IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
AUDITED ANNUAL FINANCIAL STATEMENTS
31 December 2015

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The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of iMpumelelo CP Note Programme 1 (RF) Ltd ("the company") at the end of the financial year and the net income and cash flows for the reporting period, and other information contained in this report.

To enable the directors to meet these responsibilities:

- All directors will endeavour to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach;
- The board sets standards and management implements systems of internal control and accounting and information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties;
- The board and management identify all key areas of risk across the company and endeavour to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints;
- The internal audit function outsourced from Barclays Africa Group Limited Internal Audit, which operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business; and
- The internal auditors play an integral role in matters relating to financial and internal control, accounting policies, reporting and disclosure.

To the best of their knowledge and belief, based on the above, the directors are satisfied that no material breakdown in the operation of the systems of internal control and procedures has occurred during the year under review.

The company consistently adopts appropriate and recognised accounting policies and these are supported by reasonable and prudent judgements and estimates on a consistent basis. The financial statements of the company have been prepared in accordance with the provisions of the Companies Act, 71 of 2008, South Africa and comply with International Financial Reporting Standards (IFRS) and all applicable legislation.

The directors have no reason to believe that the company will not be a going concern in the reporting period ahead, based on forecasts and available cash resources. These financial statements have accordingly been prepared on this basis.

It is the responsibility of the independent auditors to report on the annual financial statements. Their report to the shareholders of the company is set out on page 4 to 5 of this report.

The directors' report on pages 6 to 7 and financial statements of the company which appears on pages 8 to 36 were approved by the board of directors on 29 March 2016 and are signed on its behalf by

Brendan Harmse
Director
Johannesburg

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
COMPANY SECRETARY'S CERTIFICATE
As at 31 December 2015

To the shareholders of iMpumelelo CP Note Programme 1 (RF) Ltd,

In accordance with the provisions of the South African Companies Act, No 71 of 2008 (as amended), (the Companies Act) I in my capacity as Company Secretary certify that, in respect of the period ended 31 December 2015, the Company has lodged with the company and Intellectual Property Commission (CIPC) all returns prescribed by the Companies Act and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Naidoo

TMF Corporate Services (SA) (Pty) Ltd
Company Secretary
Represented by: N V NAIDOO

29 March 2016

Date:

Members of the Audit Committee

Rishendrie Thanthony (Chairperson)
Willem Hermanus Swanepoel
Brendan Harmse

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 as amended and Regulation 42 of the Companies Regulation, 2011.

Meetings held by the Audit Committee

The audit committee performed the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 as amended by holding meetings with the key role players and by the unrestricted access granted to the external auditors.

The committee held meetings on the 27th May 2015 and on the 18th November 2015. On the 29th March 2016 the committee held a meeting to approve the annual financial statements.

Expertise and experience of finance function

The on-going accounting, risk management and professional administration is performed by ABSA Bank Limited. The ongoing secretarial administration is provided by TMF Corporate Services (SA) (Pty) Ltd.

The committee satisfied itself that the composition, experience and skills set of the finance function met the Company's requirements.

Independence of external auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 as amended and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 as amended that internal governance processes within the firm support and demonstrate the claim to independence.

The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Discharge of responsibilities and Audited Annual Financial Statements

Following the review by the committee of the audited annual financial statements of the Company for the year ended 31 December 2015 and based on the information provided to it, the committee considers that, in all material respects, the Company complies with the provisions of the Companies Act No 71 of 2008, as amended, International Financial Reporting Standards, and that the accounting policies applied are appropriate.

Following the review of the audited annual financial statements the committee recommended the Company's year ended 31 December 2015 audited annual financial statements for approval to the Board on the 29th March 2016.

The committee further concurred with the Board and management that the adoption of the going-concern status in preparation of the annual audited financial statements is appropriate.

On behalf of the audit committee:

Chairman: Audit Committee
Date: 29 March 2016

pwc

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED

We have audited the financial statements of iMpumelelo CP Note Programme 1 (RF) Limited set out on pages 8 to 36, which comprise the statement of financial position as at 31 December 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of iMpumelelo CP Note Programme 1 Limited as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

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

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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 PricewaterhouseCoopers Inc. has been the auditor of iMpumelelo CP Note Programme 1 (RF) Limited for a period of 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: F Prinsloo
Registered Auditor
Johannesburg
29 March 2016

Company registration number	2013/211998/06
Country of incorporation and domicile	South Africa
Date of publication	29 March 2016
Nature of business and principle activities	A special purpose company that issues commercial paper to finance, from time to time, the acquisition of Acquired Assets. The on-going accounting, risk management and professional administration is performed by ABSA Bank Limited.

Directors

Name	Appointment date	Resignation date
Brendan Harmse		
Rishendrie Thanthony	27 February 2015	
Kuveshen Chetty	24 April 2014	12 January 2016
Willem Hermanus Swanepoel	30 June 2014	
Pieter Johannes Vorster Van Der Merwe	24 April 2014	01 March 2016
Shamani Naidoo	17 November 2014	27 February 2015

Registered office	3rd Floor 200 Main Corner Main and Bowwood Roads Claremont 7708
Postal address	3rd Floor 200 Main Corner Main and Bowwood Roads Claremont 7708
Holding company	iMpumelelo Owner Trust
Bankers	ABSA Bank Limited
Auditors	PricewaterhouseCoopers Inc
Supervised by	These annual financial statements are under the direction and supervision of the Neil Slabbert (CA) SA.

Company secretary

Name	Appointment date
TMF Corporate Services (SA) (Pty) Ltd	24/04/2014

Date of incorporation 13/11/2013

Review of financial results The financial results of the company are set out in the attached financial statements. The results do not, in the opinion of the directors, require further explanation.

Key performance indicators	2015 R	14 Months ended 31 December 2014 R
Profit for the year	**7 736 240**	1 330 460
Total comprehensive income	**7 736 240**	1 330 460
Taxation	**(3 008 538)**	(517 405)
Dividends declared and paid	**-**	-
Total assets	**3 413 752 807**	1 017 400 109
Total liabilities	**(3 404 686 096)**	1 016 069 638
Total equity	**9 066 711**	1 330 471

Authorised and issued share capital There were no changes to the authorised or issued share capital for the year under review. The share capital is disclosed in note 13.

Events after the reporting date Events material to the understanding of these annual financial statements that occurred between the financial year end and the date of this report have been disclosed in note 23.

Going concern The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Directors' emoluments Directors' emoluments disclosures are included in the attached financial statements note 25.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

	Notes	2015 R	14 Months ended 31 December 2014 R
Investment income	4	**129 875 328**	25 539 807
Administration expenses	6	**(279 534)**	(113 219)
Other expenses	6	**(3 439 743)**	(1 038 534)
Finance costs	5	**(115 411 273)**	(22 540 189)
Profit before tax		**10 744 778**	1 847 865
Income tax expense	7	**(3 008 538)**	(517 405)
Profit for the year		**7 736 240**	1 330 460
Total comprehensive income for the year, net of tax		**7 736 240**	1 330 460

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 R	14 Months ended 31 December 2014 R
Assets			
Non-current assets			
Loans and advances	8	**3 384 000 000**	1 000 000 000
Deferred tax assets	10	**-**	36 180
Total non-current assets		**3 384 000 000**	1 000 036 180
Current assets			
Other receivables	9	**23 067 955**	16 686 310
Current tax assets		**108 042**	10 798
Cash and cash equivalents	16	**6 576 810**	666 821
Total current assets		**29 752 807**	17 363 929
Total assets		**3 413 752 807**	1 017 400 109
Equity and liabilities			
Capital and reserves			
Share capital	13	**10**	10
Preference share capital	13	**1**	1
Retained income		**9 066 700**	1 330 460
Total equity		**9 066 711**	1 330 471
Current liabilities			
Trade and other payables	11	**20 686 096**	16 069 638
Notes issued	12	**3 384 000 000**	1 000 000 000
Total current liabilities		**3 404 686 096**	1 016 069 638
Total liabilities		**3 404 686 096**	1 016 069 638
Total equity and liabilities		**3 413 752 807**	1 017 400 109

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2015

	Share Capital R	Preference share capital R	Retained earnings R	Total equity R
Balance at 1 November 2013	-	-	-	-
Total comprehensive income for 14 months	-	-	1 330 460	1 330 460
Share issue	10	1	-	11
Balance at 31 December 2014	10	1	1 330 460	1 330 471
Balance at 1 January 2015	**10**	**1**	**1 330 460**	**1 330 471**
Total comprehensive income for the year	-	-	**7 736 240**	**7 736 240**
Balance at 31 December 2015	**10**	**1**	**9 066 700**	**9 066 711**

IMPUMELELO CP NOTE PROGRAMME 1 (RF) LIMITED
(Registration number: 2013/211998/06)
STATEMENT OF CASH FLOWS
for the year ended 31 December 2015

	Notes	2015 R	14 Months ended 31 December 2014 R
Cash flows from operating activities			
Cash (used in)/generated by operations	14	**(3 671 542)**	100 835
Finance income received	18	**123 493 683**	8 853 497
Finance costs paid	17	**(110 842 550)**	(7 723 139)
Income taxes paid	15	**(3 069 602)**	(564 383)
Net cash generated by operating activities		**5 909 989**	666 810
Cash flows from investing activities			
Payments to acquire financial assets		**(2 384 000 000)**	(1 500 000 000)
Proceeds on sale of financial assets		**-**	500 000 000
Net cash used in investing activities		**(2 384 000 000)**	(1 000 000 000)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		**-**	10
Proceeds from issue of redeemable preference shares		**-**	1
Proceeds from issue of debt instruments		**10 391 835 596**	1 500 000 000
Debt instruments settled		**(8 007 835 596)**	(500 000 000)
Net cash generated by financing activities		**2 384 000 000**	1 000 000 011
Net increase in cash and cash equivalents		**5 909 989**	666 821
Cash and cash equivalents at the beginning of the year		**666 821**	-
Cash and cash equivalents at the end of the year	16	**6 576 810**	666 821

1. STATEMENT OF COMPLIANCE

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (IFRIC) and the requirements of the Companies Act of South Africa, as amended.

The financial statements are presented in South African Rands (R), the presentation currency of the company.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current year, the company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2015. The adoption of these new and revised standards and interpretations has not resulted in material changes to the company's accounting policies. Further details of the new and revised accounting policies adopted during the current year can be found in note 24.

2.2 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

2.3 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable.

NET INVESTMENT INCOME

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.4 TAXATION

Income tax expense represents the sum of the tax currently payable and deferred tax.

CURRENT TAXATION

Current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

DEFERRED TAXATION

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

CURRENT AND DEFERRED TAX

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.5 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (EXCLUDING GOODWILL)

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs 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 for which the estimates of future cash flows have not been adjusted.

2.6 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 capitalised to the initial carrying amount of the financial asset/liability, 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.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction or released in full when previously unobservable inputs become observable

2.6.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial liabilities are either measured at amortised cost or classified as at fair value through profit or loss, which may occur when the financial liability is either held for trading or it is designated as at fair value through profit or loss

2.6 FINANCIAL INSTRUMENTS (continued)

2.6.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

EFFECTIVE INTEREST METHOD

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

FINANCIAL LIABILITIES

Most financial liabilities are held at amortised cost. That is, the initial fair value (which is normally the amount borrowed) is adjusted for premiums, discounts, repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the liability.

IMPAIRMENT OF FINANCIAL ASSETS

Amortised cost instruments

Impairment on financial assets measured at amortised cost is recognised in accordance with IAS 39, the company assesses at each reporting date whether there is objective evidence that financial assets at amortised cost will not be recovered in full and, wherever necessary, recognises an impairment loss in profit or loss. An impairment loss is recognised if there is objective evidence of impairment as a result of events that have occurred and these have adversely impacted the estimated future cash flows from the assets.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

2.6 FINANCIAL INSTRUMENTS (continued)

2.6.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Following impairment, interest income continues to be recognised at the original effective interest rate on the restated carrying amount, representing the unwinding of the discount of the expected cash flows, including the principal due on non-accrual loans.

Uncollectable loans are written off against the related allowance for loan impairment on completion of the company's internal processes and all recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Identified impairment

Impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows of that instrument being assessed are taken into account, for example, the business prospects for the customer, the fair value of collateral, the company's position relative to other claimants, the reliability of customer information and the likely cost and duration of the workout process. Subjective judgements are made in this process by management.

Furthermore, judgements change with time as new information becomes available or as workout strategies evolve, resulting in revisions to the impairment allowance as individual decisions are taken case by case. Once a financial asset or a group of similar financial assets have been written down as a result of an impairment loss, interest income is thereafter recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are not included in a collective assessment of impairment.

Unidentified impairment

An impairment allowance is recognised when observable data indicates there is a measurable decrease in the estimated future cash flows from a group of financial assets since the original recognition of those assets, even though the decrease cannot yet be identified for the individual assets in the group. The purpose of collective assessment of impairment is to test for latent losses on a portfolio of loans that have not been individually evidenced.

In cases where the collective impairment of a portfolio cannot be individually evidenced, the company sets out to prove that a risk condition has taken place that will result in an impairment of assets (based on historic experience), but the losses will only be identifiable at an individual borrower level at a future date.

2.6 FINANCIAL INSTRUMENTS (continued)

2.6.1 FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

IMPAIRMENT OF FINANCIAL ASSETS (continued)

The emergence period concept is applied to ensure that only impairments that exist at the reporting date are captured. The emergence period is defined as the time lapse between the occurrence of a trigger event and the impairment being identified at an individual account level. The probability of default for each exposure class is based on historical default experience, scaled for the emergence period relevant to the exposure class. This probability of default is then applied to the total population for which specific impairments have not been recognised. The resulting figure represents an estimation of the impairment that occurred during the emergence period and therefore has not specifically been identified by the company at the reporting date.

The impairment allowance also takes into account the expected severity of loss at default, or the loss-given default (LGD), which is the amount outstanding when default occurs that is not subsequently recovered. Recovery varies by product and depends, for example, on the level of security held in relation to each loan, and the company's position relative to other claimants. The LGD estimates are based on historical default experience.

Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that do not affect the period on which historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

DERECOGNITION OF FINANCIAL INSTRUMENTS

Derecognition of financial assets

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged, cancelled or have expired, or the company transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk. When an asset is transferred, in some circumstances, the company may retain an interest in it (continuing involvement) requiring the company to repurchase it in certain circumstances for other than its fair value on that date.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same party on substantially different terms, or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified, the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.6 FINANCIAL INSTRUMENTS (continued)

2.6.2 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.

ORDINARY SHARE CAPITAL

Proceeds are included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the board.

PREFERENCE SHARE CAPITAL

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specific future date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as an interest expense in profit or loss.

2.7 OFFSETTING

In accordance with IAS 32 Financial Instruments: Presentation, the company reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.8 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less.

3. JUDGEMENTS AND ESTIMATES

In the preparation of the annual financial statements, management is required to make judgements, estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the financial statements within the next financial period.

	2015 R	14 Months ended 31 December 2014 R
4. INVESTMENT INCOME		
Interest income		
Investment securities - bonds and loans	**129 875 328**	25 539 807
	129 875 328	25 539 807
5. FINANCE COSTS		
Interest expense		
Interest on notes issued	**115 411 273**	22 540 189
	115 411 273	22 540 189
Net finance income	**14 464 055**	2 999 618

6. ADMINISTRATION AND OTHER EXPENSES

Profit for the year is stated after taking account of the following items:

6.1 Auditors remuneration

	2015 R	2014 R
Audit fees	**89 451**	36 230
	89 451	36 230

6.2 Directors remuneration

	2015 R	2014 R
Directors fees	**190 083**	76 989
	190 083	76 989

6.3 Other

	2015 R	2014 R
Management fees	**2 493 793**	700 696
Other professional services	**330 769**	88 321
Administration fees and expenses	**35 746**	15 851
Bank charges	**20 366**	7 227
Credit ratings	**559 069**	226 439
	3 439 743	1 038 534

	2015	14 Months ended 31 December 2014
	R	R

7 INCOME TAXES

7.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

	2015 R	14 Months ended 31 December 2014 R
Current tax		
Normal tax - current year	**2 972 358**	553 585
	2 972 358	553 585
Deferred tax		
Deferred tax expense recognised in the current year	**36 180**	(36 180)
	36 180	(36 180)
Total income tax recognised in the current year	**3 008 538**	517 405
Tax rate reconciliation		
Statutory tax rate	**28.00%**	28.00%
Effective income tax rate	**28.00%**	28.00%
Profit for the year	**10 744 778**	1 847 866
Income tax expense calculated at 28% (2014: 28%)	**3 008 538**	517 405
Income tax expense recognised in profit or loss	**3 008 538**	517 405

8. LOANS AND ADVANCES

	2015 R	14 Months ended 31 December 2014 R
Loans - investment securities	**3 384 000 000**	1 000 000 000
Total carrying amount of loans and advances	**3 384 000 000**	1 000 000 000
Maturity of loans and advances		
Non-current	**3 384 000 000**	1 000 000 000
	3 384 000 000	1 000 000 000

Loans and advances consist of unlisted bonds and loans with the face values and related interest at floating rates referencing either Prime or Jibar.

The average interest rate for the unlisted bonds and loans during the current reporting period was 7.595%. (2014:7.204%)

All the company's rights and interests to these balances are pledged to iMpumelelo Security SPV 1 (RF) Pty Ltd and are fully utilized (refer to note 12).

9. OTHER RECEIVABLES

	2015 R	14 Months ended 31 December 2014 R
Accrued interest on floating bonds and loans	**23 067 955**	16 686 310
	23 067 955	16 686 310
Current	**23 067 955**	16 686 310
	23 067 955	16 686 310

	2015	14 Months ended 31 December 2014
	R	**R**

10. DEFERRED TAX

Deferred tax balances

The net deferred tax asset at the end of the year is as follows:

Deferred tax assets	-	36 180
	-	36 180

Deferred tax assets and liabilities are attributable to the following:

2015

	Balance at 1 January R	Recognised in profit or loss R	Balance at 31 December R
Accruals	**36 180**	**(36 180)**	-
	36 180	**(36 180)**	-

2014

Accruals	-	36 180	36 180
	-	36 180	36 180

	2015	2014
	R	**R**

11. TRADE AND OTHER PAYABLES

Trade payables	**516 479**	304 055
Amounts due to related parties (note 22)	**783 844**	948 533
Accrued interest on notes issued	**19 385 773**	14 817 050
	20 686 096	16 069 638

12. NOTES ISSUED

Notes issued	**3 384 000 000**	1 000 000 000
	3 384 000 000	1 000 000 000

Notes issued consist of unlisted notes bearing floating interest rates referencing to either Prime or Jibar.

The average interest rate for the unlisted notes issued for the current year under review was 6.704%. (2014:6.457%)

In the previous reporting period notes issued consisted of both listed and unlisted notes at floating interest rates referenced to Jibar.

	2015	14 Months ended 31 December 2014
	R	**R**

12. NOTES ISSUED (continued)

In terms of the security SPV guarantee, iMpumelelo Security SPV 1 (RF) Pty Ltd holds and can realise security for the benefits of the noteholders in the event of a default. In brief, the security consists of the Company's rights, title and interests in and to the bank accounts and permitted investments, the collateral and all other benefits and rights flowing from aforementioned rights and interests.

13. SHARE CAPITAL

Ordinary share capital

Authorised share capital
100 ordinary shares of no par value

	2015 R	2014 R
Issued share capital		
10 (2014: 10) ordinary shares of no par value	**10**	10
	10	10

Preference share capital

Authorised share capital
50 cumulative redeemable preference shares at no par value

	2015 R	2014 R
Issued		
1 (2014: 1) cumulative redeemable preference no par value	**1**	1
	1	1

The Company has issued 1 cumulative redeemable preference no par value share at R1 to Absa Bank Limited.

Unissued shares
The unissued shares are under the control of the directors as at reporting date in terms of a general authority to allot and issue them on such terms and conditions and at such times they deem fit.

The authority expires at the forthcoming annual general meeting of the Company.

14. CASH (USED IN)/GENERATED BY OPERATIONS

	2015 R	2014 R
Profit before tax	**10 744 778**	1 847 865
Adjustments for:		
Finance costs	**115 411 273**	22 540 189
Finance income	**(129 875 328)**	(25 539 807)
Cash used in operations before working capital changes	**(3 719 277)**	(1 151 753)
Changes in working capital		
Increase in trade and other payables	**47 735**	1 252 588
Total changes in working capital	**47 735**	1 252 588
Cash (used in)/generated by operations	**(3 671 542)**	100 835

		2015 R	14 Months ended 31 December 2014 R
15.	**TAXATION PAID**		
	Tax receivable at the beginning of the year	**10 798**	-
	Current tax expense	**(2 972 358)**	(553 585)
	Tax receivable at the end of the year	**(108 042)**	(10 798)
		(3 069 602)	(564 383)
16.	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**6 407 780**	566 160
	Inter-group call loans	**169 030**	100 661
		6 576 810	666 821
17.	**FINANCE COSTS PAID**		
	Accrued interest not paid at the beginning of the year	**(14 817 050)**	-
	Finance costs expense	**(115 411 273)**	(22 540 189)
	Accrued interest not paid at the end of the year	**19 385 773**	14 817 050
		(110 842 550)	(7 723 139)
18.	**FINANCE INCOME RECEIVED**		
	Accrued interest not received at the beginning of the year	**16 686 310**	-
	Interest received	**129 875 328**	25 539 807
	Accrued interest not received at the end of the year	**(23 067 955)**	(16 686 310)
		123 493 683	8 853 497

		Loans and receivables at amortised cost R	Loans , notes and payables at amortised cost R	Cash and cash equivalents R	Total R
19.	**FINANCIAL INSTRUMENTS**				
19.1.	**CATEGORIES OF FINANCIAL INSTRUMENTS**				
	Assets as per Statement of Financial Position - 2015				
	Loans and advances	**3 384 000 000**	-	-	**3 384 000 000**
	Other receivables	**23 067 955**	-	-	**23 067 955**
	Cash and cash equivalents	-	-	**6 576 810**	**6 576 810**
	Total	3 407 067 955	-	6 576 810	3 413 644 765
	Liabilities as per Statement of Financial Position - 2015				
	Trade and other payables	-	**(20 686 096)**	-	**(20 686 096)**
	Notes issued	-	**(3 384 000 000)**	-	**(3 384 000 000)**
	Total	-	(3 404 686 096)	-	(3 404 686 096)

19. FINANCIAL INSTRUMENTS (continued)

19.1. CATEGORIES OF FINANCIAL INSTRUMENTS (continued)

Assets as per Statement of Financial Position - 2014

	Loans and receivables at amortised cost R	Loans , notes and payables at amortised cost R	Cash and cash equivalents R	Total R
Loans and advances	1 000 000 000	-	-	1 000 000 000
Other receivables	16 686 310	-	-	16 686 310
Cash and cash equivalents	-	-	666 821	666 821
Total	1 016 686 310	-	666 821	1 017 353 131

Liabilities as per Statement of Financial Position - 2014

	Loans and receivables at amortised cost R	Loans , notes and payables at amortised cost R	Cash and cash equivalents R	Total R
Trade and other payables	-	(16 069 638)	-	(16 069 638)
Notes issued	-	(1 000 000 000)	-	(1 000 000 000)
Total	-	(1 016 069 638)	-	(1 016 069 638)

20. RISK MANAGEMENT

20.1 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of ordinary dividends paid to shareholders. There are no externally imposed capital requirements on the Company.

20.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's business involves taking on risks in a targeted manner and managing them professionally. The core functions of the Company's risk management are to identify all key risks for the Company, measure these risks, manage the risk positions and determine capital allocations. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice. The Company's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Company's financial performance. The Company defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. The risks arising from financial instruments to which the Company is exposed are credit risk, market risk and liquidity risk.

20.3 MARKET RISK

Market risk is the risk of reduction in the Company's earnings or capital due to:
• Traded market risk: the risk of the Company being impacted by changes in the level or volatility of market rates or prices. This includes changes in interest rates, inflation rates, credit spreads, property prices, equity and bond prices and foreign exchange levels.
• Non-traded market risk: the risk of the Company being exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates.

20. RISK MANAGEMENT (continued)

20.3 MARKET RISK

The Company's market risk management objectives include the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

Given that the assets are match funded, the company has limited exposure to market risk.

20.4 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The notes and bonds expose the company to interest rate risk. This exposure and the effective interest rates on financial instruments on financial position date are linked to the general market interest rates and fluctuate accordingly.

The sensitivity analyses below have been determined based on the exposure to interest rates for the non-derivative instruments at the end of the reporting period. For both floating rate assets and liabilities, the analysis is prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Interest rate sensitivity analysis

	Increase in interest rate 2015 R	**Decrease in interest rates 2015 R**	Increase in interest rate 2014 R	Decrease in interest rates 2014 R
Changes in interest				
Increase/(decrease) in interest received	**33 905 899**	**(33 905 899)**	10 006 668	(10 006 668)
Increase/(decrease) in interest paid	**(33 840 000)**	**33 840 000**	(10 000 000)	10 000 000

20.5 CREDIT RISK

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company. Credit risk arises mainly from investment securities and cash and cash equivalents.

The exposure is neither past due nor impaired. The credit quality of the financial assets that are neither past due nor impaired can be assessed by reference to external credit rating (if available) or past information about counterparty default rates.

The carrying amount of the financial assets represents that maximum credit exposure. The maximum exposure to credit risk at the reporting period represented below is the worst case scenario of credit risk exposure.

Maximum credit risk		
Investment Securities - floating rate bonds and loans	**3 384 000 000**	1 000 000 000
Accrued interest on bonds and loans	**23 067 955**	16 686 310
Cash and cash equivalents	**6 576 810**	666 821
	3 413 644 765	1 017 353 131

20. RISK MANAGEMENT (continued)

20.5 CREDIT RISK (continued)

			Carrying amount		Credit limit	
			2015	2014	2015	2014
	Industry	Rating	R	R	R	R
Bonds	Automotive	AA(zaf)	**1 000 000 000**	1 000 000 000	**10 000 000 000**	10 000 000 000
Loans	Commercial property	n/a	**2 384 000 000**	-	**10 000 000 000**	-

20.6 LIQUIDITY RISK

Liquidity risk results from both the differences between the magnitude of assets and liabilities and the disproportion in their maturities. Liquidity risk is the risk that operations cannot be funded and financial commitments cannot be met timeously and cost effectively. Liquidity risk management deals with the overall time profile of the current statement of financial position as well the expected future structure. The Company's risk to liquidity is a result of insufficient funds being available in order to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Liquidity and interest risk tables

The following are the contractual maturities of financial liabilities including estimated interest payments.

20. RISK MANAGEMENT (continued)

20.6 LIQUIDITY RISK (continued)

Non-derivative financial liabilities

	Less than 1 month R	1-3 months R	3-12 months R	Total R
2015				
Trade and other payables	**1 300 323**	**-**	**-**	**1 300 323**
Notes issued	**1 569 385 773**	**250 000 000**	**1 584 000 000**	**3 403 385 773**
	1 570 686 096	**250 000 000**	**1 584 000 000**	**3 404 686 096**
2014				
Trade and other payables	1 252 588	14 817 050	-	16 069 638
Notes issued	1 000 000 000	-	-	1 000 000 000
	1 001 252 588	14 817 050	-	1 016 069 638

Non-derivative financial assets

	Less than 1 month R	1-5 years R	5+ years R	Total R
2015				
Cash and cash equivalents	**6 576 810**	**-**	**-**	**6 576 810**
Investment securities- Bonds and loans	**23 067 955**	**3 384 000 000**	**-**	**3 407 067 955**
	29 644 765	**3 384 000 000**	**-**	**3 413 644 765**
2014				
Cash and cash equivalents	666 821	-	-	666 821
Investment securities - Bonds	16 686 310	1 000 000 000	-	1 016 686 310
	17 353 131	1 000 000 000	-	1 017 353 131

The mechanism of an asset backed commercial paper (ABCP) conduit is to fund long-dated assets with short-term notes. The notes roll on maturity to match the final maturity of the assets. The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The available but unused financing facilities at the end of the reporting period were R6 616 000 000 (2014: R9 000 000 000).

21. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE

All of the below financial assets and financial liabilities have carrying amounts that approximate their fair values. The disclosed fair value of these financial assets and financial liabilities measured at amortised cost approximate their carrying value because they are short term in nature.

	2015 Carrying amount R	**2015** Fair value R	2014 Carrying amount R	2014 Fair value R

21. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE (continued)

Financial Assets

	2015 Carrying amount R	2015 Fair value R	2014 Carrying amount R	2014 Fair value R
Cash and cash equivalents	**6 576 810**	**6 576 810**	666 821	666 821
Loans and advances	**3 384 000 000**	**3 384 000 000**	1 000 000 000	1 000 000 000
Other receivables	**23 067 955**	**23 067 955**	16 686 310	16 686 310
Total	**3 413 644 765**	**3 413 644 765**	1 017 353 131	1 017 353 131

Financial Liabilities

	2015 Carrying amount R	2015 Fair value R	2014 Carrying amount R	2014 Fair value R
Trade and other payables	**20 686 096**	**20 686 096**	16 069 638	16 069 638
Notes issued	**3 384 000 000**	**3 384 000 000**	1 000 000 000	1 000 000 000
Total	**3 404 686 096**	**3 404 686 096**	1 016 069 638	1 016 069 638

21.1. FAIR VALUE HIERACHY

The following table provides an analysis of the company's financial assets and financial liabilities that are not measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3 based on the degree to which the instrument's fair value is observable. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

The three levels of the fair value hierarchy are defined below.

Level 1
Items valued with reference to unadjusted quoted prices for identical assets or liabilities 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.
An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Level 2
Items valued using inputs other than quoted prices as described above for Level 1 but which are observable for the asset or liability, either directly or indirectly, such as:

- Quoted price for similar assets or liabilities in an active market;
- Quoted price for identical or similar assets or liabilities in inactive markets;
- Valuation model using observable inputs; and
- Valuation model using inputs derived from/corroborated by observable market data.

Level 3
Items valued using significant inputs that are not only based on observable market data. These include inputs based on an entity's own assumptions and assumptions applied by other market participants in pricing similar assets.

21. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE (continued)

21.1. FAIR VALUE HIERACHY (continued)

	Level 1 R	Level 2 R	Level 3 R	Total R
2015				
Financial Assets				
Cash and cash equivalents	**6 576 810**	-	-	**6 576 810**
Loans and advances	-	-	**3 384 000 000**	**3 384 000 000**
Trade and other receivables	-	-	**23 067 955**	**23 067 955**
Financial Liabilities				
Trade and other payables - accrued expenses	-	**1 300 323**	-	**1 300 323**
Trade and other payables - accrued interest on notes	-	-	**19 385 773**	**19 385 773**
Notes issued	-	-	**3 384 000 000**	**3 384 000 000**

	Level 1 R	Level 2 R	Level 3 R	Total R
2014				
Financial Assets				
Cash and cash equivalents	666 821	-	-	666 821
Loans and advances	-	-	1 000 000 000	1 000 000 000
Trade and other receivables	-	-	16 686 310	16 686 310
Financial Liabilities				
Trade payables and amounts due to related parties			1 252 588	1 252 588
Trade and other payables - accrued interest on notes	8 902 000	-	5 915 050	14 817 050
Notes issued	500 138 785	-	500 000 000	1 000 138 785

21. FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE (continued)

21.1. FAIR VALUE HIERACHY (continued)

Reconciliation of Level 3 assets and liabilities

	Opening Balance	Additions	Disposals	Closing Balance
	R	R	R	R
Financial Assets				
Loans and advances	1 000 000 000	2 284 000 000	-	**3 384 000 000**
Trade and other receivables	16 686 310	129 875 328	(123 493 683)	**23 067 955**
Financial Liabilities				
Trade and other payables – trade payables and amounts due to related parties	1 252 588	-	(1 252 588)	-
Trade and other payables - accrued interest on notes	5 915 050	115 411 273	(101 940 550)	**19 385 773**
Notes issued	500 000 000	10 391 835 596	(7 507 835 596)	**3 384 000 000**

21.2. VALUATION TECHNIQUES FOR THE LEVEL 2 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT HELD AT FAIR VALUE

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

Category of liability	Types of financial instruments	Valuation techniques applied	Significant observable inputs
Trade and other payables	Creditors	Discounted cash flow	Credit spread

21.3 VALUATION TECHNIQUES FOR THE LEVEL 3 FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES NOT HELD AT FAIR VALUE

The table below sets out information about significant unobservable inputs used at the end of the reporting period in measuring financial instruments that are not held at fair value, but whose fair value is categorised as Level 3.

Category of asset	Types of financial instruments	Valuation techniques applied	Significant unobservable inputs
Trade and other receivables	Interest receivable	Discounted cash flow	Interest rate curves
Loans and advances	Investment securities - bonds and loans	Discounted cash flow	Interest rate curves

Category of liability	Types of financial instruments	Valuation techniques applied	Significant unobservable inputs
Notes issued	Notes issued	Discounted cash flow	Interest rate curves
Trade and other payables - accrued interest on notes	Creditors	Discounted cash flow	Credit spread

22. RELATED PARTIES

iMpumelelo Owner Trust owns 100% of the ordinary shares in the Company.

Absa Bank Limited invested in 100% of the Preference share capital.

Absa Bank Limited holds the notes issued on behalf of the Company under the Dealer Arrangement Agreement.

Absa Corporate Investment Bank, a division of Absa Bank Limited, administers the Company and receives a management fee as compensation.

	Interest paid	Admin and management fees paid R
2015		
Group companies		
ABSA Bank Limited	**107 161 943**	**2 529 539**
	107 161 943	**2 529 539**
2014		
Group companies		
ABSA Bank Limited	13 638 189	700 696
	13 638 189	700 696

	Current amounts payable R	Management fee payable R	Preference share capital issued R
2015			
Group companies			
ABSA Bank Limited			
Notes issued	**2 884 000 000**		
Accrued interest on notes issued	**11 979 748**		
Management fee payable	**-**	**783 844**	**-**
Preference share capital	**-**	**-**	**1**
TMF Corporate Services (SA) Pty Ltd			
Director's fees	**190 083**	**-**	**-**
	2 896 169 831	**783 844**	**1**

22. RELATED PARTIES (continued)

	Current amounts payable R	Management fee payable R	Preference share capital issued R
2014			
Group companies			
ABSA Bank Limited			
Notes issued	500 000 000		
Accrued interest on notes issued	5 915 050		
Management fee payable	-	307 162	-
Intergroup payable – tax paid	564 382	-	-
Preference share capital	-	-	1
TMF Corporate Services (SA) Pty Ltd			
Director's fees	76 989	-	-
	506 556 421	307 162	1

	Remuneration R	Total R
2015		
Directors compensation		
Directors fees	**190 083**	**190 083**
	190 083	**190 083**
	190 083	**190 083**
2014		
Directors compensation		
Directors fees	76 989	76 989
	76 989	76 989
	76 989	76 989

	2015 R	2014 R
The compensation paid to directors was in respect of:		
Services rendered as directors of the company	**190 083**	76 989
	190 083	76 989

The fees paid to TMF Corporate Services (SA) (Pty) Ltd are for directors services provided to the company.

Three of the directors are employees and are remunerated by TMF Corporate Services (SA) (Pty) Ltd on a separate basis.

22. RELATED PARTIES (continued)

Directors' emoluments

Refer to Appendix A for the disclosure relating to directors' emoluments.

23. EVENTS AFTER THE REPORTING DATE

Resignation of Pieter Johannes Vorster Van Der Merwe as director after financial year end effective 01 March 2016.

The financial statements were approved by the directors on the date in the statement of directors' responsibility.

Except for the above noted resignation the directors are not aware of any other events after the reporting date and at the date of authorisation of these annual financial statements.

24. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of new and revised Standards
During the current year, the company has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2015. The adoption of these new and revised standards and interpretations has not resulted in material changes to the company's accounting policies.

The company adopted the following standards, interpretations and amended standards during the year:

IAS 19	Employee Benefits - Amendments clarifying the requirements for how contributions from employees or third parties that are linked to service should be attributed to periods of service. No impact on the company is anticipated.

Annual Improvements
Non-urgent but necessary clarifications and amendments to the following standards of IFRS:

IFRS 2	Share based Payment
IFRS 3	Business Combinations
IFRS 8	Operating Segments
IFRS 13	Fair Value Measurement
IAS 16	Property, Plant and Equipment
IAS 24	Related Parties
IAS 38	Intangible assets
IAS 40	Investment Property

New and revised International Financial Reporting Standards issued not yet effective
At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

24. NEW ACCOUNTING PRONOUNCEMENTS (continued)

	Standard	Annual periods beginning on or after
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations - Specific guidance provided for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.	1 January 2016
IFRS 7	Financial Instruments: Disclosures - Clarifies whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required and clarifies the applicability of the offsetting disclosures to condensed interim financial statements.	1 January 2016
IFRS 10	Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016
	Clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances	1 January 2016
IFRS 11	Joint Arrangements - Amendments regarding the accounting for acquisitions of an interest in a joint operation.	1 January 2016
IFRS 14	Regulatory Deferral Accounts - New accounting standard.	1 January 2016
IAS 1	Presentation of Financial Statements - further encouragement for companies to apply professional judgement in determining what information to disclose in their financial statements.	1 January 2016
IAS 16	Property, Plant and Equipment - Amendments regarding the clarification of acceptable methods of depreciation and amortization, and amendment to include bearer plants in the scope of IAS 16.	1 January 2016
IAS 19	Employee Benefits - Clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level).	1 January 2016
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.	1 January 2016
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture.	1 January 2016
IAS 34	Interim Financial Reporting - Clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference.	1 January 2016
IAS 38	Intangible Assets - Amendments regarding the clarification of acceptable methods of depreciation and amortisation.	1 January 2016
IAS 41	Agriculture - Amendments bringing bearer plants into the scope of IAS 16.	1 January 2016
IFRS 7	Financial Instruments: Disclosures - Additional disclosures following the finalisation of IFRS 9 Financial Instruments.	1 January 2018
IFRS 9	Financial Instruments - A new accounting standard that represents a package of reforms to financial instrument accounting was issued in July 2014. IFRS 9 replaces the previous standard on financial instruments, IAS 39.	1 January 2018

	Standard	Annual periods beginning on or after

24. NEW ACCOUNTING PRONOUNCEMENTS (continued)

IFRS 15	Revenue from Contracts with Customers - A new accounting standard that provides a single, principle based, five-step model to be applied to all contracts with customers. New disclosures about revenue are also introduced.	1 January 2018
IFRS 16	Leases - A new accounting standard that eliminates the classification of leases as either operating leases or finance leases and, instead, introduces a single lessee accounting model, which recognises all leases on the statement of financial position.	1 January 2019

The company is in the process of assessing the potential impact that the adoption of these Standards and interpretations may have on its future financial performance or disclosures in the annual financial statements.

25. DIRECTORS' EMOLUMENTS

Details of directors' emoluments are available for viewing at the registered offices of Absa Capital Securities.