6. LOANS TO GROUP COMPANIES

For details regarding the accounting policy refer to note 5.

Loans to group companies

Subsidiaries	**2025 R'000**	2024 R'000
Total loans to subsidiaries	**3 126 175**	3 047 858
Credit loss allowance	**(1 003 539)**	(1 227 995)
	2 122 636	1 819 863
Split between:		
Non-current assets	**9 673**	1 819 863
Current assets	**2 112 963**	—
	2 122 636	1 819 863

These loans are unsecured, interest free and are repayable on demand, unless subject to a subordination agreement.

Expected credit losses

ECLs for loans to group companies have been determined using the general impairment model in IFRS 9 (general approach). Under the general approach, an entity calculates ECLs for loans and receivables at initial recognition by considering the consequences and probabilities of possible defaults only for the next 12 months, rather than the life of the asset. It continues to apply this method until a significant increase in credit risk has occurred, at which point the loss allowance is measured based on lifetime ECLs.

BLT has applied the requirements of the general approach of IFRS 9 for counterparties where no external credit ratings are available, by way of the use of a management-determined credit risk rating model. The management of BLT performs a rigorous internal rating assessment process of all counterparty credit risk exposures and rate these exposures allocating them into the below mentioned four groups which are then aligned to equivalent Moody's sourced default ratings.

The maximum exposure to credit risk is the gross carrying amount of the loans as presented below. BLT does not hold collateral or other credit enhancements against loans to group companies.

The ECLs (probability of default and loss given default) applied to these groupings are obtained from Moody's Analytics for a reference entity with similar credit risk characteristics to the counterparties to which BLT is exposed.

The table below discloses the credit quality of the loans to group companies for which no external credit ratings are available. Equivalent credit ratings were based on the latest Moody's default ratings. These ratings include forward looking adjustments for all relevant economic factors. Management defines default as when counterparties miss payments and future payments are either suspended or unlikely. Management writes off loans where they have actively pursued the debt and there is no indication of recovery.

6. LOANS TO GROUP COMPANIES continued

Expected credit losses continued

2025 Loans to subsidiaries	Categorisation	Gross carrying amount R'000	Loss allowance R'000	Amortised cost R'000
Blue Label Ventures Proprietary Limited[1]	Group 3	**12 000**	**(2 327)**	**9 673**
Gold Label Investments Proprietary Limited[1, 2]	Group 4	**393 927**	**(393 927)**	**—**
The Prepaid Company Proprietary Limited	Group 3	**2 720 248**	**(607 285)**	**2 112 963**
		3 126 175	**(1 003 539)**	**2 122 636**
2024				
Blue Label Ventures Proprietary Limited	Group 3	12 000	(1 660)	10 340
Gold Label Investments Proprietary Limited[1, 2]	Group 4	391 150	(391 150)	—
The Prepaid Company Proprietary Limited[1]	Group 3	2 644 708	(835 185)	1 809 523
		3 047 858	(1 227 995)	1 819 863

[1] Subordination agreements have been issued by BLT in respect of these loans. BLT has agreed not to call upon these loans for the next 12 months.

[2] The loan to Gold Label Investments Proprietary Limited (GLI) is considered to be credit impaired due to the financial position and financial results of GLI. GLI's liabilities exceed its assets, it has a significant accumulated loss and limited liquid assets.

Reconciliation of loss allowances

Loans to group companies: loss allowance	2025 R'000	2024 R'000
Opening balance	**(1 227 995)**	(856 060)
Increase in loss allowance recognised in profit or loss during the year	**(3 444)**	(372 547)
Loss allowances reversed through profit or loss during the year	**227 900**	612
Closing balance	**(1 003 539)**	(1 227 995)

The fair value of loans from related parties approximates their carrying amounts due to the market related discount factor that has been applied to the balances.

7. OTHER RECEIVABLES

For details regarding the accounting policy refer to note 5.

	2025 R'000	2024 R'000
Non-financial instruments		
Prepaid expenses	**494**	473