

# **Frontier Transport Holdings Limited**

**(Registration Number 2015/250356/06)**

**Separate Company Financial Statements**

**for the year ended 31 March 2023**

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

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# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## General information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Registration number</b>	2015/250356/06
<b>Nature of business and principal activities</b>	The Company serves as an investment holding company and is listed on the JSE. The Company holds 100% of the shares of HPL and R Investments Proprietary Limited, which holds interests in various subsidiaries operating within the transport sector. These investment holdings are detailed further in the Directors report.
<b>Directors</b>	Mr Y Shaik Mr TG Govender Mr JR Nicolella (appointed 3 May 2022) Mr FE Meyer Mr ML Wilkin Mr L Govender Dr NB Jappie Ms RD Watson
<b>Ultimate holding company</b>	Hosken Consolidated Investments Limited incorporated in South Africa.
<b>Registered office</b>	103 Bofors Circle Epping Industria Cape Town 8000
<b>Postal address</b>	PO Box 1795 Cape Town 8000
<b>Level of assurance</b>	These separate company financial statements have been audited in compliance with applicable requirements of the Companies Act 71 of 2008, of South Africa.
<b>Auditor</b>	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors
<b>Company secretary</b>	HCI Managerial Services Proprietary Limited

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Annual Financial Statements for the year ended 31 March 2023

## Directors' responsibilities and approval

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

The annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company 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 Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing, and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

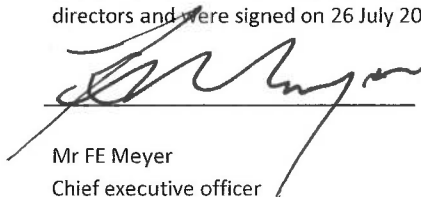
The directors have reviewed the Company's cash flow forecasts and, in light of this review and the current financial position, they are satisfied that the Company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external auditor and the auditor's audit report is presented on pages 6 to 8.

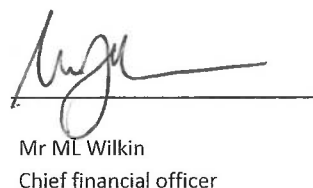
Each of the The directors, whose names are stated below, hereby confirm that –

- (a) the annual financial statements as set out on pages 9 to 25, fairly present in all material respects the financial position, financial performance and cash flows of the Company in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Company; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.

The annual financial statements set out on pages 9 to 25 which have been prepared on the going concern basis, were approved by the directors and were signed on 26 July 2023 on their behalf by:



Mr FE Meyer  
Chief executive officer



Mr ML Wilkin  
Chief financial officer

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Directors' report

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The directors present their report for the year ended 31 March 2023.

The Company's annual financial statements, as set out on pages 9 to 25, are presented separately from the Group's consolidated annual financial statements which are available on the Company's website ([www.frontiertransport.co.za](http://www.frontiertransport.co.za)).

### 1. Review of activities

#### Nature of business

The Company serves as an investment holding company and is listed on the JSE. The Company holds 100% of the shares of HPL and R Investments Proprietary Limited, which holds interests in various subsidiaries operating within the transport sector. These investment holdings are detailed further in the Directors report. There were no material changes to the nature of the Company's business from the prior year.

#### Review of results

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

### 2. Going concern

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The Company has no financial covenants imposed by their funders. Based on these cash flow forecasts the directors are of the view that the Company has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

The directors are not aware of any other material changes that may adversely impact the Company nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Company.

### 3. Events after reporting date

On 23 June 2023, the Company issued 271 336 ordinary no par value shares to participants who exercised their options under the Group employee option scheme.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within these annual financial statements that would affect the operations or results of the Company significantly.

### 4. Authorised and issued share capital

No changes were approved or made to the authorised share capital of the Company during the year under review. In terms of the Frontier Group Employee Option Scheme, 595 797 shares were issued during the current financial year (2022: nil). At 31 March 2023, the total shares in issue was 290 595 797.

### 5. Ordinary cash dividends

The Company declared and paid an interim ordinary dividend for the year ended 31 March 2023 of 22 cents (2022: 20 cents) (gross) per share. The Board declared a final ordinary dividend for the year ended 31 March 2023 of 35 cents (2022: 32 cents) (gross) per share on 25 May 2023 which was paid on 19 June 2023.

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Directors' report

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### 6. Directors

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

Directors	Office	Designation
Mr Y Shaik	Chairperson	Non-executive
Mr TG Govender		Non-executive
Mr JR Nicolella (appointed 3 May 2022)		Non-executive
Mr FE Meyer	Chief executive officer	Executive
Mr ML Wilkin	Chief financial officer	Executive
Mr L Govender	Lead independent	Independent non-executive
Dr NB Jappie		Independent non-executive
Ms RD Watson		Independent non-executive

### 7. Majority shareholder

The Company's ultimate holding company is Hosken Consolidated Investments Limited holding 82.05% of the issued share capital of the Company at 31 March 2023 (2022: 82.22%). Hosken Consolidated Investments Limited is incorporated in South Africa and listed on the JSE.

### 8. Investments

Company	Nature of business	Holding
HPL and R Investments Proprietary Limited	Investment holding	100%
Golden Arrow Bus Services Proprietary Limited	Transport services	100%
Table Bay Area Rapid Transit Proprietary Limited	Transport services	100%
Sibanye Bus Services Proprietary Limited	Transport services	100%
Frontier Tyres Proprietary Limited	Tyre sales and retreads	100%
Shuttle Up Proprietary Limited	Transport services	90%
Eljosa Travel & Tours Proprietary Limited	Transport services	92.7%
Alpine Truck and Bus Proprietary Limited	Bus, truck and spare part sales	51%
N2 Express Joint Venture Proprietary Limited	Transport services	33.3%

### 9. Liquidity and solvency

The directors have performed the required liquidity and solvency test required by the Companies Act 71 of 2008 of South Africa.

### 10. Independent Auditor

BDO South Africa Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Mrs Fayaz Mohamed as designated auditor for the year ended 31 March 2023.



## Independent Auditor's Report

### To the Shareholders of Frontier Transport Holdings Limited

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#### Report on the Audit of the Separate Financial Statements

##### Opinion

We have audited the separate financial statements of Frontier Transport Holdings Limited (the company) set out on pages 9 to 25, which comprise the separate statement of financial position as at 31 March 2023, and the separate statement of profit or loss and other comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of Frontier Transport Holdings Limited as at 31 March 2023, and its separate financial performance and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

##### Basis for Opinion

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

##### Key Audit Matters

We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

##### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Frontier Transport Holdings Limited formerly Hosken Passenger Logistics and Rail Limited (Registration Number 2015/250356/06) Separate Company Financial Statements for the year ended 31 March 2023", the document titled "Frontier Transport Holdings Limited Consolidated Financial Statements for the year ended 31 March 2023" and the document titled "Frontier Transport Holdings Limited Integrated Report for the year ended 31 March 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

Our opinion on the 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 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 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 Separate Financial Statements**

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

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

#### **Auditor's Responsibilities for the Audit of the Separate Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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





**Report on Other Legal and Regulatory Requirements**

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Frontier Transport Holdings Limited for six years.

*BDO South Africa Inc.*

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**BDO South Africa Incorporated**  
Registered Auditors

**Fayaz Mohamed**  
Director  
Registered Auditor

26 July 2023

119-123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Statement of financial position

Figures in R `000

	Notes	2023	2022
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary	3	1 800 000	1 800 000
<b>Current assets</b>			
Other receivable		194	93
Current tax receivable		-	3
Loan to group company	4	12 770	12 487
Cash and cash equivalents	6	14 860	11 329
<b>Total current assets</b>		<b>27 824</b>	<b>23 912</b>
<b>Total assets</b>		<b>1 827 824</b>	<b>1 823 912</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued capital	7	1 800 083	1 797 160
Retained income		15 829	16 002
<b>Total equity</b>		<b>1 815 912</b>	<b>1 813 162</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	733	533
Current tax payable		8	-
Dividends payable		11 169	10 217
Loan from group company	5	2	-
<b>Total current liabilities</b>		<b>11 912</b>	<b>10 750</b>
<b>Total equity and liabilities</b>		<b>1 827 824</b>	<b>1 823 912</b>

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Statement of profit or loss and other comprehensive income

Figures in R `000

	Notes	2023	2022
Revenue	9	159 033	136 044
Other operating expenses		(2 448)	(1 542)
<b>Profit before tax</b>	10	<b>156 585</b>	<b>134 502</b>
Taxation	11	(27)	(10)
<b>Profit for the year</b>		<b>156 558</b>	<b>134 492</b>
<b>Other comprehensive income net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>156 558</b>	<b>134 492</b>

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Statement of changes in equity

Figures in R `000	Issued capital	Retained income	Total
<b>Balance at 1 April 2021</b>	1 797 160	14 910	1 812 070
Total comprehensive income for the year	-	134 492	134 492
Ordinary cash dividends	-	(133 400)	(133 400)
<b>Balance at 31 March 2022</b>	<b>1 797 160</b>	<b>16 002</b>	<b>1 813 162</b>
Total comprehensive income for the year	-	156 558	156 558
Issue of equity	2 923	-	2 923
Ordinary cash dividends	-	(156 731)	(156 731)
<b>Balance at 31 March 2023</b>	<b>1 800 083</b>	<b>15 829</b>	<b>1 815 912</b>
Notes	7		

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Statement of cash flows

Figures in R `000

	Notes	2023	2022
<b>Cash flows from operating activities</b>			
Net cash flows used in operations	12	(101)	(2 532)
Dividend income received		158 931	136 000
Interest income received		102	44
Income tax paid	14	(22)	(27)
<b>Net cash flows from operating activities</b>		<b>158 910</b>	<b>133 485</b>
<b>Cash flows from investing activities</b>			
Loan to group company repaid		400	-
<b>Net cash flows from investing activities</b>		<b>400</b>	<b>-</b>
<b>Cash flows used in financing activities</b>			
Dividends paid	13	(155 779)	(132 348)
<b>Cash flows used in financing activities</b>		<b>(155 779)</b>	<b>(132 348)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3 531</b>	<b>1 137</b>
Cash and cash equivalents at beginning of the year		11 329	10 192
<b>Cash and cash equivalents at end of the year</b>	6	<b>14 860</b>	<b>11 329</b>

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Accounting policies

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### 1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act 71 of 2008, of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands, which is the company's functional currency.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies are consistent with the previous period.

#### 1.1 Investment in subsidiary

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

The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company.

#### 1.2 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial instruments include the following:

- Loan to Group company
- Other receivable
- Cash and cash equivalents
- Trade and other payables
- Dividends payable

Note 16 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

##### Initial recognition

The Company recognises a financial asset or a financial liability in its statement of financial position when the entity becomes party to the contractual provisions of the instrument.

##### Initial measurement

At initial recognition, the Company measures its financial instruments at its fair value.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

##### Loan to Group company

###### Classification

Loan to Group company (note 4) are classified as financial assets subsequently measured at amortised cost.

###### Subsequent measurement

They are subsequently measured at amortised cost.

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Accounting policies

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### *Basis of preparation and summary of significant accounting policies continued...*

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### **Impairment**

The Company recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

#### **Write off policy**

The Company writes off a loan when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered bankruptcy proceedings. Loans written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### **Loan from Group company**

##### **Classification**

Loan from group company (note 5) is classified as financial liabilities subsequently measured at amortised cost.

##### **Subsequent measurement**

Loan from Group company is subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the amortised cost of a financial liability.

Loan from Group company exposes the Company to liquidity risk. Refer to note 16 for details of risk exposure and management thereof.

#### **Cash and cash equivalents**

Cash and cash equivalents are stated at carrying amount, which is deemed to be fair value, they are subsequently measured at amortised cost, using the effective interest rate method.

#### **Trade and other payables**

##### **Classification**

Trade and other payables (note 8) are classified as financial liabilities subsequently measured at amortised cost.

##### **Subsequent measurement**

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 16 for details of risk exposure and management thereof.

#### **Derecognition**

##### **Financial assets**

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

# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Accounting policies

---

### *Basis of preparation and summary of significant accounting policies continued...*

#### **Financial liabilities**

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

### **1.3 Tax**

#### **Current tax assets and liabilities**

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

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

#### **Tax expense**

Current taxes are recognised as income or an expense and included in profit or loss for the period.

### **1.4 Share capital and equity**

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

### **1.5 Revenue**

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

Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

### **1.6 Significant judgements and sources of estimation uncertainty**

The preparation of the annual financial statements in accordance with IFRS requires that certain critical accounting estimates and assumptions be used.

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

#### **Use of estimates, judgements and assumptions**

Management did not make critical judgements in the application of accounting policies which would significantly affect the financial statements.

The annual financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year.



# Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2023

## Accounting policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### 2. New Standards and Interpretations

##### 2.1 Standards and Interpretations effective and adopted in the current year

The following applicable amendments have been adopted by the company in the current year:

- **Annual Improvements to IFRS: 2018-2020 Cycle**

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after January 1, 2022.

- **Conceptual Framework for Financial Reporting (Amendments to IFRS 3)**

The amendment adds an exception that requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendment – Onerous Contracts – Cost of Fulfilling a Contract)**

The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision).

- **IAS 16 Property, Plant and Equipment (Amendment – Proceeds before Intended Use)**

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The adoption of these new and revised standards have had no material impact on the underlying financial results of the Company.

##### 2.2 Standards and interpretations not yet effective

The standards and amendments listed below will be effective for future reporting periods. The directors do not expect the below standards to have a material quantitative effect, although they may affect disclosure information in the annual financial statement. The Company has chosen not to adopt any of the below standards and interpretations earlier than required.

Standard	Effective date
Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	1 April 2024
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	1 April 2024
IAS 1 Presentation of Financial Statements (Amendment – Classification of Liabilities as Current or Non-Current)	1 April 2024
IAS 1 Presentation of Financial Statements (Amendment - Disclosure of Accounting Policies)	1 April 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)	1 April 2023
IAS 12 Income Taxes (Amendment - Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	1 April 2023

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2023

2022

### 3. Investment in subsidiary

Name of company	Principal activity	% holding 2023	% holding 2022
HPL and R Investments Proprietary Limited	Transport	100.00%	100.00%
Carrying amount		1 800 000	1 800 000

The carrying amount of investment in subsidiary is shown net of impairment losses.

The Group prepares consolidated annual financial statements which are presented separately to these Company annual financial statements.

### 4. Loan to Group company

<b>HPL and R Investments Proprietary Limited</b>	12 487	12 487
The loan is unsecured, interest free and repayable on demand.		
<b>Eljosa Travel and Tours Proprietary Limited</b>	283	-
The loan is unsecured, interest free and repayable on demand.		
	<b>12 770</b>	<b>12 487</b>

#### Exposure to credit risk

This loan is subject to the impairment provisions of IFRS 9 Financial Instruments, which requires a loss allowance to be recognised for all exposures to credit risk. The loss allowance for the loan has been calculated based on the twelve month expected losses as the credit risk has not significantly increased since recognition. This loan is classed as Stage 1 : Insignificant deterioration.

In determining the amount of expected credit loss, the Company considered the financial position of the subsidiary company and the future prospects of the industry in which it invests. The loan is considered to be fully recoverable.

### 5. Loan from Group company

<b>Golden Arrow Bus Services Proprietary Limited</b>	2	-
The loan is unsecured, interest free and repayable on demand.		

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	14 860	11 329
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### 7. Share capital

#### Authorised

1 000 000 000 ordinary shares of no par value

#### Issued

290 595 797 ordinary shares of no par value

1 800 083

1 797 160

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	2023	2022
<b>Details of the issued share capital changes are as follows:</b>		
At the beginning of the year	1 797 160	1 797 160
Share issue - directors	341	-
Share issue - employees	2 582	-
<b>At the end of the year</b>	<b>1 800 083</b>	<b>1 797 160</b>
<b>8. Trade and other payables</b>		
<b>Financial instrument:</b>		
Accrued expenses	733	533
<b>9. Revenue</b>		
<b>Revenue consists of:</b>		
<b>Dividend income from Group entity</b>		
Dividends received from HPL and R Investments Proprietary Limited	158 931	136 000
<b>Interest income</b>		
Bank interest	102	44
	<b>102</b>	<b>44</b>
<b>Total revenue</b>	<b>159 033</b>	<b>136 044</b>
<b>10. Operating profit</b>		
Operating profit for the year is stated after charging the following, amongst others:		
<b>Non-executive directors fees</b>	571	539
<b>Auditor's remuneration - external</b>		
Audit fees	581	522
<b>11. Taxation</b>		
<b>Major components of tax expense</b>		
<b>Current tax</b>		
Current year	27	10
<b>The income tax for the year can be reconciled to accounting profit as follows:</b>		
Applicable tax rate	27.00%	28.00%
Tax effect of:		
Exempt income (dividend income)	(27.00%)	(28.31%)
Non-deductible expenses	0.02%	0.32%
<b>Effective tax rate</b>	<b>0.02%</b>	<b>0.01%</b>

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	2023	2022
<b>12. Net cashflows used in operations</b>		
<b>Profit for the year</b>	156 558	134 492
<b>Adjustments for:</b>		
Income tax expense	27	10
Dividend income	(158 931)	(136 000)
Interest income	(102)	(44)
Non cash items	2 248	-
<b>Change in working capital</b>		
Other receivable	(101)	(33)
Trade and other payables	200	(957)
<b>Net cash flows from operations</b>	<u>(101)</u>	<u>(2 532)</u>
<b>13. Dividends paid</b>		
Balance at the beginning of the year	(10 217)	(9 165)
Ordinary dividends	(156 731)	(133 400)
Dividends due at the end of the year	11 169	10 217
	<u>(155 779)</u>	<u>(132 348)</u>
<b>14. Income tax paid</b>		
Balance at the beginning of the year	(3)	(14)
Current tax expense	(27)	(10)
Balance due at the end of the year	8	(3)
	<u>(22)</u>	<u>(27)</u>
<b>15. Related parties</b>		
<b>Relationships</b>		
Ultimate holding company:	Hosken Consolidated Investments Limited	
Subsidiaries:	HPL and R Investments Proprietary Limited Golden Arrow Bus Services Proprietary Limited Table Bay Area Rapid Transit Proprietary Limited Sibanye Bus Services Proprietary Limited Frontier Tyres Proprietary Limited Shuttle Up Proprietary Limited Eljosa Travel & Tours Proprietary Limited Alpine Truck and Bus Proprietary Limited	
Associate:	N2 Express Joint Venture Proprietary Limited	

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	2023	2022
<b>Related party balances</b>		
<b>Loan accounts - owing (to) / by related parties</b>		
HPL and R Investments Proprietary Limited	12 487	12 487
Eljosa Travel & Tours Proprietary Limited	283	-
Golden Arrow Bus Services Proprietary Limited	(2)	-
	<hr/>	<hr/>
<b>Dividends received from related parties</b>		
HPL and R Investments Proprietary Limited	158 931	136 000
	<hr/>	<hr/>
<b>Dividends paid to related parties</b>		
Hosken Consolidated Investments Limited	125 700	107 077
La Concorde Holdings Limited	3 412	2 907
	<hr/>	<hr/>
	129 112	109 984
	<hr/>	<hr/>

## 16. Financial instruments and risk management

### Categories of financial instruments

#### Categories of financial assets

		<u>Amortised cost</u>	<u>Amortised cost</u>
Other receivable		194	93
Loan to Group company	4	12 770	12 487
Cash and cash equivalents	6	14 860	11 329
		<hr/>	<hr/>
		27 824	23 909
		<hr/>	<hr/>

#### Categories of financial liabilities

Trade and other payables	8	733	533
Loan from Group company	5	2	-
Dividends payable		11 169	10 217
		<hr/>	<hr/>
		11 904	10 750
		<hr/>	<hr/>

The carrying value of all financial assets and liabilities are considered a reasonable approximation of their fair value.

### Capital risk management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company consists of equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt (in accordance with the Memorandum of Incorporation of the Company, the Companies Act and the JSE Listings Requirements).

There are no externally imposed capital requirements.

There have been no changes to the Company's capital management, its strategy for capital maintenance nor its externally imposed capital requirements from the prior year.

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### Financial risk management

#### Overview

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

- Credit risk; and
- Liquidity risk

#### Credit risk

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

The Company limits its exposure to credit risk by only investing in liquid securities and only investing with major banks with generally high credit ratings that are independently rated.

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

	Notes	2023		2022	
		Gross carrying amount	Amortised cost/fair value	Gross carrying amount	Amortised cost/fair value
Other receivable		194	194	93	93
Loan to Group company	4	12 770	12 770	12 487	12 487
Cash and cash equivalents	6	14 860	14 860	11 329	11 329
		<b>27 824</b>	<b>27 824</b>	<b>23 909</b>	<b>23 909</b>

#### Liquidity risk

The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and reviewed by management. Golden Arrow Bus Services Proprietary Limited, the Company's major subsidiary, has committed to continue funding the ongoing expenses of the Company.

The maturity profile of contractual cash flows of the Company's financial liabilities are presented in the following table. The amounts disclosed in the table are the contractual undiscounted cash flows. All balances are due within 12 months and equal their carrying amount, as the impact of discounting is not significant.

	Notes	2023		2022	
		Less than 1 year	Carrying amount	Less than 1 year	Carrying amount
Trade and other payables	8	733	733	533	533
Loan from Group company	5	2	2	-	-
Dividends payable		11 169	11 169	10 217	10 217
		<b>11 904</b>	<b>11 904</b>	<b>10 750</b>	<b>10 750</b>

#### Interest rate risk

As the Company has no significant interest-bearing liabilities, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

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### 17. Directors' Interest and emoluments

#### Directors' Interest

No Director of the Company had any material direct or indirect interest in any transactions that were affected by the Company in the current or preceding financial year end.

At year end the following directors held shares in the Company:

Director 2023	Direct number of shares held	Direct % of shares held in issue	Indirect number of shares held	Indirect % of shares held in issue	Total number of shares held	Total % of shares held in issue
FE Meyer	163 577	0.06%	256	0.00%	163 833	0.06%
ML Wilkin	26 324	0.01%	-	0.00%	26 324	0.01%
JR Nicoletta	5 185	0.00%	9 727	0.00%	14 912	0.00%
TG Govender	87 808	0.03%	821 676	0.28%	909 484	0.31%
	<b>282 894</b>	<b>0.10%</b>	<b>831 659</b>	<b>0.28%</b>	<b>1 114 553</b>	<b>0.38%</b>

Director 2022	Direct number of shares held	Direct % of shares held in issue	Indirect number of shares held	Indirect % of shares held in issue	Total number of shares held	Total % of shares held in issue
FE Meyer	116 813	0.04%	4 756	0.00%	121 569	0.04%
TG Govender	87 808	0.03%	821 676	0.28%	909 484	0.31%
	<b>204 621</b>	<b>0.07%</b>	<b>826 432</b>	<b>0.28%</b>	<b>1 031 053</b>	<b>0.35%</b>

In addition, to the holdings reflected above, subsequent to year end and to the date of the approval of the annual financial statements the following director acquired an additional interest in the shares of the Company, after exercising his unconditional share options:

Additional direct number of shares acquired	Additional % of shares in issue
FE Meyer	114 471
	0.04%

There were no further changes in the directors' interest from 31 March 2023 to the date of the approval of the annual financial statements.

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### Directors emoluments

Year ended 31 March 2023	Frontier Group		Fringe benefits					Gain from share scheme	Total
	Directors' fees	Directors' fees	Salary	including medical aid	Pension contributions	Bonus			
<b>Executive directors</b>									
FE Meyer	-	-	3 501	972	327	4 295	209	9 304	
ML Wilkin	-	-	2 742	601	256	3 364	131	7 094	
	-	-	6 243	1 573	583	7 659	340	16 398	
<b>Non-executive directors</b>									
Y Shaik	-	-	4 455	-	-	2 896	3 019	10 370	
TG Govender	-	-	2 244	-	-	1 459	3 193	6 896	
L Govender	208	210	-	-	-	-	-	418	
NB Jappie	181	277	-	-	-	-	-	458	
RD Watson	181	1 313	-	-	-	-	-	1 494	
JR Nicolella	-	-	5 276	102	-	3 496	3 733	12 607	
Paid by HCI subsidiaries not in Frontier Group	-	(1 800)	(11 975)	(102)	-	(7 851)	(9 945)	(31 673)	
	<b>570</b>	<b>-</b>	<b>6 243</b>	<b>1 573</b>	<b>583</b>	<b>7 659</b>	<b>340</b>	<b>16 968</b>	

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2023 and 31 March 2022.

Y Shaik, JR Nicolella and TG Govender were remunerated by HCI as executive directors for the years ended 31 March 2023 and 31 March 2022.

L Govender was remunerated by E-Media Holdings Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2023 and 31 March 2022.

NB Jappie was remunerated by Deneb Investments Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2023 and 31 March 2022.

RD Watson was remunerated by HCI, Tsogo Sun Limited and E-Media Holdings Limited as non-executive director for the years ended 31 March 2023 and 31 March 2022.



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Year ended 31 March 2022	Frontier Group		Fringe benefits				Gain from share scheme	Total
	Directors' fees	Directors' fees	Salary	including medical aid	Pension contributions	Bonus		
<b>Executive directors</b>								
FE Meyer	-	-	3 303	821	309	4 289	-	8 722
ML Wilkin	-	-	2 587	578	242	3 141	-	6 548
	-	-	5 890	1 399	551	7 430	-	15 270
<b>Non-executive directors</b>								
Y Shaik	-	-	4 215	-	-	2 055	3 027	9 297
TG Govender	-	-	2 123	-	-	1 035	3 257	6 415
L Govender	197	200	-	-	-	-	-	397
NB Jappie	171	263	-	-	-	-	-	434
RD Watson	171	1 051	-	-	-	-	-	1 222
Paid by HCl subsidiaries not in Frontier Group	-	(1 514)	(6 338)	-	-	(3 090)	(6 284)	(17 226)
	<b>539</b>	<b>-</b>	<b>5 890</b>	<b>1 399</b>	<b>551</b>	<b>7 430</b>	<b>-</b>	<b>15 809</b>

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### 18. Going concern

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The Company has no financial covenants imposed by their funders. Based on these cash flow forecasts the directors are of the view that the Company has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

The directors are not aware of any other material changes that may adversely impact the Company nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Company.

### 19. Events after the reporting period

On 23 June 2023, the Company issued 271 336 ordinary no par value shares to participants who exercised their options under the Group employee option scheme.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within these annual financial statements that would affect the operations or results of the Company significantly.