

1981

1988

1998

2004

The year we were established as the Small Business **Development Corporation.**

The year we launched the Entrepreneur of the Year® competition.

The year we changed our name to Business Partners Limited.

The year we expanded our services beyond SA borders.

2012

2014

2014

19

The year we began integrating the The year we lanched the The year the Entrepreneurs Growth The number of branches into our due diligence process.

Entrepreneurial Finance Lab test square peg movement. Centre was launched, putting small business advice a phone-call away.

across South Africa.

604

954

The number of employment

opportunities facilitated

through our investments.

320

The number of mentors able to assist entrepreneurs across the country.

70

The number of our investment transactions to date.

R16,5 billion

The value of our investments to date.

The number of African countries in which we operate.

doing

doing aood

Ensuring a positive developmental impact by

Ensuring our sustainability and providing a real return to our financing & empowering SMEs. shareholders by being profitable.

35 years of celebrating entrepreneurs who create jobs

BUSINESS/PARTNERS' sole focus has always been to provide investment capital and business support to local SMEs. In 2004, having identified a demand for its services beyond South African borders, Business Partners International — a subsidiary of BUSINESS/PARTNERS — was established, and, at present, has offices in Kenya, Malawi, Namibia, Rwanda, Uganda and Zambia.

Our company's driving intent has always been to foster and entrench a culture of entrepreneurship through the financing and supporting of entrepreneurs and we will continue to do so for decades to come. We acknowledge and appreciate all the entrepreneurs who have allowed us into their businesses over the years. We look forward to continued relationships with our current entrepreneurial clients and to expand the continent's entrepreneur base.

Our mission, vision and values

Vision

Our vision is to live our name, being the premier business partner for small and medium enterprises, facilitating wealth creation, job creation and shared economic development.

Mission

Our mission is to invest capital, skill and knowledge into viable entrepreneurial enterprises in South Africa, Africa and all markets where we have a presence.

Goals

Our goal is to be an internationally respected, successful and profitable business partner for SMEs.

Values

Entrepreneurial spiri

Our people are both entrepreneurial and passionate about entrepreneurs. We invest where we see opportunity, driven by the conviction that small and medium enterprises are generators of wealth and economic growth and, when viable and successful, create sustainable jobs which give people dignity and contribute towards alleviating the scourge of poverty and inequality which afflicts much of the developing world.

Our entrepreneurial approach to doing business enables us to partner with our clients, in the success of their businesses.

Economic meri

This value underpins all our finance and investment decisions, ensuring access to business finance and added value service for entrepreneurs from all the communities we serve. Economic merit also underpins all our operational decisions, ensuring long-term stability and the ability to deliver optimum value for clients and shareholders alike.

Integrity

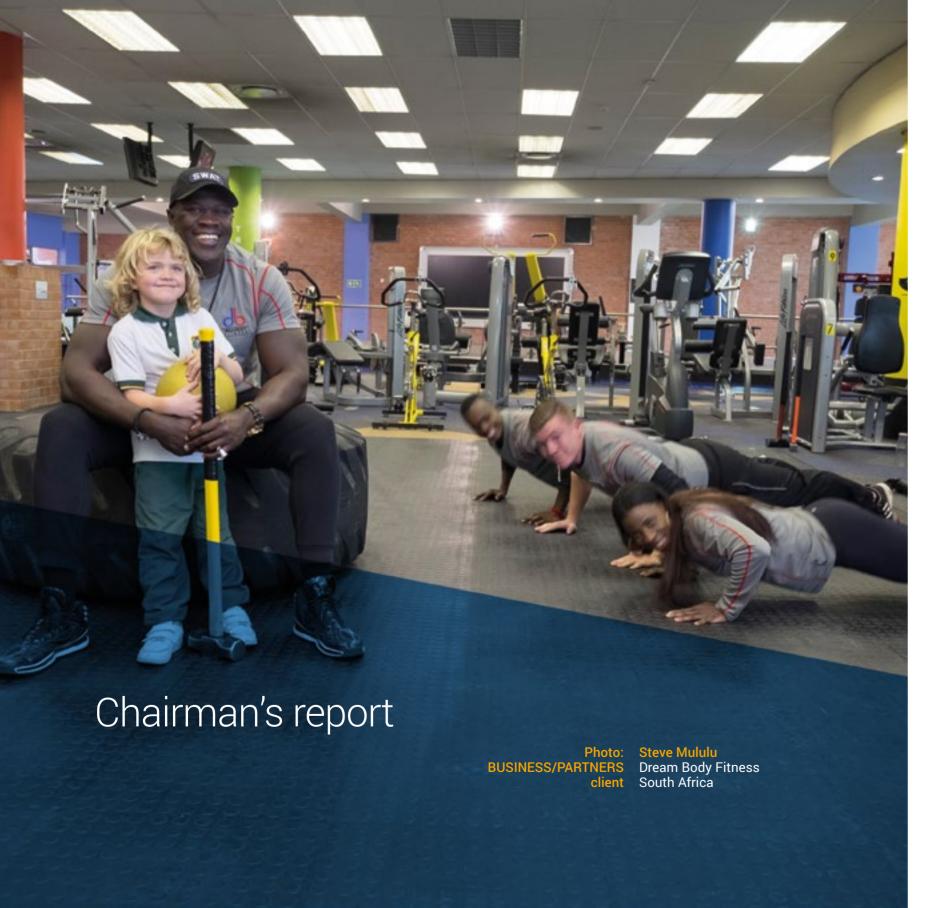
Honesty, integrity and respect for human dignity are imbued in both our business and personal conduct.

Service excellence

We exist for our clients and enjoy serving them. We aim to delight them with our products, our innovative solutions and the quality of our service.

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It is with great pride that BUSINESS/PARTNERS is able to report a set of good operational results in a year which was very challenging for South Africa, both from an economic and political sense.

Despite the many disagreements swirling about in South Africa, there is still a broad consensus that South Africa cannot downsize its way out of its problems; nor can it sidestep them. The only way is to grow out of them.

These results by BUSINESS/PARTNERS, although small compared to the scale of the problems, prove that it is possible for South Africa to meet its current challenges. They show that, in the midst of a downward spiral of problems that feeds on itself, it is possible to start contributing to the upward virtuous spiral that we need.

It is worth reminding ourselves of what happens with each investment BUSINESS/PARTNERS makes: A business, typically an entrepreneurial, owner-managed venture with too little collateral for a traditional bank loan, approaches us for finance. Sometimes the entrepreneurs need a financial injection to get out of trouble. More often than not, they have spotted an opportunity to expand. Based on our assessment of each business's potential, we take the risk by supporting and financing these entrepreneurs, usually without full collateral.

The financial and other support BUSINESS/PARTNERS provides helps grow or sustain the business and with it the jobs that it provides. Those employees become newly empowered consumers who are now able to buy goods and services and contribute to the tax base, thus contributing further to the economy.

South Africa has the assets, the investors and the entrepreneurs to effect an upwards spiral on a national scale. What we need is an environment that will boost confidence and more fully unleash the talents, vigour and the potential of our entrepreneurs and not handicap them. That requires the removal of unnecessary obstacles and burdens that impede the establishment and growth of SMEs, thereby freeing up the inherent potential of all our established as well as budding entrepreneurs.

Although it is still a relatively small part of our operations, our successful expansion into other regions in the rest of Africa bears testimony to the fact that we have honed a reliable, sustainable SME investment vehicle. We would like to put it at the disposal of any institution — state, private or developmental — which shares our goal to promote prosperity through SME development.

I would like to thank all who have contributed to the BUSINESS/PARTNERS results during the year in review. They include our shareholders, fellow members of the Board of Directors, our excellent management team and hard-working staff, as well as our wide network of intermediaries who link us with entrepreneurs.

Thank you, especially, to those men and women who keep on spotting the opportunities to prosper, the entrepreneurs who defy the naysayers and turn those opportunities into businesses, who work tirelessly to make their businesses a success, thereby supporting growth in those countries in which we operate.

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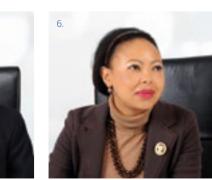
Theo van Wyk Chairman

Board of Directors









1. Nazeem Martin Managing Director

Appointed: 2002; Appointed Managing Director: 2009, served until 31 March 2016 BA, HDE, M Urban Planning, Advanced Management Programme.

2. Friedel Meisenholl Non-executive Director

Appointed: 2000 BAcc Hons; Director of companies.

3. David Moshapalo

Non-executive Director Served: 1996 until 2001

Re-appointed: 2002 Human Resources Development and Personnel Management, National Leadership Programme, Industrial Relations, ILO Strategic Management of Employer's Organisation; Executive Deputy Chairman: Strategic Partners Group - Black Partner in Bombela Consortium in Gautrain Project; Director of companies.

4. Raymond Ndlovu Non-executive Director

Appointed: 12 August 2015 B Business Studies Hons; Investment Executive: Remgro Limited.



5. Dr Zavareh Rustomiee

Non-executive Director

Appointed: 1996

BSc Hons Chemical Engineering, MSc Industrial Engineering, MPhil Development Economics, PhD Economics, PrEng, MIChemE, MSAIChE, CEng; Independent consultant.

6. Sonja de Bruyn Sebotsa

Non-executive Director

Appointed: 2013

LLB Hons, MA Economic Policy Management; Principal Partner: Identity Partners (Pty) Limited; Director of companies.

7. Vusi Twala

Non-executive Director

Appointed: 2010

BSc Accounting, Masters in Development Finance, MBA, Structuring Effective Private Equity Partnerships, Strategic Business Management; Managing Director: Tunnel Engineering (Pty) Limited.

8. Neville Williams

Non-executive Director

Appointed: 2012 CA(SA); Chief Financial Officer: Remgro Limited.



9. Theo van Wyk Non-executive Chairman

Appointed: 1991 Served as Deputy Chairman: 2005 until 2011; Appointed Chairman: 2011

BCom, LLB, LLM, HDip Tax; Director of companies.

10. Ben Bierman Managing Director

Appointed: 1 April 2016 BCom Hons, ACMA, HDip Tax, Advanced Management Programme.

11. Gerrie van Biljon Executive Director

Appointed: 2002 BCom, MBA.

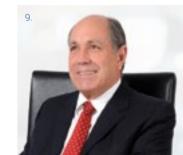
12. Christo Botes

Executive Director

Appointed: 2002 BAcc, BCompt Hons, CTA.

13. Faffa Knoetze Non-executive Director

Appointed: 2014 BCom Hons; Fellow of the Actuarial Society of South Africa; Actuary: Remgro Limited.



16. Themba Ngcobo Non-executive Director

of South Africa Limited.

14. Dr Elias (Eltie) Links

Non-executive Director

BCom, MCom Economics, MA Economics,

PhD Economics; Professor Extraordinary

School; Director of companies.

at the University of Stellenbosch Business

Appointed: 2002

15. Huli Moliea

Non-executive Director

Appointed: 12 August 2015 BCom Hons, MBA, MA Clinical

Psychology, Certificate in Skills

Development Facilitation, Global

Remuneration Practitioner; Head of

Human Resources (South Africa and

Middle East) and Facilities (South

Africa): RGA Reinsurance Company

Served as Alternate Director. 2002 until 2010; Appointed: 2010 BCom Accounting, Diploma Management Consulting; Chief Executive Officer: Greystones Cargo Systems (Pty) Limited.

















Executive management









1. Nazeem Martin Managing Director until 31 March 2016 BA, HDE, M Urban Planning, Advanced Management Programme 18 years' service

4. Gugu Mjadu

Executive General

Manager: Marketing

BA, BA Hons, CPRP

Chief Operating Officer:

Business Partners

24 years' service

Not pictured:

3 years' service

5. Mark Paper

International

2. Siphethe Dumeko Chief Financial Officer from 1 April 2016 BBusSc, BCompt Hons, MSc Finance, CA(SA) Joined December 2015

Willem Bosch 3. Marjan Gerbrands Chief Operating Officer: Company Secretary; Property Management Corporate Legal Adviser BLC, LLB (cum laude), LLM Services until 31 July 2015 BCom, MCom 15 years' service 23 years' service



6. Ben Bierman Chief Financial Officer until 31 March 2016; Managing Director from 1 April 2016

BCom, BCom Hons, ACMA, HDip Tax 26 years' service

7. Christo Botes Executive Director; Head of Customer and Operational Support until 31 March 2016 BAcc, BCompt Hons, CTA 30 years' service

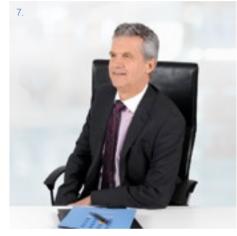
8. Pierre Mey **Executive General** Manager: Operational Support Services BCom

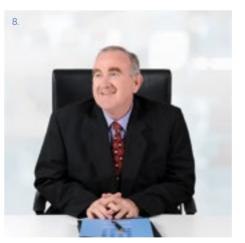
29 years' service

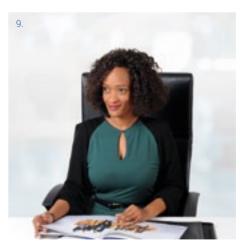
9. Kgomotso Ramoenyane Executive General Manager: Human Resources BCom, Management Advancement Programme, MBA 1 years' service

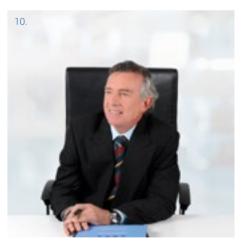
10. Gerrie van Biljon Executive Director Head of Business and Property Investments BCom, MBA 30 years' service













The operational and financial results of BUSINESS/PARTNERS for the 2015/2016 financial year were exceptional. We either achieved or surpassed our objectives for the period, specifically with regards to revenue quality, expense control and asset growth. It is especially pleasing to report on a set of results in the context of a very challenging macro-economic environment, both locally and internationally.

The macro-economic environment

Various factors this past year conspired to turn already trying macro-economic conditions into a near perfect storm of challenges. An improvement in the US economy heralded the prospect of rising interest rates in the world's biggest economy, and combined with very low commodity prices, global sentiment swung away from emerging markets triggering exchange rate volatility, inflationary pressures, rising interest rates and deteriorating trade imbalances.

The timing could not have been worse for South Africa which was dealing with a litany of other challenges such as the worst drought in recent memory and electricity supply constraints. Load shedding had just about stopped when the already strained political climate reached a calamitous low with the removal of the then finance minister in December.

The impact on confidence and investor sentiment was severe and despite the reappointment of Minister Pravin Gordhan as the new finance minister a few days later, the effects are still seen in a severely depreciated Rand, enhanced inflationary pressures and GDP growth expectations which have been revised downwards to barely above recessionary levels. The prospect of a ratings downgrade became ever more real as we navigated a period of high uncertainty and volatility.

SMEs are not immune to macro-economic turmoil. To the contrary, they are often more vulnerable and more exposed

to shifts in the macro landscape than bigger organisations. In addition, their ability to absorb external shocks are often limited by the absence of reserves (capital or capacity) to ride out these storms.

In turbulent and uncertain times, risk increases and the risk appetite among banks and other formal financial institutions involved in SME financing decreases substantially. This leaves BUSINESS/PARTNERS as one of the few remaining active players in the SME risk financing field and in a position where high-quality low-risk bankable medium-sized businesses — who under better conditions would have been serviced by the banks — are also supported by BUSINESS/PARTNERS.

While we acknowledge that this dynamic contributes to our ability to thrive even in bad conditions, it is not preferred nor ideal. A thriving SME sector is necessary for growth, for job creation as well as for increased competition in the risk financing field.

Competition is good for everyone, and for BUSINESS/PARTNERS, competition provides the drive for the continued improvement of our products and our service delivery. SMEs are vital to the development of the South African economy specifically in meeting the targets set out in the National Development Plan (NDP).

We hope that government policies aimed at boosting black economic empowerment in the South African supply chains and SME development, in general, will entice more financiers to move into the risky world of supporting and financing SMEs.

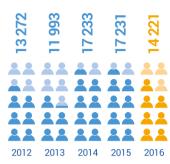
While the regulatory environment can boost SME formation and financial support, we do need to recognise that the unintended consequences of a spate of legislation can often harm SMEs. SME friendly legislation, across all spheres of the economic environment is crucial to ensure an SME ecosystem that fosters world class competitiveness and efficiency.



Value of investments approved VS value of investments disbursed



Number of investments approved VS number of investments disbursed



Number of jobs facilitated

The state of SMEs

The ability of entrepreneurs to identify opportunity in adverse circumstances is recognised, but cannot be consistently relied upon to ensure survival in the distressed economic circumstances prevailing during the year in review.

At BUSINESS/PARTNERS we have a unique measure into the health of South African SMEs by virtue of the fact that we are invested in some of our clients through, among other instruments, a minority equity shareholding. This investment generates income in the form of equity accounted earnings and our results this past year clearly indicated a slowdown in growth and profitability in our clients' businesses. Overall, investment income declined by 14 percent to R116,3 million (R136,0 million in the 2014/2015 financial year), a reflection of the strain that SMEs are experiencing.

Given the evidence of some distress we expect that credit risk will increase over the short term. We were pleasantly surprised that the increase in credit risk in the latter half of the year came in below expectations, but the increase in our impairment levels recognise the risk of an increased level of defaults in the next twelve months.

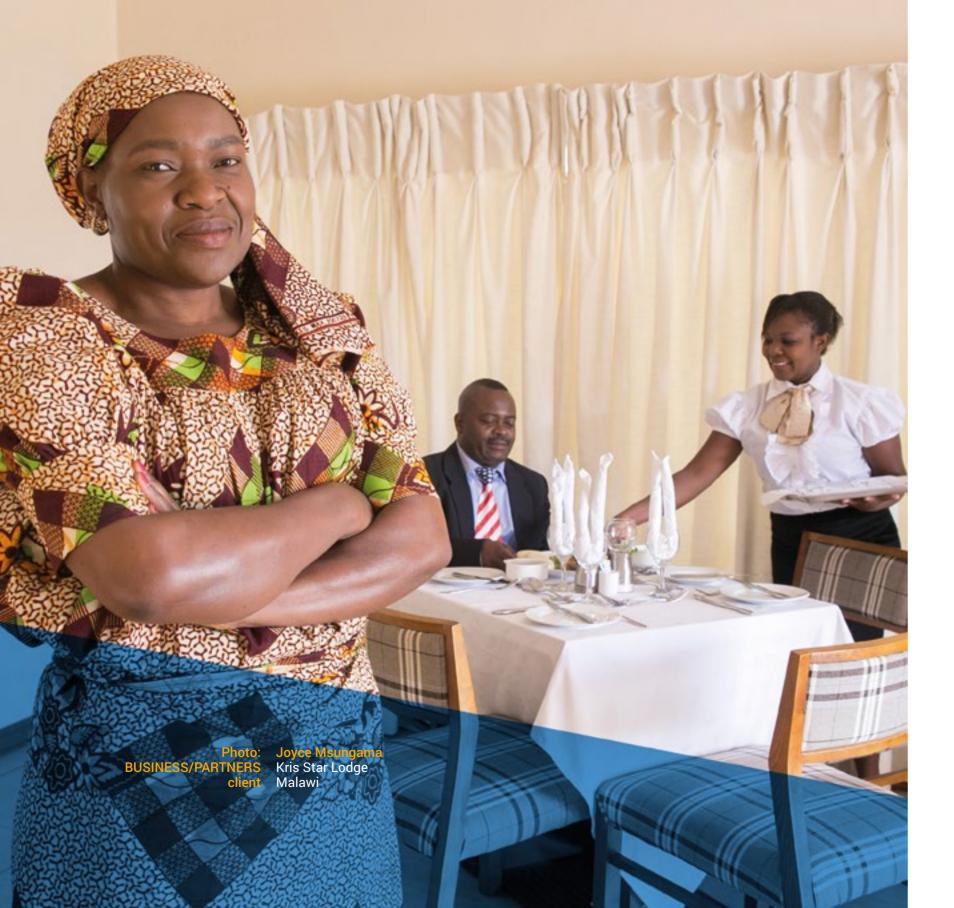
Our net credit loss ratio of 1,7 percent increased slightly from the 1,5 percent reported in the 2014/2015 financial year. We believe our efforts to support our clients through initiatives

such as our mentorship programme will continue to play a constructive role in assisting our clients to weather the storm.

SMEs certainly are tough, but it would be wrong to underestimate the effect of political and economic uncertainty on their ability to grow and remain profitable. The Business Partners Limited SME Confidence Index for the first quarter of 2016 reported a material decrease in SME confidence: only 75 percent of business owners surveyed remained confident that their businesses will grow in the next 12 months, a year-on-year decline of 6 percentage points.

This is particularly noteworthy as historically the Index has consistently indicated that while SMEs' confidence in the macro-economic conditions fluctuate in line with other indices, the business owners retained a belief and confidence in their own abilities to grow their businesses.

Confidence is a vital ingredient in seeking opportunities, risking expansion and seeking additional capital to fund such growth.



Milestones

Undoubtedly the brightest highlight of the year in review is the achievement of our highest disbursement amount ever in the history of BUSINESS/PARTNERS.

In evaluating our milestones it is important to distinguish between finance approved and finance disbursed. A time lag exists between the approval and the disbursement of an investment and often an approved amount is not fully disbursed to the entrepreneur.

During the period under review, 372 investments to the value of R 1 107 million were approved, slightly higher than the objective for the year. It was our performance on finance disbursed that was most pleasing.

Disbursements grow the investment portfolio and also our revenue and is the most important metric from which all our other work flows.

In the period under review, more than R966 million was disbursed in 307 transactions, an improvement of 35,5 percent compared to the previous year. Our objective for the year was exceeded by 17 percent, a performance we are truly proud of.

Our net credit losses of less than 2 percent of the value of the portfolio is indicative of sound investment decisions in prior periods as well as consistent and diligent collection efforts. This is indeed a highlight in a period of slow economic growth and increasing interest rates.

Key financial measures for BUSINESS/PARTNERS:

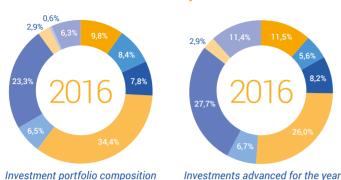
	2015 – 2016 % change	2015/2016	2014/2015
Income statement			
Total revenue	8,9%	R721,6m	R662,5m
Non-interest investment income	-14,4%	R116,4m	R136,0m
Operating costs/ revenue ratio		34,0%	36,0%
Net credit loss percent		1,7%	1,5%
Net profit after tax	2,1%	R186,5m	R182,7m
Earnings per share	2,0%	107,7c	105,6c
Statement of financial position			
Total assets	9,8%	R4 407,2m	R4 013,1m
Loans and receivables	11,2%	R2 584,1m	R2 323,1m
Total equity	5,0%	R3 011,9m	R2 869,6m
Borrowings	25,0%	R976,9m	R781,6m
Cash flow			
Net cash inflow from operating activities	27,8%	R117,6m	R92,0m
Net cash outflow from investing activities	204,9%	(R375,6m)	(R123,2m)
Cash and cash equivalents at year end	-49,1%	R67,6m	R133,0m
Ratios			
Debt to assets		22,2%	19,5%
Debt to equity		32,4%	27,2%
Assets per employee	11,5%	R16,6m	R14,9m

Both record-level disbursements and the containment of credit losses cannot possibly be achieved at the same time without protecting our capacity and improving efficiency.

A fresh intake of talent for our annual Graduate Internship Programme during the year in review

has provided additional resources and renewed energy. All the signs are that the assimilation of the new intake is progressing well and that our team is much stronger as a result. Staff numbers remained fairly stable at 250 compared to 255 at the end of the previous period, with interns increasing from 10 to 25.

Distribution of investments by sector



- Building, plumbing and shopfitting Coastal fishing
- Leisure Manufacturing
- Motor trade

Distribution of investments by product

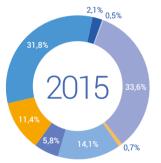
Professional and personal services

Investment portfolio composition

Retailing

Other

■ Travel and Tourism



Investment portfolio composition



Business Investments

The total of 307 business finance transactions that were concluded during the year under review assisted SMEs that would probably not have been able to raise the finance from the traditional commercial financiers. This number was bolstered by placing greater focus on servicing existing clients and offering them technical assistance.

The introduction of specialist funds such as the Education SME Fund, aimed at funding SMEs in the educational sector, also contributed to the increase in the number of transactions with 21 schools and training institutions funded to the value of R46 million.

We believe that the Women in Business Fund launched in August 2015 will contribute meaningfully towards making inroads in the financing of women-owned SMEs which at R310 million in approvals was down by 13,1 percent from R357 million in the 2014/2015 financial year.

Increasing our client base in the greater Gauteng area has always been a challenge, largely due to the number of financial institutions competing in the region. We are proud to report that during the year under review our efforts in Gauteng materially contributed to grow our business investment portfolio to R2,74 billion (up from R2,48 billion in the 2014/2015 financial year).

Changes to our internal organisational structure and the enhanced quality of the teams, position us for growth in this region in the future.

Property Investments and Property Management Services

The investment property market reflects the broader economic position and specifically confidence and growth expectations. Issues such as inflation, a falling currency, doubts over the stewardship of the economy and expected economic growth affects all asset classes often decreases in short term macro-economic factors result in increased appetite for safer longer term investment assets such as investment properties.

Capital growth in this asset class has, however, been negatively affected this past year, with increases in value decreasing from 5,5 percent in the previous year to 5,0 percent in the year under review; however this is a satisfactory performance compared to other similar portfolios.

What was particularly impressive during the year under review was our Property Management Services team managing to reduce rental arrears to 25,6 percent and vacancies to 4,8 percent (from 40,4 percent and 6,9 percent respectively in the 2014/2015 financial year).

Business Partners International

The progress made by Business Partners International (BPI), which is pioneering our products and methodology through six offices in the rest of Africa, namely Kenya, Malawi, Namibia, Rwanda, Uganda and Zambia, is exciting.

Our highlight for the year under review was the establishment of BPI East Africa, a US\$35,75 million investment company, with BUSINESS/PARTNERS, the IFC (International Finance Corporation, the World Bank Group private lending arm), Swiss Investment Fund for Emerging Markets (SIFEM), Dutch impact investor Stichting DOEN, the Dutch Development Agency (FMO), the Canada-based Mennonite Economic Development Associates (MEDA) and the Norwegian development agency Norfund, as shareholders in the company.

Our initial expansion into other African countries was undertaken as a fund manager managing investment funds with an investment life limited to 10 years. The latest model established in East Africa is a permanent investment company with the purpose of offering risk capital and technical assistance for the targeted countries.

Having previously launched the BPI Kenya SME Fund in 2007 and the BPI Rwanda SME Fund in 2012, BPI Uganda was established in January 2016 as an additional initiative to expand our overall exposure in the region.

Our international expansion has greatly contributed to our experience as an SME investor and particularly the use of a Technical Assistance Fund – pioneered by our BPI staff – has enriched our ability to sustainably invest in SME markets faced with numerous weaknesses and shortcomings.

The model of a separate Technical Assistance Fund that affords the cost of improving weaknesses, shortcomings and opportunities in the identified SME clients has proven to yield impressive results. Independent research into the beneficiaries of technical assistance showed an improvement of 25 percent in employment rates, 33 percent in turnover and 79 percent in profit over three years in Kenyan SMEs in comparison to those SMEs that did not receive any technical assistance.

BUSINESS/PARTNERS will endeavour to launch a South African technical assistance facility to enhance the support already provided to local clients.



Cumulative value of investments approved VS value of investments disbursed since inception



Cumulative number of investments approved VS number of investments disbursed since inception





Total number of branches per year





Cumulative number of jobs facilitated since inception

BUSINESS/PARTNERS Renaissance SA client South Africa

The year ahead

BUSINESS/PARTNERS will continue on its guest to be one of the best SME risk financiers in the world. We are not, and will never be, satisfied with our levels of customer service. We will seek out ways of servicing our clients better, quicker and with deeper levels of understanding.

One project emanating from this objective is the review of our standard legal agreements to ensure that they are more client-friendly without sacrificing their legal validity.

A major reason for the prosperity of BUSINESS/PARTNERS over the past 35 years has been our willingness to adapt and hone our products to suit the needs of our clients in a sustainable way. We call it "evolutionising" our risk finance model, a word that encapsulates the mixture of boldness, creativity and the sound caution with which we develop our offerings.

Our plan for the year ahead is to emulate the entrepreneurs whom we serve by being innovative ourselves and to find ways of further "evolutionising" our risk finance offering. We will also dedicate resources to make technological advances in our processes with the view to improving service to our customers.

Related to our ability to keep on innovating is our emphasis on empowering the next generation of risk financiers. Emboldened by the success of our Graduate Internship Programme over the past year, we are committed to its continuation.

We plan to bolster our position as a leading SME risk financier. We aspire to be the financier of choice for SMEs in all the countries in which we operate; this will be supported by our consistent efforts to build and protect the BUSINESS/PARTNERS brand and by maintaining relationships with existing clients and establishing relationships with new clients, intermediaries and the role players directly or indirectly involved in servicing SMEs.

With the economies in most of the markets where we operate under strain, we must in the year ahead continue with our initiatives to minimise our credit losses as well as our debt collection costs. A key aspect of this process will be to identify those clients facing distress early and most importantly to continually keep in contact with our clients.

High-impact investments are business concepts - mostly through the application of innovative technology or intellectual property — that can disrupt established business models and traditional markets, expand beyond a localised market segment and often result in high levels of growth and job creation.

Identifying high-impact businesses to support with our offering remains a key part of our strategy. Identifying and sourcing these investment opportunities in sufficient numbers requires that we take a careful look at our deal sourcing, the approach we need to take and specifically the analysis of risk in these ventures.

The high-impact entrepreneurs that we have assisted continue to amaze with their ability to overcome obstacles and turn ideas into much-needed wealth and job creating businesses. We are determined to support more of them.

We will use the year ahead to re-assess the various properties in our property portfolio with a view to extract further value from the portfolio over the medium term. It will require that we explore the disposal of some of the properties that no longer fit the long-term return expectations of our property portfolio.

The expansion of the BUSINESS/PARTNERS model into other African countries remains a priority. For the year ahead we plan to cement our presence within the East African market especially the newly established Ugandan office. We will improve our overall operational performance under BPI with a special focus on Southern Africa which experienced a difficult year due to the significant economic headwinds brought on by the drought, electrical supply shortages and the decrease in the demand for commodities particularly in Malawi and Zambia.

The year ahead will also see the continuation of a number of initiatives at BUSINESS/PARTNERS that are aimed at positively influencing the environment in which SMEs operate. These initiatives require closer collaboration between all spheres of society to ensure that the ecosystem so crucial for the well-being of SMEs is improved, not only in South Africa but also in the other African countries in which we operate.

It has been a challenging year for South Africa and Southern Africa especially, and the current year has yet to show clear signs of improvement. Early positive signals are the slight rally in the price of commodities and specifically in South Africa the collaboration between the public and private sector which is expected to align interests and forge stronger unity of purpose.

We are optimistic that this can be achieved, which will provide much needed support for the South African SME sector. Our operations in Southern and East Africa are expected to gain traction and deliver strong results in the year ahead.

Thank you

BUSINESS/PARTNERS had an excellent 2015/2016 financial year and it would not have been possible without the support and efforts of the following key stakeholders:

- The company's shareholders, who continue to support our investment in entrepreneurs with the view to contribute to the development of the countries in which we operate;
- The chairman and Board of Directors, who ensure the implementation of the company's strategy, and encourage and challenge us to always do better. Without their continued trust and support, we would not have been able to reach for a record year;
- Investors, in the funds that the company manages, who value our people's skills and reputation to deliver risk finance to Africa's SMEs;
- Mr Nazeem Martin, my predecessor, who as managing director of BUSINESS/PARTNERS, ensured that our company made a significant impact on the SME sector in South Africa.
 During his eight years as the leader of our organisation Nazeem astutely navigated the uncertain and volatile period post the global financial crisis of 2008, the 2009 recession and the subsequent extended period of slow economic growth with great success, increasing our assets and improving our profitability. On behalf of everyone at BUSINESS/PARTNERS I thank you for your leadership, your wise counsel and most importantly for inspiring us to continue the journey of doing well and doing good.
- The BUSINESS/PARTNERS teams in Kenya, Malawi, Namibia, South Africa, Rwanda, Uganda and Zambia who work tirelessly to ensure we achieve and exceed our goals. Without their committed and focused hard work, we certainly would not have been able to achieve our record year; and
- Our clients, who make every working day worthwhile. We are because you are.

I thank you all.

Ben Birman.

Ben Bierman Managing Director



Five year summary

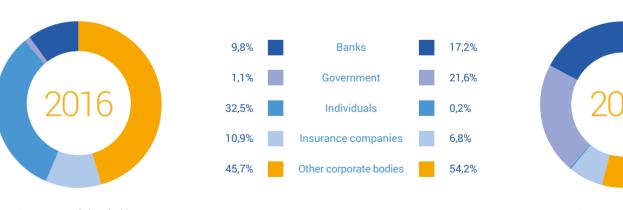
	2016/2015 % change	2016	2015	2014	2013	2012
Consolidated statement of financial p	osition (R000)				
Investment properties	16,0%	1 252 104	1 079 355	958 943	787 609	679 940
Loans and receivables	11,2%	2 584 093	2 323 069	2 274 146	2 060 799	2 038 719
Cash and cash equivalents	-49,1%	67 638	132 989	102 769	99 846	35 853
Total assets	9,8%	4 407 212	4 013 070	3 750 159	3 368 984	3 148 538
Capital and reserves	5,0%	3 012 063	2 868 292	2 706 018	2 543 477	2 440 513
Consolidated statement of comprehe	ensive income	(R000)				
Net profit		186 521	182 705	154 837	136 400	100 046
Net profit attributable to equity holders		186 319	182 486	154 850	136 347	100 079
Adjustments		(73 079)	(71 802)	(76 704)	(47 362)	(59 949)
Headline earnings		113 240	110 684	78 146	88 985	40 130
Change in net profit		2,1%	18,0%	13,5%	36,3%	-6,8%
Change in net profit attributable to equity holders	3	2,1%	17,8%	13,6%	36,2%	-6,6%
Change in headline earnings		2,3%	41,6%	-12,2%	121,7%	-34,6%
Share statistics						
Earnings per share (cents)	2,0%	107,7	105,6	89,5	78,8	57,8
Headline earnings per share (cents)	2,3%	65,5	64,0	45,2	51,4	23,2
Dividends per share (cents)	5,3%	20	19	17	15	13
Dividend cover (times)	-3,6%	5,4	5,6	5,3	5,3	4,4
Net asset value per share (cents)	5,0%	1 741,1	1 658,0	1 564,2	1 470,2	1 410,7
Ratios						
Effective tax rate	21,4%	28,4%	23,4%	24,9%	26,3%	27,5%
Return on opening shareholders' interest	-3,0%	6,5%	6,7%	6,1%	5,6%	4,2%
Return on average assets	-6,4%	4,4%	4,7%	4,4%	4,2%	3,3%
Operating expenditure/total income	-4,4%	33,8%	35,9%	35,6%	38,0%	39,8%
Net profit per employee (R000)	3,6%	703,1	678,4	588,8	514,5	370,7
Net profit/employee cost	0,0%	1,1	1,1	1,0	1,0	0,7

Shareholder information as at 31 March 2016

Distribution of shareholding	Number of holders	% of holders	Number of shares	% of shares
0 - 10 000	27	29,3%	87 425	0,1%
10 001 - 100 000	19	20,7%	695 163	0,4%
100 001 - 1 000 000	29	31,5%	8 552 446	4,9%
1 000 001 - 10 000 000	15	16,3%	52 359 547	30,3%
10 000 000 and above	2	2,2%	111 306 013	64,3%
	92	100,0%	173 000 594	100,0%

Major Shareholders	Number of shares	% of shares
Eikenlust Pty Ltd (Remgro Limited)	74 011 714	42,8%
Small Enterprise Finance Agency SOC Limited	37 294 299	21,6%
Old Mutual Life Assurance Company (South Africa) Limited	8 733 413	5,0%
Barclays Africa Group Limited	8 117 003	4,7%
Nedbank Limited	6 717 405	3,9%
Firstrand Limited	6 093 656	3,5%
Standard Bank Investment Corporation Limited	5 602 422	3,2%
First National Nominees Pty Ltd	2 936 373	1,7%
Sabsa Holdings Limited	2 398 528	1,4%
Barloworld Limited	2 209 594	1,3%
Other shareholders' holding	18 886 187	10,9%
	173 000 594	100,0%

Business Partners Limited shares can be traded by contacting the company secretary.



Percentage of shareholders Percentage of shares



Compliance with corporate governance standards

During the 2015/2016 financial year, BUSINESS/PARTNERS continued to inculcate a culture that prizes, above all, integrity, transparency, accountability and compliance with all the laws that govern our business activities. This culture requires the highest standards of good corporate governance which in turn will contribute to the sustainability of our business.

BUSINESS/PARTNERS applies the principles of good governance and recommendations as set out by the King Report on Governance for South Africa 2009 (King III), using it as a tool to measure performance and actions against best practice and standards. By applying these principles the board strikes a balance between creating accountability and bolstering entrepreneurial spirit.

Board of Directors

Board structure

BUSINESS/PARTNERS' unitary board structure ensures that the roles of the chairman and managing director are separate and not vested in one individual. As per the King III requirement, the chairman is a non-executive director who holds office for a maximum period of one year.

The unitary board structure ensures the high degree of independence required to maintain objectivity as well as the effective functioning of the board and its committees. The board has an appropriate balance of executive, non-executive and independent directors (as set out in King III), and at least 50 percent of the board is elected by shareholders, as per the requirement of the Companies Act, 2008.

As per article 20.1.2 of the company's Memorandum of Incorporation (MOI), up to six directors may be elected by the majority of shareholders. Of those directors at least one third must retire by rotation at every annual general meeting, but may be re-elected.

The directors elected by majority of shareholders in terms of article 20.1.2 of the

MOI are Dr Links, Mr Meisenholl, Ms Moliea (served from 12 August 2015), Mr Moshapalo, Mr Ngcobo and Ms de Bruyn Sebotsa.

In addition to directors elected in terms of article 20.1.2, shareholders, or groups of shareholders, are entitled — in terms of article 20.1.3 of the MOI — to appoint one director for every 10 percent of issued share capital held, or collectively held, in the company. These appointed directors cease to hold office as soon as the shareholder(s), by whom the director was appointed, no longer holds the requisite number of voting rights or revokes the appointment of the director.

The directors appointed by shareholder(s) who hold at least 10 percent of the issued share capital in terms of article 20.1.3 of the MOI are Mr van Wyk (chairman), Mr Knoetze, Mr Ndlovu (appointed from 12 August 2015), Dr Rustomjee, Mr Twala and Mr Williams.

In addition to the managing director, the directors may appoint, until confirmed in an election by shareholders, up to two additional executive directors. Once the employment contract of any executive director terminates, he/she shall be deemed to have resigned his/her position.

The executive directors appointed by the board and confirmed through election by shareholders in terms of article 20.2 of the MOI are Mr Martin (managing director) (served until 31 March 2016), Mr Botes and Mr van Biljon.

The board has appointed Mr Bierman as managing director from 1 April 2016, and he serves as a director on a temporary basis until his appointment is confirmed by the election of shareholders at the ensuing annual general meeting.

Roles and responsibilities

As the company's highest decision-making body, corporate governance is ultimately the responsibility of the Board of Directors. The board functions within its written charter, which is reviewed annually.

In its decision making, the board reserves the appointment of executive directors and approval of the business strategy, annual budget, interim results and financial statements. The board retains effective control through a well–developed governance structure that provides the framework for delegation.

The managing director has been delegated the authority to achieve corporate objectives

and manage the business affairs of the group, subject to statutory parameters and the limits imposed by the board.

Executive management's implementation of approved plans and strategies, and the measurement of financial performance against objectives are monitored on an ongoing basis.

Board meetings

The board meets four times per annum. The board and its committees are timeously provided with relevant, complete, accessible and accurate information to enable them to reach objective and well-informed decisions and effectively discharge their responsibilities.

Remuneration of non-executive board members

Non-executive directors receive fees, approved by shareholders at the preceding annual general meeting, for their services as directors on the board and as members of board committees.

Remuneration paid to non-executive directors, executive directors and prescribed officers during the year under review, is disclosed in note 28 to the full financial statements.

BUSINESS/PARTNERS continued to inculcate a culture that prizes, above all, integrity, transparency, accountability and compliance with all the laws that govern our business activities. This culture requires the highest standards of good corporate governance which in turn will contribute to the sustainability of our business.

Committees of the Board of Directors

The board has established committees to provide in-depth focus and make recommendations in specific areas.

In line with best practice, committees of the board operate within written charters or terms of reference. Each committee chairman provides the board with feedback on committee matters, and the minutes of committee meetings are distributed to all board members.

Audit and Risk Committee

The Audit and Risk Committee report for the 2015/2016 financial year appears in the financial statements.

The Audit and Risk Committee meets four times per annum and its members are Mr Williams (chairman), Mr Meisenholl, Mr Twala, Dr Rustomjee (alternate to Mr Twala) and Mr van Wyk (from 12 August 2015).

As stipulated by good corporate governance principles, the chairman of the Audit and Risk Committee is not the chairman of the board or the managing director.

During the year under review, the external and internal auditors attended meetings as standing invitees and were given a private audience with the committee.

The committee chair conducted his annual assessment of the committee's performance against the duties and responsibilities set out in its charter. In addition, all members submitted their self-assessment performance questionnaires.

The board mandates the Audit and Risk Committee to raise any finance and riskrelated concerns, and the committee performs a key role in the company's integrated risk management process.

The board, through the Nominations
Committee, will present shareholders with
suitable independent non-executive directors
for election or re-election as members of the
Audit and Risk Committee at the company's
forthcoming annual general meeting.

National Investment Committee

The National Investment Committee has two scheduled meetings per month and holds additional meetings if required. The committee held 20 meetings during the financial year to consider investments within its mandate.

The committee members are Mr Geeringh (a former director), Mr Knoetze, Mr Bierman, Mr Meisenholl, Mr Moshapalo, Mr Ndlovu (from 10 February 2016), Mr Ngcobo, Dr Rustomjee, Mr van Wyk and Mr Williams (until 9 February 2016). The committee elects a chairman for each meeting.

Nominations Committee

The Nominations Committee meets twice per annum and its members are Mr van Wyk (chairman), Mr Bierman, Mr Moshapalo, Mr Twala, Dr Rustomjee (alternate to Mr Twala), Mr Williams and Mr Knoetze (alternate to Mr Williams).

As part of its duty to oversee a succession plan for the board, the committee occasionally identifies suitable potential candidates to serve as directors. This is done with due regard to the circumstances of the company, the skills and knowledge of the incumbent board and the continued independence of the board.

Eligible candidates will be presented to shareholders for election or re–election to the position of director in terms of article 20.1.2 of the company's MOI at the company's forthcoming annual general meeting.

Personnel Committee

The members are Mr van Wyk (chairman), Mr Bierman, Mr Moshapalo, Mr Twala, Dr Rustomjee (alternate to Mr Twala), Mr Williams and Mr Knoetze (alternate to Mr Williams). The company's monetary remuneration processes focus on rewarding performance on the achievement of corporate goals aligned to the business strategy.

The Personnel Committee meets at least three times per annum, with special meetings arranged as required.

Social and Ethics Committee

The Social and Ethics Committee is constituted as a statutory committee of the board under section 72(4) of the Companies Act, 2008 (read together with Regulation 43 of the Companies Regulations, 2011). This committee assists the Board in monitoring the company's performance as a good and responsible corporate citizen in terms of its work plan for the year.

During the 2015/2016 financial year, the Social and Ethics Committee gave specific consideration to the company's performance in regard to health and safety at its business premises and properties managed by the company; client service and relationships; ethics and prevention of corruption; and its employment equity report and plans.

Also considered was the company's performance in respect of Black Economic Empowerment as measured against the Department of Trade and Industry generic Broad–Based Black Economic Empowerment (B–BBEE) scorecard and the possible implications of the new Financial Sector Code on the company's B–BBEE scorecard.

Because the functions of the Social and Ethics Committee overlap with those of the Audit and Risk Committee, internal auditors attend Social and Ethics Committee meetings by invitation. The internal auditors are tasked with providing assurance to the committee as part of their combined assurance process. In addition, the chairman of the Social and Ethics Committee attends, as a standing invitee, the Audit and Risk Committee meeting at which the annual financial statements are considered.

The Social and Ethics Committee meets twice per annum and its members are Mr Moshapalo (chairman), Dr Links, Mr Bierman and Mr van Wyk. The chairman of the committee will report to shareholders at the forthcoming annual general meeting on the matters within its mandate.

Transactions Committee

The Transactions Committee meets when required and has no permanent members. The committee ensures full transparency and independent decision making on all investments and transactions in which a director or employee — or a person related to a director or employee — has a personal financial interest.

The chairman of the board or of the Audit and Risk Committee elects a disinterested quorum for a meeting, which consists of two non–executive directors and the managing director (ex officio), or any three non–executive directors. During the 2015/2016 financial year no matters required consideration by the committee.

Company secretary and compliance governance

The board-appointed company secretary's role is to guide the board on discharging its duties and responsibilities. The company secretary assists the chairman and managing director with the orientation and induction of new directors. During the year under review the directors who were newly appointed to the board participated in the company's induction programme.

Because of the frequent amendments to South Africa's regulatory framework, regulatory awareness is important. As such, the company secretary monitors the legal and regulatory environment and keeps the board abreast of relevant changes to legislation, provides training and advice, and ensures compliance with applicable legislation and regulations within the company.

The company secretary also monitors dealings in securities and ensures adherence to closed periods for share trading.



Statement of responsibility by the Board of Directors

The directors of Business Partners Limited (BUSINESS/PARTNERS) are responsible for the preparation of the consolidated annual financial statements of the Group ("Group") and the separate annual financial statements of the Company ("Company"). 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 S Dumeko, 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 34.

The separate annual financial statements of the Company, which appear on pages 40 to 96 have been approved by the Board of Directors on 24 May 2016 and are signed on behalf of the Board of Directors by two directors.

T van Wy Chairman

BD Bierman
Managing Direc

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 2016, 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.

Com Com 24 N

Company Secretary 24 May 2016

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 2016:

- 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 scope, approach 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.
- The committee is satisfied that the Group is able to manage its Information Technology capabilities and the related controls are appropriate to support the integrity of financial reporting.

Gourand

NJ Williams
Chairman: Audit and Risk Committee
N4 May 2016

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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 40 to 96, which comprise the statements of financial position as at 31 March 2016, 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 2016, 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 2016, 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 consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Vicewater boure loopers Inc. PricewaterhouseCoopers Inc. Sunninghill, 26 May 2016

Directors' report for the year ended 31 March 2016

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.

Review of operations

During the period under review, the Company delivered an excellent set of operational results under challenging economic conditions.

The volume of new business concluded marginally exceeded the targets for the year. A total number of 372 investment projects amounting to R1 107,4 million were approved. The investment activity in a year during which SMEs were experiencing tough trading conditions represents a satisfactory achievement. This was achieved despite being lower by 2,2 percent and 5,9 percent, respectively, in comparison to the 380 investments amounting to R1 177,0 million which were approved in the previous financial period.

The majority (77.6 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 57 projects (2015: 53 projects) at an average investment amount of R5,1 million (2015: R4,2 million).

During the period, 307 investment projects amounting to R966,2 million were disbursed. This achievement exceeds the prior period investment activity by 35,5 percent and represents the highest level of disbursements achieved in the Company's history.

The Company manages a portfolio of 154 (2015: 162) industrial and commercial properties that are geographically dispersed and provides business premises with a lettable area of more than 441 982 m² (2015: 436 308 m²), to more than 1 696 tenants. The investment properties are carried at a fair value of R1 252,1 million (2015: R1 079,4 million) in the statement of financial position. In addition, owner occupied property to the value of to R94,0 million is reflected under 'Property and equipment' (2015: R94,1 million).

The property management services division delivered an excellent set of results for the year ensuring that vacancy rates are at a three year low of below 5 percent. In addition, the rental payments in arrears were also at a historical low of 25,6 percent.

The risk in the investment portfolio, as measured by the repayment performance of the investments, increased marginally over the period. Investments with repayment obligation in arrears increased from 14,7 percent of the investment portfolio last year to 15,0 percent of the portfolio at 31 March 2016.

Financial highlights

Total income increased by 6,8 percent from R513,3 million in the prior year to R548,2 million for the current year.

Finance charges increased by 17,9 percent from the prior year, the result of an increase in interest rates as well as the increase in total borrowings from R781,6 million on 1 April 2015 to R976,9 million on 31 March 2016.

Investment income and gains decreased by 14,4 percent year on year and amounted to R116,4 million in the current year (2015: R136,0 million). This is largely due to a decline in the equity accounted income from associated companies, a reflection of the more difficult trading conditions experienced by the SMEs.

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Net property revenue increased by 21,3 percent, reflecting increased rental income and efficient expense control, as well as the marginal expansion in lettable area due to acquisitions during the period.

Net credit losses increased by 17,7 percent to R42,5 million (2015: R36,1 million) primarily as a result of an increase in impairments raised.

The net income before taxation amounted to R 260,3 million, a very pleasing increase of 9,1 percent compared to the prior period.

The taxation expense for the year increased by 32 percent to R73,8 million (2015: R55,9 million) largely driven by an amendment to increase the capital gains tax inclusion rate from 66,6 percent to 80 percent. This resulted in additional deferred tax of R11,2 million of which R10,3 million relates to the cumulative effect from prior years.

The Group's net profit attributable to equity holders of BUSINESS/PARTNERS for the year amounted to R186,3 million a marginal increase of R3,8 million (2,1 percent) from the R182,5 million profit reported in the prior year.

4. Events subsequent to the statement of financial position date

No events occurred between the statement of financial position date and the date of this report 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 20 cents per share in respect of the 2016 financial year (2015: 19 cents) was declared on 24 May 2016, payable on or about 22 August 2016 to all shareholders registered in the share register at the close of business on 17 August 2016.

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 5,4 times (2015: 5,6 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 107,7 cents (2015: 105,6 cents) based on 173,0 million shares in issue. Headline earnings per share increased to 65,5 cents (2015: 64,0 cents). For more information on earnings per share, refer to notes 12 and 24 of the annual financial statements.

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 23 of the annual report.

10. Directors

10.1 The directors of the Company on 31 March 2016 were:

Directors elected by shareholders in terms of Article 20.1.2 of the Memorandum of Incorporation:

Dr E Links Ms HE Moliea Mr SST Ngcobo
Mr F Meisenholl Mr D Moshapalo Ms SEN de Bruyn Sebotsa

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

Mr T van Wyk (Chairman) Mr RSM Ndlovu Mr VO Twala
Mr F Knoetze Dr ZZR Rustomjee Mr NJ Williams

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)

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

Director	Event	Terms	Date
Dr E Links	Re-elected	Article 20.1.2	12 August 2015
Mr F Meisenholl	Re-elected	Article 20.1.2	12 August 2015
Ms HE Moliea	Elected	Article 20.1.2	12 August 2015
Mr RSM Ndlovu	Appointed	Article 20.1.3	12 August 2015

Pursuant to the powers invested in the Board of Directors in terms of Article 20.1.4 of the Memorandum of Incorporation, the Directors resolved on 12 August 2015 that the maximum number of directors be increased from 14 to 15 directors.

* Mr N Martin retired as Managing Director and resigned from the Board of Directors on 31 March 2016. Mr BD Bierman was appointed to the Board of Directors and as Managing Director with effect from 1 April 2016.

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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 S Dumeko, 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 2017 financial year. Mr V Tshikhovhokhovho will be the designated auditor.

14. Acknowledgements

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.

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.

Lastly, but not least, we would like to thank our Managing Director, Mr N Martin, who retired on 31 March 2016 after an 18 year tenure at BUSINESS/PARTNERS. We would like to extend our appreciation and gratitude for his endeavours and significant contributions and we wish him all the best in his retirement.

T van Wyk
Chairman
24 May 201

Berbburnan.

BD Bierman Managing Director 24 May 2016

simme wine Financial statements for the year ended 31 March 2016 Photo: Sean Mwai Longwe **BUSINESS/PARTNERS** Chilon Security Services

Consolidated and separate statement of financial position as at 31 March 2016

		Gro	oup	Comp	pany
	Notes	2016	2015	2016	2015
		R000	R000	R000	R000
Assets					
Non-current assets		3 928 762	3 490 050	3 659 720	3 243 078
Investment properties	3	1 252 104	1 079 355	789 520	746 835
Loans and receivables	4	2 219 271	1 962 457	2 227 915	1 968 440
Investments in associates	5	101 647	105 249	99	87
Investments in subsidiaries	7			388 487	286 927
Property and equipment	6	97 345	98 116	3 994	4 563
Deferred tax asset	15	104 285	94 973	95 595	86 326
Defined benefit pension fund surplus	8	154 110	149 900	154 110	149 900
Current assets		478 450	523 020	440 421	503 444
Loans and receivables	4	364 822	360 612	364 513	359 915
Assets held for resale	9	2 147	2 438	2 147	2 438
Accounts receivable	10	43 843	26 981	23 069	19 753
Cash and cash equivalents	11	67 638	132 989	50 692	121 338
Total assets		4 407 212	4 013 070	4 100 141	3 746 522
Equity and liabilities					
Capital and reserves*		3 012 063	2 868 292	2 766 072	2 650 517
Share capital	12	173 001	173 001	173 001	173 001
Fair value and other reserves	13	71 899	81 577	66 138	75 836
Retained earnings		2 767 163	2 613 714	2 526 933	2 401 680
Non-controlling shareholders' interest		(141)	1 286		
Total equity		3 011 922	2 869 578	2 766 072	2 650 517
Non-current liabilities		1 227 104	995 334	1 203 833	976 910
Borrowings	14	937 649	747 850	937 649	747 850
Post-employment medical benefits	8	94 217	84 837	94 217	84 837
Deferred tax liability	15	195 238	162 647	171 967	144 223
Current liabilities		168 186	148 158	130 236	119 095
Borrowings	14	39 272	33 790	39 272	33 790
Accounts payable	16	70 674	54 008	35 818	29 848
Provisions	17	56 342	52 962	54 165	50 551
Current income tax liability		804	6 983	(113)	4 491
Shareholders for dividend		1 094	415	1 094	415
Total liabilities		1 395 290	1 143 492	1 334 069	1 096 005
Total equity and liabilities		4 407 212	4 013 070	4 100 141	3 746 522

^{*} Attributable to equity holders of the parent

Consolidated and separate statement of comprehensive income for the year ended 31 March 2016

		Grou	up	Company	
	Notes	2016	2015	2016	2015
		R000	R000	R000	R000
Net interest revenue	18	269 151	240 910	271 102	242 426
Interest income		341 909	302 604	343 860	304 112
Interest expense		(72 758)	(61 694)	(72 758)	(61 686)
Fee revenue		14 696	12 758	14 691	12 744
Investment income and gains	19	116 374	136 001	102 190	98 691
Net property revenue		114 117	94 094	82 506	80 391
Property revenue		214 790	181 617	149 769	141 460
Property expenses		(100 673)	(87 523)	(67 263)	(61 069)
Management and service fee income		30 649	26 252	12 399	10 308
Other income		3 201	3 314	3 138	3 262
Total income		548 188	513 329	486 026	447 822
Net credit losses	20	(42 516)	(36 119)	(42 684)	(35 431)
Staff costs	21	(179 392)	(172 504)	(163 864)	(159 106)
Other operating expenses		(65 936)	(66 089)	(73 624)	(76 299)
Profit before taxation		260 344	238 617	205 854	176 986
Income tax expense	23	(73 823)	(55 912)	(47 731)	(37 145)
Profit for the year		186 521	182 705	158 123	139 841
Other comprehensive income after tax: Items that will not be reclassified to profit or loss Remeasurement of defined benefit pension fund Remeasurement of post-employment medical benefits Remeasurement of post-employment benefits	13 13	(4 416) (3 990) (8 406)	11 082 (2 604) 8 478	(4 416) (3 990) (8 406)	11 082 (2 604) 8 478
18					
Items that may be subsequently reclassified to profit or loss	5	(2.240)	10	(2.240)	10
Fair value adjustment of available–for–sale instruments		(2 249)	12	(2 249)	12
Foreign currency translation reserve movement		624	31	957	_
Share of associates' other comprehensive income		353	756	(1.000)	- 10
Other control of the		(1 272)	799	(1 292)	12
Other comprehensive income for the year		(9 678)	9 277	(9 698)	8 490
Total comprehensive income for the year		176 843	191 982	148 425	148 331
Profit attributable to:					
Equity holders of Business Partners Limited		186 319	182 486	158 123	139 841
Non-controlling interests		202	219		
		186 521	182 705	158 123	139 841
Total comprehensive income attributable to:					
Equity holders of Business Partners Limited		176 641	191 763	148 425	148 331
Non-controlling interests		202	219		
		176 843	191 982	148 425	148 331

Consolidated and separate statement of changes in equity for the year ended 31 March 2016

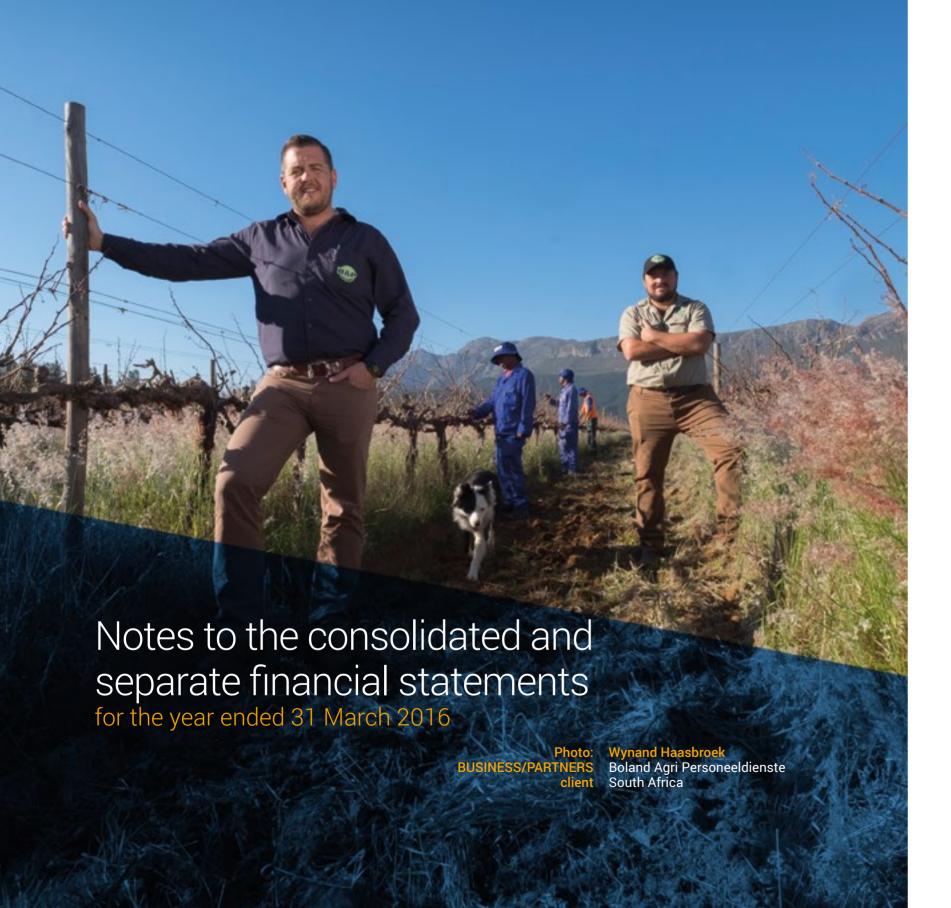
Notes Share capital other reserves* Retained earnings interest R000 R000 R000 R000 Group Balance at 1 April 2014 173 001 72 300 2 460 717 1 006 Share of associates' movement in retained earnings Total comprehensive income for the year 9 277 182 486 219 Net profit 9 277 Other comprehensive income Dividend 25 Non-controlling interest recognised directly in equity Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Share of associates' movement in retained earnings	Total R000 2 707 024 (79) 191 982 182 705 9 277 (29 410) 61 2 869 578 2 869 578
Group Balance at 1 April 2014 173 001 72 300 2 460 717 1 006 Share of associates' movement in retained earnings (79) (79) Total comprehensive income for the year 9 277 182 486 219 Net profit 9 277 182 486 219 Other comprehensive income 9 277 182 486 219 Dividend 25 (29 410) (29 410) Non-controlling interest recognised directly in equity 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	R000 2 707 024 (79) 191 982 182 705 9 277 (29 410) 61 2 869 578
Group Balance at 1 April 2014 173 001 72 300 2 460 717 1 006 Share of associates' movement in retained earnings (79) Total comprehensive income for the year 9 277 182 486 219 Net profit Other comprehensive income 9 277 182 486 219 Dividend 25 (29 410) Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286	2 707 024 (79) 191 982 182 705 9 277 (29 410) 61 2 869 578
Balance at 1 April 2014 173 001 72 300 2 460 717 1 006 Share of associates' movement in retained earnings (79) Total comprehensive income for the year 9 277 182 486 219 Net profit Other comprehensive income 9 277 182 486 219 Dividend 25 (29 410) Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286	(79) 191 982 182 705 9 277 (29 410) 61 2 869 578
Share of associates' movement in retained earnings (79) Total comprehensive income for the year 9 277 182 486 219 Net profit 182 486 219 Other comprehensive income 9 277 (29 410) Dividend 25 (29 410) Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	(79) 191 982 182 705 9 277 (29 410) 61 2 869 578
Total comprehensive income for the year 9 277 182 486 219 Net profit 182 486 219 Other comprehensive income 9 277 Dividend 25 (29 410) Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	191 982 182 705 9 277 (29 410) 61 2 869 578
Net profit Other comprehensive income 182 486 219 Dividend 25 (29 410) Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	182 705 9 277 (29 410) 61 2 869 578
Other comprehensive income 9 277 Dividend 25 (29 410) Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	9 277 (29 410) 61 2 869 578
Dividend 25 (29 410) Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	(29 410) 61 2 869 578
Non-controlling interest recognised directly in equity 61 Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	61 2 869 578
Balance at 31 March 2015 173 001 81 577 2 613 714 1 286 Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	2 869 578
Balance at 1 April 2015 173 001 81 577 2 613 714 1 286	
	2 869 578
Share of associates' movement in retained earnings	-
Total comprehensive income for the year (9 678) 186 319 202	176 843
Net profit 186 319 202	186 521
Other comprehensive income (9 678)	(9 678)
Dividend 25 (32 870)	(32 870)
Non-controlling interest recognised directly in equity (1 629)	(1 629)
Balance at 31 March 2016 173 001 71 899 2 767 163 (141)	3 011 922
Company	
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
Balance at 1 April 2015 173 001 75 836 2 401 680	2 650 517
Total comprehensive income for the year (9 698) 158 123	148 425
Net profit 158 123	158 123
Other comprehensive income (9 698)	(9 698)
Dividend 25 (32 870)	(32 870)
Balance at 31 March 2016 173 001 66 138 2 526 933	2 766 072

^{*}The composition of fair value and other reserves is disclosed in note 13.

Consolidated and separate cash flow statement for the year ended 31 March 2016

		Grou	ıp	Compa	any
	Notes	2016	2015	2016	2015
		R000	R000	R000	R000
Cash flow from operating activities					
Cash received from clients		593 002	529 686	522 965	481 889
Cash paid to suppliers and employees		(326 032)	(316 885)	(298 516)	(292 089)
Cash generated from operating activities	27.1	266 970	212 801	224 449	189 800
Finance cost		(70 194)	(59 486)	(70 194)	(59 478)
Taxation paid	27.2	(47 022)	(32 247)	(30 207)	(25 845)
Dividends paid	27.3	(32 191)	(29 096)	(32 191)	(29 096)
Net cash flow from operating activities		117 563	91 972	91 857	75 381
Cash flow from investing activities					
Capital expenditure on					
• investment properties		(121 824)	(81 723)	_	_
 property and equipment 		(2 334)	(5 041)	(1 370)	(1 947)
Proceeds from sale of		(= 00 .)	(0 0)	(1010)	(. 3)
 investment properties 		3 252	22 761	3 252	5 261
property and equipment		62	77	62	76
Loans and receivables advanced		(783 368)	(555 093)	(783 368)	(555 093)
Loans and receivables repaid		459 161 [°]	442 784	459 694	453 510
Interest received from other investments		7 361	11 423	6 902	10 443
Loans from subsidiaries repaid				(99 122)	(43 658)
Proceeds from sale of investments in associates		59 023	35 024	55 694	35 024
Dividends received from investments in associates		3 036	6 573	3 036	6 573
Net cash flow from investing activities		(375 631)	(123 215)	(355 220)	(89 811)
Cash flow from financing activities					
Utilisation of long-term borrowings		228 129	95 540	228 129	95 540
Repayment of long-term borrowings		(35 412)	(34 077)	(35 412)	(34 077)
		` ′		` ′	
Net cash flow from financing activities		192 717	61 463	192 717	61 463
Net movement in cash and cash equivalents	11	(65 351)	30 220	(70 646)	47 033
Cash and cash equivalents at beginning of year	11	132 989	102 769	121 338	74 305
Cash and cash equivalents at end of year		67 638	132 989	50 692	121 338

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. Accounting policies

The principal accounting policies applied in the preparation of these 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 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 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.
- Financial Instruments at fair value.

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 2015:

Amendment to IAS 19, 'Employee benefits' defined benefit plans. These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The amendment did not have a significant impact on the disclosures provided in the financial statements.

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.

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.

Amendment to IAS 12, 'Income taxes'. The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets.

The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets. Effective date: 1 January 2017.

Amendment to IAS 7, 'Cash flow statements'. In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. Effective date: 1 January 2017.

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.

IFRS 16, 'Leases'. After ten years of joint drafting by the IASB and FASB they decided that lessees should be required to recognise assets and liabilities arising from all leases (with limited exceptions) on the balance sheet. Lessor accounting has not substantially changed in the new standard. The model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. In response to concerns expressed about the cost and complexity to apply the requirements to large volumes of small assets, the IASB decided not to require a lessee to recognise assets and liabilities for short-term leases (less than 12 months), and leases for which the underlying asset is of low value (such as laptops and office furniture).

A lessee measures lease liabilities at the present value of future lease payments. A lessee measures lease assets, initially at the same amount as lease liabilities, and also includes costs directly related to entering into the lease. Lease assets are amortised in a similar way to other assets such as property, plant and equipment. This approach will result in a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed. One of the implications of the new standard is that there will be a change to key financial ratios derived from a lessee's assets and liabilities (for example, leverage and performance ratios).

IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, 'Operating Leases -Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease' 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 acquirience an 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.

Subsidiaries 1.3.2

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.

Transactions with non-controlling interests 1.3.3

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.

Foreign currency activities

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 Instruments

1.5.1 Financial assets

1.5.1.1 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.

1.5.1.2 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.

1.5.1.3 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 installment;
- C. Amount in arrears for 60 days is less than the repayment required or value of installment;
- D. Amount in arrears for 30 days is greater than value of installment;
- E. Amount in arrears for 30 days with no planned installments on account;
- F. More than one dishonoured payment 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'.

1.5.1.4 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.

1.5.1.5 Cash and cash equivalents

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

1.5.2 Financial liabilities

1.5.2.1 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.

1.6 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.

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 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'.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

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.

1.17.1 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.

1.17.2 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.

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.

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.

1.17.5 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.

1.17.6 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.

1.17.7 Provisions

The accounting policy for provisions is set out in accounting policy note 1.14. 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.

1.17.8 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.

1.18 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 1 565 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 0.9 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	
2016	2015	2016	2015
R000	R000	R000	R000

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	2 541 202	2 313 153	2 540 745	2 311 675
Shareholders' loans	133 152	111 638	133 152	111 638
Royalty agreements	61 705	52 592	61 581	52 334
	2 736 059	2 477 383	2 735 478	2 475 647
Related to accounts receivable:				
Rent debtors	16 899	18 092	9 825	12 495
Trade and other receivables	26 944	8 889		
Cash held in bank accounts	67 638	132 989		
Related to off-balance sheet items:				
Loan commitments and other credit related liabilities	351 595	392 877	351 595	392 877
	3 199 135	3 030 230	3 096 898	2 881 019

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

Industry sector exposure

Construction	176 075	151 921	176 075	151 921
Financial intermediation	703 569	689 867	703 575	689 871
Fishing	15 950	19 873	15 950	19 873
Horticulture, animal farming and forestry	21 720	21 690	21 720	21 690
Leisure	79 704	72 912	79 478	72 416
Manufacturing	637 857	567 801	637 858	567 802
Motor trade	173 596	172 694	173 445	172 419
Personal services	237 381	176 491	237 382	176 492
Quarrying	8 444	11 561	8 444	11 561
Retail	211 954	201 171	211 812	200 447
Transport and communication	132 467	87 999	132 397	87 752
Travel and tourism	229 490	209 686	229 490	209 686
Wholesale	107 852	93 717	107 852	93 717
	2 736 059	2 477 383	2 735 478	2 475 647

	Gro	oup	Company	
	2016	2015	2016	2015
	R000	R000	R000	R000
Geographical exposure				
Eastern Cape	320 005	299 190	319 855	298 91
Free State	115 225	124 673	115 225	124 67
Gauteng	818 681	679 268	818 340	678 59
KwaZulu-Natal	544 373	514 579	544 375	514 57
Limpopo	49 926	59 410	49 926	59 41
Mpumalanga	88 173	75 420	88 150	75 06
North West	64 037	23 867	64 037	23 86
Northern Cape	75 871	67 067	75 871	67 06
Western Cape	659 768	633 909	659 699	633 47
	2 736 059	2 477 383	2 735 478	2 475 64
Product type exposure				
Term Finance	332 577	339 035	332 577	339 03
Term Finance with a Royalty	910 923	845 411	910 342	843 67
Term Finance with a Royalty and Shareholding	10 356	12 400	10 356	12 40
Term Finance with Shareholding	23 619	17 183	23 619	17 18
Equity Investments	57 891	50 770	57 891	50 77
Property Finance with Shareholding	868 087	774 528	868 087	774 52
Property Finance with a Royalty	353 222	298 448	353 222	298 44
Property Finance with Equity Participation	179 384	139 608	179 384	139 60
	2 736 059	2 477 383	2 735 478	2 475 64
Credit quality of loans and receivables				
The credit quality of loans and receivables are as follows:				
Neither past due nor individually impaired	1 997 044	1 697 560	1 996 463	1 696 24
Past due, but not individually impaired	23 505	2 882	23 505	2 88
Individually impaired	715 510	776 941	715 510	776 52
Gross	2 736 059	2 477 383	2 735 478	2 475 64
Less: allowance for impairment	(183 444)	(164 481)	(183 411)	(164 22
	2 552 615	2 312 902	2 552 067	2 311 42

2.1.4

The allowance for impairment of loans and receivables amounts to R183,4 million (2015: R164,5 million). R127,1 million (2015: R114,6 million) represents the individually impaired loans and the balance of R56,5 million (2015: R49,7 million) represents the portfolio impairment. For additional information regarding the allowance for impairment, refer note 4.3.

Group	ıp	Compa	ny
2016	2015	2016	2015
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	1 814 228	1 544 201	1 813 771	1 543 144
Shareholders' loans	121 111	100 767	121 111	100 767
Royalty agreements	61 705	52 592	61 581	52 334
	1 997 044	1 697 560	1 996 463	1 696 245

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	22 705	2 882	22 705	2 882
Shareholders' loans	800	-	800	_
	23 505	2 882	23 505	2 882
Fair value of collateral — interest-bearing loans	19 805	2 867	19 805	2 867

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	704 269	766 070	704 269	765 649
Shareholders' loans	11 241	10 871	11 241	10 871
	715 510	776 941	715 510	776 520
Fair value of collateral — interest-bearing loans	421 510	499 260	421 510	499 222

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 amounting to R68,2 million (2015: R75,2 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:

	Gro	up	Company	
	Continue to be impaired R000	No longer impaired R000	Continue to be impaired R000	No longer impaired R000
At 31 March 2016 Interest-bearing loans	11 740		11 740	
At 31 March 2015 Interest-bearing loans	131	4 841	131	4 841

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 R4,0 million (2015: R5,9 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 R277,7 million (2015: R255,1 million). Alternatively, if the prime rate was one percent lower, the Group's profit before tax would have been R243,3 million (2015: R221,7 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 primelinked borrowings.

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	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	R000	R000	R000	R000	R000
At 31 March 2016					
Borrowings (refer note 14.1)	39 312	40 546	304 927	592 136	976 921
Accounts payable	70 674				70 674
Current tax liability	804				804
At 31 March 2015					
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

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
At 31 March 2016	11000	11000	11000	11000	11000	11000
Financial assets						
Loans and receivables	2 584 093	2 584 093	-	_	2 584 093	2 584 093
Accounts receivable	43 843	43 843	-	_	43 843	43 843
Cash and cash equivalents	67 638	67 638	67 638	-	-	67 638
	2 695 574	2 695 574	67 638		2 627 936	2 695 574
Financial liabilities						
Borrowings	976 921	976 921	-	976 921	-	976 921
Accounts payable	70 674	70 674	-	-	70 674	70 674
	1 047 595	1 047 595	_	976 921	70 674	1 047 595
At 31 March 2015 Financial assets						
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
	2 483 039	2 483 039	132 989		2 350 050	2 483 039
Financial liabilities						
Borrowings	781 640	781 640	_	781 640	_	781 640
Accounts payable	54 008	54 008	-	-	54 008	54 008
	835 648	835 648		781 640	54 008	835 648

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 Borrowings Accounts payable	Discounted cash flow model Discounted cash flow model Discounted cash flow model	Discount rate Discount rate 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

Assets and liabilities held at fair value

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

	Level 1	Level 2	Level 3	Total balance
	R000	R000	R000	R000
At 31 March 2016				
Available-for-sale financial assets	325	_	29 003	29 328
Investment properties	-	-	1 252 104	1 252 104
	325		1 281 107	1 281 432
At 31 March 2015				
Available-for-sale financial assets	370	_	6 769	7 139
Investment properties	-	_	1 079 355	1 079 355
	370		1 086 124	1 086 494

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 1.17.4 and note 3.

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 R000	Amortised cost R000	Tota R00
Financial instruments by category			
At 31 March 2016			
Assets per statement of financial position			
Available-for-sale financial assets	29 328		29 32
Loans and receivables		2 552 615	2 552 61
Accounts receivable		43 843	43 84
Cash and cash equivalents		67 638	67 63
	29 328	2 664 096	2 693 42
Liabilities per statement of financial position			
Borrowings		976 921	976 92
Accounts payable		70 674	70 67
		1 047 595	1 047 59
At 31 March 2015			
Assets per statement of financial position			
Available-for-sale financial assets	7 139		7 13
Loans and receivables		2 312 902	2 312 90
Accounts receivable		26 981	26 98
Cash and cash equivalents		132 989	132 98
	7 139	2 472 872	2 480 01
Liabilities per statement of financial position			
Borrowings		781 640	781 64
Accounts payable		54 008	54 00
		835 648	835 64

Group	iroup	Company	
2016	2015	2016	2015
R000	R000	R000	R000

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	71 899	81 577	66 138	75 836
Retained earnings	2 767 163	2 613 714	2 526 933	2 401 680
Total capital	3 012 063	2 868 292	2 766 072	2 650 517

Investment properties

Fair value — beginning of year	1 079 355	958 942	746 835	695 839
Acquisitions	121 824	81 723	-	-
Improvements	8 096	1 506	2 500	1 969
Disposals	(13 495)	(20 540)	(3 320)	(3 710)
Fair value adjustment	56 324	57 724	43 505	52 737
Fair value — end of year	1 252 104	1 079 355	789 520	746 835

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 13,5 percent (2015: 9,0 and 14,0 percent);
- Vacancy factors varied between zero and 5,0 percent (2015: zero and 5,0 percent);
- Property expenses varied between 8,7 and 39,9 percent of total rent and recoveries (2015: 10,2 and 38,9 percent).

If the capitalisation rate was on average one percent higher for the portfolio, the Group's profit before tax would have been R173,1 million (2015: R150.5 million). Conversely, if the capitalisation rate was on average 1% lower for the portfolio, the Group's profit before tax would have been R366,0 million (2015: R318,1 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	171 009	153 287	109 736	106 615
 Repairs and maintenance expenses 	18 304	15 991	12 336	11 728
Other operating expenses	79 873	68 380	53 867	45 678

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

		Group		Company	
		2016	2015	2016	2015
		R000	R000	R000	R000
Loans and receivables					
Investment in En Commandite partnerships	(refer note 4.1)	2 150	3 028	11 037	11 803
Available-for-sale financial assets	(refer note 4.2)	29 328	7 139	29 324	5 127
Gross loans and receivables	(refer note 4.3)	2 736 059	2 477 383	2 735 478	2 475 647
Less: allowance for impairment	(refer note 4.3)	(183 444)	(164 481)	(183 411)	(164 222)
Carrying value of loans and receivables		2 584 093	2 323 069	2 592 428	2 328 355
Long-term portion		2 219 271	1 962 457	2 227 915	1 968 440
Short-term portion		364 822	360 612	364 513	359 915
		2 584 093	2 323 069	2 592 428	2 328 355

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.

The Company entered into sales agreements to purchase the remaining interests in both En Commandite partnerships listed above. The transactions (including the unwinding and dissolution of the partnership agreement) will be effective on 1 April 2016. The purchase price was determined based on the fair net asset value of the En Commandite partnerships as at 31 March 2016.

	Gro	up	Com	pany
	2016	2015	2016	2015
	R000	R000	R000	R000
Available-for-sale financial assets				
Fair value — beginning of year	7 139	2 668	5 127	2 250
Disposals	(2 008)	-	-	_
Acquisitions	25 873	4 454	25 873	2 860
Fair value surplus transferred to equity	(1 676)	17	(1 676)	17
Fair value — end of year	29 328	7 139	29 324	5 127
Available-for-sale financial assets include the following:				
Listed securities	325	370	325	370
Unlisted securities	29 003	6 769	28 999	4 757
	29 328	7 139	29 324	5 127

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.

Group	oup	Compai	ny
2016	2015	2016	2015
R000	R000	R000	R000

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 6,5 and 20,3 percent per annum. The amortised cost of the interest-bearing loans approximates fair value, as the loans are priced at variable, market related rates.

Gross interest-bearing loans	2 541 202	2 313 153	2 540 745	2 311 675
Less: allowance for impairment	(171 070)	(153 805)	(171 037)	(153 546)
	2 370 132	2 159 348	2 369 708	2 158 129

Shareholders' loans

These loans are unsecured, and are priced at interest rates between zero and 10,25 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	133 152	111 638	133 152	111 638
Less: allowance for impairment	(12 374)	(10 676)	(12 374)	(10 676)
	120 778	100 962	120 778	100 962

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 1,3 percent and 15,5 percent. The amortised cost of royalty agreements approximates fair value.

Royalty agreements	61 705	52 592	61 581	52 334
Gross loans and receivables Less: allowance for impairment	2 736 059 (183 444)	2 477 383 (164 481)	2 735 478 (183 411)	2 475 647 (164 222)
Total for loans and receivables	2 552 615	2 312 902	2 552 067	2 311 425

The Group accepted mortgage bonds, notarial bonds and other types of security, at a value of R1 980,6 million (2015: R1 838,1 million) as collateral for interest-bearing loans. The Group has the authority to cede or re-pledge this collateral.

At the reporting date, although the Group has not sold or re-pledged 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).

4.2

	Interest- bearing loans R000	Shareholders' loans R000	Total R000
Reconciliation of allowance for impairment on loans and receivables			
Group			
At 1 April 2014	151 632	10 698	162 330
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)
At 31 March 2015	153 805	10 676	164 481
At 1 April 2015	153 805	10 676	164 481
Impairment allowance raised on new investments	42 877	1 607	44 484
Impairment reversed on investments written off or repaid	(37 524)	(295)	(37 819)
Increase in impairment allowance on existing investments	45 895	760	46 655
Decrease in impairment allowance on existing investments	(33 983)	(374)	(34 357)
At 31 March 2016	171 070	12 374	183 444
Company			
At 1 April 2014	150 076	10 698	160 774
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)
At 31 March 2015	153 546	10 676	164 222
At 1 April 2015	153 546	10 676	164 222
Impairment allowance raised on new investments	42 878	1 607	44 485
Impairment reversed on investments written off or repaid	(37 377)	(295)	(37 672)
Increase in impairment allowance on existing investments	45 895	760	46 655
Decrease in impairment allowance on existing investments	(33 905)	(374)	(34 279)
At 31 March 2016	171 037	12 374	183 411

Grou	Group	Compa	ny
2016	2015	2016	2015
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 R0,7 million before tax (2015: profit of R0,8 million). A register containing details of all listed, unlisted and other investments is available at the registered office.

Unlisted shares at cost Share of retained earnings	99 101 548	1 888 103 361	99	87
Total for unlisted associates	101 647	105 249	99	87
Fair value of investment in associates	265 820	254 348	265 820	254 348

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	105 249	82 139	87	151
Share of results before tax	23 079	47 591		
Share of tax	(6 047)	(11 168)		
Other movements (net of acquisitions and disposals)	(20 634)	(13 313)	12	(64)
Balance — end of year	101 647	105 249	99	87

The Company has investments in 394 associates (2015: 398), 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.

		Grou	Jp	Comp	any
		2016 R000	2015 R000	2016 R000	2015 R000
		N000	NUUU	hooo	nuuu
6.	Property and equipment				
6.1	Equipment				
	Cost — beginning of year	27 546	28 893	26 514	28 076
	Acquisitions	1 271	2 183	1 370	1 947
	Disposals	(818)	(3 530)	(818)	(3 509)
	Cost — end of year	27 999	27 546	27 066	26 514
	Accumulated depreciation — beginning of year	(23 488)	(24 560)	(23 046)	(24 300)
	Depreciation charged	(2 093)	(2 399)	(1 892)	(2 216)
	Depreciation on disposals	894	3 471	778	3 470
	Accumulated depreciation — end of year	(24 687)	(23 488)	(24 160)	(23 046)
	Closing net carrying value	3 312	4 058	2 906	3 468
C 0	Land and buildings				
6.2	Land and buildings				
	Cost — beginning of year	102 569	89 641	1 147	1 147
	Additions	-	10 070	-	-
	Disposals	1 063	2 858	-	_
	Cost — end of year	103 632	102 569	1 147	1 147
	Accumulated depreciation — beginning of year	(8 511)	(7 476)	(52)	(45)
	Depreciation charged	(1 088)	(1 035)	(7)	(7)
	Depreciation on disposals	-	-	-	-
	Accumulated depreciation — end of year	(9 599)	(8 511)	(59)	(52)
	Closing net carrying value	94 033	94 058	1 088	1 095
	Total net carrying value for property and equipment	97 345	98 116	3 994	4 563

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

		Con	npany
		2016 R000	2015 R000
7.	Investments in subsidiaries		
	Unlisted shares at cost Interest free loans Interest-bearing loans	13 356 898 31 576	13 261 955 24 959
		388 487	286 927
	Interest bearing loans comprise a loan made available to Business Partners Properties 002 (Pty) Ltd to perfect tenure of 10 years and interest is charged at prime minus one percent.	ourchase a prope	erty. The loan has a

The details of the subsidiaries are disclosed in note 29.

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

7.1 Unconsolidated structured entities

Profits

Losses

The Group is involved in unconsolidated structured entities through a 6,67% (2015: 6,67%) interest held by Business Partners Ltd ('BPL') in Business Partners International Southern Africa Fund LLC ('SAF') and a 16,8% (2015: 0%) interest held by BPL in Business Partners International East Africa Fund LLC ('EAF').

SAF and EAF are USD30 million funds incorporated in Mauritius and have the objective of investing capital, knowledge and skills in viable SME's in Malawi, Namibia and Zambia and in Kenya, Rwanda and Uganda respectively. These funds are financed by issuing shares to investors.

SAF and EAF are 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 and EAF 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. A fair value loss of R2,2 million (2015: nil) is included in 'Gains or losses from Available-for-sale financial assets'.

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

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 2016 was US\$338 640 or R4,7 million (2015: US\$421 381 or R4,8 million).

The Group has committed to invest US\$6,0 million during the investment period of the EAF. Total investment by the Group in the EAF during the year ended 31 March 2016 was US\$1,4 million or R21,2 million (2015: nil).

47 179

(6002)

28 115

(882)

Post-employment benefits 8.

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 R9,7 million (2015: R9,4 million).

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 is regulated as described below.

The past service obligation as at 31 March 2016 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 260,8 percent (2015: 251,0 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 R4,2 million (2015: increase of R25,7 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 R1,4 million (2015: R1,3 million) and R11,5 million (2015: R12,1 million) respectively. With the issuance of IAS19 revised and the accompanying guidance statement, the recognition of a liability for these reserves is no longer permitted. The liability for these reserves was reversed through other comprehensive income in the financial year ended 31 March 2015.

		Grou	Jp
		2016 R000	201 R00
Am	nount recognised in the statement of financial position		
	rket value of assets sent value of defined benefit obligation	249 979 (95 869)	249 18 (99 28
	ined benefit pension fund surplus	154 110	149 90
Def	fined benefit plan reconciliations		
Rec	conciliation of the net surplus:		
	ined benefit pension fund surplus — beginning of year	149 900	124 19
	vement in obligation	(4 343)	(15.7
	wth in plan assets	10 214	30 4
	vement in contingency reserves enses and tax paid	(1 661)	12 5 (1 5
Defi	ined benefit pensions fund surplus — end of year	154 110	149 90
Rec	conciliation of the movement in the defined benefit obligation:		
Defi	ined benefit obligation — beginning of year	99 280	91 0
	erest expense	8 141	8 1
Ben	nefits paid	(7 754)	(7 5
Don	neasurements	99 667	91 7 7 5
		(3 798)	
Defi	ined benefit obligation — end of year	95 869	99 2
Red	conciliation of the movement in the plan assets:		
Mar	rket value of assets — beginning of year	249 180	227 8
	erest income	20 145	20 1
	neasurement	(9 931)	103
	nefits paid Denses and tax paid	(7 754) (1 661)	(7 5 (1 5
1100	rket value of assets — end of year	249 979	249 1

Group	
2016	2015
R000	R000

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	164 249	125 812
Capital market assets	52 880	80 157
Money market assets	32 850	43 211
Market value of assets — end of year	249 979	249 180

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

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

Interest income on net surplus Expenses and tax paid	12 004 (1 661)	11 907 (1 590)
Total included in staff costs (refer note 21)	10 343	10 317
Remeasurements and movement recognised in other comprehensive income before tax	(6 133)	15 391
Actual return on assets	(9 931)	10 372
Change in financial assumptions — gain / (loss)	1 764	(2 231)
Change in demographic assumptions — (loss) / gain	_	(4 207)
Experience adjustments — gain / (loss)	2 034	(1 114)
Movement in contingency reserves	-	12 571
	4.01.0	05.700
Total recognised in the statement of comprehensive income	4 210	25 708

The principal actuarial assumptions

Discount rate	8,2%	9,0%
Expected rate of return on plan assets	8,2%	9,0%
Inflation rate	7,6%	6,5%
Target pension increase	6,8%	5,8%
Average life expectancy	13,1 yrs	12,9 yrs
Post-retirement mortality — PA(90) mortality tables with age reduction	2 yrs	2 yrs

Sensitivity analysis

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	(8 027)	9 434
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)	4 925	(4 295)

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

Group	
2016	2015

Post-employment medical benefits 8.3

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 plan is not funded, and monthly subsidy payments are made to all qualifying members. The post-retirement medical aid subsidy is increased annually by 89 percent of the Consumer Price Index ("CPI").

The main actuarial assumption used in calculating the liability at balance sheet date is the discount rate at which the present value of the future liability (payments) is determined. The real discount rate is the quotient of the market rates on high quality interest bearing bonds and the increase in the subsidy rate.

The real discount rate (the quotient of the interest rate on high quality bonds and the subsidy inflation rate) was determined as follows:

Nominal rate on high quality interest bearing bond	10,04%	8,20%
Divided by: real rate on high quality interest bearing bond	1,86%	1,73%
Implied price inflation	8,03%	6,36%
Subsidy inflation rate (89 percent of implied price inflation)	7,15%	5,66%
Nominal rate on high quality interest bearing bond	10,04%	8,20%
Divided by: Subsidy inflation rate	7,15%	5,66%
Real discount rate	2,70%	2,40%

		2016 R000	2015 R000
8.3.1	Amount recognised in the statement of financial position		
	Liability — beginning of year	84 837	77 143
	Benefits paid	(4 069)	(3 687)
	Recognised in comprehensive income for the year	7 907	7 765
	Recognised in other comprehensive income before tax	5 542	3 616
	Liability — end of year	94 217	84 837
8.3.2	Movements in post-employment medical benefits accounted for in the statement of	comprehensive i	income
	Interest expense	6 749	6 627
	Current service cost	1 158	1 138
	Total included in staff costs (refer note 21)	7 907	7 765
	Remeasurements and movement recognised in other comprehensive income before tax	5 542	3 616
	Change in accrual method — (gain) / loss	2 786	-
	Change in economic assumptions — (gain) / loss	(3 570)	2 220
	Experience adjustments – (gain) / loss	(2 010)	1 396
	Change in demographic profile — (gain) / loss	8 336	_
	Total recognised in the statement of comprehensive income	13 449	11 381
8.3.3	Sensitivity analysis		
	Should the subsidy inflation rate change by one percent, the impact would be as follows:	Increase of 1%	Decrease of 1%
	Change in interest expense — (decrease) / increase	(166)	162
	Change in current service cost — (decrease) / increase	(172)	219
	Change in liability — (decrease) / increase	(10 042)	12 212
	Should the mortality assumption change by one year, the impact would be as follows:	Increase of 1 year	Decrease of 1 year
	Change in interest expense — increase / (decrease)	524	(454)
	Change in current service cost — increase / (decrease)	70	(60)
	Change in liability — increase / (decrease)	5 216	(4 523)

Group

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, a liability driven investment strategy has been followed 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 R4,3 million and R10,2 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 2016 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 Post-employment medical benefits	8 282 4 994	8 046 5 476	22 562 19 564	90 894 621 312	129 784 651 346
	13 276	13 522	42 126	712 206	781 130

	Grou	ıp	Compa	any
	2016 R000	2015 R000	2016 R000	2015 R000
	11000	11000	11000	11000
Assets held for resale				
Repossessed properties (at lower of cost or net realisable		2 425	2 142	2 425
Other (at cost)	5	13	5	13
	2 147	2 438	2 147	2 438
Repossessed assets, which comprise mainly properties	acquired at auction, were use	ed to reduce the out	standing indebtedn	ess of clients
and are sold as soon as practical.				
Accounts receivable				
Rent debtors	16 899	18 092	9 825	12 495
Trade receivables	15 722	184	2 405	27
Insurance pre-paid and claims receivable Sundry deposits	864 2 791	959 2 380	661 2 149	769 1 785
Pre-paid expenses	7 464	3 487	7 464	3 487
Other	103	1 879	565	1 190
	43 843	26 981	23 069	19 753
Cash and cash equivalents				
Bank current and call accounts	41 500	112 720	38 815	109 796
Funds held in trust on behalf of third parties (restricted)		20 269	11 877	11 542
	67 638	132 989	50 692	121 338
Share capital				
Authorised				
400 000 000 ordinary shares of R1 each	400 000	400 000	400 000	400 000
Issued				
173 000 594 (2015: 173 000 594) ordinary shares of R1	each 173 001	173 001	173 001	173 001

	Net actuarial loss on post-retirement benefits R000	Fair value adjust- ment to financial instruments R000	Foreign currency translation reserve R000	Share of other comprehensive income of associates R000	Total R000
Fair value and other reserves					
Group	67.040	0.7	4.000	0.00	70.000
At 1 April 2014	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)
• tax	1 012				1 012
Revaluation • gross		17			17
• tax		(5)			(5
Currency translation differences		(0)	31		31
Share of associates other comprehensive incom	ne		0.	756	756
At 31 March 2015	75 727	109	4 119	1 622	81 577
At 1 April 2015	75 727	109	4 119	1 622	81 577
Remeasurement of post-employment benefits:	(6 133)	103	4113	1 022	(6 133
Defined benefit pension fund gross	` ,				1 717
• tax	(5 542)				(5 542
Post-employment medical benefits • gross	, ,				1 552
• tax					
Revaluation • gross		(2 909)			(2 909
• tax		660			660
Currency translation differences			624		624
Share of associates other comprehensive incom	ne			353	353
At 31 March 2016	67 321	(2 140)	4 743	1 975	71 899
Company					
At 1 April 2014	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
• tax	1 012				1 012
Revaluation • gross		17			17
• tax		(5)			(5
At 31 March 2015	75 727	109	-		75 836
At 1 April 2015	75 727	109	-	-	75 836
Remeasurement of post-employment benefits:					
Defined benefit pension fund • gross	(6 133)				(6 133
• tax	1 717				1 717
Post-employment medical benefits • gross					(5 542
groot					1 552
• tax	1 552				
e tax Revaluation e gross		(2 909)			(2 909
e tax Revaluation e gross tax		(2 909) 660			(2 909 660
e tax Revaluation e gross		, ,	957		(2 909

13.

		Gr	Group		npany
		2016 R000	2015 R000	2016 R000	2015 R000
14.	Borrowings				
14.1	Non-current				
	Interest-free long-term loans Interest-free Jobs Fund loan Interest-bearing long-term loans	173 23 049 914 427 937 649	173 24 709 722 968 747 850	173 23 049 914 427 937 649	173 24 709 722 968 747 850
	Current				
	Short-term portion of long-term loans	39 272	33 790	39 272	33 790

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 0,75 percent and prime minus one percent. The loans' repayment terms are 5 and 10 years respectively. Refer note 2.3.

976 921

781 640

976 921

781 640

• 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 facility amounting to R48,7 million which is used to facilitate the establishment of new franchises. Drawdowns will take place over a 3 year period and the initiative will run for a period of 5 years. Any capital recovered will be distributed in terms of the agreement.

	Compar	ny
	2016	2015
	R000	R000
nowers		

14.2

The maximum permitted borrowings in terms of the Company's memorandum of incorporation 3 872 501 3 710 724 (calculated by multiplying the Company's total capital and reserves by a factor of 1.4). 976 921 781 640 Total borrowings

Group	Group	Compai	ny
2016	2015	2016	2015
R000	R000	R000	R000

15. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28 percent (2015: 28 percent).

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

Deferred tax asset Deferred tax assets to be recovered after more than 12 months Deferred tax assets to be recovered within 12 months	92 062 12 223 104 285	84 199 10 774 94 973	84 128 11 467 95 595	76 389 9 937 ————————————————————————————————————
Deferred tax liability Deferred tax liabilities to be recovered after more than 12 months Deferred tax liabilities to be recovered within 12 months	(164 429) (30 809) (195 238)	(136 600) (26 047) (162 647)	(141 230) (30 737) (171 967)	(118 244) (25 979) (144 223)
Net deferred tax liabilities	(90 953)	(67 674)	(76 372)	(57 897)
The movement on the deferred tax account is as follows:	(67.67.4)	(50,500)	(57,007)	(40,500)
Balance — beginning of the year Charge to profit and loss component of the statement of comprehensive income	(67 674)	(58 533)	(57 897)	(48 592)
Provisions	2 705	9 896	2 716	9 525
 Investment properties 	(24 514)	(10 197)	(20 140)	(9 723)
Fair value adjustments: financial instruments	(2 278)	(2 295)	(1 808)	(2 916)
Defined benefit pension fund surplus	(2 896)	(2 889)	(2 896)	(2 889)
Assessed losses Character dispatch to attend a company to a circumstance in a company	50	(354)	2.652	(2.202)
Charged directly to other comprehensive income	3 654	(3 302)	3 653	(3 302)
Balance — end of the year	(90 953)	(67 674)	(76 372)	(57 897)
Net deferred tax liabilities consist of temporary differences relati	ng to:			
Provisions	67 228	62 971	63 932	59 664
Investment properties	(99 707)	(75 193)	(78 331)	(58 192)
Fair value adjustments: financial instruments	(20 644)	(18 750)	(18 822)	(17 397)
Defined benefit pension fund surplus Assessed losses	(43 151)	(41 972)	(43 151)	(41 972)
ASSESSED IOSSES	5 321	5 270	_	
Net deferred tax liability	(90 953)	(67 674)	(76 372)	(57 897)

		Group		Company	
		2016 R000	2015 R000	2016 R000	2015 R000
16.	Accounts payable				
	Tenant deposits held Funds held in trust Trade vendors Statutory vendors Prepaid and deferred income Other	16 179 9 959 13 522 9 283 14 158 7 573	13 916 6 353 12 269 5 735 9 639 6 096	11 877 - 8 842 5 018 7 752 2 329 35 818	11 542 9 544 5 125 3 235 402 29 848
			Leave pay	Bonus R000	Total R000
17.	Provisions				
	Group At 1 April 2014 Provided for the year Utilised during the year		17 107 1 653 (1 070)	31 090 35 785 (31 603)	48 197 37 438 (32 673)
	At 31 March 2015		17 690	35 272	52 962
	At 1 April 2015 Provided for the year Utilised during the year		17 690 2 144 (2 162)	35 272 37 632 (34 234)	52 962 39 776 (36 396)
	At 31 March 2016		17 672	38 670	56 342
	Company At 1 April 2014 Provided for the year Utilised during the year		16 175 1 563 (1 010)	29 914 34 437 (30 528)	46 089 36 000 (31 538)
	At 31 March 2015		16 728	33 823	50 551
	At 1 April 2015 Provided for the year Utilised during the year		16 728 2 040 (2 149)	33 823 36 693 (32 970)	50 551 38 733 (35 119)
	At 31 March 2016		16 619	37 546	54 165

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		
		2016 R000	2015 R000	2016 R000	2015 R000	
18.	Net interest revenue					
	Interest income	341 909	302 604	343 860	304 112	
	Interest on loans and receivables	252 134	228 727	252 346	229 381	
	Royalty fees	82 414	62 454	82 174	62 036	
	Interest on surplus funds	7 361	11 423	6 902	10 443	
	Interest on loans to subsidiaries	(=====)	(22.22.1)	2 438	2 252	
	Interest expense	(72 758)	(61 694)	(72 758)	(61 686)	
		269 151	240 910	271 102	242 426	
19.	Investment income and gains					
	Investment income	36 087	30 506	58 679	46 020	
	Surplus on realisation of unlisted investments	36 125	28 277	55 687	34 939	
	Loss) / surplus on realisation of investment properties	(44)	2 221	(44)	1 551	
	Dividends received	6	8	3 036	9 530	
	Investment gains	80 287	105 495	43 511	52 671	
	Income from associated companies	23 079	47 591			
	Fair value movement investment properties	56 324	57 724	43 505	52 737	
	Net foreign exchange rate differences	884	180	6	(66)	
		116 374	136 001	102 190	98 691	
20.	Net credit losses					
	Loans and receivables written off	34 051	44 597	33 919	43 387	
	Legal and other expenses incurred on recovery	3 608	3 951	3 598	3 909	
	Impairments created	18 963	2 150	19 191	2 205	
	Portfolio impairments created	6 547	3 789	6 594	3 855	
	Specific impairments (released) / created	12 416	(1 639)	12 597	(1 650)	
	Recovery of loans and receivables written off	(14 106)	(14 579)	(14 024)	(14 070)	
		42 516	36 119	42 684	35 431	

		Gro	oup	Com	pany
		2016	2015	2016	2015
		R000	R000	R000	R000
21.	Staff costs				
	Remuneration at cost to company	136 188	132 797	122 271	120 959
	Post retirement medical aid costs (refer note 8.3)	7 907	7 765	7 907	7 765
	Bonuses and provisions	39 955	37 610	38 906	36 289
		184 050	178 172	169 084	165 013
	Defined benefit pension fund gain (refer note 8.2)	(10 343)	(10 317)	(10 343)	(10 317)
	Indirect staff costs	5 685	4 649	5 123	4 410
		179 392	172 504	163 864	159 106
22.	Profit from operations The following items have been included in arriving at profit from	operations:			
	Depreciation on property and equipment Directors' emoluments	3 181	3 434	1 899	2 223
	 as directors (refer note 28.2) 	1 866	1 845	1 866	1 845
	 as management (refer note 28.2) 	17 453	15 274	17 453	15 274
	Auditor's remuneration	0.700	0.041	0.050	0.000
	auditother services	3 709 109	3 941 153	3 068 109	3 038 153
	Dividends received from subsidiaries (refer note 28.1)	109	153	109	(2 957)
	Surplus on realisation of property and equipment	(25)	(38)	(22)	(38)

Tax expense

23.1 Tax charge though profit and loss component of comprehensive income

Income tax	current year	31 109	32 799	15 541	25 525
	prior year	488	111	439	-
Deferred tax	current year	26 933	5 839	22 128	6 003
	prior year	(818)	-	(439)	-
		57 712	38 749	37 669	31 528
Tax of associated co	ompanies	6 047	11 168		
Capital gains tax		10 064	5 995	10 062	5 617
		73 823	55 912	47 731	37 145

Group		Cor	npany
2016	2015	2016	2015
28,00%	28,00%	28,00%	28,00%
0,36%	-4,57%	-4,81%	-7,01%
-4,50%	-0,92%	-6,11%	-2,42%
-0,46%	-3,24%	-3,77%	-4,73%
3,95%	0,00%	5,10%	0,00%
-0,17%	-0,64%	0,00%	0,00%
	28,00% 0,36% -4,50% -0,46% 3,95%	28,00% 28,00% 0,36% -4,57% -0,46% 3,95% 0,00%	28,00% 28,00% 28,00% 0,36% -4,57% -4,81% -0,46% -3,24% 3,95% 0,00% 5,10%

1,54%

28,36%

0,23%

23,43%

-0,05%

23,19%

0,14%

20,99%

Tax charge through other comprehensive income

Effective tax rate on profit before taxation

Other

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

		2016		2015		
	Before tax R000	Deferred tax R000	After tax R000	Before tax R000	Deferred tax R000	After tax R000
Group						
Actuarial remeasurement on defined benefit pension fund	(6 133)	1 717	(4 416)	15 391	(4 309)	11 082
Actuarial remeasurement on post- retirement medical aid obligation	(5 542)	1 552	(3 990)	(3 616)	1 012	(2 604)
Fair value adjustments of available–for–sale instruments	(2 909)	660	(2 249)	17	(5)	12
Share of other comprehensive income of associates	353	-	353	756	-	756
Foreign currency translation movements	624	-	624	31	-	31
Other comprehensive income	(13 607)	3 929	(9 678)	12 579	(3 302)	9 277
Company						
Actuarial remeasurement on defined benefit pension fund	(6 133)	1 717	(4 416)	15 391	(4 309)	11 082
Actuarial remeasurement on post- retirement medical aid obligation	(5 542)	1 552	(3 990)	(3 616)	1 012	(2 604
Fair value adjustments of available–for–sale instruments	(2 909)	660	(2 249)	17	(5)	12
Other comprehensive income	(14 584)	3 929	(10 655)	11 792	(3 302)	8 490

Gro	Group	Compai	ny
2016	16 2015	2016	2015
R000	00 R000	R000	R000

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.

Basic earnings per share 24.1

Net profit	186 319	182 486
Weighted number of ordinary shares ('000)	173 001	173 001
Basic earnings per share (cents)	107,7	105,6

Headline earnings per share

Net profit	186 319	182 486
Adjustments net of tax		
 Capital profit on sale of equipment 	(19)	(31)
 Profit on sale of property investments 	36	(1 807)
 Profit on sale of associates 	(29 389)	(23 004)
 Fair value adjustment of investment properties 	(43 707)	(46 960)
Headline earnings	113 240	110 684
Headline earnings per share (cents)	65,5	64,0

Dividend per share

Dividend in respect of 2015 of 19 cents per share paid on 22 August 2015 to shareholders registered on 12 August 2015 Dividend in respect of 2014 of 17 cents per share paid on 22 August 2014 to shareholders registered on 12 August 2014	32 870	29 410	32 870	29 410
	32 870	29 410	32 870	29 410

A dividend in respect of 2016 of 20 cents per share was declared on 24 May 2016, due to shareholders registered on 17 August 2016, payable on or about 22 August 2016.

The dividend is subject to a dividend withholding tax at 15 percent. Tax payable is 3 cents per share, which results in a net dividend of 17 cents per share payable to shareholders who are not exempt from dividends withholding tax, or subject to a reduced rate.

Company	Group
2015 2016 201!	2016
R000 R000 R000	R000

Commitments and lease agreements 26.

Capital commitments 26.1

Loans and receivables approved but not advanced	351 595	392 877	351 595	392 877
Capital committed to En Commandite partnerships (refer note 4)	-	15	-	15
Capital committed in respect of purchase of investment properties	9 812	76 974	9 812	76 974

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	4 908	5 674	14 259	14 707
between 1 and 5 years	11 930	9 885	44 083	41 558
after 5 years	992	_	3 890	2 899
	379 237	485 425	423 639	529 030

Cash flow information

Cash generated from operating activities

Profit before taxation	260 344	238 617	205 854	176 986
Adjustments for non-cash items	(58 865)	(81 281)	(47 765)	(47 623)
Income from associated companies	(23 079)	(47 591)		
Dividends received	(6)	(8)	(3 036)	(9 530)
Surplus on sale of assets	(36 106)	(30 536)	(55 666)	(36 528)
Fair value adjustment of investment properties	(56 324)	(57 724)	(43 505)	(52 737)
Fair value adjustment of financial instruments	(8 486)	(9 792)	(8 618)	(10 096)
Depreciation	3 181	3 434	1 899	2 223
Credit losses — loans and receivables	62 694	58 540	62 779	57 342
Credit losses — rent debtors	1 763	3 839	1 272	3 481
Movement on post-retirement benefits	(2 436)	(2 552)	(2 436)	(2 552)
Foreign currency movements	623	31	-	_
Provisions	(689)	1 078	(454)	774
Changes in working capital	94	5 194	2 942	11 447
Increase in inventory and assets held for resale	292	2 878	292	2 878
(Increase) / decrease in accounts receivable	(16 865)	(944)	(3 321)	8 005
Increase in accounts payable	16 667	3 260	5 971	564
Net finance cost	65 397	50 271	63 418	48 990
Cash generated from operating activities	266 970	212 801	224 449	189 800

		Grou	ıp qı	Comp	oany
		2016	2015	2016	2015
		R000	R000	R000	R000
27.2	Taxation paid				
	Taxation liability / (asset) — beginning of year	(6 983)	(325)	(4 491)	806
	Tax provision for the year	(73 823)	(55 912)	(47 731)	(37 145)
	Deferred tax	26 933	5 839	22 128	6 003
	Paid by associated companies	6 047	11 168		
	Taxation liability — end of year	804	6 983	(113)	4 491
	Taxation paid during the year	(47 022)	(32 247)	(30 207)	(25 845)
27.3	Dividends paid				
	Dividends payable — beginning of year	(415)	(101)	(415)	(101)
	Dividends declared	(32 870)	(29 410)	(32 870)	(29 410)
	Dividends payable — end of year	1 094	415	1 094	415
	Dividends paid during the year	(32 191)	(29 096)	(32 191)	(29 096)
28.	Related parties				
28.1	Loans to / from related parties				
	Loans to subsidiaries				
	Balance — beginning of the year			286 914	238 046
	Amount advanced during the year			101 560	48 868
	Balance — end of the year			388 474	286 914
	District and a second of forms and stilling to				0.057
	Dividends received from subsidiaries			-	2 957

Company	Comp
2016 2015	2016
R000 R000	R000

28.2 Directors' remuneration

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

Non-executive directors

F Knoetze	126	107
E Links (Dr)	99	98
ZJ Matlala	-	98
F Meisenholl	144	164
H Moliea	58	_
D Moshapalo	198	238
R Ndlovu	53	_
SST Ngcobo	144	155
ZZR Rustomjee (Dr)	162	171
SEN de Bruyn Sebotsa	90	82
VO Twala	171	164
NJ Williams	243	246
T van Wyk	378	322
Total	1 866	1 845

Executive directors

N Martin	7 109	6 100
Salary	3 611	3 373
Bonuses and performance related payments	3 498	2 727
C Botes	4717	4 028
Salary	2 357	2 202
 Bonuses and performance related payments 	2 360	1 826
G van Biljon	5 627	5 146
Salary	2 807	2 622
 Bonuses and performance related payments 	2 820	2 524
Total	17 453	15 274
IVIAI	17 700	10217

Prescribed officers		
BD Bierman	4 582	3 656
• Salary	2 391	2 172
 Bonuses and performance related payments 	2 191	1 484
	23 901	20 775

	Gr	roup	Com	pany	
	2016 R000	2015 R000	2016 R000	2015 R000	
Loans to associates					
Balance — beginning of the year	990 421	952 908	990 421	952 908	
Loans advanced during the year	275 862	223 593	275 862	223 593	
Loan repayments received	(144 614)	(169 594)	(144 614)	(169 594)	
Loans written off	(5 470)	(16 486)	(5 470)	(16 486)	
Balance — end of the year	1 116 199	990 421	1 116 199	990 421	
Loans to associates consist of the following:					
 Interest bearing loans 	983 047	878 783	983 047	878 783	
 Shareholders loans 	133 152	111 638	133 152	111 638	
Total loans to associates	1 116 199	990 421	1 116 199	990 421	
The allowance for impairment as disclosed in note 4.3 as it relates	es to loans to ass	sociates is as follows:			
Impairment provision — beginning of the year	74 258	68 665	74 258	68 665	
Impairment allowance raised on new investments	11 268	8 559	11 268	8 559	
Impairment reversed on investments written off / repaid	(12 290)	(17 496)	(12 290)	(17 496)	
Increase in impairment allowance on existing investments	17 719	18 698	17 719	18 698	
Decrease in impairment allowance on existing investments	(13 891)	(4 168)	(13 891)	(4 168)	
Impairment provision — end of the year	77 064	74 258	77 064	74 258	

The loans provided to associates are part of the investment activities of the Company 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.

	Share percen	itage held	Shares a	it cost	Loa	ns
	2016	2015	2016	2015	2016	2015
	%	%	R	R	R000	R000
Principal subsidiaries						
Business Partners International (Pty) Ltd	80	80	80	80	15 983	9 286
Business Partners Mentors (Pty) Ltd ¹	100	100	100	100	-	-
Business Partners Property Brokers (Pty) Ltd	100	100	100	100	(665)	(766
Business Partners Venture Managers (Pty) Ltd1	100	100	100	100	-	-
Business Partners Ventures 1 (Pty) Ltd	100	100	100	100	(4 536)	(3 196
Cussonia Trust (Pty) Ltd	100	100	3	3	4 664	5 580
Finance for the Third Millennium (Pty) Ltd ¹	100	100	100	100	693	693
JRC Properties (Pty) Ltd	100	100	100	100	(668)	209
Lindros Investments (Pty) Ltd	100	100	4 000	4 000	81	81
Business Partners Properties 002 (Pty) Ltd	100	100	1 000	1 000	345 739	249 549
Unitrade 106 (Pty) Ltd	100	100	100	100	5 515	7 242
Satinsky 189 (Pty) Ltd²	100	100	120	120	(433)	(435
Fifth Season Investments 114 (Pty) Ltd	80	80	96	96	3 511	3 511
Rainbow Place Properties 179 (Pty) Ltd ²	60	60	600	600	5 671	5 671
Rapitrade 594 (Pty) Ltd ²	-	60	-	72	-	5 231
Labrihof Properties (Pty) Ltd²	53	_	530	_	9 478	-
SF Coetzee Eiendomme (Pty) Ltd²	60	60	72	72	3 441	3 441
Yeoman Properties 1016 (Pty) Ltd²	80	80	80	80	-	817
Franchize Partners (Pty) Ltd — indirectly held	3					
Business Partners International Madagascar	Société Anonyme	e — indirectly he	ld ⁴			
Business Partners International Kenya Ltd —	indirectly held ⁵					
Business Partners International Rwanda Ltd	- indirectly held4					
Business Partners International Malawi Advis	er Ltd – indirectl	y held ⁵				
Business Partners International Namibia (Pty) Ltd — indirectly	held ⁴				
Business Partners International Zambia Ltd -						

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.

- 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.

7 281

6 823

388 474

286 914

- 3. Franchize 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).

28.3

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:

- Note 2.1.3, Maximum credit risk exposure per product type was updated with the new product names.
- Note 10, Accounts Receivable, was expanded to disclose prepaid expenses.
- Note 22 and note 28.2, Directors' Emoluments as directors was updated to disclose only the fees paid in relation to meetings attended and excludes travel costs.

31. Contingent Liabilities

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 an objection process with the Tax authorities and the outcome, at the date of approval of these annual financial statements is still unknown. The maximum possible liability that may result from this assessment and its effects on related funds is approximately R7,7 million of which approximately R3,4 million has been accounted for in the current year Tax Provison.

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Cover photo: Pretoria — City of Tshwane — skyline inspired by our Senior Investment Manager, Megan Dedekind, who under the leadership of Area Manager, Anton Erasmus and Regional General Manager for Inland East, David Morobe, was our top performing investment employee for the 2015/2016 financial year. Megan operates from the city.

