PRESCIENT

LIMITED

2016 CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

These consolidated financial statements have been prepared under the supervision of the Financial Director, Michael Buckham, CA(SA).

Audited in compliance with the applicable requirements of the Companies Act.

Contents

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Financial and information management services
Directors	Murray Louw (Non-executive Chairman) Herman Steyn (Chief Executive Officer) Michael Buckham (Financial Director) Zane Meyer (Lead Independent Non-executive) Keneilwe Moloko (Independent Non-executive) Heather Sonn (Independent Non-executive) Ronell van Rooyen (Non-executive)
Registered office	Prescient House Westlake Business Park Otto Close Westlake 7945 South Africa
Postal address	PO Box 31142 Tokai 7966
Website	www.prescient.co.za
Auditor	KPMG Inc.
Company secretary	Bianca Pieters PBT House 1 Mews Close Waterford Mews Century City 7441
Company registration number	1936/008278/06
Audit, Risk and Compliance Committee	Zane Meyer (Chairman) Keneilwe Moloko Heather Sonn
Remuneration and Nomination Committee	Zane Meyer (Chairman) Keneilwe Moloko Heather Sonn
Social and Ethics Committee	Michael Buckham Murray Louw Ronell van Rooyen
Sponsors	Bridge Capital Advisors (Proprietary) Limited
Transfer secretaries	Link Market Services South Africa (Proprietary) Limited PO Box 4844 Johannesburg 2000 19 Ameshoff Street Braamfontein 2001

PRESCIENT
LIMITED

Directors' responsibility report

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements of Prescient Limited, comprising the consolidated statement of financial position at 31 March 2016, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and the Directors' Report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated annual financial statements

The consolidated annual financial statements of Prescient Limited, as identified in the first paragraph, were approved by the Board of Directors on 29 June 2016 and signed by:

Murray Louw
Chairman (Authorised Director)

Herman Steyn
Chief Executive Officer (Authorised Director)

Directors' report

Business activities and Group results

Prescient Limited achieved total income growth of 9% to R910.4 million (2015: R835.9 million), headline earnings of 6.79 cents per share (2015: 7.54 cents per share) and declared a cash dividend per share of 4.75 cents for the year (2015: 5.75 cents per share).

The increase in total income was due to a growth in assets under management (AUM) of 13% from R65.5 billion to R74.2 billion, a growth in local third party assets under administration (AUA) of 39% from R48.6 billion to R67.6 billion and a 10% increase in total income for information management services through a continuing strong demand for their services locally and into Africa and Australia.

Total income growth was tempered to a degree as a result of the decline in the Chinese market, reducing the levels of AUM on which those fees were earned in the prior year. This impacted management and performance fees earned, as well as fund services fees earned on those assets under administration. Furthermore, total income was impacted by reduced returns on financial assets, particularly the shareholder assets held in Prescient Life Limited. Prescient Securities also operated under difficult trading circumstances with reduced margins, resulting in a lower profit contribution than in the prior year.

Profit before tax declined by 9% to R166.3 million (2015: R182.1 million) with profit after tax down by 13% to R119.1 million (2015: R136.5 million). The decline in profit before tax was due to a combination of factors on the expense side. These included an increase in staff costs in financial services in order to accommodate for increased growth, particularly in assets under administration; increased technology costs, mainly as a function of the depreciation in the rand against currencies in which the majority of technology costs are invoiced; once-off expenses incurred in investment management; a substantial increase in costs of information management services as a result of the depreciation of the rand, as many of these costs are denominated in dollars; a loss on forward exchange contracts taken out on dollar denominated invoicing in information management services and a loss on the sale of Greenfields Institute of Business ("Greenfields").

Basic earnings per share in 2016 was 6.69 cents per share (2015: 8.07 cents per share). Headline earnings per share decreased by 10% from 7.54 cents per share to 6.79 cents per share. Headline earnings were adjusted, in total, by an amount of R1.7 million, which included the impact of the upward revaluation of the Irish property to an amount of R3.4 million (2015: R2.6 million), the loss on the sale of Greenfields by an amount of R5.8 million and a gain on partial sale of an equity-accounted investee of R0.7 million.

Consolidated Annual Financial statements

The annual financial statements for the year ended 31 March 2016 have been prepared in accordance with the requirements of International Financial Reporting Standards (IFRS), the Companies Act of South Africa and the JSE Listings Requirements.

Cash dividend

The Group declared a dividend of 1.9 cents per share at 29 June 2016 which meant a total dividend of 4.75 cents per share for the year (2015: 5.75 cents per share). This resulted in a dividend cover of 1.4 times (2015: 1.5 times).

The net cash dividend declared on 29 June 2016, after the deduction of dividend withholding tax, amounts to 1.615 cents per ordinary share.

Directors and secretary

Bianca Pieters is the Company Secretary.
There were no changes to the board of directors during the current year.

Directors' interest

The directors' direct and indirect beneficial interests in the issued share capital of the Company were:

2016	Direct beneficial	Indirect beneficial	FSP shares	%
Ordinary shares				
Herman Steyn	1 701 321	329 027 321	-	19.8
Michael Buckham	8 518 520	-	1 000 000	0.6
Murray Louw	-	4 261 350	-	0.3
Ronell van Rooyen	-	19 757 187	-	1.2
Zane Meyer	-	386 733	-	-

Directors' interest (continued)

2015	Direct beneficial	Indirect beneficial	FSP shares	%
Ordinary Shares				
Herman Steyn	1 625 745	329 027 231	-	20.0
Michael Buckham	8 518 520	-	-	0.5
Murray Louw	-	4 181 910	-	0.3
Ronell van Rooyen	-	19 229 108	-	1.2

Directors' emoluments

The Directors' emoluments are set out on page 47 of the financial statements.

Major shareholders

The shareholders, other than directors, who are directly or indirectly beneficially interested in 5% or more of the Group's issued share capital at 31 March 2016 are as follows:

	Number of shares	%
Clearstream Banking S.A Luxembourg	165 000 000	9.88
St Helena Family Trust	285 406 213	19.71
Seena Marina Financial Services Proprietary Limited	106 460 515	6.38

Auditor

KPMG Inc.
Address:
MSC House
1 Mediterranean Street
Foreshore
Cape Town
8001

KPMG Inc. will continue in office in accordance with section 90(6) of the Companies Act of South Africa.

Special resolutions

At the Annual General Meeting of the Company held on 11 August 2015 the following special resolutions were passed:

Special Resolution 1 – Financial assistance
Special Resolution 2 – Specific authority to repurchase shares

Details of all special resolutions can be found on the Prescient website at www.prescient.co.za.

Subsequent events

The Company issued a joint cautionary announcement on 19 April 2016, followed by a renewed announcement on 2 June 2016, relating to a proposed transaction with Stellar Capital Partners Limited. As at the date of finalising the audited consolidated financial statements the proposed transaction steps relating to Prescient's financial services operating segment had not been finalised and so no further information is available.

Prescient Securities concluded two separate BEE transactions subsequent to 31 March 2016 that will have a positive impact on Prescient Securities' Black Economic Empowerment ownership scorecard. There are no aspects of these transactions that materially affect the financial performance of the Group for the year ended 31 March 2016, or the financial position of the Group as at that date.

There were no other material events subsequent to the reporting date.

Audit, Risk and Compliance Committee Report

The Audit, Risk and Compliance Committee comprises Zane Meyer, Keneilwe Moloko and Heather Sonn. Its composition is consistent with King III and the Companies Act requirement for at least three independent non-executive directors. Committee meetings are also attended by relevant members of the executive to provide insight into items under review. In addition, Goolam Modack is invited to all meetings as an external consultant to provide guidance on various aspects. Goolam is Deputy Head at the College of Accounting at the University of Cape Town. The committee meets at least three times a year and has specific oversight over the following functions:

- Nomination for appointment by the shareholders of the external auditor.
- Liaison with the external auditor and determining the external audit fee.
- Assessment of the independence of the external auditor.
- Regulation of non-audit work performed by external auditors.
- Assessment of the effectiveness of the auditing processes.
- Approval of the financial statements.
- Monitoring of the adequacy and effectiveness of the internal control systems.
- Safeguarding the Group's and clients' assets.
- Assessment of the risk management process.
- Assessment of the governance processes.
- Assessment of the skills, expertise and capability of the finance function.
- Approval of the annual Internal Audit plan.

In terms of the requirements of the Companies Act, individual members of the Audit, Risk and Compliance Committee are elected by the shareholders at the Annual General Meeting. The role of the Audit, Risk and Compliance Committee is to assist the Board in fulfilling its responsibility with regard to financial and auditing oversight, as well as the overall quality and integrity of financial and internal controls. It also performs prescribed statutory requirements, including those applicable to the external auditor. This includes the annual recommendation of the external auditor to the shareholders at the Annual General Meeting. Each year the committee reviews the extent of non-audit services provided by the external auditors. In terms of the JSE Listings Requirements, the Audit, Risk and Compliance Committee must perform an annual evaluation of the finance function of the Group. During the current year the committee is satisfied that the Financial Director, and the finance function, possess the appropriate expertise and experience to meet their responsibilities. The committee also expressed its satisfaction that Prescient's external auditor is independent of the Group and has nominated the re-appointment of KPMG Inc. for the 2017 financial year. Gary Pickering is accredited on the JSE Limited's list of auditors in terms of its Listings Requirements.

The Audit, Risk and Compliance Committee has recommended the audited consolidated financial statements to the Board for approval.

Z Meyer
Chairperson
29 June 2016

Declaration by company secretary

In terms of the Companies Act of South Africa, and for the year ended 31 March 2016, I certify that Prescient Limited has lodged all returns required by the Act with the Companies and Intellectual Property Commission and that all such returns are true, correct and up to date.

B Pieters
Company Secretary
29 June 2016

Independent auditor's report

To shareholders of Prescient Limited

We have audited the consolidated financial statements of Prescient Limited, which comprise the consolidated statement of financial position at 31 March 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 50.

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 misstatement, whether due to fraud or error.

Auditors' 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, these financial statements present fairly, in all material respects, the consolidated financial position of Prescient Limited at 31 March 2016, and its consolidated financial performance and consolidated 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 these financial statements for the year ended 31 March 2016, we have read the Directors' Report, the Audit, Risk and Compliance Committee's Report, and the Declaration by the Company Secretary for the purpose of identifying whether there are any 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.

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 KPMG Inc. has been the auditor of Prescient Limited for 4 years.

KPMG Inc.
Registered Auditor

Per G M Pickering
Chartered Accountant (SA)
Registered Auditor
Director
29 June 2016

MSC House
1 Mediterranean Street
Foreshore
Cape Town
8001

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2016

	Notes	2016 R´000	2015 R´000
Total income	2.1	910 400	835 861
Services fees		884 877	803 169
Interest and dividend income		22 304	19 442
Other investment income		3 219	13 250
Cost of information management services		(405 573)	(352 768)
Operating expenses	3.1	(329 751)	(296 310)
Share-based payment expense	4	(1 867)	(754)
Profit from operations		173 209	186 029
Other income	2.2	3 190	8 576
Share of profit/(loss) of equity–accounted investees (net of tax)	12	757	(3 261)
Finance costs	3.2	(10 862)	(9 212)
Profit before tax		166 294	182 132
Income tax expense	5	(47 202)	(45 671)
Profit for the year		119 092	136 461
Other comprehensive income/(loss)			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences – foreign operations	21.2	17 398	(4 599)
Other comprehensive income/(loss) for the year, net of tax		17 398	(4 599)
Total comprehensive income for the year		136 490	131 862
Profit attributable to:			
Owners of the Company		109 004	129 103
Non-controlling interests		10 088	7 358
Profit for the year		119 092	136 461
Total comprehensive income attributable to:			
Owners of the Company		123 489	124 504
Non-controlling interests		13 001	7 358
Total comprehensive income for the year		136 490	131 862
Earnings per shares (cents)			
Basic earnings per share	6	6.69	8.07
Diluted earnings per share	6	6.69	8.07

Consolidated statement of financial position

for the year ended 31 March 2016

	Notes	2016 R'000	2015 R'000
ASSETS			
Non-current assets		11 667 621	10 517 632
Property and equipment	7	29 241	26 357
Investment property	8	35 728	24 911
Goodwill and intangible assets	9	397 960	414 048
Deferred tax asset	10	14 197	7 483
Long-term loans and other receivables	11	54 186	51 874
Investment in equity-accounted investees	12	9 658	14 906
Financial assets at fair value through profit or loss	13	151 439	157 925
Linked investments backing policyholder funds	14	10 975 212	9 820 128
Current assets		1 077 824	906 102
Inventory	15	35 688	22 154
Trade and other receivables		214 959	210 924
Amounts owing by clearing houses	16	192 777	36 575
Amounts owing by clients	17	429 186	525 215
Taxation receivable		13 623	14 262
Cash and cash equivalents	18	191 591	96 972
Total assets		12 745 445	11 423 734
EQUITY			
Stated capital	21	667 660	664 702
Reserves	21.1	7 066	(7 287)
Retained income		152 451	138 578
Total equity attributable to owners of the Company		827 177	795 993
Non-controlling interests		24 064	14 139
Total equity		851 241	810 132
LIABILITIES			
Non-current liabilities		11 018 427	9 842 927
Deferred tax liability	10	13 548	11 237
Policyholder investment contract liabilities	20	10 974 330	9 817 582
Loans payable	19	30 549	14 108
Current liabilities		875 777	770 675
Trade and other payables		106 393	98 363
Amounts owing to clearing houses	16	16 134	4 060
Amounts owing to clients	17	604 668	554 685
Current tax payable		9 377	9 405
Loans payable	19	44 126	56 458
Bank overdraft	18	95 079	47 704
Total liabilities		11 894 204	10 613 602
Total equity and liabilities		12 745 445	11 423 734

Consolidated statement changes in equity

for the year ended 31 March 2016

R´000	Stated capital	Translation reserve	Treasury shares	Share-based payment reserve	Retained income	Total	Non-controlling interests	Total equity
Balance at 1 April 2014	637 062	11 013	(11 854)	–	96 367	732 588	8 461	741 049
Total comprehensive income for the year								
Profit for the year	–	–	–	–	129 103	129 103	7 358	136 461
Total other comprehensive income	–	(4 599)	–	–	–	(4 599)	–	(4 599)
Total comprehensive income for the year	–	(4 599)	–	–	129 103	124 504	7 358	131 862
Transactions with owners recognised directly in equity Contributions by and distributions to owners of the Company								
Equity-settled share based-payments	–	–	–	801	–	801	–	801
Dividends declared during the year	–	–	–	–	(86 892)	(86 892)	(2 205)	(89 097)
Issue of ordinary shares	27 640	–	(2 648)	–	–	24 992	–	24 992
Total contributions by and distributions to owners of the Company	27 640	–	(2 648)	801	(86 892)	(61 099)	(2 205)	(63 304)
Changes in ownership interests in subsidiaries								
Acquisition of subsidiary	–	–	–	–	–	–	166	166
Loss of control	–	–	–	–	–	–	359	359
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	525	525
Total transactions with owners of the Company	27 640	–	(2 648)	801	(86 892)	(61 099)	(1 680)	(62 779)
Balance at 31 March 2015	664 702	6 414	(14 502)	801	138 578	795 993	14 139	810 132

R´000	Stated capital	Translation reserve	Treasury shares	Share-based payment reserve	Retained income	Total	Non-controlling interests	Total equity
Balance at 1 April 2015	664 702	6 414	(14 502)	801	138 578	795 993	14 139	810 132
Total comprehensive income for the year								
Profit for the year	–	–	–	–	109 004	109 004	10 088	119 092
Total other comprehensive income	–	14 485	–	–	-	14 485	2 913	17 398
Total comprehensive income for the year	–	14 485	–	–	109 004	123 489	13 001	136 490
Transactions with owners recognised directly in equity Contributions by and distributions to owners of the Company								
Treasury shares purchased	–	–	(2 074)	–	-	(2 074)	-	(2 074)
Equity-settled share based-payments	–	–	–	1 942	-	1 942	-	1 942
Dividends declared during the year	–	–	–	–	(95 131)	(95 131)	(2 548)	(97 679)
Issue of ordinary shares	2 958	–	–	–	-	2 958	-	2 958
Total contributions by and distributions to owners of the Company	2 958	–	(2 074)	1 942	(95 131)	(92 305)	(2 548)	(94 853)
Changes in ownership interests in subsidiaries								
Acquisition of NCI without a change in control	–	–	–	–	–	–	5 950	5 950
Loss of control	–	–	–	–	–	–	(6 478)	(6 478)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	(528)	(528)
Total transactions with owners of the Company	2 958	–	(2 074)	1 942	(95 131)	(92 305)	(3 076)	(95 381)
Balance at 31 March 2016	667 660	20 899	(16 576)	2 743	152 451	827 177	24 064	851 241

Consolidated statement of cash flows

for the year ended 31 March 2016

	Notes	2016 R'000	2015 R'000
Cash flows from operating activities			
Profit for the year		119 092	136 461
Income tax expense		47 202	45 671
Non-cash movements and adjustments to profit before tax	22	(970 453)	(2 280 795)
Cash generated from policyholder activities		981 892	2 269 055
Contributions and investment income		3 495 961	3 845 889
Withdrawals by policyholders		(2 514 069)	(1 576 834)
Changes in working capital	23	(10 470)	(9 231)
Dividends received		2 946	2 820
Dividends paid		(97 679)	(89 097)
Interest received		19 358	16 622
Interest paid		(10 862)	(9 212)
Taxation paid	24	(50 998)	(50 702)
Net cash inflow from operating activities		30 028	31 592
Cash flows from investing activities			
Acquisition of equipment		(8 040)	(4 349)
Acquisition of intangible assets		(8 382)	(3 161)
Disposal of intangible assets		–	3 256
Proceeds on loss in control of subsidiary, net of cash disposed of		2 155	(3 296)
Disposal of/(investment in) equity-accounted investee		3 064	(3 104)
Disposal/(acquisition) of financial assets at fair value through profit or loss		6 026	(41 455)
(Advance)/repayment of long-term loans receivable		(2 313)	18 414
Cash outflow from investing activities		(7 490)	(33 695)
Cash flows from financing activities			
Acquisition of own shares		2 074	–
Increase in loans payable		4 499	18 517
Cash inflow from financing activities		6 573	18 517
Net increase in cash and cash equivalents		29 111	16 414
Effect of exchange rate fluctuations on cash held		18 133	(190)
Cash and cash equivalents at beginning of the year		49 268	33 044
Cash and cash equivalents at end of the year	18	96 512	49 268

Notes to the consolidated financial statements

1.1 Reporting entity

Prescient Limited is incorporated in South Africa. These financial statements contain the consolidated financial statements of Prescient Limited. The consolidated financial statements of the Group as at and for the year ended 31 March 2016 comprise Prescient Limited ("the Company") and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

1.2 Basis of preparation

1.2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standard Council, the JSE Listing requirements and the requirements of the Companies Act of South Africa.

The consolidated financial statements were published for issue by the board of directors on 29 June 2016.

1.2.2 Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis unless otherwise indicated.

1.2.3 Functional and presentation currency

These consolidated financial statements are presented in South African rands, which is the Company's functional currency. All financial information presented in rands has been rounded to the nearest thousand, except where otherwise indicated.

1.2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying 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 affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Group's business that typically require such estimates and judgements is the determination of the fair value for financial assets and liabilities, impairment of trade receivables and loan receivables, impairment testing of non-financial assets and goodwill, revenue recognition, judgements relating to business combinations and share-based payments. For estimates and judgements on business combinations, share-based payments and revenue recognition, refer to notes 1.3.1, 1.3.9.3 and 1.3.10 respectively.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values of both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements and reports directly to the executive team.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique (see note 13.1).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of fair value hierarchy as the lowest level input that is significant to the entire measurement.

The fair value of financial assets and liabilities are classified and accounted for in accordance with policies set out in note 1.3.3 below. They are valued on the basis of listed market prices in so far as this is possible. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions. Fair values of certain financial instruments are determined using pricing models that consider, among other factors, contractual and market prices, correlations, yield curves, credit spreads and volatility factors.

Impairment of financial assets

For the impairment of trade receivables and loan receivables refer to note 1.3.8.1.

Impairment testing of non-financial assets and goodwill

Refer to note 1.3.8.3 and 9.1 for impairment testing of non-financial assets and goodwill.

1.3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods.

1.3.1 Basis of consolidation

1.3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see 1.3.1.3). The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

1.3.1.2 Non-controlling interests

For each business combination, the Group elects to measure any non-controlling interests ("NCI") in the acquiree at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and recognised in equity. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary acquired or disposed of. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

1.3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date that control ceases.

1.3.1.4 Interests in equity-accounted investees

The Group's interest in equity-accounted investees comprise interest in associates.

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for using the equity method (equity-accounted investees) in the consolidated financial statements and are recognised initially at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss, other comprehensive income ("OCI") and equity movements of equity accounted investees, after adjustment to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the investee.

1.3.1.5 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost. Refer also to notes 3.1 and 26.

1.3.1.6 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.3.2 Foreign currency

1.3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to rand at foreign exchange rates at the dates the fair value was determined.

1.3.2.2 Financial statement of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to rand at exchange rates at the reporting date. The income and expenses of foreign operations are translated to rand at rates approximating foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognised directly in the translation reserve in other comprehensive income and accumulated in equity.

When a foreign operation is disposed of in its entirety, or partially, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

1.3.3 Financial instruments

1.3.3.1 Non-derivative financial assets and liabilities

The Group initially recognises loans and receivables on the date that they originated. All other financial assets (including assets designated as at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or if it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

Financial assets and liabilities at fair value through profit or loss

Financial instruments classified as held for trading or designated as at fair value through profit or loss are initially recognised at fair value excluding transaction costs directly attributable to their acquisition which are recognised immediately in profit or loss. After initial recognition, financial assets at fair value through profit or loss are measured at fair value with resulting fair value gains or losses recognised in profit or loss. Financial instruments designated as at fair value through profit or loss are designated as such on initial recognition of the instrument and remain in the classification until derecognition.

Financial instruments measured at fair value include linked investments backing policyholder funds and policyholder investment contract liabilities. All investment contract liabilities issued by the Group are designated on initial recognition at fair value through profit or loss. This designation significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value since the assets held to back the investment contract liabilities are also measured at fair value. Investments backing policyholder funds are held for trading or are designated at fair value through profit of loss since the financial assets are managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel.

The fair value is determined based on the fair value of the associated linked investments backing policyholder funds and is net of the taxation payable on investment gains. Changes in the fair value of these financial instruments are recognised in profit or loss in the period in which they arise. Contributions received from policyholders and benefit payments made to policyholders are not recognised in profit or loss but are accounted for as deposits. The taxation payable is separately disclosed as part of taxation of the Group profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables, long-term loans and other receivables, amounts owing by clearing houses and amounts owing by clients.

Investment policy in respect of seed capital

A subsidiary within the Group is required to provide seed capital of R1 million per collective investment scheme that it administers, until such time as the scheme's assets from third party investors exceed R50 million, at which point the seed capital may be disinvested. A scheme is only launched if it promises to be viable in the short-term, in which case it can be expected that third party investments into a new scheme would exceed R50 million in a period significantly shorter than twelve months. The Group's philosophy in respect of seed capital is to manage these investments (the participatory interest in the scheme) in order to realise the assets, as soon as possible after the seeding requirement is extinguished, at a market value in excess of the initial amount. The seed capital is designated as measured at fair value through profit or loss as the instruments are managed on a fair value basis.

Fair value measurement considerations

The fair values of quoted financial assets are based on quoted prices. If the market for a financial asset is not active, the Group establishes fair value using valuation techniques that refer as far as possible to observable market data. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models.

To the extent that the fair values of unlisted equity instruments cannot be measured reliably, such instruments are carried at cost less impairments.

Other non-derivative financial liabilities

The Group initially recognises debt securities issued and liabilities on the date that they originate. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

Except for policyholder investment contract liabilities, the Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans payable, trade and other payables, amounts owing to clearing houses, amounts owing to clients and bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the statement of cash flows.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

1.3.3.2 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends on ordinary shares are recognised as a deduction from equity in the period in which they are declared to the shareholders.

Repurchase, disposal and reissue of share capital (treasury shares)

Treasury shares are ordinary shares held by subsidiaries of the Group. When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares, if not cancelled, are classified as treasury shares and are presented in the statement of changes in equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is included in retained earnings.

1.3.4 Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Any gain or loss on disposal of an item of equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

1.3.4.1 Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

1.3.4.2 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful life of each part of an item of equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The residual values, useful lives and depreciation of items of property and equipment are reviewed at each reporting date and any changes thereto are accounted for as a change in accounting estimate with any adjustments reflected in profit or loss.

The estimated useful lives of items of property and equipment remain unchanged from the previous period and are as follows:

Computer software	2 years
Computer equipment	3 years
Furniture and fittings	10 years
Leasehold improvements	5 years
Office equipment	5 years
Property	20 years

1.3.5 Intangible assets and goodwill

1.3.5.1 Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. Refer to note 9.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

1.3.5.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative period are as follows:

Internally developed software	5 years
Computer software	3 years
Patents and trademarks	10 years
System development costs	3 years

1.3.5.3 Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

1.3.6 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, in the ordinary course of business, and not used in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

1.3.7 Inventories

Work-in-progress on information management service contracts is recognised by reference to the stage of completion of the transaction at the end of each month. Stage of completion is determined by the percentage income recognised to the contract price. Fixed price contracts with deliverables are the only expenditure considered in the work-in-progress calculation.

For each project the total contract price is established. The percentage of the total amount of invoices issued against the total contract price is then applied to the total project cost estimate. The project cost estimate is reviewed and updated on a monthly basis, if necessary. All related costs, such as salaries, flights, accommodation, subsistence and other allowances are included.

At the reporting date, the actual costs incurred relating to the project are calculated. These costs are updated on a regular basis as and when the costs are incurred.

Work-in-progress is then calculated as the lower of the recoverable cost and the actual cost.

1.3.8 Impairment

1.3.8.1 Impairment of financial assets

A financial asset not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Financial assets measured at amortised cost

The Group considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and directly credited against the carrying amount of the financial asset.

1.3.8.2 Impairment of equity accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

1.3.8.3 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, excluding investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.3.9 Employee benefits

1.3.9.1 Short-term employee benefits

The cost of all short-term employee benefits is recognised as an expense during the period in which the employee renders the related service. The accrual for employee entitlements to remuneration and annual leave represents the amount which the Group has a present obligation to pay as a result of employees' services provided by the reporting date. These accruals have been calculated at undiscounted amounts based on current salary rates.

1.3.9.2 Defined contribution plans

Certain of the Group's subsidiaries contribute to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate legal entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to these funds are recognised in profit or loss in the period during which services are rendered by employees.

1.3.9.3 Share-based payment transactions

The Group has an equity-settled share-based payment scheme in respect of services received from employees.

The fair value of the services received in respect of the equity-settled share-based payment scheme is determined by reference to the fair value of the equity instruments awarded to employees on the grant date. The cost of the share-based payment is recognised as an expense, with a corresponding increase in equity, over the vesting period of the grant. The amount recognised as an expense is adjusted to reflect the actual number of instruments that are expected to vest. Non-forfeitable dividends to which the employees are entitled to are expensed as an employee benefit.

The increase in equity arising on the recognition of the share-based payment expense is recorded in the share-based payments reserve. Subsequently, once the transaction which gave rise to the initial expense has reached its conclusion, the portion of the share-based payment reserve which arose as a result of that particular transaction is transferred to retained earnings.

The grant date fair value is measured as the value of an option on the Prescient share utilising the following inputs: the share price at grant date; the share price volatility; the time to exercise/vesting; the dividend yield; the risk free rate of interest and the exercise price.

1.3.10 Revenue

Revenue comprises of financial services fees (consisting of fees for investment management, fund services fees, wealth management fees, brokerage and rental income), information management services fees, interest income and dividend income (which includes income from collective investment schemes).

Investment management services fees comprise of management fees and performance fees. Management fee income, fund services fee income and wealth management fee income are recognised as the service is rendered. Performance fee income is recognised when the Group becomes unconditionally entitled to income and no contingency with respect to future performance exists.

Brokerage income is recognised on the day that the purchase or sale of financial instruments is concluded, regardless of when settlement takes place.

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Dividend income is recognised as income when the Group's right to receive payments is established.

Income from collective investment schemes comprises income received from and accrued on investments in collective investment schemes for which the declaration date falls within the accounting period.

Information management services fee income is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined as follows:

- income from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred;
- income from fixed price contracts which run for a set period of time and where services are performed by an indeterminate number of acts is recognised on a straight-line basis over the specified period; and
- income from large customised projects stage of completion is measured relative to the milestones achieved as specified in the contract.

Income is measured at the fair value of the consideration received or receivable, net of value added tax and rebates.

1.3.11 Other investment income

Other investment income comprises of net fair value gains on financial assets and change in fair value of investment property.

1.3.12 Operating lease expenses

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

1.3.13 Finance costs

Finance costs comprise interest expense on interest-bearing borrowings and bank overdrafts.

1.3.14 Income tax expense

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case income tax is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the estimated taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company withholds dividends tax on behalf of its shareholders at a rate of 15% on dividends declared. Amounts withheld are not recognised as part of the Company's tax charge but rather as part of the dividend paid recognised directly in equity.

Where withholding tax is withheld on dividends received, the dividend is recognised at the gross amount with the related withholdings tax recognised as part of tax expense unless it is otherwise reimbursable in which case it is recognised as an asset.

1.3.15 Managed funds and trust activities

Certain companies within the Group operate collective investment schemes and hold-and-invest funds on behalf of clients. Assets and liabilities representing such activities are not reflected in the statement of financial position, as these relate directly to clients. Income from these activities is brought to account over the period to which the service relates.

1.3.16 Earnings and headline earnings per share

The Group presents basic, diluted and headline earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all potential dilutive instruments.

Headline and diluted headline earnings per share is calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

1.3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn income and incur expenses, including income and expenses that relate to transactions with any of the Group's other components. All operating segments' results are reviewed regularly by the executive committee in order to assess its performance, and for which discrete financial information is available. Segment results that are reported to the executive committee include items directly attributable to the segment. Segment capital expenditure is the total cost incurred during the period to acquire property and equipment, and intangible assets.

1.4 New standards and amendments

Standards and interpretations that have been adopted in the Group's 2016 financial statements

No new standards, amendments to standards and interpretation have been applied in preparing these consolidated financial statements.

Future amendments not early adopted in the 2016 financial statements

Amendments to IAS1: Disclosure Initiative

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements. The amendments also clarify presentation principles applicable to of the order of notes, OCI of equity accounted investees and subtotals presented in the statement of financial position and statement of profit or loss and other comprehensive income.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted. The Group has not yet made an assessment of the potential impact on the financial statements.

Amendments to IAS 7: Disclosure Initiative

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The amendments apply for annual periods beginning on or after 1 January 2017 and early adoption is permitted. The Group has not yet made an assessment of the potential impact on the financial statements.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset.

The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this.

Guidance is provided for deductible temporary differences related to unrealised losses that are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted. The impact on the financial statements has not yet been estimated.

IFRS 15 Revenue from Contracts with Customers

This standard replaces *IAS 11 Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

This new standard will most likely have an impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The Group is still in the process of assessing the impact of this standard on the financial statements.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

IFRS 9 Financial Instruments

On 24 July 2014, the IASB issued the final IFRS 9 *Financial Instruments* standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard will have an impact on the Group, which will include changes in the measurement bases of the Group's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Group.

The standard is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted retrospectively. The impact on the financial statements has not yet been estimated.

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial position. No significant changes have been included for lessors.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lesees and lessors. The Group is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

Notes to the consolidated financial statements (continued)

for the year ended 31 March 2016

		2016 R'000	2015 R'000
2.1	**Total income**		
	Services fees	884 877	803 169
	Fees for financial services	353 103	320 901
	Fees for information management services	531 774	482 268
	Interest and dividend income	22 304	19 442
	Dividend income from financial assets at fair value through profit or loss	2 946	2 820
	Interest income	19 358	16 622
	Other investment income	3 219	13 250
	Net fair value (losses)/gains on financial assets at fair value through profit or loss	(184)	10 628
	Change in fair value of investment property	3 403	2 622
	Net fair value gains on linked investments backing policyholder funds and liabilities	–	–
	Dividend income from linked investments backing policyholder funds	130 745	115 371
	Interest income from linked investments backing policyholder funds	236 861	135 291
	Increase in policyholder investment contract liabilities	(542 462)	(1 114 103)
	Net fair value movements on linked investments backing policyholder funds	174 856	863 441
		910 400	835 861

		2016 R'000	2015 R'000
2.2	**Other income**		
	Gain on loss of control of subsidiary	–	5 869
	Gain on partial sale of equity-accounted investee	749	–
	Sundry income	2 441	2 707
		3 190	8 576

3.1 Operating expenses

	2016 R'000	2015 R'000	
Included in operating expenses are the following:			
Administrative expenses	121 199	107 151	*
Auditor's remuneration	4 163	4 126	
Depreciation and amortisation	11 850	11 379	
Employee benefits	170 254	160 275	
Loss on loss of control of subsidiary	5 818	–	
Regulatory levies	3 386	3 224	
Operating lease charges	13 081	10 143	
	329 751	296 310	
Employee benefits	170 254	160 275	
Salaries and bonuses	161 625	150 895	
Provident fund contributions	8 629	9 380	

* Includes an amount of R3.8m relating to a loss from discontinued operations which was disclosed separately in the prior year consolidated statement of profit or loss and other comprehensive income.

3.2 Finance costs

	2016 R'000	2015 R'000
Finance costs on bank overdraft	5 731	2 163
Finance costs on interest-bearing borrowings	5 131	7 049
	10 862	9 212

4. Share based payment expense

During the current year Prescient Limited shares were issued to employees of Group subsidiary companies, in terms of the Forfeitable Share Plan (FSP). A total of 18 806 000 (2015: 20 208 904) shares were issued to employees at an issue price of 100 cents per share (2015: 90 cents per share) which was the volume weighted average share price as at grant date. The shares are treated as equity-settled instruments, have a vesting service period of five years and are subject to several performance conditions. When tranches are granted the exercise price may contain a notional loan. The notional loan carries notional interest at a pre-determined rate. The notional loan may vary from 0% to 100% depending on the conditions contained in the award letter to an employee.

The relevant inputs to the Black Scholes calculation of the fair value at grant date are as follows:

	2016	2015
Share price at grant date	100 cents	90 cents
Fair value at grant date	42 cents	29 cents
Exercise price	R1.39	R1.23
Expected volatility	42%	38%
Expected life	5	5
Expected dividend yield for calculation purposes	0%*	0%*
Risk-free interest rate	9.00%	5.75%

** For the forfeitable share plan the expected dividend yield, as an input, is assumed as zero as all participants have a non-forfeitable right to future dividends.*

The interest-bearing notional loan attached to the FSP has been incorporated in the fair value at grant date by adjusting the exercise price. The expected volatility was based on historic volatility.

The total fair value of shares granted during the current year was R7.9 million (2015: R5.9 million) and the amount expensed in the current year was R1 866 680 (2015: R754 206).

Reconciliation of outstanding shares in respect of the FSP

The number of shares under the forfeitable share plan were as follows:

	Number of forfeitable shares	
	2016	2015
Shares outstanding at the beginning of the year	19 958 904	-
Shares granted during the year	18 806 000	20 208 904
Shares forfeited during the year	(1 524 000)	(250 000)
Exercised during the current year	-	-
Outstanding at 31 March	37 240 904	19 958 904

5. Income tax expense

	2016 R´000	2015 R´000
Tax recognised in profit or loss		
Current tax expense		
Current year	47 675	41 264
Adjustment for prior years	3 934	1 253
	51 609	42 517
Deferred tax expense		
Origination and reversal of temporary differences	(4 407)	3 154
	(4 407)	3 154
Income tax expense	47 202	45 671
Reconciliation of effective tax rate		
Profit before tax	166 294	186 011
Income tax expense	47 202	45 671
	%	%
Current year charge as a percentage of profit before taxation	28	25
Adjustment for prior years	(2)	–
Unrecognised deferred tax assets	(1)	–
Fair value gain not taxable	1	–
Non-deductible expenses	(1)	–
Income tax at lower rate	3	3
Standard rate of tax	28	28

6. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 March 2016 was based on the profit attributable to ordinary shareholders of R107 054 988 (2015: R128 283 538), and a weighted average number of ordinary shares outstanding of 1 600 156 235 (2015: 1 589 707 275), calculated as follows:

	2016 R'000	2015 R'000
Profit attributable to ordinary shareholders (basic)		
Profit for the year, attributable to owners of the Company	109 004	129 103
Earnings attributable to FSP shareholders	(1 949)	(819)
Profit attributable to ordinary shareholders	107 055	128 284

Weighted average number of ordinary shares (basic)	2016	2015
In thousands of shares		
Ordinary shares at 1 April	1 648 655	1 598 022
Effect of treasury shares held	(29 672)	(27 640)
Effect of FSP shares	(29 666)	(10 791)
Effect of shares issued and share capitalisation	10 839	30 116
Weighted average number of ordinary shares at 31 March	1 600 156	1 589 707

Headline earnings per share

Headline earnings per share has been calculated in accordance with Circular 2/2015 issued by the South African Institute of Chartered Accountants.

Diluted earnings per share is equal to basic earnings per share. Diluted headline earnings per share is equal to headline earnings per share.

6. Earnings per share (continued)

R'000 2016	Profit/(loss) before tax	Tax	Earnings attributable to non-controlling interests	Earnings attributable to FSP shareholders	Earnings attributable to ordinary shareholders	Cents per share
Per the statement of comprehensive income	166 294	(47 202)	(10 088)	(1 949)	107 055	6.69
Adjustments:						
Change in fair value of investment property	(3 403)	-	-	61	(3 342)	(0.21)
Gain on partial sale of equity-accounted investee	(749)	-	-	13	(736)	(0.05)
Loss on loss of control of subsidiary	5 818	-	-	(104)	5 714	0.36
Total Group headline earnings	167 960	(47 202)	(10 088)	(1 979)	108 691	6.79

2015	Profit/(loss) before tax	Tax	Earnings attributable to non-controlling interests	Earnings attributable to FSP shareholders	Earnings attributable to ordinary shareholders	Cents per share
Per the statement of comprehensive income	182 132	(45 671)	(7 358)	(819)	128 284	8.07
Adjustments:						
Change in fair value of investment property	(2 622)	-	-	17	(2 605)	(0.16)
Gain on loss of control of subsidiary	(5 869)	-	-	37	(5 832)	(0.37)
Total Group headline earnings	173 641	(45 671)	(7 358)	(765)	119 847	7.54

Dividends per share	2016 Cents	2015 Cents
- Interim – declared 26 November 2015 (2014: 26 November 2014)	2.85	2.75
- Final – declared 29 June 2016 (2015: 24 June 2015)	1.90	3.00

7. Property and equipment

Reconciliation of carrying amount

R'000	Computer software	Computer equipment	Office equipment	Furniture and fittings	Leasehold improvements	Property	Total
Cost							
Balance at 1 April 2014	8 937	9 426	1 325	5 071	2 481	2 490	29 730
Additions	141	2 706	182	802	537	15 851	20 219
Disposals	–	–	(19)	–	–	–	(19)
Effect of movements in exchange rates	–	103	–	58	–	–	161
Balance at 31 March 2015	9 078	12 235	1 488	5 931	3 018	18 341	50 091
Balance at 1 April 2015	9 078	12 235	1 488	5 931	3 018	18 341	50 091
Additions	395	5 076	246	1 716	254	353	8 040
Disposal of subsidiary	(9)	(81)	(2)	(141)	(194)	–	(427)
Effect of movements in exchange rates	–	117	–	54	–	–	171
Balance at 31 March 2016	9 464	17 347	1 732	7 560	3 078	18 694	57 875
Accumulated depreciation							
Balance at 1 April 2014	8 261	6 230	938	864	2 227	–	18 520
Depreciation for the year	149	2 461	182	547	791	917	5 047
Disposals	–	–	(14)	–	–	–	(14)
Effect of movements in exchange rates	–	116	–	65	–	–	181
Balance at 31 March 2015	8 410	8 807	1 106	1 476	3 018	917	23 734
Balance at 1 April 2015	8 410	8 807	1 106	1 476	3 018	917	23 734
Depreciation for the year	131	2 926	148	676	65	925	4 871
Disposal of subsidiary	(3)	(60)	(6)	(47)	(5)	–	(121)
Effect of movements in exchange rates	–	95	–	55	–	–	150
Balance at 31 March 2016	8 538	11 768	1 248	2 160	3 078	1 842	28 634
Carrying amounts							
At 31 March 2015	668	3 428	382	4 455	–	17 424	26 357
At 31 March 2016	926	5 579	484	5 400	–	16 852	29 241

8. Investment property

	2016 R'000	2015 R'000
8.1 Reconciliation of carrying amount		
Opening balance at 1 April	24 911	24 724
Change in fair value	3 403	2 622
Effect of movements in exchange rates	7 414	(2 435)
Closing balance at 31 March	35 728	24 911
Direct operating expenses arising from investment property that generated rental income during the year	571	790

Investment property comprises a commercial property, leased for rental amounting to R1.6 million (2015: R1.6 million) for the year ended 31 March. Non-cancellable future operating lease rentals receivables are set out in the table below:

Non-cancellable future operating lease rentals receivable	2016 R'000	2015 R'000
Less than one year	1 627	1 558

8. Investment property (continued)

8.2 Measurement of fair value

An external, independent valuator, having an appropriate recognised professional qualification and recent experience in the location and category of property valuations, valued the Group's investment property at 31 March 2016. The fair value is based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and willing seller.

8.2.1 Fair value hierarchy

The fair value measurement for investment property of R35.7 million (2015: R24.9 million) has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

Valuation technique and significant inputs

The following table shows the valuation used in measuring the fair value of investment property, as well as the significant inputs used:

Valuation technique	Significant inputs
Market comparison technique: The valuation model is based on the market price of properties of similar size and location.	Estimated costs per square metre for similar property in the same location and square metre size of the property.

9. Goodwill and intangible assets

R'000 Cost	Goodwill	Patents and trademarks	Internally developed software	Computer software	System development costs	Total
Opening balance – 1 April 2014	427 139	2 024	35 880	250	–	465 293
Additions	–	–	3 141	20	–	3 161
Disposals	(2 886)	–	(3 256)	–	–	(6 142)
Closing balance – 31 March 2015	424 253	2 024	35 765	270	–	462 312
Opening balance – 1 April 2015	424 253	2 024	35 765	270	–	462 312
Additions	–	–	359	656	7 367	8 382
Disposals	(17 491)	–	–	–	–	(17 491)
Closing balance – 31 March 2016	406 762	2 024	36 124	926	7 367	453 203
Accumulated impairment/amortisation						
Opening balance – 1 April 2014	31 143	504	10 039	246	–	41 932
Amortisation for the year	–	200	6 122	10	–	6 332
Closing balance – 31 March 2015	31 143	704	16 161	256	–	48 264
Opening balance – 1 April 2015	31 143	704	16 161	256	–	48 264
Amortisation for the year	–	200	6 192	37	550	6 979
Closing balance – 31 March 2016	31 143	904	22 353	293	550	55 243
Carrying amounts						
At 31 March 2015	393 110	1 320	19 604	14	–	414 048
At 31 March 2016	375 619	1 120	13 771	633	6 817	397 960

9. Goodwill and intangible assets (continued)

9.1 Impairment test of goodwill

Impairments tests were performed on the goodwill allocated to the information management services and financial services cash generating units (CGU).

For purposes of impairment testing the goodwill, as at 31 March 2016, has been allocated to the Group's CGUs as follows:

	2016 R'000	2015 R'000
Information management services	285 572	285 572
Financial services	90 047	107 538
Total	375 619	393 110

Information management services

The recoverable amount of this CGU was based on value in use, determined by discounting future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

	2016	2015
Discount rate	16%	15%
Terminal value growth rate	6%	6%
Budgeted EBITDA growth rate	8%	6%

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately R22.6 million (2015: R65 million). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2016	2015
Discount rate	1%	2%
Terminal value growth rate	(1%)	(1%)

Financial services

The recoverable amount of this CGU was based on value in use, determined by discounting future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represented management's assessment of future trends in the relevant industries and were based on historical data from both external and internal sources.

	2016	2015
Discount rate	14%	14%
Terminal value growth rate	7%	6%
Budgeted EBITDA growth rate	12%	8%

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumption that a market participant would make.

The estimated recoverable amount of Prescient Securities (Pty) Ltd as a CGU exceeded its carrying amount by approximately R58 million (2015: R136.0 million). Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	2016	2015
Discount rate	5%	12%
Terminal value growth rate	(2%)	(5%)

10. Deferred tax

R'000	Assets 2016	Assets 2015	Liabilities 2016	Liabilities 2015	Net 2016	Net 2015
Income received in advance	142	104	-	-	142	104
Trade and other payables	6 366	3 623	-	(418)	6 366	3 205
Trade and other receivables	-	-	(18)	(159)	(18)	(159)
Calculated and assessed loss	7 496	2 990	-	(137)	7 496	2 853
Capital losses	-	568	-	-	-	568
Financial assets at fair value through profit or loss	9	47	(2 704)	(4 274)	(2 695)	(4 227)
Work-in-progress	-	-	(9 993)	(6 203)	(9 993)	(6 203)
Straight-lining of leases	135	118	-	-	135	118
Accrued income	-	-	(833)	(46)	(833)	(46)
Other	49	33		-	49	33
Net deferred tax assets/(liabilities)	14 197	7 483	(13 548)	(11 237)	649	(3 754)

R'000 2015	Balance at 31 March 2014	Recognised in profit or loss	Other	Sale of subsidiary	Balance at 31 March 2015
Movement in deferred tax balance during the year					
Income received in advance	132	(28)	-	-	104
Trade and other payables	3 308	(126)	23	-	3 205
Trade and other receivables	-	(159)	-	-	(159)
Calculated and assessed loss	1 234	1 619	-	-	2 853
Capital losses	37	531	-	-	568
Financial assets at fair value through profit or loss	(2 433)	(1 810)	16	-	(4 227)
Work-in-progress	-	(6 203)	-	-	(6 203)
Straight-lining of leases	(2 908)	3 026	-	-	118
Accrued income	(9)	(37)	-	-	(46)
Other	-	33	-	-	33
	(639)	(3 154)	39	-	(3 754)

R'000 2016	Balance at 31 March 2015	Recognised in profit or loss	Other	Sale of subsidiary	Balance at 31 March 2016
Movement in deferred tax balance during the year					
Income received in advance	104	38	-	-	142
Trade and other payables	3 205	3 161	-	-	6 366
Trade and other receivables	(159)	141	-	-	(18)
Calculated and assessed loss	2 853	4 647	-	(4)	7 496
Capital losses	568	(568)	-	-	-
Financial assets at fair value through profit or loss	(4 227)	1 532	-	-	(2 695)
Work-in-progress	(6 203)	(3 790)	-	-	(9 993)
Straight-lining of leases	118	17	-	-	135
Accrued income	(46)	(787)	-	-	(833)
Other	33	16	-	-	49
	(3 754)	4 407	-	(4)	649

11. Long-term loans and other receivables

	2016 R'000	2015 R'000
Loans to staff	24 574	24 465
Employees of the Prescient Group received funding to purchase shares in Prescient Limited. The loans attract interest at three-month JIBAR plus 3.15% plus a 0.2% transaction fee. These loans are not repayable within 12 months. The loans are secured against shares held by the employees in Prescient Limited.		
Loan to equity-accounted investees	4 647	2 720
These loans are interest free and have no fixed repayment terms. These loans are not repayable within twelve months.		
Loan to Fisc Investment Management Proprietary Limited	24 965	24 689
This loan bears interest equal to the SARS official rate and is repayable within five years. No capital repayments are expected within the next 12 months. The loan is secured against shares held in Prescient Limited.		
	54 186	51 874

12. Investment in equity-accounted investees

	2016 R'000	2015 R'000
Investment in equity-accounted investees	9 658	14 906
Balance as at 31 March	9 658	14 906

The Group regards all of its investments in associates as individually immaterial. The decrease is due to a partial sale of an equity accounted investee, held by PBT Australia, during the current year.

The following table analyses, in aggregate, the carrying amount and share of profit of these associates:

	2016 R'000	2015 R'000
Carrying amount	9 658	14 906
Profit/(loss) from equity accounted investees	757	(3 261)

13. Financial assets at fair value through profit or loss

	2016 R'000	2015 R'000
Unit dealing stock	1 316	2 302
Seed capital	11 900	5 984
Deposit at financial institutions	7 536	3 997
Equities	64 028	63 758
Collective investment schemes	27 936	59 295
Bonds and unlisted debt	34 207	21 637
SAFEX margins	4 516	839
Other	-	113
	151 439	157 925

13.1 Fair value hierarchy

R´000	Level 1	Level 2	Level 3	Total
2016				
Financial assets				
Financial assets at fair value through profit or loss	112 716	38 723	–	151 439
Linked investments backing policyholder funds	10 244 977	730 235	–	10 975 212
Total financial assets measured at fair value	10 357 693	768 958	–	11 126 651
Financial liabilities				
Policyholder investment contract liabilities	–	10 974 330	–	10 974 330
Total financial liabilities measured at fair value	–	10 974 330	–	10 974 330

R´000	Level 1	Level 2	Level 3	Total
2015				
Financial assets				
Financial assets at fair value through profit or loss	135 336	22 589	–	157 925
Linked investments backing policyholder funds	9 294 129	525 999	–	9 820 128
Total financial assets measured at fair value	9 429 465	548 588	–	9 978 053
Financial liabilities				
Policyholder investment contract liabilities	–	9 817 582	–	9 817 582
Total financial liabilities measured at fair value	–	9 817 582	–	9 817 582

Fair values are determined according to the following hierarchy based on the requirements in *IFRS 13 Fair Value Measurement*.

Level 1: Unadjusted quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets that the company can access at the measurement date.

Level 2: Valuation techniques using observable inputs: quoted prices (other than those included in level 1) for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are less than active and financial assets and liabilities valued using models where all significant inputs are observable directly or indirectly from market data.

Level 3: Valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more inputs are unobservable and have a significant effect on the instrument's valuation.

The best evidence of fair value is a quoted price in an active market. In the event that the market for a financial asset or liability is not active, a valuation technique is used.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

13.2 Fair value hierarchy

The carrying amounts and fair values of each category of financial assets and liabilities are as follows:

R'000 2016	Notes	Designated at fair value through profit or loss	Loans and receivables	Financial liabilities at amortised cost	Carrying amount	Fair value
Long-term loans receivable	11	–	54 186	–	54 186	54 186
Financial assets at fair value through profit or loss	13	151 439	–	–	151 439	151 439
Linked investments backing policyholder funds	14	10 975 212	–	–	10 975 212	10 975 212
Trade and other receivables		–	214 959	–	214 959	214 959
Amounts owing by clearing houses	16	–	192 777	–	192 777	192 777
Amounts owing by clients	17	–	429 186	–	429 186	429 186
Cash and cash equivalents	18	–	191 591	–	191 591	191 591
		11 126 651	1 082 699	–	12 209 350	12 209 350
Loans payable	19	–	–	74 675	74 675	74 675
Policyholder investment contract liabilities	20	10 974 330	–	–	10 974 330	10 974 330
Trade and other payables		–	–	106 393	106 393	106 393
Amounts owing to clearing houses	16	–	–	16 134	16 134	16 134
Amounts owing to clients	17	–	–	604 668	604 668	604 668
		10 974 330	–	801 870	11 776 200	11 776 200
2015						
Long-term loans receivable	11	–	51 874	–	51 874	51 874
Financial assets at fair value through profit or loss	13	157 925	–	–	157 925	157 925
Linked investments backing policyholder funds	14	9 820 128	–	–	9 820 128	9 820 128
Trade and other receivables		–	210 924	–	210 924	210 924
Amounts owing by clearing houses	16	–	36 575	–	36 575	36 575
Amounts owing by clients	17	–	525 215	–	525 215	525 215
Cash and cash equivalents	18	–	96 972	–	96 972	96 972
		9 978 053	921 560	–	10 899 613	10 899 613
Loans payable	19	–	–	70 566	70 566	70 566
Policyholder investment contract liabilities	20	9 817 582	–	–	9 817 582	9 817 582
Trade and other payables		–	–	98 363	98 363	98 363
Amounts owing to clearing houses	16	–	–	4 060	4 060	4 060
Amounts owing to clients	17	–	–	554 685	554 685	554 685
		9 817 582	–	727 674	10 545 256	10 545 256

The fair value of financial liabilities at amortised cost has been determined based on the discounted cash flow model.

14. Linked investments backing policyholder funds

	2016 R'000	2015 R'000
Deposits at financial institutions	727 166	567 748
Bonds and unlisted debt	1 717 015	1669 680
Unlisted loans	78 548	85 576
Equities	3 361 560	4 087 480
Collective investment schemes	3 759 552	1 755 385
Claims against long-term insurers in terms of policies	107 533	91 917
Exchange traded funds	177 060	137 336
Foreign mutual fund	419 765	951 629
Fund of hedge funds	564 240	423 996
Property trust	–	103
SAFEX margin accounts	62 773	49 278
	10 975 212	9 820 128

15. Inventory

	2016 R'000	2015 R'000
Work-in-progress	35 688	22 154
	35 688	22 154

The recoverable cost equals the carrying amount reflected above.

16. Amounts owing by/to clearing houses

	2016 R'000	2015 R'000
Owing by clearing houses		
Equities	158 569	-
Fixed interest	5	14 579
Futures and Yield-X products	34 203	21 996
	192 777	36 575
Owing to clearing houses		
Equities	87	4 060
Fixed interest	10 455	-
Futures and Yield-X products	5 592	-
	16 134	4 060

Amounts owing to or from clearing houses reflects the unsettled client trades at year end.

17. Amounts owing by/to clients

In terms of Section 21 of the Financial Markets Act of 2012, cash held for client accounts and in the client's name is held with JSE Trustees Proprietary Limited ("JSE Trustees"). The amounts owing to and from customers represent unsettled exchange traded transactions at year end. At year end client money held with the JSE Trustees amounted to R80.3 million (2015: R90.5 million). The year end JSE Trustee balance does not reflect the impact of unsettled purchases and sales between T+1 and T+5 of R0.4m which have been taken into account in amounts owing to clients.

18. Cash and cash equivalents

	2016 R'000	2015 R'000
Current accounts	88 515	65 046
Foreign currency accounts	99 274	29 265
Foreign currency deposits	3 802	2 661
Bank overdraft	(95 079)	(47 704)
	96 512	49 268

19. Long-term loans payable

	2016 R'000	2015 R'000
Standard Bank A number of Group subsidiaries have issued guarantees to Standard Bank in favour of this secured loan. The original loan, which was repayable in December 2015, was renegotiated with the following terms. Contractually agreed capital repayments are due to be made annually with interest payments due bi-annually, with the outstanding capital and interest amounts repayable on 04 December 2019. Interest is charged at a rate of 3 month JIBAR plus 3.45%.	28 159	27 866
Standard Bank This loan relates to owner-occupied property for use by subsidiaries of the Group. The loan is secured by the property. Contractually agreed capital repayments and interest payments are due monthly, with the outstanding capital and interest amounts repayable in April 2019. Interest is charged at a Prime linked rate of 10.5%.	8 328	10 872
Loans from minority shareholder This unsecured loan payable represents a minority shareholder loan funding in respect of Prescient Investment Management China Limited. This loan carries interest at 0% and has no fixed terms of repayment.	29 884	24 017
Other long-term loans payable	8 304	7 811
	74 675	70 566
Current portion	44 126	56 458
Non-current portion	30 549	14 108
	74 675	70 566

20. Policyholder investment contract liabilities

	2016 R'000	2015 R'000
Movement in financial liability:		
Balance at the beginning of the year	9 817 582	6 685 086
Contributions and investment income	3 495 961	3 845 889
Contributions from policyholders	3 128 355	3 595 227
Investment income	367 606	250 662
Withdrawals by policyholders	(2 514 069)	(1 576 834)
Net fair value gains on linked investments backing policyholder funds	174 856	863 441
Balance at the end of the year	10 974 330	9 817 582

21. Stated capital and reserves

	Ordinary shares	
	2016 Number	2015 Number
Authorised		
2 000 000 000 no par value shares (2015: 2 000 000 000 no par value shares)	2 000 000 000	2 000 000 000
Issued, allotted and fully paid		
Number of ordinary shares		
In issue at 1 April	1 648 655 093	1 598 022 450
Issue of FSP shares	18 806 000	20 208 904
Share issue	-	30 423 739
Capitalisation distribution	1 789 857	-
In issue at 31 March	1 669 250 950	1 648 655 093
	R'000	R'000
Stated capital	667 660	664 702

Unissued shares
Unissued shares are under the control of the directors until the forthcoming annual general meeting.

Share rights
All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Capitalisation Distribution
The Company offered its shareholders a Capitalisation Distribution election instead of a Cash Dividend when the Interim Dividend was announced on 30 November 2015. The number of Ordinary Shares to which Shareholders electing to participate in the Capitalisation Distribution were entitled to equated to 2.74625 new Ordinary Shares for every 100 Ordinary Shares held. Shareholders holding 65 174 598 Prescient shares or 3.91% of Prescient shares elected the Capitalisation Distribution, resulting in the issue of 1 789 857 new Prescient shares.

21.1 Nature and purpose of reserves

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Treasury shares
The reserve for the Company´s own shares comprises the cost of the Company´s shares held by the Group. At 31 March 2016, the Group held 30 383 292 (2015: 28 661 114) of the Company's shares.

Share-based payment reserve
The share-based payment reserve comprises the value of shares payable to employees participating in the forfeitable share plan.

21.2 OCI movement in reserves, net of tax

	Translation reserve	Total OCI
R'000		
2016		
Foreign currency translation difference – foreign operations	17 398	17 398
	17 398	17 398
2015		
Foreign currency translation difference – foreign operations	(4 770)	(4 770)
Reclassification of foreign currency differences on sale of subsidiary	171	171
	(4 599)	(4 599)

22. Non-cash movements and adjustments to profit before taxation

	2016 R'000	2015 R'000
Non-cash movements and adjustments to profit before taxation	(970 453)	(2 280 795)
Dividend income	(2 946)	(2 820)
Depreciation and amortisation	11 850	11 379
Interest income	(19 358)	(16 622)
Net fair value losses/(gains) on financial assets at fair value through profit or loss	184	(10 628)
Interest expense	10 862	9 212
Share of (gain)/loss of equity-accounted investees (net of tax)	(757)	3 261
Change in fair value of investment property	(3 403)	(2 622)
Foreign currency translation differences	8 071	2 215
Gain on partial sale of equity-accounted investee	(749)	-
Loss on sale of subsidiary	5 818	-
Gain on loss of control of subsidiary	-	(5 869)
Realised and unrealised net fair value gains on linked investments	174 856	863 441
Increase in policyholder investment contract liabilities	(1 156 748)	(3 132 496)
Share-based payment expense	1 867	754

23. Changes in working capital

	2016 R'000	2015 R'000
	(10 470)	(9 231)
Increase in trade and other receivables	(67 198)	(292 887)
Increase in inventories	(13 534)	(11 648)
Increase in trade and other payables	70 262	295 304

24. Taxation paid

	2016 R'000	2015 R'000
	(50 998)	(50 702)
Amount receivable/(payable) at the beginning of the year	4 857	(3 328)
Profit charge (excluding deferred tax)	(51 609)	(42 517)
Amount receivable at the end of the year	(4 246)	(4 857)

25. Investment in significant subsidiaries

Name of subsidiaries	Country of incorporation	Number of issued ordinary shares	% interest
2016			
Prescient Holdings Proprietary Limited*	South Africa	8 840 571	100
PBT Group (South Africa) Proprietary Limited**	South Africa	474	100
PBT Group (Australia) Proprietary Limited	Australia	11 000	100
Prescient Capital Proprietary Limited***	South Africa	2 394	100
Prescient Property Holdings Proprietary Limited	South Africa	38 010 000	100

Name of subsidiaries	Country of incorporation	Number of issued ordinary shares	% interest
2015			
Prescient Holdings Proprietary Limited*	South Africa	8 840 571	100
PBT Group (South Africa) Proprietary Limited**	South Africa	474	100
PBT Group (Australia) Proprietary Limited	Australia	11 000	100
Prescient Capital Proprietary Limited***	South Africa	2 394	100
Prescient Property Holdings Proprietary Limited	South Africa	38 010 000	100
Greenfields Institute of Business Proprietary Limited	South Africa	120	25

A complete list of subsidiary companies is available on request.

* Significant subsidiaries of Prescient Holdings Proprietary Limited include Prescient Investment Management Proprietary Limited, Prescient Fund Services Proprietary Limited, Prescient Life (RF) Limited, Prescient Management Company (RF) Proprietary Limited, Prescient Securities Proprietary Limited, Prescient Investment Management China Limited and Prescient Wealth Management Proprietary Limited.

** Significant subsidiaries of PBT Group (South Africa) Proprietary Limited include PBT Insurance Technologies Proprietary Limited, CyberPro Consulting Proprietary Limited, Bi-Blue Consulting Proprietary Limited, Technique Business Intelligence Software Proprietary Limited.

*** A significant subsidiary of Prescient Capital Proprietary Limited is Prescient Fund Services (Ireland) Limited.

26. Sale of subsidiary

On 1 December 2015 the Group disposed of its holding in Greenfields Institute of Business Proprietary Limited.

	2016 R'000
Assets	(21 225)
Liabilities	2 406
Non-controlling interest	6 478
Net assets disposed	(12 341)
Fair value of consideration on disposal	6 523
Loss on sale of subsidiary	(5 818)

27. Financial risk management

The Group is exposed to liquidity risk, credit risk and market risk due to its nature and location of operations across the two main segments and the financial instruments to which it is exposed.

This note represents information about the Group's exposure to each of the above risks, the Group's objectives, policies and procedures for measuring and managing risk and the Group's management of capital.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements.

The Group manages its liquidity risk across the two main operating segments through the implementation of a treasury function whereby all Group cash is centralised and managed appropriately to ensure Group capital and cash resources are applied to the relevant entities to ensure that it has sufficient cash on hand to meet liabilities when they are due.

The Group further manages liquidity risk by maintaining adequate reserves, banking facilities and money market investments, by continuously monitoring forecasts and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Exposure to liquidity risk
The following are the contractual maturities of financial liabilities at year end:

R'000	Carrying	Contractual	6 months or less	6 to 12 months	More than 12 months
2016					
Policyholder investment contract liabilities	10 974 330	10 974 330	10 974 330	–	–
Loans payable	74 675	80 816	34 119	8 944	37 754
Trade and other payables	106 393	106 393	72 446	33 947	–
Amounts owing to clearing houses	16 134	16 134	16 134	–	–
Amounts owing to clients	604 668	604 668	604 668	–	–
Bank overdraft	95 079	95 079	95 079	–	–
	11 871 279	11 877 420	11 796 776	42 891	37 754
2015					
Policyholder investment contract liabilities	9 817 582	9 817 582	9 817 582	–	–
Loans payable	70 566	72 349	2 854	28 855	40 640
Trade and other payables	98 363	98 363	84 469	13 894	–
Amounts owing to clearing houses	4 060	4 060	4 060	–	–
Amounts owing to clients	554 685	554 685	554 685	–	–
Bank overdraft	47 704	47 704	47 704	–	–
	10 592 960	10 594 743	10 511 354	42 749	40 640

27. Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial services

Financial assets which potentially subject the Group to concentrations of credit risk consist principally of cash and cash equivalents, trade and other receivables and long-term loan receivables.

Reputable financial institutions are used for investing and cash handling purposes. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. The Group has exposure to credit risk concentration as a large portion of the Group's fees received, are earned from a low number of client mandates.

The credit risk associated with the Group's trade receivables is mitigated by transacting with clients of good financial standing. The credit risk associated with the Group's long-term loan receivables is monitored by management and mitigated by requiring security where they feel it is necessary.

Information management services

Trade receivables comprise a widespread geographical base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	Carrying amount	
R'000	2016	2015
Loans receivable	54 186	51 874
Trade and other receivables	214 959	210 924
Cash and cash equivalents	191 591	96 972
	460 736	359 770
The ageing of loans and trade and other receivables at the reporting date was:		
Neither past due nor impaired	188 046	147 574
Past due 1 – 30 days	27 673	69 490
Past due 31 – 90 days	32 568	9 222
Past due 91 – 365 days	20 858	36 512
	269 145	262 798

None of the trade receivables are considered to be impaired. Trade and other receivables have not been discounted as the impact of discounting is considered to be insignificant. Although there are trade receivables showing as past due, the historical payment trends from these debtors indicate that there is no reason to impair them.

Market risk

Market risk is the potential impact on earnings from unfavourable changes in foreign exchange rates, interest rates and prices.

Financial services

The Group is, indirectly through the management of client assets and directly through the assets it holds, exposed to a degree of market risk. To the extent that the Group derives its income from the values of client assets, fluctuations in these assets' values affect the income of the Group accordingly. The Group manages this risk by maintaining and agreeing conservative low risk investment mandates.

Market risk is mitigated through the diversification of investment mandates such that income is not overly exposed to any single sector of the investment market. Investment management capacity is monitored to ensure that the performances of specific funds are not unduly compromised through excessive scale.

A 10% downturn in the value of assets that the Group manages and administers in South Africa, on behalf of clients would reduce the Group's total income by R11.4 million (2015: R10.3 million) and profits after taxation and equity by approximately R8.2 million (2015: R7.4 million) approximately.

Assets under management

R'bn	2016	2015
Fair value of assets under management	74.2	65.5
Fair value of third party assets under administration	76.4	54.9

Notes to the consolidated financial statements (continued)

for the year ended 31 March 2016

27. Financial risk management (continued)

Information management services

Market risk associated with policyholder contract liabilities

A subsidiary in the Group is a linked insurance company and issues linked policies to policyholders, and as such does not expose the business to the market risk of fair value adjustments on the financial asset as this risk is assumed by the policyholder. The market and credit risk associated with the financial assets held to back investment contract liabilities issued by Prescient Life Limited is borne in its entirety by policyholders. The liquidity risk associated with the company being contractually obligated to repay policyholders on demand, is managed through the investment composition of assets included in the policyholder portfolios and by contract with the policyholders. Such contracts mitigate the liquidity risk faced by the company and passes this on to policyholders in the ordinary course of business and in the event that substantial withdrawals require large scale disinvestment of the assets in these portfolios. The investment composition is provided in note 14. The Group's exposure to financial risk arising from the financial assets and liabilities is negligible and these financial instruments are therefore excluded from any sensitivity analysis as this would not provide useful information in terms of assessing the risk that the Group is exposed to.

The Group is exposed to market risk in the information management services segment in respect of foreign exchange risk and interest rate risk, which is discussed below.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign currency risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. Management has set up a policy to require group entities to manage their foreign currency risk against their functional currency.

The Group may utilise forward contracts in order to reduce the extent of fluctuations in the value of the future commercial transactions or recognised assets or liabilities in currencies other than the Group's functional currency.

The following currency profile analyses the Group's financial assets and liabilities according to the currencies in which they are held at 31 March 2016. These amounts have been converted into rands.

	2016					
R´000						
Currency	ZAR	EURO	GBP	USD	AUD	TOTAL
Exchange rate	1.00	17.01	21.64	15.04	11.51	
Assets						
Trade and other receivables	100 380	1 385	84	82 730	30 380	214 959
Cash and cash equivalents	84 248	7 253	34	95 282	4 774	191 591
	184 628	8 638	118	178 012	35 154	406 550
Liabilities						
Trade and other payables	89 281	1 943	680	8 680	5 809	106 393
	89 281	1 943	680	8 680	5 809	106 393

	2015					
R´000						
Currency	ZAR	EURO	GBP	USD	AUD	TOTAL
Exchange rate	1.00	13.11	17.92	12.08	9.29	
Assets						
Trade and other receivables	93 610	693	32	110 918	5 671	210 924
Cash and cash equivalents	56 092	4 643	53	26 944	9 240	96 972
	149 702	5 336	85	137 862	14 911	307 896
Liabilities						
Trade and other payables	89 968	1 195	46	2 960	4 194	98 363
	89 968	1 195	46	2 960	4 194	98 363

27. Financial risk management (continued)

Sensitivity analysis

A 5% appreciation/depreciation in the exchange rate at 31 March would have decrease/increased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	Equity R'000	Profit or loss R'000
2016		
EUR	559	1 166
GBP	34	42
USD	4 256	10 033
AUD	751	4 150
2015		
EUR	328	1 536
GBP	2	20
USD	6 323	8 414
AUD	276	4 607

Interest rate risk

The Group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis. The interest rate profile of the Group's financial assets, which earn interest at market related rates, is limited to funds invested in call and current accounts and amounts advanced to employees and related parties

The interest rate profile of the Group's long-term financial liabilities is also on a floating rate basis.

The fair value of interest bearing instruments may fluctuate depending primarily on the expectation for inflation, changes in future interest rates and general economic conditions. The fair value of interest bearing instruments is inversely related to the current market yield, therefore the fair value will go down when interest rates rise and increase when interest rates fall. The Group is exposed to interest rate risk through direct holdings in interest-bearing securities as well as through collective investment schemes with exposure to interest bearing securities. The impact of interest rate changes on the fair values of interest bearing instruments is more significant the longer the term of the instrument.

Interest rate risk is mitigated primarily in two ways:

- holdings are well diversified; and
- the selection process is conservative in nature where capital preservation is a high priority.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	2016 R'000	2015 R'000
Variable rate instruments		
Financial liabilities	169 754	118 269
Financial assets	292 036	175 319
	461 790	293 588

A change of 100 basis points in interest rates would have increased or decreased profit before taxation by R2.92 million (2015: R1.75 million) and equity by R1.22 million (2015: R0.85 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Capital adequacy

Capital management policies

A number of subsidiaries in the Group have capital adequacy requirements. Capital is actively managed to ensure that the Group is appropriately capitalised and funded at all times, having regard to the regulatory requirements of its subsidiaries, prudent management and the needs of all stakeholders.

Specifically, the Group has adopted the following capital management policies:

- maintenance, as a minimum of capital sufficient to meet the statutory requirements and such additional capital as management believes is necessary to ensure that obligations to its clients can be met on a timely basis; and
- maintenance of appropriate level of liquidity at all times. The Group further ensures that it can meet its expected capital and financing needs at all times, having regard to the business plans, forecasts, and any strategic initiatives.

27. Financial risk management (continued)

The Group includes financial service providers. As such certain subsidiaries in the Group are subject to the financial services regulations in the jurisdictions in which they operate.

These are as follows:
- South Africa – Financial Services Board (FSB)
- South Africa – Johannesburg Stock Exchange (JSE)
- Namibia – Namibia Financial Institutions Supervisory Authority (FAMFISA)
- Ireland – Central Bank of Ireland (CBI)
- Jersey – Jersey Financial Services Commission (JFSC)

All of these bodies have regulatory capital adequacy requirements for financial services entities operating in their jurisdiction. As such, the Group ensures on-going compliance with these requirements.

Prescient Life is required to hold a minimum amount of capital in terms of the Long Term Insurance Act to support the issuing of linked policies to policy holders. Capital adequacy requirements were covered 1.77 times at 31 March 2016 (2015: 1.89). The ratio is determined in accordance with regulations and the guidelines of the Long-term Insurance Act.

Life Insurers are also running parallel Capital Requirement calculations under the upcoming Solvency Assessment and Management (SAM) regulatory framework. The framework is in its final stages of development, and is currently expected to replace the current framework in January 2017. Under this framework, the capital adequacy requirements are covered approximately 1.45 times at 31 March 2016 (2015: 1.59). The 31 March 2016 calculations are not yet final and subject to revision.

Prescient Management Company and EMHPrescient Management Company, are required to hold a minimum amount of capital in order to meet the requirements set out by the regulators of the jurisdictions, being South Africa and Namibia, in which they operate. Prescient Management Company and EMHPrescient Management Company met the solvency requirements at 31 March 2016 and 31 March 2015.

There are other subsidiaries in the Group that have capital and liquidity requirements, all of which have been met.

28. Repurchase of units

A subsidiary within the Group undertakes to repurchase any number of units offered to it on the basis of prices calculated in accordance with the requirements of the Collective Investment Schemes Control Act No. 45 of 2002 and on terms and conditions set out in the Trust Deed constituting the Prescient Collective Investment Schemes.

29. Related parties

Identity of related parties

The Group has related party relationships with subsidiaries, associates and with its key management personnel. The significant subsidiaries of the Company are set out in note 25. The directors of the Group and directors' interests are set out in the Directors' Report.

Transactions with key management personnel

Key management personnel are defined as the board of directors and the executive committee of the major operating entities.

Key management personnel compensation

Key management personnel compensation comprised of the following:

	2016 R'000	2015 R'000
Short-term employee benefits	57 004	51 992
Share based payment	1 867	754
Total	58 871	52 746

Key management personnel and director transactions

A number of key management personnel, or their related parties, hold positions in other group entities that result in them having control or significant influence over the financial or operating policies of those entities.

Balances due from related parties

Refer to note 11 and 19 for details of other related party balances. Fisc Investment Mangement Proprietary Ltd is a related party controlled by Herman Steyn, CEO. Other loans payable includes loans from directors.

29. Related parties (continued)

Directors emoluments

Emoluments from the Company and its subsidiaries for the year ended 31 March:

	Paid by the company	Paid by subsidiaries							
R´000	Directors´ fees	Directors´ fees	Basic salary	Value of consulting services	Value of contributions paid	Pension contributions paid	Bonus	Share based payment	Total
2016									
Executive directors									
Herman Steyn*	–	678	–	–	–	–	–	–	678
Michael Buckham	–	–	1 465	–	170	220	–	37	1 892
	–	678	1 465	–	170	220	–	37	2 570
Non-executive directors									
Murry Louw	214	–	–	–	–	–	–	–	214
Zane Meyer	163	27	–	–	–	–	–	–	190
Keneilwe Moloko	163	–	–	–	–	–	–	–	163
Heather Sonn	163	–	–	–	–	–	–	–	163
Ronell van Rooyen	163	–	–	–	–	–	–	–	163
	866	27	–	-	–	–	–	–	893

	Paid by the company	Paid by subsidiaries							
R´000	Directors´ fees	Directors´ fees	Basic salary	Value of consulting services	Value of contributions paid	Pension contributions paid	Bonus	Share based payment	Total
2015									
Executive directors									
Herman Steyn	–	629	–	–	–	–	–	-	629
Michael Buckham	–	–	1 474	–	142	267	455	-	2 338
	–	629	1 474	–	142	267	455	-	2 967
Non-executive directors									
Murry Louw	210	–	–	750	–	–	–	-	960
Monty Kaplan	88	–	–	–	–	–	–	-	88
Zane Meyer	160	22	–	–	–	–	–	-	182
Keneilwe Moloko	160	–	–	–	–	–	–	-	160
Heather Sonn	160	–	–	–	–	–	–	-	160
Ronell van Rooyen	160	–	–	–	–	–	–	-	160
	938	22	–	750	–	–	–	-	1 710

* Herman Steyn earned director's fee of €45 000 (2015: €45 000) in respect of the Prescient Global Funds, QIF funds and from a subsidiary in the group, Prescient Fund Services Ireland.

30. Commitments

Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	2016 R'000	2015 R'000
Less than one year	6 065	7 104
Between one and five years	9 110	15 434
	15 175	22 538

At 31 March 2016, the Group was obligated under a number of operating leases for properties for which the future minimum lease payments extend over a number of years. The annual escalation clauses range between 6% and 9%.

31. Funds under management

South African subsidiaries within the Group manage assets on behalf of clients with a market value at 31 March 2016 of R74.2 billion (2015: R65.5 billion), which are not reflected on the consolidated statement of financial position of the Group while the assets under administration for the Group amount to R76.4 billion (2015: R54.9 billion) as at 31 March 2016.

32. Operating segments

The Group has two operating segments as described below, which are the Group's strategic divisions. The strategic divisions offer different services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments.

- financial services include investment management, administration, stock broking, and wealth management; and
- information management services include healthcare administration services, consulting and implementation of data and management information software.

Information regarding the results of each reportable segment is included below.

Information about reportable segments

	Financial services		Information management services		Group	
R'000	2016	2015	2016	2015	2016	2015
Segment external income	377 807	352 931	532 593	482 930	910 400	835 861
Segment other income	760	1 003	2 430	7 573	3 190	8 576
Segment cost of sales	–	–	(405 573)	(352 768)	(405 573)	(352 768)
Segment operating expenses	(248 907)	(223 571)	(82 711)	(73 493)	(331 618)	(297 064)
Share of profit/(loss) of equity-accounted investees (net of tax)	757	(501)	–	(2 760)	757	(3 261)
Segment finance costs	(7 137)	(5 480)	(3 725)	(3 732)	(10 862)	(9 212)
Income tax expense	(31 814)	(29 002)	(15 388)	(16 669)	(47 202)	(45 671)
Profit for the year	91 466	95 380	27 626	41 081	119 092	136 461
Attributable to:						
Owners of the Company					109 004	125 224
Non-controlling interests					10 088	7 358
Profit for the year					119 092	136 461

32. Operating segments (continued)

R'000	Financial services 2016	Financial services 2 015	Information management services 2016	Information management services 2 015	Group 2016	Group 2015
Segment assets*	1 131 589	1 002 327	231 026	172 325	1 362 615	1 174 652
Intangible assets	7 937	1 320	14 404	19 618	22 341	20 938
Goodwill	90 047	107 538	285 572	285 572	375 619	393 110
Investment in equity-accounted investees	2 300	1 336	7 358	13 570	9 658	14 906
Linked investments backing policyholder funds	10 975 212	9 820 128	-	-	10 975 212	9 820 128
Total assets	12 207 085	10 932 649	538 360	491 085	12 745 445	11 423 734
Segment liabilities	(819 428)	(715 974)	(100 446)	(80 046)	(919 874)	(796 020)
Policyholder investment contract liabilities	(10 974 330)	(9 817 582)	-	-	(10 974 330)	(9 817 582)
Total liabilities	(11 793 758)	(10 533 556)	(100 446)	(80 046)	(11 894 204)	(10 613 602)
Capital expenditure	10 679	2 196	5 743	5 359	16 422	7 555
Depreciation and amortisation	3 233	3 290	8 617	8 089	11 850	11 379

* Goodwill is not managed as part of segment assets, and has therefore been excluded.

Information management services fee income from a single customer in the information management services segment amounted to 41% (2015: 34%) of the Group's income.

Reconciliations of reportable segment income, profit or loss, assets and liabilities, and other material items.

	2016 R'000	2015 R'000
Total income		
Total income for reportable segments	1 036 900	987 202
Elimination of inter-segment income	(126 500)	(151 341)
Consolidated total income	910 400	835 861
Profit before tax		
Total profit before tax for reportable segments	272 594	318 653
Elimination of inter-segment profits	(107 057)	(133 260)
Unallocated amounts:		
— Share of profit/(loss) of equity-accounted-investees	757	(3 261)
Consolidated profit before tax	166 294	182 132
Assets		
Total assets for reportable segments	12 735 787	11 408 828
Assets for other segments	–	–
Equity accounted investees	9 658	14 906
Consolidated total assets	12 745 445	11 423 734
Liabilities		
Total liabilities for reportable segments	(11 894 204)	(10 613 602)
Liabilities for other segments	–	–
Other unallocated amounts	–	–
Consolidated total liabilities	(11 894 204)	(10 613 602)

Notes to the consolidated Financial statements (continued)

for the year ended 31 March 2016

33. Subsequent events

The Company issued a joint cautionary announcement on 19 April 2016, followed by a renewed announcement on 2 June 2016, relating to a proposed transaction with Stellar Capital Partners Limited. As at the date of finalising the audited consolidated financial statements the proposed transaction steps relating to Prescient's Financial Services operating segment had not been finalised and so no further information is available.

Prescient Securities concluded two separate BEE transactions subsequent to 31 March 2016 that will have a positive impact on Prescient Securities' Black Economic Empowerment ownership scorecard. There are no aspects of these transactions that materially affect the financial performance of the Group for the year ended 31 March 2016, or the financial position of the Group as at that date.

There were no other material events subsequent to the reporting date.

34. Going concern

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

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