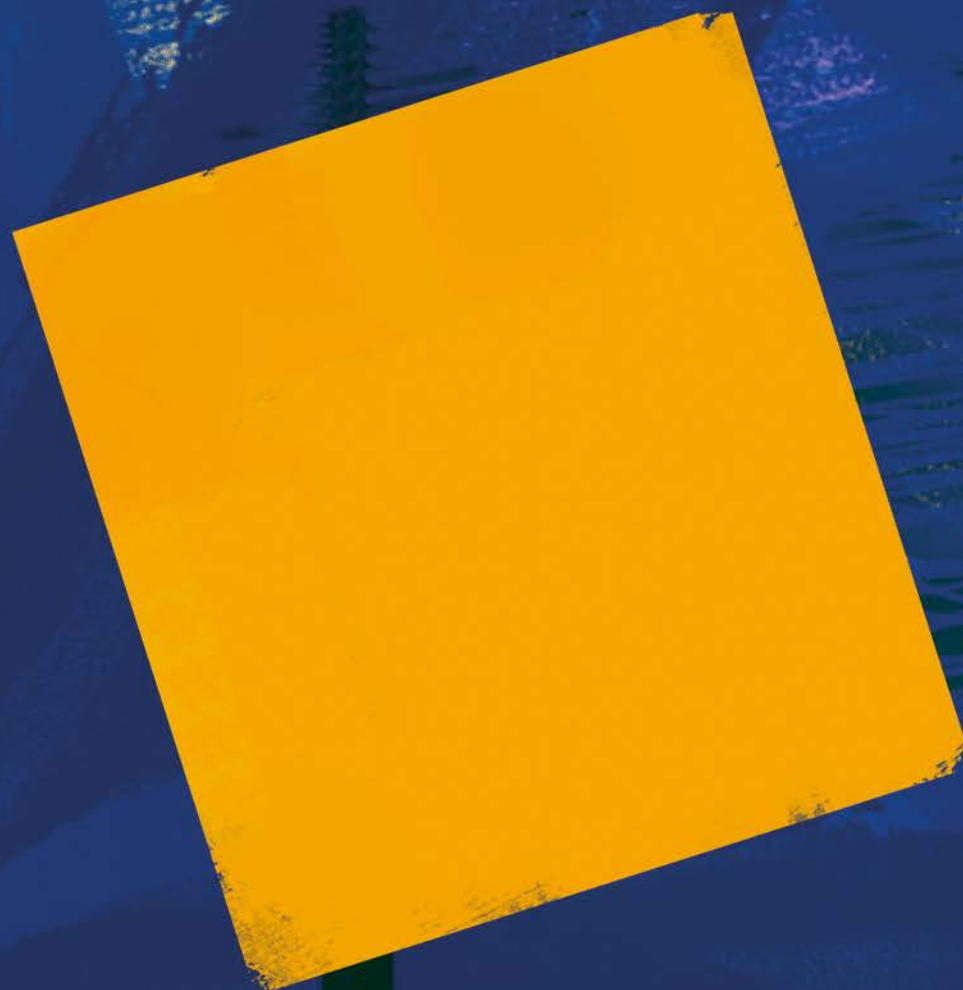


BUSINESS/PARTNERS  
Investing in entrepreneurs



2015  
Annual financial report

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Square peg  
(in a sea of round holes)

The term we  
affectionately use  
for entrepreneurs.

**Cela ne veut pas d'un carré (*this is not a square*)**

Our cover is inspired by *La trahison des images* (*The Treason of Images*), 1928–29, by the Belgian surrealist artist Rene Magritte. The painting, of a pipe, famously reads ceci n'est pas une pipe, French for this is not a pipe. We believe that it captures the very statement that entrepreneurs live by, to see things not for what they are, but for what they could be.

We're for the **square pegs**. As we fly the flag for entrepreneurs — investing in them, standing beside them and enhancing their value — we realise that we too, are **square pegs**.





# Statement of responsibility by the Board of Directors

The directors of Business Partners Limited (BUSINESS/PARTNERS) are responsible for the preparation of the Group and separate annual financial statements. In discharging this responsibility, the directors rely on management to prepare the annual financial statements in accordance with International Financial Reporting Standards ('IFRS') and for keeping adequate accounting records in accordance with the Company's system of internal control. As such, the annual financial statements include amounts based on judgments and estimates made by management.

In preparing the annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The directors approve significant changes to accounting policies. However, there were no changes to accounting policies during the financial year. The financial statements incorporate full and responsible disclosure in line with the Company's philosophy on corporate governance.

The directors are responsible for the Company's system of internal control. To enable the directors to meet these responsibilities, the directors set the standards for internal control to reduce the risk of error or loss in a cost effective manner. The standards include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the internal controls are adequate and that the financial records may be relied on in preparing the annual financial statements in accordance with IFRS and maintaining accountability for the Company's assets and liabilities. Nothing has come to the attention of the directors to indicate any breakdown in the functioning of internal controls, resulting in a material loss to the Company, during the year and up to the date of this report.

Based on the effective internal controls implemented by management, the directors are satisfied that the annual financial statements fairly present the state of affairs of the Group and the Company, at the end of the financial year, and the net income and cash flows for the year. Mr BD Bierman, Chief Financial officer, supervised the preparation of the annual financial statements for the year.

The directors have reviewed the Company's budget and flow of funds forecast and considered the Company's ability to continue as a going concern in the light of current and anticipated economic conditions. The directors have reviewed the assumptions underlying these budgets and forecasts based on currently available information. On the basis of this review, and in the light of the current financial position and profitable trading history, the directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. The going concern basis therefore continues to apply and has been adopted in the preparation of the annual financial statements.

It is the responsibility of the Company's independent external auditors, PricewaterhouseCoopers Inc., to report on the fair presentation of the annual financial statements. Their unqualified report appears on page five.

The separate annual financial statements of the Company, which appear on pages 12 to 15 have been approved by the Board of Directors on 26 May 2015 and are signed on behalf of the Board of Directors by two directors.



T van Wyk  
Chairman



N Martin  
Managing Director

# Certificate by the company secretary

I certify, in terms of section 88(2) of the Companies Act 71 of 2008 ('the Act'), that for the year ended 31 March 2015, the Company has filed all the required returns and notices in terms of this Act, and that all such returns and notices appear, to the best of my knowledge and belief, true, correct and up to date.



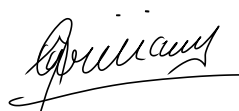
CM Gerbrands  
Company Secretary  
26 May 2015

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## Audit and Risk Committee report

The Audit and Risk Committee confirms that it has functioned in accordance with its terms of reference and fulfilled all its duties as prescribed by the Companies Act 71 of 2008 ('the Act') and reports as follows in terms of section 94(7) of the Act for the financial year ended 31 March 2015:

- The committee has been constituted in accordance with the Act and applicable regulations. The committee members are all independent non-executive directors of the Company. The committee comprises members with adequate relevant qualifications and experience to equip the committee to perform its functions.
- Four committee meetings were held during the financial year.
- The committee is governed by a board-approved Charter and has discharged its responsibilities contained therein. The effectiveness of the committee and its individual members was assessed as part of the annual committee self-evaluation process.
- The committee nominated the external auditors for appointment and has satisfied itself that the external auditors are independent of the Group as set out in section 94(8) of the Act.
- The appointment of the external auditors complies with the Act and with all other legislation relating to the appointment of external auditors.
- The external auditors' terms of engagement, audit plan and budgeted fees have been determined.
- The nature and extent of non-audit services that the external auditors may provide to the Group was defined and pre-approved.
- The committee reviewed the accounting policies and the financial statements of the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards and recommended their approval to the board.
- The committee oversaw a process by which internal audit assessed the effectiveness of the system of internal control and risk management, including internal financial controls.
- The committee receives and deals with any concerns or complaints relating to accounting practices and internal audit of the Group, the content or auditing of the Group's financial statements, the internal financial controls of the Group or any related matter. No matters of significance was raised in the past financial year.
- Details of the committee members, the committee's activities and how it carried out its functions during the financial year are contained in the Corporate Governance section of the 2015 Integrated Report on page 24.



NJ Williams  
Chairman: Audit and Risk Committee  
26 May 2015

# Independent Auditor's Report to the shareholders of BUSINESS/PARTNERS

We have audited the consolidated and separate financial statements of BUSINESS/PARTNERS set out on pages 12 to 15, which comprise the statements of financial position as at 31 March 2015, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and 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 consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation

and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of BUSINESS/PARTNERS as at 31 March 2015, and its consolidated and separate financial performance and its consolidated 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.

## Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc.  
Director: Stefan Beyers  
Registered Auditor  
Sunninghill  
26 May 2015







# Directors' report for the year ended 31 March 2015

## 1. Nature of the business

The Company is principally engaged in investing capital, knowledge and skill in viable small and medium sized businesses ('SMEs'). The Company is registered in South Africa.

## 2. Business activities

The volume of new business concluded — in a year during which SMEs were experiencing tough trading conditions — exceeded our expectations. 380 investment projects amounting to R1 177,0 million were approved, a decrease of 1,6 percent and an increase of 8,0 percent respectively compared to 386 investments amounting to R1 082,6 million which were approved in the previous financial period.

The majority (88,8 percent) of the investments were structured to align the return of the investment with the investee company's performance, thereby achieving a balance between risk and return. An equity stake was obtained in 53 projects (2014: 61 projects) at an average investment amount of R4,2 million (2014: R4,1 million).

The Company manages a portfolio of 162 industrial and commercial properties that are geographically dispersed. The portfolio provides business premises with a lettable area of more than 436 308 m<sup>2</sup> (2014: 445 000 m<sup>2</sup>), to more than 1 677 tenants.

The Group owns a number of investment properties which are carried at a fair value of R1 079,4 million (March 2014: R958,9 million) in the statement of financial position. In addition, owner occupied properties to the value of R94,1 million is reflected under 'Property, plant and equipment' (March 2014: R82,2 million).

## 3. Operational and financial review

The Group's net profit attributable to equity holders of BUSINESS/PARTNERS for the year amounted to R182,5 million, a R27,6 million or 17,8 percent increase on the R154,9 million profit of the prior year.

Total income increased from R470,1 million in the prior year to R513,2 million for the current year. Investment income and gains increased by 11,1 percent year on year and amounts to R136,0 million in the current year. (2014: R122,4 million).

The salary cost of permanently employed staff increased by 5,6 percent year on year. Total staff costs for the year were R9,9 million (6,1 percent) higher, primarily due to increases in provisions.

The risk in the investment portfolio, as measured by the repayment performance of the investments, improved over the period. Non-performing loans decreased from 16,3 percent of the investment portfolio last year to 14,7 percent of the portfolio at 31 March 2015. Net credit losses decreased by 22,7 percent to R36,1 million (2014: R46,8 million) primarily as a result of lower loans and receivables written off.

Finance charges increased by 41,8 percent from the prior year. The Company's borrowings increased from R490,1 million on 1 April 2013 to R781,6 million on 31 March 2015.

## 4. Events subsequent to the statement of financial position date

An event occurred between the statement of financial position date and the date of this report that has been disclosed in note 31. Other than that, no events occurred that would require disclosure in, or adjustment to, the annual financial statements as presented.

## 5. Share capital and reserves

The authorised share capital remained unchanged at 400 million ordinary shares of R1 each. The issued share capital remains at 173,0 million shares. The par value of the shares remains unchanged at R1 per share.

## 6. Dividend

A cash dividend of 19 cents per share in respect of the 2015 financial year (2014: 17 cents) was declared on 26 May 2015, payable on or about 21 August 2015 to all shareholders registered in the share register at the close of business on 12 August 2015.

The solvency and liquidity tests as required by section 4 of the Companies Act 71 of 2008 were applied, and the Company will satisfy the requirements of these tests immediately after completing the proposed distribution.

Dividend cover for the year equals 5,6 times (2014: 5,3 times). The dividend policy aims to ensure at least four times cover for the dividend, after evaluating the nature and quality of the profit for the year.

## 7. Earnings per share

Earnings per share amounted to 105,6 cents (2014: 89,5 cents) based on 173,0 million shares in issue. Headline earnings per share increased to 64,0 cents (2014: 45,2 cents). For more information on earnings per share, refer to notes 12 and 24 of the Annual Financial Report.

## 8. Directors' remuneration and interest

The directors' remuneration is set out in note 28 to the annual financial statements. No material contracts in which the directors have any interest were entered into in the current year.

## 9. Major shareholders

Shareholders holding beneficially, directly or indirectly, in excess of one percent of the issued share capital of the Company are detailed on page 28 of the 2015 Integrated Report.

## 10. Directors

### 10.1 The directors of the Company on 31 March 2015 were:

#### **Directors elected by shareholders in terms of article 20.1.2 of the Memorandum of Incorporation:**

Dr E Links  
Mr F Meisenholl

Mr D Moshapalo  
Mr SST Ngcobo

Ms SEN Sebotsa

#### **Directors appointed by shareholders in terms of article 20.1.3 of the Memorandum of Incorporation:**

Mr T van Wyk (Chairman)  
Mr F Knoetze

Mr VO Twala  
Mr NJ Williams

Dr ZZR Rustomjee

**Directors appointed by the Board of Directors and confirmed by election of shareholders in terms of article 20.2 of the Memorandum of Incorporation:**

Mr N Martin (Managing Director)

Mr C Botes (Executive Director)

Mr G van Biljon (Executive Director)

**10.2 During the year the following changes occurred in the composition of the Board of Directors:**

Director	Event	Terms	Date
Ms ZJ Matlala	Resigned	Article 20.1.2	31 March 2015
Mr D Moshapalo	Retired	Article 20.1.2	13 August 2014
	Re-elected	Article 20.1.2	13 August 2014
Mr SST Ngcobo	Retired	Article 20.1.3	13 August 2014
	Re-elected	Article 20.1.3	13 August 2014

**11. Company Secretary**

The Company Secretary is Ms CM Gerbrands, whose business and postal addresses are those of the registered office of the Company.

**12. Annual Financial Statements**

These annual financial statements have been audited by the external auditor, PricewaterhouseCoopers Inc., in compliance with the applicable requirements of the Companies Act 71 of 2008. The preparation of the annual financial statements was supervised by Mr BD Bierman, Chief Financial officer.

**13. Auditors**

PricewaterhouseCoopers Inc. continued in office as auditors of the Group. The Audit and Risk Committee nominated PricewaterhouseCoopers Inc. for re-appointment at the forthcoming annual general meeting as auditors for the 2016 financial year. Mr V Tshikhovhokhovho will be the designated auditor.

**14. Acknowledgements**

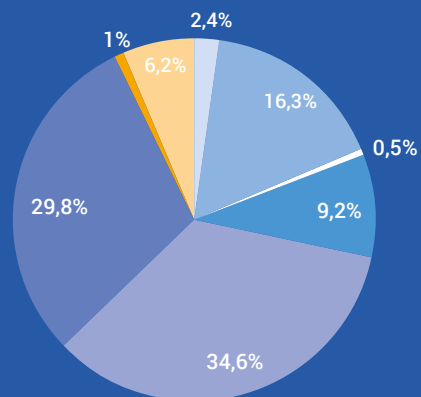
Sincere appreciation is extended to all our shareholders, members of the Board of Directors and its committees for their dedicated and positive participation throughout the year. To the entire staff of BUSINESS/PARTNERS, we express our gratitude for their loyalty, commitment and hard work in pursuing the objectives of the Company.

 **T van Wyk**  
Chairman

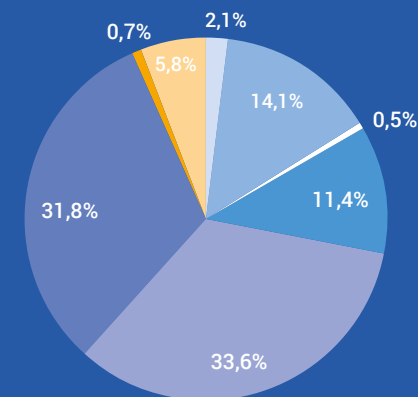
 **N Martin**  
Managing Director

## Distribution of investments by product

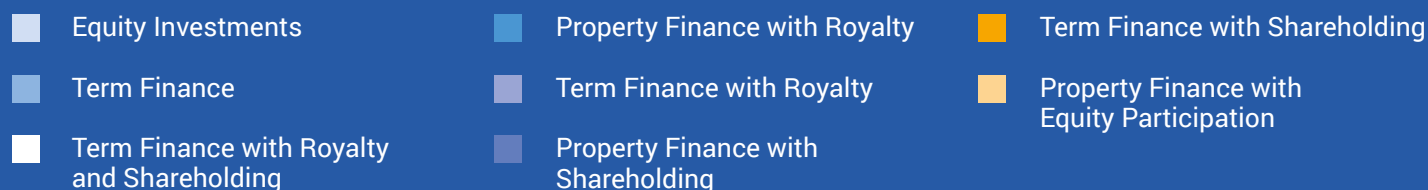
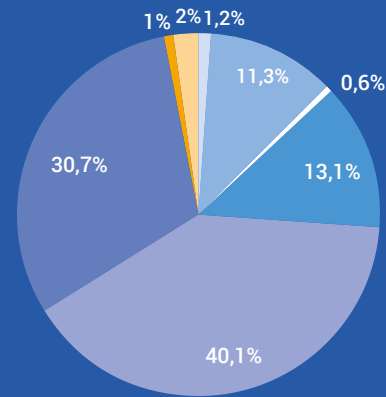
Investment portfolio **composition**  
as at 31 March 2014



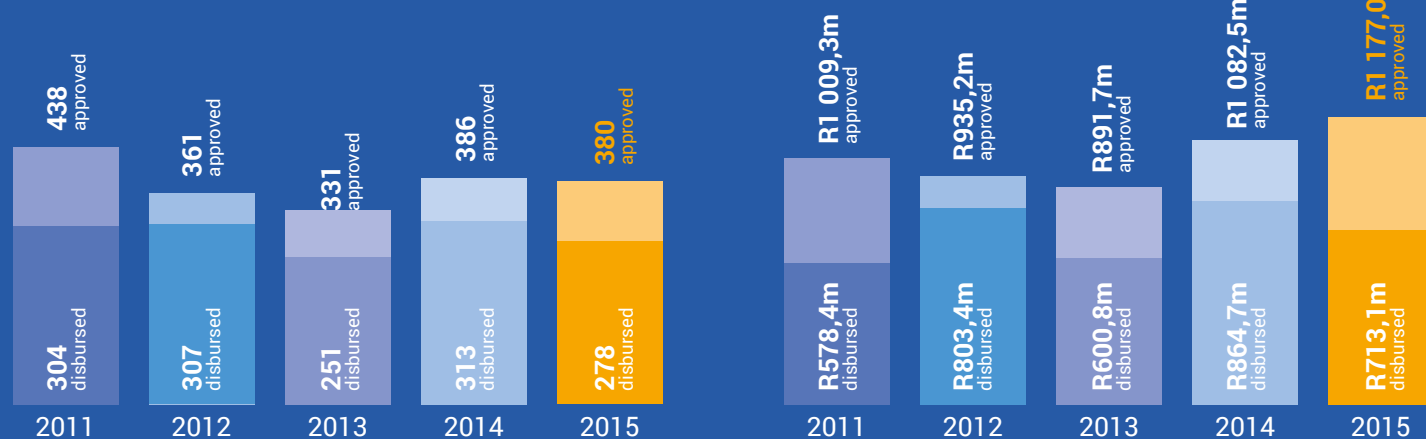
Investment portfolio **composition**  
as at 31 March 2015



Investments **advanced** for the year  
ended 31 March 2015



## Investments approved VS investments disbursed

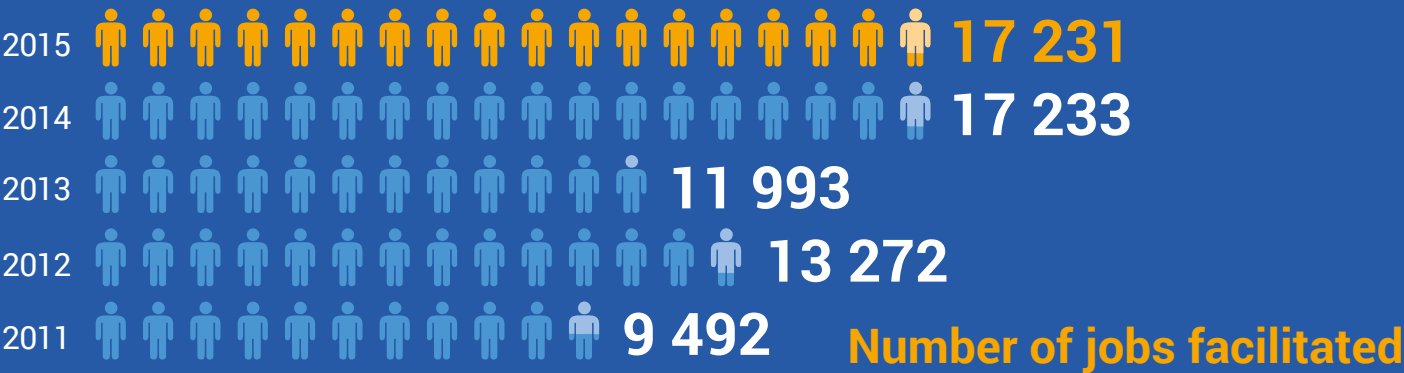
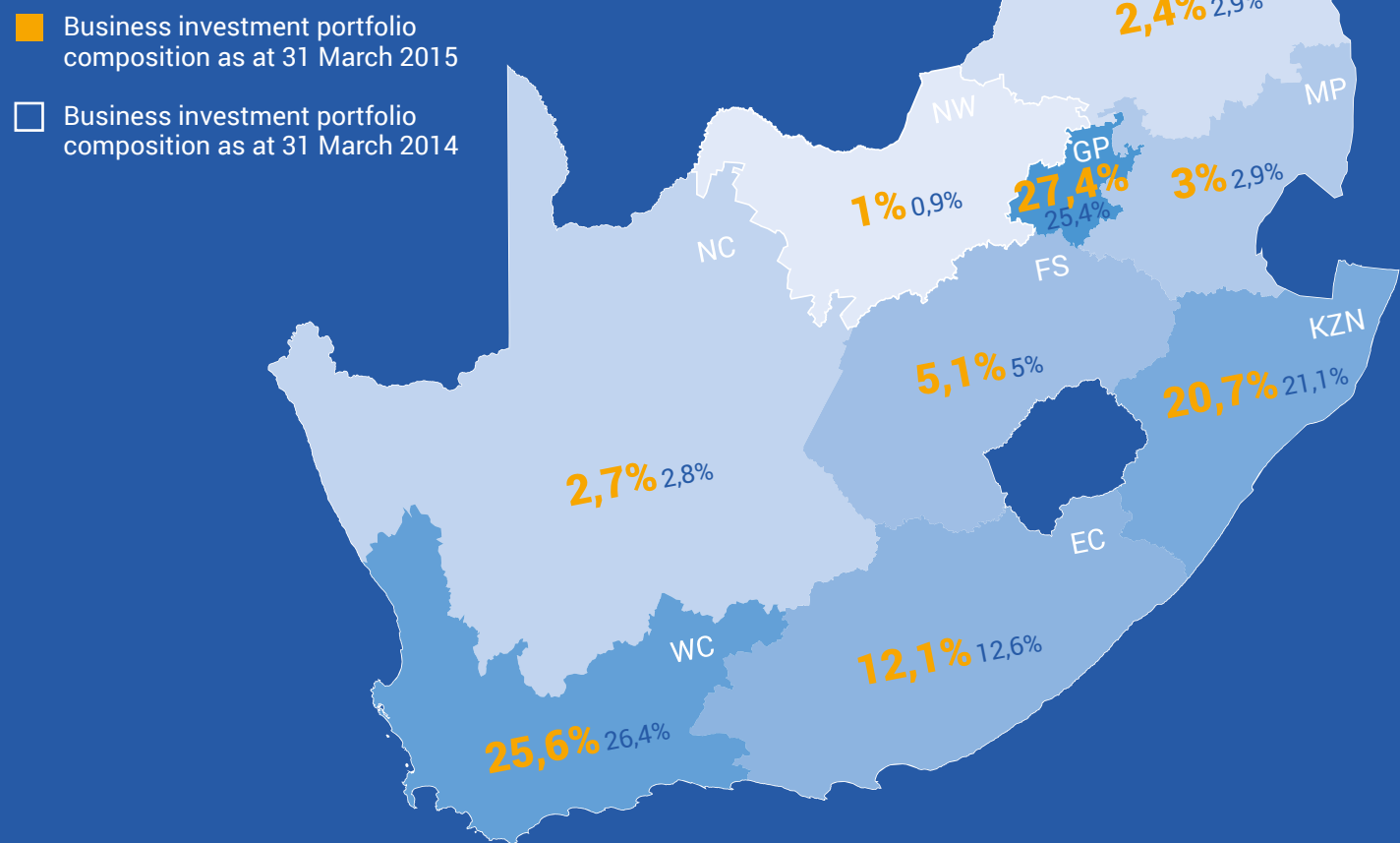


Number of investments

Value of investments



# Distribution of business investments by province



# Statement of financial position as at 31 March 2015

		Group		Company	
	Notes	2015 R000	2014 R000	2015 R000	2014 R000
Assets					
Non-current assets					
Investment properties	3	3 490 050	3 289 247	3 243 078	3 097 182
Loans and receivables	4	1 079 355	958 943	746 835	695 839
Investments in associates	4	1 962 457	1 947 356	1 968 440	1 952 502
Investments in subsidiaries	5	105 249	82 139	87	15
Property and equipment	7			286 927	238 059
Deferred tax asset	6	98 116	86 498	4 563	4 878
Defined benefit pension fund surplus	15	94 973	90 119	86 326	81 561
	8	149 900	124 192	149 900	124 192
Current assets					
Loans and receivables		523 020	460 912	503 444	435 152
Assets held for resale	4	360 612	326 790	359 915	326 967
Accounts receivable	9	2 438	5 316	2 438	5 316
Current income tax asset	10	26 981	26 037	19 753	27 758
Cash and cash equivalents					806
	11	132 989	102 769	121 338	74 305
Total assets		4 013 070	3 750 159	3 746 522	3 532 334
Equity and liabilities					
Capital and reserves*					
Share capital		2 868 292	2 706 018	2 650 517	2 531 596
Fair value and other reserves	12	173 001	173 001	173 001	173 001
Retained earnings	13	81 577	72 300	75 836	67 346
		2 613 714	2 460 717	2 401 680	2 291 249
Non-controlling shareholders' interest					
		1 286	1 006		
Total equity		2 869 578	2 707 024	2 650 517	2 531 596
Non-current liabilities					
Borrowings		995 334	917 084	976 910	898 585
Post-employment medical benefits	14	747 850	691 289	747 850	691 289
Deferred tax liability	8	84 837	77 143	84 837	77 143
	15	162 647	148 652	144 223	130 153
Current liabilities					
Borrowings		148 158	126 051	119 095	102 153
Accounts payable	14	33 790	26 680	33 790	26 680
Provisions	16	54 008	50 748	29 848	29 283
Current income tax liability	17	52 962	48 197	50 551	46 089
Shareholders for dividend		6 983	325	4 491	
		415	101	415	101
Total liabilities		1 143 492	1 043 135	1 096 005	1 000 738
Total equity and liabilities		4 013 070	3 750 159	3 746 522	3 532 334

\* Attributable to equity holders of the parent

# Statement of comprehensive income for the year ended 31 March 2015

	Notes	Group		Company	
		2015 R000	2014 R000	2015 R000	2014 R000
Net interest revenue	18	240 910	231 233	242 426	232 815
Interest income		302 604	274 744	304 112	276 326
Interest expense		(61 694)	(43 511)	(61 686)	(43 511)
Fee revenue		12 758	10 785	12 744	10 774
Investment income and gains	19	136 001	122 380	98 691	87 447
Net property revenue		94 094	83 552	80 391	69 753
Property revenue		181 617	170 938	141 460	135 392
Property expenses		(87 523)	(87 386)	(61 069)	(65 639)
Management and service fee income		26 252	17 311	10 308	13 235
Other income		3 314	4 851	3 262	4 701
<b>Total income</b>		<b>513 329</b>	<b>470 112</b>	<b>447 822</b>	<b>418 725</b>
Net credit losses	20	(36 119)	(46 770)	(35 431)	(46 276)
Staff costs	21	(172 504)	(162 626)	(159 106)	(149 725)
Other operating expenses		(66 089)	(54 474)	(76 299)	(64 444)
<b>Profit before taxation</b>		<b>238 617</b>	<b>206 242</b>	<b>176 986</b>	<b>158 280</b>
Income tax expense	23	(55 912)	(51 405)	(37 145)	(32 281)
<b>Profit for the year</b>		<b>182 705</b>	<b>154 837</b>	<b>139 841</b>	<b>125 999</b>
<b>Other comprehensive income after tax:</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Remeasurement of defined benefit pension fund	13	11 082	17 658	11 082	17 658
Remeasurement of post-employment medical benefits	13	(2 604)	15 018	(2 604)	15 018
Remeasurement of post-employment benefits		8 478	32 676	8 478	32 676
<b>Items that may be subsequently reclassified to profit or loss</b>					
Fair value adjustment of available-for-sale instruments		12	14	12	14
Foreign currency translation reserve movement		31	1 041		
Share of associates' other comprehensive income		756	(90)		
		799	965	12	14
<b>Other comprehensive income for the year</b>		<b>9 277</b>	<b>33 641</b>	<b>8 490</b>	<b>32 690</b>
<b>Total comprehensive income for the year</b>		<b>191 982</b>	<b>188 478</b>	<b>148 331</b>	<b>158 689</b>
<b>Profit attributable to:</b>					
Equity holders of Business Partners Limited		182 486	154 850	139 841	125 999
Non-controlling interests		219	(13)		
		182 705	154 837	139 841	125 999
<b>Total comprehensive income attributable to:</b>					
Equity holders of Business Partners Limited		191 763	188 491	148 331	158 689
Non-controlling interests		219	(13)		
		191 982	188 478	148 331	158 689

# Statement of changes in equity for the year ended 31 March 2015

		Attributable to equity holders of the parent				
	Notes	Share capital R000	Fair value & other reserves* R000	Retained earnings R000	Non-controlling interest R000	Total R000
Group						
Balance at 1 April 2013		173 001	38 659	2 331 817	1 053	2 544 530
Total comprehensive income for the year			33 641	154 850	(13)	188 478
Net profit				154 850	(13)	154 837
Other comprehensive income			33 641			33 641
Dividend	25			(25 950)		(25 950)
Non-controlling interest recognised directly in equity					(34)	(34)
Balance at 31 March 2014		173 001	72 300	2 460 717	1 006	2 707 024
Balance at 1 April 2014						
Balance at 1 April 2014		173 001	72 300	2 460 717	1 006	2 707 024
Share of associates' movement in retained earnings				(79)		(79)
Total comprehensive income for the year			9 277	182 486	219	191 982
Net profit				182 486	219	182 705
Other comprehensive income			9 277			9 277
Dividend	25			(29 410)		(29 410)
Non-controlling interest recognised directly in equity					61	61
Balance at 31 March 2015		173 001	81 577	2 613 714	1 286	2 869 578
Company						
Balance at 1 April 2013		173 001	34 656	2 191 200		2 398 857
Total comprehensive income for the year			32 690	125 999		158 689
Net profit				125 999		125 999
Other comprehensive income			32 690			32 690
Dividend	25			(25 950)		(25 950)
Balance at 31 March 2014		173 001	67 346	2 291 249	-	2 531 596
Balance at 1 April 2014						
Balance at 1 April 2014		173 001	67 346	2 291 249		2 531 596
Total comprehensive income for the year			8 490	139 841		148 331
Net profit				139 841		139 841
Other comprehensive income			8 490			8 490
Dividend	25			(29 410)		(29 410)
Balance at 31 March 2015		173 001	75 836	2 401 680	-	2 650 517

\*The composition of fair value and other reserves is disclosed in note 13.



# Cash flow statement for the year ended 31 March 2015

		Group		Company	
	Notes	2015	2014	2015	2014
		R000	R000	R000	R000
Cash flow from operating activities					
Cash received from clients		529 686	493 229	481 889	447 282
Cash paid to suppliers and employees		(316 885)	(288 985)	(292 089)	(271 259)
Cash generated from operating activities	27.1	212 801	204 244	189 800	176 023
Finance cost		(59 486)	(41 374)	(59 478)	(41 374)
Taxation paid	27.2	(32 247)	(29 749)	(25 845)	(25 371)
Dividends paid	27.3	(29 096)	(25 932)	(29 096)	(25 932)
Net cash flow from operating activities		91 972	107 189	75 381	83 346
Cash flow from investing activities					
Capital expenditure on					
• investment properties		(81 723)	(110 896)	-	-
• property and equipment		(5 041)	(2 225)	(1 947)	(1 799)
Proceeds from sale of					
• investment properties		22 761	4 600	5 261	4 600
• property and equipment		77	1 838	76	88
Loans and receivables advanced		(555 093)	(674 043)	(555 093)	(674 043)
Loans and receivables repaid		442 784	394 800	453 510	399 830
Interest received from other investments		11 423	5 337	10 443	4 435
Loans from subsidiaries repaid				(43 658)	(90 861)
Proceeds from sale of investments in associates		35 024	40 359	35 024	40 359
Dividends received from investments in associates		6 573	10 262	6 573	10 262
Net cash flow from investing activities		(123 215)	(329 968)	(89 811)	(307 129)
Cash flow from financing activities					
Utilisation of long-term borrowings		95 540	251 721	95 540	251 721
Repayment of long-term borrowings		(34 077)	(26 019)	(34 077)	(26 017)
Net cash flow from financing activities		61 463	225 702	61 463	225 704
Net movement in cash and cash equivalents	11	30 220	2 923	47 033	1 921
Cash and cash equivalents at beginning of year	11	102 769	99 846	74 305	72 384
Cash and cash equivalents at end of year		132 989	102 769	121 338	74 305



# Notes to the financial statements for the year ended 31 March 2015

## 1. Accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below and are consistent with those of the previous year, unless otherwise stated.

### 1.1 Basis of preparation

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board ('IASB'), and the Companies Act 71 of 2008 in South Africa. The consolidated financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position:

- Post-employment benefit obligations that are measured in terms of the Projected Unit Credit method.
- Investment properties that are accounted for by using the fair value model.

### 1.2 New and amended statements

#### 1.2.1 New and amended statements adopted

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to the financial year beginning on or after 1 January 2014:

*IAS 19 (revised 2011), Employee benefits.* The IASB issued an amendment to IAS19, which made significant changes to the recognition and measurement of defined benefit pension expenses and termination benefits, as well as to the disclosures for all employee benefits. These changes were adopted in the prior year, except for the reversal of the statutory reserves, which may no longer be recognised in the balance sheet. The statutory reserves have been released from the net surplus in the current year. Refer note 8 for additional disclosures resulting from the amendment.

*Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities.* This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant impact on the disclosures provided in the financial statements.

*Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets.* The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendment did not have a significant impact on the disclosures provided in the financial statements.

*Amendment to IAS 39 'Financial instruments: Recognition and measurement', on novation of derivatives and hedge accounting.* This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The amendment did not have a significant impact on the disclosures provided in the financial statements.

*IFRIC 21, 'Levies',* sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to pay a levy and when a liability should be recognised. The amendment did not have a significant impact on the disclosures provided in the financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

### 1.2.2 New and amended statements not yet adopted

The following amended standards are not yet effective and have not been adopted by the Group:

*Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets.* The IASB has issued this amendment to eliminate the inconsistency between IFRS 10 and IAS 28. If the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business', then the full gain or loss will be recognised by the investor. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. Effective date: 1 January 2016.

*Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying the consolidation exemption.* The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. Effective date: 1 January 2016.

*Amendment to IFRS 11, 'Joint arrangements' on acquisition of an interest in a joint operation.* This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The amendments specify the appropriate accounting treatment for such acquisitions. Effective date: 1 January 2016.

*IFRS 14 – Regulatory deferral accounts.* The IASB has issued IFRS 14, 'Regulatory deferral accounts' ('IFRS 14'), an interim standard on the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). Rate regulation is a framework where the price that an entity charges to its customers for goods and services is subject to oversight and/or approval by an authorised body. Effective date: 1 January 2016.

*Amendments to IAS 1, 'Presentation of financial statements' disclosure initiative.* In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Effective date: 1 January 2016.

*Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets', on depreciation and amortisation.* In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. Effective date: 1 January 2016.

*Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' on bearer plants.* In this amendment to IAS 16 the IASB has scoped in bearer plants, but not the produce on bearer plants and explained that a bearer plant not yet in the location and condition necessary to bear produce is treated as a self-constructed asset. In this amendment to IAS 41, the IASB has adjusted the definition of a bearer plant include examples of non-bearer plants and remove current examples of bearer plants from IAS 41. Effective date: 1 January 2016.

*Amendments to IAS 27, 'Separate financial statements' on equity accounting.* In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Effective date: 1 January 2016.

*IFRS 15 – Revenue from contracts with customers.* The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. Effective date: 1 January 2017.



*IFRS 9 – Financial Instruments (2009 & 2010)– Financial liabilities – Derecognition of financial instruments – Financial assets– General hedge accounting.* This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. Effective date: 1 January 2018.

*Amendment to IFRS 9 – 'Financial instruments', on general hedge accounting.* The IASB has amended IFRS 9 to align hedge accounting more closely with an entity's risk management. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

Early adoption of the above requirements has specific transitional rules that need to be followed. Entities can elect to apply IFRS 9 for any of the following:

- The own credit risk requirements for financial liabilities.
- Classification and measurement (C&M) requirements for financial assets.
- C&M requirements for financial assets and financial liabilities.
- The full current version of IFRS 9 (that is, C&M requirements for financial assets and financial liabilities and hedge accounting).

The transitional provisions described above are likely to change once the IASB completes all phases of IFRS 9. Effective date: 1 January 2018.

The impact of the above standards on the results of the Group has not yet been assessed.

## 1.3 Consolidation

### 1.3.1 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a business is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as and when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent change in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

### 1.3.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-company transactions, balances and unrealised gains on transactions with Group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of the Company.

### 1.3.3 Transactions with non-controlling interests

The Group accounts for transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### 1.3.4 Investments in associates

Associates are all entities over which the Group generally has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss component of the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associates. The latest audited financial statements and approved management accounts are utilised to determine the share of the associated companies' earnings.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount as part of 'Income from associated companies' in the statement of comprehensive income.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

## 1.4 Foreign currencies

### 1.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African rand, which is the Company's functional currency and the Group's presentation currency, rounded to the nearest thousand, except when otherwise indicated.

### 1.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the dates of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'net interest income'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'investment income and gains'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amounts are recognised in other comprehensive income.

### 1.4.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- (a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is partially or fully disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

## 1.5 Financial assets

### 1.5.1 Classification

The Group classifies its financial assets primarily in the following categories: loans and receivables and available-for-sale instruments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### **Available-for-sale financial instruments**

Available-for-sale financial assets are non-derivatives that are designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intends to dispose of them within 12 months of the end of the reporting period.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for loans and receivables with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise 'loans and receivables', 'accounts receivable' and 'cash and cash equivalents' on the face of the statement of financial position.

### 1.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchasing or selling the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all risk and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value and loans and receivables are subsequently carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income.

Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income within 'investment income and gains' when the Group's right to receive payments is established.

### 1.5.3 Impairment of financial assets

#### **Assets classified as available-for-sale**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the asset is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

## Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

## Specific impairments

The portfolio of investments is classified into different risk classes which are defined by the presence of various risk indicators. The presence of these risk indicators is accepted as objective evidence that an impairment event has occurred in the investment. The criteria for assessing the investment's performance in meeting its repayment obligations, and thereby identifying the risk indicators, are as follows:

- A. Investments with no arrears;
- B. Amount in arrears for 30 days is less than the repayment required or value of instalment;
- C. Amount in arrears for 60 days is less than the repayment required or value of instalment;
- D. Amount in arrears for 30 days is greater than value of instalment;
- E. Amount in arrears for 30 days with no planned instalments on account;
- F. Dishonoured payments occurring in the preceding 6 months;
- G. Informal sector loans;
- H. Investments under legal control.

In addition to the assessment of repayment performance, a qualitative assessment is performed to identify other indicators of impairment. The following events are considered to be indicative of impairment:

- The loss of big contracts;
- Labour unrest, litigation or unresolved issues;
- Legal actions being undertaken by other parties against the client;
- Entrance of a new competitor;
- Conflict between partners in the business;
- Shareholders' meetings that are cancelled and which have not been held for a long time;
- The sensitivity of revenue to fluctuations in the market rates;
- Input costs materially affected by high commodity prices or high resource prices.

In quantifying the impairment for investments in the different risk classes, estimates are applied to key variables as follows:

- The probability of a loss giving default occurring for the risk classification applicable to each investment, which ranges from zero percent to 75 percent.
- The time period required from the date of assessment to the point in the future when cash flows are expected from a specific investment. The period is estimated to be 18 months on average. The cash flows are discounted to the current date over the expected period at a discount rate equal to the rate of return expected from the specific investment.

The extent of the loss is quantified by measuring the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the statement of comprehensive income within 'net credit losses'.

## Collective impairments

Impairment losses are recognised for groups of financial assets with similar industry and financial instrument profiles where losses have been incurred but for which the objective evidence of impairment has not yet been identified. The objective evidence is expected to emerge at some period in the future, estimated to be between 6 to 24 months. The impairment losses collectively assessed are accounted for in the statement of comprehensive income within 'net credit losses'.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income within 'net credit losses'.

### 1.5.4 Renegotiated loans

Renegotiated loans are those loans whose terms of repayment have been changed, and are no longer considered to be past due as a result of the renegotiated terms.

Disclosure about financial assets to which the Group is a party is provided in note 2 to the annual financial statements.

## 1.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

## 1.7 Investment properties

Investment properties are recognised as an asset when it is probable that the future economic benefits that are associated with the investment properties will flow to the enterprise in the form of long term rental yields and capital appreciation, and the costs of the investment property can be reliably measured.

Investment properties are initially recorded at cost including transaction costs. Subsequent to initial measurement, investment properties are measured at fair value. Fair value is determined using the capitalised income method as performed by suitably qualified personnel. A gain or loss arising from a change in fair value is included in the statement of comprehensive income within 'investment income and gains'.

## 1.8 Property and equipment

Property and equipment are stated at historical cost less depreciation, including buildings which comprise owner-occupied offices. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part of an asset is derecognised. All other repairs and maintenance are charged to profit and loss during the financial period in which it is incurred.



Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to the residual values over the estimated useful lives of the assets, as follows:

- |  |                        |
|--|------------------------|
| • Buildings                                    | between 25 to 30 years |
| • Machinery, equipment, furniture and fittings | 5 years                |
| • Computer hardware and computer software      | 3 years                |
| • Vehicles                                     | 4 years                |

Land is not depreciated.

The residual value and the useful life of each asset are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other operating expenses'.

## 1.9 Employee benefits

### 1.9.1 Pension obligations

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is any pension plan that is not a defined contribution plan, and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. In terms of this method, the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the statement of comprehensive income in the year in which they arise.

For defined contribution plans, the Group pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense within 'staff costs' when they are due.

### 1.9.2 Post-retirement medical aid obligations

The Group provides post-retirement medical aid benefits to employees and pensioners in service of the Group on or before 30 April 1999. The entitlement to post-retirement medical aid benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the Projected Unit Credit method. Valuations of these obligations are carried out by actuaries. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

## 1.10 Inventories and assets held for resale

Non-financial assets acquired in exchange for loans as part of an orderly realisation are recorded as Inventories and assets held for resale, if the carrying amounts of the assets are recovered principally through sale, the assets are available for sale in their present condition and their sale is highly probable. They consist mainly of repossessed assets and are recorded at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. No depreciation is charged in respect of assets held for resale.

## 1.11 Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business and consist mainly of rent receivable. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

## 1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and deposits held at call with banks.

## 1.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is evidence that it is probable that some or all of the facility will not be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

## 1.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss component of the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Taxes on dividends declared by the Group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the Group.

Indirect taxes, including non-recoverable VAT, are recognised in the statement of comprehensive income as part of 'Other operating expenses'.

### 1.15 Accounts payable

Accounts payable consist mainly of funds held in trust on behalf of customers and obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. The amounts are unsecured and are, where applicable, usually paid within 30 days of recognition. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

### 1.16 Provisions and contingent liabilities

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Employee entitlements to annual leave and bonuses are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Provisions for future operating losses are not recognised.

Contingent liabilities, which include certain guarantees other than financial guarantees, and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised in the financial statements but are disclosed in the notes to the financial statements.

### 1.17 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss component of the statement of comprehensive income on a straight-line basis over the period of the lease.

## 1.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and supply of services in the ordinary course of the Group's activities. Revenue is shown net of discounts, returns and value added taxes and after eliminating sales and supply of services within the Group.

The Group recognises revenue when the amount of the revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

*Interest income* is recognised using the effective interest method on a time apportionment basis, taking account of the principal amount outstanding and the effective rate over the period to maturity to determine when such income will accrue to the Group.

*Royalty income*, fee income and management and service fee income are recognised on an accrual basis in accordance with the substance of the relevant agreements.

*Rental income* is recognised equally over the period of the lease taking into consideration the clauses affecting the rental charge.

*Dividend income* is recognised when the right to receive payment is established.

*Management fee income* earned from the provision of management services is recognised in the accounting period in which the services are rendered, with reference to the stage of completion of the service.

## 1.19 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

### 1.19.1 Impairment of loans and receivables

Assets are subject to regular impairment reviews as required. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount. In determining the recoverable amount on portfolios of investments, the historical loss experience is adjusted to incorporate current economic conditions, as well as changes in the emergence period for evidence of impairment to be identified and reported.

Additional information, is disclosed in note 4.

### 1.19.2 Present value of defined benefit obligation

The present value of the defined benefit obligation using the Projected Unit Credit method relies on a number of assumptions including the discount rate and mortality rates. Any changes in the assumptions applied will impact the carrying amount of the pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate

discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Additional information, as well as the sensitivity analysis, is disclosed in note 8.2.

#### **1.19.3 Present value of post-retirement medical aid obligation**

The present value of the post-retirement medical aid obligation relies on a number of assumptions including the discount rate and the Consumer Price Index to which the medical aid subsidy increase each year is linked. Any changes in the assumptions applied will impact on the carrying amount of the post-retirement obligation.

The Group determines the appropriate discount rate at the end of each year, which is based on the 11,9 year yield from the South African zero coupon government bond yield curve. This is the interest rate used to determine the present value of estimated future cash outflows required to settle the post-retirement medical aid obligations. In the prior year, the rate of the R186 government bond was used.

Additional information, as well as the sensitivity analysis, is disclosed in note 8.3.

#### **1.19.4 Valuation of investment properties**

The valuation of the investment properties was performed internally by suitably qualified personnel and is based on the capitalised income method. The key assumptions used in the valuation of the investment properties are capitalisation rates, vacancy factors and expenses to be incurred on each property. The vacancy factors and property expenses are based on actual and historical trends. Capitalisation rates are determined by management with reference to current market information and management's assessment of the property concerned.

Additional information, is disclosed in note 3.

#### **1.19.5 Income taxes**

The Group is subject to direct and indirect taxation in a number of jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities based on objective estimates of the quantum of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax expense in the period in which such determination is made.

Additional information, is disclosed in note 23.

#### **1.19.6 Deferred tax assets**

Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Management's judgement regarding the probability and sufficiency of future taxable profits, future reversals of existing taxable differences and ongoing developments will determine the recognition of deferred tax. The most significant management assumption is the forecasts used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

Additional information, is disclosed in note 15.

### 1.19.7 Provisions

The accounting policy for provisions is set out in accounting policy note 1.16. The principal assumptions taken into account in determining the value at which provisions are recorded at in the Group's results include determining whether there is an obligation as well as assumptions about the probability of the outflow of resources occurring and the estimate of the amount and timing for the settlement of the obligation.

The probability of an event of a significant nature occurring will be assessed by management and where applicable, consultation with the Group's legal counsel. In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the balance sheet date up to the date of the approval of the financial statements.

### 1.19.8 Consolidation of entities

IFRS requires the Group to consolidate an entity where the Group has power; is exposed to variable returns from its involvement with the investee; and has the power to affect the returns through its power over the entity, including structured entities. Determining whether the Group controls another entity requires judgement by identifying an entity's relevant activities, being those activities that significantly affect the investee's returns, and whether the Group controls those relevant activities by considering the rights attached to both current and potential voting rights, de facto control and other contractual rights, including whether such rights are substantive.

## 1.20 Share capital and dividend distribution

Ordinary shares are classified as equity. Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

## 2. Financial risk management

The Group's activities expose it to a variety of financial risks. The core activities require the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk exposure limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Group's management. In addition, internal audit is responsible for the independent review of risk management policies and the control environment.

The primary financial risks to which the Group is exposed are credit risk, market risk, interest rate risk and liquidity risk.



## 2.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is a material risk for the Group's business. Credit risk exposures arise principally from investing in small and medium businesses, the core business activity of the Group. Credit risk exposures also arise from property rental contracts entered into with lessees.

### 2.1.1 Credit risk measurement

The credit risk for loans and receivables at the investment stage of any potential investment is analysed and assessed in a due diligence process where the entrepreneur is evaluated, the viability of the enterprise is considered and various other risk indicators are determined, verified and benchmarked.

### 2.1.2 Risk management process

The Group manages, limits and controls concentrations of credit risk where they are identified.

#### Loans and receivables

The concentration of risk in the investment portfolio is decreased through industry diversification. The more than 1 574 investment projects in the portfolio are representative of most sectors of the economy, with no specific industry or geographical area representing undue risk. No single investment represents more than 0,8 percent of the total investment portfolio, limiting the concentration of risk in single investments.

The on-going monitoring of the risk profile of the portfolio is guided by investment policies, investment committees and credit control functions. Exception reporting at various levels within the organisation provides early identification of increases in the credit risk of the business investment portfolio. A formal risk assessment process is undertaken in terms of which investments are impaired in line with movements in the credit risk.

#### Collateral

The Group employs various policies and practices to mitigate credit risk, principally by securing collateral for investments made. The Group implements guidelines on the acceptability and valuation of specific classes of collateral. The principal collateral types for loans and receivables are:

- Mortgage bonds over residential, commercial and industrial property;
- Notarial bonds over property and equipment;
- Personal sureties and the cession of policies and investments.

#### Rental contracts

The credit risk of rent debtors is controlled and monitored on an on-going basis by property management committees, credit control functions as well as exception reporting at various levels in the management structure.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000

### 2.1.3 Maximum credit risk exposure

The table below represents the maximum credit risk exposure scenario for the Group without considering any collateral or other credit enhancements.

Related to loans and receivables:				
Interest-bearing loans	2 313 153	2 276 057	2 311 675	2 271 585
Shareholders' loans	111 638	110 670	111 638	110 670
Royalty agreements	52 592	42 394	52 334	41 833
	<b>2 477 383</b>	2 429 121	<b>2 475 647</b>	2 424 088
Related to accounts receivable:				
Rent debtors	18 092	19 315	12 495	11 651
Trade and other receivables	8 889	6 722		
Cash held in bank accounts	132 989	102 769		
Related to off-balance sheet items:				
Loan commitments and other credit related liabilities	392 877	319 664	392 877	319 664
	<b>3 030 230</b>	2 877 591	<b>2 881 019</b>	2 755 403

The maximum credit risk exposure related to loans and receivables is analysed as follows:

#### Industry sector exposure

Construction	151 921	122 284	151 921	122 286
Financial intermediation	689 867	732 735	689 871	732 741
Fishing	19 873	28 058	19 873	28 058
Horticulture, animal farming and forestry	21 690	27 446	21 690	27 446
Leisure	72 912	65 744	72 416	62 932
Manufacturing	567 801	517 679	567 802	517 684
Motor trade	172 694	166 766	172 419	166 031
Personal services	176 491	174 953	176 492	174 838
Quarrying	11 561	32 476	11 561	32 476
Retail	201 171	188 121	200 447	187 066
Transport and communication	87 999	71 605	87 752	71 272
Travel and tourism	209 686	224 600	209 686	224 603
Wholesale	93 717	76 654	93 717	76 655
	<b>2 477 383</b>	2 429 121	<b>2 475 647</b>	2 424 088

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
<b>Geographical exposure</b>				
Eastern Cape	299 190	310 011	298 915	309 019
Free State	124 673	123 147	124 673	119 651
Gauteng	679 268	615 500	678 599	615 448
KwaZulu-Natal	514 579	512 660	514 579	515 180
Limpopo	59 410	68 983	59 410	69 391
Mpumalanga	75 420	72 725	75 062	70 753
North West	23 867	22 460	23 867	22 593
Northern Cape	67 067	67 074	67 067	67 023
Western Cape	633 909	636 561	633 475	635 030
	<b>2 477 383</b>	<b>2 429 121</b>	<b>2 475 647</b>	<b>2 424 088</b>
<b>Product type exposure</b>				
Loan Partner	339 035	384 354	339 036	386 629
Royalty Partner	845 411	860 139	843 672	845 819
Royalty Risk Partner	12 400	12 127	12 400	12 199
Risk Partner	17 183	24 138	17 183	24 281
Equity Partner	50 770	58 027	50 770	58 370
Property Risk Partner	774 528	711 777	774 529	715 990
Property Royalty	298 448	231 293	298 449	232 662
Property Equity Partner	139 608	147 266	139 608	148 138
	<b>2 477 383</b>	<b>2 429 121</b>	<b>2 475 647</b>	<b>2 424 088</b>

#### 2.1.4 Credit quality of loans and receivables

The credit quality of loans and receivables are as follows:				
Neither past due nor individually impaired	1 697 560	1 643 832	1 696 245	1 641 113
Past due, but not individually impaired	2 882	25 894	2 882	25 894
Individually impaired	776 941	759 395	776 520	757 081
Gross	<b>2 477 383</b>	<b>2 429 121</b>	<b>2 475 647</b>	<b>2 424 088</b>
Less: allowance for impairment	<b>(164 481)</b>	<b>(162 330)</b>	<b>(164 222)</b>	<b>(160 774)</b>
	<b>2 312 902</b>	<b>2 266 791</b>	<b>2 311 425</b>	<b>2 263 314</b>

The allowance for impairment of loans and receivables amounts to R164,5 million (2014: R162,3 million). R114,6 million (2014: R116,3 million) represents the individually impaired loans and the balance of R49,9 million (2014: R46,0 million) represents the portfolio impairment. For additional information regarding the allowance for impairment, refer note 4.3.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000

### Loans and receivables neither past due nor individually impaired

The credit quality of the portfolio of loans and receivables that were neither past due nor impaired can be assessed in terms of the internal risk rating system as disclosed in the accounting policies.

Interest-bearing loans	1 544 201	1 502 912	1 543 144	1 500 754
Shareholders' loans	100 767	98 526	100 767	98 526
Royalty agreements	52 592	42 394	52 334	41 833
	<b>1 697 560</b>	<b>1 643 832</b>	<b>1 696 245</b>	<b>1 641 113</b>

### Loans and receivables past due but not individually impaired

Loans and receivables with amounts past due for 30 days that are less than or equal to the required amount due, are not considered impaired, unless specific information indicators are identified. The gross amount of loans and receivables that were past due, but not impaired, are as follows:

Interest-bearing loans	2 882	25 724	2 882	25 724
Shareholders' loans	-	170	-	170
	<b>2 882</b>	<b>25 894</b>	<b>2 882</b>	<b>25 894</b>
Fair value of collateral — interest-bearing loans	<b>2 867</b>	23 784	<b>2 867</b>	23 784

Upon initial recognition of loans and receivables, the fair value of the collateral is determined by applying valuation methodologies applicable to the specific collateral types.

### Loans and receivables individually impaired

The individually impaired loans and receivables without considering the fair value of collateral is analysed as follows:

Interest-bearing loans	766 070	747 421	765 649	745 107
Shareholders' loans	10 871	11 974	10 871	11 974
	<b>776 941</b>	<b>759 395</b>	<b>776 520</b>	<b>757 081</b>
Fair value of collateral — interest-bearing loans	<b>499 260</b>	488 338	<b>499 222</b>	488 101

Upon initial recognition of loans and receivables, the fair value of the collateral is determined by applying valuation methodologies applicable to the specific collateral types.

During the year, interest in the amount of R75,2 million (2014: R65,0 million) earned on individually impaired loans was recognised in revenue.

## Loans and receivables renegotiated

Loans and receivables are classified as renegotiated when a new agreement is concluded. The revised terms are considered for approval after a rigorous risk assessment by a special credit committee.

Renegotiated loans and receivables at the end of the year are as follows:

	Group		Company	
	Continue to be impaired R000	No longer impaired R000	Continue to be impaired R000	No longer impaired R000
<b>At 31 March 2015</b>				
Interest-bearing loans	<u>131</u>	<u>4 841</u>	<u>131</u>	<u>4 841</u>
<b>At 31 March 2014</b>				
Interest-bearing loans	<u>5 504</u>	<u>3 173</u>	<u>5 504</u>	<u>3 173</u>

### 2.1.5 Credit quality of other financial assets

Rent debtors are fully impaired where amounts outstanding exceed 30 days. The provision for doubtful rent debtors amounts to R5,9 million (2014: R4,9 million).

All other financial assets are internally allocated a “performing” risk grade, being neither past due nor impaired.

## 2.2 Market risk

The Group accepts exposure to market risk, which is defined as the risk that the future cash flows from a financial instrument will fluctuate due to changes in the financial market rates. Market risks arise primarily from risks associated with interest rate changes.

### 2.2.1 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the majority of the Group's interest-bearing investments are linked to the prime overdraft rate, changes in the prime rate will affect the revenue of the Group. The prime rate also affects the return on, and the cost of, treasury funds.

If the prime rate was one percent higher during the year, the Group's profit before tax would have been R255,1 million (2014: R222,8 million). Alternatively, if the prime rate was one percent lower, the Group's profit before tax would have been R221,7 million (2014: R189,7 million).

## Risk management process

The sensitivity to interest rate changes is decreased by non-interest revenue instruments in the investment portfolio such as dividends and royalty fees. The exposure to interest rate changes for the Group is reduced by investment in property assets as well as the effect of prime-linked borrowings.

## 2.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations of disbursing investments, settling financial liabilities and commitments and paying day to day expenses when required.

### Risk management process

Liquidity risk management requires maintaining sufficient cash resources through an adequate amount of committed credit facilities.

Monitoring and reporting take the form of cash flow measurements and projections for all key periods. Such cash flow projections take into consideration the Group's debt obligations and covenant compliance as well as regulatory and legal requirements. The major cash outflows consist of investment advances, capital expenditure projects, salaries and wages payments, dividend payments and income tax payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. These financial liabilities have not been discounted as the fair value approximates the carrying value:

	Less than 1 year R000	Between 1 and 2 years R000	Between 2 and 5 years R000	Over 5 years R000	Total R000
<b>At 31 March 2015</b>					
Borrowings (refer note 14.1)	33 790	34 435	116 256	597 159	781 640
Accounts payable	54 008				54 008
Current tax liability	6 983				6 983
<b>At 31 March 2014</b>					
Borrowings (refer note 14.1)	26 680	26 622	94 274	570 393	717 969
Accounts payable	50 748				50 748
Current tax liability	325				325



## 2.4 Fair values of assets and liabilities

The Group uses the following fair value measurement hierarchy to measure the assets and liabilities on the statement of financial position:

- Level 1: Quoted prices in active market for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included with level 1 that are observable.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

### 2.4.1 Financial assets and liabilities not held at fair value

The table below summarises the carrying amounts and approximate fair values of those financial assets and liabilities not held at fair value:

	Carrying Value R000	Fair Value R000	Level 1 R000	Level 2 R000	Level 3 R000	Total balance R000
<b>At 31 March 2015</b>						
<b>Financial assets</b>						
Loans and receivables	2 323 069	2 323 069	-	-	2 323 069	2 323 069
Accounts receivable	26 981	26 981	-	26 981	-	26 981
Cash and cash equivalents	132 989	132 989	132 989	-	-	132 989
	<u>2 483 039</u>	<u>2 483 039</u>	<u>132 989</u>	<u>26 981</u>	<u>2 323 069</u>	<u>2 483 039</u>
<b>Financial liabilities</b>						
Borrowings	781 640	781 640	-	781 640	-	781 640
Accounts payable	54 008	54 008	-	54 008	-	54 008
	<u>835 648</u>	<u>835 648</u>	<u>-</u>	<u>835 648</u>	<u>-</u>	<u>835 648</u>
<b>At 31 March 2014</b>						
<b>Financial assets</b>						
Loans and receivables	2 274 146	2 274 146	-	-	2 274 146	2 274 146
Accounts receivable	26 037	26 037	-	26 037	-	26 037
Cash and cash equivalents	102 769	102 769	102 769	-	-	102 769
	<u>2 402 952</u>	<u>2 402 952</u>	<u>102 769</u>	<u>26 037</u>	<u>2 274 146</u>	<u>2 402 952</u>
<b>Financial liabilities</b>						
Borrowings	717 969	717 969	-	717 969	-	717 969
Accounts payable	50 748	50 748	-	50 748	-	50 748
	<u>768 717</u>	<u>768 717</u>	<u>-</u>	<u>768 717</u>	<u>-</u>	<u>768 717</u>

### Valuation methodology – non-fair value items

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of certain financial assets and financial liabilities have been determined using measurement bases other than fair value. IFRS 13 Fair Value ("IFRS 13") imposes specific fair value disclosure requirements on these items that fall within the scope of the standard. The valuation methodology described below has been applied in order to determine the disclosed fair values for such financial assets and financial liabilities that are not carried at fair value.

## Financial assets and liabilities

The carrying value of financial assets and liabilities held at amortised cost is determined in accordance with the accounting policy. In all cases, the disclosed fair value approximates the carrying value because the instruments are either short term in nature or have interest rates that reflect market interest rates.

### Measurement of financial assets and liabilities at Level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial assets and liabilities not held at fair value categorised as Level 2. A description of the nature of the techniques used to calculate valuations based on observable inputs, is set out in the table below:

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Accounts receivable	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate
Accounts payable	Discounted cash flow model	Discount rate

### Measurement of financial assets and liabilities at Level 3

The table below sets out information about significant unobservable inputs used at the end of the reporting period in measuring financial assets and liabilities not held at fair value categorised as Level 3.

Category of asset/liability	Valuation techniques applied	Significant unobservable inputs
Loans and receivables	Discounted cash flow model	Discount rate, historical loss experience, emergence period

## 2.4.2 Assets and liabilities held at fair value

The table below presents the Group's assets that are measured at fair value:

	Level 1 R000	Level 2 R000	Level 3 R000	Total balance R000
<b>At 31 March 2015</b>				
Available-for-sale financial assets	370	-	6 769	7 139
Investment properties	-	-	1 079 355	1 079 355
	<u>370</u>	<u>-</u>	<u>1 086 124</u>	<u>1 086 494</u>
<b>At 31 March 2014</b>				
Available-for-sale financial assets	353	-	2 316	2 669
Investment properties	-	-	958 943	958 943
	<u>353</u>	<u>-</u>	<u>961 259</u>	<u>961 612</u>

### Measurement of assets at Level 3

The fair value of level 3 assets is determined using valuation techniques which incorporate assumptions based on unobservable inputs and are subject to management judgement. Although the Group believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values could impact the fair value of the assets.

The sensitivity analysis applied to the unobservable inputs in the fair value model of the Investment properties is set out in note 1.19.4

A reconciliation of the opening balances to closing balances for all movements on Investment properties is set out in note 3.

A reconciliation of the opening balances to closing balances for all movements on available-for-sale financial assets is set out in note 4.2.

	Available- for-sale	Amortised cost	Total
	R000	R000	R000

## 2.5 Financial instruments by category

### At 31 March 2015

#### Assets per statement of financial position

Available-for-sale financial assets	7 139		7 139
Loans and receivables		2 312 902	2 312 902
Accounts receivable		26 981	26 981
Cash and cash equivalents		132 989	132 989
	<u>7 139</u>	<u>2 472 872</u>	<u>2 480 011</u>

#### Liabilities per statement of financial position

Borrowings		781 640	781 640
Accounts payable		54 008	54 008
	<u>-</u>	<u>835 648</u>	<u>835 648</u>

### At 31 March 2014

#### Assets per statement of financial position

Available-for-sale financial assets	2 668		2 668
Loans and receivables		2 266 791	2 266 791
Accounts receivable		26 037	26 037
Cash and cash equivalents		102 769	102 769
	<u>2 668</u>	<u>2 395 597</u>	<u>2 398 265</u>

#### Liabilities per statement of financial position

Borrowings		717 969	717 969
Accounts payable		50 748	50 748
	<u>-</u>	<u>768 717</u>	<u>768 717</u>

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000

## 2.6 Capital management

The Group's objectives in managing its capital are:

- To protect the going concern status in order to continue providing returns for shareholders and benefits for other stakeholders; and
- To maintain an optimal capital structure to reduce the cost of capital with which to support the development and growth of the business.

The table below summarises the composition of capital:

Share capital	173 001	173 001	173 001	173 001
Fair value and other reserves	81 577	72 300	75 836	67 346
Retained earnings	2 613 714	2 460 717	2 401 680	2 291 249
<b>Total capital</b>	<b>2 868 292</b>	<b>2 706 018</b>	<b>2 650 517</b>	<b>2 531 596</b>

## 3. Investment properties

Fair value – beginning of year	958 942	787 608	695 839	662 485
Acquisitions	81 723	110 896	–	–
Improvements	1 506	8 115	1 969	2 887
Disposals	(20 540)	(3 340)	(3 710)	(3 340)
Depreciation on leasehold property	–	(84)	–	(84)
Fair value adjustment	57 724	55 748	52 737	33 891
<b>Fair value – end of year</b>	<b>1 079 355</b>	<b>958 943</b>	<b>746 835</b>	<b>695 839</b>

The valuation of property investments is performed internally by suitably qualified personnel and uses a capitalised income valuation method. The key assumptions used in the valuation of the investment properties are as follows:

- Capitalisation rates varied between 9,0 and 14,0 percent (2014: 9,5 and 14,0 percent);
- Vacancy factors varied between zero and 5,0 percent (2014: zero and 5,0 percent);
- Property expenses varied between 10,2 and 38,9 percent of total rent and recoveries (2014: 9,8 and 36,8 percent).

If the capitalisation rate was on average one percent higher for the portfolio, the Group's profit before tax would have been R150,5 million (2014: R152,5 million). Conversely, if the capitalisation rate was on average 1 percent lower for the portfolio, the Group's profit before tax would have been R318,1 million (2014: R270,4 million).

The Group has not classified nor accounted for properties subject to an operating lease as investment property. No contractual obligations for the construction or development of investment properties exists.

The following items regarding the investment properties are included in the profit and loss component of the statement of comprehensive income:

• Rental income	153 287	139 183	106 615	103 258
• Repairs and maintenance expenses	15 991	19 185	11 728	15 654
• Other operating expenses	68 380	64 614	45 678	46 675

A register of the property portfolio is available for inspection at the registered office.

		Group		Company	
		2015	2014	2015	2014
		R000	R000	R000	R000
<b>4. Loans and receivables</b>					
Investment in <i>En Commandite</i> partnerships	(refer note 4.1)	3 028	4 687	11 803	13 905
Available-for-sale financial assets	(refer note 4.2)	7 139	2 668	5 127	2 250
Gross loans and receivables	(refer note 4.3)	2 477 383	2 429 121	2 475 647	2 424 088
Less: Allowance for impairment	(refer note 4.3)	(164 481)	(162 330)	(164 222)	(160 774)
Carrying value of loans and receivables		<b>2 323 069</b>	<b>2 274 146</b>	<b>2 328 355</b>	<b>2 279 469</b>
Long-term portion		1 962 457	1 947 356	1 968 440	1 952 502
Short-term portion		360 612	326 790	359 915	326 967
		<b>2 323 069</b>	<b>2 274 146</b>	<b>2 328 355</b>	<b>2 279 469</b>

#### 4.1 Investment in *En Commandite* partnerships

The Company entered into an *En Commandite* partnership in March 2003 with the Umsobomvu Youth Fund to establish a R125 million investment fund aimed at expanding the ownership of franchises amongst the previously disadvantaged youth. The Company contributed 20 percent of the capital for the fund, and the Umsobomvu Youth Fund the balance of 80 percent. Currently the partnership is in the winding up phase, primarily concerned with the collection of the outstanding loans and receivables.

The Company entered into an *En Commandite* partnership in February 2006 with Small Enterprise Finance Agency Limited (previously known as Khula Enterprise Finance Limited) to establish a R150 million investment fund aimed at promoting start-up ventures amongst previously disadvantaged individuals. The Company contributed 20 percent of the capital for the fund, and Khula the balance of 80 percent. Currently the partnership is in the winding up phase, primarily concerned with the collection of the outstanding loans and receivables.

The investments are stated at cost and profits are equity accounted in accordance with specifications of the partnership agreements.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000

## 4.2 Available-for-sale financial assets

Fair value – beginning of year	2 668	747	2 250	333
Disposals	-	(12)	-	(12)
Acquisitions	4 454	1 902	2 860	1 897
Fair value surplus transferred to equity	17	32	17	32
Fair value – end of year	7 139	2 669	5 127	2 250

Available-for-sale financial assets include the following:

Listed securities	370	353	370	353
Unlisted securities	6 769	2 316	4 757	1 897
	7 139	2 669	5 127	2 250

The above available-for-sale investments, comprise listed and unlisted shares, both of which are measured at fair value. The fair value of listed shares is determined with reference to quoted prices on the relevant securities exchange. The fair value of unlisted shares is determined with reference to recognised valuation techniques performed by the directors.

Refer to note 7.1 and 2.4.2 for detail on the fair value movement relating to unlisted shares.



## 4.3

### Loans and receivables

#### Interest-bearing loans

These loans are secured and are priced at market rates representative of the risk of the investment and the quality and extent of the collateral pledged. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity that vary between 9,3 and 23,8 percent per annum. The amortised cost of the interest-bearing loans approximates fair value, as the loans are priced at variable, market related rates.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Gross interest-bearing loans	2 313 153	2 276 057	2 311 675	2 271 585
Less: allowance for impairment	(153 805)	(151 632)	(153 546)	(150 076)
	<b>2 159 348</b>	<b>2 124 425</b>	<b>2 158 129</b>	<b>2 121 509</b>

#### Shareholders' loans

These loans are unsecured, and are priced at interest rates between zero and 9,3 percent per annum. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity equal to the prime rate at the date of approval of the loan. Fair value at initial recognition is determined with reference to the prime rate. Should the repayment terms of the loan be indeterminable the loan is recognised at cost. The amortised cost of the shareholders' loans approximates fair value.

Gross shareholders' loans	111 638	110 670	111 638	110 670
Less: allowance for impairment	(10 676)	(10 698)	(10 676)	(10 698)
	<b>100 962</b>	<b>99 972</b>	<b>100 962</b>	<b>99 972</b>

#### Royalty agreements

The cash flows expected from royalty agreements are determined by adjusting the contracted royalty payments with a risk factor. The expected future royalty payments are initially measured at fair value and then measured at amortised cost by applying a discount rate equal to the expected return from the investment linked to the royalty agreement. The rates vary between 1,2 percent and 14,1 percent. The amortised cost of royalty agreements approximates fair value.

Royalty agreements	52 592	42 394	52 334	41 833
Gross loans and receivables	2 477 383	2 429 121	2 475 647	2 424 088
Less: Allowance for impairment	(164 481)	(162 330)	(164 222)	(160 774)
<b>Total for loans and receivables</b>	<b>2 312 902</b>	<b>2 266 791</b>	<b>2 311 425</b>	<b>2 263 314</b>

The Group accepted mortgage bonds, notarial bonds and other types of security, at a value of R1 838,1 million (2014: R1 832,4 million) as collateral for interest-bearing loans. The Group has the authority to cede or repledge this collateral.

At the reporting date, although the Group has not sold or repledged any of the collateral held, the Group has ceded contingent rights to its loans and receivables as collateral for a loan facility in the amount of R400 million (refer note 14.1).

	Interest- bearing loans R000	Share- holders' loans R000	Total R000
<b>Reconciliation of allowance for impairment on loans and receivables</b>			
<b>Group</b>			
<b>At 1 April 2013</b>	146 469	12 079	158 548
Impairment allowance raised on new investments	37 989	660	38 649
Impairment reversed on investments written off or repaid	(40 555)	(986)	(41 541)
Increase in impairment allowance on existing investments	34 285	1 982	36 267
Decrease in impairment allowance on existing investments	(26 556)	(3 037)	(29 593)
<b>At 31 March 2014</b>	<b>151 632</b>	<b>10 698</b>	<b>162 330</b>
<b>At 1 April 2014</b>	<b>151 632</b>	<b>10 698</b>	<b>162 330</b>
Impairment allowance raised on new investments	28 217	266	28 483
Impairment reversed on investments written off or repaid	(45 770)	(981)	(46 751)
Increase in impairment allowance on existing investments	38 280	861	39 141
Decrease in impairment allowance on existing investments	(18 554)	(168)	(18 722)
<b>At 31 March 2015</b>	<b>153 805</b>	<b>10 676</b>	<b>164 481</b>
<b>Company</b>			
<b>At 1 April 2013</b>	144 804	12 079	156 883
Impairment allowance raised on new investments	37 916	660	38 576
Impairment reversed on investments written off or repaid	(40 431)	(986)	(41 417)
Increase in impairment allowance on existing investments	34 130	1 982	36 112
Decrease in impairment allowance on existing investments	(26 343)	(3 037)	(29 380)
<b>At 31 March 2014</b>	<b>150 076</b>	<b>10 698</b>	<b>160 774</b>
<b>At 1 April 2014</b>	<b>150 076</b>	<b>10 698</b>	<b>160 774</b>
Impairment allowance raised on new investments	28 218	266	28 484
Impairment reversed on investments written off or repaid	(44 459)	(981)	(45 440)
Increase in impairment allowance on existing investments	38 211	861	39 072
Decrease in impairment allowance on existing investments	(18 500)	(168)	(18 668)
<b>At 31 March 2015</b>	<b>153 546</b>	<b>10 676</b>	<b>164 222</b>

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000

## 5. Investments in associates

Audited financial statements are used to account for the share of associated companies' earnings. For those associates for which audited financial statements are not available, an estimation is made of the associated company's earnings. For the current year, the impact is estimated to amount to a profit of R0,8 million before tax (2014: loss of R0,5 million). A register containing details of all listed, unlisted and other investments is available at the registered office.

Unlisted shares at cost	1 888	1 953	87	151
Share of retained earnings	103 361	80 186		
Total for unlisted associates	105 249	82 139	87	151
Fair value of investment in associates	254 348	200 590	254 348	198 789

The valuation methods applied to determine the directors' valuation are consistent with the valuation guidelines recommended by the South African Venture Capital and Private Equity Association (SAVCA).

The movement in investments in associates is as follows:

Balance – beginning of year	82 139	76 938	151	380
Share of results before tax	47 591	27 909		
Share of tax	(11 168)	(8 842)		
Other movements (net of acquisitions and disposals)	(13 313)	(13 866)	(64)	(229)
Balance – end of year	105 249	82 139	87	151

The Company has investments in 398 associates (2014: 370), a list of which is available at the registered office for inspection. The detail of the Company's investment in associates, principally their assets, liabilities, revenues, profits or losses and the percentage held, is not disclosed as these investments are not individually material to the results of the Group.

All balances included in investments in associates are from continued operations and do not have discontinued operations.

		Group		Company	
		2015	2014	2015	2014
		R000	R000	R000	R000
6.	Property and equipment				
6.1	Equipment				
	Cost – beginning of year	28 893	27 366	28 076	26 856
	Acquisitions	2 183	2 225	1 947	1 799
	Disposals	(3 530)	(698)	(3 509)	(579)
	Cost – end of year	27 546	28 893	26 514	28 076
	Accumulated depreciation – beginning of year	(24 560)	(22 631)	(24 300)	(22 365)
	Depreciation charged	(2 399)	(2 576)	(2 216)	(2 478)
	Depreciation on disposals	3 471	647	3 470	543
	Accumulated depreciation – end of year	(23 488)	(24 560)	(23 046)	(24 300)
	Closing net carrying value	4 058	4 333	3 468	3 776
6.2	Land and buildings				
	Cost – beginning of year	89 641	90 315	1 147	1 147
	Additions	10 070	–	–	–
	Disposals	–	(674)	–	–
	Cost – end of year	102 569	89 641	1 147	1 147
	Accumulated depreciation – beginning of year	(7 476)	(6 649)	(45)	(38)
	Depreciation charged	(1 035)	(846)	(7)	(7)
	Depreciation on disposals	–	19	–	–
	Accumulated depreciation – end of year	(8 511)	(7 476)	(52)	(45)
	Closing net carrying value	94 058	82 165	1 095	1 102
	Total net carrying value for property and equipment	98 116	86 498	4 563	4 878

## 7. Investments in subsidiaries

	Company	
	2015	2014
	R000	R000
Unlisted shares at cost	13	13
Interest free loans	267 073	214 727
Interest-bearing loans	24 959	29 681
Provisions	(5 118)	(6 362)
	<b>286 927</b>	<b>238 059</b>

Interest bearing loans comprise a loan made available to Business Partners Properties 002 (Pty) Ltd to purchase a property. The loan has a tenure of 10 years and interest is charged at prime minus one percent.

The Company's interest in the aggregate net profits and losses of subsidiaries are:

Profits	28 115	41 457
Losses	(882)	(4 679)

The details of the subsidiaries are disclosed in note 29.

### 7.1 Unconsolidated structured entities

The Group is involved with an unconsolidated structured entity through a 6,67 percent (2014: 6,67 percent) interest held by Business Partners Ltd ('BPL') in Business Partners International Southern Africa Fund LLC ('SAF').

The SAF is incorporated in Mauritius and is a US\$30,0 million fund with the objective of investing capital, knowledge and skills in viable SME's in Malawi, Namibia and Zambia. The SAF is financed by issuing shares to investors.

The SAF is managed by Business Partners International (Pty) Ltd ('BPI'), a subsidiary of BPL. BPI earns an asset-based fee and a performance-based incentive fee.

The change in fair value of BPL's interest in SAF will be included as 'Gains or losses from available-for-sale financial assets' in the statement of comprehensive income as other comprehensive income that may subsequently be reclassified to profit and loss. At 31 March 2015, there was no amount included in 'Gains or losses from Available-for-sale financial assets' as the carrying amount approximates the fair value.

The Group's maximum exposure to losses from its interests in the SAF is equal to the total fair value of its investments in the SAF.

The Group has committed to invest US\$2,0 million during the investment period of the SAF. Total investment by the Group in the SAF during the year ended 31 March 2015 was US\$421 381 or R4,8 million (2014:US\$173 326 or R1,9 million) .

## 8. Post-employment benefits

### 8.1 Defined Contribution Pension Fund

The Group pays fixed contributions into a separate trustee-administered fund in terms of the defined contribution plan. The Group has no legal or constructive obligation to pay additional contributions to the fund apart from those contributions that are contractual between the employer and employee. Should the fund not hold sufficient assets to pay employee benefits, no liability to make any additional contribution can or will accrue to the Group. The amounts included in the statement of comprehensive income under staff costs for the Defined Contribution Fund are R9,4 million (2014: R9,7 million).

### 8.2 Defined Benefit Pension Fund

The Group operates a defined benefit pension fund for the benefit of pensioners providing a guaranteed level of pension payable. The fund is closed to new members and has no active members. The benefits provided are based on years of service and remuneration level at retirement. Responsibility for the governance of the fund is vested in the board of trustees and regulated as described below.

The past service obligation as at 31 March 2015 in respect of pensioners, has been calculated in accordance with the Projected Unit Credit method by actuaries. No current service costs were incurred since the fund has no active members. The interest cost represents the increase during the year in the obligation which arises because the benefits are one year closer to settlement and is determined by multiplying the discount rate by the average liability over the period.

The fund is governed by the Pension Funds Act of 1956 (as amended) which requires that a statutory valuation be carried out at least every three years. The last statutory valuation of the fund was conducted at 1 April 2013 and confirmed that the fund was in a sound financial position. The funding level, in terms of the market value of the plan assets and this valuation basis and assumptions, was 251,0 percent (2014: 219,9 percent).

The Pension Funds Second Amendment Act of 2001 ("the PF Act") regulates a surplus apportionment and avoids the inappropriate distribution of surpluses. In terms of the rules of the Fund, the surpluses in the Fund are for the benefit of the employer and are recognised in full as an asset on the statement of financial position. The increase in the value of the surplus of R25,7 million (2014: increase of R33,6 million) is accounted for in the statement of comprehensive income.

The PF Act requires that a fund establish contingency reserves to ensure the financial soundness of the fund. The contingency reserves consist of a Data Reserve and a Solvency Reserve amounting to R1,3 million (2014: R1,2 million) and R12,1 million (2014: R11,4 million) respectively. With the issuance of IAS19 revised and the accompanying guidance statement FRG 3, the recognition of a liability for these reserves is no longer permitted. The liability for these reserves has been reversed through other comprehensive income in the financial year ended 31 March 2015.

		Group	
		2015	2014
		R000	R000
<b>8.2.2</b>	<b>Amount recognised in the statement of financial position</b>		
Market value of assets		249 180	227 803
Present value of defined benefit obligation		(99 280)	(91 040)
		149 900	136 763
Less: Contingency reserves		–	(12 571)
Defined benefit pension fund surplus		149 900	124 192
<b>8.2.3</b>	<b>Defined benefit plan reconciliations</b>		
<b>Reconciliation of the net surplus:</b>			
Defined benefit pension fund surplus — beginning of year		124 192	90 593
Movement in obligation		(15 746)	(1 563)
Growth in plan assets		30 473	31 594
Movement in contingency reserves		12 571	4 270
Expenses and tax paid		(1 590)	(702)
Defined benefit pensions fund surplus — end of year		149 900	124 192
<b>Reconciliation of the movement in the defined benefit obligation:</b>			
Defined benefit obligation — beginning of year		91 040	96 643
Interest expense		8 194	7 499
Benefits paid		(7 506)	(7 166)
		91 728	96 976
Remeasurements		7 552	(5 936)
Defined benefit obligation — end of year		99 280	91 040
<b>Reconciliation of the movement in the plan assets:</b>			
Market value of assets — beginning of year		227 803	204 077
Interest income		20 101	17 275
Remeasurement		10 372	14 319
Benefits paid		(7 506)	(7 166)
Expenses and tax paid		(1 590)	(702)
Market value of assets — end of year		249 180	227 803



	Group	
	2015	2014
	R000	R000

#### 8.2.4 Nature of the pension fund assets

The pension fund assets are administered by asset managers in accordance with prudential guidelines, and consist of the following:

Equity assets	125 812	113 888
Capital market assets	80 157	70 733
Money market assets	43 211	43 182
Market value of assets – end of year	249 180	227 803

The value of assets disclosed above are based on quoted prices in active markets.

#### 8.2.5 Movements in defined benefit plan accounted for in the statement of comprehensive income

Interest income on net surplus	11 907	9 776
Expenses and tax paid	(1 590)	(702)
Total included in staff costs (refer note 21)	10 317	9 074
Remeasurements and movement in contingency reserves	15 391	24 525
Actual return on assets	10 372	14 319
Change in financial assumptions – (loss) / gain	(2 231)	5 077
Change in demographic assumptions – (loss) / gain	(4 207)	–
Experience adjustments – (loss) / gain	(1 114)	859
Movement in contingency reserves	12 571	4 270
Total recognised in other comprehensive income before tax	15 391	24 525
Total recognised in the statement of comprehensive income	25 708	33 599

#### 8.2.6 The principal actuarial assumptions

Discount rate	9,0%	8,3%
Expected rate of return on plan assets	9,0%	8,3%
Inflation rate	6,5%	7,0%
Target pension increase	5,8%	6,2%
Average life expectancy	12,9 yrs	13,3 yrs
Post-retirement mortality – PA(90) mortality tables with age reduction	2 yrs	2 yrs

8.2.7 Sensitivity analysis

	Group	
	2015	2014
	R000	R000
<hr/>		
Should the discount rate change by one percent, the impact would be as follows:	Increase of 1%	Decrease of 1%
Change in liability — (decrease) / increase	(8 594)	10 148
The mortality assumption used in the calculation of the liability assumes a one percent improvement per annum in mortality rates. Should the mortality assumption change by one percent per annum, the impact would be as follows:	Improvement of 2% per annum	No improvement
Change in liability — increase / (decrease)	4 843	(4 207)

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 8.3 Post-employment medical benefits

The Group operates a post-retirement medical aid benefit scheme for employees and pensioners who were in the service of the Group on or before 30 April 1999. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The post-retirement medical aid subsidy increases annually by 89 percent of the Consumer Price Index (CPI). Accordingly, the main actuarial assumption used in determining the liability relates to the future movements in the CPI. The CPI assumption for the current year is 6,4 percent (2014: 6,8 percent). An investment return of 8,2 percent per annum was applied and is based on the 11,9 year yield from the South African zero coupon government bond yield curve as at 31 March 2015 (2014: 8,8 percent; 13,3 year yield). This plan is unfunded.

	Group	
	2015	2014
	R000	R000
<b>8.3.1 Amount recognised in the statement of financial position</b>		
Liability – beginning of year	77 143	93 518
Benefits paid	(3 687)	(3 440)
Recognised in comprehensive income for the year	11 381	(12 935)
Liability – end of year	84 837	77 143
<b>8.3.2 Movements in post-employment medical benefits accounted for in the statement of comprehensive income</b>		
Interest expense	6 627	6 892
Current service cost	1 138	1 031
Total included in staff costs (refer note 21)	7 765	7 923
Remeasurements	3 616	(20 858)
Change in model – (gain) / loss	-	(2 974)
Change in economic assumptions – (gain) / loss	2 220	(14 085)
Experience adjustments – (gain) / loss	(1 285)	(943)
Change in demographic profile – (gain) / loss	2 681	(2 856)
Total recognised in the statement of comprehensive income	11 381	(12 935)
<b>8.3.3 Sensitivity analysis</b>		
Should the subsidy inflation rate change by one percent, the impact would be as follows:	<b>Increase of 1%</b>	<b>Decrease of 1%</b>
Change in interest expense – increase / (decrease)	1 153	(941)
Change in current service cost – increase / (decrease)	141	(119)
Change in liability – increase / (decrease)	10 293	(8 698)
Should the mortality assumption change by one year, the impact would be as follows:	<b>Increase of 1 year</b>	<b>Decrease of 1 year</b>
Change in interest expense – (decrease) / increase	(134)	134
Change in current service cost – (decrease) / increase	(34)	34
Change in liability – (decrease) / increase	(2 633)	2 643

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 8.4 Exposure to actuarial risk

The post-employment obligations expose the Group to the risk that the benefits promised cost more than the accumulated assets set aside to meet such benefits, which will ultimately require additional funding from the Group. This risk can be categorised as follows:

### Investment risk

The actuarial valuations make assumptions about the returns that may be available on invested assets. If the return on plan assets is below this rate, it may lead to a strain on the fund, which over time, may lead to a plan deficit.

For the year under review, no asset-liability matching strategies were employed by the fund to manage investment risk. A liability driven investment strategy has however subsequently been implemented to reduce the interest rate risk to which the fund is exposed. This consists of applying a dynamic hedging/matching strategy by investing assets to match the fund's obligations to the pensioners in a combination of a Matching and a Growth Portfolio. The fund is well hedged for future market movements.

### Inflation risk

Benefits in these plans are linked to inflation. Increased inflation represents the risk of increasing the cost of meeting the benefit obligation.

### Longevity risk

If members live longer than expected, the fund's obligation will increase as the benefits are paid for a longer period.

### Regulatory risk

The funds' benefit obligations are governed by the rules of the respective plans which operate within the regulatory framework of the country. Should the regulatory framework change, the Group is exposed to a risk of an increase in the obligations.

## 8.5 Cash flow impact

No contributions will be made to the defined benefit pension fund in the coming financial year. Contributions to the post-employment medical plan and the defined contribution fund are expected to approximate R3,9 million and R10,0 million respectively.

The weighted average duration of the defined benefit obligation is 10 years and the medical aid benefit is 11.9 years.

The expected maturity analysis of undiscounted pension and post-employment medical benefits at 31 March 2014 are as follows:

	Less than 1 year R000	Between 1 and 2 years R000	Between 2 and 5 years R000	Over 5 years R000	Total R000
Defined benefit pension fund	7 697	7 470	21 066	88 219	124 452
Post-employment medical benefits	4 620	5 078	17 698	325 533	352 929
	<u>12 317</u>	<u>12 548</u>	<u>38 764</u>	<u>413 752</u>	<u>477 381</u>

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
<b>9. Assets held for resale</b>				
Reposessed properties (at lower of cost or net realisable value)	2 425	5 308	2 425	5 308
Other (at cost)	13	8	13	8
	<b>2 438</b>	<b>5 316</b>	<b>2 438</b>	<b>5 316</b>
Reposessed assets, which comprise mainly properties acquired at auction, were used to reduce the outstanding indebtedness of clients and are sold as soon as practical.				
<b>10. Accounts receivable</b>				
Rent debtors	18 092	19 315	12 495	11 651
Trade receivables	184	987	27	27
Insurance pre-paid and claims receivable	959	1 275	769	1 062
Sundry deposits	2 380	1 807	1 785	1 435
Tenant deposits held in trust by subsidiary			–	11 700
Other	5 366	2 653	4 677	1 883
	<b>26 981</b>	<b>26 037</b>	<b>19 753</b>	<b>27 758</b>
<b>11. Cash and cash equivalents</b>				
Bank current and call accounts	112 720	82 987	109 796	63 538
Funds held in trust on behalf of third parties	20 269	19 782	11 542	10 767
	<b>132 989</b>	<b>102 769</b>	<b>121 338</b>	<b>74 305</b>
<b>12. Share capital</b>				
<b>12.1 Authorised</b>				
400 000 000 ordinary shares of R1 each	400 000	400 000	400 000	400 000
<b>12.2 Issued</b>				
173 000 594 (2014: 173 000 594) ordinary shares of R1 each	173 001	173 001	173 001	173 001

### 13. Fair value and other reserves

	Net actuarial loss on post-retirement benefits	Fair value adjust- ment to financial instruments	Foreign currency translation reserve	Share of other comprehensive in- come of associates	Total
	R000	R000	R000	R000	R000
<b>Group</b>					
<b>At 1 April 2013</b>	34 573	83	3 047	956	38 659
Remeasurement of post-employment benefits:					
Defined benefit pension fund					
• gross	24 525				24 525
• tax	(6 867)				(6 867)
Post-employment medical benefits					
• gross	20 858				20 858
• tax	(5 840)				(5 840)
Revaluation					
• gross		20			20
• tax		(6)			(6)
Currency translation differences			1 041		1 041
Share of associates other comprehensive income				(90)	(90)
<b>At 31 March 2014</b>	<u>67 249</u>	<u>97</u>	<u>4 088</u>	<u>866</u>	<u>72 300</u>
<b>At 1 April 2014</b>	67 249	97	4 088	866	72 300
Remeasurement of post-employment benefits:					
Defined benefit pension fund					
• gross	15 391				15 391
• tax	(4 309)				(4 309)
Post-employment medical benefits					
• gross	(3 616)				(3 616)
• tax	1 012				1 012
Revaluation					
• gross		17			17
• tax		(5)			(5)
Currency translation differences			31		31
Share of associates other comprehensive income				756	756
<b>At 31 March 2015</b>	<u>75 727</u>	<u>109</u>	<u>4 119</u>	<u>1 622</u>	<u>81 577</u>
<b>Company</b>					
<b>At 1 April 2013</b>	34 573	83	-	-	34 656
Remeasurement of post-employment benefits:					
Defined benefit pension fund					
• gross	24 525				24 525
• tax	(6 867)				(6 867)
Post-employment medical benefits					
• gross	20 858				20 858
• tax	(5 840)				(5 840)
Revaluation					
• gross		20			20
• tax		(6)			(6)
<b>At 31 March 2014</b>	<u>67 249</u>	<u>97</u>	<u>-</u>	<u>-</u>	<u>67 346</u>
<b>At 1 April 2014</b>	67 249	97	-	-	67 346
Remeasurement of post-employment benefits:					
Defined benefit pension fund					
• gross	15 391				15 391
• tax	(4 309)				(4 309)
Post-employment medical benefits					
• gross	(3 616)				(3 616)
• tax	1 012				1 012
Revaluation					
• gross		17			17
• tax		(5)			(5)
<b>At 31 March 2015</b>	<u>75 727</u>	<u>109</u>	<u>-</u>	<u>-</u>	<u>75 836</u>

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
<b>14. Borrowings</b>				
<b>14.1 Non-current</b>				
Interest-free long-term loans	173	173	173	173
Interest-free Jobs Fund loan	24 709	1 960	24 709	1 960
Interest-bearing long-term loans	722 968	689 156	722 968	689 156
	<b>747 850</b>	691 289	<b>747 850</b>	691 289
<b>Current</b>				
Short-term portion of long-term loans	33 790	26 680	33 790	26 680
	<b>781 640</b>	717 969	<b>781 640</b>	717 969

The nature and terms of the Interest-bearing long-term loans are as follows:

- Loans secured by bonds over properties and incurring interest at rates between prime minus 0,5 percent and prime minus one percent. The loans' repayment terms are 5 and 10 years respectively. Refer note 2.3.
- A loan secured by a cession of the loans and receivables and incurring interest at prime minus 1,5 percent. The loan's repayment term is 10 years. Refer note 2.3.

The nature and terms of the Interest-free Jobs Fund loan is as follows:

- The Group obtained a loan from the Jobs Fund, amounting to R48,7 million, with the objective to facilitate the establishment of new franchise sites. The loan will be drawn down over a 3 year period and will become repayable in 5 years. No interest is payable on this loan.

## 14.2 Borrowing powers

The maximum permitted borrowings in terms of the Company's memorandum of incorporation (calculated by multiplying the Company's total capital and reserves by a factor of 1.4).

Total borrowings	<b>3 710 724</b>	3 544 234
	<b>781 640</b>	717 969



## 15. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28 percent (2014: 28 percent).

An aging of deferred tax assets and deferred tax liabilities is as follows:

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Deferred tax asset				
• Deferred tax assets to be recovered after more than 12 months	84 199	80 555	76 389	72 749
• Deferred tax assets to be recovered within 12 months	10 774	9 564	9 937	8 812
	<u>94 973</u>	<u>90 119</u>	<u>86 326</u>	<u>81 561</u>
Deferred tax liability				
• Deferred tax liabilities to be recovered after more than 12 months	(136 600)	(116 764)	(118 244)	(98 265)
• Deferred tax liabilities to be recovered within 12 months	(26 047)	(31 888)	(25 979)	(31 888)
	<u>(162 647)</u>	<u>(148 652)</u>	<u>(144 223)</u>	<u>(130 153)</u>
Net deferred tax liabilities	<u>(67 674)</u>	<u>(58 533)</u>	<u>(57 897)</u>	<u>(48 592)</u>

The movement on the deferred tax account is as follows:

Balance — beginning of the year	(58 533)	(31 291)	(48 592)	(25 587)
Charge to profit and loss component of the statement of comprehensive income				
• Provisions	9 896	2 189	9 525	2 062
• Investment properties	(10 197)	(10 711)	(9 723)	(5 966)
• Fair value adjustments: financial instruments	(2 295)	(4 473)	(2 916)	(3 847)
• Defined benefit pension fund surplus	(2 889)	(2 541)	(2 889)	(2 541)
• Assessed losses	(354)	1 007	-	-
Charged directly to other comprehensive income	(3 302)	(12 713)	(3 302)	(12 713)
Balance — end of the year	<u>(67 674)</u>	<u>(58 533)</u>	<u>(57 897)</u>	<u>(48 592)</u>

Net deferred tax liabilities consist of temporary differences relating to:

Provisions	62 971	52 063	59 664	49 128
Investment properties	(75 193)	(64 996)	(58 192)	(48 469)
Fair value adjustments: financial instruments	(18 750)	(16 450)	(17 397)	(14 477)
Defined benefit pension fund surplus	(41 972)	(34 774)	(41 972)	(34 774)
Assessed losses	5 270	5 624	-	-
Net deferred tax liability	<u>(67 674)</u>	<u>(58 533)</u>	<u>(57 897)</u>	<u>(48 592)</u>

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
<b>16. Accounts payable</b>				
Tenant deposits held	13 916	12 687	11 542	10 767
Funds held in trust	6 353	7 095	-	-
Trade vendors	12 269	11 176	9 544	10 090
Statutory vendors	5 735	6 149	5 125	4 818
Prepaid and deferred income	9 639	8 279	3 235	2 958
Other	6 096	5 362	402	650
	<b>54 008</b>	<b>50 748</b>	<b>29 848</b>	<b>29 283</b>
		Leave pay	Bonus	Total
		R000	R000	R000

## 17. Provisions

### Group

<b>At 1 April 2013</b>	15 976	23 743	39 719
Provided for the year	2 183	32 350	34 533
Utilised during the year	(1 052)	(25 003)	(26 055)
<b>At 31 March 2014</b>	<b>17 107</b>	<b>31 090</b>	<b>48 197</b>
<b>At 1 April 2014</b>	<b>17 107</b>	<b>31 090</b>	<b>48 197</b>
Provided for the year	1 653	35 785	37 438
Utilised during the year	(1 070)	(31 603)	(32 673)
<b>At 31 March 2015</b>	<b>17 690</b>	<b>35 272</b>	<b>52 962</b>

### Company

<b>At 1 April 2013</b>	15 254	22 653	37 907
Provided for the year	1 830	31 121	32 951
Utilised during the year	(909)	(23 860)	(24 769)
<b>At 31 March 2014</b>	<b>16 175</b>	<b>29 914</b>	<b>46 089</b>
<b>At 1 April 2014</b>	<b>16 175</b>	<b>29 914</b>	<b>46 089</b>
Provided for the year	1 563	34 437	36 000
Utilised during the year	(1 010)	(30 528)	(31 538)
<b>At 31 March 2015</b>	<b>16 728</b>	<b>33 823</b>	<b>50 551</b>

The provision for leave pay is determined in terms of the contractual obligations incorporated in the conditions of employment. The provision for bonuses is payable within three months after finalisation of the audited financial statements.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
<b>18. Net interest revenue</b>				
Interest income	302 604	274 744	304 112	276 326
Interest on loans and receivables	228 727	205 560	229 381	206 293
Royalty fees	62 454	63 847	62 036	63 177
Interest on surplus funds	11 423	5 337	10 443	4 435
Interest on loans to subsidiaries			2 252	2 421
Interest expense	(61 694)	(43 511)	(61 686)	(43 511)
	<b>240 910</b>	<b>231 233</b>	<b>242 426</b>	<b>232 815</b>
<b>19. Investment income and gains</b>				
Investment income	30 506	38 878	46 020	53 554
Surplus on realisation of unlisted investments	28 277	35 770	34 939	40 106
Surplus on realisation of investment properties	2 221	2 725	1 551	1 260
Dividends received	8	383	9 530	12 188
Investment gains	105 495	83 502	52 671	33 893
Income from associated companies	47 591	27 909		
Fair value movement investment properties	57 724	55 748	52 737	33 891
Net foreign exchange rate differences	180	(155)	(66)	2
	<b>136 001</b>	<b>122 380</b>	<b>98 691</b>	<b>87 447</b>
<b>20. Net credit losses</b>				
Loans and receivables written off	44 597	54 858	43 387	53 967
Legal and other expenses incurred on recovery	3 951	3 742	3 909	3 671
Impairments created	2 150	3 784	2 205	3 892
Portfolio impairments created	3 789	2 054	3 855	2 132
Specific impairments (released) / created	(1 639)	1 730	(1 650)	1 760
Recovery of loans and receivables written off	(14 579)	(15 614)	(14 070)	(15 254)
	<b>36 119</b>	<b>46 770</b>	<b>35 431</b>	<b>46 276</b>

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
<b>21. Staff costs</b>				
Remuneration at cost to company	132 797	125 734	120 959	114 720
Post retirement medical aid costs (refer note 8.3)	7 765	7 923	7 765	7 923
Bonuses and provisions	37 610	34 416	36 289	32 927
	178 172	168 073	165 013	155 570
Defined benefit pension fund gain (refer note 8.2)	(10 317)	(9 074)	(10 317)	(9 074)
Indirect staff costs	4 649	3 627	4 410	3 229
	172 504	162 626	159 106	149 725

## 22. Profit from operations

The following items have been included in arriving at profit from operations:

Depreciation on property and equipment	3 434	3 506	2 223	2 569
Directors' emoluments				
• as directors	2 083	1 976	2 083	1 976
• as management	15 274	12 445	15 274	12 445
Auditor's remuneration				
• audit	3 941	3 885	3 038	3 038
• other services	153	118	153	118
Dividends received from subsidiaries			(2 957)	(1 926)
Surplus on realisation of property and equipment	(38)	(46)	(38)	(54)

## 23. Tax expense

### 23.1 Tax charge though profit and loss component of comprehensive income

Income tax	• current year	32 799	20 472	25 525	14 660
	• prior year	111	(169)	-	(285)
Deferred tax		5 839	14 529	6 003	10 292
		38 749	34 832	31 528	24 667
Dividends withholding tax		-	1	-	1
Tax of associated companies		11 168	8 842		
Capital gains tax		5 995	7 730	5 617	7 613
		55 912	51 405	37 145	32 281

## 23.2 Reconciliation of rate of taxation

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
South African normal tax rate	28,00%	28,00%	28,00%	28,00%
Adjusted for:	-4,57%	-3,08%	-7,01%	-7,61%
Income not subject to tax	-0,92%	-0,05%	-2,42%	-2,16%
Income subject to capital gains tax	-3,24%	-4,17%	-4,73%	-4,73%
Prior year adjustments	-0,64%	-0,08%	0,00%	-0,18%
Other	0,23%	1,23%	0,14%	-0,54%
Effective tax rate on profit before taxation	23,43%	24,92%	20,99%	20,39%

## 23.3 Tax charge through other comprehensive income

The tax effect of items accounted for in other comprehensive income is as follows:

	2015			2014		
	Before tax	Deferred tax	After tax	Before tax	Deferred tax	After tax
	R000	R000	R000	R000	R000	R000
<b>Group</b>						
Actuarial remeasurement on defined benefit pension fund	15 391	(4 309)	11 082	24 525	(6 867)	17 658
Actuarial remeasurement on post-retirement medical aid obligation	(3 616)	1 012	(2 604)	20 858	(5 840)	15 018
Fair value adjustments of available-for-sale instruments	17	(5)	12	20	(6)	14
Share of other comprehensive income of associates	756	-	756	(90)	-	(90)
Foreign currency translation movements	31	-	31	1 041	-	1 041
<b>Other comprehensive income</b>	<b>12 579</b>	<b>(3 302)</b>	<b>9 277</b>	<b>46 354</b>	<b>(12 713)</b>	<b>33 641</b>
<b>Company</b>						
Actuarial remeasurement on defined benefit pension fund	15 391	(4 309)	11 082	24 525	(6 867)	17 658
Actuarial remeasurement on post-retirement medical aid obligation	(3 616)	1 012	(2 604)	20 858	(5 840)	15 018
Fair value adjustments of available-for-sale instruments	17	(5)	12	20	(6)	14
<b>Other comprehensive income</b>	<b>11 792</b>	<b>(3 302)</b>	<b>8 490</b>	<b>45 403</b>	<b>(12 713)</b>	<b>32 690</b>

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000

## 24. Earnings per share

Basic earnings per share is calculated by dividing the net profit by the number of ordinary shares in issue during the year.

### 24.1 Basic earnings per share

Net profit	182 486	154 850
Weighted number of ordinary shares ('000)	173 001	173 001
Basic earnings per share (cents)	105,6	89,5

### 24.2 Headline earnings per share

Net profit	182 486	154 850
Adjustments net of tax		
• Capital profit on sale of equipment	(31)	(37)
• Profit on sale of property investments	(1 807)	(2 216)
• Profit on sale of associates	(23 004)	(29 099)
• Fair value adjustment of investment properties	(46 960)	(45 352)
Headline earnings	110 684	78 146
Headline earnings per share (cents)	64,0	45,2

## 25. Dividend per share

Dividend in respect of 2014 of 17 cents per share paid on 22 August 2014 to shareholders registered on 12 August 2014	29 410		29 410	
Dividend in respect of 2013 of 15 cents per share paid on 23 August 2013 to shareholders registered on 13 August 2013		25 950		25 950
	29 410	25 950	29 410	25 950

A dividend in respect of 2015 of 19 cents per share was declared on 26 May 2015, due to shareholders registered on 12 August 2015, payable on or about 22 August 2015.

The dividend is subject to a dividend withholding tax at 15 percent. Tax payable is 2,85 cents per share, which results in a net dividend of 16,15 cents per share payable to shareholders who are not exempt from dividends withholding tax, or subject to a reduced rate.

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000

## 26. Commitments and lease agreements

### 26.1 Capital commitments

Loans and receivables approved but not advanced	392 877	319 664	392 877	319 664
Capital committed to <i>En Commandite</i> partnerships (refer note 4)	15	15	15	15
Capital committed in respect of purchase of building	76 974	19 759	76 974	19 759

### 26.2 Operating lease commitments – group company as lessee

The Group leases various offices under noncancellable operating lease agreements. The lease terms are between 1 and 30 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

• 1 year	5 674	4 835	14 707	13 199
• between 1 and 5 years	9 885	13 721	41 558	43 048
• after 5 years	-	89	2 899	14 368
	<b>485 425</b>	<b>358 083</b>	<b>529 030</b>	<b>410 053</b>

## 27. Cash flow information

### 27.1 Cash generated from operating activities

Profit before taxation	238 617	206 242	176 986	158 280
Adjustments for non-cash items	(81 281)	(56 716)	(47 623)	(25 303)
Income from associated companies	(47 591)	(27 909)		
Dividends received	(8)	(383)	(9 530)	(12 188)
Surplus on sale of assets	(30 536)	(38 540)	(36 528)	(41 420)
Fair value adjustment of investment properties	(57 724)	(55 748)	(52 737)	(33 891)
Fair value adjustment of financial instruments	(9 792)	(11 112)	(10 096)	(11 347)
Depreciation	3 434	3 506	2 223	2 569
Credit losses – loans and receivables	58 540	66 541	57 342	65 687
Credit losses – rent debtors	3 839	2 001	3 481	1 696
Movement on post-retirement benefits	(2 552)	(1 151)	(2 552)	(1 151)
Foreign currency movements	31	1 041	-	-
Provisions	1 078	5 038	774	4 742
Changes in working capital	5 194	16 543	11 447	6 390
Increase in inventory and assets held for resale	2 878	3 513	2 878	3 513
(Increase) / decrease in accounts receivable	(944)	7 765	8 005	2 134
Increase in accounts payable	3 260	5 265	564	743
Net finance cost	50 271	38 175	48 990	36 656
Cash generated from operating activities	<b>212 801</b>	<b>204 244</b>	<b>189 800</b>	<b>176 023</b>

		Group		Company	
		2015	2014	2015	2014
		R000	R000	R000	R000
<b>27.2 Taxation paid</b>					
Taxation liability / (asset) — beginning of year		(325)	(2 040)	806	(2 576)
Tax provision for the year		(55 912)	(51 405)	(37 145)	(32 281)
Deferred tax		5 839	14 529	6 003	10 292
Paid by associated companies		11 168	8 842		
Taxation liability — end of year		6 983	325	4 491	(806)
Taxation paid during the year		<u>(32 247)</u>	<u>(29 749)</u>	<u>(25 845)</u>	<u>(25 371)</u>
<b>27.3 Dividends paid</b>					
Dividends payable — beginning of year		(101)	(83)	(101)	(83)
Dividends declared		(29 410)	(25 950)	(29 410)	(25 950)
Dividends payable — end of year		415	101	415	101
Dividends paid during the year		<u>(29 096)</u>	<u>(25 932)</u>	<u>(29 096)</u>	<u>(25 932)</u>
<b>28. Related parties</b>					
<b>28.1 Loans to / from related parties</b>					
Loans to subsidiaries					
Balance — beginning of the year				238 046	142 840
Amount advanced during the year				48 868	95 206
Balance — end of the year				<u>286 914</u>	<u>238 046</u>
Dividends received from subsidiaries				2 957	1 926



## 28.2 Directors' remuneration

Payments made to directors and prescribed officers for services rendered during the year are as follows:

### Non-executive directors

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
JW Dreyer	-	219	-	219
DR Geeringh	49	116	49	116
P Huysamer (Dr)	-	51	-	51
F Knoetze	107	19	107	19
E Links (Dr)	98	131	98	131
ZJ Matlala	98	108	98	108
F Meisenholl	164	210	164	210
D Moshapalo	238	141	238	141
SST Ngcobo	155	116	155	116
ZZR Rustomjee (Dr)	171	123	171	123
SEN Sebotsa	82	59	82	59
VO Twala	164	146	164	146
NJ Williams	246	192	246	192
T van Wyk	322	344	322	344
<b>Total</b>	<b>1 895</b>	<b>1 976</b>	<b>1 895</b>	<b>1 976</b>

### Executive directors

N Martin	6 100	4 995	6 100	4 995
• Salary	3 373	3 140	3 373	3 140
• Bonuses and performance related payments	2 727	1 855	2 727	1 855
C Botes	4 028	3 164	4 028	3 164
• Salary	2 202	2 049	2 202	2 049
• Bonuses and performance related payments	1 826	1 115	1 826	1 115
G van Biljon	5 146	4 286	5 146	4 286
• Salary	2 622	2 441	2 622	2 441
• Bonuses and performance related payments	2 524	1 845	2 524	1 845
<b>Total</b>	<b>15 274</b>	<b>12 445</b>	<b>15 274</b>	<b>12 445</b>

### Prescribed officers

BD Bierman	3 656	3 080	3 656	3 080
• Salary	2 172	2 003	2 172	2 003
• Bonuses and performance related payments	1 484	1 077	1 484	1 077
<b>Total</b>	<b>20 825</b>	<b>17 501</b>	<b>20 825</b>	<b>17 501</b>

## 28.3 Loans to associates

	Group		Company	
	2015	2014	2015	2014
	R000	R000	R000	R000
Balance — beginning of the year	952 908	836 356	952 908	836 356
Loans advanced during the year	223 593	245 459	223 593	245 459
Loan repayments received	(169 594)	(107 927)	(169 594)	(107 927)
Loans written off	(16 486)	(20 980)	(16 486)	(20 980)
Balance — end of the year	990 421	952 908	990 421	952 908
Loans to associates consist of the following:				
• Interest bearing loans	878 783	842 252	878 783	842 252
• Shareholders loans	111 638	110 656	111 638	110 656
Total loans to associates	990 421	952 908	990 421	952 908

The allowance for impairment as disclosed in note 4.3 as it relates to loans to associates is as follows:

Impairment provision — beginning of the year	68 665	66 000	68 665	66 000
Impairment allowance raised on new investments	8 559	9 754	8 559	9 754
Impairment reversed on investments written off / repaid	(17 496)	(14 873)	(17 496)	(14 873)
Increase in impairment allowance on existing investments	18 698	19 786	18 698	19 786
Decrease in impairment allowance on existing investments	(4 168)	(12 002)	(4 168)	(12 002)
Impairment provision — end of the year	74 258	68 665	74 258	68 665

The loans provided to associates are part of the investment activities of the parent as set out in note 4.3 Interest-bearing loans and Shareholders' loans. The interest bearing loans have an average payment period of 7 years. The majority of shareholders' loans have no scheduled repayment date. Loans to associates are not required to be settled in the associate's shares. The Company does not provide nor receive guarantees in respect of its associates' debt.

	Share percentage held		Shares at cost		Loans	
	2015	2014	2015	2014	2015	2014
	%	%	R	R	R000	R000
<b>29. Principal subsidiaries</b>						
Business Partners International (Pty) Ltd	<b>80</b>	80	<b>80</b>	80	<b>9 286</b>	12 001
Business Partners Mentors (Pty) Ltd <sup>1</sup>	<b>100</b>	100	<b>100</b>	100	<b>-</b>	-
Business Partners Property Brokers (Pty) Ltd	<b>100</b>	100	<b>100</b>	100	<b>(766)</b>	(1 020)
Business Partners Venture Managers (Pty) Ltd <sup>1</sup>	<b>100</b>	100	<b>100</b>	100	<b>-</b>	-
Business Partners Ventures 1 (Pty) Ltd	<b>100</b>	100	<b>100</b>	100	<b>(3 196)</b>	(3)
Cussonia Trust (Pty) Ltd	<b>100</b>	100	<b>3</b>	3	<b>5 580</b>	5 632
Finance for the Third Millennium (Pty) Ltd <sup>1</sup>	<b>100</b>	100	<b>100</b>	100	<b>693</b>	693
JRC Properties (Pty) Ltd	<b>100</b>	100	<b>100</b>	100	<b>209</b>	(2 957)
Lindros Investments (Pty) Ltd	<b>100</b>	100	<b>4 000</b>	4 000	<b>81</b>	81
Business Partners Properties 002 (Pty) Ltd	<b>100</b>	100	<b>1 000</b>	1 000	<b>254 667</b>	199 734
Unitrade 106 (Pty) Ltd	<b>100</b>	100	<b>100</b>	100	<b>7 242</b>	9 135
Satinsky 189 (Pty) Ltd <sup>2</sup>	<b>100</b>	100	<b>120</b>	120	<b>(435)</b>	6 104
Fifth Season Investments 114 (Pty) Ltd	<b>80</b>	80	<b>96</b>	-	<b>3 511</b>	-
Rainbow Place Properties 179 (Pty) Ltd <sup>2</sup>	<b>60</b>	-	<b>600</b>	600	<b>5 671</b>	5 671
Rapitrade 594 (Pty) Ltd <sup>2</sup>	<b>60</b>	60	<b>72</b>	72	<b>5 231</b>	5 079
SF Coetzee Eiendomme (Pty) Ltd <sup>2</sup>	<b>60</b>	60	<b>72</b>	72	<b>3 441</b>	3 441
Yeoman Properties 1016 (Pty) Ltd <sup>2</sup>	<b>80</b>	80	<b>80</b>	80	<b>817</b>	817
Franchise Partners (Pty) Ltd – indirectly held <sup>3</sup>						
Business Partners International Madagascar Société Anonyme – indirectly held <sup>4</sup>						
Business Partners International Kenya Ltd – indirectly held <sup>5</sup>						
Business Partners International Rwanda Ltd – indirectly held <sup>4</sup>						
Business Partners International Malawi Adviser Ltd – indirectly held <sup>5</sup>						
Business Partners International Namibia (Pty) Ltd – indirectly held <sup>4</sup>						
Business Partners International Zambia Ltd – indirectly held <sup>5</sup>						
			<b>6 823</b>	<b>6 727</b>	<b>292 032</b>	<b>244 408</b>

All holdings are in the ordinary share capital of the entity concerned.

The loan from BUSINESS/PARTNERS to Business Partners International (Pty) Ltd has been subordinated.

1. Dormant subsidiaries.
2. The financial year of these subsidiaries ends in February. Consolidation of the results are based on the latest audited financial statements received.
3. Franchise Partners (Pty) Ltd is a wholly-owned subsidiaries of Business Partners Ventures 1 (Pty) Ltd.
4. These subsidiaries are wholly-owned subsidiary of Business Partners International (Pty) Ltd.
5. These subsidiaries are owned by BUSINESS/PARTNERS (one percent shareholding) and Business Partners International (Pty) Ltd (99 percent shareholding).

## 30. Reclassifications

Where necessary, certain other comparatives have been reclassified to conform to current year presentations. These changes did not affect total comprehensive income nor net cash flow for the prior year. The following reclassifications of comparative information took place:

Deferred tax asset and liability was presented separately on the statement of financial position.

Amounts relating to loans and receivables previously carried under "Investment in *En Commandite* partnerships" were reclassified to 'Available-for-sale financial assets'.

## 31. Events subsequent to the statement of financial position date

On 20 May 2015, the Company received an assessment from the Kenya Revenue Authority relating to a tax audit performed for the period November 2010 to December 2014. The matter is in the process of being investigated and the outcome, at the date of approval of these annual financial statements is unknown. The maximum possible liability that may result from this assessment is approximately R3,5 million.



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East London T 043 721 1525/6/7  
East London (Arcadia)\* T 043 743 5485  
East Rand (Boksburg) T 011 395 4150  
George T 044 873 6112  
Johannesburg T 011 713 6600  
Kuruman T 076 879 9402  
Nelspruit T 013 752 3185  
Pietermaritzburg T 033 342 1410  
Polokwane T 015 297 1571  
Port Elizabeth T 041 367 1082  
Pretoria T 012 347 3208  
Richards Bay T 035 789 7301  
Stellenbosch T 021 809 2160  
Upington T 054 331 1172

F 021 919 3333  
F 058 303 6801  
F 051 430 9847  
F 021 461 8720  
F 031 266 7286  
F 043 721 1528  
F 043 743 0596  
F 011 395 2565  
F 044 873 3397  
F 011 713 6650  
F 086 655 0617  
F 013 752 4669  
F 086 764 3137 / 033 342 1405  
F 015 297 1461  
F 041 367 3962 / 4277  
F 012 347 2198  
F 035 789 6727  
F 021 887 2001  
F 054 332 2334

\*Property management services only

I do not choose to be a common man.  
It is my right to be uncommon... if I can.  
I seek opportunity... not security.  
I want to take the calculated risk;  
To fail and to succeed.  
To dream and to build.  
I will never cower before any master,  
Nor bend to any threat.  
It is my heritage to stand  
Proud and unafraid;  
To think and act for myself,  
To enjoy the benefit of my creations  
And to face the world boldly and say:  
This, I have done.  
**I am an entrepreneur.**

Thomas Paine, 1776