2. GROUP COMPOSITION continued

2.1 Investments in and loans to associates and joint ventures

2.1.1 Summary of investments in and loans to Cell C, other associates and other joint ventures

Critical accounting judgements and assumptions

(a) Classification of significant joint arrangements

The Group exercises judgement in determining the classification of its joint arrangements.

(b) Assessment of investment in associates and joint ventures for impairment

An investment in an associate or joint venture is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Group assesses at each reporting date whether such indicators exist. Similarly, the investment in an associate or joint venture is subsequently reassessed for indications of impairment loss previously recognised that may no longer exist. If there is an indication that an impairment loss has reversed, the Group is required to estimate the recoverable amount of the previously impaired investment. The impairment loss is reversed if the recoverable amount exceeds its carrying amount. The recoverable amounts of the investment in an associate or joint venture are determined based on value-in-use calculations. Where such calculations are performed, it would require the use of estimates.

(c) Classification of significant associates

The Group performs control assessments and determines the classification of its significant associates. Refer to note 2.2.1.

The Group holds the following investments in and loans to associates and joint ventures:

	Cost and share of reserves		Loans		Investments and loans	
	31 May 2024 R'000	31 May 2023 R'000	**31 May 2024 R'000**	31 May 2023 R'000	**31 May 2024 R'000**	31 May 2023 R'000
Cell C Limited	**—**	—	**2 359 065**	2 110 982	**2 359 065**	2 110 982
Other associates	**64 821**	58 731	**17 560**	9 282	**82 381**	68 013
Other joint ventures	**33 512**	24 454	**36 394**	34 783	**69 906**	59 237
	98 333	83 185	**2 413 019**	2 155 047	**2 511 352**	2 238 232
Disclosed as:						
– Non-current assets	**98 333**	83 185	**1 967 246**	1 913 645	**2 065 579**	1 996 830
– Current assets	**—**	—	**445 773**	241 402	**445 773**	241 402

Loans to associates and joint ventures

				Total loans		Current		Non-current	
	Effective shareholding	Payable	Interest rate	**2024 R'000**	2023 R'000	**2024 R'000**	2023 R'000	**2024 R'000**	2023 R'000
Cell C Limited[1]	63.19%	[3]	[3]	**2 359 065**	2 110 982	**424 490**	221 670	**1 934 575**	1 889 312
Blu Train Proprietary Limited[2]	64.68%	On demand	Linked to prime	**13 171**	4 970	**—**	—	**13 171**	4 970
I Talk Financial Services Proprietary Limited	30.38%	On demand	0%	**3 997**	4 000	**3 997**	4 000	**—**	—
I Talk Holdings Proprietary Limited	40.50%	On demand	Linked to prime	**19 500**	19 363	**—**	—	**19 500**	19 363
Mobii Systems Proprietary Limited	29.9%	On demand	0%	**4 394**	4 315	**4 394**	4 315	**—**	—
Mobile Macs Proprietary Limited	50%	On demand	Prime + 2%	**12 189**	4 628	**12 189**	4 628	**—**	—
T3 Telecoms SA	50%	On demand	0%	**703**	6 789	**703**	6 789	**—**	—
				2 413 019	2 155 047	**445 773**	241 402	**1 967 246**	1 913 645

1 Refer to note 2.2.1 for details on the control assessment of Cell C Limited. Refer to note 3.2.1 for details of the treatment of the loans.
2 The Group does not control Blu Train, as it does not control the Board of Directors.
3 Refer to the "Loans receivable from Cell C" table on the following page.

All loans with an on-demand feature approximate fair value.

Loans receivable from Cell C

	Debt funding* 2024 R'000	Reinvestment instrument** 2024 R'000	Deferral loan*** 2024 R'000	Total 2024 R'000
Opening balance as at 1 June 2023	**1 063 213**	**134 831**	**912 938**	**2 110 982**
Interest accrued	**536 757**	**63 066**	**101 859**	**701 682**
Payments received	**—**	**—**	**(332 387)**	**(332 387)**
Allowance (loss)/gain	**(135 636)**	**(11 603)**	**26 027**	**(121 212)**
Closing balance as at 31 May 2024	**1 464 334**	**186 294**	**708 437**	**2 359 065**
Credit-adjusted effective interest rate (%)	**31.25**	**31.8**	**12.67**	

* The loan bears no interest for the first 24 months following the recapitalisation date. From October 2024, the total capital amount bears interest at a fixed rate of 10% per annum until month 42, and thereafter the outstanding amount bears interest at prime plus 3% until month 66, payable monthly.

** The loan bears no interest for the first 24 months following the recapitalisation date and from October 2024 the total capital amount bears interest at a fixed rate of 10% per annum. Interest payments are payable monthly.

*** Interest on this loan is being recognised using a credit-adjusted effective interest rate of 12.67%. The credit-adjusted effective interest rate reflects the initial estimate of lifetime expected credit losses. This means that CEC will only recognise the cumulative changes (both favourable and unfavourable) in the initial estimate of lifetime expected credit losses as a loss allowance.

2. GROUP COMPOSITION continued

2.1 Investments in and loans to associates and joint ventures continued

2.1.1 Summary of investments in and loans to Cell C, other associates and other joint ventures continued

	Associate	
Investment in	**Cell C Limited**	
Principal activity	**Network provider**	
Country of incorporation	**South Africa**	
	31 May 2024 R'000	31 May 2023 R'000
Cost and share of reserves at the beginning of the year	**—**	—
Acquisition of associates and joint ventures	**—**	—
Share of (losses)/profits from associates and joint ventures	**—**	(1 328 767)
Share of results after tax	**—**	(1 328 767)
Foreign currency translation reserve	**—**	—
Additional investment	**—**	366 236
Reversal of impairment of investment in associate	**—**	962 531
Cost and share of reserves at the end of the year	**—**	—
Loans to associates and joint ventures		
Loans at the beginning of the year	**2 110 982**	—
Loans advanced to associates and joint ventures[1]	**701 682**	2 442 744
Loans repaid by associates and joint ventures	**(332 387)**	(212 004)
Loans waived	**—**	—
Expected credit loss	**(121 212)**	(55 258)
Loss on modification of financial instrument	**—**	(64 500)
Loans at the end of the year	**2 359 065**	2 110 982
Closing net book value	**2 359 065**	2 110 982
Share of (losses)/profits from associates and joint ventures	**—**	(1 328 767)

* The Group also has interests in a number of individually immaterial associates and joint ventures that are accounted for using the equity method which are aggregated under "other associates" and "other joint ventures".

[1] Loans advanced to associates and joint ventures also includes the interest accrued on existing loans.

Other associates*		Other joint ventures*		Total	
31 May 2024 R'000	31 May 2023 R'000	**31 May 2024 R'000**	31 May 2023 R'000	**31 May 2024 R'000**	31 May 2023 R'000
58 731	53 536	**24 454**	22 611	**83 185**	76 147
—	—	**—**	6 373	**—**	6 373
6 358	3 550	**9 058**	(4 530)	**15 416**	(1 329 747)
6 358	3 550	**9 058**	(4 530)	**15 416**	(1 329 747)
(268)	1 645	**—**	—	**(268)**	1 645
—	—	**—**	—	**—**	366 236
—	—	**—**	—	**—**	962 531
64 821	58 731	**33 512**	24 454	**98 333**	83 185
9 282	4 067	**34 783**	44 536	**2 155 047**	48 603
13 399	5 915	**51 369**	60 085	**766 450**	2 508 744
(5 318)	—	**(48 719)**	(63 552)	**(386 424)**	(275 556)
—	—	**—**	(4 000)	**—**	(4 000)
197	(700)	**(1 039)**	(2 286)	**(122 054)**	(58 244)
—	—	**—**	—	**—**	(64 500)
17 560	9 282	**36 394**	34 783	**2 413 019**	2 155 047
82 381	68 013	**69 906**	59 237	**2 511 352**	2 238 232
6 358	3 550	**9 058**	(4 530)	**15 416**	(1 329 747)