sport's potential whilst simultaneously protecting and enhancing the interests of existing owners and ROA members.

Sincerely



PETER RISKOWITZ

CHAIRMAN

Social, Ethics and Transformation Committee Report

The Social, Ethics and Transformation Committee ("SETCOM") is a duly constituted committee of the board of the Racehorse Owners Association ("ROA"), established to assist the board with various matters, including but not limited to, transformation, ethics and social and economic development within the horseracing industry. The committee, which is mandated and directed by the board within terms of reference, met formally on 17 October 2022, 8 May 2023 and 26 July 2023.

The SETCOM is chaired by myself, Desireé De Andrade, having assumed this position in April 2022. The other members comprise non-executive directors Greg Kotzen and Jessica Motaung, as well as executive director and CEO, Natalie Turner.

A number of key matters were progressed during the year in question, as set out hereunder.

The board tasked the SETCOM with drafting an Owner-Trainer Contract template, aimed at establishing a framework of clearly defined terms, conditions and arrangements in regard to its subject matter. The purpose of the contract, which is accompanied by a number of FAQs (ie frequently asked questions) is to foster improved relations between owners and trainers. Additionally, it is intended that this will create transparency regarding the overall industry for the benefit of owners, both new and existing. Following consultation with various trainers, including the South African National Trainers Association ("SANTA"), as well as with certain owners, the template was circulated to various industry players for further comment. After receiving positive feedback, the template was officially launched at Fairview, the Vaal, Turffontein and the Randjesfontein Training Centre. It is comforting to note that it has been constructively received, which augurs well for a much-improved understanding and interaction between owners and trainers. Being a "working document" so to speak, the template will be updated as appropriate from time to time.

Following the launch in 2022 of our non-voting social membership initiative, pleasing incremental growth has been experienced with the ROA welcoming 39 new participants during the 2023 financial year. A welcome breakfast for new social members was organised and well received by these individuals who were provided with a "behind the scenes" tour of the Randjesfontein Training Centre. Further calendar events are planned for social members as we endeavour to introduce them fittingly to the horseracing environment so as to encourage them to become formally involved as owners.

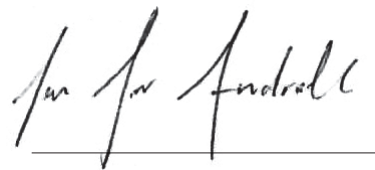
Subsequent to the amendment of certain aspects of the ROA's Memorandum of Incorporation agreed to by members at the previous annual general meeting, including amendments aimed at crystallising the ROA's Public Benefit Organisation

(PBO) status, application was made to the SARS for S18A tax exemptions. The outcome of this application is pending, it being hoped that a favourable response will be forthcoming as it will greatly enhance the ROA's ability to solicit donations which can be channeled to philanthropic and other worthy causes.

I also note that the ROA partnered with 4 Racing in its Grooms Initiative to provide desperately needed medical and funeral benefits for grooms located in 4Racing's jurisdictions. More information on this is contained in the Chairmans Report which is included in this Annual Report.

We look forward to serving the best interests of our members and the industry as a whole.

Sincerely



DESIRÉE DE ANDRADE

CHAIRPERSON - SOCIAL, ETHICS AND
TRANSFORMATION COMMITTEE































2023 **Financial** Statements



THE RACEHORSE OWNERS ASSOCIATION NPC

(Registration number 1997/019092/08)

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Advancing and promoting the sport of thoroughbred horseracing
Directors	DU De Andrade GM Kotzen JD Motaung PR Riskowitz GN Towell NA Turner
Registered office	14 Turf Club Street Turffontein Gauteng 2190
Business address	14 Turf Club Street Turffontein Gauteng 2190
Postal address	P O Box 74054 Turffontein Gauteng 2140
Bankers	Standard Bank of South Africa Limited
Auditors	Moore Infinity Incorporated
Secretary	Levitt Kirson Management Services CC
Company registration number	1997/019092/08
Level of assurance	These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The consolidated and separate financial statements were independently compiled by: Reporting Partners Proprietary Limited Under the supervision of: Caroline Burns
Issued	05 December 2023



Index

The reports and statements set out below comprise the consolidated and separate annual financial statements presented to the members:

33	Directors' Responsibilities and Approval
34 – 35	Independent Auditor's Report
36 – 37	Directors' Report
38	Statement of Financial Position
39	Statement of Comprehensive Income
40	Statement of Changes in Equity
41	Statement of Cash Flows
42 – 45	Accounting Policies
46 – 56	Notes to the Consolidated and Separate Annual Financial Statements
The following supplementary information does not form part of the consolidated and separate annual financial statements and is unaudited:	
57 – 58	Detailed Income Statement

Directors' Responsibilities and Approval

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

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate 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's cash flow forecast for the year to 31 July 2024 and, in the light of this review and the current financial position, they are satisfied that the group has or has 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's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 34 to 35.

The consolidated and separate annual financial statements set out on pages 30 to 58, which have been prepared on the going concern basis, were approved by the board of directors on 05 December 2023 and were signed on its behalf by:



Director



Director



Independent Auditor's Report

To the members of The Racehorse Owners Association NPC

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the Consolidated and Separate Financial Statements of The Racehorse Owners Association NPC and its subsidiary (the group) set out on pages 8 to 26, which comprise the Consolidated and Separate Statement of Financial Position as at 31 July 2023, and the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Separate Statement of Changes in Equity and Consolidated and Separate Statement of Cash Flows for the year then ended, and notes to the Consolidated and Separate Financial Statements, including a summary of significant accounting policies.

In our opinion, the Consolidated and Separate Financial Statements present fairly, in all material respects, the consolidated and separate financial position of The Racehorse Owners Association NPC and its subsidiary as at 31 July 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "The Racehorse Owners Association NPC Consolidated and Separate Annual Financial Statements for the year ended 31 July 2023", which includes the Directors' Report as required by the Companies Act 71 of 2008 and the Consolidated and Separate Detailed Income Statement which we obtained prior to the date of this report. The other information does not include the Consolidated and Separate Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated and Separate Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

Responsibilities of the directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the Consolidated and Separate Financial Statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Consolidated and Separate Financial Statements that are free from material misstatement, whether due to fraud or error.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated and Separate Financial Statements

Independent Auditor's Report (Cont.)

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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated and Separate Financial Statements.

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

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

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

Moore Infinity Inc.

- Moore Infinity Incorporated
Director: B Wilters CA(SA)
Registered Auditor

08 December 2023
Silver Stream Business Park,
10 Muswell Rd, Bryanston,
Sandton, 2191

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of The Racehorse Owners Association NPC and the group for the year ended 31 July 2023.

1. Incorporation

The holding company was incorporated on 10 November 1997 and obtained its certificate to commence business on the same day.

2. Nature of business

The group is engaged in advancing and promoting the sport of thoroughbred horseracing in the interest of its members and operates principally in South Africa.

There have been no material changes to the nature of the group's business from the prior year.

3. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated and separate annual financial statements.

4. Directors

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

Directors	Changes
DU De Andrade	
GM Kotzen	
JD Motaung	Appointed 16 September 2022
AT Reynolds	Resigned 11 October 2022
PR Riskowitz	
PC Sarembock	Resigned 26 October 2022
KP Sommerville	Resigned 15 March 2023
GN Towell	
NA Turner	

5. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest in and which significantly affected the business of the group.

6. Interests in subsidiary

Details of the company's investment in its subsidiary are set out in note 5.

	2023	2022
	R	R
Subsidiary		
Total profits before income tax	259 593	158 332
Total profits after income tax	259 593	1 039 863

7. Events after the reporting period

From 1 August 2023, the association will no longer receive funding for nomination and acceptance fees as per note 14 to the financial statements.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report which would impact on the financial statements at 31 July 2023.

8. Going concern

The consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

9. Auditors

Moore Infinity Incorporated were appointed in office as auditors for the company and its subsidiary for the year ended 31 July 2023.

At the forth coming Annual General Meeting of the company, members will be requested to appoint Moore Infinity Incorporated as the independent external auditors of the company and to confirm Bianca Wilters as the designated lead audit partner for the 2024 financial year.

Directors' Report (Cont.)

10. Secretary

The company secretary is Levitt Kirson Management Services CC.

Business address 4th Floor, Aloe Grove
Houghton Estate Office Park 2 Osborne Road
Gauteng 2000

11. Date of authorisation for issue of consolidated and separate annual financial statements

The consolidated and separate annual financial statements have been authorised for issue by the directors on 05 December 2023.



Statement of Financial Position as at 31 July 2023

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022
Assets					
Non-Current Assets					
Property, plant and equipment	2	137 101	1 104 716	137 101	1 104 716
Investment property at fair value	3	–	195 770 290	–	–
Investment property on the cost model	4	195 770 290	–	–	–
Intangible assets		1	1	1	1
Investments in subsidiary	5	–	–	100	100
Loans to group company	6	–	–	78 356 837	78 343 387
Trade and other receivables	7	–	1 810 207	–	1 810 207
		195 907 392	198 685 214	78 494 039	81 258 411
Current Assets					
Trade and other receivables	7	1 191 060	5 499 815	1 113 489	5 415 794
Other financial assets	8	37 486 971	32 639 610	37 486 971	32 639 610
Cash and cash equivalents	9	16 983 674	6 207 063	16 300 170	5 758 508
		55 661 705	44 346 488	54 900 630	43 813 912
Total Assets		251 569 097	243 031 702	133 394 669	125 072 323
Equity and Liabilities					
Equity					
Retained income		218 402 421	216 428 770	125 743 484	123 958 518
Liabilities					
Non-Current Liabilities					
Deferred tax	10	25 498 081	25 427 172	–	–
Other liability: Grooms Initiative	11	3 385 396	–	3 385 396	–
		28 883 477	25 427 172	3 385 396	–
Current Liabilities					
Trade and other payables	12	2 153 557	1 044 064	2 136 147	982 109
Deferred income	13	293 083	131 696	293 083	131 696
Other liability: Grooms Initiative	11	1 836 559	–	1 836 559	–
		4 283 199	1 175 760	4 265 789	1 113 805
Total Liabilities		33 166 676	26 602 932	7 651 185	1 113 805
Total Equity and Liabilities		251 569 097	243 031 702	133 394 669	125 072 323

Statement of Comprehensive Income

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022
Revenue	14	9 379 359	12 076 670	9 088 943	11 774 389
Other income	15	7 897 937	2 396 333	7 897 937	2 396 333
Operating expenses	16	(21 589 864)	(17 262 151)	(21 537 771)	(17 117 987)
Operating loss		(4 312 568)	(2 789 148)	(4 550 891)	(2 947 265)
Investment revenue	17	1 524 401	1 060 992	1 503 130	1 060 777
Fair value adjustments	18	4 832 727	(2 213 432)	4 832 727	(2 213 432)
Profit (loss) before taxation		2 044 560	(3 941 588)	1 784 966	(4 099 920)
Taxation	19	(70 909)	881 530	–	–
Profit (loss) for the year		1 973 651	(3 060 058)	1 784 966	(4 099 920)

Statement of Changes in Equity

Figures in Rand

Retained income

Total equity

Group

Balance at 01 August 2021	219 488 828	219 488 828
Loss for the year	(3 060 058)	(3 060 058)
Balance at 01 August 2022	216 428 770	216 428 770
Profit for the year	1 973 651	1 973 651
Balance at 31 July 2023	218 402 421	218 402 421

Company

Balance at 01 August 2021	128 058 438	128 058 438
Loss for the year	(4 099 920)	(4 099 920)
Balance at 01 August 2022	123 958 518	123 958 518
Profit for the year	1 784 966	1 784 966
Balance at 31 July 2023	125 743 484	125 743 484

Statement of Cash Flows

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022
Cash flows from operating activities					
Cash generated from (used in) operations	20	3 645 310	(4 573 659)	3 209 462	(4 634 788)
Interest income		1 288 781	1 152 440	1 503 130	1 060 777
Net cash from operating activities		4 934 091	(3 421 219)	4 712 592	(3 574 011)
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(60 498)	(136 938)	(60 498)	(136 937)
Cash advanced in loans to group companies		–	–	(13 450)	(71 414)
Capital distribution: Phumelela Gaming and Leisure Limited		5 903 018	1 741 401	5 903 018	1 741 401
Proceeds received for disposal of investment in Phumelela Gaming and Leisure Limited		–	1 210 108	–	1 210 108
Unit trust withdrawal		–	19 272 694	–	19 272 694
Unit trust contribution		–	(15 000 000)	–	(15 000 000)
Net cash from investing activities		5 842 520	7 087 265	5 829 070	7 015 852
Total cash movement for the year		10 776 611	3 666 046	10 541 662	3 441 841
Cash at the beginning of the year		6 207 063	2 541 017	5 758 508	2 316 667
Total cash at end of the year	9	16 983 674	6 207 063	16 300 170	5 758 508



Accounting Policies

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated and separate financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa. The consolidated and separate financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated and separate financial statements incorporate the consolidated and separate financial statements of the company and its subsidiary. A subsidiary is an entity which is controlled by the group.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary are included in the consolidated and separate financial statements from the effective date of acquisition to the effective date of disposal. All intragroup transactions, balances, income and expenses are eliminated.

1.2 Investment in subsidiary

Investment in subsidiary is carried at cost less any accumulated impairment losses.

1.3 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies which would significantly affect the consolidated and separate annual financial statements, apart from those involving estimations.

Key sources of estimation uncertainty

Fair value estimation

Several assets and liabilities of the group are measured at fair

value.

The valuation process requires management to always first consider whether there is a quoted price in an active market for an identical or similar asset. If no such quoted price exists, then the fair value is determined by reference to a recent binding sale agreement or a recent transaction for an identical or similar asset.

The recent binding sale agreement or transaction is only applied where it is between knowledgeable willing parties in an arms length transaction and where there has not been a significant change in economic circumstances or significant time lapse between the date of such agreement or transaction and the measurement date. Where there have been significant changes in economic circumstances, then the price is adjusted to determine fair value. If there is no quoted price and there have been no recent binding sale agreements or recent transactions for the identical or similar assets, then management will determine fair value by applying appropriate valuation techniques. Observable market data is used as inputs to the extent that it is available.

The carrying values less impairment provisions of trade and other receivables, cash and cash equivalents and trade and other payables are assumed to approximate their fair values due to the short term nature of trade and other receivables, cash and cash equivalents and trade and other payables.

Trade and other receivables and loan to group company

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Residual values and useful lives of assets

Residual values and useful lives of tangible and intangible assets are reassessed on an annual basis. Estimates and judgements in this regard are based on the historical experience and expectations of the manner in which the assets are to be used, together with the expected proceeds likely to be realised when the assets are disposed of at the end of their useful lives. Such expectations could change over time and, therefore, impact both the depreciation and amortisation charges and carrying values of tangible and intangible assets in the future.

Accounting Policies (Cont.)

1.4 Investment property

Investment property comprises land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of business.

The investment property was initially measured at cost and subsequently at fair value, with changes in fair value recognised in profit or loss. However, the fair value for this property cannot be measured reliably on an ongoing basis without undue cost or effort because of the specialised nature of the property. As of the current year, the investment property has been transferred to investment property carried at cost, until a reliable measure of fair value becomes available. The carrying amount of the investment property at date of transfer, inclusive of any prior valuation adjustments represents the cost.

Costs include costs incurred initially to acquire or construct an investment property and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of investment property, the carrying amount of the replaced item is derecognised.

When investment properties are measured at cost less accumulated depreciation and impairment, depreciation is charged so as to allocate the cost less estimated residual value of the buildings over their estimated useful lives, using the straight-line method. Land has an indefinite useful life and is therefore not depreciated. If the carrying value of the buildings is not material in relation to the value of the land, no depreciation is provided.

1.5 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost. Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Day to day servicing costs are included in profit or loss in the period in which they are incurred.

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

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 – 6 years
Computer and office equipment	Straight line	3 – 6 years
Leasehold improvements	Straight line	4 years

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

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

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

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

Accounting Policies (Cont.)

1.6 Intangible assets

Intangible assets are initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses.

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

Item	Depreciation method	Average useful life
Website design	Straight line	3 years

The residual value, amortisation period and amortisation method for intangible assets are reassessed when there is an indication that there is a change from the previous estimate.

1.7 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit or loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.8 Tax

Current tax assets and liabilities

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

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

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

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

Accounting Policies (Cont.)

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

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

1.10 Deferred income

Deferred income is recognised when payments are received in advance for a service to be delivered in the future. Such payments are not realised as revenue and do not affect the net profit or loss.

1.11 Impairment of assets

The group assesses at each reporting date whether there

is any indication that an asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.12 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 leave pay 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.

1.13 Revenue

Annual membership fees are levied for racehorse owners. Nomination fees are levied on racehorse owners wanting to enter a race. On acceptance, a declaration fee is levied. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

Dividends are recognised in profit or loss.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Consolidated and Separate Annual Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

Group	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	749 530	(741 930)	7 600	837 178	(835 583)	1 595
Computer and office equipment	393 321	(280 608)	112 713	1 519 325	(1 375 787)	143 538
Leasehold improvements	47 063	(30 275)	16 788	5 222 834	(5 198 251)	24 583
Trophies	–	–	–	935 000	–	935 000
Total	1 189 914	(1 052 813)	137 101	8 514 337	(7 409 621)	1 104 716

Company	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	222 692	(215 092)	7 600	310 340	(308 745)	1 595
Computer and office equipment	393 321	(280 608)	112 713	1 519 325	(1 375 787)	143 538
Leasehold improvements	47 063	(30 275)	16 788	5 222 834	(5 198 251)	24 583
Trophies	–	–	–	935 000	–	935 000
Total	663 076	(525 975)	137 101	7 987 499	(6 882 783)	1 104 716

Reconciliation of property, plant and equipment – Group – 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	1 595	8 053	–	(2 048)	7 600
Computer and office equipment	143 538	28 269	–	(59 094)	112 713
Leasehold improvements	24 583	24 176	–	(31 971)	16 788
Trophies	935 000	–	(935 000)	–	–
	1 104 716	60 498	(935 000)	(93 113)	137 101

Reconciliation of property, plant and equipment – Group – 2022

	Opening balance	Additions	Depreciation	Impairment	Closing balance
Furniture and fixtures	1 085	2 249	(1 739)	–	1 595
Computer and office equipment	21 985	134 688	(13 135)	–	143 538
Leasehold improvements	1 400 098	–	(397 150)	(978 365)	24 583
Trophies	935 000	–	–	–	935 000
	2 358 168	136 937	(412 024)	(978 365)	1 104 716

Reconciliation of property, plant and equipment – Company – 2023

	Opening balance	Additions	Movements	Depreciation	Closing balance
Furniture and fixtures	1 595	8 053	–	(2 048)	7 600
Computer and office equipment	143 538	28 269	–	(59 094)	112 713
Leasehold improvements	24 583	24 176	–	(31 971)	16 788
Trophies	935 000	–	(935 000)	–	–
	1 104 716	60 498	(935 000)	(93 113)	137 101

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022

Reconciliation of property, plant and equipment – Company – 2022

	Opening balance	Additions	Depreciation	Impairment	Closing balance
Furniture and fixtures	1 085	2 249	(1 739)	–	1 595
Computer and office equipment	21 985	134 688	(13 135)	–	143 538
Leasehold improvements	1 400 098	–	(397 150)	(978 365)	24 583
Trophies	935 000	–	–	–	935 000
	2 358 168	136 937	(412 024)	(978 365)	1 104 716

3. INVESTMENT PROPERTY AT FAIR VALUE

Reconciliation of investment property at fair value – Group – 2023

	Opening balance	Transfers	Total
Investment property	195 770 290	(195 770 290)	–

Reconciliation of investment property at fair value – Group – 2022

	Opening balance	Total
Investment property	195 770 290	195 770 290

4. INVESTMENT PROPERTY ON THE COST MODEL

Group

	2023			2022		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Investment property	195 770 290	–	195 770 290	–	–	–

Reconciliation of investment property on the cost model – Group – 2023

	Opening balance	Transfers	Closing balance
Investment property	–	195 770 290	195 770 290

Details of property

The investment property consists of the remainder of Portion 106 of the farm Olivenhoutbosch 389 – JR, originally in extent 9.6564 hectares, reduced to 9.3066 hectares, Portion 357 of the farm Randjesfontein 405 – JR, in extent 68.8646 hectares and Portion 359 of the farm Randjesfontein 405 – JR, in extent 31.56619 hectares. The investment property is registered under title deed number T144518/2006.

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022
- Purchase price: 30 May 2006		74 724 290	-	-	-
- Valuation adjustment: 30 June 2012		117 246 000	-	-	-
- Additions at cost: 31 March 2015		1 905 186	-	-	-
- Additions at cost: 14 December 2015		58 741	-	-	-
- Additions at cost: 21 April 2016		165 000	-	-	-
- Valuation adjustment: 31 July 2018		1 671 073	-	-	-
		195 770 290	-	-	-

Details

On 31 July 2023, investment property with a carrying amount of R 195 770 290, was accounted for at cost less accumulated depreciation and impairment because the fair value for this property could not be measured reliably on an ongoing basis without undue cost or effort, because of the specialised nature of the property. There are no recent transactions for comparable properties and alternative reliable estimates of fair value (eg based on discounted cash flow projections) are not available. These facts are expected to continue for some time.

Reasons for not applying fair value

The property is currently a specialised sport facility (horse training academy with support structures) with a highly restricted market (if any) as a horse training academy. The developments located thereon are purpose built to accommodate horse racing and support facilities to host and train bloodstock for the industry. Consequently, this is a specialised facility of which the main component is vacant land.

5. INVESTMENTS IN SUBSIDIARY

Name of subsidiary	% holding 2023	% holding 2022	Carrying amount 2023	Carrying amount 2022
Randjesfontein Training Centre Proprietary Limited	100,00 %	100,00 %	100	100

The company holds 100 shares in Randjesfontein Training Centre Proprietary Limited, a company which holds investment property. The company is incorporated in South Africa and has a 31 July year end.

The carrying amount of the subsidiary is shown net of impairment losses.

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

		Group		Company	
Figures in Rand	Notes	2023	2022	2023	2022

6. LOANS TO GROUP COMPANY

Subsidiary

Randjesfontein Training Centre Proprietary Limited
The loan is unsecured, bears no interest and has no fixed terms of repayment. The company will not request the loan to be repaid within the next 12 months.

		-	-	78 356 837	78 343 387

7. TRADE AND OTHER RECEIVABLES

Trade receivables	1 179 325	7 139 244	1 101 754	7 055 223
Prepayments	11 735	170 778	11 735	170 778
	1 191 060	7 310 022	1 113 489	7 226 001

During the financial year the amount reflected in the prior year as owing by Kenilworth Racing Proprietary Limited was satisfactory resolved.

8. OTHER FINANCIAL ASSETS

At fair value

Unit trusts	37 486 971	32 639 610	37 486 971	32 639 610
Unit trusts are held with Foord Unit Trusts Limited and Anchor Capital Proprietary Limited.				

Unit trusts – held with Foord Unit Trust Limited and Anchor Capital Proprietary Limited

Opening Balance	32 639 610	38 208 602	32 639 610	38 208 602
Dividends received	235 620	651 364	235 620	651 364
Interest received	531 371	365 426	531 371	365 426
Fair value adjustments through profit or loss	4 832 727	(2 213 432)	4 832 727	(2 213 432)
Transaction fees	(109 781)	(99 656)	(109 781)	(99 656)
Withdrawals	(7 913 319)	(19 272 694)	(7 913 319)	(19 272 694)
Contributions	7 270 743	15 000 000	7 270 743	15 000 000
	37 486 971	32 639 610	37 486 971	32 639 610
Current assets				
At fair value	37 486 971	32 639 610	37 486 971	32 639 610

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	10 000	10 000	10 000	10 000
Bank balances	16 973 674	6 197 063	16 290 170	5 748 508
	16 983 674	6 207 063	16 300 170	5 758 508

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

		Group		Company	
Figures in Rand	Notes	2023	2022	2023	2022

10. DEFERRED TAX

The major components of the deferred tax balance are as follows:

Deferred tax asset

Arising as a result of temporary differences on:

Assessed losses	188 007	258 916	-	-
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Total deferred tax asset	188 007	258 916	-	-
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Deferred tax liability

Arising as a result of temporary differences on:

Investment property at fair value	(25 686 088)	(25 686 088)	-	-
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Deferred tax asset	188 007	258 916	-	-
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Deferred tax liability	(25 686 088)	(25 686 088)	-	-
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Total net deferred tax liability	(25 498 081)	(25 427 172)	-	-
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Reconciliation of deferred tax asset/(liability)

At beginning of year	(25 427 172)	(26 308 703)	-	-
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Recognised in profit or loss:

Taxable / (deductible) temporary difference movement on investment property	-	951 336	-	-
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Movement in tax losses available for set off against future taxable income	(70 909)	(69 805)	-	-
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At end of year	(25 498 081)	(25 427 172)	-	-
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11. OTHER LIABILITY: GROOMS INITIATIVE

Non-current liability	3 385 396	-	3 385 396	-
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Current liability	1 836 559	-	1 836 559	-
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5 221 955	-	5 221 955	-
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The Racehorse Owners Association NPC has pledged R6 500 000 to 4Racing Proprietary Limited by way of contribution to the Groom Initiative providing medical and funeral benefits to grooms. This amount is payable over a 6-year period. A liability has thus been raised at 31 July 2023, present valued at a rate of 8.5% per annum.

12. TRADE AND OTHER PAYABLES

Trade payables	55 662	138 534	55 663	135 488
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Accrued audit fees	157 045	341 393	147 000	326 180
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Other payables	1 772 951	240 068	1 772 951	240 068
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VAT	167 899	324 069	160 533	280 373
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2 153 557	1 044 064	2 136 147	982 109
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13. DEFERRED INCOME

Membership fees are invoiced annually in advance during the month of July, giving rise to deferred income.

Membership fees in advance	293 083	131 696	293 083	131 696
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Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022
14. REVENUE					
Nomination and acceptance fees		8 281 409	10 879 859	8 281 409	10 879 859
Membership subscriptions		807 534	894 530	807 534	894 530
Rental income		290 416	302 281	–	–
		9 379 359	12 076 670	9 088 943	11 774 389
15. OTHER INCOME					
Capital distribution: Phumelela Gaming and Leisure Limited		5 903 018	1 741 401	5 903 018	1 741 401
Administration and management fees received		144 000	144 000	144 000	144 000
Bad debts provision reversed		1 850 919	510 932	1 850 919	510 932
		7 897 937	2 396 333	7 897 937	2 396 333
16. OPERATING EXPENSES					
Advertising and marketing		274 632	332 142	274 632	332 142
Annual awards dinners		923 289	594 950	923 289	594 950
Auditors' remuneration		152 169	161 524	147 000	151 180
Bad debt written off		1 797 505	900 000	1 797 505	900 000
Computer expenses		199 438	330 623	199 438	330 623
Depreciation		93 113	412 023	93 113	412 023
Employee costs		3 712 885	4 295 912	3 712 885	4 295 912
Grooms Initiative		5 341 259	–	5 341 259	–
Horse Care and Equine Welfare Trust Contributions		315 800	390 269	315 800	378 000
Impairment of assets		48 009	978 365	48 009	978 365
Loss on disposal of assets		1 577 586	–	1 577 586	–
Membership services		1 021 011	1 115 289	1 021 011	1 115 289
Other expenses		1 190 217	3 724 808	1 143 293	3 603 257
Special projects		40 779	160 673	40 779	160 673
Stakes subsidy		4 000 000	5 145 000	4 000 000	5 145 000
Trainers' Benevolent Fund Contributions		531 835	515 157	531 835	515 157
Trophies		370 337	418 848	370 337	418 848
		21 589 864	19 475 583	21 537 771	19 331 419
17. INVESTMENT REVENUE					
Dividend revenue					
Unit trusts		235 620	651 364	235 620	651 364
Interest revenue					
Bank and other cash		757 410	27 927	736 139	27 927
Unit trusts		531 371	381 701	531 371	381 486
		1 288 781	409 628	1 267 510	409 413
		1 524 401	1 060 992	1 503 130	1 060 777

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022

18. FAIR VALUE ADJUSTMENTS

Financial assets at fair value through profit or loss		(4 832 727)	2 213 432	(4 832 727)	2 213 432
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19. TAXATION

Major components of the tax expense (income)

Deferred taxation					
South African deferred tax – current year		70 909	60 216	–	–
Deferred tax rate change		–	(941 746)	–	–
		70 909	(881 530)	–	–

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.					
Accounting profit (loss)		2 044 560	(3 941 588)	1 784 966	(4 099 920)
Tax at the applicable tax rate of 27% (2022: 28%)		552 031	(1 103 645)	481 941	(1 147 978)
Tax effect of adjustments on taxable income					
Exempt operations		(481 122)	1 147 978	–	1 147 978
Non-deductible expenses		–	15 883	–	–
Deferred tax rate change (28% – 27%)		–	(941 747)	–	–
		70 909	(881 530)	481 941	–

The company, The Racehorse Owners Association NPC, was granted exemption from income tax in terms of Section 10(1)(d)(iv) (bb) of the Income Tax Act.

In the prior year the subsidiary had an assessed loss of R714 162 which was carried forward.

20. CASH GENERATED FROM (USED IN) OPERATIONS

Profit before taxation		2 044 560	(3 941 588)	1 784 966	(4 099 920)
Adjustments for:					
Depreciation and amortisation		93 113	1 390 389	93 113	1 390 389
Loss on disposal of assets		935 000	–	935 000	–
Loss on disposal of investments		642 576	–	642 576	–
Capital distribution: Phumelela Gaming and Leisure Limited		(5 903 018)	(1 741 401)	(5 903 018)	(1 741 401)
Reinvestment of investment income in Unit Trusts		(657 210)	(917 101)	(657 210)	(917 101)
Interest received		(1 288 781)	(1 152 440)	(1 503 130)	(1 060 777)
Fair value adjustments		(4 832 727)	2 213 432	(4 832 727)	2 213 432
Changes in working capital:					
Trade and other receivables		6 118 962	(504 694)	6 112 512	(449 423)
Trade and other payables		1 270 881	79 744	1 315 426	30 013
Other liabilities: Grooms Initiative		5 221 954	–	5 221 954	–
		3 645 310	(4 573 659)	3 209 462	(4 634 788)

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

		Group		Company	
Figures in Rand	Notes	2023	2022	2023	2022

21. RELATED PARTIES

Relationships

Subsidiary	Randjesfontein Training Centre Proprietary Limited
Other entities	Phumelela Gaming and Leisure Limited (in business rescue) Kenilworth Racing Proprietary Limited The Thoroughbred Horseracing Trust
Directors during the year	DU De Andrade GM Kotzen JD Motaung AT Reynolds PR Riskowitz PC Sarembock KP Sommerville GN Towell NA Turner

Related party balances

Loan accounts – Owing by related parties

Randjesfontein Training Centre Proprietary Limited	–	–	78 356 837	78 343 387
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Amounts included in Trade receivable regarding related parties

Kenilworth Racing Proprietary Limited	–	3 250 207	–	3 250 207
The Thoroughbred Horseracing Trust	3 760	2 631 951	3 760	2 631 951

Related party transactions

Rent paid to related parties

Phumelela Gaming and Leisure Limited (in business rescue)	–	76 590	–	76 590
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Administration fees paid received from related parties

The Thoroughbred Horseracing Trust	144 000	144 000	144 000	144 000
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Capital distribution received

Phumelela Gaming and Leisure Limited (in business rescue)	5 903 018	2 951 509	5 903 018	2 951 509
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Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

22. DIRECTORS' EMOLUMENTS

Executive

2023

	Emoluments	Cell phone allowance	Bonus and performance related payments	Total
NA Turner	1 394 052	24 000	250 000	1 668 052

2022

	Emoluments	Cell phone allowance	Bonus and performance related payments	Total
NA Turner	1 315 140	24 000	284 000	1 623 140

Non-executive

2023

	Directors' fees	Total
DU De Andrade	38 700	38 700
GM Kotzen	39 600	39 600
JD Motaung	33 900	33 900
PR Riskowitz	39 150	39 150
GN Towell	36 900	36 900
	188 250	188 250

2022

	Directors' fees	Total
DU De Andrade	22 800	22 800
ST Naidoo	22 800	22 800
GM Kotzen	40 275	40 275
AT Reynolds	21 000	21 000
PR Riskowitz	43 650	43 650
PM Sambo	14 700	14 700
PC Sarembock	43 650	43 650
GN Towell	41 625	41 625
	250 500	250 500

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

23. GOING CONCERN

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

24. EVENTS AFTER THE REPORTING PERIOD

From 1 August 2023, the association will no longer receive funding for nomination and acceptance fees as per note 14 to the financial statements.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report which would impact on the financial statements at 31 July 2023.

25. COMPARATIVE FIGURES

A capital distribution to the value of R 1 741 401 received from Phumelela Gaming and Leisure Limited have been reclassified to other income as it represents a capital distribution on shares held in the company.

Profit or Loss

Other income	654 932	2 396 333	654 932	2 396 333
Investment revenue	2 802 393	1 060 992	2 802 178	1 060 777

Notes to the Consolidated and Separate Annual Financial Statements (Cont.)

26. PRIOR PERIOD ERRORS

An entity shall present separately major classes of gross cash receipts and gross cash payments arising from investing and financing activities. The gross receipts and payments for the investment in unit trusts were not disclosed separately in the prior period.

Profit or Loss

Figures in Rand	Notes	2022	Group 2022 Restated	Difference
Cash flows from operating activities				
Cash used in operations	19	(3 565 110)	(4 573 659)	1 008 549
Interest and dividend income		409 628	1 152 440	(742 812)
Dividends received (trading)		651 364	–	651 364
Net cash from operating activities		(2 504 118)	(3 421 219)	917 101
Cash flows from investing activities				
Purchase of property, plant and equipment	2	(136 938)	(136 937)	(1)
Loans to group company repaid		–	–	–
Loans advanced to group company		–	–	–
Capital distribution		4 692 910	1 741 401	2 951 509
Proceeds received for disposal of investment in Phumelela Gaming and Leisure Limited		–	1 210 108	(1 210 108)
Unit trust withdrawal		–	19 272 694	(19 272 694)
Unit trust contribution		–	(15 000 000)	15 000 000
Proceeds from withdrawals received		1 614 192	–	1 614 192
Net cash from investing activities		6 170 164	7 087 266	(917 102)
Total cash movement for the year		3 666 046	3 666 047	(1)
Cash at the beginning of the year		2 541 017	2 541 017	–
Total cash at end of the year	9	6 207 063	6 207 064	(1)

Cash flows from operating activities

Cash used in operations	19	(3 717 687)	(4 634 788)	917 101
Interest and dividend income		409 413	1 060 777	(651 364)
Dividends received (trading)		651 364	–	651 364
Net cash from operating activities		(2 656 910)	(3 574 011)	917 101

Cash flows from investing activities

Purchase of property, plant and equipment	2	(136 937)	(136 937)	–
Loans to group company repaid		–	–	–
Loans advanced to group company		(71 414)	(71 414)	–
Capital distribution		4 692 910	1 741 401	2 951 509
Proceeds received for disposal of investment in Phumelela Gaming and Leisure Limited		–	1 210 108	(1 210 108)
Unit trust withdrawal		–	19 272 694	(19 272 694)
Unit trust contribution		–	(15 000 000)	15 000 000
Proceeds from withdrawals received		1 614 192	–	1 614 192
Net cash from investing activities		6 098 751	7 015 852	(917 101)
Total cash movement for the year		3 441 841	3 441 841	–
Cash at the beginning of the year		2 316 667	2 316 667	–
Total cash at end of the year	9	5 758 508	5 758 508	–

Detailed Income Statement

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022
Revenue					
Membership subscriptions		807 534	894 530	807 534	894 530
Rental income		290 416	302 281	–	–
Nomination and acceptance fees		8 281 409	10 879 859	8 281 409	10 879 859
	14	9 379 359	12 076 670	9 088 943	11 774 389
Other income					
Capital distribution: Phumelela Gaming and Leisure Limited		5 903 018	1 741 401	5 903 018	1 741 401
Administration and management fees received		144 000	144 000	144 000	144 000
Bad debts provision reversed		1 850 919	510 932	1 850 919	510 932
Fair value adjustments		–	3 023 734	–	–
		7 897 937	5 420 067	7 897 937	2 396 333
Expenses (Refer to page 29)					
		(21 589 864)	(19 475 583)	(21 537 771)	(19 331 419)
Operating loss					
		(4 312 568)	(1 978 846)	(4 550 891)	(5 160 697)
Investment income	17	1 524 401	1 060 992	1 503 130	1 060 777
Fair value adjustments	18	4 832 727	–	4 832 727	–
		6 357 128	1 060 992	6 335 857	1 060 777
Profit (loss) before taxation					
		2 044 560	(917 854)	1 784 966	(4 099 920)
Taxation	19	(70 909)	881 530	–	–
Profit (loss) for the year					
		1 973 651	(36 324)	1 784 966	(4 099 920)

Detailed Income Statement (Cont.)

Figures in Rand	Notes	Group		Company	
		2023	2022	2023	2022
Operating expenses					
Administration and management fees		–	626	–	626
Advertising and marketing		274 632	332 142	274 632	332 142
Annual awards dinners		923 289	594 950	923 289	594 950
Annual general meeting		62 789	63 168	62 789	63 168
Auditors remuneration		152 169	161 524	147 000	151 180
Bad debts written off		1 797 505	900 000	1 797 505	900 000
Bank charges		45 169	54 321	43 895	53 093
Brokerage fees		–	535	–	535
Computer expenses		199 438	330 623	199 438	330 623
Consulting fees		49 604	78 404	32 390	–
Couriers		24 809	13 541	24 809	13 541
Depreciation		93 113	412 023	93 113	412 023
Employee costs		3 712 885	4 295 912	3 712 885	4 295 912
Equine Research Centre Contribution		–	280 000	–	280 000
Fair value adjustments		–	2 213 432	–	2 213 432
Fines and penalties		–	11 205	–	11 205
General expenses		23 464	53 797	23 464	53 797
Grooms Initiative		5 341 259	–	5 341 259	–
Horse Care and Equine Welfare Trust Contributions		315 800	390 269	315 800	378 000
Impairment of assets		48 009	978 365	48 009	978 365
Insurance		159 926	142 880	159 926	142 880
Legal fees		183 870	141 743	183 870	99 824
Loss on disposal of assets		1 577 586	–	1 577 586	–
Membership services		1 021 011	1 115 289	1 021 011	1 115 289
Printing and stationery		21 112	20 508	21 112	20 508
Professional fees		52 134	23 100	52 134	23 100
Refreshments		40 666	29 051	40 666	29 051
Rentals		89 810	132 721	89 810	132 721
Repairs and maintenance		28 436	1 700	–	1 700
Secretarial fees		7 350	6 950	7 350	6 950
Security		–	907	–	907
Special projects		40 779	160 673	40 779	160 673
Stakes subsidy		4 000 000	5 145 000	4 000 000	5 145 000
Telephone and internet		114 431	114 184	114 431	114 184
Trainers' Benevolent Fund Contributions		531 835	515 157	531 835	515 157
Transaction fees		109 781	99 688	109 781	99 688
Travel – local		107 215	172 845	107 215	172 845
Trophies		370 337	418 848	370 337	418 848
Website		69 651	69 502	69 651	69 502
		21 589 864	19 475 583	21 537 771	19 331 419



