2017

TRANSACTION CAPITAL

AUDITED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER

Transaction Capital

CONTENTS

The consolidated and company financial statements have been prepared under the supervision of Ronen Goldstein, financial director.

DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The directors of Transaction Capital are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the Financial Reporting Guides as issued by the Accounting Practices Board and in the manner required by the Companies Act, 71 of 2008 as amended, 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 consolidated and separate annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company and group will not remain a going concern in the year ahead.

The auditors are responsible for reporting on whether the consolidated and separate annual financial statements are fairly presented in accordance with the applicable financial reporting framework, and their unmodified report appears on page 10.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The annual financial statements on pages 14 to 119 were approved by the board of directors on 21 November 2017, and are signed on their behalf.

David Hurwitz
Chief executive officer

Ronen Goldstein
Financial director

COMPANY SECRETARY'S CERTIFICATE

FOR THE YEAR ENDED 30 SEPTEMBER 2017

I hereby certify that, to the best of my knowledge and belief, the company has filed all such returns and notices as are required of a public company in terms of the Companies Act, 71 of 2008 as amended of South Africa ('Companies Act'), with the Companies and Intellectual Property Commission ('CIPC') for the financial year ended 30 September 2017, and that all such returns and notices appear to be true, correct and up to date.

Theresa Palos
Company secretary
21 November 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

NATURE OF BUSINESS

The company is an investment holding company owning a portfolio of operating subsidiaries and operates a group treasury function. The company's issued ordinary shares are listed on the Johannesburg Stock Exchange.

The group operates in two principal areas: SA Taxi and Transaction Capital Risk Services ('TCRS'). 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 at **www.transactioncapital.co.za**. 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 brief curriculum vitae of the directors and company secretary in office, including committee composition at the date of this report, are set out in the directorate section on the company website.

The following appointments and resignations took place during the year:

- Appointments:
  - Theresa Palos was appointed as company secretary, with effect from 2 March 2017, replacing Statucor (Pty) Ltd.
  - Olufunke Ighodaro was appointed as an independent non-executive director with effect from 1 April 2017.
  - Paul Miller was appointed as a non-executive director with effect from 1 July 2017.
- Resignations:
  - David Woollam and Dumisani Tabata resigned with effect from 2 March 2017.
  - Moses Kgosana resigned with effect from 8 September 2017.

INTEREST OF DIRECTORS IN THE COMPANY'S SHARES

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

	2017		2016	
	Number of shares '000	**Shareholding %**	Number of shares '000	Shareholding %
Indirect non-beneficial holdings of directors				
Dovie Trust*	**4 562**	**<1**	2 605	<1
Jonathan Jawno**	**–**	**–**	82 207	14
Michael Mendelowitz**	**–**	**–**	82 207	14
Roberto Rossi**	**–**	**–**	82 207	14
Everglen Capital Proprietary Limited**	**250 000**	**41**	–	–
Sabvest Limited***	**10 000**	**2**	10 000	2
Direct beneficial holdings of directors				
David Hurwitz	**125**	**<1**	125	<1
Mark Herskovits	**1 368**	**<1**	839	<1
Ronen Goldstein	**30**	**<1**	3	<1
David Woollam****	**800**	**<1**	1 450	<1
Total	**266 885**		261 643	
Percentage of issued shares	**43.84%**		45.78%	

* *David Hurwitz is a discretionary beneficiary of Dovie Trust.*

** *On 11 November 2016, the respective trusts of Jonathan Jawno, Michael Mendelowitz and Roberto Rossi, of which they are discretionary beneficiaries, exchanged their shares in Transaction Capital for shares in Everglen Capital Proprietary Limited (formerly JMR Holdings Proprietary Limited). In addition, in terms of a specific authority obtained from shareholders, Transaction Capital issued Everglen Capital with 3 377 821 ordinary shares at R11.65 per share in the company, resulting in Everglen Capital owning 250 million shares in Transaction Capital. After the restructure the trusts of Jonathan Jawno, Michael Mendelowitz and Roberto Rossi each own equal holdings in Everglen Capital.*

For more information regarding the above transaction, refer to the terms announcement relating to the restructure of shareholding in the company and specific issue of shares for cash that was released on the Stock Exchange News Service ('SENS') of the JSE Limited ('JSE') on 1 September 2016 and the circular incorporating the notice of general meeting which was distributed on 21 September 2016. Requisite shareholder approval for the transaction was granted by shareholders on 20 October 2016 and was followed by the Takeover Regulation Panel granting a waiver ruling of the requirement for Everglen Capital to make a mandatory offer to shareholders in relation to the transaction on 28 October 2016.

*** *Christopher Seabrooke is the chief executive of Sabvest Limited.*

**** *Resigned as an independent non-executive director on 2 March 2017.*

DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

DIVIDENDS

The dividend policy has been amended to a reduced cover ratio of 2 to 2.5 times (previously 2.5 to 3 times). This change has been implemented due to the improved quality of earnings as evidenced by high cash conversion rates and lower balance sheet risk, the stable capital requirements of the group, and the ungeared net position of the holding company. All of these factors allow for a higher sustainable dividend policy going forward.

Following an interim dividend of 15 cents per share (2016 interim: 12 cents per share), and in line with the new dividend policy, the board has declared a final gross cash dividend of 25 cents per share (2016: 18 cents per share) for the six months ended 30 September 2017.

CONSOLIDATED SHARE CAPITAL

The authorised and issued share capital is detailed in note 16 to the annual financial statements.

The following changes took place during the year under review:

	2017		2016	
	Number of shares '000	**Value of shares R'000**	Number of shares '000	Value of shares R'000
Balance at the beginning of the year	**571 850**	**509 642**	568 055	468 056
Shares issued in settlement of the Transaction Capital Limited Share Appreciations Rights Plan obligation*	**7 259**	**106 395**	4 902	53 151
Shares repurchased in the open market and cancelled**	**(740)**	**(10 409)**	(1 107)	(11 564)
Shares issued to Everglen Capital Proprietary Limited***	**3 378**	**36 718**	–	–
Equity raised through accelerated bookbuild****	**28 400**	**413 673**	–	–
Balance at the end of the year	**610 147**	**1 056 019**	571 850	509 643

* *In terms of specific authority received from shareholders on the adoption of the Transaction Capital Share Appreciation Rights Plan, a total of 7 259 094 shares were issued to participants/employees as part of the vesting of the first, second and third tranches of share appreciation rights at an average price of R14.66 per share.*

** *All shares repurchased and cancelled reverted to authorised unissued shares. The average purchase price of the 740 382 shares repurchased on the open market was R14.07 per share.*

*** *Refer to page 2 for more details on the share issue to Everglen Capital Proprietary Limited.*

**** *On 2 February 2017 Transaction Capital raised equity in the form of 28 400 000 shares through the issue of new ordinary shares to qualifying investors through an accelerated bookbuild. The ordinary shares were priced at R14.75 per share, a 1.3% discount to the 30 day volume weighted average price of R14.95 as at 1 February 2017. The equity raise was completed under the company's general authority to issue shares for cash approved by Transaction Capital shareholders at the annual general meeting of the company held on 3 March 2016.*

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.

DIRECTORS' REPORT *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

SUBSEQUENT EVENTS

No events which would have a material impact on either the financial position or operating results of Transaction Capital have taken place between 30 September 2017 and the date of the release of this report.

EMPLOYEE INCENTIVE SCHEMES

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

Transaction Capital Share Appreciation Rights ('SAR') Plan

The SAR plan allows executives and senior managers to participate in the appreciation of Transaction Capital's share price over time. While the SAR plan has been a very successful retention mechanism since vesting, the conditional share plan discussed below is favoured as a more appropriate retention and alignment tool for the purposes of incentivising employees. As such, it is anticipated that no new SAR awards will be granted. Those SARs already in issue will continue to vest as per the SAR plan.

Further disclosure relating to the SAR plan is set out in note 24.1 of the consolidated financial statements.

Transaction Capital Conditional Share Plan ('CSP')

The CSP was approved by shareholders at a general meeting held on 20 October 2016. The first issue of CSPs was awarded in November 2016. All awards are subject to remuneration committee approval.

It is believed that the CSP is a superior long-term incentive for Transaction Capital's objectives. The CSP offers participants certainty in that it comprises a fixed number of conditional shares. While its ultimate value will depend on performance, CSP awards will always have a value, unlike the SAR awards.

Further disclosure relating to the CSP is set out in note 24.2 of the consolidated financial statements.

Transaction Capital General Share Purchase Scheme

The general share purchase scheme facilitated voluntary investment whereby executives were able to receive loan funding to purchase shares at market value. The scheme was largely wound down in the 2014 financial year. No further allocations will be made in terms of this scheme, which terminated in December 2017.

The following is a summary of movements during the year:

	2017		2016	
	Number of shares '000	**Value of funding R'000**	Number of shares '000	Value of funding R'000
Balance at the beginning of the year	**424**	**2 840**	1 272	6 425
Dividends	**–**	**(21)**	–	(234)
Interest	**–**	**80**	–	367
Repayments	**(347)**	**(2 236)**	(848)	(3 718)
Balance at the end of the year	**77**	**663**	424	2 840
Shares held by directors	**77**	**663**	424	2 840

No shares were held by prescribed officers under the scheme at 30 September 2016 and 30 September 2017.

All shares have vested in the participants. The balance outstanding bears interest at the official rate.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The responsibilities of the audit, risk and compliance ('ARC') committee are set out in the Companies Act, 71 of 2008 as amended (the 'Act'), Transaction Capital's Memorandum of Incorporation, the King Code on Corporate Governance (King IV) and the JSE Limited Listings Requirements. The ARC committee's terms of reference are reviewed annually and approved by the board.

COMPOSITION

The ARC 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 ARC committee form a quorum.

As at the date of this report, the committee comprised of:

- Olufunke Ighodaro (chairman) (appointed as member on 1 April 2017 and as chairman on 8 September 2017)
- Christopher Seabrooke
- Phumzile Langeni

The following resignations from the committee took place during the year:

- David Woollam (2 March 2017)
- Moses Kgosana (chairman of committee until resignation on 8 September 2017)

The board approved the appointment of the chairman of the board as a member of the ARC committee, as it is believed that her skills and knowledge would enhance the ARC committee. Permanent invitees include: David Hurwitz (chief executive officer), Ronen Goldstein (financial director) and Jonathan Jawno (executive director).

The external auditors attend all ARC committee meetings and separate meetings may be held with the ARC committee to afford the external auditors the opportunity to meet with the ARC 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 ARC committee. The group internal audit executive has a functional reporting line to the committee chairman and an administrative reporting line to the chief executive officer.

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

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

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

ROLES AND RESPONSIBILITIES

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

The preparation of financial reporting:

- Ensure appropriate financial reporting procedures are established and operating;
- Review of the annual financial statements, accounting practices and policies, internal financial controls and reports; and
- Ensure the integrity of the integrated annual 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 annual report; and
- Review the suitability of the skills and experience of the financial director.

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;
- 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; and
- 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 2017

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 – whistle-blowing:
- 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
- Oversee matters relating to accounting practices, internal control, content or audit 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;
- Monitor implementation of the policy and plan for risk management;
- Ensure that continuous risk monitoring by management takes place within the levels of risk tolerance approved by the board; and
- Oversee the management of:
  - Financial reporting risks;
  - Internal financial controls;
  - Fraud risks relating to financial reporting;
  - Tax risks;
  - Information technology risks;
  - Compliance risks; and
  - Risks in relation to the group's capital and funding requirements and policies (with direct oversight by the asset and liability committee).

Compliance:
- The ARC committee has oversight of the compliance with applicable laws and regulations.

Requirements of the Act:
- The ARC committee assumes responsibility for all subsidiary companies that do not have their own audit committees. Responsibilities include reviewing the formalised processes and controls followed on behalf of subsidiaries.

The ARC 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.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

CONCLUSIONS

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

- 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;
- Appropriate financial reporting procedures have been established and are operating;
- Resources have been utilised efficiently;
- The skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and it recommends their re-appointment in 2018; and
- It has confirmed the suitability of the appointment of the current audit firm and the designated individual partner with the audit firm.

FINANCE FUNCTION

The ARC committee has satisfied itself to the appropriateness of the expertise and experience of the finance function for the full financial period.

INTEGRATED ANNUAL REPORT

The ARC committee has overseen the integrated reporting process, reviewed the integrated annual report and recommended the approval thereof to the board. The board has subsequently approved the integrated annual report.

RISK MANAGEMENT

The ARC committee has satisfied itself to the risk management processes within the group and the effectiveness thereof.

EXTERNAL AUDIT

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

The ARC 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 consolidated annual financial statements. In addition, the ARC committee has approved a policy for non-audit services provided by the external auditors and is comfortable that non-audit services performed during the year have been reasonable.

The ARC committee has reviewed the external auditor's report and is satisfied with the performance and effectiveness of the external audit process.

INTERNAL AUDIT

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

The internal audit function underwent an independent quality review in the 2016 financial year, and the internal audit function was found to generally conform to the International Standards for the Professional Practice of Internal Auditing with no material findings being noted.

The committee is satisfied with the arrangement and level of combined assurance provided by the internal and external audit functions.

WHISTLE-BLOWING

The ARC 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 audit of the company's financial statements, the internal financial controls of the company and related matters.

BUSINESS ACQUISITIONS

The ARC committee has satisfied itself that the integration of the companies acquired during the year under review has been completed successfully and efficiently.

AUDIT, RISK AND COMPLIANCE COMMITTEE REPORT *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

GOING CONCERN

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

ANNUAL FINANCIAL STATEMENTS

The ARC committee:

- Reviewed the audited annual financial statements after interrogation with the external auditors, the internal auditors and management;
- Reviewed the external auditor's 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.

As adopted in the prior year, the external audit report meets the requirements of International Auditing and Assurance Standards Board ('IAASB') . The audit opinion listed audit matters in which areas of judgement have been applied, and how these matters have been addressed as part of the audit process. In this regard, the committee has obtained comfort on areas in which management has applied judgement by:

- Interrogating management on methodologies applied to areas of judgement and being kept appraised on changes to methodologies applied (where applicable);
- Reviewing back-tests results on areas of judgement, with satisfying results;
- Receiving detailed feedback from the auditors on their testing performed on areas of judgement; and
- Reviewing disclosure in the annual financial statements with regards to areas of judgement.

In addition, the ARC committee is satisfied with the reporting integration of the acquisitions completed during the financial year.

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.

Olufunke Ighodaro
Audit, risk and compliance committee chairman

21 November 2017

SOCIAL AND ETHICS COMMITTEE REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

The social and ethics committee (the 'committee') comprised the following members during the year:

- Phumzile Langeni (chairman)
- David Hurwitz
- Ronen Goldstein

With effect from 1 November 2017, Kuben Pillay replaced Ronen Goldstein as a member of the committee.

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 in ensuring that Transaction Capital is and remains a good and responsible corporate citizen, and to perform the statutory functions required of a social and ethics committee in terms of the Companies Act, 71 of 2008 as amended of South Africa ('Companies Act').

The committee monitors 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

21 November 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF TRANSACTION CAPITAL LIMITED

Report on the Audit of the Consolidated and Separate Financial Statements

OPINION

We have audited the consolidated and separate financial statements of Transaction Capital Limited (the Group) set out on pages 14 to 119, which comprise the statements of financial position as at 30 September 2017, and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 September 2017, and its consolidated and separate financial performance and 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements for the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters identified for the separate financial statements.

Key audit matter	How our audit addressed the key audit matter
Accounting for corporate acquisitions in terms of IFRS 3 Business Combinations ("IFRS 3")	
The Group acquired RCGL, Road Cover and Beancounter and, due to restructuring, obtained control over the assets and liabilities in its insurance cell captive, during the financial year. IFRS 3 requires the acquirer to determine the date of acquisition, identify and measure the consideration transferred, identify and recognise identifiable assets, liabilities and contingent liabilities at the fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill.	We involved our Deloitte Corporate Finance specialists to review the purchase price allocation determined per IFRS 3. IFRS 3 requires the identification of the acquisition date, carrying value of the investment, allocation of the purchase process to the assets and liabilities acquired (including identification of intangible assets) as well as fair value adjustments. In order to address the requirement of IFRS 3, the following procedures were performed: ■ We read the sale of business agreements between the parties to understand the terms of the business combinations and to assess the Directors' identification of the acquisition date;

INDEPENDENT AUDITOR'S REPORT *continued*

Key audit matter	How our audit addressed the key audit matter
The accounting for business combinations under IFRS 3 requires a significant amount of acquirer's estimation and judgement in relation to determining the date of acquisition, identifying and recognising identifiable assets and liabilities and in particular identification and valuation of intangible assets and assignment of their useful lives. The goodwill recognised at 30 September 2017 for the acquisitions amounts to R807 million as disclosed in note 32 of the consolidated financial statements. Due to the significance of the transactions to the consolidated financial statements together with the significant estimation and judgements involved in accounting for the business combinations, this is considered to be a key audit matter.	■ We assessed the valuation and accounting of the purchase consideration and checked the issuance of new shares to the regulatory notices; ■ We performed detailed risk assessment procedures including walkthroughs of the transactions; ■ We assessed the design and implementation of relevant controls in the acquisition and purchase price allocation processes; ■ We challenged and benchmarked the key assumptions made by Directors in determining the fair value of the intangibles acquired and the residual goodwill arising on the transaction; ■ We reviewed at acquisition journals processed; ■ We assessed the goodwill recognised for impairment at year end; ■ We relied on the work performed by the component auditors of RCGL and performed work as required by auditing standards in order to direct and assess the work performed by the component auditors; ■ We assessed the adequacy of the disclosures relating to the requirements of IFRS 3 in the consolidated financial statements. We found the disclosures relating to the acquisitions, and the key judgements and estimates applied in the determination thereof, to be appropriate and in accordance with the underlying accounting standards.
Significant estimates and judgements included in the SA Taxi loans and advances impairment model	
ISA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements* presume significant risk of management override of controls, specifically the impairment/amortisation models, which are subject to significant amount of management judgement and/or estimation. With regards to SA Taxi loans and advances in Note 4 of the consolidated financial statements, this has been pinpointed to the following: ■ Determination of expected losses: probability of default ("PD") and the loss given write-off ("LGW"). Key aspects of the LGW involving estimation include recovery value after repair costs, time to default ("TTD") and time to repossession ("TTR"). ■ Repair cost methodologies in determining cost to repair salvaged vehicles as this impacts both the expected losses and repossessed inventory valuation. This is considered a key audit matter due to the extent of directors' judgement and/or estimation applied.	We involved quantitative and credit modelling specialists who performed an assessment of: ■ The model methodology in light of ongoing refinements to IFRS 9 Financial Instruments ("IFRS 9"); ■ The accuracy of the model by independently recalculating the input parameters; and ■ The completeness and accuracy of data used in the model. In addition, the audit team assessed the design and implementation of relevant controls and no significant findings were noted. We assessed the model and its inputs and were satisfied with the methodology applied. We found the disclosures relating to the loans and advances, and the key judgements and estimates applied in the determination thereof, to be appropriate and in accordance with the underlying accounting standards.

INDEPENDENT AUDITOR'S REPORT *continued*

Key audit matter	How our audit addressed the key audit matter
Re-calibration of the amortised cost models assumptions for Transaction Capital Risk Services	
Within Transaction Capital Risk Services, the Principal Collections business purchases credit impaired assets for subsequent collection. These are classified as purchased originated credit impaired assets under IFRS 9. These are disclosed in note 6 of the consolidated financial statements. All books purchased are assumed to originate in Stage 3. IFRS 9 requires projected future cash flows to include forward looking information with regard to expected, rather than just incurred, credit losses. The directors re-calibrate the amortised cost models assumptions on an ongoing basis incorporating the most recent available collection data. This is considered to be a key audit matter due to the extent of directors' judgement and/or estimation applied.	We involved our Financial Services Advisory and quantitative and credit modelling specialists who performed an assessment of: ■ The model methodology in light of IFRS 9 requirements; ■ The accuracy of the model by independently recalculating the input parameters; and ■ The completeness and accuracy of data used in the model. In addition, the audit team assessed the design and implementation of relevant controls and no significant findings were noted. We assessed the model and its inputs and were satisfied with the overall methodology applied. We found the disclosures relating to the purchased book debt, and the key judgements and estimates applied in the determination thereof, to be appropriate and in accordance with the underlying accounting standards.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

INDEPENDENT AUDITOR'S REPORT *continued*

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Transaction Capital Limited for 9 years.

Deloitte & Touche
Registered Auditor
Per: Lito Nunes
Partner

21 November 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER

	Notes	2017 Rm	2016 Rm
Assets			
Cash and cash equivalents	1	**944**	1 276
Tax receivables		**22**	28
Trade and other receivables	2	**687**	472
Inventories	3	**212**	201
Loans and advances	4	**8 456**	7 190
Leased assets	5	**–**	40
Purchased book debts	6	**891**	728
Other loans receivable	7	**41**	35
Other investments	8	**–**	477
Intangible assets	9	**247**	93
Property and equipment	10	**150**	104
Goodwill	11	**1 165**	200
Deferred tax assets	12	**259**	247
Total assets		**13 074**	11 091
Liabilities			
Bank overdrafts	1	**136**	173
Tax payables		**19**	8
Trade and other payables	13	**584**	286
Provisions	14	**147**	14
Interest-bearing liabilities	15	**8 191**	7 477
Senior debt		**7 228**	6 512
Subordinated debt		**963**	965
Deferred tax liabilities	12	**225**	155
Total liabilities		**9 302**	8 113
Equity			
Ordinary share capital	16	**1 056**	510
Other reserves		**34**	149
Retained earnings		**2 628**	2 285
Equity attributable to ordinary equity holders of the parent		**3 718**	2 944
Non-controlling interest	17	**54**	34
Total equity		**3 772**	2 978
Total equity and liabilities		**13 074**	11 091

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2017 Rm	2016 Rm
Interest and other similar income	18	**1 971**	1 688
Interest and other similar expense	18	**(964)**	(809)
Net interest income	18	**1 007**	879
Impairment of loans and advances	19	**(260)**	(209)
Risk-adjusted net interest income		**747**	670
Non-interest revenue	20	**1 937**	1 279
Operating costs	21	**(1 910)**	(1 348)
Non-operating loss		**(3)**	–
Profit before tax		**771**	601
Income tax expense	22	**(203)**	(138)
Profit for the year		**568**	463
Profit for the year attributable to:			
Ordinary equity holders of the parent		**555**	458
Non-controlling interests		**13**	5
Earnings per share (cents)			
Basic earnings per share	23	**92.8**	80.6
Diluted basic earnings per share	23	**92.2**	80.0

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
Profit for the year	568	463
Other comprehensive income		
Movement in cash flow hedging reserve	(8)	(3)
Fair value losses arising during the year	(12)	(4)
Deferred tax	4	1
Movement in equity instruments held at fair value	(72)	27
Exchange gains on translation of foreign operations	15	–
Total comprehensive income for the year	503	487
Total comprehensive income attributable to:		
Ordinary equity holders of the parent	490	482
Non-controlling interests	13	5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER

	Number of ordinary shares million	Share capital Rm	Cash flow hedging reserve Rm	Fair value reserve Rm	Share based payment reserve Rm	Foreign currency translation reserve Rm	Retained earnings Rm	Ordinary equity holders of the parent Rm	Non-controlling interest Rm	Total equity Rm
Balance at 30 September 2015	568	468	3	93	26	–	1 991	2 581	30	2 611
Total comprehensive income	–	–	(3)	27	–	–	458	482	5	487
Profit for the year	–	–	–	–	–	–	458	458	5	463
Other comprehensive income	–	–	(3)	27	–	–	–	24	–	24
Grant of share appreciation rights	–	–	–	–	16	–	–	16	–	16
Settlement of share appreciation rights	–	–	–	–	(13)	–	(29)	(42)	–	(42)
Dividends paid	–	–	–	–	–	–	(135)	(135)	(1)	(136)
Issue of shares	5	53	–	–	–	–	–	53	–	53
Repurchase of shares	(1)	(11)	–	–	–	–	–	(11)	–	(11)
Balance at 30 September 2016	**572**	**510**	**–**	**120**	**29**	**–**	**2 285**	**2 944**	**34**	**2 978**
Total comprehensive income	**–**	**–**	**(8)**	**(72)**	**–**	**15**	**555**	**490**	**13**	**503**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**555**	**555**	**13**	**568**
Other comprehensive income	**–**	**–**	**(8)**	**(72)**	**–**	**15**	**–**	**(65)**	**–**	**(65)**
Grant of share appreciation rights and conditional share plan	**–**	**–**	**–**	**–**	**18**	**–**	**–**	**18**	**–**	**18**
Settlement of share appreciation rights	**–**	**–**	**–**	**–**	**(20)**	**–**	**(64)**	**(84)**	**–**	**(84)**
Transfer to retained earnings	**–**	**–**	**–**	**(48)**	**–**	**–**	**48**	**–**	**–**	**–**
Dividends paid	**–**	**–**	**–**	**–**	**–**	**–**	**(196)**	**(196)**	**(3)**	**(199)**
Issue of shares	**39**	**557**	**–**	**–**	**–**	**–**	**–**	**557**	**–**	**557**
Repurchase of shares	**(1)**	**(11)**	**–**	**–**	**–**	**–**	**–**	**(11)**	**–**	**(11)**
Non-controlling interests arising on business combinations	**–**	**–**	**–**	**–**	**–**		**–**	**–**	**10**	**10**
Balance at 30 September 2017	**610**	**1 056**	**(8)**	**–**	**27**	**15**	**2 628**	**3 718**	**54**	**3 772**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2017 Rm	2016 Rm
Cash flow from operating activities			
Cash generated by operations	25	**1 134**	908
Income taxes paid	26	**(51)**	(87)
Dividends received from insurance activities		**115**	71
Dividends paid	27	**(199)**	(136)
Cash flow from operating activities before changes in operating assets and liabilities		**999**	756
Increase in operating assets and liabilities		**(1 126)**	(727)
Loans and advances		**(1 572)**	(1 245)
Leased assets		**–**	(40)
Purchased book debts		**(280)**	(279)
Net proceeds from interest-bearing liabilities		**726**	837
Changes in working capital		**(238)**	(137)
Increase in inventories		**(127)**	(180)
(Increase)/decrease in trade and other receivables		**(223)**	10
Increase in trade and other payables		**112**	33
Net cash utilised by operating activities		**(365)**	(108)
Cash flow from investing activities			
Business combinations	32	**(226)**	(3)
Acquisition of property and equipment		**(66)**	(67)
Acquisition of intangible assets		**(70)**	(77)
Decrease in other investments		**–**	31
(Increase)/ decrease in other loans receivable		**(6)**	221
Net cash (utilised)/ generated by investing activities		**(368)**	105
Cash flow from financing activities			
Repurchase of shares		**(11)**	(11)
Issue of shares		**449**	–
Net cash generated/ (utilised) by financing activities		**438**	(11)
Net decrease in cash and cash equivalents		**(295)**	(14)
Cash and cash equivalents at the beginning of the year*		**1 103**	1 117
Cash and cash equivalents at the end of year*		**808**	1 103

* *Cash and cash equivalents are presented net of bank overdrafts.*

GROUP ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 SEPTEMBER 2017

The financial statements of Transaction Capital Limited ('the company'), and the company and its subsidiaries ('consolidated financial statements') 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 derivative financial instruments, loans and advances: entry-level vehicles, other financial assets and certain loans and advances 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 prior year.

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 6);
- 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 9.5).

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 BASIS OF CONSOLIDATION

1.1 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 assets, 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.

1 BASIS OF CONSOLIDATION *continued*

1.2 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 an 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; and
- Assets (or disposal groups) of the acquiree that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations ('IFRS 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 either at fair value or at the non-controlling 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.

2 INVESTMENTS IN SUBSIDIARIES

2.1 Financial statements of the company

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

3 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 and 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.

4 INSURANCE CONTRACTS

4.1 Classification of insurance contracts

Contracts under which the group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts.

4.2 Recognition and measurement of insurance contracts

4.2.1 SHORT-TERM INSURANCE CONTRACTS

These contracts relate to motor and short-term credit life insurance contracts.

Premiums

Insurance income comprises premiums written on insurance contracts entered into during the financial year, irrespective of whether they relate in whole or in part to a later accounting period, with the earned portion of premiums received recognised as revenue proportionally over the period of coverage.

Claims incurred

Insurance claims include claims and related claims expenses paid during the financial year, together with the movement in provision for outstanding claims.

4.2.2 SHORT-TERM INSURANCE LIABILITIES

The following are classified as short-term insurance liabilities:

Unearned premiums

Short-term insurance premiums are recognised in income proportionately over the period of cover. The portion of premium accrued on in-force contracts that relates to unexpired risks at the reporting date is reported as an unearned premium liability, which is included in insurance-related payables from underwriting activities.

Outstanding claims

Liabilities for unpaid claims are estimated using the input of assessments for individual cases reported to the group and statistical analyses of the claims incurred but not reported. Outstanding claims liabilities are recognised as liabilities and included in insurance-related payables from underwriting activities. The expense is recognised in net insurance income as a result of the liability being raised. The group does not discount its liabilities for unpaid claims.

GROUP ACCOUNTING POLICIES *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2017

4 INSURANCE CONTRACTS *continued*

4.2 Recognition and measurement of insurance contracts *continued*

4.2.3 SALVAGE AND SUBROGATION REIMBURSEMENTS

The insurance contracts permit the group to sell property acquired in settling a claim (in other words, salvage). Estimates of salvage recoveries are considered in the measurement of the recognised claims liabilities and recognised as an asset when the liability is recognised. The allowance is the amount that can reasonably be recovered from the disposal of the property.

The group may also have the right to pursue third parties for payment of some or all costs (in other words, subrogation). Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised as assets when the liability is recognised. The allowance is based on an assessment of the amount that can be recovered from the action against the liable third party.

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

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 from 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 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
Customer relationships	4 – 7 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. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

7 LEASED ASSETS

Leased assets are stated at cost less accumulated depreciation and accumulated impairment. Depreciation is provided on a straight line basis to write off the cost of the vehicles to their residual values over their estimated useful life of between 6 and 12 months.

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.

Vehicles in possession

Vehicles in possession represent security attached where a borrower has defaulted under the terms of a vehicle finance arrangement. Vehicles in possession are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Costs include refurbishment costs and related costs incurred in bringing such vehicles to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of refurbishment and selling expenses. The write down of vehicles in possession to net realisable value and the reversal thereof is recognised in profit and loss. The reversals of the write downs are limited to the reacquired cost of vehicles in possession. Vehicles in possession are reported as part of loans and advances and included as a non-financial asset in the categorised statement of financial position.

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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 to 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 measured 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

9.2.1.1 Financial assets at fair value through profit or loss

Financial assets that are held at fair value through profit and loss include loans and advances: 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 (refer to other financial assets in note 6 in the consolidated financial statements).

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

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 FINANCIAL INSTRUMENTS *continued*

9.2 Classification *continued*

9.2.1 FINANCIAL ASSETS *continued*

9.2.1.2 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.

9.2.1.3 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 (including trade and other receivables, bank balances and cash) 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.

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 change 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 (i.e. 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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 FINANCIAL INSTRUMENTS *continued*

9.2 Classification *continued*

9.2.1 FINANCIAL ASSETS *continued*

9.2.1.3 Amortised cost continued

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 includes 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, as well as purchased book debts, are included in the loans and receivables category.

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 6 in the consolidated financial statements), are reflected at amortised cost on a portfolio basis. Cost includes amounts payable to the vendor and other direct acquisition costs.

9.2.1.4 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.

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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 FINANCIAL INSTRUMENTS *continued*

9.2 Classification *continued*

9.2.1 FINANCIAL ASSETS *continued*

9.2.1.4 Impairment continued

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 has been included in note 30 of the consolidated financial statements.

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 30 of the consolidated 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*

9.2 Classification *continued*

9.2.2 FINANCIAL LIABILITIES AND EQUITY INSTRUMENTS ISSUED BY THE GROUP

9.2.2.1 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.

9.2.2.2 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.

Certain of 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.

9.2.2.3 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.

9.2.2.4 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.

9.3 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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 FINANCIAL INSTRUMENTS *continued*

9.4 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 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.

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.

9.5 Hedge accounting

The group designates certain derivatives in respect of foreign currency risk as cash flow hedges and interest rate risk as fair value hedges.

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.

FAIR VALUE HEDGES

Where a hedging relationship is designated as a fair value hedge, the hedged item is adjusted for the change in fair value in respect of the risk being hedged. Fair value gains and losses arising on the pre-measurement of both the hedging instrument and the hedged item are recognised in profit and loss, for so long as the hedging relationship is effective.

Any hedge ineffectiveness is recognised in profit and loss in non-interest revenue. If the derivative expires, is sold, terminated, exercised, no longer meets the criteria for fair-value hedge accounting, or the designation is revoked, then hedge accounting is discontinued.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

9 FINANCIAL INSTRUMENTS *continued*

9.6 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.

9.7 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 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 statement of comprehensive income.

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.

GROUP ACCOUNTING POLICIES *continued*

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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.

12.3 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 Sale 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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

12 REVENUE RECOGNITION *continued*

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 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 Rental income

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

12.9 Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached 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.

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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 year-end.

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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

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 equity-settled share-based payment 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:

- SA Taxi;
- Transaction Capital 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.

GROUP ACCOUNTING POLICIES *continued*
FOR THE YEAR ENDED 30 SEPTEMBER 2017

22 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 ongoing 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:

22.1 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.

22.2 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.

22.3 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.

22.4 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 2017

No accounting standards and interpretations became applicable during the current reporting period that the group was required to adopt.

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 12 – Disclosure of interests in other entities

Amendments to IFRS 12 included clarifying the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10 – B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

The amendment is effective for the financial year ending 30 September 2018. The amendment is not expected to have a material impact on the group's consolidated financial statements.

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 2018. Significant revenue streams within the group are interest income, revenue from debt collection activities and the sale of goods, therefore the amendment is not expected to have a material impact on the group's consolidated financial statements.

IFRS 16 – Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

The amendment is effective for the financial year ending 30 September 2020. Except for short-term leases and leases of small value, the group's current operating leases will be disclosed based on the right of use model in IFRS 16.

IAS 7 – Cash flow statement

The amendments to IAS 7 clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendment is effective for the financial year ending 30 September 2018. 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 2017

NEW STANDARDS ISSUED BUT NOT YET EFFECTIVE *continued*

IAS 12 – Income taxes

The amendments to IAS 12 clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendment is effective for the financial year ending 30 September 2018. The amendment is not expected to have a material impact on the group's consolidated financial statements.

IFRIC 23 – Uncertainty over income tax treatments

IFRIC 23 clarifies the accounting for uncertainties in income taxes. The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
1	**CASH AND CASH EQUIVALENTS**		
	Bank balances	**240**	163
	Call deposits	**258**	705
	Securitisation special purpose vehicles*	**404**	408
	Customer clearance accounts	**1**	–
	Cash held for insurance operations	**41**	–
	Total cash and cash equivalents	**944**	1 276
	Bank overdrafts	**(136)**	(173)
	Net cash and cash equivalents	**808**	1 103
	Total overdraft facilities	**478**	400
	* *Ceded as part security for securitisation debentures and loans as shown in note 15.*		
2	**TRADE AND OTHER RECEIVABLES**		
	Prepayments	**107**	59
	Trade receivables*	**315**	209
	Derivative assets (refer to note 2.1)	**53**	73
	Deposits and guarantees	**8**	6
	Dividend receivable	**–**	12
	Premium debtors	**45**	–
	VAT refund	**34**	33
	Work in progress	**18**	6
	Other	**119**	81
	Impairment provision	**(12)**	(7)
	Total trade and other receivables	**687**	472
	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.*	**141**	121
	Impairment provision		
	Balance at the beginning of the year	**(7)**	(8)
	Impairments charged to profit or loss	**–**	1
	Utilisation of impairments	**10**	2
	Additional and increase in provisions	**(7)**	(2)
	Business combinations	**(8)**	–
	Balance at the end of the year	**(12)**	(7)
	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	**40**	17
	Amounts 30 to 60 days overdue	**32**	8
	Amounts 60 to 90 days overdue	**14**	4
	Amounts 90 to 120 days overdue	**3**	8
	Amounts in excess of 120 days overdue	**13**	31
	Total trade and other receivables past due but not impaired	**102**	68
	Maximum exposure to credit losses of trade receivables	**303**	202
	Carrying value of trade receivables less provision	**303**	202
	Assets held as collateral	**(57)**	(56)
	Residual exposure	**246**	146

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
2	**TRADE AND OTHER RECEIVABLES** *continued*		
2.1	Derivative assets		
	Derivatives held for risk management		
	Interest rate swaps	**7**	3
	Cross-currency swaps	**46**	70
	Total	**53**	73

Fair value hedges of interest rate risk
The group uses interest rate swaps to hedge the interest rate by exchanging fixed interest for floating rate liabilities.

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 R1 155 million and are denominated in US Dollars. The USD balance outstanding is 85.6 million. The currency exposure is 100% hedged.

Refer to note 30.8 for disclosure on movements in the cash flow hedging reserve.

		2017 Rm	2016 Rm
3	**INVENTORIES**		
	Net properties in possession	**–**	–
	Properties in possession	**1**	1
	Impairment provision for properties in possession	**(1)**	(1)
	Net components and spares	**43**	24
	Components and spares	**43**	24
	Impairment provision for components and spares	**–**	–
	Net work in progress	**2**	2
	Work in progress	**2**	2
	Impairment provision for work in progress	**–**	–
	Net direct sales vehicles	**167**	175
	Direct sales vehicles	**167**	175
	Impairment provision for direct sales vehicles	**–**	–
	Total inventories	**212**	201

Inventories are carried at the lower of cost and net realisable value.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
4 LOANS AND ADVANCES		
Gross loans and advances	**8 909**	7 687
Impairment provision	**(453)**	(497)
Net loans and advances*	**8 456**	7 190
* *R7 824 million ceded as part security for interest-bearing liabilities as shown in note 15.*		
Gross loans and advances by asset type		
Finance leases**	**8 303**	7 151
Mortgage loans	**29**	32
Discounted invoices and other instruments	**555**	469
Other loans and advances	**22**	35
Gross loans and advances	**8 909**	7 687
Futhermore, R26 million of loans and advances relates to entry-level vehicles carried at fair value (2016: R62 million).		
** *Included in this balance is repossessed stock valued at R170 million (2016: R338 million).*		
Finance leases		
Gross finance leases including unearned finance charges	**11 861**	10 422
Unearned finance charges	**(3 558)**	(3 271)
Gross finance leases	**8 303**	7 151
Impairment provision	**(431)**	(476)
Net finance leases	**7 872**	6 675
Maturity analysis of gross finance leases		
Amounts up to one year	**2 533**	2 308
Amounts between one and five years	**5 680**	4 676
Amounts in excess of five years	**90**	167
Total gross finance leases	**8 303**	7 151
Average remaining term of leases on book	**47**	44
Average term of leases at origination	**67**	67
Impairment provision		
Balance at the beginning of the year	**(497)**	(553)
Impairments recognised in profit and loss***	**(267)**	(217)
Utilisation of impairment provision	**372**	273
Provision acquired through business combinations	**(61)**	–
Balance at the end of the year	**(453)**	(497)

*** *Excludes the impact of bad debts recovered of R7 million (2016: R8 million).*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
4	**LOANS AND ADVANCES** *continued*		
	Related credit risk exposure and enhancements		
	Maximum exposure to credit losses of loans and advances	**8 456**	7 190
	Credit risk exposure mitigated through unguaranteed residual asset values held as collateral		
	Vehicles	**9 514**	7 974
	Properties	**313**	281
	Discounted invoices	**919**	755
	Fair value of collateral held for impaired financial assets	**1 076**	850
	Fair value of collateral held for financial assets past due but not specifically impaired	**2 922**	2 323
	Collateral attached comprises vehicles and properties		
	Loans and advances past due but not specifically impaired		
	Amounts up to 30 days overdue	**1 003**	907
	Amounts 30 to 60 days overdue	**546**	416
	Amounts 60 to 90 days overdue	**246**	195
	Amounts in excess of 90 days overdue	**701**	478
	Total loans and advances past due but not specifically impaired	**2 496**	1 996
5	**LEASED ASSETS**		
5.1	Zebra Cabs		
	Cost	**–**	40
	Net leased assets	**–**	40
	Reconciliation of movements in the year		
	Balance at the beginning of the year	**40**	–
	Reclassifications (to)/from inventories	**(18)**	48
	Disposals on conversion to loans and advances	**(22)**	(8)
	Balance at the end of the year	**–**	40
5.2	Operating lease income		
	Zebra Cabs vehicle rental fleet		
	Due within 1 year	**< 1**	11

On the successful completion of the operating contract, extending over either a 6 or 12 month term, the contract provides the lessee with the option to convert the operating lease agreement to a finance lease at the end of the operating lease term. Risks and rewards associated with the related vehicle are considered to be transferred at inception of the finance lease.

Zebra vehicles are depreciated over their useful lives to their residual values. Residual values are impacted by increases in the selling prices of new vehicles, repair cost and inherent margin achieved on conversion of rentals into finance leases. As a result of residual values being assessed as higher than the carrying cost, no accumulated depreciation was recognised in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
6	**PURCHASED BOOK DEBTS**		
6.1	Principal book portfolio		
	Cost	**1 480**	1 146
	Accumulated amortisation	**(651)**	(576)
	Total purchased book debts	**829**	570
	Reconciliation of movements in the year		
	Balance at the beginning of the year	**570**	414
	Additions	**356**	185
	Amortisation	**(97)**	(29)
	Balance at the end of the year	**829**	570
6.2	Other financial assets		
	Cost	**63**	266
	Accumulated fair value adjustments	**(1)**	(108)
	Total other financial assets	**62**	158
	Reconciliation of movements in the year		
	Balance at the beginning of the year	**158**	147
	Additions	**–**	94
	Net collections received	**(76)**	–
	Fair value movements	**(20)**	(83)
	Balance at the end of the year	**62**	158
	Total purchased book debts	**891**	728

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
7	**OTHER LOANS RECEIVABLE**		
	Gross loans receivable	**41**	35
	Net other loans receivable	**41**	35
	Gross loans receivable by asset type		
	Loans to executives under the group share schemes*	**1**	3
	Loans to employees	**3**	5
	Other loans receivable	**37**	27
	Gross other loans receivable	**41**	35
	Reconciliation of movements in the year		
	Balance at the beginning of the year	**35**	257
	Loans advanced	**11**	1
	Interest	**–**	1
	Repaid	**(5)**	(224)
	Total other loans receivable	**41**	35
	Maturity analysis		
	Within one year	**2**	1
	Greater than one year	**39**	34
	Total other loans receivable	**41**	35

The carrying value of other loans receivable approximates fair value.

Appropriate fringe benefit tax has been levied on low-interest loans.

* *Interest-bearing loans to group executives are at the official interest rate granted with a maximum term not exceeding 6 years. These loans are secured by a cession over 77 409 (2016: 424 175) shares, valued at R1.2 million (2016: R5.4 million) at 30 September 2017.*

		2017 Rm	2016 Rm
8	**OTHER INVESTMENTS**		
	Total other investments		
	Fair value	**–**	477
	Guardrisk Insurance Company Limited – 3 ordinary shares		
	Fair value	**–**	477

SA Taxi transferred its existing insurance business into a ring-fenced Protected Cell Company ('PPC') in Mauritius. The PCC ring-fences SA Taxi's capital which triggers control and as such constitutes a business combination under IFRS 3: Business Combinations.

Refer to note 32 on business combinations for full details of the transaction and effective derecognition of the initial investment held.

The prior year fair value of the investment in Guardrisk was calculated using the future expected dividends receivable, based on best available information as at valuation date, discounting these estimated future cash flows at a risk-free yield curve inflated by an appropriate risk margin.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	Computer and telephony software Rm	Brands and trademarks* Rm	Customer relationships Rm	Total Rm
9 INTANGIBLE ASSETS				
Cost				
At 30 September 2015	77	–	–	77
Additions	77	–	–	77
Disposals	(8)	–	–	(8)
At 30 September 2016	**146**	**–**	**–**	**146**
Additions	**71**	**–**	**–**	**71**
Additions through business combinations	**18**	**42**	**61**	**121**
Disposals	**(8)**	**–**	**–**	**(8)**
Effect of foreign currency exchange differences	**–**	**–**	**–**	**–**
At 30 September 2017	**227**	**42**	**61**	**330**
Accumulated amortisation				
At 30 September 2015	(45)	–	–	(45)
Disposals	5	–	–	5
Amortisation expense	(13)	–	–	(13)
At 30 September 2016	**(53)**	**–**	**–**	**(53)**
Additions through business combinations	**(5)**	**–**	**–**	**(5)**
Disposals	**7**	**–**	**–**	**7**
Amortisation expense	**(23)**	**–**	**(9)**	**(32)**
Effect of foreign currency exchange differences	**–**	**–**	**–**	**–**
At 30 September 2017	**(74)**	**–**	**(9)**	**(83)**
Net carrying value				
Cost	**227**	**42**	**61**	**330**
Accumulated amortisation	**(74)**	**–**	**(9)**	**(83)**
Net carrying value at 30 September 2017	**153**	**42**	**52**	**247**
Cost	146	–	–	146
Accumulated amortisation	(53)	–	–	(53)
Net carrying value at 30 September 2016	93	–	–	93

* *Brands and trademarks with indefinite useful lives were acquired through a business combination during the year. The total carrying amount of these intangible assets is R42 million at 30 September 2017. The trademarks and brands relating to the business combination do not have foreseeable limits to the periods over which the assets are expected to generate net cash inflows for the group. It is management's intention to renew the trademarks associated with these brands for the foreseeable future. There are no anticipated external factors which could lead to a diminishment in the estimated useful lives of these brands.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	Vehicles Rm	Office and computer equipment Rm	Total Rm
10 PROPERTY AND EQUIPMENT			
Cost			
At 30 September 2015	24	157	181
Additions	12	55	67
Disposals	(2)	(21)	(23)
At 30 September 2016	**34**	**191**	**225**
Additions	**16**	**50**	**66**
Disposals	**(5)**	**(36)**	**(41)**
Reclassification	**(2)**	**–**	**(2)**
Additions through business combinations	**–**	**25**	**25**
Effect of foreign currency exchange differences	**–**	**–**	**–**
At 30 September 2017	**43**	**230**	**273**
Accumulated depreciation			
At 30 September 2015	(12)	(109)	(121)
Depreciation expense	(3)	(19)	(22)
Disposals	1	21	22
At 30 September 2016	**(14)**	**(107)**	**(121)**
Depreciation expense	**(4)**	**(27)**	**(31)**
Additions through business combinations	**–**	**(7)**	**(7)**
Disposals	**3**	**33**	**36**
Effect of foreign currency exchange differences	**–**	**–**	**–**
At 30 September 2017	**(15)**	**(108)**	**(123)**
Cost	**43**	**230**	**273**
Accumulated depreciation	**(15)**	**(108)**	**(123)**
Net carrying value at 30 September 2017	**28**	**122**	**150**
Cost	34	191	225
Accumulated depreciation	(14)	(107)	(121)
Net carrying value at 30 September 2016	20	84	104

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
11 GOODWILL		
Carrying value at the beginning of the year	**200**	197
Additions recognised from business combinations:	**954**	3
SA Taxi cell captive	**436**	–
Recoveries Corporation Group Ltd (Australia)	**409**	–
RC Value Added Services (Pty) Ltd	**100**	–
The Beancounter Financial Services (Pty) Ltd	**9**	–
Zebra Cabs (Pty) Ltd	**–**	3
Effect of foreign currency exchange differences	**11**	–
Carrying value at the end of the year	**1 165**	200
Composition of goodwill per cash-generating unit		
SA Taxi components:		
SA Taxi	**66**	66
SA Taxi cell captive	**436**	–
Transaction Capital Risk Services components:		
Transaction Capital Risk Services – South Africa	**143**	134
Transaction Capital Risk Services – Australia	**420**	–
Value Added Services	**100**	–
Total goodwill	**1 165**	200

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 lower being the value in use. 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% (2016: 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 on free cash flows to equity, discounted with a cost of equity and the value in use of CGU's which operate service businesses is determined based on free cash flows to the firm, discounted with a weighted average cost of capital. The discount rates used in the cash flow forecast at year end is 14.8% for SA Taxi, 19.1% for TCRS South Africa, 11.8% for TCRS Australia and 15.6% for Value Added Services. The valuation method applied is consistent with that of the prior period.

The additions in the current year relate to the business combinations of Recoveries Corporation, Road Cover, The Beancounter and the insurance restructure. Refer to the business combinations note 32 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
12 DEFERRED TAX		
Deferred tax is presented in the statement of financial position as follows:		
Deferred tax assets*	**259**	247
Deferred tax liabilities	**(225)**	(155)
Net deferred tax assets	**34**	92
The movements during the year are analysed as follows:		
Balance at the beginning of the year	**92**	138
Recognised in the income statement for the year	**(105)**	(58)
Business combinations	**42**	–
Recognised in equity for the year	**(2)**	9
Prior year adjustment	**8**	3
Net deferred tax assets at the end of the year	**34**	92

Where entities within the group are expecting to be profitable and have a high prospect of utilising any noted assessed losses in the future, deferred tax assets are recognised. The assessments are performed on a continuous basis and if required the deferred tax asset raised is impaired.

An amount of R24.3 million relating to SA Taxi has not been recognised as a deferred tax asset during the year.

* *Deferred tax assets have only been recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.*

	Opening balance Rm	Charged to income Rm	Charged to equity Rm	Business combinations Rm	Prior year adjustment Rm	Closing balance Rm
2017						
Temporary difference						
Assessed loss unutilised	233	70	–	2	8	312
Debtor provisions	1	(1)	–	(2)	–	(2)
Prepayments	(17)	(3)	–	(1)	–	(21)
Creditor provisions	16	(1)	–	54	–	69
Property, plant and equipment	(2)	(1)	–	–	–	(3)
Intangible assets	–	–	–	(4)	–	(4)
Deferred income	14	1	–	(4)	–	11
Operating lease adjustment	1	–	–	1	–	2
Timing difference of expenditure	5	4	–	5	–	14
Purchased book debts	(158)	(76)	–	–	–	(234)
Loans and advances	64	(67)	–	–	–	(3)
Share appreciation rights	5	5	(5)	–	–	5
Other	(70)	(36)	3	(9)	–	(112)
Total	92	(105)	(2)	42	8	34

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

12 DEFERRED TAX *continued*

	Opening balance Rm	Charged to income Rm	Charged to equity Rm	Prior year adjustment Rm	Closing balance Rm
2016					
Temporary difference					
Assessed loss unutilised	207	26	–	–	233
Debtor provisions	2	(1)	–	–	1
Prepayments	(11)	(6)	–	–	(17)
Creditor provisions	14	2	–	–	16
Property and equipment	(1)	(1)	–	–	(2)
Deferred income	14	–	–	–	14
Operating lease adjustment	1	–	–	–	1
Timing difference of expenditure	9	(4)	–	–	5
Purchased book debts	(115)	(43)	–	–	(158)
Loans and advances	120	(56)	–	–	64
Share appreciation rights	–	(6)	8	3	5
Other	(102)	31	1	–	(70)
Total	138	(58)	9	3	92

	2017 Rm	2016 Rm
13 TRADE AND OTHER PAYABLES		
Trade payables and accruals	**204**	70
Contingent consideration from business combination*	**100**	–
Revenue received in advance	**69**	56
Bonus accrual	**108**	82
Derivative liabilities (refer to note 13.1)	**4**	–
Deferred lease liability	**3**	2
VAT payable	**13**	6
Other	**83**	70
Trade and other payables**	**584**	286

* *Refer to note 32 for details on the business combination.*

** *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.*

13.1 Derivative liabilities

	2017 Rm	2016 Rm
Derivatives held for risk management		
Cross-currency swaps	**4**	–
Total	**4**	–

Fair value hedges of interest rate risk

The group uses interest rate swaps to hedge the interest rate by exchanging fixed interest for floating rate liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

14 PROVISIONS

14.1 General provisions

	Leave pay provision* Rm	Onerous lease provision Rm	Total Rm
Balance at the beginning of the year	14	–	14
Balance acquired in business combination	28	4	32
Additional provision recognised	9	–	9
Balance at the end of the year	51	4	55

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

14.2 Insurance provisions

	Provision for incurred but not yet reported claims Rm	Outstanding claims reserve Rm	Total Rm
Balance at the beginning of the year	–	–	–
Balance acquired in business combination	18	81	99
Net movement in provision	25	(32)	(7)
Balance at the end of the year	43	49	92

14.2.1 PROCESSES USED TO DETERMINE SIGNIFICANT ASSUMPTIONS

The principal assumption underlying the liability estimates is that the group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claim costs, claim inflation factors and claim numbers for each accident year. Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example economic conditions, as well as internal factors such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors such as regulatory changes affect the estimates. Other key circumstances affecting the reliability of assumptions include variation in interest rates, delays in reporting and settlement of claims.

14.2.2 CLAIMS PROVISION

Estimates are made both for the expected ultimate cost of claims reported at the reporting date and for the expected ultimate cost of claims incurred, but not yet reported, at the reporting date (IBNR). The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods. The main assumption underlying these techniques is that the group's past claims development experience can be used to project future claims development and hence ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical area, as well as by portfolio mix and claim types. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g. economic conditions, levels of claims inflation as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

14 PROVISIONS *continued*

14.2 Insurance provisions *continued*

14.2.3 SENSITIVITY ASSUMPTIONS

The insurance claim liabilities are sensitive to the key assumptions as per the level disclosures in note 30.10. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process. The analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions is in accordance with Short-Term Insurance Regulations.

14.3 Closing balance of provisions

	2017 Rm	2016 Rm
General provisions	**55**	14
Insurance provisions*	**92**	–
Balance at the end of the year	**147**	14

* *No comparatives are presented as this is the first year the insurance operation is disclosed as described in note 32.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
15 INTEREST-BEARING LIABILITIES		
Type of loan		
Securitisation notes, debentures and loans	**3 728**	4 154
Loans	**4 463**	3 323
Total interest-bearing liabilities	**8 191**	*7 477*
Classes of interest-bearing liabilities		
Senior debt	**7 228**	6 512
Subordinated debt*	**963**	965
Total interest-bearing liabilities	**8 191**	*7 477*
* *All loans per the schedule on pages 53 and 54 are subordinated debt with the exception of senior loans.*		
Maturity profile		
Payable within 12 months	**2 718**	2 013
Payable thereafter	**5 473**	5 464
Total interest-bearing liabilities	**8 191**	*7 477*

Restrictive funding arrangements

During the current and prior year, the group was party to the following restrictive funding arrangement as defined by the JSE Listing Requirements.

Lender	Borrower	Rm	Restrictive conditions
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO)	Transaction Capital Business Solutions Proprietary Limited	100	■ The borrower or its subsidiaries may not enter into certain corporate actions, activities and events without prior written consent of the lenders; and ■ Early settlement of the loan is not permissible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

15 INTEREST-BEARING LIABILITIES *continued*

Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value Rm	Other comments
2017							
Securitisation notes, debentures and loans							
Junior	Amortising	15/02/12	3 Month JIBAR plus 7%	31/03/20	ZAR	**103**	Secured by a cession of loans and advances, bank accounts, trade receivables and related rights.
Mezzanine	Amortising	05/06/14 to 08/08/16	3 Month JIBAR plus 3.4% to 8.95%	14/06/19 to 14/12/20	ZAR	**206**	
Senior	Amortising	31/10/12 to 17/08/17	3 Month JIBAR plus 1.44% to 3.25%	02/10/17 to 30/09/22	ZAR	**2 932**	
Senior	Amortising	13/02/17	Fixed rate plus 3.25%	31/12/21	ZAR	**4**	
Senior	Bullet	12/07/17 to 12/09/17	3 Month JIBAR	19/07/17 to 22/10/17	ZAR	**143**	
Senior	Bullet	13/02/17 to 26/09/17	3 Month JIBAR plus 1.15% to 1.45%	13/02/18 to 26/03/18	ZAR	**140**	
Senior	Bullet	30/06/16 to 30/11/16	6 Month JIBAR plus 2.6% to 3.2%	01/07/19 to 30/11/19	ZAR	**200**	
Total						**3 728**	
Loans							
Mezzanine	Amortising	07/03/17 to 27/09/17	3 Month JIBAR plus 11.66% – 11.86%	15/02/21 to 16/02/21	USD	**98**	Cash and cash equivalents, shareholder's loans, purchased book debts and trade receivables are ceded as securities for the loans.
Mezzanine	Bullet	10/06/15 to 08/06/17	3 Month JIBAR plus 6.73% – 6.75%	10/12/20 to 10/06/24	ZAR	**181**	
Senior	Amortising	27/03/17	Prime plus 1%	15/03/22	ZAR	**44**	
Senior	Amortising	15/01/17 to 12/09/17	9% to11%	14/02/18 to 19/11/17	ZAR	**36**	
Senior	Amortising	07/03/12 to 27/07/17	3 Month JIBAR plus 1% to 4.89%	21/12/17 to 15/05/24	ZAR	**1 638**	
Senior	Amortising	06/03/15 to 27/09/17	3 Month JIBAR plus 4.54% to 6.2%	16/02/21 to 15/12/21	USD	**873**	
Senior	Amortising	13/10/16	3 Month JIBAR plus 7.5%	13/10/21	ZAR	**128**	
Senior	Amortising	25/05/17	Prime less 0.3%	17/05/21	ZAR	**4**	
Senior	Amortising	25/08/16	Prime plus 0.5%	15/09/20	ZAR	**6**	
Senior	Bullet	23/06/14 to 26/09/17	3 Month JIBAR plus 4.26% to 4.5%	13/02/18 to 05/09/22	ZAR	**145**	
Senior	Bullet	17/04/15 to 19/09/17	3 Month JIBAR plus 5.16% to 5.18%	17/04/19 to 17/05/21	USD	**66**	
Senior	Bullet	16/08/16 to 17/09/17	3 Month JIBAR	19/04/17 to 19/10/17	ZAR	**214**	
Senior	Bullet	20/06/17 to 29/09/17	Prime	31/10/17 to 11/11/17	ZAR	**210**	
Senior	Revolving	20/08/17	Prime	20/08/18	ZAR	**445**	
Structurally subordinated	Bullet	01/07/16	3 Month JIBAR plus 4.500%	01/07/21	ZAR	**375**	
Total						**4 463**	
Total interest-bearing liabilities						**8 191**	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

15 INTEREST-BEARING LIABILITIES *continued*

Type of loan	Description	Date issued	Interest rate	Maturity date	Currency	Carrying value Rm	Other comments
2016							
Securitisation notes, debentures and loans							
Mezzanine	Amortising	05/06/14 to 08/08/16	3 Month JIBAR plus 3.40% to 8.95%	14/06/19 to 14/12/20	ZAR	503	Secured by a cession of loans and advances, bank accounts, trade receivables and related rights.
Senior	Amortising	09/01/12 to 29/02/12	10.24% to 10.27%	09/01/17 to 01/03/17	ZAR	6	
Senior	Amortising	05/10/11 to 30/09/16	3 Month JIBAR plus 1.44% to 6.07%	05/10/16 to 30/06/21	ZAR	3 255	
Senior	Bullet	07/03/12 to 17/08/12	10.95% to 12.09%	07/03/17 to 17/08/17	ZAR	250	
Senior	Bullet	30/06/16 to 30/09/16	6 Month JIBAR plus 2.00%	01/07/19 to 30/09/19	ZAR	140	
Total						4 154	
Loans							
Mezzanine	Amortising	01/03/11 to 19/04/11	22.40%	01/06/18	ZAR	79	Cash and cash equivalents, shareholder's loans, purchased book debts and trade receivables are ceded as securities for the loans.
Senior	Amortising	10/06/11 to 26/09/11	11.03% to 12.48%	15/06/17	EUR	35	
Senior	Amortising	28/09/12 to 15/01/15	9.11% to 11.06%	14/02/17 to 25/11/19	ZAR	57	
Senior	Amortising	22/11/11 to 22/12/11	3 Month JIBAR plus 4.81% to 5.19%	15/06/17	EUR	21	
Senior	Amortising	16/10/14 to 06/03/15	3 Month JIBAR plus 4.54% to 4.94%	16/09/19 to 15/03/21	USD	258	
Senior	Amortising	10/06/11 to 27/07/16	3 Month JIBAR plus 1.00% to 4.80%	15/06/17 to 30/06/21	ZAR	1 603	
Senior	Amortising	18/07/16 to 25/08/16	Prime to Prime plus 0.50%	15/09/20 to 30/07/21	ZAR	12	
Mezzanine	Bullet	10/06/15 to 07/08/15	3 Month JIBAR plus 6.75%	10/12/20 to 08/08/22	ZAR	124	
Senior	Bullet	17/04/15 to 24/06/15	3 Month JIBAR plus 5.16% to 5.18%	17/04/19	USD	69	
Senior	Bullet	03/09/13 to 19/09/16	3 Month JIBAR plus 3.25% to 4.50%	04/09/17 to 17/05/21	ZAR	464	
Senior	Bullet	27/07/16 to 27/09/16	Prime less 0.32% to Prime	17/05/17 to 31/05/18	ZAR	127	
Structurally subordinated	Bullet	16/07/13 to 01/07/16	3 Month JIBAR plus 4.50% to 4.75%	16/07/18 to 01/07/21	ZAR	474	
Total						3 323	
Total interest-bearing liabilities						7 477	

The group is not in breach or default of any provisions of the terms or conditions of the agreements governing borrowings that will change the timing or amount of cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
16 ORDINARY SHARE CAPITAL		
Authorised		
1 000 000 000 ordinary shares		
Issued		
610 146 776 (2016: 571 850 243 ordinary shares)		
Ordinary share capital	**1 056**	510
Ordinary share capital	**1 056**	510

	2017		2016	
	Number of shares million	**Share capital Rm**	Number of shares million	Share capital Rm
16.1 Reconciliation of ordinary share capital				
Balance at the beginning of the year	**572**	**510**	568	468
Shares issued in settlement of the Share Appreciations Rights Plan obligation*	**8**	**108**	5	53
Shares repurchased in the open market and cancelled**	**(1)**	**(11)**	(1)	(11)
Shares issued to Everglen Capital Proprietary Limited***	**3**	**36**	–	–
Equity raised through accelerated bookbuild****	**28**	**413**	–	–
Balance at the end of the year	**610**	**1 056**	572	510

* *In terms of specific authority received from shareholders on the adoption of the Transaction Capital Share Appreciation Rights Plan, a total of 7 259 094 shares were issued to participants/employees as part of the vesting of the first, second and third tranches of share appreciation rights at an average price of R14.66 per share.*

** *All shares repurchased and cancelled reverted to authorised unissued shares. The average purchase price of the 740 382 shares repurchased on the open market was R14.07 per share.*

*** *On 11 November 2016, the respective trusts of Jonathan Jawno, Michael Mendelowitz and Roberto Rossi, of which they are discretionary beneficiaries, exchanged their shares in Transaction Capital for shares in Everglen Capital Proprietary Limited (formerly JMR Holdings Proprietary Limited). In addition, in terms of a specific authority obtained from shareholders, Transaction Capital issued Everglen Capital with 3 377 821 ordinary shares at R11.65 per share in the company, resulting in Everglen Capital owning 250 million shares in Transaction Capital. After the restructure the trusts of Jonathan Jawno, Michael Mendelowitz and Roberto Rossi each own equal holdings in Everglen Capital.*

**** *On 2 February Transaction Capital raised equity through the issue of 28 400 000 new ordinary shares to qualifying investors through an accelerated bookbuild. The ordinary shares were priced at R14.75 per share, a 1.3% discount to the 30 day volume weighted average price of R14.95 as at 1 February 2017. The equity raise was completed under the company's general authority to issue shares for cash approved by Transaction Capital shareholders at the annual general meeting of the company held on 3 March 2016.*

PREFERENCE SHARE CAPITAL

Authorised
10 000 000 cumulative, non-participating, non-convertible preference shares of no par value
Issued
Nil (2016: nil preference shares)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
17	**NON-CONTROLLING INTEREST**		
	Balance at the beginning of year	**34**	30
	Share of profit for the year	**13**	5
	Dividends paid	**(3)**	(1)
	Non-controlling interests arising on business combinations*	**10**	–
	Balance at the end of year	**54**	34
	* Refer to note 32 for disclosure relating to non-controlling interest arising on business combinations.		
18	**INTEREST**		
	Interest and other similar income is earned from:		
	Cash and cash equivalents	**86**	100
	Loans and advances	**1 859**	1 577
	Finance leases*	**1 724**	1 456
	Mortgage loans	**1**	2
	Discounted invoices and other instruments	**128**	115
	Other loans and advances	**6**	4
	Other loans receivable	**25**	10
	Other	**1**	1
	Total interest and other similar income	**1 971**	1 688
	Interest and other similar expenses are paid on:		
	Bank overdrafts	**(16)**	(10)
	Interest-bearing liabilities	**(945)**	(796)
	Other	**(3)**	(3)
	Total interest and other similar expenses	**(964)**	(809)
	Interest and other similar income	**1 971**	1 688
	Interest and other similar expenses	**(964)**	(809)
	Net interest income	**1 007**	879
	* Included in interest income from finance leases is R13 million (2016: R18 million) earned on loans and advances: entry-level vehicles held at fair value through profit and loss.		
19	**IMPAIRMENT OF LOANS AND ADVANCES**		
	Impairment comprises:		
	Impairments of loans and advances*	**101**	59
	Fair value movement of loans and advances: entry-level vehicles	**1**	5
	Bad debts written off	**(369)**	(281)
	Bad debts recovered	**7**	8
	Total impairment	**(260)**	(209)
	* Refer note 30.1.4 for further detail on the impairment of loans and advances.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
20	**NON-INTEREST REVENUE**		
	Non-interest revenue comprises:		
	Brokerage income	**3**	12
	Fee-for-service revenue	**787**	387
	Commission income	**61**	59
	Fee income	**242**	155
	Income from insurance activities (refer to note 20.1)	**260**	127
	Revenue from purchased book debts*	**461**	426
	Revenue from sale of goods	**57**	66
	Other income	**66**	47
	Total non-interest revenue	**1 937**	1 279
	* *Included in revenue from purchased book debts is notional interest income of R186 million (2016: R112 million). This revenue is generated by Transaction Capital Recoveries through the collection of distressed debt. This is a services business and managed as such and the revenue is therefore classified as non-interest revenue.*		
20.1	**Income from insurance activities**		
	Insurance income comprises:		
	Income from insurance activities prior to business combination	**168**	127
	Gross written premium	**150**	–
	Total	**318**	127
	Net operating profit (net of claims and insurance-related expenses)	**260**	127
	Other insurance expenses disclosed elsewhere in the financial statements	**(183)**	–
	Claims	**(10)**	–
	Operating expenses	**(173)**	–
	Insurance profit before tax	**77**	127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
21 OPERATING COSTS		
Operating costs comprise:		
Advertising, marketing and public relations	**(12)**	(11)
Amortisation of intangible assets	**(32)**	(13)
Amortisation of principal book portfolio	**(97)**	(29)
Audit fees	**(17)**	(11)
Bank charges	**(20)**	(14)
Commissions paid	**(19)**	(17)
Communication costs	**(79)**	(56)
Consulting fees	**(32)**	(23)
Data purchases	**(4)**	(4)
Depreciation	**(31)**	(22)
Directors' emoluments	**(10)**	(8)
Electricity and water	**(19)**	(14)
Employee expenses	**(1 050)**	(704)
Fair value movements of other financial assets	**(20)**	(83)
Handling, logistics and storage costs	**(38)**	(40)
Impairment of trade and other receivables	**(2)**	(1)
Information technology	**(40)**	(29)
Legal agency commissions	**(39)**	(27)
Legal fees	**(19)**	(10)
Maintenance	**(10)**	(7)
Metered taxi costs	**(12)**	(6)
Motor vehicle expenses	**(7)**	(8)
Operating lease rentals	**(70)**	(30)
Origination, processing and transaction fees paid	**(39)**	(34)
Other operating costs	**(48)**	(66)
Printing and stationery	**(19)**	(3)
Professional fees	**(25)**	–
Risk management	**(18)**	(12)
Staff welfare	**(21)**	(12)
Subscriptions	**(5)**	(4)
Training and seminars	**(12)**	(8)
Travel	**(16)**	(12)
VAT disallowed	**(28)**	(30)
Total operating costs	**(1 910)**	(1 348)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

21 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 2017:

	Salary 2017 R	**Short term employee benefits* 2017 R**	**Annual incentive bonus 2017 R**	**Total 2017 R**	Salary 2016 R	Benefits 2016 R	Annual incentive bonus 2016 R	Total 2016 R
Executive director								
David Hurwitz	**3 150 802**	**548 207**	**2 728 688**	**6 427 697**	2 848 492	685 376	2 598 750	6 132 618
Mark Herskovits	**2 194 536**	**436 401**	**2 618 140**	**5 249 077**	2 104 560	407 540	1 228 500	3 740 600
Jonathan Jawno	**1 341 480**	**183 570**	**4 000 000**	**5 525 050**	1 057 200	162 840	4 800 000	6 020 040
Michael Mendelowitz	**1 341 480**	**183 570**	**4 000 000**	**5 525 050**	1 057 200	162 840	4 800 000	6 020 040
Ronen Goldstein	**1 592 500**	**186 725**	**1 166 667**	**2 945 892**	265 417	31 121	1 166 667	1 463 205
Prescribed officer								
Terry Kier	**2 842 422**	**2 327 828**	**2 040 500**	**7 210 750**	2 728 524	1 909 962	2 887 500	7 525 986
David McAlpin	**2 824 393**	**292 007**	**2 337 300**	**5 453 700**	2 664 522	275 478	2 327 500	5 267 500
	15 287 613	**4 158 308**	**18 891 295**	**38 337 216**	12 725 915	3 635 157	19 808 917	36 169 989

* *There were no post employment, other long-term or post termination benefits paid to executive directors.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

21 OPERATING COSTS *continued*

Share Appreciation Rights (SAR) Plan

The following table shows the position for directors in office at 30 September 2017:

	Present value of SAR R	Number of SARs	Vesting period (years)	Number of SARs vested during the year and not exercised	Number of SARs exercised during the year	Gains on SARs exercised R
Executive director						
David Hurwitz						
Granted on 11 July 2013	–	–	3	–	2 004 494	22 303 067
Granted on 18 November 2013	–	–	3	–	979 049	10 379 705
Granted on 25 November 2014	1 029 000	300 000	4	–	–	–
Granted on 26 November 2015	830 000	250 000	4	–	–	–
Mark Herskovits						
Granted on 11 July 2013	–	–	3	–	939 607	10 099 004
Granted on 18 November 2013	–	–	3	–	1 251 578	13 220 041
Granted on 25 November 2014	857 500	250 000	4	–	–	–
Granted on 26 November 2015	498 000	150 000	4	–	–	–
Ronen Goldstein						
Granted on 18 November 2013	–	–	3	–	70 180	717 703
Granted on 25 November 2014	343 000	100 000	4	–	–	–
Granted on 26 November 2015	498 000	150 000	4	–	–	–
Prescribed officer						
Terry Kier						
Granted on 18 November 2013	–	–	3	–	979 049	10 012 188
David McAlpin						
Granted on 25 November 2014	2 578 280	751 685	4	–	–	–
Granted on 26 November 2015	664 000	200 000	4	–	–	–

Refer to note 24.1 for further details regarding the SARs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

21 OPERATING COSTS *continued*

Conditional Share Plan (CSP)

The following table shows the position for directors in office at 30 September 2017:

	Division	Present value of CSP R	Number of CSPs	Vesting periods (years)
Executive director				
David Hurwitz	Group			
Granted on 22 November 2016		1 684 672	131 821	2 to 4
Granted on 22 November 2017		1 665 106	132 186	2 to 5
Mark Herskovits	SA Taxi			
Granted on 22 November 2016		1 249 900	159 977	2 to 4
Granted on 29 May 2017		1 663 004	214 988	2 to 4
Granted on 22 November 2017		839 072	94 480	2 to 5
Ronen Goldstein	Group			
Granted on 22 November 2016		1 273 374	99 638	2 to 4
Granted on 22 November 2017		823 797	65 398	2 to 5
Prescribed officer				
David McAlpin	Transaction Capital Risk Services			
Granted on 22 November 2016		5 892 530	1 303 817	2 to 4
Granted on 22 November 2017		5 689 807	1 181 474	2 to 5

Refer to note 24.2 for further details regarding the CSPs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

21 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 2017	C Seabrooke[1] R	D Woollam[2] R	P Langeni[3] R	D Tabata[4] R	R Rossi[5] R	M Kgosana[6] R	K Pillay R	F Ighodaro[7] R	P Miller[8] R	**Total R**
Chairperson (including committee attendance)	1 375 000	–	–	–	–	–	–	–	–	**1 375 000**
Director	–	104 167	308 333	104 167	308 333	286 458	308 333	175 000	87 500	**1 682 291**
Audit, risk and compliance committee (chairperson)	–	–	–	–	–	341 146	–	23 438	–	**364 584**
Audit, risk and compliance committee (member)	–	62 500	150 000	–	–	–	–	65 625	–	**278 125**
Asset and liability committee (chairperson)	–	52 083	–	–	–	–	–	–	–	**52 083**
Asset and liability committee (member)	–	–	–	–	–	–	–	60 000	–	**60 000**
Remuneration committee (chairperson)	–	–	–	52 083	–	–	145 833	–	–	**197 916**
Remuneration committee (member)	–	–	–	–	–	–	25 000	–	–	**25 000**
Nominations committee (member)	–	–	–	25 000	95 000	–	70 000	–	–	**190 000**
Social and ethics committee (chairperson)	–	–	197 917	–	–	–	–	–	–	**197 917**
Total annual fees	**1 375 000**	**218 750**	**656 250**	**181 250**	**403 333**	**627 604**	**549 166**	**324 063**	**87 500**	**4 422 916**

1 *Mr Seabrooke is also the chairperson of the nominations committee and a member of the remuneration committee, audit risk and compliance committee and asset and liability committee.*
2 *Resigned as a non-executive director effective 2 March 2017.*
3 *In addition to the fees received above, Ms Langeni received directors' fees of R247 797 for acting as an independent non-executive director of SA Taxi Finance Holdings (Pty) Ltd and Transaction Capital Risk Services (Pty) Ltd.*
4 *Resigned as a non-executive director effective 2 March 2017.*
5 *In addition to the fees received above, Mr Rossi received R1 096 667 for consulting services and R2 400 000 for corporate finance and legal services rendered to Transaction Capital Limited.*
6 *Resigned as a non-executive director effective 8 September 2017.*
7 *Appointed as a non-executive director effective 1 April 2017.*
8 *Appointed as a non-executive director effective 1 July 2017.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

21 OPERATING COSTS *continued*

Non-executive directors' fees *continued*

Board members 2016	C Seabrooke[1] R	D Woollam R	P Langeni[2] R	D Tabata R	R Rossi[3] R	M Kgosana[4] R	K Pillay[5] R	Total R
Chairperson (including committee attendance)	1 200 000	–	–	–	–	–	–	**1 200 000**
Director	–	250 000	250 000	250 000	250 000	135 417	41 667	**1 177 084**
Audit, risk and compliance committee (chairperson)	–	160 417	–	–	–	189 583	–	**350 000**
Audit, risk and compliance committee (member)	–	81 250	150 000	–	–	–	–	**231 250**
Asset and liability committee (chairperson)	–	62 500	–	–	–	–	–	**62 500**
Remuneration committee (chairperson)	–	–	–	125 000	–	–	–	**125 000**
Remuneration committee (member)	–	–	–	–	–	–	10 000	**10 000**
Nominations committee (member)	–	–	–	60 000	60 000	–	–	**120 000**
Social and ethics committee (chairperson)	–	–	125 000	–	–	–	–	**125 000**
Total annual fees	**1 200 000**	**554 167**	**525 000**	**435 000**	**310 000**	**325 000**	**51 667**	**3 400 834**

1 *Mr Seabrooke is also the chairperson of the nomination committee and a member of the remuneration committee, audit, risk and compliance committee and asset and liability committee.*
2 *In addition to the fees received above, Ms Langeni received directors' fees of R200 000 for acting as an independent non-executive director of SA Taxi Finance Holdings (Pty) Ltd and Transaction Capital Risk Services (Pty) Ltd.*
3 *In addition to the fees above, Mr Rossi received R890 000 for consulting services.*
4 *Appointed as a non-executive director effective 15 March 2016.*
5 *Appointed as a non-executive director effective 1 August 2016.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
22 INCOME TAX EXPENSE		
South African normal taxation:		
Current taxation	**(101)**	(80)
Current year	**(100)**	(80)
Prior years	**(1)**	–
Deferred taxation	**(97)**	(58)
Current year	**(105)**	(58)
Prior years	**8**	–
Capital gains tax	**(5)**	–
Current year	**(5)**	–
	(203)	(138)
Tax rate reconciliation		
South African tax rate	**28.0%**	28.0%
Tax effects of:		
Income not subject to tax*	**(0.8%)**	(3.3%)
Expenses not deductible for tax purposes**	**0.8%**	0.3%
Tax losses not recognised	**0.0%**	0.0%
Prior year taxes	**(0.0%)**	0.0%
Tax not previously recognised	**(1.6%)**	(1.5%)
Permanent differences***	**(0.6%)**	(0.5%)
Rate differentials – foreign tax	**(0.1%)**	0.0%
Capital gain	**0.6%**	0.0%
Effective tax rate	**26.3%**	23.0%

* *Income not subject to tax consists of dividends received and fair value adjustments through profit and loss.*

** *Expenses not deductible for tax purposes consist of funding costs, expenses incurred in the production of non-taxable income, depreciation on leasehold assets, acquisition-related costs, interest and penalties.*

*** *Permanent differences consist of research and development allowances, employment tax incentives and learnership allowances.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		Units	2017	2016
23	**EARNINGS PER SHARE**			
	Basic earnings per share	cents	**92.8**	80.6
	Earnings used in the calculation of basic earnings per share	Rm	**555**	458
	Weighted average number of ordinary shares for the purposes of basic earnings per share			
	Issued shares at the beginning of the year	million	**571.9**	568.1
	Effect of shares issued during the year and to be issued	million	**26.5**	1.0
	Effect of shares repurchased during the year	million	**(0.1)**	(0.6)
	Weighted average number of ordinary shares for the purposes of basic earnings per share	million	**598.3**	568.5
	Diluted basic earnings per share	cents	**92.2**	80.0
	Earnings used in the calculation of diluted earnings per share	Rm	**555**	458
	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	**598.3**	568.5
	Shares deemed to be issued for no consideration in respect of Share Appreciation Rights Plan and Conditional Share Plan	million	**3.6**	4.0
	Weighted average number of ordinary shares used in the calculation of diluted earnings per share	million	**601.9**	572.5
	Headline earnings			
	Headline earnings equals profit attributable to ordinary equity holders	Rm	**555**	458
	Headline earnings per share	cents	**92.8**	80.6
	Diluted headline earnings per share	cents	**92.2**	80.0

24 SHARE-BASED PAYMENTS

24.1 Share Appreciation Rights Plan

24.1.1 DETAILS OF THE SHARE APPRECIATION RIGHTS PLAN

During the 2013 financial year the group implemented a share appreciation rights ('SAR') 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 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 employee's 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 the value of a share over a fixed period, and the number of SARs granted.

The SAR plan allows executives and senior managers to participate in the appreciation of Transaction Capital's share price over time. Subject to a performance criterion, which is the achievement of continuous growth in group headline earnings per share over a specified benchmark above inflation (measured by CPI), the SARs vest in full after four years from award date and are exercisable for a 12-month period. SAR awards granted until May 2014 were awarded with a three-year vesting period. The share price growth over the SAR period will be settled in Transaction Capital ordinary shares, with the gain subject to income tax. To the extent that the SAR grant price exceeds Transaction Capital's share price at the time of exercise, no gain or cost is realised by participants.

There were no grants made during the current year.

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

	Number	Expiry date	Grant price (cents)*	Fair value at grant date (cents)
Granted on 11 July 2013	–	11 Jul 17	369	160
Granted on 18 November 2013	538 048	18 Nov 17	421	214
Granted on 6 May 2014	–	06 May 18	541	215
Granted on 25 November 2014	3 470 644	25 Nov 19	758	343
Granted on 5 May 2015	809 358	05 May 20	919	347
Granted on 26 November 2015	3 783 605	26 Nov 20	1 039	332
Granted on 27 May 2016	396 117	27 May 21	1 102	375

* *The grant price is equivalent to the exercise price.*

24 SHARE-BASED PAYMENTS *continued*

24.1 Share Appreciation Rights Plan *continued*

24.1.2 MOVEMENT IN SHARE APPRECIATION RIGHTS DURING THE YEAR

	2017		2016	
	Number of SARs	**Weighted average grant price (cents)***	Number of SARs	Weighted average grant price (cents)
Balance at the beginning of year	**20 261 111**	**647**	23 598 528	483
Granted during the year	**–**	**–**	4 860 060	1 045
Exercised during the year	**(10 127 702)**	**412**	(7 344 576)	369
Cancelled during the year	**(1 135 637)**	**848**	(852 901)	819
Balance at the end of the year	**8 997 772**		20 261 111	

* *The grant price is equivalent to the exercise price.*

24.1.3 SHARE APPRECIATION RIGHTS EXERCISED DURING THE YEAR

	2017		2016	
	Number of SARs exercised	**Weighted average share price (cents)**	Number of SARs exercised	Weighted average share price (cents)
Granted on 11 July 2013	**3 633 145**	**1 467**	7 344 576	1 084
Granted on 18 November 2013	**5 718 974**	**1 466**	–	–
Granted on 6 May 2014	**775 583**	**1 454**	–	–
	10 127 702		7 344 576	

24.1.4 SHARE APPRECIATION RIGHTS EXPENSE RECOGNISED

	2017 Rm	2016 Rm
The expense has been recognised in the statement of comprehensive income under employee costs	**7**	16

24 SHARE-BASED PAYMENTS *continued*

24.2 Conditional Share Plan

24.2.1 DETAILS OF THE CONDITIONAL SHARE PLAN

During the current financial year the group implemented a conditional share plan ('CSP') 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 CSP awards will be made on an annual or on an ad hoc basis. The number of CSPs granted to an employee will take cognisance of the employee's grade, performance, term of employment, retention requirements and market benchmarks. A CSP is a conditional right to acquire Transaction Capital shares for no consideration, the number of shares being determined by the value of the CSP at vesting date, and the number of CSPs granted. The value of Transaction Capital shares issued will be subject to income tax.

The CSP mechanism is overseen and approved by the remuneration committee. Key executives are awarded CSPs in each division (SA Taxi or Transaction Capital Risk Services) or Transaction Capital for zero cost based on retention and performance criteria. The CSPs are based on notional shares held in each division, giving executives direct exposure to the performance of that division (or based on Transaction Capital's share price for its executives). At each date on which a CSP award is made, a valuation of each division is performed by an independent expert. Transaction Capital executives are awarded CSPs at the prevailing share price of Transaction Capital on the date of the award. An updated valuation of each division is to be performed by an independent expert at the date of vesting of the CSP.

The remuneration committee approved the following criteria for the tranche of CSPs awarded in November 2017:

Vesting period:

- Retention element (30% of award): to vest in equal proportions in full after years three and four, subject to continued employment (November 2016 and May 2017 awards: to vest in full after three years, subject to continued employment).
  - Performance element (70% of award): to vest as follows (and linked to performance criteria below):
    - 2 years: 14.0%
    - 3 years: 17.5%
    - 4 years: 17.5%
    - 5 years: 21.0%

(November 2016 and May 2017 awards: to vest in equal proportions in years two, three and four, and linked to performance requirements.)

  - Performance criteria: the following performance criteria have been set (per division for divisional executives, and on a consolidated basis for group executives):

Continuing headline earnings growth over vesting period*	% of CSP award to be vested
CPI	20%
CPI + 5%	100%

* *Growth levels in between bands will be vested on a proportional basis.*

Employees are required to remain in the employ of the group to be eligible for CSP vestings. Employees who resign or are dismissed will forfeit any CSP awards that have not vested (subject to standard "good leaver" rules).

Due to the nature of the CSP awards, the grant price of each CSP is zero. The fair value of each CSP at grant date is underpinned by the value of the notional share of each division.

There were no exercises of CSPs during the current year.

24 SHARE-BASED PAYMENTS *continued*

24.2 Conditional Share Plan *continued*

24.2.2 FAIR VALUE OF CONDITIONAL SHARE PLAN AWARDS GRANTED IN THE YEAR

The following Conditional Share Plan awards were in existence at year-end:

		Weighted average fair value at grant date (cents)		
	Number	SA Taxi	Transaction Capital Risk Services	Transaction Capital Limited
Granted on 22 November 2016	6 000 735	781	449	1 278
Granted on 29 May 2017	**343 981**	**774**	**–**	**–**

The value of CSPs is based on a present value method whereby the unconditional share value is equal to the value of the notional share of each division less the present value of estimated dividends paid prior to time of exercise. Key input assumptions are the dividend yields (between 1.3% and 3.9%) and the risk-free interest rates (between 7.0% and 7.8%). The issue price of the notional shares (of SA Taxi and Transaction Capital Risk Services) and shares (of Transaction Capital) are disclosed below:

	SA Taxi cents	Transaction Capital Risk Services cents	Transaction Capital Limited cents
Granted on 22 November 2016	814	503	1 380
Granted on 29 May 2017	**814**	**–**	**–**

24.2.3 MOVEMENT IN CONDITIONAL SHARE PLAN AWARDS DURING THE YEAR

	2017 Number of CSPs	2016 Number of CSPs
Balance at the beginning of the year	**–**	–
Granted during the year	**6 800 448**	–
Exercised during the year	**–**	–
Cancelled during the year	**(455 732)**	–
Balance at the end of year	**6 344 716**	–

24.2.4 CONDITIONAL SHARE PLAN EXPENSE RECOGNISED

	2017 Rm	2016 Rm
The expense has been recognised in the statement of comprehensive income under employee costs.	**11**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
25	**CASH GENERATED BY OPERATIONS**		
	Profit before taxation	**771**	601
	Adjusted for:		
	Amortisation of intangible assets	**32**	13
	Amortisation of purchased book debts	**97**	29
	Bad debts written off	**369**	281
	Movement in provisions	**6**	(3)
	Depreciation	**31**	22
	Dividends received from insurance activities	**(115)**	(71)
	Fair value adjustment of other financial assets	**20**	83
	Impairment of loans and advances	**(101)**	(59)
	Impairment of trade receivables	**–**	(1)
	Loss on disposal of property and equipment	**5**	1
	Movement in share appreciation rights accrual	**18**	16
	Other non-cash flow movements	**1**	(4)
	Cash generated from operations	**1 134**	908
26	**INCOME TAXES PAID**		
	Amounts receivable at the beginning of the year	**20**	14
	Charged in statement of comprehensive income	**(203)**	(138)
	Deferred taxation charge in the income statement	**105**	58
	Business combinations	**8**	–
	Prior year deferred tax	**(8)**	(3)
	Deferred tax charge to equity	**–**	(9)
	Equity settled share appreciation rights	**30**	11
	Amounts receivable at the end of the year	**(3)**	(20)
	Income taxes paid	**(51)**	(87)
27	**DIVIDENDS PAID TO ORDINARY SHAREHOLDERS**		
	Ordinary dividends for the year	**(196)**	(135)
	Paid to non-controlling shareholders	**(3)**	(1)
	Dividends paid	**(199)**	(136)

An interim dividend of 15 (2016: 12) cents per share was declared on 24 May 2017 and paid on 26 June 2017.

A final dividend of 25 (2016: 18) cents per share was declared on 21 November 2017 and paid on 11 December 2017.

Refer to the directors' report (page 2) for additional information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	2017 Rm	2016 Rm
28 CONTINGENCIES AND COMMITMENTS		
Capital commitments		
Contracted	**11**	–
Total	**11**	–
Operating lease commitments		
Future minimum payments under non-cancellable operating leases		
Premises		
Year 1	**74**	48
Year 2	**75**	45
Year 3	**78**	43
Year 4	**78**	42
Year 5	**67**	42
Subsequent to year 5	**127**	38
Total operating lease commitments	**499**	258
Other operating leases Future minimum payments under other operating lease commitments are in aggregate R1 million (2016: <R1 million) and are therefore not separately disclosed.		
Operating leases relate to property and storage, with lease terms between 3 years and 7 years. All operating lease contracts contain clauses for yearly rental reviews. The group does not have an option to purchase the leased asset at the expiry of the lease periods.		
Contingent liabilities		
Customer claims*	**1**	1
Contingent liabilities raised on business combinations**	**3**	–
Guarantees issued***	**10**	–
Total	**14**	1

* *A guarantee relating to customer claims has been issued by Company Unique Finance Proprietary Limited to Hollard Life Insurance Company. This guarantee provides for the safeguarding of premiums received by independent intermediaries on behalf of the registered insurer. Uncertainty arises due to the claims only being made as and when premiums are unpaid.*

** *A contingent liability relating to latent claims in Road Cover at acquisition date. Costs are incurred when subscribers make claims, with these costs being incurred over an average period of 12 months after the claim. The extent to which an outflow of funds will be required is dependent on the value of claims as well as when these claims will be made.*

*** *Recoveries Corporation has a contingent liability in respect of guarantees issued by bankers for facilities in the normal course of business to the extent that they are utilised.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

29 SHAREHOLDER SPREAD

	Number of shareholders	Number of shares million	Number of shares (%)
Non-public			
Directors of Transaction Capital and its subsidiaries and their associates	13	267	44
Sub-total	13	267	44
Public			
Old Mutual Investment Group South Africa Proprietary Limited	1	63	10
Allan Gray Proprietary Limited	1	59	10
Remaining institutional shareholders	90	188	31
Retail investors	753	33	5
Sub-total	845	343	56
Total	858	610	100

30 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 asset and liability committee ('ALCO') and the audit, risk and compliance ('ARC') committee. 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 ARC 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 officers 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 financial director.

30.1 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 customers' affordability and their ability to repay loans and advances, a customer's risk profile, employment status and stability, earnings potential in the case of taxis and collectability in the case of purchased book debts. 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.

30 FINANCIAL RISK MANAGEMENT *continued*

30.1 Credit risk *continued*

CREDIT RISK MANAGEMENT AND MEASUREMENT *continued*

SA Taxi

Method of provisioning and fair valuing

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

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 prospective customers:

- Vehicle type;
- Validity of the taxi route;
- Client's 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 combination 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'), exposure at default ('EAD') and loss given write-off's ('LGWs') segmented using the contractual delinquency ('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. A detailed statistical analysis was performed on a multitude of macro-economic factors, namely prime interest rate, unemployment rate, petrol price, USD/ZAR exchange rate, gross domestic product ('GDP') and consumer price index ('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. The 90-day presumption was rebutted 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 loans and advances occurs at the point of sale of the vehicle, following repossession.

Quantitative analysis has proven that the 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 net present value ('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 the group does not proactively restructure distressed clients.

Transaction Capital Business Solutions

Exposure to credit losses is managed by assessing customers' 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 assesses all applications for credit and will approve a facility based on the risk profile of the customer and an assessment of the collectability of its trade receivables. Ongoing 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

30 FINANCIAL RISK MANAGEMENT *continued*

30.1 Credit risk *continued*

CREDIT RISK MANAGEMENT AND MEASUREMENT *continued*

Transaction Capital Recoveries

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, mostly from the retail and banking industries. Valuation of these books is determined by analysis of the underlying payment history as well as other parameters which are ultimately presented to the investment committee to decide on a fair price that the company is willing to offer.

Collections process

The business knowledge team continually develops and evolves strategies which are 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 are classified as purchased credit-impaired financial assets (stage 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 subsequent to initial recognition, even in the unlikely event of the expected cash flows returning to full contractual terms.

Transaction Capital Recoveries utilises statistical techniques to value the principal book portfolio on a monthly basis. Each matter is modelled on a 12 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, being the amortised cost for that matter at the end of the month.

Transaction Capital Recoveries 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 information to the model as there is no significant correlation, hence they are not included.

The Transaction Capital Recoveries expected loss model takes into account the lifetime of 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 to the nature of the credit-impaired financial assets, no contractual terms exist without activation by Transaction Capital Recoveries at 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.

Other financial assets include a receivable balance measured at fair value. The valuation technique calculates the present value of future expected cashflow.

30 FINANCIAL RISK MANAGEMENT *continued*

30.1 Credit risk *continued*

30.1.1 FINANCIAL ASSETS SUBJECT TO RISK

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	Leased assets Rm	Purchased book debts Rm	Total Rm
2017						
Neither past due nor impaired	**5 067**	**41**	**424**	**–**	**891**	**6 423**
Past due but not impaired	**2 496**	**–**	**102**	**–**	**–**	**2 598**
Impaired	**1 347**	**–**	**66**	**–**	**–**	**1 413**
Impairment allowance	**(454)**	**–**	**(12)**	**–**	**–**	**(466)**
Performing loans and advances	**(88)**	**–**	**–**	**–**	**–**	**(88)**
Non-performing loans and advances	**(366)**	**–**	**–**	**–**	**–**	**(366)**
Non-performing trade and other receivables	**–**	**–**	**(12)**	**–**	**–**	**(12)**
Carrying value of financial assets	**8 456**	**41**	**580**	**–**	**891**	**9 968**
Fair value of collateral held for loans neither past due nor impaired	**6 747**	**–**	**–**	**–**	**–**	**6 747**

	Loans and advances Rm	Other loans receivable Rm	Trade & other receivables* Rm	Leased assets Rm	Purchased book debts Rm	Total Rm
2016						
Neither past due nor impaired	4 499	35	343	40	728	5 645
Past due but not impaired	1 996	–	68	–	–	2 064
Impaired	1 192	–	9	–	–	1 201
Impairment allowance	(497)	–	(7)	–	–	(504)
Performing loans and advances	(97)	–	–	–	–	(97)
Non-performing loans and advances	(400)	–	–	–	–	(400)
Non-performing trade and other receivables	–	–	(7)	–	–	(7)
Carrying value of financial assets	7 190	35	413	40	728	8 406
Fair value of collateral held for loans neither past due nor impaired	5 832	–	–	–	–	5 832

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

30 FINANCIAL RISK MANAGEMENT *continued*

30.1 Credit risk *continued*

30.1.2 LOANS AND ADVANCES THAT ARE NEITHER PAST DUE NOR IMPAIRED

	2017 Rm	2016 Rm
Carrying amount of loans and advances that are neither past due nor impaired	**5 067**	4 499
Credit quality		
High	**4 359**	3 855
Medium	**593**	550
Low	**115**	94

The credit quality of loans and advances is 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.

Transaction Capital Business Solutions
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 the trade receivables and realisable value of other tangible security. Ongoing risk management and collections are handled by experienced credit controllers.

Transaction Capital Recoveries
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 100% the credit quality is assessed as high, where it is in excess of 100% the credit quality is assessed as medium.

30.1.3 FINANCIAL ASSETS THAT ARE PAST DUE BUT NOT IMPAIRED

Financial assets that are past due but not impaired 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 ageing of loans and advances and trade and other receivables 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
2017						
Loans and advances	**1 003**	**546**	**246**	**198**	**503**	**2 496**
Trade and other receivables	**40**	**32**	**14**	**3**	**13**	**102**
Financial assets that are past due but not impaired	**1 043**	**578**	**260**	**201**	**516**	**2 598**
2016						
Loans and advances	907	416	195	133	345	1 996
Trade and other receivables	17	8	4	8	31	68
Financial assets that are past due but not impaired	924	424	199	141	376	2 064

30 FINANCIAL RISK MANAGEMENT *continued*

30.1 Credit risk *continued*

30.1.3 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 expected pre-owned 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.

30.1.4 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 Rm
2017				
Opening balance	**36**	**75**	**386**	**497**
Originations	**8**	**26**	**36**	**70**
Existing book movements	**(4)**	**(4)**	**2**	**(6)**
Write-off's	**(7)**	**(24)**	**(135)**	**(166)**
Derecognition (settlements in the ordinary course of business)	**(1)**	**(1)**	**(1)**	**(3)**
Provision acquired in a business combination	**–**	**–**	**61**	**61**
Closing balance	**32**	**72**	**349**	**453**
2016				
Opening balance	34	113	406	553
Originations	11	24	16	51
Existing book movements	(8)	(25)	100	67
Write-off's	(1)	(36)	(136)	(173)
Derecognition (settlements in the ordinary course of business)	–	(1)	–	(1)
Closing balance	36	75	386	497

30 FINANCIAL RISK MANAGEMENT *continued*

30.1 Credit risk *continued*

30.1.4 IMPAIRMENT PROVISION RECONCILIATION *continued*

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
2017				
Neither past due nor impaired	**5 053**	**14**	**–**	**5 067**
Past due but not impaired	**765**	**1 731**	**–**	**2 496**
Impaired	**20**	**14**	**1 314**	**1 348**
Impairment allowance	**(29)**	**(72)**	**(353)**	**(454)**
Performing loans and advances	**(16)**	**(72)**	**–**	**(88)**
Non-performing loans and advances	**(13)**	**–**	**(353)**	**(366)**
Carrying value of financial assets	**5 809**	**1 687**	**961**	**8 457**
2016				
Neither past due nor impaired	4 482	17	–	4 499
Past due but not impaired	707	1 289	–	1 996
Impaired	21	–	1 171	1 192
Impairment allowance	(32)	(75)	(390)	(497)
Performing loans and advances	(22)	(75)	–	(97)
Non-performing loans and advances	(10)	–	(390)	(400)
Carrying value of financial assets	5 178	1 231	781	7 190

30 FINANCIAL RISK MANAGEMENT *continued*

30.2 Interest rate risk

Interest rate risk is the risk of loss arising from changes in the fair value or future cash flows of a financial instrument as a result of movement 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 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.

30.2.1 RISK PROFILE OF FINANCIAL ASSETS AND LIABILITIES

	Floating rate liabilities Rm	**Floating rate assets Rm**	**Net floating rate asset Rm**
2017			
Total	**8 166**	**8 291**	**125**

	Floating rate liabilities Rm	Floating rate assets Rm	Net floating rate asset Rm
2016			
Total	7 050	7 003	(47)

30.2.2 WEIGHTED AVERAGE INTEREST RATES ARE AS FOLLOWS:

	2017		2016	
	Bank balances %	**Borrowings %**	Bank balances %	Borrowings %
Total	**7.2**	**12.0**	7.2	11.3

30 FINANCIAL RISK MANAGEMENT *continued*

30.2 Interest rate risk *continued*

30.2.3 INTEREST RATE SENSITIVITY ANALYSIS

The group's exposure to interest rate risks are set out below:

	Effect on profit before tax of 1% change in rates Rm	Total carrying value of assets and liabilities Rm
30 September 2017		
Assets		
Loans and advances	**83**	**8 456**
Fixed rate loans and advances	**–**	**165**
Floating rate loans and advances	**83**	**8 291**
Purchased book debts	**9**	**891**
Other loans receivable	**–**	**41**
Trade and other receivables*	**6**	**577**
Cash and cash equivalents	**9**	**944**
Total	**107**	**10 909**
Liabilities		
Interest-bearing borrowings	**82**	**8 191**
Fixed rate borrowings	**–**	**25**
Floating rate borrowings	**82**	**8 166**
Trade and other payables**	**5**	**512**
Bank overdrafts	**1**	**136**
Total	**88**	**8 839**
Net exposure	**19**	**2 070**
30 September 2016		
Assets		
Loans and advances	72	7 190
Fixed rate loans and advances	3	280
Floating rate loans and advances	69	6 903
Purchased book debts	7	728
Other loans receivable	–	35
Other investments	5	477
Trade and other receivables*	4	413
Cash and cash equivalents	13	1 276
Total	101	10 119
Liabilities		
Interest-bearing borrowings	75	7 477
Fixed rate borrowings	4	427
Floating rate borrowings	71	7 050
Trade and other payables**	2	228
Bank overdrafts	2	173
Total	79	7 878
Net exposure	22	2 241

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.

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

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

30 FINANCIAL RISK MANAGEMENT *continued*

30.3 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 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 the 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 subsidiaries in support of the respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the group's funding base 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 obligations to funders, including covenants.

It is the responsibility of each subsidiary to manage the 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.

	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
2017					
Liabilities					
Bank overdrafts	**136**	**–**	**–**	**–**	**136**
Trade and other payables*	**123**	**348**	**–**	**–**	**471**
Interest-bearing liabilities	**–**	**3 582**	**6 729**	**111**	**10 422**
Financial liabilities	**259**	**3 930**	**6 729**	**111**	**11 029**
Non-financial liabilities	**15**	**267**	**–**	**–**	**282**
Total liabilities	**274**	**4 197**	**6 729**	**111**	**11 311**

	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
2016					
Liabilities					
Bank overdrafts	173	–	–	–	173
Trade and other payables*	119	109	–	–	228
Interest-bearing liabilities	–	2 198	7 264	28	9 490
Financial liabilities	292	2 307	7 264	28	9 891
Non-financial liabilities	5	64	–	–	69
Total liabilities	297	2 371	7 264	28	9 960

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

30 FINANCIAL RISK MANAGEMENT *continued*

30.4 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 group entities and to comply with borrowing covenants, and for unexpected shocks.

The group defines capital as equity, group loans and subordinated and structurally 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.

30.5 Insurance risk

INSURANCE RISK AND POLICIES FOR MITIGATING INSURANCE RISK

Insurance risk is the risk assumed under any insurance contract that the insured event occurs. The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected and that the group does not charge premiums appropriate for the risks accepted. By the very nature of an insurance contract, this risk is random and unpredictable. The exposure to insurance risk is limited through an underwriting strategy, underwriting limits and adopting appropriate risk assessment techniques. These actions are described below.

UNDERWRITING STRATEGY

The group's underwriting strategy seeks to attract SA Taxi's financed clients as well as non-financed clients. Strict underwriting guidelines for acceptance of new policies are maintained. Adequacy of the pricing structure is monitored through regular review of claims ratios.

POLICIES FOR MITIGATING THE RISK OF FRAUDULENT CLAIMS

SA Taxi is exposed to the risk of false, invalid and exaggerated claims. Fraud detection measures are put in place to improve the group's ability to proactively detect fraudulent claims.

CLAIMS DEVELOPMENT

Appointment of authorised assessors and repair centres, as well as different excess structures are monitored and maintained.

30 FINANCIAL RISK MANAGEMENT *continued*

30.6 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 material exposure are Australian dollars, 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	
	2017	2016	**2017**	2016
USD	**13.4**	14.8	**13.5**	13.9
Euro	**14.8**	16.4	**16.0**	15.6
Pula	**1.3**	1.4	**1.3**	1.3
AUD	**10.1**	n/a	**10.6**	n/a
Foreign amounts included in the financial statements at the end of the financial year in millions of units of foreign currency				
USD	**86**	27		
Euro	**–**	4		
Pula	**4**	3		
AUD	**1**	n/a		

Currency risk arising from exposure to USD and Euro foreign currencies has been effectively managed through cross-currency swaps that exactly hedge the contractual cash flows over the life of the foreign currency funding. Refer to note 30.8 for hedge accounting disclosure.

30.6.1 FOREIGN CURRENCY SENSITIVITY ANALYSIS

The following table details the group's sensitivity to a 10% increase and decrease in the Rand against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the group where the denomination of the loan is a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Rand strengthens 10% against the relevant currency. For a 10% weakening of the Rand against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	AUD impact	
	2017 million	2016 million
Profit or loss	**1**	n/a*
Equity	**(1)**	n/a

The group's sensitivity to foreign currency has changed during the current year mainly due to the acquisition of Recoveries Corporation operating in Australia.

* *This is mainly attributable to the exposure outstanding on AUD 875 218 in the group at the end of the reporting period.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

30 FINANCIAL RISK MANAGEMENT *continued*

30.7 Fair value disclosure

The fair values of financial assets and financial liabilities are disclosed below:

	Carrying value 2017 Rm	**Fair value 2017 Rm**	Carrying value 2016 Rm	Fair value 2016 Rm
Assets				
Loans and advances	**8 456**	**8 454**	7 190	7 191
Purchased book debts	**891**	**891**	728	728
Other loans receivable	**41**	**41**	35	35
Trade and other receivables*	**580**	**580**	413	413
Cash and cash equivalents	**944**	**944**	1 276	1 276
Total	**10 912**	**10 910**	9 642	9 643
Liabilities				
Interest-bearing liabilities	**8 191**	**8 571**	7 477	7 459
– Fixed rate liabilities	**25**	**25**	427	426
– Floating rate liabilities	**8 166**	**8 546**	7 050	7 033
Trade and other payables**	**512**	**512**	228	228
Bank overdrafts	**136**	**136**	173	173
Total	**8 839**	**9 219**	7 878	7 860
Net exposure	**2 073**	**1 691**	1 764	1 783

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

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

30.8 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.

CASH FLOW HEDGES OF FOREIGN CURRENCY RISK

The group uses cross-currency swaps to hedge the foreign currency risks arising from interest-bearing liabilities.

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 2017 was nil (2016: nil).

FAIR VALUE HEDGES OF INTEREST RATE RISK

The group uses interest rate swaps exchanging fixed rate interest for floating rate liabilities.

The group policy is to borrow funds at floating rates of interest as, over the longer term, this is considered by management to give a natural hedge as funds are lent to customers at floating rates. In certain circumstances, the group uses interest rate swap contracts to manage its exposure to interest rate movements on a portion of its existing debt.

During the year, the fair value hedges were determined to be effective in hedging the fair value exposure to interest rate movements. As a result of the hedging relationship, the fair value hedge movement is adjusted to the underlying liabilities to the value of R10.3 million (2016: R2.7 million).

30 FINANCIAL RISK MANAGEMENT *continued*

30.8 Hedge accounting *continued*

	2017 Rm	2016 Rm
Derivative assets held for risk management		
Interest rate swaps	**7**	3
Cross-currency swaps	**46**	70
Total	**53**	73
Derivative liabilities held for risk management		
Cross-currency swaps	**4**	–
Total	**4**	–

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.

	2017 Rm	2016 Rm
Balance at the beginning of the year	**–**	3
Loss (net of tax) arising on changes in fair value of hedging instruments entered into for cash flow hedges	**(20)**	(27)
Cross-currency swaps	**(20)**	(27)
Gain (net of tax) arising on changes in fair value of hedging instruments reclassified to profit or loss	**12**	24
Cross-currency swaps	**12**	24
Balance at the end of the year	**(8)**	–

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 as follows:

	2017 Rm	2016 Rm
Interest and similar expense	**(26)**	(33)
Gains arising on changes in fair value of hedging instruments reclassified from equity into profit or loss during the year	**(26)**	(33)

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

	<1 year Rm	1 – 5 years Rm	>5 years Rm
2017			
Cash outflows	**–**	**–**	**–**
Cash inflows	**14**	**41**	**1**
Total cash flows*	**14**	**41**	**1**

	<1 year Rm	1 – 5 years Rm	>5 years Rm
2016			
Cash outflows	–	–	–
Cash inflows	29	41	–
Total cash flows*	29	41	–

* *In line with IFRS 7 paragraph 32B(a), the disclosure was updated to reflect the timing of the nominal amount of the hedging instrument only.*

30 FINANCIAL RISK MANAGEMENT *continued*

30.9 Statemement of financial position categories

2017	At fair value through profit and loss Rm	At fair value through other comprehensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Equity Rm	Total Rm
Assets							
Cash and cash equivalents	–	–	944	–	–	–	944
Tax receivables	–	–	–	–	22	–	22
Trade and other receivables	–	53	524	–	110	–	687
Inventories	–	–	–	–	212	–	212
Loans and advances	26	–	8 253	–	177	–	8 456
Purchased book debts	62	–	829	–	–	–	891
Other loans receivable	–	–	41	–	–	–	41
Intangible assets	–	–	–	–	247	–	247
Property and equipment	–	–	–	–	150	–	150
Goodwill	–	–	–	–	1 165	–	1 165
Deferred tax assets	–	–	–	–	259	–	259
Total assets	88	53	10 591	–	2 342	–	13 074
Equity and liabilities							
Liabilities							
Bank overdrafts	–	–	–	136	–	–	136
Tax payables	–	–	–	–	19	–	19
Trade and other payables	75	4	–	377	128	–	584
Provisions	–	–	–	1	146	–	147
Interest-bearing liabilities	–	–	–	8 191	–	–	8 191
Deferred tax liabilities	–	–	–	–	225	–	225
Total liabilities	75	4	–	8 705	518	–	9 302
Equity							
Ordinary share capital	–	–	–	–	–	1 056	1 056
Other reserves	–	–	–	–	–	34	34
Retained earnings	–	–	–	–	–	2 628	2 628
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	3 718	3 718
Non-controlling interest	–	–	–	–	–	54	54
Total equity	–	–	–	–	–	3 772	3 772
Total equity and liabilities	75	4	–	8 705	518	3 772	13 074

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

30 FINANCIAL RISK MANAGEMENT *continued*

30.9 Statement of financial position categories *continued*

2016	At fair value through profit and loss Rm	At fair value through other comprehensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Equity Rm	Total Rm
Assets							
Cash and cash equivalents	–	–	1 276	–	–	–	1 276
Tax receivables	–	–	–	–	28	–	28
Trade and other receivables	–	73	349	–	50	–	472
Inventories	–	–	–	–	201	–	201
Loans and advances	62	–	6 793	–	335	–	7 190
Leased assets	–	–	–	–	40	–	40
Purchased book debts	158	–	570	–	–	–	728
Other loans receivable	–	–	35	–	–	–	35
Other investments	–	477	–	–	–	–	477
Intangible assets	–	–	–	–	93	–	93
Property and equipment	–	–	–	–	104	–	104
Goodwill	–	–	–	–	200	–	200
Deferred tax assets	–	–	–	–	247	–	247
Total assets	220	550	9 023	–	1 298	–	11 091
Equity and liabilities							
Liabilities							
Bank overdrafts	–	–	–	173	–	–	173
Tax payables	–	–	–	–	8	–	8
Trade and other payables	–	–	–	183	103	–	286
Provisions	–	–	–	–	14	–	14
Interest-bearing liabilities	–	–	–	7 477	–	–	7 477
Deferred tax liabilities	–	–	–	–	155	–	155
Total Liabilities	–	–	–	7 833	280	–	8 113
Equity							
Ordinary share capital	–	–	–	–	–	510	510
Other reserves	–	–	–	–	–	149	149
Retained earnings	–	–	–	–	–	2 285	2 285
Equity attributable to ordinary equity holders of the parent	–	–	–	–	–	2 944	2 944
Non-controlling interest	–	–	–	–	–	34	34
Total equity	–	–	–	–	–	2 978	2 978
Total equity and liabilities	–	–	–	7 833	280	2 978	11 091

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

30 FINANCIAL RISK MANAGEMENT *continued*

30.9 Statement of comprehensive income categories

2017	At fair value through profit and loss Rm	At fair value through other comprehensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Total Rm
Interest income	42	–	1 929	–	–	1 971
Interest expense	–	–	–	(964)	–	(964)
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.	–	–	32	–	83	115
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.	–	–	(20)	–	–	(20)
Dividend income	–	115	–	–	–	115
Net impairments on loans and advances	–	–	(260)	–	–	(260)
Net movements in financial instruments held at fair value	2	(80)	–	–	–	(78)
Total	44	35	1 681	(964)	83	879

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

30 FINANCIAL RISK MANAGEMENT *continued*

30.9 Statement of comprehensive income categories *continued*

2016	At fair value through profit and loss Rm	At fair value through other comprehensive income Rm	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Total Rm
Interest income	88	–	1 600	–	–	1 688
Interest expense	–	–	–	(809)	–	(809)
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.	–	–	29	–	78	107
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.	–	–	(14)	–	–	(14)
Dividend income	–	71	–	–	–	71
Net impairments on loans and advances	(2)	–	(207)	–	–	(209)
Net movements in financial instruments held at fair value	–	24	–	–	–	24
Total	86	95	1 408	(809)	78	858

30 FINANCIAL RISK MANAGEMENT *continued*

30.10 Level disclosures

2017	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**	**Total Rm**
Financial assets at fair value through profit or loss				
Loans and advances: entry-level vehicles	**–**	**–**	**26**	**26**
Other financial assets	**–**	**–**	**62**	**62**
Financial assets at fair value through other comprehensive income				
Derivatives	**–**	**53**	**–**	**53**
Total financial assets	**–**	**53**	**88**	**141**
Financial liabilities at fair value through profit or loss				
Trade and other payables	**–**	**–**	**100**	**100**
Financial liabilities through other comprehensive income				
Derivatives	**–**	**4**	**–**	**4**
Total financial liabilities	**–**	**4**	**100**	**104**

2016	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total Rm
Financial assets at fair value through profit or loss				
Loans and advances: entry-level vehicles	–	–	62	62
Other financial assets	–	–	158	158
Financial assets at fair value through other comprehensive income				
Derivatives	–	73	–	73
Other investments	–	–	477	477
Total financial assets	–	73	697	770

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

30 FINANCIAL RISK MANAGEMENT *continued*

30.10 Level disclosures *continued*

RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS

2017	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Opening balance	**220**	**477**	**697**
Total gains or losses			
In profit or loss	**(19)**	**–**	**(19)**
In other comprehensive income	**–**	**(72)**	**(72)**
Capital deployed to cell	**–**	**92**	**92**
Business combination	**–**	**(497)**	**(497)**
Other movements*	**(113)**	**–**	**(113)**
Closing balance of fair value measurement	**88**	**–**	**88**

2016	Fair value through profit or loss Rm	Fair value through other comprehensive income Rm	Total Rm
Opening balance	267	343	610
Total gains or losses			
In profit or loss	(83)	–	(83)
In other comprehensive income	–	27	27
Other movements*	36	–	36
Closing balance of fair value measurement	220	370	590
Capital deployed to cell	–	107	107
Closing balance of financial instrument	220	477	697

* *Other movements include charges on accounts less collections received and write-off's on loans for entry-level vehicles as well as movements in other financial assets.*

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 are most impacted by 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 of the asset or liability of more than 10%. This is demonstrated by the following sensitivity analysis which includes a reasonable range of possible outcomes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

30 FINANCIAL RISK MANAGEMENT *continued*

30.10 Level disclosures *continued*

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

SA Taxi – loans and advances: loans for entry-level vehicles	2017		2016	
	10% Favourable Rm	**10% Unfavourable Rm**	10% Favourable Rm	10% Unfavourable Rm
Significant unobservable input and description of assumption				
Average probability of default	**12**	**(3)**	17	(35)
Average loss given write-off	**12**	**(12)**	38	(35)
Average collateral value	**1**	**(1)**	2	(2)
Discount rate: the rate used to discount projected future cash flows to present value	**1**	**(1)**	3	(3)
Average effective interest rate	**1**	**(1)**	3	(3)
Total	**27**	**(18)**	63	(78)

SA Taxi – investment in unlisted entity	2017		2016	
	10% Favourable Rm	**10% Unfavourable Rm**	10% Favourable Rm	10% Unfavourable Rm
Significant unobservable input and description of assumption				
Premium per policy: average insurance premium per policy in a year	**–**	**–**	17	(17)
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	**–**	**–**	88	(88)
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)
Discount rate: the rate used to discount projected future cash flows to present value	**–**	**–**	18	(16)
Total	**–**	**–**	129	(127)

Transaction Capital Recoveries – other financial assets	2017		2016	
	10% Favourable Rm	**10% Unfavourable Rm**	10% Favourable Rm	10% Unfavourable Rm
Significant unobservable input and description of assumption				
Cash flows: change in the expected revenue	**–**	**–**	–	(1)
Cash flows: change in expected costs	**–**	**–**	1	(1)
Discount rate: the rate used to discount projected future cash flows to present value	**<1**	**<(1)**	4	(3)
Total	**<1**	**<(1)**	5	(5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
31	**RELATED PARTIES**		
31.1	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% (2016: 18.93%) of the issued share capital of Blend (56.8% in aggregate).		
	Transactions during the year		
	Rent paid	**38**	30
31.2	Loans to key management		
	TC Treasury Proprietary Limited, a wholly owned subsidiary of Transaction Capital Limited, has a loan receivable advanced to Terry Kier, the chief executive officer of SA Taxi.	**26**	26
	The loan is secured by Terry Kier's 2% share in SA Taxi and is repayable in cash. The loan has no fixed repayment date and is interest-free.		
	In terms of the Transaction Capital General Share Scheme the following loan balances are outstanding as at year-end:		
	David Hurwitz (chief executive officer)	**1**	3

The loan is at the official interest rate, granted with a maximum term not exceeding 6 years. The loan is secured by a cession over 77 409 shares, valued at R1.2 million at 30 September 2017.

31.3 Remuneration of key management personnel

Refer to note 21 where the remuneration of all key management is disclosed.

32 BUSINESS COMBINATIONS

32.1 Subsidiaries acquired

	Acquirer	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration for IFRS 3 purposes Rm
Recoveries Corporation Group Limited (Recoveries Corporation)*	Transaction Capital Risk Services	Consumer management solutions	31/12/2016	**100**	**477**
RC Value Added Services Proprietary Limited (Road Cover)**	Transaction Capital Risk Services	Proprietary value-added services	01/12/2016	**75**	**120**
The Beancounter Financial Services Proprietary Limited (The Beancounter)***	Transaction Capital Business Solutions	Outsourced accounting, payroll and tax services	01/12/2016	**51**	**10**
SA Taxi cell in Guardrisk International Limited PCC (SA Taxi cell captive)****	SA Taxi Development Finance	Insurance operations	30/06/2017	**100**	**497**

* *Transaction Capital Risk Services (TCRS) acquired 100% of the voting equity in Recoveries Corporation. Recoveries Corporation is a leading market participant with proven technology, strong data analytics skills and deep industry knowledge operating within the credit risk services market segment. Recoveries Corporation thus possesses intellectual property and expertise that can enhance Transaction Capital's specialist capabilities thereby assisting Transaction Capital to grow its share in existing market segments and/or facilitate access to new vertical markets. Recoveries Corporation's vast expertise in the insurance recoveries industry will augment Transaction Capital's competencies and facilitate the growth of its fledgling insurance recoveries offering in South Africa. The acquisition provides Transaction Capital with a strong entry point into the Australian market and the opportunity to expand geographically into a developed economy. Transaction Capital will thus diversify concentration risk as it earns hard currency based returns.*

** *TCRS acquired 75% of the voting equity in Road Cover. The acquisition provides TCRS with a strong entry point into an adjacent market (i.e. the value added services market), where TCRS' existing competencies can be leveraged to enhance Road Cover's existing market position. The rationale is to offer Road Cover's products to the mass consumer market via TCRS' existing banking, retail, insurance, telecommunications and other clients, thus enabling these clients to generate higher risk-adjusted returns through their engagements with their customers at point of origination.*

*** *The acquisition of 51% of the voting equity in The Beancounter provides Transaction Capital with an early entry into the specialist, cloud accounting services market in South Africa, and will augment Transaction Capital Business Solutions' existing offering to its SME clients. Furthermore, working capital funding can be offered into The Beancounter's SME client base.*

**** *SA Taxi transferred its existing insurance business into a ring-fenced Protected Cell Company (PCC) in Mauritius. The PCC ring-fences SA Taxi's capital which triggers control and as such constitutes a business combination. The SA Taxi cell captive forms part of the Guardrisk group of companies, which have a 30 June year-end.*

32 BUSINESS COMBINATIONS *continued*

32.2 Consideration for IFRS 3 purposes

	Recoveries Corporation Rm	Road Cover Rm	The Beancounter Rm	SA Taxi cell captive Rm	Total Rm
Cash	377	120	10	–	507
Contingent consideration arrangement*	100	–	–	–	100
Transfer of assets	–	–	–	497	497
Total	477	120	10	497	1 104

* *In terms of the contingent consideration arrangement at transaction date, the group was required to pay Recoveries Corporation a further potential AUD10 million over an earn-out period ending 31 October 2018. A maximum potential first earn-out payment of AUD2.5 million was payable at or about the end of October 2017 and AUD0.5 million was payable at or about the end of December 2017, subject to achieving certain profit warranties, with a maximum last earn-out payment of AUD7 million payable at or about the end of October 2018, again subject to achieving certain profit warranties. The present value of the contingent consideration on the date of acquisition was AUD9 million which represents the estimated fair value of this obligation at this date.*

There has been no material change in the fair value of the contingent consideration since the acquisition date to year-end, other than the unwinding of the time value of money. A first earn-out payment of AUD2.4 million (of AUD2.5 million) was made on 3 October 2017.

Acquisition-related costs amounting to R22.5 million (Recoveries Corporation R20.5 million, Road Cover R1.4 million, The Beancounter R0.1 million and SA Taxi's cell captive R0.5 million) have been excluded from the consideration transferred and have been recognised as an expense in profit or loss in the current year.

32.3 Assets acquired and liabilities recognised at the date of acquisition

	Recoveries Corporation Rm	Road Cover Rm	The Beancounter Rm	SA Taxi cell captive Rm	Total Rm
Current assets					
Cash and cash equivalents	21	4	–	256	281
Trade and other receivables	72	–	1	37	110
Tax receivables	4	–	–	4	8
Non-current assets					
Property and equipment	16	2	–	–	18
Goodwill	147	–	–	–	147
Deferred tax assets	14	1	–	54	69
Current liabilities					
Provisions	(30)	–	–	(294)	(324)
Trade and other payables	(76)	(6)	(1)	(5)	(88)
Net assets acquired and liabilities recognised	168	1	–	52	221

The initial accounting for the acquisition of Recoveries Corporation has been provisionally determined at the end of the reporting period. For tax purposes, the tax values of certain Recoveries Corporation's assets are required to be reset based on market values of the assets at the date of the acquisition. At the date of finalisation of these consolidated year-end results, the necessary market valuations and other calculations from a tax perspective had not been finalised and have therefore only been provisionally determined based on the directors' best estimate of the likely tax values.

The receivables acquired in these transactions have a fair value of R110 million. The receivables acquired compromise principally of trade receivables with a gross contractual amount of R96 million. The best estimate at acquisition date of the contractual cash flows not expected to be collected is R4 million.

32 BUSINESS COMBINATIONS *continued*

32.4 Non-controlling interests

The non-controlling interests in Road Cover (25%) and The Beancounter (49%) were measured at acquisition date at the non-controlling interests' proportionate share of the identifiable net assets.

32.5 Goodwill arising on acquisition

	Recoveries Corporation Rm	Road Cover Rm	The Beancounter Rm	SA Taxi cell captive Rm	Total Rm
Consideration for IFRS 3 purposes	477	120	10	497	1 104
Plus: non-controlling interests (25% in Road Cover, 49% in The Beancounter)	–	9	<1	–	9
Less: intangible assets identified from business combinations	(61)	(40)	(2)	(13)	(116)
Plus: deferred tax on intangible assets identified from business combinations	14	9	1	4	28
Plus: contingent liabilities raised in terms of IFRS 3	–	3	–	–	3
Less: fair value of identifiable net assets acquired	(168)	(1)	–	(52)	(221)
Goodwill arising on acquisition	262	100	9	436	807

The consideration paid for the business combinations effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of Recoveries Corporation, Road Cover, The Beancounter and SA Taxi's cell captive. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

On acquisition of Road Cover, and in accordance with the requirements of IFRS 3, the group recognised an additional contingent liability of R3 million in respect of historic subscriber claims at acquisition date for which the costs associated with the settlement of claims is uncertain. The contingent liability was measured with reference to historic trend analysis of costs incurred associated with subscriber claims at the acquisition date and, if an outflow occurs, it is expected to be settled within 18 months of the acquisition date. There has been no change in the fair value of the contingent liability since the acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

32 BUSINESS COMBINATIONS *continued*

32.6 Net cash outflow on acquisition of subsidiaries

	Rm
Consideration paid in cash	**507**
Less: cash and cash equivalent balance acquired	**(281)**
Net cash outflow	**226**

32.7 Impact of acquisitions on the results of the group

Included in profit attributable to equity holders of the group for the year, excluding acquisition costs, is R28 million attributable to Recoveries Corporation, R16 million attributable to Road Cover and R1 million attributable to The Beancounter. Revenue for the year includes R372 million in respect of Recoveries Corporation, R62 million in respect of Road Cover and R10 million in respect of The Beancounter.

Had these business combinations been effected at 1 October 2016, revenue for the group would have been R4 056 million, and the profit for the year attributable to equity holders of the group would have been R566 million. The directors consider these pro forma numbers to represent approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

The acquisition made by the SA Taxi group related to the insurance business resulted in control of the Protected Cell and the ring-fencing of the capital. The change in control resulted in full consolidation of the insurance business, represented by gross premiums of R557 million for the year, with no resultant impact on the profit after tax of the insurance business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

33 SEGMENT REPORT

	SA Taxi		Transaction Capital Risk Services		Group executive office		Group	
	2017 Audited Rm	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm
Summarised income statement for the year ended 30 September 2017								
Net interest income	**885**	744	**77**	65	**45**	70	**1 007**	879
Impairment of loans and advances	**(253)**	(206)	**(7)**	(3)	**–**	–	**(260)**	(209)
Non-interest revenue	**427**	315	**1 485**	964	**25**	–	**1 937**	1 279
Total operating costs	**(638)**	(541)	**(1 260)**	(796)	**(12)**	(11)	**(1 910)**	(1 348)
Non-operating profit	**–**	–	**(3)**	–	**–**	–	**(3)**	–
Profit before tax	**421**	312	**292**	230	**58**	59	**771**	601
Profit for the year attributable to equity holders of the parent	**303**	249	**211**	168	**41**	41	**555**	458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

33 SEGMENT REPORT *continued*

	SA Taxi		Transaction Capital Risk Services		Group executive office		Group	
	2017 Audited Rm	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm
Summarised statement of financial position at 30 September 2017								
Assets								
Cash and cash equivalents	**608**	761	**161**	72	**175**	443	**944**	1 276
Loans and advances	**7 872**	6 675	**584**	515	**–**	–	**8 456**	7 190
Purchased book debts	**–**	–	**891**	728	**–**	–	**891**	728
Other investments	**–**	477	**–**	–	**–**	–	**–**	477
Other assets	**1 438**	964	**1 327**	364	**18**	92	**2 783**	1 420
Total assets	**9 918**	8 877	**2 963**	1 679	**193**	535	**13 074**	11 091
Liabilities								
Bank overdrafts	**136**	173	**–**	–	**–**	–	**136**	173
Interest-bearing liabilities	**6 879**	6 482	**968**	558	**344**	437	**8 191**	7 477
Group loans	**1 164**	913	**107**	230	**(1 271)**	(1 143)	**–**	–
Other liabilities	**408**	167	**531**	285	**36**	11	**975**	463
Total liabilities	**8 587**	7 735	**1 606**	1 073	**(891)**	(695)	**9 302**	8 113
Total equity	**1 331**	1 142	**1 357**	606	**1 084**	1 230	**3 772**	2 978

33 SEGMENT REPORT *continued*

GEOGRAPHICAL INFORMATION

The group operated in two principal geographical areas, South Africa and Australia. The group's total revenue by location and non-current assets by location are detailed below:

	Total revenue		Non-current assets	
	2017 Audited Rm	2016 Audited Rm	**2017 Audited Rm**	2016 Audited Rm
South Africa	**3 534**	2 967	**10 674**	9 114
Australia	**374**	n/a	**535**	n/a
Total	**3 908**	2 967	**11 209**	9 114

34 GOING CONCERN

The annual financial statements were prepared on a going concern basis. Based on their assessment the directors have no reason to believe that the company will not continue as a going concern in the foreseeable future. The viability of the group is supported by the annual financial statements.

35 SUBSEQUENT EVENTS

No events which would have a material impact on either the financial position or operating results of the group have taken place between 30 September 2017 and the date of release of this report.

COMPANY STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER

	Notes	2017 Rm	2016 Rm
Assets			
Group loans		**1 414**	1 117
Cash and cash equivalents	1	**1**	442
Tax receivables		**–**	1
Trade and other receivables	2	**–**	6
Investments in subsidiaries	3	**1 636**	1 063
Total assets		**3 051**	2 629
Liabilities			
Group loans		**7**	7
Tax payables		**1**	–
Trade and other payables	4	**12**	2
Interest-bearing liabilities	5	**375**	474
Total liabilities		**395**	483
Equity			
Ordinary share capital	6	**1 069**	523
Share based payment reserve		**28**	29
Retained earnings		**1 559**	1 594
Total equity		**2 656**	2 146
Total equity and liabilities		**3 051**	2 629

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	**2017 Rm**	2016 Rm
Interest and other similar income	7	**78**	143
Interest and other similar expense	7	**(56)**	(88)
Net interest income	7	**22**	55
Non-interest revenue	8	**172**	121
Operating costs	9	**(24)**	(14)
Profit before tax		**170**	162
Income tax expense	10	**(9)**	(14)
Profit for the year		**161**	148
Other comprehensive income		**–**	–
Total comprehensive income for the year		**161**	148

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 equity Rm
Balance at 30 September 2015	568	481	26	1 582	2 089
Total comprehensive income	–	–	–	148	148
Profit for the year	–	–	–	148	148
Recognition of share appreciation rights	–	–	16	–	16
Settlement of share appreciation rights	–	–	(13)	–	(13)
Dividends paid	–	–	–	(136)	(136)
Issue of shares	5	53	–	–	53
Repurchase of shares	(1)	(11)	–	–	(11)
Balance at 30 September 2016	**572**	**523**	**29**	**1 594**	**2 146**
Total comprehensive income	**–**	**–**	**–**	**161**	**161**
Profit for the year	**–**	**–**	**–**	**161**	**161**
Recognition of share appreciation rights and conditional share plan	**–**	**–**	**19**	**–**	**19**
Settlement of share appreciation rights	**–**	**–**	**(20)**	**–**	**(20)**
Dividends paid	**–**	**–**	**–**	**(196)**	**(196)**
Issue of shares	**39**	**557**	**–**	**–**	**557**
Repurchase of shares	**(1)**	**(11)**	**–**	**–**	**(11)**
Balance at 30 September 2017	**610**	**1 069**	**28**	**1 559**	**2 656**

COMPANY STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER

	Notes	2017 Rm	2016 Rm
Cash flow from operating activities			
Cash generated by operations	11	**8**	45
Income taxes paid	12	**(7)**	(15)
Dividends received		**141**	117
Dividends paid	13	**(196)**	(136)
Cash flow (utilised in)/generated from operating activities before changes in operating assets and liabilities		**(54)**	11
Changes in working capital		**16**	(9)
Decrease/(increase) in trade and other receivables		**6**	(5)
Increase/(decrease) in trade and other payables		**10**	(4)
Net cash (utilised in)/generated from operating activities		**(38)**	2
Cash flow from investing activities			
Additional investments in subsidiaries		**(573)**	(31)
Acquisition of other investments		**(114)**	–
Proceeds on disposal of other investments		**135**	–
Net cash utilised in investing activities		**(552)**	(31)
Cash flow from financing activities			
Repurchase of shares		**(11)**	(11)
Issue of shares		**557**	53
Settlement of interest-bearing liabilities		**(100)**	(302)
Net (increase)/decrease in group loans		**(297)**	213
Net cash generated from/(utilised in) financing activities		**149**	(47)
Net decrease in cash and cash equivalents		**(441)**	(76)
Cash and cash equivalents at the beginning of the year		**442**	518
Cash and cash equivalents at the end of year		**1**	442

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER

The company financial statements were prepared using the accounting policies disclosed in note 1 of the consolidated financial statements.

Refer to pages 1 to 9 of the audited annual financial statements for the directors' responsibility statement, company secretary's certificate, audit, risk and compliance committee report and the social and ethics committee report.

		2017 Rm	2016 Rm
1	**CASH AND CASH EQUIVALENTS**		
	Bank balances	**1**	1
	Call deposits	**–**	441
	Total cash and cash equivalents	**1**	442
	Total overdraft facilities	**90**	90
2	**TRADE AND OTHER RECEIVABLES**		
	VAT receivable	**–**	1
	Other	**–**	5
	Total trade and other receivables	**–**	6
	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.		
3	**INVESTMENTS IN SUBSIDIARIES**		
	Shares at carrying value	**1 636**	1 063
	Total investments in subsidiaries	**1 636**	1 063
	Refer to note 15 for a schedule of subsidiaries, detailing movement in investments in subsidiaries from prior year.		
4	**TRADE AND OTHER PAYABLES**		
	Trade payables and accruals	**12**	–
	Other	**–**	2
	Total trade and other payables	**12**	2
	The carrying value of trade and other payables approximates fair value as they are short-term nature and not subject to material changes in fair value.		

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
5	**INTEREST-BEARING LIABILITIES**		
	Loans (subordinated debt)	**375**	474
	Total interest-bearing liabilities	**375**	474
	Maturity profile		
	Payable within 12 months	**–**	98
	Payable thereafter	**375**	376
	Total interest-bearing liabilities	**375**	474

	Type of loan	Description	Date issued	Interest rate	Maturity date	Currency Rm	**Carrying value**
2017 Loans	Bullet	Structurally subordinated	01/07/2016	3 Month JIBAR plus 4.50%	01/07/2021	ZAR	**375**
	Total						**375**
2016 Loans	Bullet	Structurally subordinated	16/07/2013	3 Month JIBAR plus 4.75%	16/07/2018	ZAR	98
	Bullet	Structurally subordinated	01/07/2016	3 Month JIBAR plus 4.50%	01/07/2021	ZAR	376
	Total						474

The company's exposure to interest rate risk is similar to that of the group, refer to note 30.2 in the consolidated financial statements.

The effect of a 1% change in interest rates is a net exposure of R10 million. As the company has no control over rate movements, it cannot predict the effect of future rate movements, if any.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
6	**ORDINARY SHARE CAPITAL**		
	Authorised		
	1 000 000 000 ordinary shares		
	Issued		
	610 146 776 (2016: 571 850 243) ordinary shares		
	Ordinary share capital	**1 069**	523
	Total ordinary share capital	**1 069**	523
	PREFERENCE SHARE CAPITAL		
	Authorised		
	10 000 000 cumulative, non-participating, non-convertible preference shares*		
	Issued		
	Nil (2016: Nil) preference shares		
	* *Created by a special resolution passed on 14 January 2013.*		

Refer to note 16 in the consolidated financial statements for a detailed reconciliation of movement in ordinary share capital during the year.

		2017 Rm	2016 Rm
7	**INTEREST**		
	Interest and other similar income is earned from:		
	Cash and cash equivalents	**28**	55
	Intergroup interest	**50**	88
	Total interest and other similar income	**78**	143
	Interest and other similar expenses are paid on:		
	Bank overdrafts	**(3)**	(3)
	Interest-bearing liabilities	**(51)**	(83)
	Other	**(2)**	(2)
	Total interest and other similar expense	**(56)**	(88)
	Interest and other similar income	**78**	143
	Interest and other similar expense	**(56)**	(88)
	Net interest income	**22**	55
8	**NON-INTEREST REVENUE**		
	Non-interest revenue comprises:		
	Fee income	**6**	4
	Investment income	**166**	117
	Dividends received – subsidiaries	**141**	117
	Other investment income	**25**	–
	Total non-interest revenue	**172**	121

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

9 OPERATING COSTS

	2017 Rm	2016 Rm
Operating costs comprise:		
Bank charges	**(1)**	(1)
Consulting fees	**–**	(3)
Directors' emoluments	**(5)**	(3)
Management fees – Intergoup*	**(15)**	(6)
Audit fees	**(1)**	>(1)
Audit fees – current year	**(1)**	> (1)
Listing costs	**(1)**	(1)
Input VAT disallowed	**(1)**	–
Total operating costs	**(24)**	(14)

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

10 INCOME TAX EXPENSE

	2017 Rm	2016 Rm
South African normal taxation:		
Current taxation	**(4)**	(14)
Current year	**(3)**	(14)
Prior years	**(1)**	–
Capital gains tax	**(5)**	–
Current year	**(5)**	–
Total income tax expense	**(9)**	(14)
Tax rate reconciliation		
South African tax rate		
Income not subject to tax*	**28.0%**	28.0%
Tax effects of:	**(26.7%)**	(20.2%)
Expenses not deductible for tax purposes**	**0.8%**	0.8%
Capital gains	**2.8%**	0.0%
Prior year taxes	**0.4%**	0.0%
Effective tax rate	**5.3%**	8.6%

* *Income not subject to tax include dividends received and fair value adjustments through profit and loss.*

** *Expenses not deductible for tax purposes include non-deductible amortisation of funding costs and expenses incurred in the production of non-taxable income.*

11 CASH GENERATED BY OPERATIONS

	2017 Rm	2016 Rm
Profit before taxation	**170**	162
Adjusted for:		
Fair value adjustments through profit and loss	**(21)**	–
Dividends received	**(141)**	(117)
Cash generated by operations	**8**	45

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

		2017 Rm	2016 Rm
12	**INCOME TAXES PAID**		
	Amounts receivable at the beginning of the year	**1**	–
	Charged in statement of comprehensive income	**(9)**	(14)
	Amounts payable/(receivable) at the end of the year	**1**	(1)
	Income taxes paid	**(7)**	(15)
13	**DIVIDENDS PAID TO ORDINARY SHAREHOLDERS**		
	Ordinary dividends for the year	**(196)**	(136)
	Total dividends paid	**(196)**	(136)
	An interim dividend of 15 (2016: 12) cents per share was declared on 24 May 2017 and paid on 26 June 2017. A final dividend of 25 (2016: 18) cents per share was declared on 21 November 2017 and paid on 11 December 2017.		
14	**RELATED PARTIES**		
14.1	Subsidiaries		
	Details of share ownership and loan balances are disclosed in note 15.		
	The following income was received from subsidiaries:		
	Interest		
	TC Treasury Proprietary Limited	**1**	10
	Ellehove Investments Proprietary Limited	**–**	3
	TC Corporate Support Proprietary Limited	**46**	70
	Transsec (RF) Limited	**3**	6
	Fees		
	TC Corporate Support Proprietary Limited	**6**	5
	The following fees were paid to subsidiaries:		
	TC Corporate Support Proprietary Limited	**(15)**	(6)
	Refer to note 21 in the consolidated financial statements for details on directors' remuneration.		

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	Nature of business and status	Issued share capital		Effective percentage held		Investment (at cost less impairments)		Loans at cost net of impairment	
		2017 Rm	2016 Rm	**2017 %**	2016 %	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
15 SUBSIDIARIES									
Transaction Capital Limited	T								
SA Taxi									
SA Taxi Finance Holdings Proprietary Limited	*/T	**<1**	<1	**98.0**	98.0	**731**	690	**–**	1
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 Development Finance Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
SA Taxi Protect Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Bompas 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 Investments (RF) Proprietary Limited	#/T	**<1**	<1	**100.0**	100.0				
SA Taxi Impact Fund (RF) Proprietary Limited	#	**<1**	<1	**100.0**	100.0				
Transsec (RF) Limited	#/T	**<1**	<1	**100.0**	100.0	**31**	31		
Transsec 2 (RF) Limited	#/T	**<1**	<1	**100.0**	100.0	**–**	5		
SA Forklifts Proprietary Limited	^	**–**	<1	**–**	100.0				
Keywood 2 Proprietary Limited	^	**–**	<1	**–**	100.0				
Zebra Cabs Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
Transaction Capital Risk Services									
Transaction Capital Risk Services Holdings Proprietary Limited	*/T	**<1**	<1	**100.0**	100.0	**865**	–		
Transaction Capital Risk Services Proprietary Limited	T	**<1**	<1	**100.0**	100.0	**–**	231	**–**	10
Transaction Capital Recoveries Proprietary Limited	T	**<1**	<1	**100.0**	83.0				
Transaction Capital Payment Solutions Proprietary Limited	T	**<1**	<1	**100.0**	83.0				
Principa Decisions Proprietary Limited	T	**<1**	<1	**100.0**	83.0			**–**	2
Transaction Capital Business Solutions Proprietary Limited	T	**<1**	<1	**100.0**	100.0			**6**	4
Dubrovnik Properties Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
Rand Trust Securitisation Proprietary Limited	D	**<1**	<1	**100.0**	100.0				
MBD Legal Collections Proprietary Limited	T	**<1**	<1	**100.0**	100.0				

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*

FOR THE YEAR ENDED 30 SEPTEMBER

	Nature of business and status	Issued share capital		Effective percentage held		Investment (at cost less impairments)		Loans at cost net of impairment	
		2017 Rm	2016 Rm	**2017 %**	2016 %	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
15 SUBSIDIARIES *continued*									
Transaction Capital Risk Services *continued*									
Transaction Capital Credit Health Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Origin Eight Financial Services Proprietary Limited	T	**<1**	<1	**100.0**	100.0				
Transaction Capital Recoveries Proprietary Limited Botswana	T	**<1**	<1	**100.0**	100.0				
MBD Asset Solutions Company Proprietary Limited	^	**<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				
Asset Solutions Company Proprietary Limited	^	**<1**	<1	**100.0**	100.0				
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				
Collection and Financial Services Proprietary Limited	^	**–**	<1	**–**	100.0				
RC Value Added Services Proprietary Limited	T	**<1**	–	**75.0**	–				
The Beancounter Financial Services Proprietary Limited	T	**<1**	–	**51.0**	–				
Transaction Capital Risk Services International Proprietary Limited	T	**<1**	–	**100.0**	–				
Transaction Capital Risk Services (Mauritius)	T	**<1**	–	**100.0**	–				
Transaction Capital Risk Services Australia Holdings	T	**<1**	–	**100.0**	–				
DLJ Holdings Co Proprietary Limited (Australia)	T	**<1**	–	**100.0**	–				
IRA Holdings Co Proprietary Limited (Australia)	T	**<1**	–	**100.0**	–				
Recoveries Corporation Group Limited (Australia)	T	**<1**			–				
Advanced Collections Systems Proprietary Limited (Australia)	T	**<1**	–	**100.0**	–				
Nimrod Finance Proprietary Limited ATF (Australia)	T	**<1**	–	**100.0**	–				

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

	Nature of business and status	Issued share capital 2017 Rm	Issued share capital 2016 Rm	Effective percentage held 2017 %	Effective percentage held 2016 %	Investment (at cost less impairments) 2017 Rm	Investment (at cost less impairments) 2016 Rm	Loans at cost net of impairment 2017 Rm	Loans at cost net of impairment 2016 Rm
15 SUBSIDIARIES *continued*									
Transaction Capital Risk Services *continued*									
SN Law Services Proprietary Limited ATF (Australia)	T	**<1**	–	**100.0**	–				
Recoveries Corporation Proprietary Limited (Australia)	T	**<1**	–	**100.0**	–				
RCL Services Proprietary Limited (Australia)	D	**<1**	–	**100.0**	–				
RCL Law Proprietary Limited (Australia)	T	**<1**	–	**100.0**	–				
Mason Black Lawyers (Australia)	T	**<1**	–	**100.0**	–				
RCL Services PTE Limited (Fiji)	T	**<1**	–	**100.0**	–				
Group executive office									
TC Corporate Support Proprietary Limited	*/ T	**<1**	<1	**100.0**	100.0	**4**	12		
TC Treasury Proprietary Limited	*/T	**<1**	<1	**100.0**	100.0	**<1**	<1	**1 407**	1 100
Nisela Investments Proprietary Limited	*/D	**<1**	<1	**100.0**	100.0	**–**	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	*/D	**<1**	<1	**100.0**	100.0	**<1**	<1		
Transcapital Investments Limited	*/T	**<1**	<1	**100.0**	100.0	**<1**	<1	**1**	<(1)
Red Sky Finance Proprietary Limited	*/D	**<1**	<1	**100.0**	100.0	**<1**	<1		
Ellehove Investments Proprietary Limited	D	**<1**	<1	**100.0**	100.0			**(7)**	8
						1 636	1 063	**1 407**	1 110

** 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 as a "<1".

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

16 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 asset and liability committee ('ALCO') and the audit, risk and compliance ('ARC') committee. 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 ARC 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 officers 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 financial director.

16.1 Credit risk

Credit risk is the risk of loss arising from the failure of a client or counterparty to discharge an obligation to the company. It is not the company's strategy to avoid credit risk, but rather to manage credit risk within the company's risk appetite and to earn an appropriate risk-adjusted return. The company does not consider there to be any significant concentration of credit risk which has not been adequately provided for.

16.1.1 FINANCIAL ASSETS SUBJECT TO RISK

Credit quality in the maximum exposure to credit risk of financial assets at the financial year-end is analysed as follows:

	Group loans* Rm	**Trade & other receivables Rm**	**Total Rm**
2017			
Neither past due nor impaired	**1 414**	**–**	**1 414**
Carrying value of financial assets	**1 414**	**–**	**1 414**

	Group loans* Rm	Trade & other receivables Rm	Total Rm
2016			
Neither past due nor impaired	1 117	6	1 123
Carrying value of financial assets	1 117	6	1 123

* *Group loans are all considered to be high quality.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

16 FINANCIAL RISK MANAGEMENT *continued*

16.2 Liquidity risk management

Liquidity risk is the risk that the company 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 company's objectives in relation to liquidity risk 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, an analysis of the company'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 subsidiaries in support of the respective business models. This includes the ongoing assessment and evaluation of various funding sources designed to grow and diversify the group's funding base 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 obligations to funders, including covenants.

It is the responsibility of each subsidiary to manage the 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.

2017	**On demand Rm**	**Within 1 year Rm**	**From 1 – 5 years Rm**	**More than 5 years Rm**	**Total Rm**
Liabilities					
Trade and other payables	**12**	**–**	**–**	**–**	**12**
Group loans	**7**	**–**	**–**	**–**	**7**
Interest-bearing liabilities	**–**	**44**	**510**	**–**	**554**
Financial liabilities	**19**	**44**	**510**	**–**	**573**
Non-financial liabilities	**1**	**–**	**–**	**–**	**1**
Total liabilities	**20**	**44**	**510**	**–**	**574**

2016	On demand Rm	Within 1 year Rm	From 1 – 5 years Rm	More than 5 years Rm	Total Rm
Liabilities					
Trade and other payables	2	–	–	–	2
Group loans	7	–	–	–	7
Interest-bearing liabilities	–	43	671	–	714
Financial liabilities	9	43	671	–	723
Non-financial liabilities	8	–	–	–	8
Total liabilities	17	43	671	–	731

16 FINANCIAL RISK MANAGEMENT *continued*

16.3 Fair value disclosure

The fair values of financial assets and financial liabilities are disclosed below:

	Carrying value 2017 Rm	**Fair value 2017 Rm**	Carrying value 2016 Rm	Fair value 2016 Rm
30 September				
Assets				
Group loans	**1 414**	**1 414**	1 117	1 117
Trade and other receivables	**–**	**–**	6	6
Investments in subsidiaries	**1 636**	**1 636**	1 063	1 063
Cash and cash equivalents	**1**	**1**	442	442
	3 051	**3 051**	2 628	2 628
Liabilities				
Interest-bearing liabilities	**375**	**384**	474	479
– Floating rate liabilities	**375**	**384**	474	479
Group loans	**7**	**7**	7	7
Trade and other payables	**12**	**12**	6	6
	394	**403**	487	492
Net exposure	**2 657**	**2 648**	2 141	2 136

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

16 FINANCIAL RISK MANAGEMENT *continued*
16.4 Statement of financial position categories

2017	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Equity Rm	Total Rm
Assets					
Group loans	1 414	–	–	–	1 414
Cash and cash equivalents	1	–	–	–	1
Investments in subsidiaries	–	–	1 636	–	1 636
Total assets	1 415	–	1 636	–	3 051
Equity and liabilities					
Liabilities					
Group loans	–	7	–	–	7
Tax payables	–	–	1	–	1
Trade and other payables	–	12	–	–	12
Interest-bearing liabilities	–	375	–	–	375
Total liabilities	–	394	1	–	395
Equity					
Ordinary share capital	–	–	–	1 069	1 069
Share based payment reserve	–	–	–	28	28
Retained earnings	–	–	–	1 559	1 559
Total equity	–	–	–	2 656	2 656
Total equity and liabilities	–	394	1	2 656	3 051

16 FINANCIAL RISK MANAGEMENT *continued*

16.4 Statement of financial position categories *continued*

2016	Financial assets carried at amortised cost Rm	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Equity Rm	Total Rm
Assets					
Group loans	1 117	–	–	–	1 117
Cash and cash equivalents	442	–	–	–	442
Tax receivables	–	–	1	–	1
Trade and other receivables	6	–	–	–	6
Investment in subsidiaries	–	–	1 063	–	1 063
Total assets	1 565	–	1 064	–	2 629
Equity and liabilities					
Liabilities					
Group loans	–	7	–	–	7
Trade and other payables	–	2	–	–	2
Provisions	–	–	–	–	–
Interest-bearing liabilities	–	474	–	–	474
Total liabilities	–	483	–	–	483
Equity					
Ordinary share capital	–	–	–	523	523
Share based payment reserve	–	–	–	29	29
Retained earnings	–	–	–	1 594	1 594
Total equity	–	–	–	2 146	2 146
Total equity and liabilities	–	483	–	2 146	2 629

NOTES TO THE COMPANY FINANCIAL STATEMENTS *continued*
FOR THE YEAR ENDED 30 SEPTEMBER

16 FINANCIAL RISK MANAGEMENT *continued*

16.4 Statement of comprehensive income categories

Statement of comprehensive income

2017	At fair value through profit or loss Rm	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Total Rm
Interest income	**–**	**78**	**–**	**–**	**78**
Interest expense	**–**	**–**	**(56)**	**–**	**(56)**
Dividend income	**–**	**–**	**–**	**141**	**141**
Net movements in financial instruments held at fair value	**21**	**–**	**–**	**–**	**21**
Total	**21**	**78**	**(56)**	**141**	**184**

2016	At fair value through profit or loss Rm	Financial assets carried at amortised cost	Financial liabilities carried at amortised cost Rm	Non-financial liabilities or financial assets Rm	Total Rm
Interest income	–	143	–	–	143
Interest expense	–	–	(88)	–	(88)
Dividend income	–	–	–	117	117
Total	–	143	(88)	117	172

17 GOING CONCERN

The annual financial statements were prepared on a going concern basis. Based on their assessment, the directors have no reason to believe that the company will not continue as a going concern in the foreseeable future. The viability of the company is supported by the annual financial statements.

18 SUBSEQUENT EVENTS

No events which would have a material impact on either the financial position or operating results of the company have taken place between 30 September 2017 and the date of release of this report.

FORMULAE AND DEFINITIONS

ITEM	DEFINITION
After tax credit loss coverage	Provision coverage divided by after tax credit loss ratio
Asset turnover ratio	Gross principal book revenue expressed as a percentage of average carrying value of purchased book debts
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 assets	Sum of 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
Core cost-to-income ratio	Core operating costs expressed as a percentage of net interest income plus non-interest revenue
Core headline earnings	Headline earnings excluding transaction and other acquisition-related costs
Core headline earnings per share	Core headline earnings divided by weighted average number of ordinary shares in issue
Core operating costs	Operating costs excluding transaction and other acquisition-related costs
Core profit for the year	Profit for the year excluding transaction and other acquisition-related costs
Core return on average assets	Core profit for the year expressed as a percentage of average assets
Core return on average equity	Core 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
Core return on sales	Core profit for the year expressed as a percentage of total income
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) excluding Transaction Capital Business Solutions
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
Estimated remaining collections	Estimated undiscounted value of remaining gross cash collections of purchased book debts, estimated to be recovered over the next 96 months
Gearing	Total assets divided by equity attributable to ordinary equity holders of the parent expressed in times

FORMULAE AND DEFINITIONS *continued*

ITEM	DEFINITION
Gross loans and advances	Gross loans and advances exclude the value of the written-off book brought back on to the balance sheet
Gross yield on average assets	Total income divided by average assets
Gross yield on average gross loans and advances	Total income divided by average gross loans and advances
Headline earnings	Headline earnings is defined and calculated as per the circular titled Headline Earnings as issued by the South African Institute of Chartered Accountants (SAICA) as amended from time to time, currently being basic earnings attributable to ordinary shareholders adjusted for goodwill impairments, capital profits and losses and other non-headline items
Headline earnings per share	Headline earnings 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
Premium vehicles	Non entry-level vehicles
Pre-provision profit	Profit before tax excluding impairment of loans and advances
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 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 sales	Profit for the year expressed as a percentage of total income
Risk-adjusted net interest margin	Net interest margin less credit loss ratio
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
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

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)
Ronen Goldstein (financial director)
Mark Herskovits (executive director: capital management)
Jonathan Jawno (executive director)
Michael Mendelowitz (executive director)

INDEPENDENT NON-EXECUTIVE

Christopher Seabrooke (chairman)
Phumzile Langeni
Kuben Pillay
Olufunke Ighodaro

NON-EXECUTIVE

Roberto Rossi
Paul Miller

COMPANY SECRETARY AND REGISTERED OFFICE

Theresa Palos
230 Jan Smuts Avenue
Dunkeld West
Johannesburg, 2196
(PO Box 41888, Craighall, 2024)

SPONSOR

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(Registration number 1929/001225/06)
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Corner Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

LEGAL ADVISERS

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(Registration number 2006/018200/21)
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(PO Box 783347, Sandton, 2146)

TRANSFER SECRETARIES

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(Registration number 2004/003647/07)
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15 Biermann Avenue
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INDEPENDENT AUDITORS

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