

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 2022

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Index

	Page
General Information	2
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 8
Statement of Financial Position	9
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 16
Notes to the Financial Statements	17 - 25

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

General Information

Formerly	Hosken Passenger Logistics and Rail Limited
Country of incorporation and domicile	South Africa
Registration number	2015/250356/06
Nature of business and principal activities	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.
Directors	Mr Y Shaik Mr TG Govender Mr R Nicolella (appointed 3 May 2022) Mr FE Meyer Mr ML Wilkin Mr L Govender Dr NB Jappie Ms RD Watson
Ultimate holding company	Hosken Consolidated Investments Limited incorporated in South Africa.
Registered office	103 Bofors Circle Epping Industria Cape Town 8000
Postal address	PO Box 1795 Cape Town 8000
Level of assurance	These separate company financial statements have been audited in compliance with applicable requirements of the Companies Act 71 of 2008, of South Africa.
Auditors	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors
Company secretary	HCI Managerial Services Proprietary Limited

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Annual Financial Statements for the year ended 31 March 2022

Directors' Responsibilities and Approval

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 auditors are responsible for independently auditing and reporting on the Company's annual financial statements. The annual financial statements have been examined by the Company's external auditors and their 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 2022 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 2022

Directors' Report

The directors present their report for the year ended 31 March 2022.

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).

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.

In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the Group's operations and liquidity together with measures taken by subsidiaries to mitigate the financial and operational impact of COVID-19 were considered. Neither the Company nor any subsidiary in the Group have any 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 20 June 2022, the Company issued 405 997 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 or issued share capital of the Company during the year under review.

5. Ordinary cash dividends

The Company declared and paid an interim ordinary dividend for the year ended 31 March 2022 of 20 cents (gross) per share (2021: 18 cents (gross) per share). The Board declared a final ordinary dividend for the year ended 31 March 2022 of 32 cents (gross) per share on 26 May 2022 which was paid on 20 June 2022 (2021: 26 cents (gross) per share).

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Directors' Report

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 R 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 82.22% of the issued share capital of the Company at 31 March 2022 (2021: 82.21%). 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	76%
Alpine Truck and Bus Proprietary Limited	Bus, truck and spare part sales	51%
N2 Express Joint Venture Proprietary Limited	Transport services	33.33%

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 Auditors

BDO South Africa Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Stephan Cillié as designated auditor for the year ended 31 March 2022.

Independent Auditor's Report

To the Shareholders of
Frontier Transport Holdings Limited

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate company financial statements of Frontier Transport Holdings Limited (the company) set out on pages 9 to 25, which comprise the statement of financial position of the company standing alone as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively the separate financial statements).

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 2022, 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 2022, the document titled "Frontier Transport Holdings Limited Consolidated Financial Statements for the year ended 31 March 2022", and the document titled "Frontier Transport Holdings 2022 Integrated Annual Report for the year ended 31 March 2022", which includes the Directors' Report, the Audit and Risk Committee's Report and the Certificate from the Company Secretary as required by the Companies Act of South Africa. The other information does not include the consolidated and 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.

BDO South Africa Incorporated
Registration number: 1995/002310/21
Practice number: 905526
VAT number: 4910148685

Chief Executive Officer: LD Mokoena

A full list of all company directors is available on www.bdo.co.za

The company's principal place of business is at The Wanderers Office Park, 52 Corlett Drive, Illovo, Johannesburg where a list of directors' names is available for inspection. BDO South Africa Incorporated, a South African personal liability company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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 five years.

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

Stephan Cillié
Director
Registered Auditor

26 July 2022

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 2022

Statement of Financial Position

Figures in R `000

	Notes	2022	2021
Assets			
Non-current assets			
Investment in subsidiary	3	1 800 000	1 800 000
Current assets			
Other receivable		93	60
Current tax receivable		3	-
Loan to Group company	4	12 487	12 487
Cash and cash equivalents	5	11 329	10 192
Total current assets		23 912	22 739
Total assets		1 823 912	1 822 739
Equity and liabilities			
Equity			
Issued capital	6	1 797 160	1 797 160
Retained income		16 002	14 910
Total equity		1 813 162	1 812 070
Liabilities			
Current liabilities			
Trade and other payables	7	533	1 490
Current tax payable		-	14
Dividends payable		10 217	9 165
Total current liabilities		10 750	10 669
Total equity and liabilities		1 823 912	1 822 739

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Statement of Profit or Loss and Other Comprehensive Income

Figures in R `000

	Notes	2022	2021
Revenue	8	136 044	142 523
Other operating expenses		(1 542)	(2 607)
Profit before tax	9	134 502	139 916
Taxation	10	(10)	(116)
Profit for the year		134 492	139 800
Other comprehensive income net of tax		-	-
Total comprehensive income for the year		134 492	139 800

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Statement of Changes in Equity

Figures in R `000

	Issued capital	Retained income	Total
Balance at 1 April 2020	1 797 160	17 210	1 814 370
Total comprehensive income for the year	-	139 800	139 800
Ordinary cash dividends	-	(142 100)	(142 100)
Balance at 31 March 2021	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)
Balance at 31 March 2022	1 797 160	16 002	1 813 162

Notes 6

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Statement of Cash Flows

Figures in R `000

	Notes	2022	2021
Cash flows from operating activities			
Net cash flows used in operations	11	(2 532)	(2 367)
Dividend income		136 000	142 100
Interest income		44	423
Income tax paid	13	(27)	(105)
Net cash flows from operating activities		133 485	140 051
Cash flows used in investing activities			
Loan advanced to Group company		-	(1 687)
Net cash flows used in investing activities		-	(1 687)
Cash flows used in financing activities			
Dividends paid	12	(132 348)	(140 913)
Repayment of loan from Group Company		-	(2 205)
Cash flows used in financing activities		(132 348)	(143 118)
Net increase / (decrease) in cash and cash equivalents		1 137	(4 754)
Cash and cash equivalents at beginning of the year		10 192	14 946
Cash and cash equivalents at end of the year	5	11 329	10 192

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual 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 annual 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 15 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.

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Accounting Policies

1. Basis of preparation and summary of significant accounting policies (continued)

Subsequent measurement

They are subsequently measured at amortised cost.

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.

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 7) 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 15 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.

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.

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Accounting Policies

1. *Basis of preparation and summary of significant accounting policies (continued)*

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 2022

Accounting Policies

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

None of the standards and interpretations that have been effective for the current financial year have been relevant to the operations 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 above standards to have a material quantitative effect, although they may affect disclosure information in the annual financial statements. The Company has chosen not to adopt any of the above standards and interpretations earlier than required.

Standard	Effective date
Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS 2018 to 2020	1 January 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023
Presentation of Financial Statements - Disclosure of Accounting Policies (Amendments to IAS 1)	1 January 2023
Definition of Accounting Estimates (Amendment to IAS 8)	1 January 2023

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

2022

2021

3. Investment in subsidiary

Name of company	Principal activity	% holding 2022	% holding 2021
HPL and R Investments Proprietary Limited	Transport	100.00%	100.00%
Carrying amount		<u>1 800 000</u>	<u>1 800 000</u>

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

HPL and R Investments Proprietary Limited	<u>12 487</u>	<u>12 487</u>
The loan is unsecured, interest free and repayable on demand.		

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. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	<u>11 329</u>	<u>10 192</u>
---------------	---------------	---------------

6. Share capital

Authorised

1 000 000 000 ordinary shares of no par value

Issued

290 000 000 ordinary shares of no par value

1 797 160 1 797 160

7. Trade and other payables

Financial instrument:

Accrued expenses

533 1 490

8. Revenue

Revenue consists of:

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

2022

2021

8. Revenue (continued)

Dividend income from Group entity

Dividends received from HPL and R Investments Proprietary Limited

136 000

142 100

Interest income

Bank interest

44

423

44

423

Total revenue

136 044

142 523

9. Operating profit

Operating profit for the year is stated after charging the following, amongst others:

Non-executive directors fees

539

520

Auditor's remuneration - external

Audit fees

522

500

10. Taxation

Major components of tax expense

Current tax

Current year

10

116

The income tax for the year can be reconciled to accounting profit as follows:

Applicable tax rate

28.00%

28.00%

Tax effect of:

Exempt income (dividend income)

(28.31%)

(28.44%)

Non-deductible expenses

0.32%

0.52%

Effective tax rate

0.01%

0.08%

11. Net cashflows used in operations

Profit for the year

134 492

139 800

Adjustments for:

Income tax expense

10

116

Dividend income

(136 000)

(142 100)

Interest income

(44)

(423)

Change in working capital

Other receivable

(33)

(60)

Trade and other payables

(957)

300

Net cash flows from operations

(2 532)

(2 367)

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

	2022	2021
12. Dividends paid		
Balance at the beginning of the year	(9 165)	(7 978)
Ordinary dividends	(133 400)	(142 100)
Balance at the end of the year	10 217	9 165
	<u>(132 348)</u>	<u>(140 913)</u>
13. Income tax paid		
Balance at the beginning of the year	(14)	(3)
Current tax expense	(10)	(116)
Balance at the end of the year	(3)	14
	<u>(27)</u>	<u>(105)</u>
14. Related parties		
Relationships		
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	
Related party balances		
Loan accounts - owing (to) / by related parties		
HPL and R Investments Proprietary Limited	12 487	12 487
	<u>12 487</u>	<u>12 487</u>
15. Financial instruments and risk management		
Categories of financial instruments		
Categories of financial assets		
Other receivable	93	60
Loan to Group company	4 12 487	12 487
Cash and cash equivalents	5 11 329	10 192
	<u>23 909</u>	<u>22 739</u>
Categories of financial liabilities		
Trade and other payables	7 533	1 490
Dividends payable	10 217	9 165
	<u>10 750</u>	<u>10 655</u>

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

2022

2021

15. Financial instruments and risk management (continued)

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.

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	2022		2021	
		Gross carrying amount	Amortised cost/fair value	Gross carrying amount	Amortised cost/fair value
Other receivable		93	93	60	60
Loan to Group company	4	12 487	12 487	12 487	12 487
Cash and cash equivalents	5	11 329	11 329	10 192	10 192
		23 909	23 909	22 739	22 739

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.

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

2022

2021

15. Financial instruments and risk management (continued)

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	2022		2021	
		Less than 1 year	Carrying amount	Less than 1 year	Carrying amount
Trade and other payables	7	533	533	1 490	1 490
Dividends payable		10 217	10 217	9 165	9 165
		10 750	10 750	10 655	10 655

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.

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

16. 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 2022	Direct number of shares held	Direct % of sheres held in issue	Indirect number of shares held	Indirect % of sheres held in issue	Total number of shares held	Total % of sheres 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%
	204 621	0.07%	826 432	0.28%	1 031 053	0.35%

Director 2021	Direct number of shares held	Direct % of sheres held in issue	Indirect number of shares held	Indirect % of sheres held in issue	Total number of shares held	Total % of sheres 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%
	204 621	0.07%	826 432	0.28%	1 031 053	0.35%

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 directors acquired an additional interest in the shares of the Company, after excercising their unconditional share options:

	Additional direct number of shares acquired	Additional % of shares in issue acquired
FE Meyer	41 983	0.01%
ML Wilkin	26 324	0.01%

There were no further changes in the directors' interest from 31 March 2022 to the date of the approval of the annual financial statements.

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

16. Directors' Interest and emoluments (continued)

Directors emoluments

Year ended 31 March 2022	Frontier Group Directors' fees	Directors' fees	Salary	Fringe benefits including medical aid	Pension contributions	Bonus	Gain from share scheme	Total
Executive directors								
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
Non-executive directors								
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 HCI subsidiaries not in Frontier Group	-	(1 514)	(6 338)	-	-	(3 090)	(6 284)	(17 226)
	539	-	5 890	1 399	551	7 430	-	15 809

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2022 and 31 March 2021.

Y Shaik and TG Govender were remunerated by HCI as executive directors for the years ended 31 March 2022 and 31 March 2021.

L Govender was remunerated by E-Media Holdings Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2022 and 31 March 2021.

NB Jappie was remunerated by Deneb Investments Limited (subsidiary of HCI) as non-executive director for the years ended 31 March 2022 and 31 March 2021.

RD Watson was remunerated by HCI and E-Media Holdings Limited as non-executive director for the years ended 31 March 2022 and 31 March 2021.

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

16. Directors' Interest and emoluments (continued)

Year ended 31 March 2021	Frontier Group Directors' fees	Directors' fees	Salary	Fringe benefits including medical aid	Pension contributions	Bonus	Gain from share scheme	Total
Executive directors								
FE Meyer	-	-	3 160	774	295	5 056	-	9 285
ML Wilkin	-	-	2 476	503	231	4 181	-	7 391
	-	-	5 636	1 277	526	9 237	-	16 676
Non-executive directors								
Y Shaik	-	-	3 976	-	-	-	2 619	6 595
TG Govender	-	-	2 003	-	-	-	2 629	4 632
L Govender	190	190	-	-	-	-	-	380
NB Jappie	165	198	-	-	-	-	-	363
RD Watson	165	1 044	-	-	-	-	-	1 209
Paid by HCI subsidiaries not in Frontier Group	-	(1 432)	(5 979)	-	-	-	(5 248)	(12 659)
	520	-	5 636	1 277	526	9 237	-	17 196

Frontier Transport Holdings Limited

(Registration Number 2015/250356/06)

Separate Company Financial Statements for the year ended 31 March 2022

Notes to the Financial Statements

Figures in R `000

2022

2021

17. 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.

In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the Group's operations and liquidity together with measures taken by subsidiaries to mitigate the financial and operational impact of COVID-19 were considered. Neither the Company nor any subsidiary in the Group have any 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.

18. Events after the reporting period

On 20 June 2022, the Company issued 405 997 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.