2015

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER

Transaction Capital

CONTENTS

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The directors of Transaction Capital are responsible for the preparation and fair presentation of the annual financial statements of the group and the company in accordance with International Financial Reporting Standards ('IFRS') and the Financial Reporting Guides as issued by the Accounting Practices Board and in the manner required by the Companies Act, 71 of 2008, of South Africa ('Companies Act'). The directors' responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these annual financial statements to ensure that they are free from material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances. The responsibilities also include maintaining adequate accounting records and an effective system of risk management. The directors have made an assessment of Transaction Capital Limited's ('the company'), and the company and its subsidiaries' ('the group') ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead. The auditors are responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AND ANNUAL FINANCIAL STATEMENTS

The annual financial statements on pages 2 to 87 were approved by the board of directors on 24 November 2015, and are signed on their behalf.

David M Hurwitz
Chief executive officer

Mark D Herskovits
Chief financial officer

COMPANY SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED 30 SEPTEMBER 2015

In terms of section 88(2)(e) of the Companies Act, I certify that, to the best of my knowledge and belief, the company has filed all required returns and notices in terms of that Act, in respect of the year under review, with the Companies and Intellectual Property Commission and that all such returns and notices appear to be true, correct and up to date. Approval of consolidated annual financial statements and annual financial statements

Ronen Goldstein
Company secretary

24 November 2015

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

NATURE OF BUSINESS

The company is an investment holding company owning a portfolio of operating subsidiaries.

The company's issued ordinary shares are listed on the JSE Limited.

The group operates in two principal areas: asset-backed lending and risk services. The nature of the business of the main operating subsidiaries and a review of each is set out in the group profile on the company website. The segmental report can also be found on the company website as part of the audited financial results.

FINANCIAL RESULTS

The results of the company and the group are set out in the annual financial statements.

DIRECTORATE AND COMPANY SECRETARY

The names and a brief curriculum vitae of the directors and company secretary in office at the date of this report are set out in the directorate section on the company website (www.transactioncapital.co.za).

The following changes took place during the financial year:

- With effect from 1 December 2014, Ronen Goldstein was appointed as company secretary.

INTEREST OF DIRECTORS IN THE COMPANY'S SHARES

The direct and indirect interest of the directors in the ordinary shares of the company at the end of the financial year, categorised as beneficial and non-beneficial, is as follows:

	2015 '000	% Shareholding	2014 '000	% Shareholding
Executive directors				
Indirect non-beneficial holdings				
D M Hurwitz	**6 605**	**1**	6 605	1
J M Jawno	**82 207**	**14**	82 207	14
M P Mendelowitz	**82 207**	**14**	82 207	14
R Rossi	**82 207**	**14**	82 207	14
Direct beneficial holdings				
D M Hurwitz	**125**	**<1**	125	<1
M D Herskovits	**839**	**<1**	839	<1
Non-executive directors				
Indirect non-beneficial holdings				
P Langeni	**–**	**–**	5	<1
C Seabrooke	**5 000**	**<1**	2 000	<1
S Zagnoev*	**43 785**	**8**	52 443	9
Direct beneficial holdings				
D F Woollam	**1 450**	**<1**	1 150	<1
	304 425		309 788	
Percentage of issued shares	**53.6%**		54.1%	

* *Representing Ethos Technology Fund I and Ethos Private Equity Fund V comprising various private equity investors on whose behalf he is a partner*

There have been no changes in the above holdings between the end of the financial year and the date of issue of the annual report.

DIVIDENDS

A final dividend of 12 cents (2014: 10 cents) per share for the year ended 30 September 2015 has been declared, payable on or about 21 December 2015 to shareholders registered at 18 December 2015.

An interim dividend of 10 cents (2014: 6 cents) per share was paid to shareholders registered on 5 June 2015.

CONSOLIDATED SHARE CAPITAL AND PREMIUM

The following changes took place during the year under review

	2015		2014	
	Number of shares '000	**R'000**	Number of shares '000	R'000
Beginning of year	**569 629**	**482 931**	582 581	1 779 495
Issued in settlement of the Transaction Capital Limited Share Appreciation Rights Plan obligation	**1 214**	**12 099**	–	–
Shares repurchased from participants of the Transaction Capital Limited General Share Scheme:				
Repurchased and cancelled	**–**	**–**	(6 790)	(50 164)
Held as treasury shares	**–**	**–**	(2 643)	(15 071)
Shares repurchased on the open market and cancelled	**(2 788)**	**(26 974)**	(3 519)	(22 168)
Capital distribution to shareholders	**–**	**–**	–	(1 209 161)
	568 055	**468 056**	569 629	482 931

In terms of specific authority received from shareholders on the adoption of the Transaction Capital Share Appreciation Rights Plan, a total of 1 213 949 shares were issued to participants/employees ("good leavers") at an average price of 996 cents per share.

All shares repurchased and cancelled reverted to authorised unissued shares:

- The average purchase price of the 2 788 030 shares repurchased on the open market was 967 cents per share; and
- As approved by the shareholders, the treasury shares were repurchased and cancelled in the period under review at a price of 839 cents per share, being the 30-day volume weighted average price per share on date of repurchase. This has a nil impact on the consolidated share capital and premium account.

BORROWINGS

The memorandum of incorporation of the company does not place any restrictions on the borrowing powers of the company or the group. Details of borrowings at the end of the financial year are set out in note 15 to the consolidated annual financial statements.

LITIGATION

There are no current or pending legal proceedings against the group which are anticipated to materially affect its financial position.

SUBSIDIARIES

Details of subsidiaries and of changes in holdings are set out in note 15 of the company financial statements.

SUBSEQUENT EVENTS

No material events took place subsequent to year-end.

EMPLOYEE INCENTIVE SCHEMES

The group operates share incentive initiatives for employees, including directors.

TRANSACTION CAPITAL SHARE APPRECIATION RIGHTS PLAN (THE "PLAN")

Further disclosure relating to the Plan is set out in note 24 of the group financial statements.

TRANSACTION CAPITAL GENERAL SHARE SCHEME (THE "SCHEME")

The purpose of the Scheme is to provide employees of the group with loans to acquire shares in Transaction Capital Limited.

The Scheme was largely wound down in March 2014.

The following is a summary of movements during the current year:

	No of shares '000	R'000
Balances at September 2013	16 050	119 045
Payments	(5 345)	(31 002)
Dividends	–	(1 611)
Capital distribution	–	(12 665)
Interest charged	–	2 405
Withdrawals/repurchases	(9 433)	(69 905)
Balances at September 2014	1 272	6 267
Dividends	–	(216)
Interest charged	–	374
Balances at September 2015	**1 272**	**6 425**
Shares held by directors under the scheme included above:		
30 September 2015	**1 272**	**6 425**
30 September 2014	1 272	6 267

No shares were held by prescribed officers under the scheme as at 30 September 2014 and 30 September 2015.

All the shares have vested in the participants. The balances outstanding bear interest at prime overdraft rate less 2% (or prime overdraft rate less 5% for grants prior to 30 September 2010).

ASSISTED OFFERS

The following is a summary of movements for the previous financial year:

	No of shares '000	R'000
Balances at September 2013	5 186	24 301
Payments	(5 067)	(13 913)
Dividends	–	(543)
Capital distribution	–	(9 354)
Interest charged	–	389
Withdrawals	(119)	(880)
Balances at September 2014	**–**	**–**
Shares held by directors under the scheme included above:		
30 September 2014	–	–

There were no additional assisted offer issues.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The responsibilities of the audit, risk and compliance committee ('the committee') are set out in the Companies Act, ('the Act'), Transaction Capital's Memorandum of Incorporation, the King Code on Corporate Governance ('King III') and the JSE Limited Listings Requirements. The committee's terms of reference are reviewed annually and approved by the board.

COMPOSITION

The committee comprises three independent non-executive directors, all of whom are financially literate and have adequate financial and commercial experience to fulfil their roles as members. Two members of the committee form a quorum.

The committee comprised the following members during the year and to the date of this report:

- D Woollam (Chairperson)
- C Seabrooke
- P Langeni

The board approved the appointment of the chairman of the board as a member of the ARC committee, as it believed that his skills and knowledge would enhance the committee. Permanent invitees include: chief executive officer David Hurwitz, chief financial officer Mark Herskovits, executive director Jonathan Jawno and non-executive director Shaun Zagnoev.

The external auditors attend all committee meetings and separate meetings may be held with the committee to afford the external auditors the opportunity to meet with the committee without the presence of management.

Representatives from internal audit attend all committee meetings and are similarly afforded the opportunity of separate meetings with the committee. The group internal audit executive has a functional reporting line to the committee chairman and an administrative reporting line to the CEO.

The effectiveness of the committee and its members is assessed on an annual basis.

Members of the committee are elected annually by the group's shareholders on recommendation from the board and nominations committee. The board may remove members of the committee and must fill vacancies within 40 days.

Access to training is provided on an ongoing basis to assist members in discharging their duties.

ROLE AND RESPONSIBILITIES

The key functions and responsibilities of the committee as outlined in the committee's terms of reference include oversight of:

The preparation of the integrated report:

- Comment on the annual financial statements, accounting practices and internal financial controls;
- Review the annual financial statements and other financial reports; and
- Ensure the integrity of the integrated report.

Combined assurance:

- Monitor the appropriateness of the intended combined assurance model to provide a coordinated approach to all assurance activities;
- Review the skills, resources and experience of the company's finance function annually and report the results in the integrated report; and
- Review the suitability of the skills and experience of the CFO.

Internal audit:

- Review the independence, performance and effectiveness of the internal audit process and ensure that it has the necessary resources, budget, standing and authority to discharge its functions; and
- Ensure that the internal audit function is periodically, but at least every five years, subjected to an independent quality review to ensure that it remains effective.
- Review the suitability of the skills and experience of the internal audit executive.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT *CONTINUED*

FOR THE YEAR ENDED 30 SEPTEMBER 2015

Risk management:

- The committee oversees the management of:
  - Financial reporting risks;
  - Internal financial controls;
  - Fraud risks relating to financial reporting;
  - Tax risk;
  - IT risks;
  - Compliance risks; and
  - the group's capital and funding requirements with oversight over the asset and liability committee and its policies.

External audit:

- Recommend/nominate the external auditor for appointment by the shareholders;
- Approve the external auditor's engagement terms, including remuneration;
- Monitor the relationship between the external auditor and management;
- Report on the independence of the external auditor in the annual financial statements;
- Define a policy for non-audit services provided by the external auditor and pre-approve contracts for non-audit services outside this policy; and
- Review the performance and effectiveness of the external audit process.

Reporting line – whistleblowing:

- Review the arrangements by which stakeholders may in confidence and with total anonymity raise concerns about possible improprieties;
- Ensure that arrangements are in place to independently investigate such matters and that adequate controls are implemented to prevent recurrence; and
- Consider significant findings of investigations and management's response thereto.

Governance:

- In liaison with external and internal audit, review the developments in corporate governance and surrounding best practices and consider their impact and implication for the businesses' processes and structures;
- Review the disclosure of the role of the committee as included in the integrated annual report;
- Be available at all times to advise the chairperson of the board on queries relating to the financial affairs and internal controls; and
- Receive and deal with concerns or complaints relating to accounting practices, internal control, content or auditing of the financial statements, internal financial controls and any related matters.

Accounting:

- Make submissions to the board on accounting policies, financial controls, records and reporting.

Risk:

- Oversee the development and annual review of a policy and plan for risk management for recommendation to the board;
- Monitors implementation of the policy and plan for risk management; and
- Ensure that continuous risk monitoring by management takes place within the levels of risk tolerance approved by the board.

Compliance:

- The committee has oversight over the compliance with applicable laws and regulations.

Requirements of the Act:

Responsibility for all subsidiary companies that do not have their own audit committees, which responsibilities includes reviewing the formalised process used for performing functions on behalf of subsidiaries.

The committee confirms that it has adopted appropriate formal terms of reference to discharge its responsibilities, has regulated its affairs and has discharged all of its responsibilities as contained therein.

CONCLUSIONS

Having considered, analysed, reviewed and debated information provided by management, internal and external audit the committee confirms that:

- It considered and approved the early adoption of IFRS 9: Financial Instruments – classification and measurement (replacement of IAS 39) in 2015 and reviewed the effect thereof in the annual financial statement.
- The internal controls of the group have been effective in all material aspects throughout the year under review;
- These controls have ensured that the group's assets have been safeguarded;
- Proper accounting records have been maintained;
- Resources have been utilised efficiently; and
- The skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and it recommends their re-appointment in 2016.

CHIEF FINANCIAL OFFICER

The audit committee has satisfied itself to the appropriateness of the expertise and experience of the CFO and the finance function.

INTEGRATED REPORT

On an annual basis the committee oversees and reviews the integrated report, and recommends the approval thereof to the board. The board subsequently approves the integrated report.

EXTERNAL AUDIT

The committee has satisfied itself through enquiry that the auditors of the group are independent as defined by the Act.

The committee, in consultation with executive management, agreed to an audit fee for the year under review. The fee is considered appropriate for the work that could reasonably have been foreseen at that time. Audit fees are disclosed in note 21 to the annual financial statements.

INTERNAL AUDIT

The committee has satisfied itself of the independence, performance and effectiveness of the internal audit process. The committee has considered and recommended the internal audit charter for approval by the board, which has so approved it.

WHISTLE BLOWING

The committee dealt with any concern or complaints, whether from within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company's financial statements, the internal financial controls of the company and related matters.

GOING CONCERN

The going concern assertion of the company and the group, as prepared by management, was reviewed by the committee and recommended to the board.

ANNUAL FINANCIAL STATEMENTS

The committee has:

- Reviewed and discussed the audited annual financial statements with the external auditors, the internal auditors, the CEO and the CFO;
- Reviewed the external auditors' management letter and management's response thereto;
- Reviewed significant adjustments resulting from external audit queries and accepted any unadjusted audit differences; and
- Received and considered reports from the internal auditors.

The committee concurs with and accepts the external auditor's report on the annual financial statements and has recommended the approval thereof to the board, which has subsequently approved the annual financial statements. These will be open for discussion at the forthcoming annual general meeting.

CONCLUSION

The committee is satisfied that it has met its statutory requirements and those of its terms of reference.

David F. Woollam
Audit, Risk and Compliance Committee chairman

24 November 2015

SOCIAL AND ETHICS COMMITTEE REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Social and Ethics Committee (the 'committee') comprised the following members during the year and to the date of this report:

- Phumzile Langeni (chairman)
- David Hurwitz
- Mark Herskovits

The committee has adopted terms of reference as its charter and has regulated its affairs in compliance with this and has discharged all of the responsibilities set out therein.

The committee was established to assist the Board of Directors in ensuring that Transaction Capital is and remains a good and responsible corporate citizen. The committee performs the statutory functions required of a Social and Ethics Committee in terms of the Companies Act, 71 of 2008.

The committee monitors and is satisfied that the group complies with relevant legislation and other legal requirements or prevailing codes of best practice, specifically with regard to matters relating to social and economic development, good corporate citizenship, transformation, the environment, health and public safety, as well as labour and employment. The committee met twice during this financial year.

Phumzile Langeni
Social and Ethics Committee chairman

24 November 2015

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF TRANSACTION CAPITAL LIMITED

We have audited the consolidated and separate financial statements of Transaction Capital Limited, set out on pages 10 to 87 which comprise the statements of financial position as at 30 September 2015, the income statements, 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated 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 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 Transaction Capital Limited, as at 30 September 2015 and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 September 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche
Registered Auditor
Per: Ryan Duffy
Partner

24 November 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER

	Notes	2015 Rm	2014 Rm
ASSETS			
Cash and cash equivalents	1	**1 169**	1 345
Tax receivables		**27**	17
Trade and other receivables	2	**621**	493
Inventories	3	**21**	4
Loans and advances	4	**6 160**	6 386
Purchased book debts	5	**561**	552
Other loans receivable	6	**257**	293
Other investments	7	**343**	238
Equity accounted investments	8	**–**	7
Intangible assets	9	**32**	19
Property and equipment	10	**60**	51
Goodwill	11	**197**	192
Deferred tax assets	12	**255**	93
Total assets		**9 703**	9 690
LIABILITIES			
Bank overdrafts	1	**52**	101
Tax payables		**13**	2
Trade and other payables	13	**253**	242
Provisions	14	**17**	18
Interest-bearing liabilities	15	**6 640**	6 178
Senior debt		**5 446**	4 911
Subordinated debt		**1 194**	1 267
Deferred tax liabilities	12	**117**	186
Total liabilities		**7 092**	6 727
EQUITY			
Ordinary share capital	16	**468**	483
Other reserves		**122**	96
Retained earnings		**1 991**	2 384
Equity attributable to ordinary equity holders of the parent		**2 581**	2 963
Non-controlling interests	17	**30**	–
Total equity		**2 611**	2 963
Total equity and liabilities		**9 703**	9 690

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2015 Rm	2014 Rm
Interest and other similar income	18	**1 504**	1 413
Interest and other similar expense	18	**(683)**	(599)
Net interest income	18	**821**	814
Impairment of loans and advances	19	**(233)**	(322)
Risk adjusted net interest income		**588**	492
Non-interest revenue	20	**1 195**	1 133
Total operating costs	21	**(1 295)**	(1 220)
Non-operating profit		**14**	1
Equity accounted income		**(3)**	3
Profit before tax		**499**	409
Income tax expense	22	**(94)**	(79)
Profit from continuing operations		**405**	330
Profit from discontinued operations		**–**	607
Profit for the year		**405**	937
Profit for the year from continuing operations attributable to:			
Ordinary equity holders of the parent		**401**	330
Non-controlling interests		**4**	–
		405	330
Profit for the year from discontinued operations attributable to:			
Ordinary equity holders of the parent		**–**	607
Non-controlling interests		**–**	–
		–	607
Earnings per share			
Basic (cents per share)	23	**70.4**	162.7
Diluted basic (cents per share)	23	**69.8**	162.3
Headline (cents per share)	23	**69.0**	61.0
Headline – continuing (cents per share)	23	**69.0**	57.3
Headline – discontinued (cents per share)	23	**–**	3.7
Weighted average number of shares in issue (million)	23	**569.3**	575.9

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER

	2015 Rm	2014 Rm
Profit for the year	**405**	937
Other comprehensive income		
Movement in cash flow hedging reserve	**–**	–
Fair value (losses)/ gains arising during the year	**(1)**	<1
Deferred tax	**<1**	<1
Fair value gains/(losses) arising on valuation of equity instrument held at fair value	**15**	(48)
Total comprehensive income for the year	**419**	889
Total comprehensive income attributable to:		
Ordinary equity holders of the parent	**415**	889
Non-controlling interests	**4**	–
	419	889

The items in other comprehensive income may subsequently be reclassified to profit and loss. There are no tax implications on the fair value movements arising on the valuation of the equity instrument held at fair value through other comprehensive income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER

	Number of ordinary shares million	Share capital and share premium Rm	Cash flow hedging reserve Rm	Fair value reserve Rm	Share based payment reserve Rm	Retained earnings Rm	Ordinary equity holders of the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 30 September 2013	583	1 779	4	379	2	1 551	3 715	180	3 895
Total comprehensive income	–	–	–	(48)	–	937	889	–	889
Profit for the year	–	–	–	–	–	937	937	–	937
Other comprehensive income	–	–	–	(48)	–	–	(48)	–	(48)
Recognition of share appreciation rights	–	–	–	–	12	–	12	–	12
Dividends paid	–	–	–	–	–	(104)	(104)	–	(104)
Repurchase of treasury shares	(3)	(15)	–	–	–	–	(15)	–	(15)
Repurchase of shares	(10)	(72)	–	–	–	–	(72)	–	(72)
Capital distribution	–	(1 209)	–	–	–	–	(1 209)	–	(1 209)
Disposal of subsidiary companies	–	–	–	(253)	–	–	(253)	(180)	(433)
Balance at 30 September 2014	**570**	**483**	**4**	**78**	**14**	**2 384**	**2 963**	**–**	**2 963**
IFRS 9 transitional adjustments	**–**	**–**	**–**	**–**	**–**	**(672)**	**(672)**	**–**	**(672)**
Revised opening balance	**570**	**483**	**4**	**78**	**14**	**1 712**	**2 291**	**–**	**2 291**
Total comprehensive income	**–**	**–**	**(1)**	**15**	**–**	**401**	**415**	**4**	**419**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**401**	**401**	**4**	**405**
Other comprehensive income	**–**	**–**	**(1)**	**15**	**–**	**–**	**14**	**–**	**14**
Recognition of share appreciation rights	**–**	**–**	**–**	**–**	**16**	**–**	**16**	**–**	**16**
Share appreciation rights – settlements	**–**	**–**	**–**	**–**	**(4)**	**(8)**	**(12)**	**–**	**(12)**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**(114)**	**(114)**	**–**	**(114)**
Transactions with non-controlling equity holders	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**26**	**26**
Issue of shares	**1**	**12**	**–**	**–**	**–**	**–**	**12**	**–**	**12**
Repurchase of shares	**(3)**	**(27)**	**–**	**–**	**–**	**–**	**(27)**	**–**	**(27)**
Balance at 30 September 2015	**568**	**468**	**3**	**93**	**26**	**1 991**	**2 581**	**30**	**2 611**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2015 Rm	2014 Rm
Cash flow from operating activities			
Cash generated by operations	25	**796**	697
Income taxes paid	26	**(66)**	(53)
Dividends received from discontinued operations	34	**–**	4
Dividends received from insurance activities		**107**	128
Dividends paid	27	**(114)**	(104)
Cash flow from operating activities before changes in operating assets and liabilities		**723**	672
Increase in operating assets and liabilities		**(594)**	(601)
Loans and advances		**(857)**	(1 091)
Purchased book debts		**(199)**	(214)
Net proceeds from interest-bearing liabilities		**462**	704
Increase in working capital		**(137)**	(139)
Inventories		**(17)**	(2)
Trade and other receivables		**(131)**	(92)
Trade and other payables		**11**	(45)
Net cash utilised by operating activities		**(8)**	(68)
Cash flow from investing activities			
Disposal of joint venture/subsidiary companies		**16**	2 264
Business combinations		**(5)**	–
Acquisition of property and equipment		**(28)**	(21)
Acquisition of intangible assets		**(20)**	(15)
Increase in unlisted investments		**(90)**	(110)
Re-classification of group loans		**–**	280
Increase in other loans receivable		**35**	(13)
Net cash (utilised)/generated by investing activities		**(92)**	2 385
Cash flow from financing activities			
Repurchase of shares		**(27)**	(72)
Repurchase of treasury shares		**–**	(15)
Capital distribution		**–**	(1 209)
Net cash utilised by financing activities		**(27)**	(1 296)
Net (decrease)/increase in cash and cash equivalents		**(127)**	1 021
Cash and cash equivalents at beginning of the year		**1 244**	223
Cash and cash equivalents at end of year		**1 117**	1 244
Cash flows from discontinued operations:			
Net decrease in cash and cash equivalents		**–**	(180)
Cash and cash equivalents at beginning of the year		**–**	449
Cash and cash equivalents at the date of disposal/end of the year		**–**	269
Total cash and cash equivalents at the end of the year**		**1 117**	1 244

*** The amounts in the 2014 statement of cash flows relating to Paycorp Holdings Proprietary Limited and its subsidiaries and Bayport Financial Services 2010 Proprietary Limited and its subsidiaries were reclassified from continuing to discontinued operations.*

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The financial statements of Transaction Capital Limited ('the company'), and the company and its subsidiaries ('the group') are prepared in accordance with International Financial Reporting Standards ('IFRS'), interpretations issued by the International Financial Reporting Interpretations Committee ('IFRIC'), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Johannesburg Stock Exchange ('JSE') Listings Requirements, the going-concern principle and the requirements of the South African Companies Act 71 of 2008.

The consolidated financial statements have been prepared on the historical cost basis except for the derivative financial instruments which are measured at fair value.

The company and group statements of financial position are presented in order of liquidity. Reference to the current maturities of these financial assets and liabilities are disclosed in the statement of financial position notes and in the analysis of financial assets and liabilities. The accounting policies are consistent with the previous year with the exception of the adoption of IFRS 9 which is set out in note 1 below.

The group has made the following accounting policy elections in terms of IFRS, with reference to the detailed accounting policies shown in brackets:

- property and equipment are accounted for using the cost model (accounting policy 5);
- intangible assets are accounted for using the cost model (accounting policy 7);
- regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting (accounting policy 9); and
- cumulative gains and losses recognised in other comprehensive income ('OCI') in terms of a cash flow hedge relationship are transferred from OCI and included in the initial measurement of the non-financial asset or liability (accounting policy 9.6).

All monetary information and figures presented in these consolidated financial statements are stated in millions of South African Rand (Rm), unless otherwise indicated.

The principal accounting policies are set out below:

1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

During the year the group elected to early adopt IFRS 9, Financial Instruments (as revised in July 2014 to replace IAS 39, Financial Instruments: Recognition and measurement).

The significant change as a result of the adoption is an increase in provisions against loans and advances, a decrease in loans and advances and a resultant decrease in equity. There is a decrease in interest income with an offsetting decrease in the impairment charge, however a negligible impact on profit after tax, and there is no impact on the statement of cash flows.

The following balance sheet illustrates the impact of the above-mentioned adjustments. The group has elected not to restate comparative numbers in accordance with paragraphs 7.2.15 and 7.2.17 of IFRS 9. It was considered impracticable to restate the 2013 and 2014 financial statements as they included the unsecured lending division which was disposed of during the 2014 financial year. The 2015 opening retained income was restated as follows:

ACCOUNTING POLICIES *CONTINUED*

FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Opening balance IAS 39 2015 Rm	IFRS 9 initial application 2015 Rm	**Opening balance IFRS 9 Rm**	Changes to categorisation IAS 39	Changes to categorisation IFRS 9
Assets					
Cash and cash equivalents	**1 345**	–	**1 345**		
Tax receivables	**17**	–	**17**		
Trade and other receivables	**493**	(3)	**490**		
Inventories	**4**	–	**4**		
Loans and advances	**6 386**	(846)	**5 540**		
Gross loans and advances excluding entry level vehicles	**5 930**	(35)	**5 895**	Amortised cost	Amortised cost
Gross loans and advances – entry level vehicles	**807**	(613)	**194**	Amortised cost	Fair value through profit and loss
Impairment provision, excluding entry level vehicles	**(232)**	(317)	**(549)**		
Impairment provision – entry level vehicles	**(151)**	151	**–**		
Carrying value of written off book	**32**	(32)	**–**		
Purchased book debts	**552**	(81)	**471**	Amortised cost	Includes financial assets held at FV
Other loans receivable	**293**	–	**293**		
Other investments	**238**	–	**238**	Available-for-sale	Fair value through OCI
Equity accounted investments	**7**	–	**7**		
Intangible assets	**19**	–	**19**		
Property and equipment	**51**	–	**51**		
Goodwill	**192**	–	**192**		
Deferred tax assets	**93**	185	**278**		
Total assets	**9 690**	(745)	**8 945**		
Liabilities					
Bank overdrafts	**101**	–	**101**		
Tax payables	**2**	–	**2**		
Provisions	**242**	–	**242**		
Trade and other payables	**18**	–	**18**		
Interest-bearing liabilities	**6 178**	–	**6 178**		
Deferred tax liabilities	**186**	(73)	**113**		
Other financial liabilities			**–**		
	6 727	(73)	**6 654**		
Equity					
Ordinary share capital	**483**	–	**483**		
Other reserves	**96**	–	**96**		
Retained earnings	**2 384**	(672)	**1 712**		
Non-controlling interests	**–**	–	**–**		
	2 963	(672)	**2 291**		
Equity and liabilities	**9 690**	(745)	**8 945**		

2. BASIS OF CONSOLIDATION

2.1 SUBSIDIARY COMPANIES AND OTHER CONTROLLED ENTITIES

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company.

Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities and the ability to use its power over the investee to affect the amount of the investor's returns. In assessing control, potential voting rights which presently are exercisable or convertible are taken into account.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group transactions, balances and unrealised gains or losses are eliminated on consolidation.

Special purpose entities

Special purpose entities ('SPEs') are entities that are created to accomplish a narrow and well-defined objective such as the securitisation of particular asset, or the execution of a specific borrowing or lending transaction. A SPE is consolidated if, based on an evaluation of the substance of its relationship with the group and the SPE's risks and rewards, the group concludes that it controls the SPE including SPEs that are owned by trusts.

The assessment of whether the group has control over an SPE is carried out at inception and normally no further reassessment of control is carried out in the absence of changes in the structure or terms of the SPE, or additional transactions between the group and the SPE. Day-to-day changes in market conditions normally do not lead to a reassessment of control. However, sometimes changes in market conditions may alter the substance of the relationship between the group and a SPE and in such instances the group determines whether the change warrants a reassessment of control based on the specific facts and circumstances. Where the group's voluntary actions change the relationship between the group and a SPE, the group performs a reassessment of control over the SPE.

2.2 BUSINESS COMBINATIONS

Business combinations are accounted for in accordance with the acquisition method of accounting. Subsidiaries are consolidated from the date on which the group acquires effective control of the entity. Consolidation ceases from the date control no longer exists.

On acquisition the identifiable assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values. The cost of an acquisition is the fair value of the assets given, liabilities incurred or assumed and equity instruments issued. Any costs directly relating to the acquisition are expensed to profit and loss.

The consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with the relevant IFRS. Changes in the fair value of contingent consideration classified as equity are not recognised. Where a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the group attains control) and the resulting gain or loss, if any, is recognised in profit or loss.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes ('IAS 12') and IAS 19 Employee Benefits ('IAS 19') respectively;
- assets (or disposal groups) of the acquiree that are classified as held for sale in accordance with IFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations ('ÍFRS 5') are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

The non-controlling interest in the acquiree is measured at acquisition date at either at fair value or at the noncontrolling interest's proportionate share of the acquiree's identifiable net assets (applied on a transaction by transaction basis for all business combinations). The treatment is not an accounting policy choice but is selected for each business combination, and disclosed in the note for business combinations.

Premiums or discounts arising on the acquisition of subsidiaries are treated in terms of the group's accounting policy for goodwill.

3. INVESTMENTS IN JOINT VENTURES AND SUBSIDIARIES

3.1 JOINT VENTURES

Investments in operations, which are not subsidiaries, but over which the group has the ability to exercise significant influence, are classified as joint ventures and initially recognised at cost. The group's investment in joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of the results for the year of the joint ventures is included in the consolidated statement of comprehensive income according to the equity method. In the absence of a legal or constructive obligation to make payments on behalf of a joint venture, losses are recognised only to the extent they reduce the carrying value to zero. Equity accounted results represents the group's proportionate share of the profits or losses of these entities.

Attributable income or losses and movements on reserves since acquisition, less dividends received, are included in the carrying value of these investments. The requirements of IFRS 9: Financial Instruments ('IFRS 9') are applied to determine whether it is necessary to recognise any impairment loss with respect to the group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment by comparing its recoverable amount with its carrying amount. Any impairment loss forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of part of a joint venture that result in the group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IFRS 9. The difference between the previous carrying amount of the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the joint venture. In addition, the group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

Unrealised gains on transactions between the group and its joint ventures are eliminated to the extent of the group's interest in the joint ventures. Unrealised losses are not eliminated if the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

3.2. FINANCIAL STATEMENTS OF THE COMPANY

Investments in subsidiaries and joint ventures are accounted for at cost less accumulated impairment.

4. GOODWILL

The group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

At the acquisition date, goodwill acquired is allocated to cash-generating units ('CGU's) that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amounts of assets in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. Any impairment loss for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associate, jointly controlled entity or a CGU, the amount of goodwill attributable is included in the determination of the profit or loss on disposal.

5. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are recognised to the extent that it is probable that the future economic benefits that are associated with them will flow to the entity, and the cost can be measured reliably. If a replacement part is recognised in the carrying amount of equipment, the carrying amount of the replaced part is derecognised. Repairs and maintenance are expensed as and when incurred.

Items of property and equipment are depreciated on a component basis to their residual values, on the straight line basis over their estimated economic lives. Depreciation commences from the date that they are available for use over the following periods:

Vehicles	5 years
Office and computer equipment	2 – 6 years

5. PROPERTY AND EQUIPMENT continued

The residual values and estimated useful lives of the assets are reviewed at each financial year end and, if expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if that asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

The profit or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

6. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and when management is committed to the sale which is expected to qualify for recognition as a completed sale within one year from date of classification. Non-current assets and liabilities (including disposal groups) classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

7. INTANGIBLE ASSETS

Intangible assets are initially recognised at cost if acquired separately or at fair value at the date of acquisition in a business combination. Subsequently, intangible assets are carried at cost less accumulated amortisation and impairment.

Development costs which relate to the design and testing of new improved products, systems or processes are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits. Intangible assets are amortised to their residual values, on the straight line basis over the estimated economic lives over the following periods:

Computer and telephony software	2 – 10 years
Distribution channel	3 years

Useful lives and amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being recognised on a prospective basis.

8. INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Costs include landed cost, freight and clearing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses. The write down of inventory to net realisable value and the reversal thereof is recognised in profit and loss. The reversals of the write downs are limited to the cost of inventory.

9. FINANCIAL INSTRUMENTS

A financial instrument is defined as a contract that gives rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

The group recognises financial assets and financial liabilities at the trade date when it becomes a party to the contractual provisions of the instrument.

9.1 INITIAL RECOGNITION

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments are grouped into classes that are appropriate taking into account the characteristics and risks of those financial instruments. Classes of financial instruments have been determined by referring to the nature and extent of risks arising from the financial instruments and how these are managed.

The group generally does not reclassify financial instruments between different categories subsequent to initial recognition.

9. FINANCIAL INSTRUMENTS continued

9.2 CLASSIFICATION

Financial assets are classified into the following categories:

- At fair value through profit or loss;
- At fair value through other comprehensive income; and
- Amortised cost.

Financial liabilities are classified into the following categories:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities at amortised cost.

A financial asset is measured at amortised cost if

- The financial asset is held in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if

- The financial asset is held in order to collect contractual cash flows and to be sold; and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income. In certain instances the business model is not to collect contractual cash flows, nor sell the asset and in these cases the financial asset is held at fair value through profit and loss.

The group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit and loss to present subsequent changes in the fair value through other comprehensive income.

On adoption of IFRS 9, the group made an irrevocable election to present changes in the fair value of the investment in Guardrisk at fair value through other comprehensive income. This investment is neither held for trading nor contingent consideration recognised in a business combination.

The group may at initial recognition irrevocably designate a financial asset as measure at fair value through profit or loss if doing so significantly reduces a measurement or recognition inconsistency (sometimes referred to as an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities or recognising the gains and losses on them on different bases.

The group classifies all financial liabilities as subsequently measured at amortised cost.

9.2.1 Financial assets

9.2.2 Financial assets at fair value through profit or loss

9.2.3 Financial assets that are held at fair value through profit and loss include entry level vehicles and certain purchased book debts that are either managed on a fair value basis or that do not meet the requirements to be measured at amortised cost (referred to other financial assets in note 5 in the financial statements).

Realised and unrealised gains and losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are included in profit or loss in the period in which they arise.

9.2.4 Financial assets at fair value through other comprehensive income

Financial assets that are held at fair value through other comprehensive income include derivative financial instruments and investments in unlisted entities.

9.2.5 Amortised cost

These instruments are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets which have been classified as loans and receivables include cash that do not meet the definition of cash as defined in IAS 7 Statement of Cash Flows, trade and other receivables, loans and advances, purchased book debts and other loans receivable.

Loans and receivables are initially recognised at fair value. Subsequently loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated by taking into account any transaction costs on acquisition and fees and costs that are an integral part of the effective interest rate.

9. **FINANCIAL INSTRUMENTS** continued

9.2 **CLASSIFICATION** continued

9.2.5 Amortised cost continued

The carrying amount of loans considered to be impaired on the statement of financial position is reduced through the use of an expected loss impairment methodology.

The group only recognises the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired assets. At each reporting date, the group recognises in profit or loss the amount of the hange in lifetime expected credit losses as an impairment gain or loss. The group recognises favourable changes in lifetime expected credit losses as an impairment gain, even if the lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Credit loss is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the group expects to receive (ie all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The group estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument. The cash flows that are considered include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. There is a presumption that the expected life of a financial instrument can be measured reliably, however in rare cases when it is not possible to reliably estimate the expected life of a financial instrument, the group uses the remaining contractual terms of the financial instrument.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights.

Lifetime expected credit losses are those expected credit losses that results from all possible default events over the expected life of a financial instrument.

The loss allowance is the allowance for expected credit losses on financial assets measured at amortised cost, lease receivables and contract assets, the accumulated impairment amount for financial assets measured at fair value through other comprehensive income and the provision for expected credit losses on loan commitments and financial guarantee contracts.

Purchased or originated credit-impaired financial assets are those which are credit-impaired on initial recognition.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- The purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The majority of the group's advances are included in the loans and receivables category. Also included in the loans and receivables category are the purchased book debts.

Purchased book debts are portfolios of written-off consumer debts purchased at prices below the nominal receivable amounts.

Purchased book debts, other than those at fair value through profit and loss (referred to as other financial assets in note 5 in the financial statements), are reflected at amortised cost on a portfolio basis. Cost includes amounts payable to the vendor and other direct acquisition costs.

9.2.6 Impairment

The group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost, at fair value through other comprehensive income, lease receivables, contracts or loan commitments and financial guarantee contracts.

The group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income. The loss allowance is recognised in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

The loss allowance for a financial instrument is measured at the lifetime expected credit losses if the credit risk on that financial asset has increased significantly since initial recognition. The group only recognises cumulative changes in lifetime expected losses since initial recognition on purchased or originated credit-impaired assets such as purchased books.

9. FINANCIAL INSTRUMENTS continued

9.2 CLASSIFICATION continued

9.2.6 Impairment continued

The impairment requirements result in the recognition of lifetime expected credit losses for all financial instruments for which there have been significant increases in credit risk since initial recognition, whether assessed on an individual or collective basis, considering all reasonable and supportable information, including that which is forward looking.

If at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. This does not apply to purchased or originated credit-impaired assets on which the group only recognises cumulative changes in lifetime expected losses since initial recognition. 12-month expected credit losses are the portion of the lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within 12 months after reporting date.

For loan commitments and financial guarantee contracts, the date that the group becomes party to the irrevocable commitment is considered the date of initial recognition for the purposes of applying the impairment requirements.

If the group has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12 month expected credit losses at the current reporting date.

Impairment losses or reversals are recognised in profit or loss.

Determining significant increases in credit risk

The group assumes that the credit risk on a financial instrument has not increased significantly if the financial instrument is determined to have a low credit risk at the reporting date.

If reasonable and supportable forward-looking information is available without undue cost or effort, the group relies on this information as well as historic information when determining whether credit risk has increased significantly since initial recognition. However, when information that is more forward-looking than past due status is not available without undue cost or effort, the group may use past due information to determine whether there have been significant increases in credit risk since initial recognition.

A detailed description of the group's approach to determine significant increases in credit risk have been included in note 31.

Modified financial assets

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, the group assesses whether there has been a significant increase in the credit risk of the financial instrument by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of default occurring at initial recognition (based on the original, unmodified contractual terms).

Purchased or originated credit-impaired financial assets

The group only recognises cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance for principal book portfolios. Any changes in lifetime expected credit losses are recognised in profit or loss. The group recognises favourable changes in lifetime expected credit losses as an impairment gain, even if lifetime expected credit losses are less than the amount of expected credit losses that were included in the estimated cash flows on initial recognition.

Measurement of expected credit losses

The group measures expected credit losses of a financial instrument in a way that reflects

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The above is described in more detail in note 31 of the financial statements.

The maximum period considered when measuring expected credit losses is the maximum contractual period (including extension options) over which the group is exposed to credit risk, and not a longer period, even if that period is consistent with business practice.

9. FINANCIAL INSTRUMENTS continued

9.3 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

9.3.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

9.3.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

The group's share incentive schemes are operated through trusts. These trusts are considered to be special purpose entities of the group and therefore consolidated.

9.3.3 Compound instruments

The component parts of compound instruments issued by the group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently re-measured.

9.3.4 Financial liabilities at fair value through profit or loss

Financial liabilities that are held for trading purposes include derivative financial instruments.

Realised and unrealised gains and losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are included in the profit or loss in the period in which they arise.

9.3.5 Financial liabilities at amortised cost

Financial liabilities which are subsequently recognised at amortised cost using the effective interest method comprise interest bearing liabilities, bank overdrafts and trade payables.

9.4 DERIVATIVE INSTRUMENTS

A derivative is a financial instrument whose value changes in response to an underlying variable, that requires little or no initial investment and that is settled at a future date. The group uses derivative financial instruments to manage its exposure to foreign exchange and interest rate risk. The group does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments comprise foreign exchange contracts and interest rate swaps.

Derivative financial instruments are initially recognised in the statement of financial position at fair value. Derivatives are subsequently re-measured at their fair value with all movements in fair value recognised in profit or loss, unless it is a designated and effective hedging instrument. The method of recognising the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group treats derivatives embedded in other financial or non-financial instruments such as the conversion option in a convertible bond, as separate derivatives when:

- their risks and characteristics are not closely related to those of the host contract;
- they meet the definition of a derivative; and
- the host contract is not carried at fair value, with gains and losses reported in profit or loss.

9.5 FAIR VALUE

Certain of the group's financial instruments are carried at fair value through profit or loss such as derivative financial instruments. The fair value of a financial instrument 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 best evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

9. FINANCIAL INSTRUMENTS continued

9.5 FAIR VALUE continued

The method of determining the fair value of financial instruments is analysed into the following categories:

Level 1 – Unadjusted quoted prices in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Valuation techniques using market observable inputs, including:

- using recent arm's length market transactions;
- reference to the current fair value of similar instruments; and
- discounted cash flow analysis, pricing models or other techniques commonly used by market participants.

Level 3 – Valuation techniques, as described for level 2 above, for which not all inputs are market observable prices or rates. Such a financial instrument is initially recognised at the transaction price, which is the best indicator of fair value, although the value obtained from the relevant valuation model may differ. The difference between the transaction price and the model value, commonly referred to as 'day one profit and loss", is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

The valuation techniques in level 2 and level 3 use inputs such as interest rate yield curves, equity prices, commodity and currency prices / yields, volatilities, and the correlation between inputs. The models used in these valuation techniques are calibrated against industry standards, economic models and against observed transaction prices, where available.

9.6 HEDGE ACCOUNTING

The group designates certain derivatives in respect of foreign currency risk and interest rate risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Hedge accounting is used for derivatives designated in this way, provided specific criteria are met. The group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedging reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Where the forecast transaction or a foreign currency firm commitment results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset.

Hedge accounting is discontinued when the group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting.

9.7 OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to set off the recognised amounts and there is an intention to realise the asset and settle the liability simultaneously.

9.8 DERECOGNITION

Financial assets (or a portion thereof) are derecognised when the group realises the rights to the benefits specified in the contract, the rights expire or the group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in profit or loss.

Financial liabilities (or a portion thereof) are derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it are included in the statement of comprehensive income.

10. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are liabilities of uncertain timing or amount. They are recognised when the group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as provisions is the best estimate of the consideration required to settle the present obligation at the end of the reporting period taking into account the risks and uncertainties surrounding the obligation.

Contingent liabilities and contingent assets are not recognised in the financial statements.

11. IMPAIRMENT OF ASSETS OTHER THAN FINANCIAL INSTRUMENTS

The group reviews the carrying amounts of tangible and intangible assets at each financial year-end to determine whether there is any indication of impairment. The recoverable amount of these assets is estimated in order to determine the extent of the any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs. Goodwill is assessed at each financial year-end for impairment.

Recoverable amount is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. Impairment losses are allocated to assets within a CGU (i.e. first to goodwill and then to the other assets on a pro rata basis) and recognised in the income statement.

Where an impairment loss (other than an impairment of goodwill) subsequently reverses, the carrying amount is increased to the revised estimate of its recoverable amount limited to an amount which does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

12. REVENUE RECOGNITION

12.1 GENERAL POLICY

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group and the revenue can be reliably measured.

Revenue comprises invoiced sales in respect of the sale of goods, fees for rendering of services to customers, collection of owned book debts and finance charges on loans and suspensive sale credit agreements.

12.2 INTEREST INCOME

Interest income is recognised in the statement of comprehensive income for all instruments measured at amortised cost using the effective interest method.

This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- purchased or originated credit-impaired financial assets. For those financial assets, the group applies the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.
- financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the group applies the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

The credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a purchased or originated credit-impaired financial asset. When calculating the credit-adjusted effective interest rate, the group estimates the expected cash flows by considering all the contractual terms of the financial asset and expected credit losses.

12. REVENUE RECOGNITION continued

12.3 PURCHASED BOOK DEBTS

Revenue from purchased book debts comprises payments received from the debtors, including amounts in respect of interest and cost recoveries.

12.4 DEBT COLLECTION ACTIVITIES

Commissions and fees receivable for collection of debtors for third parties are recognised on receipt of payments from the debtors

12.5 SALES OF GOODS

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- The group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The group retains neither continuing managerial involvement to the degree usually associated with

ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

12.6 RENDERING OF SERVICES

Fees and commission income are recognised on a percentage of completion basis when costs can be reliably measured and receipt of the future economic benefits is probable.

12.7 ROYALTIES

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

12.8 NON–OPERATING INCOME

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably).

12.8 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

13. GAINS AND LOSSES

A gain or loss on a financial asset or financial liability that is measured at fair value is recognised in profit or loss unless:

- It is part of a hedging relationship;
- It is an investment in an equity instrument and the group has elected to present gains and losses on that investment in other comprehensive income;
- It is a financial liability designated as at fair value through profit or loss and the change is as a result of changes in credit risk. In this case the group is required to present the effects of changes in the liability's credit risk in other comprehensive income; or
- It is a financial asset measured at fair value through other comprehensive income.

14. INTEREST EXPENSE

Interest expense comprise interest on borrowings including debentures, dividends on redeemable preference shares, and other costs incurred in connection with the borrowing of funds.

Interest expense is recognised in the period in which it is incurred using the effective interest method except to the extent in which it meets the criteria for capitalisation against a qualifying asset in which case it is capitalised as part of the cost of the asset.

15. TAXATION

15.1 CURRENT

The charge for current tax is based on the results for the year adjusted for items which are tax exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the financial year-end.

15.2 DEFERRED TAX

Deferred tax is calculated using the liability method.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit or taxable profit nor tax loss.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and associates, except to the extent that both of the following conditions are satisfied:

- The company is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated using taxation rates that have been enacted or substantially enacted at financial yearend. The effect on deferred tax of any changes in taxation rates is charged to profit or loss, except to the extent that it relates to items previously charged or credited directly to equity in which case the deferred tax is charged to equity.

Deferred tax assets are recognised to the extent that it is probable that future profits will be available against which the associated tax deductible temporary differences can be utilised.

Deferred tax related to fair value measurement of cash flow hedges, which are charged or credited directly to other comprehensive income, is also credited or charged directly to other comprehensive income and is subsequently recognised in profit or loss together with the deferred gain or loss. Deferred tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

15.3 INDIRECT TAXATION

Indirect taxation in the form of non-claimable value-added tax (VAT) on expenses is disclosed as indirect taxation in profit or loss. The non-claimable VAT on the cost of acquisition of fixed assets is amortised over the useful lives of the fixed assets and is included in depreciation in the statement of comprehensive income. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

16 LEASE ACCOUNTING

Leases of assets where the group assumes substantially all the risks and rewards of ownership, are classified as finance leases.

All other leases are classified as operating leases.

16.1 FINANCE LEASES

16.1.1 Lessors

Assets subject to finance lease agreements are derecognised and the finance lease is recognised as a receivable at an amount equal to the net investment in the lease (gross investment less unearned finance income).

The gross investment in the lease comprises the aggregate of the following:

- The minimum lease payments receivable under the finance lease;
- Any unguaranteed residual value accruing under the lease; and
- The initial direct costs incurred in negotiating the lease.

The interest element of the finance income is credited to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable for each period.

16.2 OPERATING LEASES

16.2.1 Lessees

Lease payments under operating leases are recognised in profit or loss on a straight line basis over the expected lease term.

17. EMPLOYEE BENEFITS

17.1 MEDICAL AID OBLIGATION

Medical aid costs are recognised as an expense in the period in which the employees render services to the group. Differences between contributions payable and contributions actually paid are shown as either prepayments or accruals in the statement of financial position. There are no post-retirement benefit obligations for former employees.

17.2 RETIREMENT FUNDS

The group's contributions to defined contribution plans are recognised as an expense in the period in which the related services are rendered. There are no defined benefit plans for employees.

17.3 EMPLOYEES' LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the annual leave liability at the financial year-end. Unutilised sick leave does not accrue to employees.

17.4 TERMINATION BENEFITS

The group recognises termination benefits as a liability in the statement of financial position and as an expense in profit or loss when it has a present obligation relating to termination. The group has a present obligation when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan, without possibility of withdrawal or providing termination benefits as a result of an offer to encourage voluntary redundancy.

17.5 BONUSES

Management and staff bonuses are recognised as an expense in staff costs as incurred when it is probable that the economic benefits will be paid and the amount can be reliably measured.

18. SHARE-BASED TRANSACTIONS

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of the equity-settled share-based transactions are set out in note 24.

The fair value determined at the grant date of the equity settled share-based transactions is expensed on a straight line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equitysettled share-based payments reserve.

19. OPERATING SEGMENTS

An operating segment is a component of the group:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the group);
- whose operating results are regularly reviewed by the group's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The group is managed in terms of three primary segments:

- Asset-backed lending;
- Risk services; and
- Group executive office.

20. FOREIGN CURRENCIES

20.1 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are converted to South African Rand at the rates of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the financial year-end are translated to South African Rand at the rates ruling at that date. Gains or losses on translation are recognised in the statement of comprehensive income.

20.2 FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to South African Rand at foreign exchange rates ruling at the financial year-end. The revenues and expenses of foreign operations are translated to South African Rand at rates approximating the foreign exchange rates ruling at the date of the transactions.

Foreign exchange differences arising on translation are recognised directly in other comprehensive income.

21. DIVIDENDS PAID

Dividends are recognised against equity in the period in which they are approved by the company's directors. Dividends declared after the reporting date are not recognised but disclosed as a post reporting date event.

22. DISCONTINUED OPERATIONS

The group classifies a component as a discontinued operation when that component has been disposed of, or is classified as held for sale, and:

- it represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- or
- is a subsidiary acquired exclusively with a view to resale.

A component of a group comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes from the rest of the group.

23. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. This forms the basis of making the judgements on carrying values of assets or liabilities that are not otherwise readily apparent. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

23.1 ASSET LIVES AND RESIDUAL VALUES

Property and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed at each financial year-end and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

23.2 DEFERRED TAX ASSETS

Deferred tax assets are recognised to the extent it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation, taxation rates and competitive forces.

23.3 IMPAIRMENT OF NON-FINANCIAL ASSETS

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. Goodwill is considered for impairment annually.

Property and equipment and intangible assets are considered for impairment if there is any reason to believe that an impairment may be necessary. Factors taken into consideration include the economic viability of the asset itself and, where it is a component of a larger economic unit, the viability of the unit. Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current asset value and, if lower, the assets are impaired to the present value.

23.4 IMPAIRMENT OF FINANCIAL ASSETS

The group measures expected credit losses of a financial instrument in a way that reflects

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum period considered when measuring expected credit losses is the maximum contractual period (including extension options) over which the group is exposed to credit risk, and not a longer period, even if that period is consistent with business practice.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

FOR THE YEAR ENDED 30 SEPTEMBER 2015

The group adopted the following accounting standards and interpretations that became applicable during the current reporting period.

IFRS 9 – *Financial instruments*

This is a finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- Classification and measurement
- Impairment
- Hedge accounting
- Derecognition

The impact of this adoption is disclosed in note 29 of the financial statements.

IAS 36 – *Impairment of assets*

The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units are required to be disclosed, clarifies the disclosures required, and introduces an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

The amendment is effective for the financial year ending 30 September 2015. The amendment does not have a material impact on the group's consolidated financial statements.

IAS 19 – *Employee benefits*

This amendment clarifies the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contributions can, but are not required, to be recognised as a reduction in the service cost in the period in which the related service is rendered. The amendment is effective for the financial year ending 30 September 2015. The amendment does not have a material impact on the group's consolidated financial statements.

IFRIC 21 – *Levies*

Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain.

The interpretation identifies the obligating event for the recognition of a liability as the activity that triggers the payment of the levy in accordance with the relevant legislation.

The amendment is effective for the financial year ending 30 September 2015. The amendment does not have a material impact on the group's consolidated financial statements.

IAS 32 – *Financial instruments*

This amendment clarifies certain aspects because of diversity in application of the requirements of offsetting.

The amendment is effective for the financial year ending 30 September 2015. The amendment does not have a material impact on the group's consolidated financial statements.

New standards issued but not yet effective

IFRS 15 – *Revenue from contracts with customers*

The standard provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable considerations, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The amendment is effective for the financial year ending 30 September 2019. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IFRS 11 – *Joint arrangements*

This will require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and to disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IAS 16 – *Property, plant and equipment and IAS 38 – Intangible assets*

This amendment clarifies the acceptable methods of depreciation and amortisation.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS *CONTINUED*

FOR THE YEAR ENDED 30 SEPTEMBER 2015

IAS 27 – *Separate financial statements*

This amendment permits investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IFRS 10 – *Consolidated financial statements and IAS 28 – Investments in associates*

This amendment is to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IAS 1 – *Presentation of financial statements*

The amendment is to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making certain changes.

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

Annual improvements 2010 – 2012

- IFRS 2 – Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'
- IFRS 3 – Requires contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date
- IFRS 8 – Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments and to clarify that reconciliations of segment assets are only required if segment assets are reported regularly
- IFRS 13 – Clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only)
- IAS 16 and IAS 38 – Clarifies that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount
- IAS 24 – Clarifies how payments to entities providing management services are to be disclosed

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

Annual improvements 2011 – 2013

- IFRS 1 — Clarifies which versions of IFRSs can be used on initial adoption (amends basis for conclusions only)
- IFRS 3 — Clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself
- IFRS 13 — Clarifies the scope of the portfolio exception in paragraph 52
- IAS 40 — Clarifies the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property

The amendment is effective for the financial year ending 30 September 2015. The amendment is not expected to have a material impact on the group's consolidated financial statements.

Annual improvements 2012 – 2014

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements
- IAS 9 — Clarifies that the high quality corporate bonds used in estimating the discount rate for postemployment benefits should be denominated in the same currency as the benefits to be paid
- IAS 34 — Clarifies the meaning of 'elsewhere in the interim report' and require a cross-reference

The amendment is effective for the financial year ending 30 September 2017. The amendment is not expected to have a material impact on the group's consolidated financial statements.

	2015 Rm	2014 Rm
1. CASH AND CASH EQUIVALENTS		
Bank balances	**342**	1 100
Call deposits	**527**	89
Securitisation special purpose vehicles*	**299**	155
Customer clearance accounts	**1**	1
Total cash and cash equivalents	**1 169**	1 345
Bank overdrafts	**(52)**	(101)
Net cash and cash equivalents	**1 117**	1 244
Total overdraft facilities	**350**	260

* *Ceded as part security for securitisation debentures and loans as shown in note 15.*

	2015 Rm	2014 Rm
2. TRADE AND OTHER RECEIVABLES		
Prepayments	**54**	35
Trade receivables	**185**	148
Derivative assets (refer to note 2.1)	**108**	54
Dividend receivable	**205**	121
Other	**77**	140
Impairment provision	**(8)**	(5)
Total trade and other receivables*	**621**	493
The carrying value of trade and other receivables approximates fair value as they are short term in nature and not subject to material changes in credit risk and fair value.		
* *Ceded as security for bank facilities as shown in note 1.*	**65**	36
Allowance for impairment		
Balance at the beginning of the year	**(5)**	(19)
Impairments recognised in profit or loss	**(3)**	(1)
Utilisation of impairments	**–**	4
Disposal of subsidiary companies	**–**	11
Total allowance for impairment	**(8)**	(5)
Trade and other receivables are tested for impairment by reference to the currency of the receivable as denominated in trade terms, payment history, subsequent receipts and arrangements with the debtors.		
Trade and other receivables past due but not impaired		
Amounts 30 days overdue	**25**	6
Amounts 30 to 60 days overdue	**13**	5
Amounts 60 to 90 days overdue	**2**	11
Amounts 90 to 120 days overdue	**1**	1
Amounts in excess of 120 days overdue	**38**	2
Total trade and other receivables past due but not impaired	**79**	25
Maximum exposure to credit losses of trade receivables	**177**	143
Carrying value of trade receivables less provision	**177**	143
Assets held as collateral	**(19)**	(21)
Residual exposure	**158**	122

	2015 Rm	2014 Rm
2. TRADE AND OTHER RECEIVABLES continued		
2.1 DERIVATIVE ASSETS		
Derivatives held for risk management		
Cross-currency swaps	**108**	54
	108	54

Cash flow hedges of foreign currency risk

The group uses cross-currency swaps to hedge the foreign currency risks arising from interest-bearing liabilities denominated in foreign currencies. These interest-bearing liabilities have a carrying value of R405 million and are denominated in Euro and US Dollars. The Euro balance outstanding is 8.4 million and the USD balance outstanding is 30.0 million. Both currency exposures are 100% hedged.

Refer to note 31.9 for disclosure on movements in the cash flow hedging reserve.

3. INVENTORIES

	2015 Rm	2014 Rm
Net properties in posession	**5**	2
Properties	**6**	3
Impairment provision for properties	**(1)**	(1)
Net prepaid vouchers	**–**	2
Pre-paid vouchers	**–**	2
Impairment provision for pre-paid vouchers	**–**	–
Net direct sales vehicles	**16**	–
Direct sales vehicles	**16**	–
Impairment provision for direct sales vehicles	**–**	–
Total inventories	**21**	4
Inventories carried at net realisable value included above	**14**	4

Properties are assessed for impairment by reference to independent valuations. These valuations take into account the location of the property, comparable sales values achieved within the geographical area and general market conditions. Direct sales vehicles are assessed for impairment by considering the age, condition, model and net realisable value of the vehicles.

4. LOANS AND ADVANCES

	2015 Rm	2014 Rm
IFRS 9 impact on gross loans and advances		
Gross loans and advances opening balance	**6 386**	
IFRS 9 transitional adjustment	**(648)**	
Revised opening balance	**5 738**	

The IFRS 9 transitional adjustment consists of a R35 million decrease due to the write-off of interest in suspense, and a R613 million decrease resulting from the change in classification of entry level vehicles from amortised cost to fair value through profit and loss.

	2015 Rm	2014 Rm
Closing balance		
Gross loans and advances	**6 713**	6 737
Impairment provision	**(553)**	(383)
Carrying value of written off book	**–**	32
Loans and advances*	**6 160**	6 386

* *R5 607 million ceded as part security for interest-bearing liabilities as shown in note 15.*

	2015 Rm	2014 Rm
4. LOANS AND ADVANCES continued		
Gross loans and advances by asset type		
Finance leases**	**6 238**	6 240
Mortgage loans	**35**	47
Discounted invoices	**440**	450
Gross loans and advances	**6 713**	6 737
*** Included in this balance is repossessed stock valued at R227 million (2014: R297 million) as well as entry level vehicles valued at R120 million. These entry level vehicles were previously carried at R807 million with a provision of R151 million under the amortised cost model.*		
Finance leases		
Gross finance leases including unearned finance charges	**9 285**	9 455
Unearned finance charges	**(3 047)**	(3 215)
Gross finance leases	**6 238**	6 240
Carrying value of written off book***	**–**	32
Impairment provision	**(535)**	(364)
Net finance leases	**5 703**	5 908
**** The full balance of the written off book has been de-recognised line with the expected credit loss model requirements of IFRS 9.*		
Maturity analysis of gross finance leases		
Amounts up to one year	**2 009**	1 880
Amounts between one and five years	**4 062**	4 009
Amounts in excess of five years	**167**	351
Total gross finance leases	**6 238**	6 240
Average term of leases on book	**44**	44
Average actual term of leases at origination	**67**	66
Impairment provision		
Balance at the beginning of the year	**(383)**	(1 630)
IFRS 9 transitional adjustments	**(166)**	–
Transition to expected loss model	**(317)**	–
Impact of classification of entry level vehicles at fair value through profit and loss	**151**	–
Revised opening balance	**(549)**	(1 630)
Net impairments recognised in profit and loss	**(238)**	(326)
Impairments recognised in profit and loss	**(238)**	(326)
Reversals of impairments recognised in profit or loss in prior years	**–**	–
Disposal of subsidiary companies	**–**	1 301
Utilisation of impairment provision	**234**	272
Total impairment provision	**(553)**	(383)
Related credit risk exposure and enhancements		
Maximum exposure to credit losses of loans and advances	**6 160**	6 386
Credit risk exposure mitigated through unguaranteed residual asset values held as collateral		
Vehicles	**6 067**	6 279
Properties	**295**	296
Discounted invoices	**565**	628
Fair value of collateral held for impaired financial assets	**632**	1 659
Fair value of collateral held for financial assets past due but not specifically impaired	**1 733**	1 453
Collateral attached comprises vehicles, properties and debtors.		
Loans and advances past due but not specifically impaired		
Amounts up to 90 days overdue	**1 140**	765
Amounts in excess of 90 days overdue	**594**	512
Total loans and advances past due but not specifically impaired	**1 734**	1 277

	2015 Rm	2014 Rm
5. PURCHASED BOOK DEBTS		
5.1 PRINCIPAL BOOK PORTFOLIO		
Cost	**961**	913
Accumulated amortisation	**(547)**	(361)
Total purchased book debts	**414**	552
Reconciliation of movements in the year		
Balance at the beginning of the year	**552**	420
Other financial assets transferred out of principal debt portfolio	**(20)**	–
IFRS 9 transitional adjustment	**(81)**	–
Revised opening balance	**450**	420
Additions	**78**	214
Amortisation	**(114)**	(82)
Balance at the end of the year	**414**	552
5.2 OTHER FINANCIAL ASSETS		
Cost	**172**	–
Fair value adjustments	**(25)**	–
Total other financial assets	**147**	–
Reconciliation of movements in the year		
Balance at the beginning of the year	**–**	–
Additions	**143**	–
Other financial assets transferred out of principal debt portfolio	**20**	
Fair value movements	**(16)**	–
Balance at the end of the year	**147**	–
Total purchased book debts	**561**	552
6. OTHER LOANS RECEIVABLE		
Gross loans receivable	**257**	293
Impairment provision	**–**	–
Net other loans receivable	**257**	293
Gross loans receivable by asset type		
Loans to executives under the group share schemes*	**6**	6
Short-term loans to employees	**6**	10
Other loans receivable	**245**	277
Gross other loans receivable	**257**	293
Reconciliation of movements in the year		
Balance at the beginning of the year	**293**	280
Loans advanced	**30**	–
Interest	**2**	9
Repaid	**(68)**	(182)
Reclassification from group loans to other loans receivable	**–**	186
Total other loans receivable	**257**	293
Maturity analysis		
Within one year	**216**	18
Greater than one year	**41**	275
	257	293

The carrying value of other loans receivable approximates fair value.

* *Interest-bearing loans to group executives are at rates ranging from prime less 5% to prime less 7% granted with a maximum term not exceeding 6 years. These loans are secured by a cession over 1 272 184 shares, valued at R5.9 million at 30 September 2015.*

Appropriate fringe benefits tax has been levied on the low interest loans (refer to note 21).

	2015 Rm	2014 Rm
7. OTHER INVESTMENTS		
Total other investments		
At cost	**250**	160
Fair value adjustment	**93**	78
Fair value	**343**	238
Hollard Business Associates (Proprietary) Limited – 50 AB ordinary shares		
At cost	**<1**	<1
Fair value adjustment	**–**	–
Disposal of subsidiary companies	**–**	(306)
Fair value	**<1**	<1
Guardrisk Insurance Company Limited - 10 ordinary shares		
At cost	**250**	160
Fair value adjustment	**93**	78
Fair value	**343**	238

On adoption of IFRS 9, the group made an irrevocable election to present changes in the fair value of the investment in Guardrisk at fair value through other comprehensive income. This investment is neither held for trading nor contingent consideration recognised in a business combination.

Dividends received on the Guardrisk Insurance Company investment are disclosed within income from insurance activities in note 20. There were no transfers of the cumulative gain during the period.

8. EQUITY ACCOUNTED INVESTMENTS

ANALYSIS OF CARRYING VALUE

Unlisted investments

The group held a 50% interest in Qarar Consultancy FZ-LLC. The joint venture is incorporated in the United Arab Emirates, Dubai and carries out the principal activity of providing credit consulting services.

	2015 Rm	2014 Rm
Shares at cost less impairment	**<1**	<1
Retained equity accounted earnings	**4**	7
Sale of joint venture	**(4)**	–
Total	**–**	7
Summarised financial information of equity accounted investment		
Total assets	**–**	36
Total liabilities	**–**	(21)
Net assets	**–**	15
Group's share of net assets	**–**	7
Net interest income	**–**	–
Non-interest revenue	**36**	31
Profit for the year	**(6)**	7
Equity accounted earnings	**(3)**	3

The group sold its 50% shareholding in Qarar Consultancy FZ-LLZ (Qarar) to the Saudi Credit Bureau (SIMAH) on 30 September 2015.

	Computer and telephony software Rm	Distribution channel Rm	Total Rm
9. INTANGIBLE ASSETS			
COST	86	24	110
Additions	15	–	15
Disposal of subsidiary companies	(43)	(24)	(67)
At 30 September 2014	**58**	**–**	**58**
Additions	**20**	**–**	**20**
Disposals	**(1)**	**–**	**(1)**
At 30 September 2015	**77**	**–**	**77**
Accumulated amortisation and impairment			
At 30 September 2013	(66)	(22)	(88)
Amortisation expense	(5)	–	(5)
Disposal of subsidiary companies	32	22	54
At 30 September 2014	**(39)**	**–**	**(39)**
Disposals	**1**	**–**	**1**
Amortisation expense	**(7)**	**–**	**(7)**
At 30 September 2015	**(45)**	**–**	**(45)**
Cost	**77**	**–**	**77**
Accumulated amortisation	**(45)**	**–**	**(45)**
Net carrying value at 30 September 2015	**32**	**–**	**32**
Cost	58	–	58
Accumulated amortisation	(39)	–	(39)
Net carrying value at 30 September 2014	19	–	19

10. PROPERTY AND EQUIPMENT

	Vehicles Rm	Office and computer equipment Rm	Total Rm
COST			
At 30 September 2013	19	231	250
Additions	2	19	21
Disposals	–	(5)	(5)
Disposal of subsidiary companies	(2)	(109)	(111)
At 30 September 2014	**19**	**136**	**155**
Additions	**7**	**21**	**28**
Disposals	**(2)**	**–**	**(2)**
At 30 September 2015	**24**	**157**	**181**
Accumulated depreciation and impairment			
At 30 September 2013	(8)	(145)	(153)
Depreciation expense	(2)	(15)	(17)
Disposal of subsidiary companies	1	63	64
Disposals	–	2	2
At 30 September 2014	**(9)**	**(95)**	**(104)**
Depreciation expense	**(3)**	**(14)**	**(17)**
Disposals	**–**	**–**	**–**
At 30 September 2015	**(12)**	**(109)**	**(121)**
Cost	**24**	**157**	**181**
Accumulated depreciation and impairment	**(12)**	**(109)**	**(121)**
Net carrying value at 30 September 2015	**12**	**48**	**60**
Cost	19	136	155
Accumulated depreciation and impairment	(9)	(95)	(104)
Net carrying value at 30 September 2014	10	41	51

	2015 Rm	2014 Rm
11. GOODWILL		
Carrying value at the beginning of the year	**192**	594
Additions recognised from business combinations	**5**	–
Disposal of subsidiaries	**–**	(402)
Carrying value at the end of the year	**197**	192
Composition of goodwill per cash-generating unit		
SA Taxi Holdings	**63**	63
Rand Trust Financiers	**32**	32
MBD	**74**	74
Principa	**28**	23
Total goodwill	**197**	192

Goodwill is tested annually for impairment, or more frequently if there are indications that goodwill might be impaired.

When testing goodwill for impairment, the recoverable amounts of cash generating units (CGU) are determined as the lower of value in use and fair value less costs to sell. The CGU's prepare five year forecasts using growth rates based on the specific market segments in which they operate and their expected performance in these markets. The key assumptions for value in use calculations are discount rates, growth rates and expected margins over the determined period. Discount rates reflect management's assessment of risks specific to the CGU as well as current market trends of the time value of money. Growth rates and expected margins are based on industry indicators as well as current and expected business trends.

The group prepares cash flow forecasts based on CGU results for the next five years. A terminal value is calculated based on a growth rate of 3% (2014: 3%). This rate does not exceed the average long term growth rate for the relevant markets. The value in use of the CGU's which are lending businesses is determined based as free cash flows to cost of equity and the value in use of CGU's which operate service businesses is determined based on free cash flow to weighted average cost of capital. The valuation method applied is consistent with that of the prior period.

The goodwill addition in the current year relates to the acquisition of Relate Technologies by Principa Decisions during December 2014.

	2015 Rm	2014 Rm
12. DEFERRED TAX		
Deferred tax is presented on the statement of financial position as follows:		
Deferred tax assets	**255**	93
Deferred tax liabilities	**(117)**	(186)
Net deferred tax liabilities	**138**	(93)
The movements during the year are analysed as follows:		
Net deferred tax liabilities at the beginning of the year	**(93)**	(87)
IFRS 9 transitional adjustment	**258**	–
Revised opening balance	**165**	(87)
Recognised in the income statement for the year - continuing operations	**(21)**	(33)
Prior year adjustment	**(6)**	17
Disposal of subsidiary companies	**–**	10
Net deferred tax assets/(liabilities) at the end of the year	**138**	(93)

* *The deferred tax asset balance is considered to be fully recoverable*

12. DEFERRED TAX continued

	Opening balance Rm	IFRS9 transitional adjustment Rm	Revised opening balance Rm	Charged to income Rm	Charged to equity Rm	Prior year adjustment Rm	Closing balance Rm
2015							
Temporary difference							
Assessed loss unutilised	**147**	**–**	**147**	**52**	**14**	**(6)**	**207**
Debtor provisions	**1**	**–**	**1**	**1**	**–**	**–**	**2**
Prepayments	**(8)**	**–**	**(8)**	**(3)**	**–**	**–**	**(11)**
Creditor Provisions	**12**	**–**	**12**	**2**	**–**	**–**	**14**
Property, plant and equipment	**(1)**	**–**	**(1)**	**–**	**–**	**–**	**(1)**
Deferred income	**13**	**–**	**13**	**1**	**–**	**–**	**14**
Operating lease adjustment	**1**	**–**	**1**	**–**	**–**	**–**	**1**
Timing difference of expenditure	**15**	**–**	**15**	**(6)**	**–**	**–**	**9**
Purchased book debts	**(148)**	**23**	**(125)**	**10**	**–**	**–**	**(115)**
Loans and advances	**(82)**	**287**	**205**	**(85)**	**–**	**–**	**120**
Other	**(43)**	**(52)**	**(95)**	**7**	**(14)**	**–**	**(102)**
	(93)	**258**	**165**	**(21)**	**–**	**(6)**	**138**

	Opening balance Rm	Charged to income Rm	Charged to equity Rm	Disposal of subsidiary Rm	Prior year adjustment Rm	Closing balance Rm
2014						
Temporary difference						
Assessed loss unutilised	127	27	–	(15)	8	147
Debtor provisions	22	(1)	–	(21)	1	1
Prepayments	(4)	(4)	–	–	–	(8)
Creditor Provisions	9	3	–	–	–	12
Property, plant and equipment	(1)	–	–	–	–	(1)
Deferred income	11	–	–	2	–	13
Operating lease adjustment	2	–	–	(1)	–	1
Timing difference of expenditure	11	(1)	–	(3)	8	15
Purchased book debts	(117)	(31)	–	–	–	(148)
Loans and advances	(82)	–	–	–	–	(82)
Other	(65)	(26)	–	48	–	(43)
	(87)	(33)	–	10	17	(93)

13. TRADE AND OTHER PAYABLES

	2015 Rm	2014 Rm
Trade payables and accruals	**78**	65
Revenue received in advance	**50**	52
Bonus accrual	**78**	79
Deferred lease liability	**2**	3
Other	**45**	43
Trade and other payables	**253**	242

The carrying value of trade and other payables approximates fair value as they are short-term in nature and not subject to material changes in fair value.

	2015 Rm	2014 Rm
14. PROVISIONS		
Provision for long-term incentives	**2**	2
Leave pay provision	**15**	16
Total liabilities	**17**	18

The long-term incentive provision is paid out every three years, however the quantum is uncertain.

The leave pay provision is paid out on termination of employment and therefore the timing is uncertain.

	2015 Rm	2014 Rm
15. INTEREST-BEARING LIABILITIES		
Securitisation notes, debentures and loans	**3 295**	2 555
Loans	**3 345**	3 623
	6 640	6 178
Classes of interest-bearing liabilities		
Senior debt	**5 446**	4 911
Subordinated debt	**1 194**	1 267
Total interest-bearing liabilities	**6 640**	6 178
Payable within 12 months	**1 806**	1 368
Payable thereafter	**4 834**	4 810
Total interest-bearing liabilities	**6 640**	6 178

15. INTEREST/BEARING LIABILITIES continued

Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value	Other comments
2015							
Securitisation notes, debentures and loans							
Junior	Amortising	12/02/15	3 Month JIBAR plus 7.000%	31/03/20	ZAR	**113**	Secured by a cession of loans and advances
Mezzanine	Amortising	05/06/14 to 20/04/15	3 Month JIBAR plus 3.400% to 5.600%	14/06/19	ZAR	**126**	Secured by a cession of loans and advances
Senior	Amortising	09/01/12 to 29/02/12	10.240% to 10.270%	09/01/17 to 01/03/17	ZAR	**17**	Secured by a cession of loans and advances
Senior	Amortising	13/10/10 to 30/09/15	3 Month JIBAR plus 1.250% to 6.070%	13/10/15 to 30/09/20	ZAR	**2 691**	Secured by a cession of loans and advances
Subordinated	Amortising	05/06/14 to 20/04/15	3 Month JIBAR plus 6.500% to 8.950%	14/06/19	ZAR	**100**	Secured by a cession of loans and advances
Senior	Bullet	07/03/12 to 17/08/12	10.954% to 12.087%	07/03/17 to 17/08/17	ZAR	**248**	Secured by a cession of loans and advances
						3 295	
Loans							
Mezzanine	Amortising	01/03/11 to 19/04/11	22.400%	01/06/18	ZAR	**78**	
Senior	Amortising	10/06/11 to 26/09/11	11.030% to 12.480%	15/06/17	EUR	**82**	
Senior	Amortising	28/09/12 to 15/01/15	9.110% to 11.060%	14/02/17 to 25/11/19	ZAR	**103**	Cash and cash equivalents, shareholder's loans, purchased book debts and trade receivables are ceded as securities for the loans
Senior	Amortising	22/11/11 to 22/12/11	3 Month JIBAR plus 4.810% to 5.190%	15/06/17	EUR	**49**	
Senior	Amortising	16/10/14 to 06/03/15	3 Month JIBAR plus 4.540% to 4.940%	16/09/19 to 15/03/21	USD	**305**	
Senior	Amortising	10/06/11 to 10/06/15	3 Month JIBAR plus 1.000% to 4.750%	15/06/17 to 15/03/21	ZAR	**940**	
Mezzanine	Bullet	10/06/15 to 07/08/15	3 Month JIBAR plus 6.750%	10/12/20 to 08/08/22	ZAR	**124**	
Senior	Bullet	30/05/14	10.670%	30/05/16	ZAR	**50**	
Senior	Bullet	17/04/15 to 24/06/15	3 Month JIBAR plus 5.160% to 5.180%	17/04/19	USD	**69**	
Senior	Bullet	03/09/13 to 25/06/15	3 Month JIBAR plus 3.250% to 4.260%	04/09/17 to 29/05/20	ZAR	**288**	
Senior	Bullet	11/03/15 to 28/09/15	Prime less 0.320% to Prime	17/02/16 to 31/05/18	ZAR	**482**	
Structurally subordinated	Bullet	01/07/11 to 05/07/13	11.620% to 13.130%	01/07/16 to 05/07/18	ZAR	**199**	
Structurally subordinated	Bullet	15/10/10 to 14/08/13	3 Month JIBAR plus 4.500% to 5.000%	30/11/17 to 14/08/18	ZAR	**576**	
						3 345	
						6 640	

15. INTEREST/BEARING LIABILITIES continued

Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value	Other comments
2014							
Securitisation notes, debentures and loans							
Senior	Amortising	01/12/09 to 28/02/11	3 Month JIBAR plus 3.250% to 3.900%	31/12/14 to 01/02/16	ZAR	150	Secured by a cession of loans and advances
Senior	Amortising	09/01/12 to 29/02/12	10.240% to 10.270%	09/01/17 to 01/03/17	ZAR	27	Secured by a cession of loans and advances
Senior	Bullet	07/03/12 to 17/08/12	10.954% to 12.087%	07/03/17 to 17/08/17	ZAR	248	Secured by a cession of loans and advances
Senior	Amortising	21/05/10 to 31/07/14	3 Month JIBAR plus 3.150% to 6.070%	09/01/15 to 30/09/19	ZAR	2 021	Secured by a cession of loans and advances
Senior	Bullet	03/09/13 to 01/08/14	3 Month JIBAR plus 3.250% to 3.800%	04/09/17 to 01/07/19	ZAR	109	Secured by a cession of loans and advances
						2 555	
Loans							
Mezzanine	Amortising	05/06/14	3 Month JIBAR plus 1.950% to 3.400%	14/06/19	ZAR	174	
Mezzanine	Amortising	01/03/11 to 19/04/11	22.400%	01/06/18	ZAR	78	
Senior	Amortising	05/06/14	3 Month JIBAR plus 1.250% to 1.700%	14/06/17 to 14/06/19	ZAR	397	
Senior	Amortising	10/06/11 to 26/09/11	11.030% to 12.480%	15/06/17	EUR	117	
Senior	Amortising	28/09/12 to 28/03/14	9.110% to 11.060%	14/02/17 to 12/04/18	ZAR	131	Cash and cash equivalents, shareholder's loans, purchased book debts and trade receivables are ceded as securities for the loans
Senior	Bullet	29/05/13 to 30/05/14	9.210% to 10.670%	29/05/15 to 30/05/16	ZAR	110	
Senior	Amortising	22/11/11 to 22/12/11	3 Month JIBAR plus 4.810% to 5.190%	15/06/17	EUR	70	
Senior	Amortising	10/06/11 to 28/03/14	3 Month JIBAR plus 1.000% to 4.750%	15/06/17 to 27/09/19	ZAR	756	
Senior	Bullet	01/09/14	3 Month JIBAR plus 3.650%	02/09/19	ZAR	49	
Senior	Bullet	21/02/14 to 29/09/14	Prime and Prime less 0.320%	31/10/14 to 29/05/15	ZAR	553	
Structurally subordinated	Bullet	01/07/11 to 05/07/13	11.620% to 13.130%	01/07/16 to 05/07/18	ZAR	201	
Structurally subordinated	Amortising	31/10/12	3 Month JIBAR plus 6.750%	31/10/17	ZAR	109	
Structurally subordinated	Bullet	29/05/08 to 14/08/13	3 Month JIBAR plus 3.000% to 5.500%	29/05/15 to 14/08/18	ZAR	723	
Subordinated	Amortising	05/06/14	3 Month JIBAR plus 6.500%	14/06/19	ZAR	55	
Subordinated	Bullet	29/09/08 to 31/10/08	3 Month JIBAR plus 6.750%	29/09/16	ZAR	100	
						3 623	
						6 178	

The group is not in breach or default of any provisions of the terms or conditions of the agreement governing borrowings.

	2015 Rm	2014 Rm
16. ORDINARY SHARE CAPITAL		
Authorised		
1 000 000 000 ordinary shares		
Issued		
568 055 166 (2014: 569 629 247) ordinary shares		
Ordinary share capital	**468**	483
Ordinary share capital	**468**	483
Preference share capital		
Authorised		
10 000 000 cumulative, non-participating, non-convertible preference shares of no par value		
Issued		
Nil (2014: nil) preference shares		
Refer to the Directors' report (page 3) for the details of the movements in ordinary share capital		
17. NON-CONTROLLING INTERESTS		
Share of equity of subsidiaries	**30**	–
Loans payable	**–**	–
Non-controlling interests	**30**	–
During December 2014 the CEO of SA Taxi subscribed for 2% of SA Taxi Holdings (Pty) Ltd for R26 million.		
18. INTEREST		
Interest and other similar income is earned from:		
Cash and cash equivalents	**70**	99
Loans and advances	**1 397**	1 278
Finance leases**	**1 275**	1 177
Mortgage loans	**3**	4
Discounted invoices	**119**	97
Other loans receivable	**35**	36
Other	**2**	–
Total interest and other similar income#	**1 504**	1 413
Interest and other similar expenses are paid on:		
Bank overdrafts	**(5)**	(8)
Interest-bearing liabilities	**(676)**	(591)
Other	**(2)**	–
Total interest and other similar expense	**(683)**	(599)
Interest and other similar income	**1 504**	1 413
Interest and other similar expense	**(683)**	(599)
Net interest income	**821**	814

*** Included in this interest income is R43 million earned on Entry-level vehicles held at fair value through profit and loss*

 # Refer to note 20

	2015 Rm	2014 Rm
19. IMPAIRMENT OF LOANS AND ADVANCES		
Impairment comprises:		
Impairments of loans and advances*	**(5)**	(52)
Fair value movement of Entry-level vehicles	**4**	–
Bad debts written off	**(237)**	(274)
Bad debts recovered	**5**	4
Total impairment	**(233)**	(322)

* *Refer note 31.1.4 for further detail on the impairment of loans and advances.*

	2015 Rm	2014 Rm
20. NON-INTEREST REVENUE		
Non-interest revenue comprises:		
Brokerage income	**3**	28
Commission income	**433**	372
Fee income	**199**	229
Income from insurance activities	**107**	132
Revenue from purchased book debts*	**386**	307
Revenue from sale of goods	**44**	25
Other income	**23**	40
Total non-interest revenue	**1 195**	1 133

* *Included in revenue from purchased book debts is notional interest income of R108 million (2014: R117 million). This revenue is generated by MBD through the collection of distressed debt. This is a services business, and managed as such. Therefore the revenue is classified as non-interest revenue.*

21. TOTAL OPERATING COSTS

	2015 Rm	2014 Rm
Total operating costs comprise:		
Advertising, marketing and public relations	**(9)**	(8)
Amortisation of intangibles	**(7)**	(5)
Amortisation of purchased book debts	**(114)**	(82)
Bank charges	**(12)**	(12)
Commissions paid	**(12)**	(18)
Communication costs	**(60)**	(68)
Consulting fees	**(14)**	(12)
Cost of sale of goods	**(32)**	(20)
Data purchases	**(1)**	(1)
Depreciation	**(17)**	(17)
Employee expenses	**(673)**	(642)
Fees paid	**(30)**	(23)
Fair value movements of other financial assets	**(16)**	–
Impairment or trade and other receivables	**(3)**	(1)
IT costs	**(25)**	(24)
Maintenance	**(6)**	(5)
Motor vehicle expenses	**(6)**	(9)
Printing and stationery	**(3)**	(4)
Audit fees	**(12)**	(10)
Audit fees – current year	**(12)**	(9)
Other fees	**–**	(1)
Legal agency commissions	**(58)**	(57)
Legal fees	**(22)**	(17)
Professional fees	**(1)**	(2)
Operating lease rentals - premises	**(39)**	(36)
Risk management	**(11)**	(34)
Staff welfare	**(13)**	(10)
Subscriptions	**(4)**	(3)
Training and seminars	**(8)**	(8)
Travel	**(13)**	(12)
Input VAT disallowed	**(30)**	(26)
Other operating costs	**(44)**	(54)
Total operating costs	**(1 295)**	(1 220)

21. TOTAL OPERATING COSTS continued

EXECUTIVE COMPENSATION

Executive directors' remuneration

The following table shows a breakdown of the annual remuneration (excluding share awards) of directors for the year ended 30 September 2015:

Executive director	Salary 2015 R	Benefits 2015 R	Annual incentive bonus 2015 R	Total 2015 R	Salary 2014 R	Benefits 2014 R	Annual incentive bonus 2014 R	Total 2014 R
David Hurwitz*	**2 526 801**	**828 309**	**2 200 000**	**5 555 110**	2 523 925	811 484	2 208 566	5 543 975
Mark Herskovits*	**2 010 156**	**368 922**	**1 170 000**	**3 549 078**	1 372 172	248 194	1 378 411	2 998 777
Jonathan Jawno	**1 069 308**	**150 732**	**2 000 000**	**3 220 040**	1 081 353	139 522	800 000	2 020 875
Michael Mendelowitz	**1 069 155**	**150 885**	**2 000 000**	**3 220 040**	1 081 353	140 122	1 800 000	3 021 475
Roberto Rossi[1]	**–**	**–**	**–**	**–**	374 327	134 858	–	509 185
Mark Lamberti[2]	**–**	**–**	**–**	**–**	1 291 063	20 318	2 150 000	3 461 381
Steven Kark[3]	**–**	**–**	**–**	**–**	383 822	66 887	5 349 501	5 800 210
	6 675 420	**1 498 848**	**7 370 000**	**15 544 268**	8 108 015	1 561 385	13 686 478	23 355 878

1 Re-classified as non-executive from 5 March 2014
2 Re-classified as non-executive director from 15 January 2014 and resigned as director on 5 March 2014
3 Resigned as a director on 26 November 2013 due to the sale of Paycorp Holdings Proprietary Limited
** The following SARs have been granted since the inception the the scheme in June 2013: (Refer to note 24 for further details regarding the SARs)*
David Hurwitz: Present value of R6 321 570, number of SARs 3 283 543
Mark Herskovits: Present value of R6 232 560, number of SARs 3 192 870

Prescribed officers' remuneration

The following table shows a breakdown of the remuneration of prescribed officers for the current financial year.

Prescribed officer	Salary 2015 R	Benefits 2015	Annual incentive bonus 2015 R	Total 2015 R
Prescribed officer A	**2 546 430**	**262 443**	**1 633 333**	**4 442 206**
Prescribed officer B	**2 607 356**	**1 853 090**	**1 375 000**	**5 835 446**
	5 153 786	**2 115 533**	**3 008 333**	**10 277 652**

21. TOTAL OPERATING COSTS continued

Non-executive directors' fees

The fees are paid to non-executive directors quarterly in arrears and determined by the board on a market-related basis as recommended by the remuneration committee.

Board members 2015	C Seabrooke[1] R	D Woollam R	P Langeni R	D Tabata R	S Zagnoev R	R Rossi[2] R	Total R
Chairperson	1 200 000	–	–	–	–	–	**1 200 000**
Director	–	250 000	250 000	250 000	250 000	250 000	**1 250 000**
Audit, risk and compliance committee (chairperson)	–	350 000	–	–	–	–	**350 000**
Audit, risk and compliance committee (member)	–	–	150 000	–	–	–	**150 000**
Remuneration committee (chairperson)	–	–	–	125 000	–	–	**125 000**
Nominations committee (member)	–	–	–	60 000	–	60 000	**120 000**
Social and ethics committee (chairperson)	–	–	125 000	–	–	–	**125 000**
Total annual fees	**1 200 000**	**600 000**	**525 000**	**435 000**	**250 000**	**310 000**	**3 320 000**

1 *Mr Seabrooke is also the chairman of the nominations committee, a member of the remuneration committee and a member of the audit, risk and compliance committee*
2 *In addition to the fees received above, Mr Rossi received R890,000 for consulting services.*

Board members 2014	C Seabrooke R	D Woollam R	P Langeni R	D Tabata R	S Zagnoev R	C Ntumba[1] R	R Rossi[2] R	M Lamberti[3] R	Total R
Director	–	250 000	250 000	250 000	250 000	62 500	145 833	–	**1 208 333**
Chairperson	973 250	–	–	–	–	–	–	150 000	**1 123 250**
Lead independent director	125 000								**125 000**
Audit committee (chairperson)		118 250							**118 250**
Audit committee (member)	42 500	–	42 500	–	–	42 500	–	–	**127 500**
Risk and compliance committee (chairperson)	–	75 000	–	–	–	–	–	–	**75 000**
Risk and compliance committee (member)	32 500	–	–	–	–	–	–	–	**32 500**
Audit, risk and compliance committee (chairperson)	–	262 500	–	–	–	–	–	–	**262 500**
Audit, risk and compliance committee (member)	–	–	112 500	–	–	–	–	–	**112 500**
Assets and liabilities committee (chairperson)	–	–	–	–	–	–	–	–	**–**
Assets and liabilities committee (member)	32 500	32 500	–	–	–	–	–	–	**65 000**
Nominations and remuneration committee (chairperson)	–	–	–	75 000	–	–	–	–	**75 000**
Nominations and remuneration committee (member)	32 500	–	32 500	–	32 500	–	–	–	**97 500**
Remuneration committee (chairperson)	–	–	–	72 917	–	–	–	–	**72 917**
Remuneration committee (member)	–	–	–	10 000	–	–	–	–	**10 000**
Nominations committee (chairperson)	–	–	–	–	–	–	–	–	**–**
Nominations committee (member)	–	–	–	45 000	–	–	35 000	–	**80 000**
Social and ethics committee (chairperson)	–	–	143 750	–	–	–	–	–	**143 750**
Social and ethics committee (member)	–	–	–	–	–	32 500	–	–	**32 500**
Subsidiary directorships and fees	–	–	–	–	–	–	–	–	**–**
Total annual fees	**1 238 250**	**738 250**	**581 250**	**452 917**	**282 500**	**137 500**	**180 833**	**150 000**	**3 761 500**

1 *Resigned as non-executive director, effective 26 November 2013*
2 *Re-classified as non-executive from 5 March 2014*
3 *Re-classified as non-executive director from 15 January 2014 and resigned as director on 5 March 2014*

22. INCOME TAX EXPENSE

	2015 Rm	2014 Rm
South African normal taxation:	**(94)**	(79)
Current taxation	**(67)**	(46)
Current year	**(71)**	(45)
Prior years	**4**	(1)
Deferred taxation	**(27)**	(33)
Current year	**(21)**	(33)
Prior years	**(6)**	–
	(94)	(79)
Tax rate reconciliation		
South African tax rate	**28.0%**	28.0%
Tax effects of:		
Income not subject to tax	**(6.4%)**	(9.0%)
Expenses not deductible for tax purposes	**0.1%**	2.0%
Prior year taxes	**(2.4%)**	1.4%
Permanent differences	**(0.4%)**	(3.1%)
Effective tax rate	**18.8%**	19.3%

	Units	2015	2014
23. EARNINGS PER SHARE			
Basic earnings per share			
From continuing operations	cents	**70.4**	57.3
From discontinued operations	cents	**–**	105.4
Total basic earnings per share	cents	**70.4**	162.7
The earnings used in the calculation of basic earnings per share are as follows:			
Profit for the year attributable to ordinary equity holders	Rm	**401.0**	937.2
Profit for the year from discontinued operations	Rm	**–**	607.0
Earnings used in the calculation of basic earnings per share from continuing operations	Rm	**401.0**	330.2
Weighted average number of ordinary shares for the purposes of basic earnings per share			
Issued shares at the beginning of the year	million	**569.6**	582.6
Effect of shares repurchased during the year	million	**(0.3)**	(6.7)
Weighted average number of ordinary shares for the purposes of basic earnings per share	million	**569.3**	575.9
Diluted earnings per share			
From continuing operations	cents	**69.8**	57.2
From discontinued operations	cents	**–**	105.1
Total diluted basic earnings per share	cents	**69.8**	162.3
The earnings used in the calculation of diluted earnings per share are as follows:			
Earnings used in the calculation of basic earnings per share	Rm	**401.0**	937.2
Earnings used in the calculation of diluted earnings per share	Rm	**401.0**	937.2
Profit for the year from discontinued operations	Rm	**–**	607.0
Earnings used in the calculation of diluted earnings per share from continuing operations	Rm	**401.0**	330.2
Reconciliation of weighted average number of ordinary shares for diluted earnings per share:			
Weighted average number of ordinary shares used in the calculation of basic earnings per share	million	**569.3**	575.9
Shares deemed to be issued for no consideration in respect of share appreciation rights	million	**5.0**	1.5
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	million	**574.3**	577.4

	2015		2014	
	Rm Gross	Rm Net	Rm Gross	Rm Net
23. EARNINGS PER SHARE continued				
Headline earnings				
Headline earnings are determined as follows:				
Profit attributable to ordinary equity holders		**401.0**		937.2
Adjustments for:				
Profit on disposal of subsidiaries less de-grouping tax payable			(585.9)	(585.9)
Headline earnings of discontinued operations			(21.1)	(21.1)
Profit on disposal of joint venture	**(8.0)**	**(8.0)**	–	–
Headline earnings from continuing operations		**393.0**		330.2
Headline earnings per share (cents) from continuing operations		**69.0**		57.3
Headline earnings per share (cents) from total operations		**69.0**		61.0
Diluted headline earnings per share (cents) from total operations		**68.4**		60.8

24. SHARE-BASED PAYMENTS

24.1 DETAILS OF THE SHARE APPRECIATION RIGHTS PLAN

During the 2013 financial year the group implemented a share appreciation rights plan for executives and senior employees of the company and its subsidiaries. In accordance with the terms of the plan, as approved by shareholders at a general meeting, the grant of share appreciation rights (SARs) will be made on an annual or on an ad hoc basis. The number of SARs granted to an employee will take cognisance of the employees grade, performance, term of employment, retention requirements and market benchmarks. A SAR is a conditional right to acquire shares in the company for no consideration, the number being determined by the appreciation in value of a share over a fixed period, and the number of SARs granted.

The following share appreciation rights were in existence at year end:

	Number	Grant date	Expiry date	Grant price (cents)	Fair value at grant date (cents)
1) Granted on 11 July 2013	10 977 721	11 Jul 2013	11 Jul 2017	369	160
2) Granted on 18 November 2013	6 537 741	18 Nov 2013	18 Nov 2017	421	214
3) Granted on 6 May 2014	775 581	06 May 2014	06 May 2018	541	215
4) Granted on 25 November 2014	4 171 685	25 Nov 2014	25 Nov 2019	758	343
5) Granted on 5 May 2015	1 135 800	05 May 2015	05 May 2020	919	347

24. SHARE-BASED PAYMENTS continued

24.2 FAIR VALUE OF SHARE APPRECIATION RIGHTS GRANTED IN THE YEAR

Inputs into the model	25 Nov 2014	05 May 2015
Grant date closing share price (cents)	800	**912**
Grant price (cents)	758	**919**
Expected volatility	43,94%	**41,20%**
Option life	4 years	**4 years**
Dividend yield	2,00%	**2,19%**
Risk free rate	6,87%	**7,59%**
Staff turnover rate	nil	**nil**

24.3 MOVEMENT IN SHARE APPRECIATION RIGHTS DURING THE YEAR

	2015		2014	
	Number of SARs	**Weighted average grant price (cents)**	Number of SARs	Weighted average grant price (cents)
Balance at beginning of year	**22 467 447**	**393**	14 767 464	369
Granted during the year	**6 057 485**	**694**	8 482 990	432
Exercised during the year	**(3 272 604)**	**402**	(164 140)	391
Cancelled during the year	**(1 653 800)**	**517**	(618 867)	389
Balance at end of year	**23 598 528**	**483**	22 467 447	393

24.4 SHARE APPRECIATION RIGHTS EXPENSE RECOGNISED

	Rm	Rm
The expense has been recognised in the statement of comprehensive income under employee costs.	**16**	12

	2015 Rm	2014 Rm
25. CASH GENERATED BY OPERATIONS		
Profit from continuing operations before taxation	**499**	409
Adjusted for:		
Amortisation of intangible assets	**7**	5
Amortisation of purchased book debts	**114**	82
Bad debts written off	**237**	274
Decrease in provisions	**(1)**	–
Depreciation	**17**	17
Dividends received from insurance activities	**(107)**	(128)
Equity accounted loss/(earnings)	**3**	(3)
Fair value adjustment of other financial assets	**16**	–
Impairment of loans and advances	**5**	52
Impairment of trade receivables	**3**	1
Loss on disposal of property and equipment	**2**	3
Movement in share appreciation rights accrual	**16**	12
Non-operating profit (non-cash)	**(14)**	(1)
Other non-cash flow movements	**(1)**	(26)
Cash generated by operations	**796**	697
26. INCOME TAXES PAID		
Amounts receivable at the beginning of the year	**15**	62
Disposal of subsidiary companies	**–**	(37)
Charged in statement of comprehensive income	**(94)**	(79)
Deferred taxation charge in the income statement	**21**	33
Prior year deferred tax	**6**	(17)
Amounts receivable at the end of the year	**(14)**	(15)
Income taxes paid	**(66)**	(53)
27. DIVIDENDS PAID TO ORDINARY SHAREHOLDERS		
Ordinary dividends for the year	**(114)**	(104)
Dividends paid	**(114)**	(104)

An interim dividend of 10 (2014: 6) cents per share was declared on 5 May 2015 and paid on 8 June 2015.

A final dividend of 12 (2014: 10) cents per share was declared on 24 November 2015 for payment on or about 21 December 2015.

Refer to the directors report for additional information.

	2015 Rm	2014 Rm
28. CONTINGENCIES AND COMMITMENTS		
Capital commitments		
Approved	**3**	2
Contracted	**3**	3
Total	**6**	5
Operating lease commitments		
Future minimum payments under non-cancellable operating leases		
Premises		
Year 1	**63**	47
Year 2	**61**	51
Year 3	**59**	48
Year 4	**55**	46
Year 5	**44**	45
Total operating lease commitments	**282**	237

The group had no contingent liabilities at year end.

29. IFRS 9 TRANSITIONAL ADJUSTMENTS

During the current period the group elected to early adopt IFRS 9. The impact of the adoption on the classification as well as measurement on the statement of financial position is shown below. The group elected to not re-state prior periods and therefore the impact is on the opening balances for the current period.

	Opening balance IAS 39 2015 Rm	IFRS 9 initial application Rm	Opening balance IFRS 9 2015 Rm	Changes to categorisation IAS 39	Changes to categorisation IFRS 9
Assets					
Cash and cash equivalents	**1 345**	–	**1 345**		
Tax receivables	**17**	–	**17**		
Trade and other receivables	**493**	(3)	**490**		
Inventories	**4**	–	**4**		
Loans and advances	**6 386**	(846)	**5 540**		
Gross loans and advances excluding entry level vehicles	**5 930**	(35)	**5 895**	Amortised cost	Amortised cost
Gross loans and advances – entry level vehicles	**807**	(613)	**194**	Amortised cost	Fair value through profit and loss
Impairment provision, excluding entry level vehicles	**(232)**	(317)	**(549)**		
Impairment provision – entry level vehicles	**(151)**	151	**–**		
Carrying value of written off book	**32**	(32)	**–**		
Purchased book debts	**552**	(81)	**471**	Amortised cost	Includes financial assets held at FV
Other loans receivable	**293**	–	**293**		
Other investments	**238**	–	**238**	Available-for-sale	Fair value through OCI
Equity accounted investments	**7**	–	**7**		
Intangible assets	**19**	–	**19**		
Property and equipment	**51**	–	**51**		
Goodwill	**192**	–	**192**		
Deferred tax assets	**93**	185	**278**		
Total assets	**9 690**	(745)	**8 945**		

	Opening balance IAS 39 2015 Rm	IFRS 9 initial application Rm	Opening balance IFRS 9 2015 Rm	Change`s to categorisation	
				IAS 39	IFRS 9
29. IFRS 9 TRANSITIONAL ADJUSTMENTS continued					
Liabilities					
Bank overdrafts	**101**	–	**101**		
Tax payables	**2**	–	**2**		
Provisions	**242**	–	**242**		
Trade and other payables	**18**	–	**18**		
Interest-bearing liabilities	**6 178**	–	**6 178**		
Deferred tax liabilities	**186**	(73)	**113**		
Other financial liabilities			**–**		
	6 727	(73)	**6 654**		
Equity					
Ordinary share capital	**483**	–	**483**		
Other reserves	**96**	–	**96**		
Retained earnings	**2 384**	(672)	**1 712**		
Non-controlling interests	**–**	–	**–**		
	2 963	(672)	**2 291**		
Equity and liabilities	**9 690**	(745)	**8 945**		

CLASSIFICATION OF FINANCIAL ASSETS

SA Taxi

Loans and advances on entry level vehicles

Loans and advances provided by SA Taxi on entry level vehicles are held at fair value through profit and loss as they are not held by the entity to collect solely payments of interest and capital. In addition, these assets are managed to realise fair values as management is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

The other loan portfolio held by the company, consisting of premium assets, is held and managed by the business in order to collect contractual cash flows, and will therefore continue to be measured at amortised cost applying the guidance contained in IFRS 9.

Other investments

On adoption of IFRS 9, SA Taxi made an irrevocable election to present changes in the fair value of the investment in Guardrisk at fair value through other comprehensive income. This investment is neither held for trading nor contingent consideration recognised in a business combination.

MBD

Other financial assets

Other financial assets are classified as financial assets at fair value through profit or loss.

These assets are debt portfolios of which the contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding (SPPI criterion). The conditions for measurement at amortised cost or at fair value through other comprehensive income are therefore not met.

30. SHAREHOLDER SPREAD

	Number of shareholders	Number of shares (million)	Number of shares (%)
Non Public			
Directors of Transaction Capital and its subsidiaries and their associates	15	262	46
Public			
Old Mutual Life Assurance Co. South Africa Ltd.	1	45	8
Allan Gray	1	45	8
Remaining institutional shareholders	53	125	22
Ethos Private Equity	1	44	8
Retail Investors	727	47	8
Sub-total	783	306	54
Total	798	568	100

31. FINANCIAL RISK MANAGEMENT

The board is responsible for risk management and the setting of the risk management framework. Oversight of risk management is the responsibility of two board subcommittees; the assets and liabilities committee (ALCO) and the audit, risk and compliance committee (ARC). The ALCO monitors risks associated with liquidity and funding, interest rates, counterparties, currency exposures and capital adequacy. The ARC committee monitors risks associated with financial reporting, accounting policies, internal control and IT governance. The audit, risk and compliance committee is responsible for risk management including setting the risk management framework, setting risk appetite and monitoring the group's management of risk including credit and compliance.

The responsibility for day to day management of risks falls to each of the respective subsidiary's chief executive officer's and their executive committees. Risk management is managed at subsidiary level through the divisional executive committees and reviewed by each of the respective subsidiary boards. Group oversight is the responsibility of the group chief financial officer.

31.1 CREDIT RISK

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the group. The primary credit risks that the group is exposed to arise from finance leases to minibus taxi operators, invoice discounting and secured mortgage loans. The portfolio of purchased book debts exposes the group to credit risk if they fail to perform in accordance with estimated net future cash flows. It is not the group's strategy to avoid credit risk, but rather to manage credit risk within the group's risk appetite and to earn an appropriate risk adjusted return.

The group limits its counterparty exposure arising from money market instruments by dealing only with well established financial institutions of high credit standing.

Credit risk management and measurement

Each subsidiary is responsible for the identification, measurement, management, control and reporting of credit risk within their business units. Exposure to credit losses is managed by assessing customer's affordability and their ability to repay loans and advances, customers risk profile, employment status and stability, earnings potential in the case of taxi's and collectability in the case of purchased book debt. Each of the group's lending businesses tends to have homogeneous or similar asset portfolios within their respective businesses. Impairments are monitored and provided for using statistical techniques including experiential and behavioural models. These models are based on customers' financial performance information while on book and assume that recent performance is a strong indicator of future performance. In the case of key asset classes, independent models are developed to monitor the robustness of the primary models relative to actual performance and to optimise their effectiveness. Models are either developed internally or by expert external advisors. In the case of secured lending asset classes, the realisable/fair value of the underlying security is taken into consideration in arriving at a final impairment.

31. FINANCIAL RISK MANAGEMENT continued

31.1 CREDIT RISK continued

SA Taxi

The credit committee is responsible for providing executive management and oversight over all credit risk arising within and impacting the SA Taxi balance sheet, these meetings are attended by the company chief executive officer, chief financial officer, chief risk officer and group chief financial officer.

The credit policy is designed to ensure that SA Taxi's credit process is efficient for the applicant while providing SA Taxi with the necessary details to make informed credit decisions. SA Taxi takes the following into consideration in granting credit to respective customers:

- Vehicle type;
- Validity of the taxi route;
- Clients ability to pay using a route calculator (affordability check); and
- Verification of details and credit history against two independent credit bureaus

Collections of instalments are made through a mix of cash and debit order collections with 70% of the portfolio being cash payers.

The expected loss model is developed using statistical techniques based on actual historical data. The expected loss is calculated for each active account, using parameter estimates including the probability of default ('PD'), EAD ('exposure at default') and loss given write off's ('LGW's') segmented using CD state (aging and recency) as well as remaining term. The segmentation ensures homogenous risk buckets. The LGW is calculated on an explicit basis per account, taking into consideration the settlement balance, market value, repair cost, discount rates and discount periods. We have performed a detailed statistical analysis on a multitude of macro-economic factors, namely Prime Rate, Unemployment Rate, Petrol Price, USD/ZAR Exchange Rate, GDP and CPI. Regression analysis shows that the economic factors do not add explanatory information to the model, and hence they are not included. SA Taxi has incorporated a forward-looking forecast for the mechanical repair costs as these have shown consistent trends over time.

The group utilised the 30-days past due definition of significant increase in credit risk, as per paragraph 5.5.11 of IFRS 9. This definition is supported by detailed quantitative analysis of account performance relative to expectation at initial recognition.

The group has defined default as 90 days past due, with no qualifying payment received in the past 3 months. A qualifying payment is more than 50% of the instalment raised. We have rebutted the 90-day presumption based on a quantitative analysis of the PDs and alignment to operational collection processes.

The definition of credit-impaired financial assets aligns to the default definition described above. Applying this approach ensures consistency between the accounting application, impairment modelling and internal credit risk management practices.

Write-off of an asset occurs at the point of sale of the vehicle, following repossession.

Quantitative analysis has proven that our modifications do not exhibit significantly higher risk than non-modified accounts. The value of these modified accounts is immaterial, relative to the book size. Modifications (term-extensions) are provided to clients who have shown proven payment performance and have had operational issues with the vehicle (e.g. mechanical breakdown or accident). Although the term of a contract can be extended, the interest rate applicable for the contract remains unchanged and therefore term extensions do not have any effect on the NPV of the financial asset. Due to the fact that a vehicle is an income producing asset, the group understands that the client is unable to pay if the vehicle is out of operation, however we do not proactively restructure distressed clients.

Rand Trust

Exposure to credit losses is managed by assessing customer's affordability and their ability to repay loans and advances, customers risk profile and collectability of invoices discounted. Impairments are monitored and provided for on a customer specific basis. The realisable/fair value of the underlying security is taken into consideration in arriving at a final impairment.

The credit committee assess all applications for credit and will approve a facility based on the risk profile of the customer and an assessment of the collectability of their trade receivables.

On-going risk management and collections are handled by experienced credit controllers.

Impairments are monitored and provided for based on the assessment of the probability of obligations being met. This assessment is based on direct exposure where there is a probability of non-recovery, taking into account the realisable/fair value of any underlying security.

31. FINANCIAL RISK MANAGEMENT continued

31.1 CREDIT RISK continued

MBD

Investment process

Before the acquisition of purchased book debts there is a defined investment process that is followed in accordance with guidelines as determined by an Investment committee. Purchased book debt is acquired from various sectors, but mostly from the retail and banking industry. Valuation of these books is determined by way of analysis of the historic underlying payment history as well as other parameters which are ultimately presented to the Investment committee to decide on the fair price that the company is willing to offer.

Collections process

The business knowledge team continually develops and evolves strategies which are then implemented by operations to collect the outstanding debt. Methods include tracing, letters, SMSs and direct calling both in call centres and legal operations.

Method of provisioning and fair valuing

Principal book portfolios

Principal book portfolios are classified as purchased credit-impaired financial assets (bucket 3) on initial recognition based on the assumption that events that have a detrimental impact on the estimated future cash flows of these financial assets have occurred before initial recognition. The classification of the debt portfolio does not change subsequently to initial recognition, even in the unlikely event of the expected cash flows returning to full contractual terms.

MBD has built a model using statistical techniques to value the principal book portfolio on a monthly basis. Each matter is modelled on a twelve month period based on the collection activity applied to it. A combination of inflows for each matter and cost projections are used to determine a net cash flow which is discounted to the present value using a credit adjusted effective interest rate. This represents the amortised cost for that matter at the end of the month.

MBD performed a detailed statistical analysis on a multitude of macro-economic factors, namely prime interest rate, unemployment rate, petrol price, USD/ZAR exchange rate, GDP and CPI. Regression analysis shows that the economic factors do not add explanatory power to the model as there is no significant correlation, hence they are not included.

The MBD expected loss model takes into account the lifetime expected credit losses on the portfolio by estimating the cash flows over the lifetime of each book included in the portfolio. A loss allowance is recognised equal to these expected future credit losses discounted at the credit adjusted effective interest rate of the principal book portfolio.

Due the nature of the credit-impaired financial assets, no contractual terms exist on the date of purchase. Any changes in expected cash flows will not be treated as a modification and will therefore not result in a change to the credit risk.

31. FINANCIAL RISK MANAGEMENT continued

31.1 CREDIT RISK continued

31.1.1 Financial assets subject to risk

For the purposes of group disclosure regarding credit quality, in the maximum exposure to credit risk of financial assets at the financial year end is analysed as follows:

	Loans and advances Rm	Other loans receivable Rm	Trade & other receivables* Rm	Purchased book debts Rm	Total Rm
2015					
Neither past due nor impaired	**3 925**	**257**	**496**	**561**	**5 239**
Past due but not impaired	**1 734**	**–**	**79**	**–**	**1 813**
Impaired	**1 054**	**–**	**–**	**–**	**1 054**
Impairment allowance	**(553)**	**–**	**(8)**	**–**	**(561)**
Performing loans and advances	**(133)**	**–**	**–**	**–**	**(133)**
Non-performing loans and advances	**(420)**	**–**	**–**	**–**	**(420)**
Non-performing trade and other receivables	**–**	**–**	**(8)**	**–**	**(8)**
Carrying value of written off book	**–**	**–**	**–**	**–**	**–**
Carrying value of financial assets	**6 160**	**257**	**567**	**561**	**7 545**
Fair value of collateral held for loans neither past due nor impaired	**4 474**	**–**	**–**	**–**	**4 474**

	Loans and advances Rm	Other loans receivable Rm	Trade & other receivables* Rm	Purchased book debts Rm	Total Rm
2014					
Neither past due nor impaired	3 317	293	427	552	4 589
Past due but not impaired	1 277	–	25	–	1 302
Impaired	2 143	–	11	–	2 154
Impairment allowance	(383)	–	(5)	–	(388)
Unidentified impairment (incurred but not recorded)	(38)	–	–	–	(38)
Non-performing loans and advances	(345)	–	–	–	(345)
Non-performing trade and other receivables	–	–	(5)	–	(5)
Carrying value of written off book	32	–	–	–	32
Carrying value of financial assets	6 386	293	458	552	7 689
Fair value of collateral held for loans neither past due nor impaired	3 953	–	–	–	3 953

* *Prepayments are not financial assets and therefore have been excluded from trade and other receivables.*

31. FINANCIAL RISK MANAGEMENT continued

31.1 CREDIT RISK continued

31.1.2 Financial assets that are neither past due nor impaired

	2015 Rm	2014 Rm
Carrying amount of loans and advances that are neither past due nor impaired Credit quality	**3 925**	3 317
High	**3 368**	2 471
Medium	**472**	260
Low	**85**	586

The credit quality of a debt is therefore determined as follows:

SA Taxi

SA Taxi, in conjunction with TransUnion, has developed a bespoke application scorecard to assess credit quality when granting loans. The scorecard uses demographic, vehicle, route and credit bureau information to determine the risk of the deal. A detailed affordability assessment is also performed to mitigate risk.

Rand Trust Financiers

The credit committee assesses all applications for credit and will approve a facility based on the risk profile of the applicant, and an assessment of the collectability of their trade receivables and realisable value of other tangible security. Ongoing risk management and collections are handled by experienced credit controllers.

MBD

The credit quality is assessed on the date the loan is granted, based on the loan to value percentage. Where the loan to value percentage is less than a 100% the credit quality is assessed as high, where it is in excess of 100% the credit quality is assessed as medium.

31.1.3 Financial assets that are past due but not impaired

These are assets where contractual interest or principal payments are past due, but the group believes that impairment is not appropriate. Recent payment history and the level of collateral available, if any, are key considerations in determining whether an asset is impaired. The age of loans and advances and other assets that are past due but not impaired is as follows:

	Past due up to 1 month Rm	Past due up to 1 – 2 months Rm	Past due up to 2 – 3 months Rm	Past due up to 3 – 4 months Rm	Past due older than 4 months Rm	Total Rm
2015						
Loans and advances	**671**	**313**	**156**	**121**	**473**	**1 734**
Trade and other receivables	**25**	**13**	**2**	**1**	**38**	**79**
Financial assets that are past due but not impaired	**696**	**326**	**158**	**122**	**511**	**1 813**
2014						
Loans and advances	450	205	110	88	424	1 277
Trade and other receivables	6	5	11	1	2	25
Financial assets that are past due but not impaired	456	210	121	89	426	1 302

31. FINANCIAL RISK MANAGEMENT continued

31.1 CREDIT RISK continued

31.1.3 Financial assets that are past due but not impaired continued

Valuation of collateral

The group typically holds vehicles (taxis), bonds over residential property and debtor books in the case of invoice discounting as collateral against secured advances. Any security taken as part of the credit decision is valued according to the applicable credit policies at the time of credit approval and at regular intervals thereafter. The group uses a number of approaches for the valuation of collateral, including:

- SA Taxi values collateral at the sales value minus costs to repair.
- Valuations of property held as security over mortgage loans take into account market conditions, area where the property is situated, the condition of the property and comparable sales within the geographical area.

Due to the specialised nature of the group's businesses, a certain degree of concentration in the collateral underpinning the various portfolios cannot be avoided. At the statement of financial position date, the group did not consider there to be any significant concentration of credit risk which has not been adequately provided for.

31.1.4 Impairment provision reconciliation

Loans and advances impairment provision	12 month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total
2015				
Opening balance under IAS 39	21	56	307	383
Transition to expected loss model	15	86	215	316
Impact of classification of entry level vehicles at fair value through profit and loss	–	(15)	(137)	(152)
Revised opening balance under IFRS 9	36	127	385	548
Originations	13	22	11	46
Existing Book Movements	(15)	2	132	119
Write-offs	–	(37)	(121)	(158)
Derecognition (settlements in the ordinary course of business)	–	(1)	(1)	(2)
Closing balance	34	113	406	553

31.1.5 Credit risk exposure

Regarding credit quality, the maximum exposure to credit risk of loans and advances at the financial year end is analysed further as follows:

	12 month expected credit losses Rm	Lifetime expected credit losses Rm	Credit impaired financial assets Rm	Total Rm
2015				
Neither past due nor impaired	3 893	16	–	3 909
Past due but not impaired	520	1 231	–	1 751
Impaired	19	–	1 034	1 053
Impairment allowance	(30)	(113)	(410)	(553)
Performing loans and advances	(30)	(113)		(143)
Non-performing loans and advances	–	–	(410)	(410)
Carrying value of written off book	–	–	–	–
Carrying value of financial assets	4 402	1 134	624	6 160

31. FINANCIAL RISK MANAGEMENT continued

31.2 INTEREST RATE RISK

Interest rate risk is the risk of loss arising from the fair value or future cash flows of a financial instrument because of changes in market interest rates.

The group is exposed to interest rate risk associated with the effects of fluctuations in the prevailing levels of market rates on future cash flows of a financial instrument and the fair value of the financial instrument based on changes in market interest rates.

The group has exposure to the effects of fluctuations in the prevailing levels of market interest rates on both the value of interest sensitive assets and liabilities and cash flows.

The table below summarises the exposure to interest rate risk through grouping assets and liabilities into repricing categories, determined to be the earlier of contractual repricing date or maturity.

31.2.1 Risk profile of financial assets and liabilities

2015	**Floating rate liabilities Rm**	**Floating rate assets Rm**	**Net floating rate asset Rm**
Total	**5 863**	**6 187**	**324**

2014	Floating rate liabilities Rm	Floating rate assets Rm	Net floating rate liability Rm
Total	5 267	7 108	1 841

31.2.2 Weighted average interest rates are as follows:

	2015		2014	
	Bank balances %	**Borrowings %**	Bank balances %	Borrowings %
Total	6.6	10.7	6.4	10.4

The group is exposed to interest rate risk associated with the effects of fluctuations in the prevailing market rates.

31. FINANCIAL RISK MANAGEMENT continued

31.3 INTEREST RATE SENSITIVITY ANALYSIS

The group's exposures to various financial risks are set out below:

Interest rate risk

	Effect on profit before tax of 1% increase in rates Rm	Total carrying value of assets and liabilities Rm
30 September 2015		
Assets		
Loans and advances	**56**	**6 160**
Fixed rate loans and advances	**–**	**582**
Floating rate loans and advances	**56**	**5 578**
Purchase book debts	**6**	**561**
Other loans receivable	**3**	**257**
Other investments	**3**	**343**
Trade and other receivables	**6**	**567**
Cash and cash equivalents	**12**	**1 169**
	86	**9 057**
Liabilities		
Interest bearing borrowings	**59**	**6 640**
Fixed rate borrowings	**–**	**777**
Floating rate borrowings	**59**	**5 863**
Trade and other payables	**2**	**201**
Bank overdrafts	**1**	**52**
	62	**6 893**
Net exposure	**24**	**2 164**
30 September 2014		
Assets		
Loans and advances	51	6 386
Fixed rate loans and advances	–	1 322
Floating rate loans and advances	51	5 058
Purchase book debts	6	552
Other loans receivable	3	293
Other investments	2	238
Trade and other receivables	4	458
Cash and cash equivalents	13	1 345
	79	9 272
Liabilities		
Interest bearing borrowings	54	6 178
Fixed rate borrowings	–	911
Floating rate borrowings	54	5 267
Trade and other payables	2	187
Bank overdrafts	2	101
	58	6 466
Net exposure	21	2 806

The effect of a 1% change in interest rates is shown above. As the group has no control over rate movements, it cannot predict the effect of future rate movements, if any.

31. FINANCIAL RISK MANAGEMENT continued

31.4 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the group is unable to meet payment obligations when they fall due or that insufficient funds are available to meet loan demands in the ordinary course of business. The group's objectives in relation to liquidity risk management are to manage the contractual mismatch between cash inflows from assets and cash outflows to settle liabilities, to fund the expected balance sheet growth, to honour all cash outflow commitments, to avoid raising funds at market premiums or through the forced sale of assets as a result of liquidity pressure, and to take advantage of attractive but unanticipated borrowing opportunities.

The monitoring and reporting of liquidity risk takes the form of, as a minimum, cash flow projections to settlement of longest dated funding obligations by subsidiary or securitisation vehicle, an analysis of the group's borrowing facilities and utilisation thereof, borrowing facilities under discussion, maturity profile and concentration of liability by counterparty, asset maturities and borrowing facility obligations and special conditions.

The group's capital markets (CM) team is responsible for executing on fund raising mandates given to it by each subsidiary in support of their respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the group's funding base in order to achieve an optimal funding profile and sound liquidity. The CM team is also responsible for the ongoing monitoring of asset portfolio performance and its impact on funder obligations including covenants.

It is the responsibility of each subsidiary to manage their daily cash flow requirements, to ensure funding covenants are maintained, to produce financial projections to monitor the impact of business trends on future funding requirements and covenants and to notify the CM team of any changes to the business environment that may impact funding requirements.

The table below analyses financial liabilities at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

2015	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
Liabilities					
Bank overdrafts	**52**	**–**	**–**	**–**	**52**
Trade and other payables**	**110**	**91**	**–**	**–**	**201**
Interest-bearing liabilities	**5**	**2 194**	**5 840**	**177**	**8 216**
Financial liabilities	**167**	**2 285**	**5 840**	**177**	**8 469**
Non-financial liabilities	**107**	**92**			**199**
Total liabilities	**274**	**2 377**	**5 840**	**177**	**8 668**

2014	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
Liabilities					
Bank overdrafts	101	–	–	–	101
Trade and other payables**	77	110	–	–	187
Interest-bearing liabilities	5	2 266	5 335	5	7 611
Financial liabilities	183	2 376	5 335	5	7 899
Non-financial liabilities	60	201			261
Total liabilities	243	2 577	5 335	5	8 160

** *Revenue received in advance, leave pay accrual and deferred lease liability are not financial liabilities and therefore have been excluded from trade and other payables.*

31. FINANCIAL RISK MANAGEMENT continued

31.5 CAPITAL RISK

The objective of the group's capital management strategy is to maximise shareholder value. To achieve this the group considers the capital required to support growth in its operating divisions, to maintain credit ratings in various group entities and to comply with borrowing covenants, and for unexpected shocks.

The group defines capital as equity, group loans and subordinated and structually subordinated debt.

Equity comprises permanent paid up capital, share premium, revenue and other reserves together with certain loans from shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a strong capital position.

31.6 INSURANCE AND ASSURANCE RISK

Insurance and assurance risk is the risk assumed under any insurance contract that the insured event occurs. By the very nature of an insurance/ assurance contract, this risk is random and unpredictable. The exposure to assurance risk is limited through an underwriting strategy, limits and adopting appropriate risk assessment techniques. It is not the group's policy to reinsure risks that are within its risk appetite. The risk base of the group is not concentrated in any one region or sector of the economy.

Exposure to insurance risk

Assets underpinning the secured lending portfolio are insured with accredited insurers. The group is not exposed to any underwriting risk.

31.7 CURRENCY RISK

Currency risk is the possibility of incurring a financial loss as a consequence of the depreciation in the measurement currency relative to a foreign currency prior to payment of a commitment in that foreign currency or the strengthening of the measurement currency prior to receiving payment in a foreign currency.

The foreign currencies to which the group has exposure are US dollars and Euro. Where the timing of future cash flows can be predicted with relative certainty, this risk is managed by entering into forward exchange contracts at the time the risk arises.

The following significant exchange rates applied during the year:

	Average rate		Reporting date closing rate	
	2015	2014	**2015**	2014
USD	**12.0**	10.6	**13.9**	11.3
Euro	**13.8**	14.4	**15.7**	14.3
Pula	**1.2**	1.2	**1.2**	1.2
Foreign amounts included in the financial statements at the end of the financial year in millions of units of foreign currency:				
US dollars	**31**	2		
Euro	**8**	13		
Pula	**2**	–		

The cross-currency swaps that are in place mitigate the foreign currency risk with regard to the balances denominated in Euro.

31. FINANCIAL RISK MANAGEMENT continued

31.8 FAIR VALUE DISCLOSURE

The fair values of financial assets and liabilities have been disclosed below:

	Carrying value 2015 Rm	Fair value 2015 Rm	Carrying value 2014 Rm	Fair value 2014 Rm
30 September				
Assets				
Loans and advances	**6 160**	**6 157**	6 386	6 358
Purchased book debts	**561**	**561**	552	568
Other loans receivable	**257**	**257**	293	293
Trade and other receivables*	**567**	**567**	458	458
Cash and cash equivalents	**1 169**	**1 169**	1 345	1 345
	8 714	**8 711**	9 034	9 022
Liabilities				
Interest-bearing liabilities	**6 640**	**6 569**	6 178	6 213
– Fixed rate liabilities	**777**	**770**	911	902
– Floating rate liabilities	**5 863**	**5 799**	5 267	5 311
Trade and other payables**	**201**	**201**	187	187
Bank overdrafts	**52**	**52**	101	101
	6 893	**6 822**	6 466	6 501
Net exposure	**1 821**	**1 889**	2 568	2 521

* *Prepayments are not financial assets and therefore have been excluded from trade and other receivables.*

** *Revenue received in advance, leave pay accrual and deferred lease liability are not financial liabilities and therefore have been excluded from trade and other payables.*

31.9 HEDGE ACCOUNTING

The group applies hedge accounting to represent the economic effects of its interest and currency risk management strategies. Derivatives are used to hedge interest rate and exchange rate risk.

Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

Foreign exchange risk arises when the assets and liabilities are not denominated in the functional currency of the transacting entity. The group's policy is that such exposures should be hedged subject to a review of the specific circumstances of the exposure. The currency exposure under such funding has been hedged through a series of cross currency swaps that match the timing and amount of each periodic cash flow obligation in terms of the currency funding.

The ineffective portion of fair value movements of hedging instruments for 2015 was nil (2014:nil).

31. FINANCIAL RISK MANAGEMENT continued

31.9 HEDGE ACCOUNTING continued

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

	2015 Rm	2014 Rm
Balance at the beginning of the year	**4**	4
Loss (net of tax) arising on changes in fair value of hedging instruments entered into for cash flow hedges	**(39)**	(4)
Currency swaps	**(39)**	(4)
Gain (net of tax) arising on changes in fair value of hedging instruments reclassified to profit or loss	**38**	4
Interest rate swaps	**–**	–
Currency swaps	**38**	4
Balance at the end of the year	**3**	4

Losses arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year are included in the following line items in the consolidated income statement are as follows:

	2015 Rm	2014 Rm
Interest and similar income		
Interest and similar expense		
Non-interest revenue		
Total operating costs	**(55)**	(6)
Gains arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year	**(55)**	(6)

The time periods in which the hedged cash flows are expected to occur and affect the consolidated statement of comprehensive income are as follows:

2015	**<1 year**	**1 – 5 years**	**> 5 years**
Cash outflows	**(88)**	**(299)**	**(18)**
Cash inflows	**88**	**299**	**18**
Total cash flows	**–**	**–**	**–**

2014	<1 year	1 – 5 years	> 5 years
Cash outflows	(51)	(90)	–
Cash inflows	51	90	–
Total cash flows	–	–	–

31. FINANCIAL RISK MANAGEMENT continued

31.10 STATEMEMENT OF FINANCIAL POSITION CATEGORIES

	2015						
	At fair value through profit and loss	At fair value through other comprehensive income	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Equity	Total
Assets							
Cash and cash equivalents	–	–	1 169	–	–	–	1 169
Tax receivables	–	–	–	–	27	–	27
Trade and other receivables	–	108	459	–	54	–	621
Inventories	–	–	–	–	21	–	21
Loans and advances	120	–	5 813	–	227	–	6 160
Purchased book debts	147	–	414	–	–	–	561
Other loans receivable	–	–	257	–	–	–	257
Other investments	–	343	–	–	–	–	343
Equity accounted investments	–	–	–	–	–	–	–
Intangible assets	–	–	–	–	32	–	32
Property and equipment	–	–	–	–	60	–	60
Goodwill	–	–	–	–	197	–	197
Deferred tax assets	–	–	–	–	255	–	255
Total assets	267	451	8 112	–	873	–	9 703
Equity and liabilities							
Liabilities							
Bank overdrafts	–	–	–	52	–	–	52
Tax payables	–	–	–	–	13	–	13
Trade and other payables	–	–	–	201	52	–	253
Provisions	–	–	–	17	–	–	17
Interest-bearing liabilities	–	–	–	6 640	–	–	6 640
Deferred tax liabilities	–	–	–	–	117	–	117
Total liabilities	–	–	–	6 910	182	–	7 092
Equity							–
Ordinary share capital	–	–	–	–	–	468	468
Other reserves	–	–	–	–	–	122	122
Retained earnings	–	–	–	–	–	1 991	1 991
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	2 581	2 581
Non-controlling interests	–	–	–	–	–	30	30
Total equity	–	–	–	–	–	2 611	2 611
Total equity and liabilities	–	–	–	6 910	182	2 611	9 703

31. FINANCIAL RISK MANAGEMENT continued

31.10 STATEMEMENT OF FINANCIAL POSITION CATEGORIES continued

	2014						
	At fair value through profit and loss	At fair value through other comprehensive income	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Equity	Total
Assets							
Cash and cash equivalents	–	1 345	–	–	–	–	1 345
Tax receivables	–	0	–	–	17	–	17
Trade and other receivables	54	404	–	–	35	–	493
Inventories	–	–	–	–	4	–	4
Loans and advances	–	6 088	–	–	298	–	6 386
Purchased book debts	–	552	–	–	–	–	552
Other loans receivable	–	293	–	–	–	–	293
Other investments	–	–	238	–	–	–	238
Equity accounted investments	–	–	–	–	7	–	7
Intangible assets	–	–	–	–	19	–	19
Property and equipment	–	–	–	–	51	–	51
Goodwill	–	–	–	–	192	–	192
Deferred tax assets	–	–	–	–	93	–	93
Total assets	54	8 682	238	–	716	–	9 690
Equity and liabilities							
Liabilities							
Bank overdrafts	–	–	–	101	–	–	101
Tax payables	–	–	–	–	2	–	2
Trade and other payables	–	–	–	187	55	–	242
Provisions	–	–	–	18	–	–	18
Interest-bearing liabilities	–	–	–	6 178	–	–	6 178
Deferred tax liabilities	–	–	–	–	186	–	186
Total liabilities	–	–	–	6 484	243	–	6 727
Equity							
Ordinary share capital	–	–	–	–	–	483	483
Other reserves	–	–	–	–	–	96	96
Retained earnings	–	–	–	–	–	2 384	2 384
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	2 963	2 963
Non-controlling interests	–	–	–	–	–	–	–
Total equity	–	–	–	–	–	2 963	2 963
Total equity and liabilities	–	–	–	6 484	243	2 963	9 690

31. FINANCIAL RISK MANAGEMENT continued

31.10 STATEMENT OF COMPREHENSIVE INCOME CATEGORIES continued

	2015							
	Statement of comprehensive income							
	At fair value through profit and loss							
	Designated	Held for trading	Loans and receivables	Held to maturity	Available-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Interest income	–	–	41	–	1 463	–	–	1 504
Interest expense	–	–	–	–	–	(683)	–	(683)
Fee income arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	–	–	28	–	104	132
Fee expense arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	–	–	(9)	–	–	(9)
Dividend income	–	–	–	107	–	–	–	107
Net impairments on loans and advances	–	–	–	–	(233)	–	–	(233)
Net movements in financial instruments held at fair value	–	–	(91)	15	–	–	–	(76)
	–	–	(50)	122	1 249	(683)	104	

	2014							
	Statement of comprehensive income							
	At fair value through profit and loss							
	Designated	Held for trading	Loans and receivables	Held to maturity	Available-for-sale	Financial liabilities carried at amortised cost	Non-financial liabilities or financial assets	Total
Interest income	–	–	1 413	–	–	–	–	1 413
Interest expense	–	–	–	–	–	(599)	–	(599)
Fee income arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	130	–	–	–	114	244
Fee expense arising from financial assets measured at amortised cost or financial liabilities that are not at fair value through profit or loss – these are fees linked to financial instruments but are not recorded as part of interest.	–	–	–	–	–	(8)	–	(8)
Dividend income	–	–	–	–	132	–	–	132
Net movements in financial instruments held at fair value	–	–	–	–	(48)	–	–	(48)
	–	–	1 221	–	84	(607)		812

31. FINANCIAL RISK MANAGEMENT continued

31.11 LEVEL DISCLOSURES

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Entry level vehicles	**–**	**–**	**120**	**120**
Other financial assets	**–**	**–**	**147**	**147**
Financial assets at fair value through other comprehensive income				
Derivatives	**–**	**108**	**–**	**108**
Investment in unlisted entity	**–**	**–**	**343**	**343**
Total	**–**	**108**	**610**	**718**

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Derivatives	–	54	–	54
Available for sale financial assets				
Available-for-sale financial investment	–	–	238	238
Total	–	54	238	292

Reconciliation of Level 3 Fair Value Measurements of Financial Assets

		2015		
		Fair value through profit or loss	**Fair value through other comprehensive income**	**Total**
Opening balance		**358**	**78**	**436**
Total gains or losses	In profit or loss	**(12)**	**–**	**(12)**
	In other comprehensive income	**–**	**15**	**15**
	Other movements*	**(79)**	**–**	**(79)**
Closing balance of fair value measurement		**267**	**93**	**360**
Cost		**–**	**250**	**250**
Closing balance of available-for-sale financial instrument		**267**	**343**	**610**

* *Other movements include charges on accounts less collections received and write off's*

31. FINANCIAL RISK MANAGEMENT continued

31.11 LEVEL DISCLOSURES continued

Reconciliation of Level 3 Fair Value Movements of Financial Assets

		2014		
		Fair value through profit or loss	Available for sale	Total
Opening balance		–	431	431
Total gains or losses	In profit from discontinued operations	–	(305)	(305)
	In other comprehensive income	–	(48)	(48)
Closing balance		–	78	78
Cost		–	160	160
Closing balance of available-for-sale financial instrument		–	238	238

Sensitivity analysis of valuations using unobservable inputs

As part of the group's risk management processes, stress tests are applied on the significant unobservable parameters to generate a range of potentially possible alternative valuations. The financial instruments that most impact this sensitivity analysis are those with the more illiquid and/or structured portfolios. The stresses are applied independently and do not take account of any cross correlation between separate asset classes that would reduce the overall effect on the valuations. A significant parameter has been deemed to be one which may result in a change in the fair value asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes reasonable range of possible outcomes:

Group

Movement in fair value given the 10% change in significant assumptions:

SA Taxi – loans and advances: entry level vehicles	2015		2014	
Significant unobservable input and desciption of assumption	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Average probability of default	**56**	**(11)**	–	–
Average loss given write-off	**55**	**(55)**	–	–
Average collateral value	**3**	**(3)**	–	–
Discount rate: The rate used to discount projected future cash flows to present value.	**4**	**(4)**	–	–
Average effective interest rate	**4**	**(4)**	–	–
Total	**122**	**(78)**	–	–

SA Taxi – investment in unlisted entity	2015		2014	
Significant unobservable input and desciption of assumption	**10% Favourable**	**10% Unfavourable**	10% Favourable	10% Unfavourable
Premium per policy: average insurance premium per policy in a year.	**11**	**(11)**	8	(8)
Gross loss ratio: Reported claims (excluding the movement in the claims that are incurred but not yet reported reserve) expressed as a percentage of gross written premium in a year.	**48**	**(48)**	35	(35)
Mid-term insurance cancellations: Number of policies cancelled during a year expressed as a percentage of total policies insured at the beginning of a year.	**6**	**(6)**	5	(5)
Discount rate: The rate used to discount projected future cash flows to present value.	**12**	**(11)**	8	(7)
Total	**77**	**(76)**	56	(56)

31. FINANCIAL RISK MANAGEMENT continued

31.11 LEVEL DISCLOSURES continued

MBD – other financial assets Significant unobservable input and desciption of assumption	2015 10% Favourable	 10% Unfavourable	2014 10% Favourable	 10% Unfavourable
Cash flows: change in the expected revenue	**4**	**(5)**	–	–
Cash flows: Change in expected costs	**1**	**(1)**	–	–
Discount rate: The rate used to discount projected future cash flows to present value.	**4**	**(4)**	–	–
Total	**9**	**(10)**	–	–

	2015 Rm	2014 Rm
32. RELATED PARTIES		
32.1 Blend Properties 17 Proprietary Limited (Blend) owns properties occupied by certain group subsidiaries. JM Jawno, MP Mendelowitz and R Rossi, who are directors of the company, are directors of Blend. Their family trusts each own 18.93% (2014: 17.15%) of the issued share capital of Blend (51.09% in aggregate).		
Transactions during the year		
Rent paid	**13**	44
32.2 LOANS TO KEY MANAGEMENT		
TC Treasury Proprietary Limited, a wholly owned subsidiary of Transaction Capital Limited has a loan receivable with Terry Kier, the chief executive officer of SA Taxi.	**30**	4
In terms of the Transaction Capital General Share Scheme the following loan balances are outstanding as at year end:		
David Hurwitz (chief executive officer)	**4**	4
Mark Herskovits (chief financial officer)	**2**	2

33. SUBSEQUENT EVENTS

No material events took place subsequent to year-end

33. SUMMARISED SEGMENT REPORT

	Asset-backed lending		Risk services		Group executive office		Group – continuing		Discontinued operations		Group	
	2015 Audited Rm	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm
CONDENSED INCOME STATEMENT												
for the year ended 30 September 2015												
Net interest income	**672**	674	**71**	57	**78**	83	**821**	814	**–**	–	**821**	814
Impairment of loans and advances	**(233)**	(317)	**–**	(5)	**–**	–	**(233)**	(322)	**–**	–	**(233)**	(322)
Non-interest revenue	**242**	250	**953**	861	**–**	22	**1 195**	1 133	**–**	–	**1 195**	1 133
Total operating costs	**(445)**	(408)	**(845)**	(760)	**(5)**	(52)	**(1 295)**	(1 220)	**–**	–	**(1 295)**	(1 220)
Non-operating profit	**–**	–	**14**	1	**–**	–	**14**	1	**–**	–	**14**	1
Equity accounted earnings	**–**	–	**(3)**	3	**–**	–	**(3)**	3	**–**	–	**(3)**	3
Profit before tax	**236**	199	**190**	157	**73**	53	**499**	409	**–**	–	**499**	409
Impact of classification to held for sale	**–**	–	**–**	–	**–**	–	**–**	–	**–**	11	**–**	11
Headline earnings from discontinued operations attributable to equity holders of the parent	**–**	–	**–**	–	**–**	–	**–**	–	**–**	10	**–**	10
Headline earnings attributable to equity holders of the parent	**208**	176	**134**	116	**51**	38	**393**	330	**–**	–	**393**	330
Total headline earnings	**208**	176	**134**	116	**51**	38	**393**	330	**–**	21	**393**	351

	Asset-backed lending		Risk services		Group executive office		Group – continuing		Discontinued operations		Group	
	2015 Audited Rm	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm	**2015 Audited Rm**	2014 Audited Rm
CONDENSED STATEMENT OF FINANCIAL POSITION												
at 30 September 2015												
Assets												
Cash and cash equivalents	**594**	209	**57**	84	**518**	1 052	**1 169**	1 345	**–**	–	**1 169**	1 345
Loans and advances	**5 703**	5 908	**457**	478	**–**	–	**6 160**	6 386	**–**	–	**6 160**	6 386
Purchased book debts	**–**	–	**561**	552	**–**	–	**561**	552	**–**	–	**561**	552
Other investments	**343**	238	**–**	–	**–**	–	**343**	238	**–**	–	**343**	238
Other assets and receivables	**888**	534	**299**	276	**283**	359	**1 470**	1 169	**–**	–	**1 470**	1 169
Total assets	**7 528**	6 889	**1 374**	1 390	**801**	1 411	**9 703**	9 690	**–**	–	**9 703**	9 690
Liabilities												
Bank overdrafts	**44**	100	**8**	1	**–**	–	**52**	101	**–**	–	**52**	101
Interest-bearing liabilities	**5 429**	4 788	**467**	504	**744**	886	**6 640**	6 178	**–**	–	**6 640**	6 178
Group	**1 019**	788	**166**	172	**(1 185)**	(960)	**–**	–	**–**	–	**–**	–
Other liabilities and payables	**134**	195	**246**	223	**20**	30	**400**	448	**–**	–	**400**	448
Total liabilities	**6 626**	5 871	**887**	900	**(421)**	(44)	**7 092**	6 727	**–**	–	**7 092**	6 727
Total equity	**902**	1 018	**487**	490	**1 222**	1 455	**2 611**	2 963	**–**	–	**2 611**	2 963

34. DISCONTINUED OPERATIONS – 2014

34.1 DISPOSAL OF THE UNSECURED LENDING BUSINESS

Transaction Capital Limited disposed of its 82.65% interest in Bayport Financial Services 2010 Proprietary Limited on 31 December 2013 to Bayport Management Limited. Proceeds of R1.3 billion were received on 10 January 2014, resulting in a profit on sale of R234 million.

34.2 DISPOSAL OF THE PAYMENT SERVICES BUSINESS

Transaction Capital Limited disposed of 100% of Paycorp on 1 November 2013 to Main Street 1127 Proprietary Limited, a company owned by funds of emerging market private equity firm Actis, with minority ownership retained by the Paycorp management team. The net sale proceeds of R937 million were received on 1 November and resulted in a profit on sale of R425 million.

34.3 ANALYSIS OF PROFIT FOR THE YEAR FROM DISCONTINUED OPERATIONS

The results of the unsecured lending business and the payment services business included in the profit for the prior year are set out below. The comparative profit and cash flows from prior year discontinued operations have been re-presented to include those operations classified as discontinued in the prior year.

	2014 Rm
Profit for the year from discontinued operations	
Interest and other similar income	382
Interest and other similar expense	(138)
Impairment of loans and advances	(177)
Risk adjusted net interest income	68
Non-interest revenue	232
Total operating costs	(295)
Income tax expense	(80)
Impact of classification to held for sale	11
Loss attributable to non-controlling interests	13
Profit on disposal of subsidiary companies	659
Profit from discontinued operations attributable to equity holders of the parent	607
Cash flows attributable to discontinued operations:	
Cash flow from operating activities	
Cash generated by operations	111
Income taxes paid	–
Dividends paid	(4)
Cash flow from operating activities before changes in operating assets and liabilities	107
Increase in operating assets and liabilities	(242)
Net proceeds from interest-bearing liabilities	(60)
Loans and advances	(183)
Net decrease in working capital	(38)
Inventories	1
Trade and other receivables	(21)
Trade and other payables	(17)
Net cash generated by operating activities	(173)
Cash flow from investing activities	
Acquisition of property and equipment	(7)
Acquisition of intangible assets	–
Disposal of property and equipment	–
Net cash utilised by investing activities	(7)
Net (decrease)/increase in cash and cash equivalents	(180)
Cash and cash equivalents at beginning of the year	449
Cash and cash equivalents at disposal date	269

The amounts in the 2014 and 2013 statement of comprehensive income relating to Paycorp Holdings Proprietary Limited and its subsidiaries and Bayport Financial Services 2010 Proprietary Limited and its subsidiaries were reclassified from continuing to discontinued operations.

34.4 DISPOSAL OF SUBSIDIARIES

34.4.1 Disposal of subsidiary companies

Transaction Capital Limited disposed of 100% of Paycorp on 1 November 2013 to Main Street 1127 Proprietary Limited, a company owned by funds of emerging market private equity firm Actis, with minority ownership retained by the Paycorp management team. The net sale proceeds of R937 million were received on 1 November and resulted in a profit on sale of R425 million in the 2014 financial year.

Transaction Capital Limited disposed of its 82.65% interest in Bayport Financial Services 2010 Proprietary Limited on 31 December 2013 to Bayport Management Limited. Proceeds of R1.3 billion were received on 10 January 2014, resulting in a profit on sale of R234 million.

	2014 Rm
34.4.2 Consideration received	
Consideration received in cash and cash equivalents	2 544
Cash paid to acquire Bayport minorities	(280)
Net consideration received	2 264
34.4.3 Analysis of assets and liabilities over which control was lost	
Cash and cash equivalents	304
Loans and advances	4 724
Trade and other receivables	154
Inventories	108
Intangible assets	13
Property and equipment	286
Goodwill	446
Unlisted investments	306
Other	107
Total assets	6 448
Bank overdrafts	34
Trade and other payables	218
Interest-bearing liabilities	4 353
Other	111
Total liabilities	4 716
Net asset value over which control was lost	1 732
34.4.4 Gain on disposal of subsidiary	
Consideration received	2 264
Net assets disposed of	(1 732)
Goodwill disposed of, not included in net asset value above	(332)
Non-controlling interests	180
Realisation of available-for-sale asset	305
Costs associated with disposals	(26)
Gain on disposal	659

The gain on diposal is included in the profit for the year from discontinued operations.

	2014 Rm
34.4.5 Net cash inflow on disposal of subsidiaries	
Consideration received in cash and cash equivalents	2 264
Less cash and cash equivalent balances disposed of	(269)
	1 995

COMPANY STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER

	Note	2015 Rm	2014 Rm
Assets			
Cash and cash equivalents	1	**518**	1 048
Tax receivables		**1**	–
Trade and other receivables	2	**1**	–
Investment in subsidiaries	3	**2 352**	2 010
Total assets		**2 872**	3 058
Liabilities			
Tax payables		**1**	1
Trade and other payables	4	**6**	6
Interest-bearing liabilities	5	**776**	924
Total liabilities		**783**	931
Equity			
Ordinary share capital	6	**481**	498
Retained earnings		**1 582**	1 615
Share based payment reserve		**26**	14
Total equity		**2 089**	2 127
Total equity and liabilities		**2 872**	3 058

COMPANY INCOME STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER

	Note	2015 Rm	2014 Rm
Interest and other similar income	7	**120**	143
Interest and other similar expense	7	**(100)**	(104)
Net interest income	7	**20**	39
Non-interest revenue	8	**97**	1 269
Total operating costs	9	**(13)**	(3)
Profit before tax		**104**	1 305
Income tax expense	10	**(3)**	(14)
Profit for the year		**101**	1 291

COMPANY STATEMENT OF COMPREHENSIVE INCOME

	Note	2015 Rm	2014 Rm
Profit for the year		**101**	1 291
Other comprehensive income		**–**	–
Total comprehensive income for the year		**101**	1 291

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER

	Number of ordinary shares million	Share capital Rm	Share based payment reserve Rm	Retained earnings Rm	Total quity Rm
Balance at 30 September 2013	583	1 779	–	428	2 207
Total comprehensive income	–	–	–	1 291	1 291
Profit for the year	–	–	–	1 291	1 291
Share appreciation rights – IFRS 2 investment in subsidiaries	–	–	14	–	14
Dividends paid	–	–	–	(104)	(104)
Capital distribution	–	(1 209)	–	–	(1 209)
Repurchase of shares	(10)	(72)	–	–	(72)
Balance at 30 September 2014	573	498	14	1 615	2 127
Total comprehensive income	**–**	**–**	**–**	**101**	**101**
Profit for the year	**–**	**–**	**–**	**101**	**101**
Share appreciation rights – IFRS 2 investment in subsidiaries*	**–**	**–**	**12**	**–**	**12**
Dividends paid	**–**	**–**	**–**	**(134)**	**(134)**
Issue of shares	**1**	**12**	**–**	**–**	**12**
Repurchase of shares	**(6)**	**(29)**	**–**	**–**	**(29)**
Balance at 30 September 2015	**568**	**481**	**26**	**1 582**	**2 089**

* *The group operates a share appreciation rights plan for executives and senior employees of the company and its subsidiaries, refer to note 24 in the group financial statements. The current year charge of R12m was capitalised to the relevant investments in subsidiaries.*

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER

	Note	2015 Rm	2014 Rm
Cash flow from operating activities			
Cash generated by operations	11	**14**	45
Income taxes paid	12	**(4)**	(8)
Dividends received		**90**	76
Dividends paid	13	**(134)**	(104)
Cash flow from operating activities before changes in operating assets and liabilities		**(34)**	9
Net decrease in working capital		**(1)**	6
Trade and other receivables		**(1)**	4
Trade and other payables		**–**	2
Net cash (utilised)/generated by operating activities		**(35)**	15
Cash flow from investing activities			
Additional investment in subsidiaries		**(288)**	(298)
Net (increase)/decrease in inter-company loans		**(54)**	302
Proceeds on disposal of investments		**–**	2 264
Net cash (utilised)/generated by investing activities		**(342)**	2 268
Cash flow from financing activities			
Capital distribution		**–**	(1 209)
Repurchase of shares		**(29)**	(72)
Issue of shares		**12**	–
Settlement of interest-bearing liabilities		**(148)**	–
Movement in share appreciation rights reserve		**12**	14
Net cash utilised by financing activities		**(153)**	(1 267)
Net (decrease)/increase in cash and cash equivalents		**(530)**	1 016
Cash and cash equivalents at beginning of the year		**1 048**	32
Cash and cash equivalents at end of year		**518**	1 048

	2015 Rm	2014 Rm
1. CASH AND CASH EQUIVALENTS		
Bank balances	**5**	979
Call deposits	**513**	69
Total cash and cash equivalents	**518**	1 048
Total overdraft facilities	**90**	90
2. TRADE AND OTHER RECEIVABLES		
VAT receivable	**1**	–
Total trade and other receivables	**1**	–
3. INVESTMENT IN SUBSIDIARIES		
Shares at carrying value*	**1 029**	741
Amounts receivable**	**1 323**	1 269
Current***	**1 323**	1 269
Total investment	**2 352**	2 010

* *The movement in shares at carrying value is attributable to an additional investment in SA Taxi Finance Holdings Proprietary Limited to the value of R276m. The group also operates a share appreciation rights plan for executives and senior employees of the company and its subsidiaries. The current year share appreciation rights charge of R12m was capitalised to the relevant investments in subsidiaries.*

** *Includes a loan issued to Red Sky Finance Proprietary Limited to the value of R8m and a corresponding provision against this loan of R8m.*

*** *These are unsecured loans with agreed interest terms which are repayable on demand.*

Refer to note 15 for a schedule of subsidiaries.

The carrying value of amounts receivable approximates fair value as they are short-term in nature and not subject to material changes in credit risk and fair value.

	2015 Rm	2014 Rm
4. TRADE AND OTHER PAYABLES		
Other	**6**	6
Trade and other payables	**6**	6

The carrying value of trade and other payables approximates fair value as they are short-term in nature and not subject to material changes in fair value.

	2015 Rm	2014 Rm
5. INTEREST-BEARING LIABILITIES		
Loans	**776**	924
	776	924
Payable within 12 months	**149**	150
Payable thereafter	**627**	774
	776	924

	Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Fair value	Carrying value
2015								
Loans	Structurally subordinated	Bullet	2011/07/01	13.10%	2016/07/01	ZAR	75	**74**
	Structurally subordinated	Bullet	2011/07/01	12.30%	2016/07/01	ZAR	77	**75**
	Structurally subordinated	Bullet	2010/10/15	Three month JIBAR + 5.00%	2017/11/30	ZAR	150	**150**
	Structurally subordinated	Bullet	2013/07/16	Three month JIBAR + 4.75%	2018/07/16	ZAR	250	**250**
	Structurally subordinated	Bullet	2013/07/05	Three month JIBAR + 4.50%	2018/07/05	ZAR	157	**157**
	Structurally subordinated	Bullet	2013/07/05	11.62%	2018/07/05	ZAR	50	**50**
	Structurally subordinated	Bullet	2013/08/14	Three month JIBAR + 4.50%	2018/08/14	ZAR	20	**20**
							779	**776**
2014								
Loans	Structurally subordinated	Bullet	2008/05/29	Three month JIBAR + 3.00%	2015/05/29	ZAR	50	50
	Structurally subordinated	Bullet	2010/01/29	Three month JIBAR + 5.50%	2015/05/29	ZAR	101	100
	Structurally subordinated	Bullet	2011/07/01	13.10%	2016/07/01	ZAR	76	74
	Structurally subordinated	Bullet	2011/07/01	12.30%	2016/07/01	ZAR	78	77
	Structurally subordinated	Bullet	2010/10/15	Three month JIBAR + 5.00%	2017/11/30	ZAR	152	150
	Structurally subordinated	Bullet	2013/07/16	Three month JIBAR + 4.75%	2018/07/16	ZAR	251	250
	Structurally subordinated	Bullet	2013/07/05	Three month JIBAR + 4.50%	2018/07/05	ZAR	156	153
	Structurally subordinated	Bullet	2013/07/05	11.62%	2018/07/05	ZAR	48	50
	Structurally subordinated	Bullet	2013/08/14	Three month JIBAR + 4.50%	2018/08/14	ZAR	20	20
							932	924

The company's exposure to interest rate risk is similar to that of the group, refer to note 31.2 in the group financial statements.

The effect of a 1% change in interest rates is a net exposure of R1 million. As the company has no control over rate movements, it cannot predict the effect of future rate movements, if any.

	2015 Rm	2014 Rm
6. ORDINARY SHARE CAPITAL		
Authorised		
1 000 000 000 ordinary shares		
Issued		
568 055 166 (2014: 572 272 130) ordinary shares		
Ordinary share capital	**481**	498
Ordinary share capital	**481**	498
PREFERENCE SHARE CAPITAL		
No par value shares		
Authorised		
10 000 000 cumulative, non-participating, non-convertible preference shares*		
Issued		
Nil (2014: Nil) preference shares		

* *Created by a special resolution passed on 14 January 2013.*

	2015 Rm	2014 Rm
7. INTEREST		
Interest and other similar income is earned from:		
Cash and cash equivalents	**26**	26
Intergroup interest	**94**	117
Interest and other similar income	**120**	143
Interest and other similar expenses are paid on:		
Bank overdrafts	**(2)**	(3)
Interest-bearing liabilities	**(98)**	(101)
Interest and other similar expense	**(100)**	(104)
Interest and other similar income	**120**	143
Interest and other similar expense	**(100)**	(104)
Net interest income	**20**	39

	2015 Rm	2014 Rm
8 NON-INTEREST REVENUE		
Non-interest revenue comprises:		
Fee income	**7**	13
Management fees	**7**	13
Investment income	**90**	76
Dividends received – Subsidiaries	**90**	72
Dividends received – Paycorp	**–**	4
Profit on disposal of investments*	**–**	1 180
Total non-interest revenue	**97**	1 269

* *Refer to note 34 in the group financial statements for further detail on the profit on disposal of investments.*

	2015 Rm	2014 Rm
9. TOTAL OPERATING COSTS		
Indirect costs comprise:		
Bank charges	**(1)**	(1)
Impairment of loans receivable – reversed	**–**	4
Audit fees	**> (1)**	> (1)
Audit fees – current year	**> (1)**	> (1)
Legal fees	**–**	(1)
Directors' emoluments	**(3)**	(4)
Listing costs	**(1)**	–
Management fees – Intergroup*	**(7)**	–
Other	**(1)**	(1)
Total operating costs	**(13)**	(3)

* *Management fees paid to group companies are based on certain costs and services incurred by subsidiary companies on behalf of Transaction Capital Limited.*

	2015 Rm	2014 Rm
10. INCOME TAX EXPENSE		
South African normal taxation:		
Current taxation	**(3)**	(8)
Current year	**(4)**	(8)
Prior years	**1**	–
Deferred taxation	**–**	(5)
Current year	**–**	(5)
Securities transfer tax	**–**	(1)
Total income tax expense	**(3)**	(14)
Tax rate reconciliation		
South African tax rate	**28.0%**	28.0%
Tax effects of:		
Income not subject to tax – dividends	**(24.2%)**	(1.6%)
Other non-taxable income	**–**	(25.4%)
Expenses not deductible for tax purposes	**0.5%**	0.1%
Prior year taxes	**(0.3%)**	–
Effective tax rate	**4.0%**	1.1%

	2015 Rm	2014 Rm
11. CASH GENERATED BY OPERATIONS		
Profit before taxation	**104**	1 305
Adjusted for:		
Investment income	**(90)**	(76)
Profit on disposal of unlisted investment	**–**	(1 180)
Movement in provisions	**–**	(4)
Cash generated by operations	**14**	45

	2015 Rm	2014 Rm
12. INCOME TAXES PAID		
Amounts payable at beginning of year	**(1)**	–
Charged in income statement	**(3)**	(14)
Deferred taxation	**–**	5
Prior year taxes receivable	**(1)**	–
Amounts payable at end of year	**1**	1
Income taxes paid	**(4)**	(8)
13. DIVIDENDS PAID TO ORDINARY SHAREHOLDERS		
Ordinary dividends for the year	**(134)**	(104)
Dividends paid	**(134)**	(104)

A final prior year dividend of 10 (2013: 12) cents per share was declared on 25 November 2014 for payment on or about 22 December 2014.

An interim dividend of 10 (2014: 6) cents per share was declared on 5 May 2015 and paid on 8 June 2015.

A final dividend of 12 (2014: 10) cents per share was declared on 4 November 2015 for payment on or about 21 December 2015.

Refer to the directors' report for additional information.

14. RELATED PARTIES

14.1 SUBSIDIARIES

Details of share ownership and loan balances are disclosed in note 15.

	2015 Rm	2014 Rm
The following income was received from subsidiaries:		
Interest		
TC Treasury Proprietary Limited	**43**	109
Ellehove Investments Proprietary Limited	**9**	8
TC Corporate Support Proprietary Limited	**40**	–
Transsec (RF) Limited	**3**	–
SA Taxi Securitisation Proprietary Limited	**<1**	–
Fees		
TC Corporate Support Proprietary Limited	**7**	13
The following fees were paid to subsidiaries:		
TC Corporate Support Proprietary Limited	**(7)**	–

	Nature of business and status	Issued share capital		Effective percentage held		Investment (at cost less impairments)		Loans at cost net of impairment	
		2015 Rm	2014 Rm	**2015 %**	2014 %	**2015 Rm**	2014 Rm	**2015 Rm**	2014 Rm
15. SUBSIDIARIES									
Transaction Capital Limited	T								
Asset-backed Lending									
SA Taxi Finance Holdings Proprietary Limited	*/T	**<1**	<1	**98.0**	100.0	**665**	384		
SA Taxi Development Finance Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Taximart Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
SA Taxi Securitisation Proprietary Limited	#/T	**<1**	<1	**100.0**	100.0				
SA Taxi Finance Solutions Proprietary Limited	#/T	**<1**	<1	**100.0**	100.0				
SA Taxi Risk Management Services Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Bompass Collections Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
SA Taxi Finance Insurance Brokers Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
Potpale Proprietary Limited	#/T	**<1**	<1	**100.0**	100.0				
SA Bakkie Finance Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
Transsec (RF) Limited	#/T	**<1**	<1	**100.0**	100.0	**32**	32		
Risk Services									
MBD Credit Solutions Holdings Proprietary Limited	*/T	**<1**	<1	**100.0**	100.0	**229**	146		
Asset Solutions Company Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
CMS Capital Proprietary Limited	^	**<1**	<1	**100.0**	100.0				
Capital Data Asset Recovery Management Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
MBD Credit Solutions Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
BDB Data Bureau Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Collection and Financial Services Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
MBD Legal Collections Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Credit Health Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Origin Eight Financial Services Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Capital Debt Recovery Proprietary Limited Botswana	T	**<1**	<1	**100.0**	100.0				
MBD Asset Solutions Proprietary Limited	^	**<1**	<1	**100.0**	100.0				

FOR THE YEAR ENDED 30 SEPTEMBER

15. SUBSIDIARIES continued

	Nature of business and status	Issued share capital 2015 Rm	Issued share capital 2014 Rm	Effective percentage held 2015 %	Effective percentage held 2014 %	Investment (at cost less impairments) 2015 Rm	Investment (at cost less impairments) 2014 Rm	Loans at cost net of impairment 2015 Rm	Loans at cost net of impairment 2014 Rm
Mortgage Capital Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
Specialised Mortgage Capital Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Company Unique Finance Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Afribrokers Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Rand Trust Financiers Proprietary Limited	T	**<1**	<1	**100.0**	100.0		45		
Dubrovnik Properties Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
Rand Trust Securitisation Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
Principa Decisions Proprietary Limited	T	**<1**	<1	**100.0**	100.0		36		
Group executive office									
TC Corporate Support Proprietary Limited	*/T	**<1**	<1	**100.0**	100.0	**10**	5		
TC Treasury Proprietary Limited	*/T	**<1**	<1	**100.0**	100.0	**<1**	<1	**1 265**	1 209
Nisela Investments Proprietary Limited	*/T	**<1**	<1	**100.0**	100.0	**89**	89		
Bayport Financial Services Proprietary Limited	*/D	**<1**	<1	**100.0**	100.0	**4**	4		
TC Executive Holdings Proprietary Limited	*/D	**<1**	<1	**100.0**	100.0	**<1**	<1		
Transaction Capital Business Partners Proprietary Limited	*/T	**<1**	<1	**100.0**	100.0	**<1**	<1		
Red Sky Finance Proprietary Limited	*/D	**<1**	<1	**100.0**	100.0	**<1**	<1		
Ellehove Investments Proprietary Limited	T	**<1**	<1	**100.0**	100.0			**58**	60
						1 029	741	**1 323**	1 269

* *Directly held*
\# *Consolidated special purpose entity*
T *Trading company*
D *Dormant company*
^ *Deregistered/ In the process of being deregistered*
Amounts less than R500 000 are reflected a "<1"

FORMULAE AND DEFINITIONS

ITEM	DEFINITION
Average equity attributable to ordinary equity holders of the parent	Sum of equity attributable to ordinary equity holders of the parent at the end of each month from September to September divided by 13
Average gross loans and advances	Sum of gross loans and advances at the end of each month from September to September divided by 13
Average interest-bearing liabilities	Sum of interest-bearing liabilities at the end of each month from September to September divided by 13
Average tangible assets	Sum of tangible assets at the end of each month from September to September divided by 13. Tangible assets excludes investments fair valued through equity for accounting purposes
Average tangible equity attributable to ordinary equity holders of the parent	Sum of equity attributable to ordinary equity holders of the parent less goodwill, intangible assets and fair value movements through equity relating to investments at the end of each month from September to September divided by 13
Average total assets	Sum of total assets at the end of each month from September to September divided by 13
Average cost of borrowing	Interest expense expressed as a percentage of average interest-bearing liabilities
Capital adequacy ratio	Total equity plus subordinated debt capital less goodwill expressed as a percentage of total assets less goodwill and cash and cash equivalents
Cost-to-income ratio	Total operating costs expressed as a percentage of net interest income plus non-interest revenue
Credit loss ratio	Impairment of loans and advances expressed as a percentage of average gross loans and advances
EBITDA	Profit before net interest income, tax, depreciation and amortisation of intangible assets (specifically excluding amortisation of purchased book debts) for MBD and Principa only
Effective tax rate	Income tax expense expressed as a percentage of profit before tax
Entry-level vehicles	Vehicles brands: CAM, CMC, Jinbei, King Long, Polar Sun, Foton, Force Traveller, Peugeot
Gearing	Total assets divided by equity attributable to ordinary equity holders of the parent expressed in times
Gross loans and advances	Gross loans and advances specifically exclude the value of the written-off book brought back on to the balance sheet
Headline earnings	Headline earnings is defined and calculated as per the guidance issued by the South African Institute of Chartered Accountants (SAICA) in Circular 2/2013 of December 2013, currently being basic earnings attributable to ordinary shareholders adjusted for goodwill impairments, capital profits and losses and other non-headline items
Headline earnings from continuing operations	Headline earnings adjusted for non-headline items arising from discontinued operations as defined in SAICA Circular 2/2013
Headline earnings per share	Headline earnings divided by weighted average number of ordinary shares in issue

ITEM	DEFINITION
Headline earnings per share from continuing operations	Headline earnings from continuing operations divided by weighted average number of ordinary shares in issue
Net asset value per share	Equity attributable to ordinary equity holders of the parent divided by number of ordinary shares in issue
Net interest margin	Net interest income as a percentage of average gross loans and advances
Non-performing loan coverage	Impairment provision expressed as a percentage of non-performing loans
Non-performing loan ratio	Non-performing loans expressed as a percentage of gross loans and advances
Non-performing loans	(a) the balance outstanding of loans and advances with a contractual delinquency greater than three months including repossessed stock on hand (b) reduced by the balance of such outstanding loans and advances for which three cumulative qualifying payments have been received in the three month period preceding the measurement date
Normalised headline earnings	Headline earnings adjusted for non-headline items arising from discontinued operations as defined in SAICA Circular 2/2013 and the cost of listing equity and debt instruments on an exchange
Normalised headline earnings per share	Normalised headline earnings divided by weighted average number of ordinary shares in issue
Premium vehicles	Non-entry level vehicles
Provision coverage	Impairment provision expressed as a percentage of gross loans and advances
Return on average assets	Profit for the year expressed as a percentage of average total assets
Return on average tangible assets	Profit for the year expressed as a percentage of average tangible assets
Return on average equity	Profit for the year attributable to ordinary equity holders of the parent expressed as a percentage of average equity attributable to ordinary equity holders of the parent
Return on average tangible equity	Profit for the year attributable to ordinary equity holders of the parent expressed as a percentage of average tangible equity attributable to ordinary equity holders of the parent
Structurally subordinated debt	Senior debt issued by a holding company within the group
Subordinated debt	Debt subordinated by agreement with the lender plus structurally subordinated debt
Tangible assets	Total assets less goodwill and other intangible assets
Tangible net asset value per share	Equity attributable to ordinary equity holders of the parent less goodwill and other intangible assets divided by number of ordinary shares in issue
Total income	Interest and other similar income plus non-interest revenue
Weighted average number of ordinary shares in issue	The number of ordinary shares in issue at the beginning of the year increased by shares issued during the year, weighted on a time basis for the year during which they have participated in the income of the group excluding treasury shares

COMPANY ADMINISTRATION

ADMINISTRATION
Share code: TCP
ISIN: ZAE000167391
JSE Limited sector: Financial Services
Listing date: 7 June 2012
Year-end: 30 September
Company registration number: 2002/031730/06
Country of incorporation: South Africa

DIRECTORS

EXECUTIVE

DAVID HURWITZ (CHIEF EXECUTIVE OFFICER)
Mark Herskovits (chief financial officer)
Jonathan Jawno (executive director)
Michael Mendelowitz (executive director)

INDEPENDENT NON-EXECUTIVE
Christopher Seabrooke (chairman)
Phumzile Langeni
Dumisani Tabata
David Woollam
Shaun Zagnoev

NON-EXECUTIVE
Roberto Rossi

COMPANY SECRETARY AND REGISTERED OFFICE
Ronen Goldstein
Finance House
230 Jan Smuts Avenue
Dunkeld West
Johannesburg, 2196
(PO Box 41888, Craighall, 2024)

SPONSOR
Deutsche Securities (SA) Proprietary Limited
(A non-bank member of the Deutsche Bank Group)
(Registration number 1995/011798/07)
3 Exchange Square
87 Maude Street
Sandton, 2196
(Private Bag X9933, Sandton, 2146)

LEGAL ADVISERS
Edward Nathan Sonnenbergs Inc.
(Registration number 2006/01800/21)
150 West Street
Sandton, 2196
(PO Box 783347, Sandton, 2146)

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

INDEPENDENT AUDITORS
Deloitte & Touche
(Practice number 902276)
Deloitte Place
The Woodlands, 20 Woodlands Drive
Woodmead
Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)

Transaction Capital

FINANCE HOUSE, 230 JAN SMUTS AVENUE, DUNKELD WEST, JOHANNESBURG, 2196
PO BOX 41888, CRAIGHALL, 2024, REPUBLIC OF SOUTH AFRICA
TEL: +27 (0) 11 049 6700 • FAX: +27 (0) 11 049 6899

WWW.TRANSACTIONCAPITAL.CO.ZA