TRUSTCO GROUP HOLDINGS
ANNUAL FINANCIAL STATEMENTS 2014.

TRUSTCO
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Statement of Responsibility and Approval of Annual Financial Statements by the Board of Directors for the year ended 31 March 2014

The directors are required by the Namibian Companies Act, 2004 as amended by Act 9 of 2007, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and its subsidiaries as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council and in the manner as required by the Companies Act of Namibia, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The annual financial statements incorporate full and responsible disclosure in line with the group's philosophy on corporate governance and as required by the Namibian (NSX) and Johannesburg (JSE) Stock Exchanges.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and its subsidiaries and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and its subsidiaries and all employees are required to maintain the highest ethical standards in ensuring the company and its subsidiaries business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the company's external auditors and their reports are presented on pages 3 and 4.

The annual financial statements set out on pages 7 to 71, which have been prepared on the going concern basis, were approved by the Board on 26 June 2014 and were signed on its behalf by:

ADV R HEATHCOTE
CHAIRPERSON

Q VAN ROOYEN
MANAGING DIRECTOR

Windhoek
26 June 2014

Certificate by the Company Secretary for the year ended 31 March 2014

I, Dominic John Steyn, being the Company Secretary of Trustco Group Holdings Limited, certify that the company has, for the year under review, lodged all returns of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

D J STEYN
COMPANY SECRETARY

Windhoek
26 June 2014

Report of the Independent Auditors to the shareholders of Trustco Group Holdings Limited

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited set out on page 7 to 71, which comprise the statements of financial position as at 31 March 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trustco Group Holdings Limited as at 31 March 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of Namibia.

BDO

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: J S W de Vos
Partner

28 June 2014
Windhoek

Report of the Independent Auditors to the shareholders of Trustco Group Holdings Limited

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited set out on pages 7 to 71, which comprise the statements of financial position as at 31 March 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trustco Group Holdings Limited as at 31 March 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards.

BDO South Africa Inc.

BDO South Africa Incorporated
Partner: Japie Schoeman
Registered Auditor

28 June 2014
22 Wellington Road
Parktown
Johannesburg
South Africa
2193

Report of the Directors for the year ended 31 March 2014

The directors present their report with the audited annual financial statements of the company and of the group for the year ended 31 March 2014.

Financial results

The financial results of the company and group for the year under review are reflected in the annual financial statements set out on page 7 onwards. The consolidated statement of comprehensive income are set out on page 8.

Net profit after tax for the year ended 31 March 2014 is NAD252.7 million (2013: NAD39.4 million).

Shareholders' value

Based on the results, shareholders value for 2014 is NAD1.2 billion (2013: NAD968.1 million). The directors are confident that this value will show growth for the foreseeable future.

Dividends

During the year under review dividends of 2.00 cents per share (2013: 4.15 cents) amounting to a total of NAD15.4 million (2013: NAD29.9 million) were declared and paid by the group. The policy of the group is to declare dividends of between four and five times cover. The directors of Trustco ("the Board") are pleased to announce that the board has passed a resolution on 26 June 2014 to pay a final dividend of 2.75 cents per share for the financial year ended 31 March 2014.

The following information is provided to shareholders in respect of the new applicable Dividend Tax:

- The dividend has been declared from income reserves;
- Shareholders are advised that Namibian non-resident shareholders' tax of 15% on the declared dividend will be applicable to all shareholders with addresses outside Namibia.
- The dividend withholding tax ("DWT") rate for South Africa is 15% resulting in a net dividend (whether they are exempt from the DWT or not) of 2.3375 cents per share; and
- Trustco Group Holdings Limited's Namibian Income Tax Reference Number is 3356338011.

The salient dates for the payment of this dividend are set out below:

Last day to trade cum-dividend Friday, 25 July 2014.

Trading exdividend commences Monday, 28 July 2014.

Record Date Friday, 01 August 2014.

Payment Date Monday, 22 August 2014.

Share certificates may not be dematerialised or rematerialised between Monday, 28 July 2014 and Friday, 01 August 2014 both days included. The dividend is declared in Namibia Dollars and payable in the currencies of the Republics of South Africa and Namibia which are pegged 1:1.

Borrowings

The borrowings of the group are within the limits set by the articles of association.

Directorate and appreciation

The board of directors are reflected in the Integrated Annual Report. The company is fortunate to have an energetic management team to lead the group forward. The directors, management and staff of the various companies in the group have all played a crucial role in the year under review. We would like to thank each individual and team for their contributions this year.

There were no appointments and resignations of directors and other officers in the year under review.

Going concern concept

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2015. On the basis of the review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the group has access to adequate resources to continue in operational existence for the foreseeable future and that it has continued to adopt the going concern basis in preparing the financial statements.

Remuneration of group managing director

Next Investments (Pty) Ltd has a management contract with Trustco in terms of which a management fee is paid quarterly as follows:

- 0.5% of the turnover of the group;
- 1% of the headline earnings of the group; and
- 1% of the basic earnings of the group.

Q. van Rooyen, the group managing director, is the sole shareholder of Next Investments (Pty) Ltd.

If targets are not met, the management fee is halved, whilst, if growth exceeds inflation plus 5%, then the management fee is doubled.

Special resolutions

The following were passed during the year:

- Approval of a potential specific repurchase of Trustco shares from the International Finance Corporation; and
- Approval of the specific repurchase of Trustco shares from Renaissance Africa Master Fund.

Holding company's interest in subsidiaries	Company's interest					
	Issued share capital		% held		Shares at cost	
	2014	2013	2014	2013	2014	2013
	NAD	NAD	%	%	NAD	NAD
Legal Shield Holdings (Pty) Ltd	100	100	100	100	100	100
Trustco Education (Pty) Ltd	100	100	100	100	100	100
Trustco Property Holdings (Pty) Ltd	100	100	100	100	100	100
Trustco Group International (Pty) Ltd (Inc. in Republic of Namibia)	100	100	100	100	68 549 357	68 549 357
Trustco Corporate Management Services (Pty) Ltd	100	100	100	100	100	100
Trustco Capital (Pty) Ltd	100	100	100	100	100	100
Trustco Media (Pty) Ltd	100	100	100	100	100	100
Trustco Tourism Holdings (Pty) Ltd	100	100	100	100	100	100
Trustco Business Development (Pty) Ltd	100	100	100	100	100	100
Trustco Mobile Mauritius	100	100	100	100	100	100
Trustco Group International (Pty) Ltd (Inc. in Republic of South Africa)	100	100	100	100	100	100
					68 550 357	68 550 357

The aggregate contribution made by the subsidiaries in the group amounted to NAD270.12 million (2013: NAD53.19 million) and the company contributed a loss of NAD17.45 million (2013: loss of NAD13.81 million) to group earnings.

Subsequent events

On 21 May 2014, the group entered into a sale of shares agreement to acquire 100% of the ordinary shares in FIDES Bank Ltd, a Namibian incorporated banking institution which holds an unrestricted banking license under the Namibian Banking Institutions Act, 1998. The bank operates across various branches in Namibia, employs staff and conducts banking business in terms of the Banking Act. The transaction is subject to regulatory approval which at the date of issuing these financial statements was not yet received.

The year ahead

The board remains optimistic about the future and expects the plans that management have undertaken to crystalise the group's strategy into tangible wealth, will be evidenced in the year ahead.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 March 2014

		Group			Company		
		2014	2013 Restated	2012 Restated	2014	2013 Restated	2012 Restated
	Notes	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
ASSETS							
Non-current assets							
Property, plant and equipment	4	**203 111**	179 266	160 502	**–**	–	–
Investment property	5	**537 330**	344 247	317 990	**–**	–	–
Intangible assets	6	**212 391**	232 650	261 478	**–**	–	–
Investment in subsidiaries	7	**–**	–	–	**68 550**	68 550	68 550
Deferred tax assets	8	**110 774**	78 183	73 136	**–**	–	–
Advances	9	**517 433**	230 188	174 681	**–**	–	–
Amounts due by related parties	10	**–**	–	–	**717 030**	366 660	301 602
Total non-current assets		**1 581 039**	1 064 534	987 787	**785 580**	435 210	370 152
Current assets							
Short-term portion of advances	9	**182 499**	130 525	100 608	**–**	–	–
Finance lease receivable		**–**	–	457	**–**	–	–
Amounts due by related parties	10	**–**	8 482	–	**31 419**	–	–
Inventories	11	**343 850**	10 420	12 623	**–**	–	–
Trade and other receivables	12	**293 626**	271 182	317 425	**339**	253	33
Current tax assets	40.2	**4 716**	860	189	**–**	–	–
Cash and cash equivalents	13	**131 606**	46 924	101 000	**79 300**	41	36
Total current assets		**956 297**	468 393	532 302	**111 058**	294	69
Total assets		**2 537 336**	1 532 927	1 520 089	**896 638**	435 504	370 221
EQUITY AND LIABILITIES							
Capital and reserves							
Share capital	14	**177 595**	169 545	162 645	**177 595**	169 545	162 645
Share premium	14	**46 300**	24 600	–	**46 300**	24 600	–
Deemed treasury shares	15	**(69 026)**	–	(3 840)	**–**	–	(3 840)
Vendor shares	16	**14 976**	14 976	14 976	**14 976**	14 976	14 976
Contingency reserves	17	**2 983**	4 610	2 970	**–**	–	–
Put options	18	**–**	(52 832)	(52 832)	**–**	(52 832)	(52 832)
Revaluation reserves	19	**30 641**	21 797	16 806	**–**	–	–
Foreign currency translation reserves	20	**(2 075)**	1 869	–	**–**	–	–
Distributable reserves		**1 022 961**	783 565	772 580	**218 843**	167 741	148 118
Total capital and reserves		**1 224 355**	968 130	913 305	**457 714**	324 030	269 067
Non-current liabilities							
Deferred tax liabilities	8	**210 721**	33 231	31 148	**3 479**	–	–
Amounts due to related parties	10	**–**	–	–	**118 872**	51 630	44 542
Borrowings	21	**596 670**	288 717	211 931	**291 762**	–	–
Other liabilities	23	**7**	1 590	257	**–**	–	–
Vendors for acquisitions	22	**65 800**	–	–	**–**	–	–
Policyholders' liability under insurance contracts	24	**38 520**	16 587	10 684	**–**	–	–
Total non-current liabilities		**911 718**	340 125	254 020	**414 113**	51 630	44 542
Current liabilities							
Current portion of borrowings	21	**133 699**	40 764	34 117	**–**	–	–
Current portion of other liabilities	23	**2 838**	4 516	2 622	**–**	–	–
Current portion of vendors for acquisitions	22	**143 804**	–	–	**–**	–	–
Amounts due to related parties	10	**265**	–	1 413	**–**	–	–
Trade and other payables	25	**94 983**	129 154	256 323	**23 957**	55 924	54 789
Technical provisions	26	**20 113**	20 558	17 917	**–**	–	–
Current tax liabilities	40.2	**5 561**	29 116	28 603	**854**	3 851	1 330
Bank overdraft	27	**–**	564	11 769	**–**	69	493
Total current liabilities		**401 263**	224 672	352 764	**24 811**	59 844	56 612
Total equity and liabilities		**2 537 336**	1 532 927	1 520 089	**896 638**	435 504	370 221

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 March 2014

		Group		Company	
		2014	2013	2014	2013
	Notes	NAD'000	NAD'000	NAD'000	NAD'000
Insurance premium revenue		225 086	150 710	–	–
Revenue		618 468	444 529	3 600	3 600
Total revenue	30	843 554	595 239	3 600	3 600
Cost of sales	31	(171 976)	(240 194)	–	–
Gross profit		671 578	355 045	3 600	3 600
Investment income	36	3 095	3 849	90 456	59 298
Fair value gains and losses on investment properties	5	120 423	26 304	–	–
Gain on bargain purchase	40.4	3 000	–	–	–
Other income		15 585	14 080	3 236	2 217
Insurance benefits and claims	32	(33 014)	(26 717)	–	–
Transfer to policyholders' liabilities	24	(21 933)	(5 903)	–	–
Change in unearned premium provision	30	(49)	(981)	–	–
Administration expenses		(401 352)	(294 167)	(18 661)	(10 206)
Finance costs	37	(57 095)	(27 814)	(6 047)	(508)
Profit before taxation	33	300 238	43 696	72 584	54 401
Taxation	38	(47 566)	(4 312)	(6 039)	(4 862)
Profit for the year		252 672	39 384	66 545	49 539
Other comprehensive income, net of tax		5 409	8 138	–	–
Items that will not be subsequently reclassified to profit or loss					
Revaluation of property, plant and equipment		9 353	6 269	–	–
Items that may be subsequently reclassified to profit or loss					
Foreign currency translation adjustment		(3 944)	1 869	–	–
Total comprehensive income for the period		258 081	47 522	66 545	49 539
Earnings per share:					
Basic earnings per share (cents)	39	33.57	5.41		
Diluted earnings per share (cents)	39	33.35	5.38		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2014

Group	Share capital NAD'000	Share premium reserves NAD'000	Foreign currency translation reserve NAD'000	Deemed treasury shares NAD'000	Vendor shares NAD'000	Contingency reserve NAD'000	Put options NAD'000	Revaluation reserves NAD'000	Distributable reserves NAD'000	Total NAD'000
Balance at 1 April 2012	162 645	–	–	(3 840)	14 976	2 970	(52 832)	16 806	772 580	913 305
Transfer to contingency reserve	–	–	–	–	–	1 640	–	–	(1 640)	–
Shares issued	6 900	24 600	–	–	–	–	–	–	–	31 500
Sale of deemed treasury shares	–	–	–	3 840	–	–	–	–	1 879	5 719
Transfer between reserves	–	–	–	–	–	–	–	(1 278)	1 278	–
Total comprehensive income for the period	–	–	1 869	–	–	–	–	6 269	39 384	47 522
Dividends for the period	–	–	–	–	–	–	–	–	(29 916)	(29 916)
Balance at 31 March 2013	169 545	24 600	1 869	–	14 976	4 610	(52 832)	21 797	783 565	968 130
Balance at 1 April 2013	169 545	24 600	1 869	–	14 976	4 610	(52 832)	21 797	783 565	968 130
Transfer from contingency reserve	–	–	–	–	–	(1 627)	–	–	1 627	–
Shares issued	8 050	21 700	–	–	–	–	–	–	–	29 750
Deemed treasury shares purchased	–	–	–	(69 026)	–	–	–	–	–	(69 026)
Transfer between reserves	–	–	–	–	–	–	–	(509)	509	–
Put options exercised by group	–	–	–	–	–	–	52 832	–	–	52 832
Total comprehensive income for the period	–	–	(3 944)	–	–	–	–	9 353	252 672	258 081
Dividends for the period	–	–	–	–	–	–	–	–	(15 412)	(15 412)
Balance at 31 March 2014	177 595	46 300	(2 075)	(69 026)	14 976	2 983	–	30 641	1 022 961	1 224 355
Notes:	14	14	20	15	16	17	18	19		

Company	Share capital NAD'000	Share premium NAD'000	Deemed treasury shares NAD'000	Vendor shares NAD'000	Put options NAD'000	Distributable reserves NAD'000	Total NAD'000
Balance at 1 April 2012	162 645	–	(3 840)	14 976	(52 832)	148 118	269 067
Shares issued	6 900	24 600	–	–	–	–	31 500
Sale of deemed treasury shares	–	–	3 840	–	–	–	3 840
Total comprehensive income for the period	–	–	–	–	–	49 539	49 539
Dividends for the period	–	–	–	–	–	(29 916)	(29 916)
Balance at 31 March 2013	169 545	24 600	–	14 976	(52 832)	167 741	324 030
Balance at 1 April 2013	169 545	24 600	–	14 976	(52 832)	167 741	324 030
Shares issued	8 050	21 700	–	–	–	–	29 750
Total comprehensive income for the period	–	–	–	–	–	66 545	66 545
Put options exercised by group	–	–	–	–	52 832	–	52 832
Dividends for the period	–	–	–	–	–	(15 443)	(15 443)
Balance at 31 March 2014	177 595	46 300	–	14 976	–	218 843	457 714
Notes:	14	14	15	16	18		

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended 31 March 2014

	Notes	Group 2014 NAD'000	Group 2013 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000
Cash flow from operating activities					
Cash generated by operations before working capital changes	40.1	321 155	98 138	(11 825)	(4 389)
Changes in working capital	40.1	(159 580)	(76 332)	20 779	915
Interest received	36	3 095	3 849	35 456	19 170
Dividends received	36	–	–	55 000	40 128
Finance costs	37	(57 095)	(27 814)	(6 047)	(508)
Finance leased assets		–	457	–	–
Property advances	9.1	(17 616)	(6 008)	–	–
Repayment of property advances	9.1	4 598	2 097	–	–
Student advances	9.2	(466 445)	(212 861)	–	–
Repayment of student advances	9.2	201 348	129 222	–	–
Other loans advanced	9.3	(339)	(2 549)	–	–
Other loans repaid	9.3	–	982	–	–
Proceeds from funding liabilities for student advances		240 000	–	–	–
Tax paid	40.2	(16 146)	(13 600)	(5 557)	(2 341)
Net cash flow from operating activities		52 975	(104 419)	87 806	52 975
Cash flow from investing activities					
Additions to property, plant and equipment	4	(10 355)	(23 250)	–	–
Additions to investment properties	5	–	(3 364)	–	–
Additions to intangible assets	6	(8 173)	(10 326)	–	–
Acquisition of subsidiary, net of cash acquired	40.4	–	–	–	–
Acquisition of business, net of cash acquired	40.5	(10 044)	–	–	–
Purchase of deemed treasury shares		(69 026)	–	–	–
Proceeds on sale of property, plant and equipment		869	6 917	–	–
Proceeds on sale of intangible		6 355	–	–	–
Proceeds on sale of investment properties		–	1 600	–	–
Net cash flow from investing activities		(90 374)	(28 423)	–	–
Cash flow from financing activities					
Public issue of ordinary shares		29 750	31 500	29 750	31 500
Sale of deemed treasury shares		–	5 719	–	3 840
Proceeds from borrowings		80 888	83 433	291 762	–
Proceeds from related party amounts		8 747	–	67 242	27 676
Repayment of related party amounts		–	(9 895)	(381 789)	(85 646)
Increase in policyholders' under insurance contracts		21 933	5 903	–	–
Dividends paid		(15 412)	(29 916)	(15 443)	(29 916)
(Repayment)/proceeds of other liabilities		(3 261)	3 227	–	–
Net cash flow from financing activities		122 645	89 971	(8 478)	(52 546)
Net change in cash and cash equivalents		85 246	(42 871)	79 328	429
Cash and cash equivalents at the beginning of year		46 360	89 231	(28)	(457)
Cash and cash equivalents at the end of the year	40.3	131 606	46 360	79 300	(28)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS for the year ended 31 march 2014

1 ACCOUNTING POLICIES

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the interpretations adopted by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncement as issued by the Financial Reporting Standards Council and in the manner as required by the Companies Act of Namibia, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties, certain property plant and equipment and certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

New and revised IFRS applied with no material effect on the consolidated annual financial statements

The following new and revised IFRS have also been adopted in these consolidated annual financial statements. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

STANDARD AND SUBJECT OF AMENDMENT	DETAILS
IFRS 1 First-time Adoption of International Financial Reporting Standards.	• Amendments for government loan with a below-market rate of interest when transitioning to IFRS; • Amendments resulting from Annual Improvements 2009 – 2011 Cycle (repeat application, borrowing costs).
IFRS 7 Financial Instruments: Disclosures.	• Amendments related to the offsetting of assets and liabilities.
IFRS 9 Financial Instruments.	• Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements; and • Original issue (Classification and measurement of financial assets).
IFRS 10 Consolidated Financial Statements.	• New standard that replaces the consolidation requirements in SIC-12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess; and • Amendments to transitional guidance.
IFRS 11 Joint Arrangements.	• New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interest in jointly controlled entities; and • Amendments to transitional guidance.
IFRS 12 Disclosure of Interest in Other Entities.	• New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles; and • Amendments to transitional guidance.
IFRS 13 Fair Value Measurement.	• New guidance on fair value measurement and disclosure requirements.

IAS 1 Presentation of Financial Statements	• New requirements to group together items within OCI that may be reclassified to the profit or loss section of the statement of comprehensive income in order to facilitate the assessment of their impact on the overall performance of an entity; and • Amendments resulting from annual improvements 2009 – 2011 cycle (comparative information).
IAS 16 Property, Plant and Equipment.	• Amendments resulting from Annual Improvements 2009 – 2011 Cycle (servicing equipment).
IAS 19 Employee Benefits.	• Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.
IAS 27 Consolidated and Separate Financial Statements.	• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.
IAS 28 Investments in Associates and Joint Ventures.	• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.
IAS 32 Financial Instruments: Presentations.	• Amendments resulting from Annual Improvements 2009 – 2011 Cycle (tax effect of equity distributions).
IAS 34 Interim Financial Reporting.	• Amendments resulting from Annual Improvements 2009 – 2011 Cycle (interim reporting of segment assets).
IFRIC 20	• Stripping Costs in the Production Phase of a Surface Mine.

1.1 Accounting estimates and judgements

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements.

Judgements refers to specific judgements made by management in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated annual financial statements.

Estimation relates to uncertain future events and their effect on certain assets and liabilities accounted for in the consolidated annual financial statements.

Critical accounting policies

The Audit Committee is satisfied that the critical accounting policies are appropriate to the group.

Critical accounting judgements in applying the group's accounting policies

Judgement made in the application of IFRS that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The group and the company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Expected manner of realisation for deferred tax

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

Taxation

Judgement is required in determining the provision for taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group and the company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax and deferred tax provisions in the period in which such determination is made.

The group and the company recognise the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the group and the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differs significantly from estimates, the ability of the group and the company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Property, plant and equipment

The residual values of property, plant and equipment are reviewed annually after considering future market conditions, the remaining life of the assets and projected disposal values. The estimation of the useful lives is based on historical performance as well as expectation about future use and, therefore, requires a degree of judgement to be applied. The depreciation rates represent management's current estimate of the useful lives of the assets.

Trade receivables and loans and receivables

The group and the company assess their trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the group and the company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that some assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group and the company review and test the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value-in-use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors such as foreign exchange rates, inflation rates and interest rate.

Contingent provisions on business combinations

In a business combination, the group and a buyer or seller may not agree on the total purchase price if there are significant uncertainties associated with the business being sold. An additional payment, or contingent consideration, based on the outcome of future events may be agreed to. Refer to note 16.

Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement, the group considers information from a variety of sources including:

(i) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) Recent prices of similar properties in less active markets, with adjustment to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) External professional valuation.

Distinction between investment properties and owner-occupied properties

The group determines whether a property qualifies as investment property. In making its judgement, the group considers whether the property generates cash flows largely independently from the group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply or administrative process of the group.

Properties that are held to earn rentals or for capital appreciation are classified as investment properties and properties that the group occupy are classified as property, plant and equipment. The group considers each property separately in making its judgement.

Inventory of real estate

Inventory of real estate is measured at the lower of cost and net realisable value. Cost of inventory includes the direct costs of acquiring the inventory (including purchase taxes and prepaid lease fees), materials, employee benefits and work performed by subcontractors. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The inventory of real estate is presented at cost (including development and preparation expenses). The cost of the real estate may not exceed the net realisable value. The net realisable value represents an estimate of the selling price in the ordinary course of business based on market prices at the reporting date and discounted for time value of money if material, less an estimate of the cost of construction, and less an estimate of the cost required to execute the sale.

In a transition from inventory to investment property, which is measured at fair value, any difference between the fair value of the real estate on that date and its prior carrying value in the books is recorded directly to the statement of comprehensive income.

Insurance liabilities

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of the insurance company, principally in respect of the insurance liabilities of the company.

Insurance liabilities include the provisions for unearned premiums, outstanding claims and incurred but not reported (IBNR) claims.

Process to determine significant assumptions

Insurance risks are unpredictable and the group recognises that it is not always possible to forecast, with absolute precision, future claims payable under existing insurance contracts. Over time, the group has developed a methodology that is aimed at establishing insurance provisions that have an above-average likelihood of being adequate to settle all its insurance obligations.

(i) ***Unearned premium provision***

Unearned premiums represent the amount of income set aside by the company to cover the cost of claims that may arise during the unexpired period of risk of insurance policies in force at the reporting date.

The group raises provisions for unearned premiums on a basis that reflects the underlying risk profile of its insurance contracts. An unearned premium provision is created at the commencement of each insurance contract and is released as the risk covered by the contract expires. Most of the group's insurance contracts have an even risk profile. Therefore, the unearned premium provision is released evenly over the period of insurance using a time proportion basis.

At each reporting date an assessment is made of whether the provisions for unearned premiums are adequate.

(ii) ***Outstanding claims***

Outstanding claims represent the group's estimate of the cost of settlement of claims that have occurred and were reported by the reporting date, but that have not yet been finally settled.

Claims provision are determined based on previous claims experience, knowledge of events, the terms and conditions of relevant policies and on the interpretation of circumstances. Each notified claim is assessed on a separate case-by-case basis with due regard for specific circumstances, information available from the insured and/or loss adjuster and past experience with similar cases and historical claims payment trends. The approach also includes the consideration of the development of loss payment trends, the levels of unpaid claims, legislative changes, judicial decisions and economic conditions. The group employs employees experienced in claims handling and rigorously applies standardised policies and procedures to claims assessments.

The ultimate cost of reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Therefore, case estimates are reviewed regularly and updated when new information becomes available.

The provision for outstanding claims is initially estimated at a gross level.

(iii) ***Claims incurred but not reported (IBNR)***

There is also considerable uncertainty concerning the eventual outcome of claims that have occurred but had not yet been reported to the insurer by the reporting date. The IBNR provision relates to these events.

The claims provisions are subject to close scrutiny both within the group's business units. In addition, for major classes where the risks and uncertainties inherent in the provisions are greatest, regular and ad hoc detailed reviews are undertaken by advisers who are able to draw upon their specialist expertise and a broader knowledge of current industry trends in claims development. The results of these reviews are considered when establishing the appropriate levels of provisions for the outstanding claims and unexpired periods of risk.

The degree of uncertainty will vary by policy class according to the characteristics of the insured risks and the cost of a claim will be determined by the actual loss suffered by the policyholder. There may be significant reporting lags between the occurrence of the insured event and the time it is actually reported to the group. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim.

The establishment of insurance liabilities is an inherently uncertain process and as a consequence of this uncertainty, the eventual cost of settlement of outstanding claims can vary substantially from the initial estimates, particularly for the group's long tail lines of business. The group seeks to provide appropriate levels of claims provisions taking the known facts and experience into account.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to the group, liabilities assumed by the group from the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. The consideration the acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognise the acquisition date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

1.3 Foreign currency

1.3.1 Functional and presentation currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the primary economic environment in which the entity operates (the functional currency). The group's financial statements are presented in Namibian Dollar, which is the functional and presentation currency of the parent company and the presentation currency of the group.

1.3.2 Translation of foreign operations

The financial statements of all group entities (none of which have the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows:

- assets and liabilities are translated at rates of exchange ruling at the reporting date;
- specific transactions in equity are translated at rates of exchange ruling at the transaction dates;
- income and expenditure and cash flow items are translated at weighted average exchange rates for the period; and
- all resulting foreign exchange translation differences are recognised as other comprehensive income.

An entity may have a monetary item that is receivable from or payable to a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold and results in loss of control, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

1.4 Segment reporting

The reportable segments of the group have been identified based on the nature of businesses. This basis is representative of the internal structure for management reporting purposes. Information is also supplied for the various geographies in which the group operates.

Operating segments are components of the group that engage in separate business activities and about which separate financial information is available that is evaluated regularly by the chief operating decision-maker (group executive committee). The group executive committee decides how to allocate resources and assesses performance of operating segments. Segment accounting policies are the same as the accounting policies as applied to the group.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arm's length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments.

Segmental assets

All operating assets used by a segment principally include property, plant and equipment, investments, inventories, cash balances and receivables, net of allowances.

Segmental liabilities

All operating liabilities of a segment principally include accounts payable, technical liabilities and external interest-bearing borrowings.

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group and the company; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is de-recognised. Day-to-day repairs and maintenance are recognised as expenses in profit or loss.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Land, buildings and aircrafts are carried at revalued amounts, being the fair value at date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Increases in the carrying amounts of land, buildings and aircrafts arising on revaluation are recognised in other comprehensive income. Decreases that off-set previous increases of the same asset and all other decreases are charged to this statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from revaluation and other reserves to retained earnings.

Item	Average useful life
Land	Indefinite
Buildings	50 years
Machinery and equipment	6 – 15 years
Motor vehicles	8 years
Office equipment and furniture	6 – 8 years
Computer equipment and software	3 – 5 years
Aircrafts	

- Engine — 1 500 – 3 500 flight hours
- Airframe — 18 000 – 20 000 flight hours
- Avionics and equipment — 10 years

The residual value and the useful life of each asset is reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The carrying amounts of property, plant and equipment are assessed for impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If any such indication exists and where the carrying values exceeds the estimated recoverable amount, the assets or cash-generating units are written-down to their recoverable amount.

1.6 Investment property

Investment properties are held for long-term rental yields or for capital appreciation or both, and are not occupied by companies within the group. Investment properties are measured initially at cost. After initial recognition, investment properties are measured and carried at fair value.

Fair value is based on valuation performed by appointed independent registered valuer(s) taking into account factors such as the property growth and market in the surrounding area. The fair value of the investment properties reflects the market conditions at the reporting date. Changes in fair values are recognised in profit or loss in the statement of comprehensive income as investment properties fair value adjustments.

On disposal of an investment property, or when it is permanently withdrawn from use and future economic benefits are no longer expected from the property concerned, it shall be derecognised. The difference between the net disposal proceeds and the carrying value is recognised as profit or loss in the period of the retirement or disposal.

Transfer to or from investment property will be made when there is a change in use of the property. The commencement of owner-occupation for the property would result in a transfer of the investment property to property, plant and equipment. On the other hand, the end of owner-occupation of a property would result in a transfer from property, plant and equipment to investment property.

If a owner-occupied property became an investment property, which is carried at fair value, the revaluation surplus of the owner-occupied property included in revaluation reserve account would be transferred to accumulated profits.

For a transfer from investment property which is carried at fair value to owner-occupied property, the fair value of the property at the date of change in use would be treated as deemed cost of the property for subsequent accounting purposes.

When a transfer from inventories to investment properties which is carried at fair value is done, any difference between the fair value of the property at the date and its previous carrying amount is recognised in profit and loss.

When a transfer from property, plant and equipment to investment properties is done, any revaluation to adjust fair values a transfer date is recognised in other comprehensive income.

1.7 Intangible assets

Intangible assets are initially recognised at cost.

Internally generated activities

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Internally generated goodwill is not recognised.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it is probable it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Finite life

The carrying amount of intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Computer software	2 – 10 years
Trademarks, licence and patents	10 – 25 years
Insurance book	5 years

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

The residual value of the intangibles is zero.

Indefinite life

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets.

Business combinations

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

The carrying amount of intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Where intangible assets are considered to have an indefinite life, impairment tests are performed at least annually.

1.8 Investments in subsidiaries

Company annual financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; and
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.9 Financial instruments

Initial recognition

The group and the company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the group and the company's statements of financial position when the group and the company becomes parties to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group and the company establishes fair value by using valuation techniques. 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 making maximum use of market inputs and relying as little as possible on entity- specific inputs.

All financial instruments, except for those that are subsequently measured at fair value through profit or loss (for which transaction costs are expensed) are initially recognised taking into account directly attributable transaction costs.

Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently carried at amortised cost using the effective-interest method. These financial assets are included under current assets unless it matures later than 12 months after financial year-end. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loans and receivables' carrying amount and the present value of the estimated future cash flows discounted at the original effective-interest rate applicable to the relevant loans and receivables. As soon as an individual trade accounts receivable can no longer be collected in the normal way and are expected to result in a loss, they are designated as doubtful trade accounts receivable and valued at the expected collectible amounts. The net carrying amount will be reduced through the use of an allowance account and the loss recognised in profit or loss. They are written-off completely and the financial asset derecognised when they are deemed to be uncollectible because of bankruptcy or other forms of receivership of the debtors.

Other financial liabilities

These liabilities (including borrowings and trade and other payables) are recognised initially at fair value. Subsequently, they are stated at amortised cost using the effective-interest rate method.

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

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

1.10 Fair value hierachy

The group determines the fair value of its financial statements on the basis of the following hierachy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

1.11 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities

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

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

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

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry-forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except where the transaction is recognised in other comprehensive income, or directly in equity and to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.12 Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out ("FIFO") basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The same cost formula is used for all inventories having a similar nature and use to the entity.

Inventory acquired through business combinations is measured at its fair value at the date of acquisition

The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

1.13 Impairment of assets

The group and the company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group and the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group and the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.14 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Operating leases are all other leases which are not classified as finance leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of return on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Any contingent rents are expensed in the period they are incurred.

1.15 Employee benefit

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. There are no other employee benefits, expenses or obligations that are incurred apart from short-term ones.

1.16 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

1.17 Revenue

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

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at reporting date. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Insurance premium revenue
Insurance premiums for short term and life insurance policies are accounted for when receivable and in the period during which the risk originates, net after a provision for unearned premiums relating to risk periods that extend to the following year.

Broker commission and fees (administration, premium handling and claims administration)
Brokerage and other revenue are recorded on the effective commencement or renewal dates of the related policies. Commission on the sale of an insurance contract is earned at the inception of the policy, as the insurance has been arranged and placed. However, provision is made where commission is refundable in the event of policy cancellation in line with estimated cancellations. Where certain annual policies are issued, the revenue is recognised proportionally over the cover period of that contract.

Only commission income and other fees is included in revenue (not the value of premiums handled).

Advertising revenue

Advertising revenue is recognised when adverts are published.

Tuition fees

Tuition fees are recognised by the stage of completion of the service to be provided under each contract.

Interest received on financial assets (includes interest received on student advances)

Interest income on financial assets that are classified as loans and receivables are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees receivable that are an integral part of the instrument's yield, premiums or discounts on issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Rental income

Rental income arising from operating leases is recognised on a straight-line basis over the lease terms on on-going leases.

Dividends received

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.18 Insurance contracts

Classification of contracts

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The following typical types of contracts issued by the group are classified as insurance contracts:

- policy which provide legal cover in event of litigation against or in favour of policyholders;
- policy providing lump sum benefits and costs recoveries for death;
- policy which provide credit cover;
- policy which provide salary cover;
- policy which provide medical insurance cover; and
- policy which provides all of the above covers.

Valuation and recognition

Principles of valuation and profit recognition

Liabilities in respect of insurance contracts are valued according to the requirements of the professional guidance notes ("PGN's") issued by the Actuarial Society of South Africa (ASSA). Of particular relevance to the insurance liability calculations, are the following actuarial guidance notes:

- PGN 102: Life Offices – HIV/AIDS;
- PGN 103: Report by statutory actuary in financial statements;
- PGN 104: Life Offices – Valuation of Long-Term Insurers; and
- PGN 105: Recommended AIDS extra mortality bases.

Valuation

The assets and liabilities of Trustco Life Limited have been calculated in accordance with PGN 103 and PGN 104. However, no capital adequacy requirement was calculated as this is not required in terms of Namibian Law. The Financial Soundness Valuation (FSV) as stipulated in PGN 104, was valued using a gross premium method.

The liability has been based on cash flow projections, on a per policy basis. The assets were stated at the balances per the financial statements. The valuation of the policy holders' liability was conducted on a basis consistent with the valuation of the assets. The liability is based on best-estimate assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued and updated on an annual basis at reporting date to reflect current expectations.

Recognition

Premiums

Premiums are recognised in the period during which the risk originates. Credit insurance premiums are recognised in the period during which they become due and payable. Premiums received in advance are included in insurance liabilities.

Claims

Full provision is made for the estimated cost of claims notified but not settled at reporting date. Provision is also made for the expected cost of claims incurred but not intimated at reporting date. Provision for the full expected cost of claims over the period of the insured risk relating to credit insurance are made in the same period during which the credit insurance premiums are recognised. These provisions are carried forward to subsequent accounting periods as an unexpected risk reserve.

Each notified claim is assessed on a separate, case by case basis with due regard to specific circumstances, information available from the insured and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardized policies and procedures around claims assessment. The provision for each notified claim includes an estimate of the associated claims handling costs but excludes value added tax.

Expenses for the acquisition of insurance contracts

Expenses for the acquisition of insurance contracts consists of commission and marketing management costs paid by the group upon the acquisition of new and additional insurance business. These costs are expensed in full in the financial period during which the new policies are acquired.

Liability adequacy test

At each reporting date, liability adequacy tests are required to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future premiums, claims, and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Since the insurance policy liabilities are calculated in terms of the financial soundness valuation (FSV) basis as described in PGN 104, which meets the minimum requirements of the liability adequacy test, it is not necessary to perform an additional liability adequacy test.

Incurred but not reported claims (Short-term business) (IBNR)

IBNR reflects the total amount owed by the insurer to all valid claimants who have a covered loss but not yet reported this to the insurer. Claims are calculated as a percentage of premiums earned.

IBNR is calculated as either one month's claims or 4/12ths of annual expected claims depending on the nature of the policy.

Policyholder liability under insurance contract (Long-term business)

The liabilities under life insurance contracts are valued in terms of the Financial Soundness Valuation (FSV) basis containing a discounted cash flow valuation based on best estimates of future cash flows plus margins for adverse deviation as prescribed by SAP 104 issued by the Actuarial Society of South Africa and Namibian Long-term Insurance Act (1998). The operating surpluses or losses arising from life insurance contracts are determined by the annual valuation and are included in "Insurance liabilities". These surpluses or losses are arrived at after taking into account the movement within the policyholder liabilities.

Unearned premium reserve

Provision in respect of premiums written in the current year relating to future periods, is determined for all business on actual monies received in advance. This is calculated by multiplying premium with the ratio of outstanding term to the original term of the policies in force.

Contingency reserve

The group raises a contingency reserve of 10% of written premiums in accordance with Namibian generally accepted insurance industry practice. The contingency reserve is transferred directly from distributable reserves to contingency reserves, and is reflected as a movement in the statement of changes in equity.

1.19 Solvency margin

The solvency margin is a measurement of the financial strength of a short-term insurer. It represents the shareholders' funds, expressed as a percentage of net premium income. This method of measurement is done in accordance with section 20 of the Short-term Insurance Act of 1998.

1.20 Events after reporting date

Recognised amounts in the annual financial statements are adjusted to reflect events arising after the reporting date that proved evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note.

1.21 Earnings per share

The group determines earnings per share and headline earnings per share as follows:

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after–tax dilutive effect.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2013 issued by the South African Institute of Chartered Accountants (SAICA).

Diluted headline earnings per share

Diluted headline earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 2/2013 issued by SAICA.

2 STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these annual financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 2 Share-based payments (Amendments resulting from Annual Improvements 2010 – 2012 Cycle (definition of "vesting condition")) – effective for annual periods beginning on or after 1 July 2014;

IFRS 3 Business combinations (Amendments resulting from Annual Improvements 2010 – 2012 Cycle (accounting for contingent consideration)) – effective for annual periods beginning on or after 1 July 2014;

IFRS 3 Business combinations (Amendments resulting from Annual Improvements 2011 – 2013 Cycle (scope exception for joint ventures)) – effective for annual periods beginning on or after 1 July 2014;

IFRS 7 Financial Instruments: Disclosures (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures) – effective for annual periods beginning on or after 1 January 2015;

IFRS 7 Financial Instruments: Disclosures (Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9) – date of application is 1 January 2018;

IFRS 8 Operating Segments (Amendments resulting from Annual Improvements 2010 – 2012 Cycle (aggregation of segments, reconciliation of segment assets)) – effective for annual periods beginning on or after 1 July 2014;

IFRS 9 Financial Instruments (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures) – effective for annual periods beginning on or after 1 January 2015;

IFRS 9 Financial Instruments (Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the "own credit" gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9) – effective date of application is 1 January 2018;

IFRS 10 Consolidated Financial Statements (Amendments for investment entities) – effective for annual periods beginning 1 January 2014;

IFRS 12 Disclosure of Interest in Other Entities (Amendments for investment entities) – effective for annual periods beginning 1 January 2014;

IFRS 13 Fair value measurement (Amendments resulting from Annual Improvements 2011 – 2013 Cycle (scope of the portfolio exception in paragraph 52)) – effective for annual periods beginning 1 July 2014;

IFRS 14 Regulatory deferral accounts (Original issue) – effective for annual periods beginning 1 January 2016;

IAS 16 Property, plant and equipment (Amendments resulting from Annual Improvements 2010 – 2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)) – effective for annual periods beginning 1 July 2014;

IAS 19 Employee benefits (Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service) – effective for annual periods beginning 1 July 2014;

IAS 24 Related party disclosures (Amendments resulting from Annual Improvements 2010 – 2012 Cycle (management entities)) – effective for annual periods beginning 1 July 2014;

IAS 27 Consolidated and Separate Financial Statements (Amendments for investment entities) – effective for annual periods beginning on or after 1 January 2014;

IAS 32 Financial Instruments: Presentations (Amendments relating to the offsetting of assets and liabilities) – effective for annual periods on or after 1 January 2014;

IAS 36 Impairment of Assets (Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets) – effective for annual periods beginning 1 January 2014;

IAS 38 Intangible assets (Amendments resulting from Annual Improvements 2010 – 2012 Cycle (proportionate restatement of accumulated depreciation on revaluation)) – effective for annual periods beginning 1 January 2014;

IAS 39 Financial Instruments: Recognition and Measurement (Amendments for novations of derivatives) - effective for annual periods beginning 1 January 2014;

IAS 39 Financial Instruments: Recognition and Measurement (Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the "own use" scope exception) – effective date of application is 1 January 2018;

IAS 40 Investment property (Amendments resulting from Annual Improvements 2011 – 2013 Cycle (interrelationship between IFRS 3 and IAS 40)) – effective for annual periods beginning 1 January 2014; and

IFRIC 21 Levies – Annual periods beginning on or after 1 January 2014.

The group does not envisage the adoption of these standards and interpretations until such time that they become applicable to the group's operations.

The board does not anticipate that the above standards and interpretations will have a material effect on the group's annual financial statements.

3 CHANGE IN ACCOUNTING POLICY

IAS 1 defines the objective of financial statements as to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. The financial statements shows the results of management's stewardship of the resources entrusted to it. In a bid to achieve fair presentation, the group considered the appropriateness of the presentation of the statement of financial position and resolved to group all the advances and to disclose in the notes to the financial statements the difference in student advances, other advances and property advances.

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the change has been made retrospectively and the comparatives have been restated accordingly.

The impact of this change in accounting policy on the consolidated financial statements is primarily to better present the group's financial position. The table below shows the impact of the change in accounting policy:

Statement of financial position

	Reported		Adjustments		Restated	
	2013	2012	2013	2012	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Non-current assets						
Advances	–	–	230 188	174 681	230 188	174 681
Mortgage loan book	20 070	–	(20 070)	–	–	–
Student advances	204 426	150 115	(204 426)	(150 115)	–	–
Other loans advanced	5 692	24 566	(5 692)	(24 566)	–	–
Current assets						
Short-term portion of advances	–	–	130 525	100 608	130 525	100 608
Short-term portion of mortgage loan book	1 377	–	(1 377)	–	–	–
Short-term portion of student advances	127 988	99 804	(127 988)	(99 804)	–	–
Short-term portion of other loans advanced	1 160	804	(1 160)	(804)	–	–

		2014			2013			2012	
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
Group	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
4 PROPERTY, PLANT AND EQUIPMENT									
Land and buildings	94 990	(863)	94 127	85 643	(378)	85 265	79 022	(166)	78 856
Computer equipment and software	21 145	(9 651)	11 494	26 965	(13 634)	13 331	32 773	(24 804)	7 969
Machinery and equipment	2 929	(994)	1 935	465	(322)	143	9 145	(6 419)	2 726
Motor vehicles	23 255	(5 056)	18 199	21 232	(3 777)	17 455	16 366	(3 549)	12 817
Aircrafts	86 208	(22 112)	64 096	76 901	(18 464)	58 437	71 148	(16 271)	54 877
Office equipment and furniture	16 709	(3 449)	13 260	6 850	(2 215)	4 635	7 729	(4 472)	3 257
	245 236	(42 125)	203 111	218 056	(38 790)	179 266	216 183	(55 681)	160 502

The following capitalised leased assets are included in property, plant and equipment:

Motor vehicles (carrying value)			4 352			11 978			5 320

The carrying amount of property, plant and equipment can be reconciled as follows:

2014	Land and buildings	Computer equipment and software	Machinery & equipment	Motor vehicles	Aircrafts	Office equipment and furniture	Total
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
Carrying amount at the beginning of the year	85 265	13 331	143	17 455	58 437	4 635	179 266
Additions	2 565	2 351	95	2 441	409	2 494	10 355
Non-cash additions	–	–	2 270	–	–	–	2 270
Transfer from investment properties	2 220	–	–	–	–	–	2 220
Acquired through business combinations	–	1 042	99	1 045	–	8 459	10 645
Revaluations	4 562	–	–	–	8 898	–	13 460
Depreciation	(485)	(5 000)	(672)	(1 759)	(3 648)	(2 069)	(13 633)
Disposals	–	(230)	–	(983)	–	(259)	(1 472)
Carrying amount at the end of the year	94 127	11 494	1 935	18 199	64 096	13 260	203 111
2013							
Carrying amount at beginning the of the year	78 856	7 969	2 726	12 817	54 877	3 257	160 502
Additions	199	8 584	901	10 495	828	2 243	23 250
Transfer from investment properties	1 991	–	–	–	–	–	1 991
Revaluations	4 431	–	–	–	4 925	–	9 356
Depreciation	(212)	(3 166)	(262)	(1 444)	(2 193)	(865)	(8 142)
Disposals	–	(56)	(3 222)	(4 413)	–	–	(7 691)
Carrying amount at the end of the year	85 265	13 331	143	17 455	58 437	4 635	179 266

Fair value of assets

An independent valuation of the group's land and buildings and aircrafts was performed by independent valuers to determine the fair value of these assets as at 31 March 2014 and 2013. The revaluation surplus net applicable deferred taxes was credited to other comprehensive income and shown in "revaluation reserves" in shareholders' equity. The following table analyses the non-financial assets carrying value, by valuation method. The different levels have been defined as follows:

1 Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

2 Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

3 Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Fair value measurement at 31 March 2014		
	Qouted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Land and buildings			
– Office buildings (Namibia)	–	86 227	–
– Office buildings (South Africa)	–	7 900	–
Aircrafts			
– Passenger aeroplanes	–	64 096	–

There were no transfers between levels 1 and 2 during the year.

Valuation techniques used to derive level 2 fair values

The aeroplanes were valued using methods detailed in the International Recognised Blue Book for aircraft valuations.

Land and buildings are stated at fair value which has been done in accordance with International Valuation Standards. Properties were valued by using the income capitalisation method. This method involves the determining of the net income of the property that will be capitalised at a rate sought by prudent investors to determine the capitalised value of the subject property. The expected income of the property will be determined by the comparison of the market rentals of similar properties.

Valuation process of the group

On an annual basis, the group engages external independent and qualified valuers to determine the fair value of the group's land and building and aircrafts.

Aeroplanes

The group's aeroplanes were valued by R Irons of ExecuJet Aviation Group during March 2014. Neither R Irons nor ExecuJet Aviation Group are connected to the company. R Irons has recent experience in aeroplanes being valued.

Land and buildings

Properties are stated at fair value, which has been determined based on valuations performed by Gert Hamman Property Valuers CC and C. P. Marias during March 2014. Gert Hamman Property Valuers CC and C. P. Marias are not connected to the group, are qualified property valuators and have recent experience in location and category of the property being valued.

No impairment losses were recognised in profit or loss during the year.

Certain property, plant and equipment are encumbered as stated in note 21 and 23

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

If property plant and equipment which are recognised on the revaluation model were stated on the historical cost basis, the carrying amounts would be as follows:

	Land and buildings	Aircrafts	Total
2014	63 552	52 333	115 885
2013	59 252	55 571	114 823

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
5	INVESTMENT PROPERTY						
	Balance at the beginning of the year	344 247	317 990	232 829	–	–	–
	Additions	–	3 364	1 604	–	–	–
	Transfer to property, plant and equipment	(2 220)	(1 991)	(910)	–	–	–
	Non-cash additions	–	–	319	–	–	–
	Disposals	–	(1 420)	(12 953)	–	–	–
	Acquired through business combination	74 880	–	–	–	–	–
	Fair value adjustments	120 423	26 304	97 101	–	–	–
	Balance at the end of the year	537 330	344 247	317 990	–	–	–
	The following amounts, included in the statement of comprehensive income, relate to these properties:						
	Rental income	665	3 099	1 856	–	–	–
	Direct operating expenses: income generating properties	135	724	279	–	–	–

Investment properties are stated at fair value on 31 March 2014, which has been determined based on valuations performed by Gert Hamman Property Valuers CC and A. de Beer, in accordance with International Valuation Standards. Gert Hamman Property Valuers CC and A. de Beer are not connected to the group, are qualified property valuators and have recent experience in location and category of the investment property being valued. The valuations were based on the direct sales comparison method, the income capitalisation method and the current market conditions (with a hypothetical town development in consideration).

Certain investment properties as described above has been mortgaged as security for liabilities described in note 21. A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

		2014			2013			2012		
		Cost	Accumulated amortisation and impairment	Carrying amount	Cost	Accumulated amortisation and impairment	Carrying amount	Cost	Accumulated amortisation and impairment	Carrying amount
	Group	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
6	INTANGIBLE ASSETS									
	Computer software – Finite life	190 371	(13 713)	176 658	23 057	(8 446)	14 611	19 226	(4 144)	15 082
	Computer software – Indefinite life	43 647	(43 647)	–	205 977	(28 406)	177 571	202 906	–	202 906
	Trademarks, licences and patents	50 554	(15 346)	35 208	47 855	(11 956)	35 899	46 021	(8 172)	37 849
	Insurance book	4 481	(3 956)	525	7 027	(2 458)	4 569	6 194	(553)	5 641
		289 053	(76 662)	212 391	283 916	(51 266)	232 650	274 347	(12 869)	261 478

The carrying amount of intangible assets can be reconciled as follows:

2014	Computer software finite life NAD'000	Computer software indefinite life NAD'000	Trademarks, licences and patents NAD'000	Insurance book NAD'000	Total NAD'000
Carrying amount at the beginning of the year	14 611	177 571	35 899	4 569	232 650
Additions	5 474	–	2 699	–	8 173
Disposals	(990)	–	–	(2 546)	(3 036)
Impairment	–	(15 241)	–	–	(15 241)
Transfer to finite life	162 330	(162 330)	–	–	–
Amortisation	(5 267)	–	(3 390)	(1 498)	(10 155)
Carrying amount at the end the of year	176 658	–	35 208	525	212 391
2013					
Carrying amount at the beginning of the year	15 082	202 906	37 849	5 641	261 478
Additions	3 831	3 071	2 591	833	10 326
Impairment	–	(28 406)	–	–	(28 406)
Amortisation	(4 302)	–	(4 541)	(1 905)	(10 748)
Carrying amount at the end of the year	14 611	177 571	35 899	4 569	232 650

Computer software consists of items which have both indefinite useful lives as well as items with finite useful lives. Amortisation is not provided for on items with indefinite useful lives. Computer software with indefinite useful lives consists of a modulised software environment in the micro insurance segment in South African operations that manages various insurance back office processes including, but not limited to, collection, administration, quotation, reconciliations and payment management. This software is tested for impairment annually. All other items are amortised on a straight-line basis over their useful lives.

The Institute for Open Learning (IOL) and Legal Shield trademarks, which are included under trademarks, licences and copyrights, are considered to have a finite life of 25 years. The Trustco Mobile patent, which is included under trademarks, licences and patents, and which was acquired in the 2011 financial year is considered to have a finite life of 10 years. The insurance book was acquired in the 2011 financial year through a business combination and was considered to have a finite life of five years. IOL began capitalising course development costs to intangible assets during 2012. The development that meets the requirements of IAS 38 is capitalised where the group is certain that IOL has sufficient control over the educational copyright, materials and economic benefits to be gained thereon.

Impairment testing of intangibles

Indefinite useful life assets are tested annually for impairment based on the present value of expected future cash flow premium collection and administration. The recoverable amount of the intangible asset has been calculated using the value-in-use method. In the current period the South African segment reported a net loss after tax of NAD71.6 million (2013: NAD44.5 million) (before impairment charge), which gave rise to further indicators of impairment of the indefinite life intangible asset, which is all carried in South African segment and relates to a software system known as I-Edge & TrustCollect.

The recoverable amount of the intangible asset has been calculated using the value-in-use method. This calculation was performed using a pre-tax cash flow discounted at a pre-tax discount rate, based on a 5-year forecast performed by management that reflects historically observed growth rate and sales. Cash flows beyond 5 years are estimated using a long-term average rate discounted by inflation which is lower than the industry growth rate and projected inflation.

The key assumptions for the value-in-use calculation for the financial period are as follows:

	2014 %	2013 %
Gross Royalty rate applied to premium collection	**4.00**	4.00
Growth rate (post year 5)	3.50	3.50
Weighted average cost of capital (post tax)	13.95	13.95
Discount rate (pre-tax WACC plus risk premium)	22.86	22.86

Based on the value-in-use calculation performed above, an impairment charge of NAD15.2 million (2013: NAD28.4 million) was recognised to reflect the asset's recoverable amount.

Change in estimate

During the year the group reviewed the useful life of computer software designated as indefinite life and resolved to reclassify them to definite life with a useful life of 10 years. There was no immediate effect on amortisation expenses during the period under review but in future amortisation expense is expected to be NAD15.0 million per year, based on current expected useful life. A change in estimate was necessitated by the change in the business model.

			Company	
		2014 NAD	2013 NAD	2012 NAD
7	INVESTMENT IN SUBSIDIARIES			
	Unlisted shares at cost			
	Legal Shield Holdings (Pty) Ltd	**100**	100	100
	Trustco Education (Pty) Ltd	**100**	100	100
	Trustco Media (Pty) Ltd	**100**	100	100
	Trustco Capital (Pty) Ltd	**100**	100	100
	Trustco Corporate Management Services (Pty) Ltd	**100**	100	100
	Trustco Business Development (Pty) Ltd	**100**	100	100
	Trustco Tourism Holdings (Pty) Ltd	**100**	100	100
	Trustco Group International (Pty) Ltd (inc. in Republic of South Africa)	**100**	100	100
	Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)	**68 549 357**	68 549 357	68 549 357
	Trustco Property Holdings (Pty) Ltd	**100**	100	100
	Trustco Mobile Mauritius	**100**	100	100
		68 550 357	68 550 357	68 550 357

All subsidiaries are 100% held

2014	Group Opening balance NAD'000	Group Movement for the year NAD'000	Group Closing balance NAD'000	Company Opening balance NAD'000	Company Movement for the year NAD'000	Company Closing balance NAD'000
8 DEFERRED TAX ASSETS/(LIABILITIES)						
Property, plant and equipment	(24 635)	(1 354)	(25 989)	–	–	–
Land	(17)	–	(17)	–	–	–
Inventory*	–	(92 598)	(92 598)	–	–	–
Investment properties	(1 182)	–	(1 182)	–	–	–
Intangible assets	(1 699)	(1 402)	(3 101)	–	–	–
Finance lease (assets)/liability	1 732	(922)	810	–	–	–
Prepayment	(585)	(5 680)	(6 265)	–	(3 479)	(3 479)
Property debtors	–	(93 638)	(93 638)	–	–	–
Provision for doubtful debts	3 633	906	4 539	–	–	–
Income received in advance	2 492	(443)	2 049	–	–	–
Other	–	2 470	2 470	–	–	–
Foreign currency translation	–	1 022	1 022	–	–	–
Provision for leave and bonuses	638	55	693	–	–	–
Deferred tax on assessed loss	64 575	46 685	111 260	–	–	–
	44 952	(144 899)	(99 947)	–	(3 479)	(3 479)
2013						
Property, plant and equipment	(19 902)	(4 733)	(24 635)	–	–	–
Land	(17)	–	(17)	–	–	–
Investment properties	(1 182)	–	(1 182)	–	–	–
Intangible assets	(2 013)	314	(1 699)	–	–	–
Finance lease (assets)/liability	950	782	1 732	–	–	–
Prepayment	(688)	103	(585)	–	–	–
Provision for doubtful debts	3 359	274	3 633	–	–	–
Income received in advance	3 334	(842)	2 492	–	–	–
Provision for leave and bonuses	541	97	638	–	–	–
Deferred tax on assessed loss	57 606	6 969	64 575	–	–	–
	41 988	2 964	44 952	–	–	–

	Group 2014 NAD'000	Group 2013 NAD'000	Group 2012 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Non-current assets	110 774	78 183	73 136	–	–	–
Non-current liabilities	(210 721)	(33 231)	(31 148)	(3 479)	–	–
	(99 947)	44 952	41 988	(3 479)	–	–

Deferred tax assets and liabilities are only offset when the tax relates to the same legal entity or fiscal authority or they intend to settle the assets and liabilities on a net basis.

The realisation of deferred tax assets on assessed losses is dependent on the generation of future taxable profits. The group believe that assessed losses will be utilised through the generation of future taxable income.

* Included in the movement for the year is an amount of NAD85.5 million arising on business combinations

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
9	ADVANCES						
	Property advances	104 465	21 447	–	–	–	–
	Student advances	591 953	332 414	249 919	–	–	–
	Other loans advanced	3 514	6 852	25 370	–	–	–
		699 932	360 713	275 289	–	–	–
	Current assets	182 499	130 525	100 608	–	–	–
	Non-current assets	517 433	230 188	174 681	–	–	–
		699 932	360 713	275 289	–	–	–

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
9.1	PROPERTY ADVANCES						
	Opening balance	21 447	–	–	–	–	–
		83 018	21 447	–	–	–	–
	Loans advanced (including transaction costs)	87 616	6 008	–	–	–	–
	Reclassification from other loans	–	17 536	–	–	–	–
	Payments received	(4 598)	(2 097)	–	–	–	–
	Closing balance	104 465	21 447	–	–	–	–
	Non-current receivables	101 446	20 070	–	–	–	–
	Current receivables	3 019	1 377	–	–	–	–

The purchasers of land sold by the group are to apply for a loan to finance the purchase price from Trustco Capital (Pty) Ltd, a subsidiary in the group. Interest rates ranging between 10.25% to 13.25% (2013: 10.25%), repayable over an average of 177 (2013: 235) monthly instalments of approximately NAD1 070 344 (2013: NAD70 592). Loans are secured by properties sold. Personal surety is also obtained from respective buyers where deemed necessary. The carrying amounts approximate the fair value. None of the loans are past due or impaired.

		Group			Company	
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
9.2 STUDENT ADVANCES						
Student advances at the beginning of the year	**348 853**	266 055	225 601	**–**	–	–
Impairment of loans at the beginning of the year	**(16 439)**	(16 136)	(17 862)	**–**	–	–
Opening balance	**332 414**	249 919	207 739	**–**	–	–
	259 539	82 495	42 180	**–**	–	–
Loans advanced (including transaction costs)	**466 445**	212 861	154 279	**–**	–	–
Payments received	**(201 348)**	(129 222)	(113 825)	**–**	–	–
Bad debts written off	**(815)**	(841)	–	**–**	–	–
Increase in impairment	**(4 743)**	(303)	1 726	**–**	–	–
Closing balance	**591 953**	332 414	249 919	**–**	–	–
Consisting of:						
Student advances at the end of the year	**613 135**	348 853	266 055	**–**	–	–
Impairment of loans at end of the year	**(21 182)**	(16 439)	(16 136)	**–**	–	–
Closing balance	**591 953**	332 414	249 919	**–**	–	–
Less: short-term portion	**(178 480)**	(127 988)	(99 804)	**–**	–	–
Long-term portion	**413 473**	204 426	150 115	**–**	–	–
Reconciliation of impairment						
Opening balance	**16 439**	16 136	17 862	**–**	–	–
Provision for impairment utilised during the year	**4 743**	303	(1 726)	**–**	–	–
Closing balance	**21 182**	16 439	16 136	**–**	–	–

The balance of student advances that are overdue but not impaired amounted to NAD17 095 207 (2013: NAD8 475 785). Overdue but not impaired category comprises loans with payments that are outstanding for more than one month but not longer than three months. A provision for impairment is made on all loans with payments outstanding longer than three months. These loans bears interest at 18.5% (2013: 18.5%), are unsecured and repayable over periods between 12 and 60 months. The carrying amounts approximate the fair value.

The student advances serves as security for the facilities of ABSA, DEG, PROPARCO, AfDB and IFC, refer to note 21.

	Group			Company		
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
9.3 OTHER LOANS ADVANCED						
Other loans	**21 649**	21 310	37 279	**–**	–	–
Provision for bad debts	**(18 135)**	(14 458)	(11 909)	**–**	–	–
	3 514	6 852	25 370	**–**	–	–
Less: Short-term portion	**(1 000)**	(1 160)	(804)	**–**	–	–
	2 514	5 692	24 566	**–**	–	–
Reconciliation of other loans						
Opening balance	**21 310**	37 279	36 906	**–**	–	–
Advances	**339**	2 549	401	**–**	–	–
Repayments	**–**	(982)	(28)	**–**	–	–
Reclassification to property advances	**–**	(17 536)	–	**–**	–	–
Closing balance	**21 649**	21 310	37 279	**–**	–	–
Provision for bad debts						
Opening balance	**14 458**	11 909	11 909	**–**	–	–
Increase in provision for bad debts	**3 677**	2 549	–	**–**	–	–
	18 135	14 458	11 909	**–**	–	–

Other loans originated from the sale of non-core business divisions to various parties and the sale of Lafrenz industrial property as currently disclosed under work in progress (note 14). The purchasers borrowed funds from Trustco Capital (Pty) Ltd, a subsidiary in the group at interest rates ranging between 8% and 10%, repayable over an average period of 192 months (2013: 204) at an average instalment of NAD81 565 (2013: NAD81 565). Personal surety also obtained from respective buyers where deemed necessary. The reclassification of property advances relates to loans approved by Trustco Capital (Pty) Ltd in 2012 relating to properties sold by the group from the Land Bank which are secured by the related property security in the current period.

Included in other loans advanced is a receivable which originated from the 2009 year when the group acquired the minority interest in Printas (Pty) Limited. The agreement includes an amount of damages that the seller has to pay to the group for the cancellation of the printing contract of NAD10 million. The group agreed to lend this amount to the seller interest free and repayable over 10 years in equal payments of NAD1 million. The loan was fair valued by discounting it at 10% per annum over a period of 10 years.

These loans are classified as "loans and receivables" for IAS 39 Financial Instruments: Recognition and Measurement purposes. The carrying amounts approximates the fair value.

	Group			Company		
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
10. AMOUNTS (DUE TO)/DUE BY RELATED PARTIES						
Subsidiaries of the company						
Webbiz (Pty) Ltd	–	–	–	(74)	(30)	(30)
Institute for Open Learning (Pty) Ltd	–	–	–	78 017	3 621	3 621
Trustco Insurance Ltd	–	–	–	–	(8 768)	(3 709)
Trustco Newspapers (Pty) Ltd	–	–	–	13 614	4 973	5 000
Trustco Financial Services (Pty) Ltd	–	–	–	184 209	64 812	604
Trustco Education (Pty) Ltd	–	–	–	34 357	20 000	20 000
Trustco Media (Pty) Ltd	–	–	–	1 016	300	322
Trustco Business Development (Pty) Ltd	–	–	–	–	43	–
Trustco Air Services (Pty) Ltd	–	–	–	(4 469)	(450)	–
Legal Shield Holdings (Pty) Ltd	–	–	–	(43 807)	(7 325)	(7 325)
Trustco Mobile (Pty) Ltd	–	–	–	8 862	–	(6 128)
Trustco Mobile Mauritius	–	–	–	3 161	–	–
Printas (Pty) Ltd	–	–	–	(11 739)	(5 000)	–
Trustco Life Ltd	–	–	–	–	(1 600)	–
Trustco Fleet Management Services (Pty) Ltd	–	–	–	81 351	2 656	2 656
Trustco Group International (Pty) Ltd (Inc. in Republic of Namibia)	–	–	–	(46 071)	88 573	102 209
Trustco Group International (Pty) Ltd (Inc. in Republic of South Africa)	–	–	–	47 530	43 313	39 646
Trustco Finance (Pty) Ltd	–	–	–	170 411	(15 747)	(16 522)
Trustco Capital (Pty) Ltd	–	–	–	125 921	138 348	127 544
Other related parties						
Trustco Staff Share Incentive Scheme Trust	–	–	–	(12 712)	(12 710)	(10 828)
Next Investments (Pty) Ltd	(265)	8 482	(1 413)	–	21	–
	(265)	8 482	(1 413)	629 577	315 030	257 060
Non-current assets	–	–	–	717 030	366 660	301 602
Current assets	–	8 482	–	31 419	–	–
Non-current liabilities	–	–	–	(118 872)	(51 630)	(44 542)
Current liabilities	(265)	–	(1 413)	–	–	–
	(265)	8 482	(1 413)	629 577	315 030	257 060

The balance (due to)/due by Next Investments (Pty) Ltd is unsecured, bears interest at the Namibian prime lending rate (9.25% (2013: 9.25%)) and is repayable within the next 12 months. The balance due by Next originated in 2013 when financial targets were not met. Next settled the amount in cash on 9 December 2013.

The loan to Trustco Financial Services (Pty) Ltd is unsecured, bears interest at the South African prime lending rate plus 1% (10.0% (2013: 9.5%)) and is repayable over the next five years in 13 equal instalments of R11.8 million beginning on 31 October 2014. The loan to Trustco Group International (Pty) Ltd (Inc. in the Republic of South Africa) is unsecured, bears interest at the Namibian prime lending rate (9.25% (2013: 9.25%)) and has no fixed terms of repayment other than not being repayable in the next 12 months. Other loans to/(from) related parties, all of which are with direct or indirect subsidiaries (Inc. in the Republic of Namibia) are unsecured, bear interest at rates that is determined by the directors from time to time (the rates at year end were between 0% to 9.25% per annum) and have no fixed terms of repayment, other than not being repayable within the next 12 months.

		Group			Company	
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
11 INVENTORIES						
Work in progress	336 111	1 633	9 011	–	–	–
Non-stock and consumables	–	–	56	–	–	–
Finished goods	7 739	8 787	3 556	–	–	–
	343 850	10 420	12 623	–	–	–

Work in progress of NAD336.1 million (2013: 1.6 million) relates to real estate, and has been mortgaged as security for liability described on note 21.

The cost of inventories recognised as an expense and included in cost of sales amounted to NAD93.0 million (2013: NAD15.6 million).

No inventories have been required to be written down to net realisable value during the year under review.

		Group			Company	
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
12 TRADE AND OTHER RECEIVABLES						
Trade receivables	34 179	75 763	54 466	–	–	–
Property sales receivables	213 752	155 616	218 001	–	–	–
Less: Impairment of receivables	(277)	(294)	(349)	–	–	–
	247 654	231 085	272 118	–	–	–
Prepayments	8 541	4 303	3 350	253	253	33
State: other taxes receivable	6 631	4 994	8 337	86	–	–
Other receivables	30 800	30 800	33 620	–	–	–
	293 626	271 182	317 425	339	253	33
Movement in impairment						
Opening balance	294	349	349	–	–	–
Impairment losses provided for	(17)	(55)	–	–	–	–
Closing balance	277	294	349	–	–	–
No trade and other receivables have been pledged as collateral for liabilities or contingent liabilities.						
As of 31 March 2014, trade receivables and other receivables of NAD111.6 million (2013: NAD250.4 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables is as follows:						
1 – 3 months	32 690	22 497	1 662	–	–	–
3 – 6 months	3 519	34 867	1 240	–	–	–
Older than 6 months	75 438	193 085	33 831	–	–	–
	111 647	250 449	36 733	–	–	–

The other classes within trade and other receivables do not contain assets that should have been impaired. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The group does not hold any collateral as security.

Included in other receivables is amount due from Dex Group Financial Services (Pty) Ltd. Refer to note 16 for further information.

All receivables not recoverable, have been impaired.

Impairment

An amount of NAD42.1 million which relates to royalties due by Econet was impaired during the year when the court case was finalised. The group had a contract with Econet in Zimbabwe and a breakdown in commercial relationship resulted in a legal dispute.

	Group 2014 NAD'000	Group 2013 NAD'000	Group 2012 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
13 CASH AND CASH EQUIVALENTS						
Cash at bank and on hand	131 435	46 756	100 841	79 300	41	36
Short-term bank deposits	171	168	159	–	–	–
	131 606	46 924	101 000	79 300	41	36

	Number of shares '000	Share capital NAD'000	Share premium NAD'000	Total NAD'000
14 SHARE CAPITAL				
Authorised				
At 31 March 2014: 2 500 000 000 ordinary par value shares of NAD0.23	2 500 000	575 000	–	575 000
At 31 March 2013: 2 500 000 000 ordinary par value shares of NAD0.23	2 500 000	575 000	–	575 000
At 31 March 2012: 2 500 000 000 ordinary par value shares of NAD0.23	2 500 000	575 000	–	575 000
Issued and fully paid				
Balance as at 1 April 2013	737 142	169 545	24 600	194 145
Shares issued	35 000	8 050	21 700	29 750
Balance as at 31 March 2014	772 142	177 595	46 300	223 895
Balance as at 1 April 2012	707 142	162 645	–	162 645
Shares issued	30 000	6 900	24 600	31 500
Balance as at 31 March 2013	737 142	169 545	24 600	194 145
Balance as at 1 April 2011	707 142	162 645	–	162 645
Shares issued	–	–	–	–
Balance as at 31 March 2012	707 142	162 645	–	162 645

The unissued shares are under the control of the directors for which renewed authority is to be sought at the forthcoming annual general meeting.

The company issued 35 000 000 (2013: 30 000 000) ordinary shares on 29 August 2013 (2013: 10 July 2012). The shares were issued at par value of NAD0.23 (2013: NAD0.23) per share and a premium of NAD0.62 (2013: NAD0.82). The shares were listed on the Namibian Stock Exchange and the JSE Limited in compliance Schedule 6 of the listings requirements and were issued in terms of the general authority of the directors of the company for cash.

	Number of shares 2014 '000	Number of shares 2013 '000	Number of shares 2012 '000	Group 2014 NAD'000	Group 2013 NAD'000	Group 2012 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
15 DEEMED TREASURY SHARES									
Opening balance	–	6 000	29 267	–	3 840	18 731	–	3 840	18 731
Purchase of shares	75 906	–		69 026	–	–	–	–	–
Exercise of the put option	74 312	–	–	67 642	–	–	–	–	–
Open market purchase of shares	1 594	–	–	1 384	–	–	–	–	–
Shares disposed	–	(6 000)	(23 267)	–	(3 840)	(14 891)	–	(3 840)	(14 891)
	75 906	–	6 000	69 026	–	3 840	–	–	3 840

The group exercised the put option entered with long time shareholder, resulting in repurchase of issued share capital of the company. Refer to note 18 for further details.

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
16	VENDOR SHARES						
	Balance at the beginning of the year	14 976	14 976	14 976	14 976	14 976	14 976
	Vendor shares movement	–	–	–	–	–	–
	Balance at the end of the year	14 976	14 976	14 976	14 976	14 976	14 976

On 1 November 2007 the group acquired all of the shares in Trustco Financial Services (Pty) Limited ("TFS") (previously DexGroup Financial Services (Pty) Ltd. In terms of the agreement the group had to pay NAD20 million in cash upfront and a further NAD45 million by issuing a fixed number of shares. These shares have been issued from 2008 to 2010 based on pro rata net profit after tax of TFS in each year. Total amount of shares to be issued upon final payment is 4.922 million.

The purchase agreement perfected subsequently as TFS achieved its profit targets. At the time of perfection, DexGroup did not settle the overdraft facility of NAD19.4 million, which was a condition of the agreement. The vendor shares were reversed in 2010 financial year as DexGroup did not settle the overdraft facility and the debt of DexGroup was impaired as there was uncertainty regarding recoverability of the amount due to the group by DexGroup.

On 20 September 2013, DexGroup's appeal was dismissed by the Supreme Court of Appeal in South Africa. By 29 January 2014, DexGroup was unable to honour the order and an application for liquidation was filed. No penalty interest on overdue funds has therefore been raised.

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
17	CONTINGENCY RESERVES						
	Balance at the beginning of the year	4 610	2 970	2 361	–	–	–
	Transfer (from)/to reserve	(1 627)	1 640	609	–	–	–
	Balance at the end of the year	2 983	4 610	2 970	–	–	–

The group raises a contingency reserve of 10% of written premiums in accordance with generally accepted insurance industry practice. The contingency reserve is transferred directly from distributable reserves to contingency reserves, and is reflected as a movement in the statement of changes in equity.

		Number of shares			Group			Company		
		2014	2013	2012	2014	2013	2012	2014	2013	2012
		'000	'000	'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
18	PUT OPTIONS									
	Opening balance	74 312	74 312	–	52 832	52 832	–	52 832	52 832	–
	Put option exercised	(74 312)	–	–	(52 832)	–	–	(52 832)	–	–
	Issue of options shares	–	–	74 332	–	–	52 832	–	–	52 832
	Closing balance	–	74 312	74 332	–	52 832	52 832	–	52 832	52 832

On 21 October 2011 the group entered into an agreement with a long time shareholder, The Renaissance Africa Master Fund ("the Fund"), to repurchase 10.5% of the issued share capital of the company through the exercise of a put option by the Fund or the exercise of a call option by the company ("the share repurchase"). All approvals were obtained at a general meeting of Trustco shareholders during January 2012. The group subsequently accounted for the transaction through the recognition of put option in equity and a concurrent liability for the settlement (refer to note 25). Trustco Life Ltd, 100% subsidiary in the group, acquired the shares for NAD67.6 million during the year. The shares are accounted for as deemed treasury shares, refer to note 15.

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
19	REVALUATION RESERVES						
	Balance at the beginning of the year	21 797	16 806	15 414	–	–	–
	Revaluation of property, plant and equipment	13 958	9 356	2 109	–	–	–
	Release of revaluation reserve to distributable reserve	(509)	(1 278)	–	–	–	–
	Deferred tax on revaluation	(4 605)	(3 087)	(717)	–	–	–
	Balance at the end of the year	30 641	21 797	16 806	–	–	–

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
20	FOREIGN CURRENCY TRANSLATION RESERVE						
	Balance at the beginning of the year	1 869	–	–	–	–	–
	Movement during the year	(5 887)	2 790	–	–	–	–
	Deferred tax effect	1 943	(921)	–	–	–	–
	Balance at the end of the year	(2 075)	1 869	–	–	–	–

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
21	BORROWINGS						
	Term loans	348 916	220 910	127 880	–	–	–
	Listed bonds	291 762	–	–	291 762	–	–
	Mortgage loans	53 838	59 728	81 646	–	–	–
	Liabilities under instalment sale agreements	34 783	36 056	32 266	–	–	–
	Operating lease straight lining liability	–	–	1 256	–	–	–
	Claims float	1 070	12 787	3 000	–	–	–
		730 369	329 481	246 048	291 762	–	–
	Current portion included under current liabilities	(133 699)	(40 764)	(34 117)	–	–	–
		596 670	288 717	211 931	291 762	–	–

Term loans

The term loans consists of:

	Year of maturity	Loan value 2014 NAD'000	2013 NAD'000	2012 NAD'000	Annual Instalment 2014 NAD'000	2013 NAD'000	2012 NAD'000	Interest 2014 %	2013 %	2012 %
Development Bank of Namibia Ltd	2014	884	3 321	6 703	3 608	3 608	3 608	6.25	6.25	6.75
International Finance Corporation (IFC)	2017	56 127	72 502	72 591	16 000	16 000	–	13.02	13.02	13.02
ABSA Bank Ltd	2016	18 745	26 070	33 447	9 768	9 768	9 768	8.00	7.50	8.00
PROPARCO*	2019	48 577	48 577	–	–	–	–	8.73	8.12	–
DEG*	2019	49 084	48 014	–	–	–	–	8.73	8.12	–
AfDB*	2019	63 505	22 426	–	–	–	–	8.73	8.12	–
Bank Windhoek Ltd#	2014-2015	111 994	–	15 139	–	–	6 300	9.25	–	9.75
		348 916	220 910	127 880						

*The first instalment is due in February 2015.

#The loan is settled on transfer of sold real estate inventory, and is secured over work-in-progress with carrying value of NAD336.1 million

Total term loans are presented net of transaction costs.

Listed bonds

The listed bonds consists of:

	Year of maturity	Loan value 2014 NAD'000	2013 NAD'000	2012 NAD'000	Instalment 2014 NAD'000	2013 NAD'000	2012 NAD'000	Interest 2014 %	2013 %	2012 %
Tranche 1*	2017-2018	192 234	–	–	–	–	–	8.98	–	–
Tranche 2#	2019	99 528	–	–	–	–	–	11.83	–	–
		291 762	–	–						

*The first tranche of bond disbursement is secured by investment property with a carrying amount of NAD376.8 million.

#The first installment is due in August 2015.

Listed bonds are presented net of transaction costs.

Mortgage loans

The mortgage loans are secured over land and buildings and investment properties with carrying values of NAD112.5 million (2013: NAD85.3 million) and NAD54.4 million (2013: NAD 49.3million), respectively and repayable in monthly instalments up to 17 years of NAD860 099 (2013: NAD788 095) including interest at home loan rates ranging between 6.50% and 10.50% (2013: 6.50% and 10.75%).

Liabilities under instalment sale agreements

Liabilities under instalment sale agreements are payable over periods from one to five years at effective interest rates ranging from 8.00% to 12.00% (2013: 8.00% to 12.00%) per annum. These liabilities are repayable in monthly instalments of approximately NAD698 258 (2013: NAD799 216) and are secured over machinery and equipment and aircraft with a carrying amount of NAD32.8 million (2013: NAD39.3 million).

Security

The following additional securities are in place for term loans and mortgage loans:

- Share pledged by Q van Rooyen to serve as security for the Development Bank of Namibia Ltd loan (included under term loans above);
- Share pledge granted by Trustco Group Holdings Limited and Trustco Education (Pty) Ltd in favour of IFC;
- Unlimited surety by Q van Rooyen and C.van Rooyen in favour of Bank Windhoek Ltd.
- Unlimited surety by Q van Rooyen in favour of ABSA Bank Ltd.
- First cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Loan Book, to be shared *parri passu* with the IFC and ABSA; and
- Second cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Loan Book, to be shared *parri passu* with the IFC, AfDB, ABSA DEG and PROPARCO.

The carrying amounts of borrowings approximates the fair value.

	Group			Company		
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
22 VENDORS FOR ACQUISITIONS						
Balance at the beginning of the year	–	–		–	–	
Movement during the year	209 604	–		–	–	
Balance at the end of the year	209 604	–		–	–	
Long-term portion	65 800	–		–	–	
Short-term portion	143 804	–		–	–	
	209 604	–		–	–	

On the 1 December 2013, the group acquired 100% of the share capital of Elisenheim Property Development Company (Pty) Ltd. In terms of the sale agreement, the purchase consideration of NAD220.0 million would be settled in tranches begining 1 April 2014. The balance is interest free. Refer to note 40.4 for further disclosure.

	Group			Company		
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
23 OTHER LIABILITIES						
Finance lease obligations						
Minimum lease payments due						
– within one year	2 977	3 740	2 452	–	–	–
– in second to fifth year inclusive	7	3 195	766	–	–	–
	2 984	6 935	3 218	–	–	–
Less: future finance charges	(139)	(829)	(339)	–	–	–
Present value of minimum lease payments	2 845	6 106	2 879	–	–	–
Present value of minimum lease payments due						
– within one year	2 838	4 516	2 622	–	–	–
– in second to fifth year inclusive	7	1 590	257	–	–	–
	2 845	6 106	2 879	–	–	–
Non-current liabilities	7	1 590	257	–	–	–
Current liabilities	2 838	4 516	2 622	–	–	–
	2 845	6 106	2 879	–	–	–

Liabilities under finance leases are repayable over periods from one to three years at an effective interest rate of prime lending rate 9.25% (2013: 9.25%) per annum plus 0.25%. These liabilities are repayable in monthly instalments of approximately NAD311 749 (2013: NAD509 788) and are secured over motor vehicles with a carrying amount of NAD4.4 million (2013: NAD12 million).

	Group			Company		
	2014	2013	2012	2014	2013	2012
	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
24 POLICYHOLDERS' LIABILITY UNDER INSURANCE CONTRACTS						
Balance at the beginning of the year	**16 587**	10 684	8 307	**–**	–	–
Movement during the year	**21 933**	5 903	2 377	**–**	–	–
Balance at the end of the year	**38 520**	16 587	10 684	**–**	–	–

The reserving method is split into two methodologies namely: Prospective valuation and Retrospective valuation. Prospective valuation is used to compute the basic reserve and retrospective reserve calculation is used to compute claims Incurred But Not Reported ("IBNR").

Process used to decide on assumptions

Assumptions used in the valuation of policyholder liabilities are set by reference to local guidelines and where applicable to the ASSA guidance.

Economic assumptions are set by reference to local economic conditions at the valuation date.

Assumptions

There were no changes in the current financial year, however in prior period modelling and other assumption changes were made to realign valuation assumptions with expected future experience. These changes resulted in a net increase in actuarial liabilities of NAD41 311.

The primary items were:

- The best estimate interest rate decreased from 6.75% to 2.25%. The assumed rate includes a 3% mismatch margin and is in line with actual past investment earnings.
- Best estimate expense assumption for funeral and individual insurance decreased from 21.96% to 18.83%.

Capital adequacy for Life business

The solvency position determined in accordance with the Namibian Long-term Insurance Act, 1998, is summarised below:

Actuarial calculation for the Life business only

	2014	2013	2012
	NAD'000	NAD'000	NAD'000
Excess of assets over liabilities	**91 305**	34 654	30 157
Minimum statutory requirement	**4 000**	4 000	4 000
ASSA Capital adequacy benchmark*	**25 630**	13 711	16 071
CAR ratio*	**356%**	253%	188%

* Note that the ASSA CAR is not a requirement of the Act, it is based on ASSA's SAP104.

The CAR is a more onerous measure of solvency in line with international requirements.

	Group 2014 NAD'000	Group 2013 NAD'000	Group 2012 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
25. TRADE AND OTHER PAYABLES						
Trade creditors	9 982	13 088	29 823	21 307	1 036	46
Deferred contract revenue	62 852	507	3 209	–	–	–
Accrued expenses	3 692	530	4 565	2 650	2 512	1 560
State: other taxes due	8 964	23 049	30 325	–	344	351
Other payables	9 494	10 820	8 432	–	–	–
Put option liability	–	52 032	52 832	–	52 032	52 832
Insurance premiums due to insurers*	–	25 649	103 583	–	–	–
Administered claims fund*	–	–	19 589	–	–	–
External broker commission payable*	–	3 479	3 965	–	–	–
	94 984	129 154	256 323	23 957	55 924	54 789

* These liabilities relate to amounts due by Trustco Financial Services (Pty) Ltd ("TFS"), a wholly owned subsidiary of the group.

Insurance premiums due to insurers are in respect of premiums collected on behalf of insurers. The amount represents premiums collected net of any fees due to the group in terms of the service agreements in place with the insurers. Amounts due to financial service providers result from amounts administered on behalf of financial service providers and insurers. External broker commission payable represents commission due to financial services intermediaries as a result of premiums collected from insurees by TFS. Claims funds due to insurers relates to amounts due in respect of claims advanced from insurers to TFS, payable to the insured for claims approved by insurer but not due. As per the requirement of the Short-term Insurance Act (Act 58 of 1998) of South Africa, as amended, certain guarantees are in place as disclosed per note 28. These liabilities form part of the micro insurance and technology solutions: South Africa. Refer to note 43 on segmental information.

Included in the trade payables of the company are amounts payable to Trustco Life Ltd NAD0.4 million (2013: nil) and Trustco Insurance Ltd NAD20.6 million (2013: nil), which are unsecured, bears no interest and have no fixed repayments other than being payable within the next 12 months.

Put option liability was settled when group purchased shares, refer to note 18.

	Group 2014 NAD'000	Group 2013 NAD'000	Group 2012 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
26 TECHNICAL PROVISIONS						
26.1 *Provision for IBNR*						
Balance at the beginning of the year	3 387	2 691	2 448	–	–	–
Transfer (to)/from statement of comprehensive income	(54)	696	243	–	–	–
Balance at the end of the year	3 333	3 387	2 691	–	–	–
26.2 *Provision for outstanding claims*						
Long-term insurance contracts						
Balance at beginning of year	316	182	122	–	–	–
Transfer (to)/from statement of comprehensive income	(113)	134	60	–	–	–
Balance at the end of the year	203	316	182	–	–	–
Short-term insurance contracts						
Balance at beginning of year	7 419	6 589	7 895	–	–	–
Transfer (to)/from statement of comprehensive income	(327)	830	(1 306)	–	–	–
Balance at the end of the year	7 092	7 419	6 589	–	–	–
Total provision for outstanding claims	7 295	7 735	6 771	–	–	–
26.3 *Unearned premium reserve*						
Long-term insurance contracts						
Balance at the beginning of the year	2 075	1 856	1 971	–	–	–
Transfer from/(to) statement of comprehensive income	269	219	(115)	–	–	–
Balance at the end of the year	2 344	2 075	1 856	–	–	–
Short-term insurance contracts						
Balance at the beginning of the year	7 361	6 599	5 992	–	–	–
Transfer (to)/from statement of comprehensive income	(220)	762	607	–	–	–
Balance at the end of the year	7 141	7 361	6 599	–	–	–
Total unearned premium reserve	9 485	9 436	8 455	–	–	–
Total technical provisions	20 113	20 558	17 917	–	–	–

		Group			Company		
		2014	2013	2012	2014	2013	2012
		NAD'000	NAD'000	NAD'000	NAD'000	NAD'000	NAD'000
27	BANK OVERDRAFT						
	The group's available banking facilities and the extent to which they have been used are as follows:						
	Available	–	22 951	17 500	–	–	–
	Utilised	–	564	11 769	–	69	493

These banking facilities are secured as follows:

- Cession of covering mortgage bond over Lafrenz property to Bank Windhoek Ltd.

28 CONTINGENT LIABILITIES AND GUARANTEES

Guarantees

In terms of section 45 of the Short-term Insurance Act of South Africa, 1998, an entity must be in possession of an Intermediaries Guarantee Facility Limited (IGF) guarantee in order to collect short-term insurance premiums. An IGF guarantee to the amount of NAD90 million was taken out by Trustco Intermediary Solutions (Pty) Limited, an indirect subsidiary of the company. IGF required that Trustco Intermediary Solutions (Pty) Limited obtains an underlying guarantee from an insurer. Trustco Intermediary Solutions (Pty) Limited obtained such guarantee from Constantia Insurance company Limited (CICL) who placed the guarantee on the condition that the company would issue a deed of surety and that Q van Rooyen cede 33 000 000 shares in the company. The company and Q van Rooyen met the condition set by CICL.

Pending legal cases

The group has pending legal cases for which the total legal costs are estimated to be not more than NAD8.0 million

City of Windhoek

The group has guaranteed the undertaking of bulk services on its real-estate inventory (Lafrenz) amounting to NAD2.8 million

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
29	CAPITAL COMMITMENTS				
	Approved by directors but not contracted for:				
	Property, plant and equipment	18 027	22 029	–	–
	Investment property	23 977	14 700	–	–
		42 004	36 729	–	–

It is intended to finance this expenditure from existing borrowing facilities and from internally generated funds. No part of this expenditure has been contracted for at year-end.

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
30	REVENUE				
	Revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.				
	Major classes of revenue comprise:				
	Insurance premium revenue	225 086	150 710	–	–
	Broker commission and fees (administration, premium handling and claims administration)	24 904	174 628	–	–
	Interest earned on student advances	100 725	56 329	–	–
	Tuition and other related fees	144 641	85 313	–	–
	Rental income	673	3 100	–	–
	Charter Income	30 424	16 990	–	–
	Advertising revenue	10 747	6 247	–	–
	SMS revenue	9	346	–	–
	Trustco Mobile	–	499	–	–
	Property sales	306 345	101 077	–	–
	Management fees	–	–	3 600	3 600
	Total revenue	843 554	595 239	3 600	3 600
	Insurance income can be analysed as follows:				
	Long-term insurance contracts				
	Gross premium written	147 946	66 078	–	–
	Change in deferred income	(269)	(219)	–	–
		147 677	65 859	–	–
	Short-term insurance contracts				
	Gross premium written	77 140	84 632	–	–
	Change in deferred income	220	(762)	–	–
		77 360	83 870	–	–
	Total insurance income	225 086	150 710	–	–
	Aggregate change in deferred income	(49)	(981)	–	–

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
31	COST OF SALES				
	Cost of goods sold	64 237	109 936	–	–
	Cost of services rendered	107 739	130 258	–	–
		171 976	240 194	–	–

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
32	CLAIMS AND BENEFITS PAID ON INSURANCE CONTRACTS				
	Long-term insurance contracts				
	Death claims paid	16 105	11 005	–	–
	Change in provision for outstanding claims	(113)	134	–	–
		15 992	11 139	–	–
	Short-term insurance contracts				
	Claims paid out	17 403	14 052	–	–
	Change in provision for IBNR	(54)	696		
	Change in provision for outstanding claims	(327)	830	–	–
		17 022	15 578	–	–
	Total claims	33 014	26 717	–	–

		Group 2014 NAD'000	Group 2013 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000
33	**PROFIT BEFORE TAXATION**				
	This is arrived at after taking into account the following:				
	Included in Other income is the following:				
	Profit on foreign exchange differences	5 544	4 078	–	–
	Profit on disposal of investment properties	–	180	–	–
	Included in Administration expenses is the following:				
	Depreciation, amortisation and impairment losses				
	– Property, plant and equipment	13 633	8 142	–	–
	– Intangible assets	25 396	39 154	–	–
	Auditors' remuneration				
	– Audit fees	2 930	3 300	930	327
	Loss on disposal of property, plant and equipment	603	774	–	–
	Loss on disposal of intangible assets	1 336	–	–	–
	Impairment of loans and receivables and bad debts written off	52 972	2 099	–	–
	Increase in provision for doubtful debts relating to student advances	4 743	303	–	–

	2014	Shareholding Shares (direct) '000	Remuneration Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Medical NAD'000	Other benefits NAD'000	Total NAD'000
34	**DIRECTORS' EMOLUMENTS**							
	Holding company directors							
	Executive Directors							
	Q van Rooyen (Managing Director)*	392 554	–	–	–	–	–	–
	F J Abrahams	1 043	–	977	100	–	59	1 136
	R McDougall	526	–	1 596	100	–	91	1 787
		394 123	–	2 573	200	–	150	2 923
	Non-executive directors							
	W Geyser	–	360	–	–	–	–	360
	Adv R Heathcote	373	403	–	–	–	–	403
	R Taljaard	–	233	–	–	–	–	233
	V de Klerk	16	134	–	–	–	–	134
	J Mahlangu	–	140	–	–	–	–	140
		389	1 270	–	–	–	–	1 270
	Subsidiary company directors							
	Executive Directors							
	J Jones	2 528	–	1 293	100	–	89	1 482
	A Lambert	112	–	564	74	–	29	667
	E du Toit (resigned 12 July 2013)	–	–	224	–	–	–	224
	E Janse van Rensburg	564	–	702	100	–	42	844
	I Calitz	61	–	452	117	–	28	597
	A J Bornman (resigned 30 May 2014)	128	–	901	–	–	–	901
	B Kandetu	300	–	481	100	–	1	582
	D Caine (resigned 31 July 2013)	–	–	407	–	–	–	407
		3 693	–	5 024	491	–	189	5 704
	Total	398 205	1 270	7 597	691	–	339	9 897

No share transactions were carried out by directors after year-end and the date of approval of the integrated report.

Remuneration arrangement of group managing director

Q van Rooyen, the group managing director, is the sole shareholder of Next Investments (Pty) Ltd (Next). Next has a management contract with Trustco in terms of which a management fee is paid quarterly as follows:

- 0.5% of the turnover of the group;
- 1% of the headline earnings of the group; and
- 1% of the basic earnings of the group.

If targets are not met, the management fee is halved, whilst, if growth exceeds inflation plus 5%, then the management charge is doubled.

For further details on payments made to Next and balances due to/from Next by the group refer to notes 10 and 42.

Dealings by directors

The following directors were awarded contigently issuable cash-settled bonuses, these bonuses vest equally over the following two years

	NAD'000
J Jones	200
E Janse van Rensburg	200
B Kandetu	200
F J Abrahams	200
R McDougall	200
	1 000

No expense allowance was paid to directors and no financial assistance was provided to directors.

2013	Shareholding Shares (direct) '000	Remuneration Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Medical NAD'000	Other benefits NAD'000	Total NAD'000
Holding company directors							
Executive directors							
Q van Rooyen (Managing Director) *	392 554	–	–	–	–	–	–
F J Abrahams	1 043	–	902	–	–	54	956
R McDougall (Finance Director – appointed 31 March 2013)	226	–	–	–	–	–	–
A L Bock (resigned 31 March 2013)	200	–	1 300	200	–	–	1 500
	394 023	–	2 202	200	–	54	2 456
Non-executive directors							
T Mberirua (resigned 1 April 2012)	–	23	–	–	–	–	23
W Geyser	–	203	–	–	–	–	203
Dr T Aupindi (resigned 15 March 2012)	–	15	–	–	–	–	15
Adv R Heathcote	–	339	–	–	–	–	339
R Taljaard	–	94	–	–	–	–	94
V de Klerk	16	131	–	–	–	–	131
J.Mahlangu (appointed 5 February 2013)	–	22	–	–	–	–	22
	16	827	–	–	–	–	827
Subsidiary company directors							
Executive directors							
J Jones	2 228	–	1 241	–	85	–	1 326
J van den Heever (resigned 31 March 2013)	820	–	879	–	47	–	926
Dr C J Powell (resigned 31 March 2013)	763	–	821	–	60	–	881
A Lambert	76	–	515	60	49	–	624
I Barnard (resigned 30 July 2012)	–	–	453	–	3	–	456
E Cockroft (resigned 30 June 2012)	–	–	242	–	11	–	253
E du Toit	–	–	549	–	82	–	631
E Janse van Rensburg	264	–	611	51	34	–	696
I Calitz	21	–	421	–	39	–	460
A J Bornman	128	–	804	–	1	–	805
B Kandetu	–	–	424	–	14	–	438
B du Plessis (resigned 30 September 2012)	–	–	612	–	50	–	662
D Caine	–	–	808	–	192	–	1 000
	4 300	–	8 380	111	667	–	9 158
Total	398 339	827	10 582	311	667	54	12 441

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
35	STAFF COSTS				
	Salaries and wages	133 881	116 864	5 086	120
	Medical aid and employee fund contributions	4 493	3 586	–	–
		138 374	120 450	5 086	120

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
36	INVESTMENT REVENUE				
	Interest received				
	– Bank	541	307	61	10
	– Related party loans	–	–	35 395	19 160
	– External party loans	2 381	3 191	–	–
	– Finance lease receivable	–	318	–	–
	– Investments	173	33	–	–
		3 095	3 849	35 456	19 170
	Dividends received	–	–	55 000	40 128
		3 095	3 849	90 456	59 298
	Investment revenue earned on financial assets, analysed by category of asset, is as follows:				
	Loans and receivables (including cash and bank balances)	2 922	3 816	35 456	19 170
	Fair value through profit and loss	173	33	–	–
	Investments in subsidiaries	–	–	55 000	40 128
		3 095	3 849	90 456	59 298

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
37	FINANCE COSTS				
	Interest paid				
	– Bank overdraft	2 691	1 525	35	–
	– Related party loans	2 854	–	704	508
	– Long-term liabilities	42 498	20 812	5 308	–
	– Finance leases	9 052	5 477	–	–
		57 095	27 814	6 047	508
	Finance costs on financial liabilities, analysed by category of liabilities, is as follows:				
	Other financial liabilities measured at amortised cost using the effective-interest method	57 095	27 814	6 047	508
		57 095	27 814	6 047	508

		Group 2014 NAD'000	Group 2013 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000
38	**TAXATION**				
38.1	*Tax recognised in profit or loss*				
	Namibia normal tax				
	Current tax expense in respect of the current year	9 112	11 705	2 560	4 862
	Deferred tax expense relating to origination and reversal of temporary differences	60 234	4 734	3 479	–
		69 346	16 439	6 039	4 862
	Foreign normal tax				
	Current tax expense in respect of the current year	–	1 737	–	–
	Deferred tax expense relating to origination and reversal of temporary differences	(21 780)	(13 864)	–	–
		(21 780)	(12 127)	–	–
		47 566	4 312	6 039	4 862
38.2	*Tax recognised in other comprehensive income*				
	Namibia normal tax				
	Deferred tax expense relating to origination and reversal of temporary differences	2 663	4 008	–	–

Reconciliation of the tax expense

	Group 2014 %	Group 2013 %	2014 %	2013 %
The reconciliation of the effective tax rate with the company tax rate is:				
Tax for the year as a percentage of profit before tax	15.8	9.9	8.3	8.9
Tax effect of income that is exempt from taxation	41.2	44.0	24.7	24.1
Disallowable expenditure	(22.8)	(11.6)	–	–
Movement in contingency reserve	0.5	(1.3)		–
Tax rate adjustment	–	1.5	–	–
Effect of foreign tax rate differential	(1.7)	(9.5)	–	–
	33.0	33.0	33.0	33.0

The group has an estimated tax losses of NAD235.6 million (2013: NAD178.6 million) available for set off against future taxable income. The company has no tax loss available for future set off against taxable income.

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
39	EARNINGS, HEADLINE EARNINGS AND DIVIDENDS PER SHARE				
	Profit attributable to ordinary shareholders	252 672	39 384	–	–
	Adjustments:	(111 150)	(5 521)	–	–
	Loss on disposals of property, plant and equipment	603	774	–	–
	Loss on disposal of intangible assets	1 336	–	–	–
	Fair value adjustments on investment properties	(120 423)	(26 304)	–	–
	Gain on bargain purchase	(3 000)	–	–	–
	Impairment of intangible assets	15 241	28 406	–	–
	Profit on disposal of investment property	–	(180)	–	–
	Tax effect	(4 907)	(8 217)	–	–
	Headline earnings	141 522	33 863	–	–
	Weighted number of ordinary shares for the purposes of basic earnings per share ('000)	752 771	727 652	–	–
	Contingently issuable shares as a result of business combinations ('000)	4 922	4 789		
	Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	757 693	732 441	–	–
	Basic earnings per share (cents)	33.57	5,41	–	–
	Diluted earnings per share (cents)	33.35	5,38	–	–
	Headline earnings per share (cents)	18.80	4,65	–	–
	Diluted headline earnings per share (cents)	18.68	4,62	–	–
	Dividends per share				
	During the year under review normal dividends of 2.00 cents per share (2013: 4.15 cents) amounting to a total of NAD15.41 million (2013: NAD29.92 million) were declared and paid by the company.	2,00	4,15		

	Group 2014 NAD'000	Group 2013 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000
40 CASH FLOW INFORMATION				
40.1 Cash generated by operations				
Cash generated by operations before working capital changes	321 155	98 138	(11 825)	(4 389)
Profit on ordinary activities before taxation	300 238	43 696	72 584	54 401
Adjustments:				
– Depreciation and impairment losses	13 633	8 142	–	–
– Amortisation of intangible assets and impairment losses	25 396	39 154	–	–
– Gain on bargain purchase	(3 000)	–	–	–
– Investment income	(3 095)	(3 849)	(90 456)	(59 298)
– Finance costs	57 095	27 814	6 047	508
– Loss on disposal of property, plant and equipment	603	774	–	–
– Loss on disposal of intangible assets	1 336	–	–	–
– Fair value adjustment on investment properties	(120 423)	(26 304)	–	–
– Profit on disposals of investment property	–	(180)	–	–
– Impairment of loans and receivables and bad debts	52 972	2 099	–	–
– Increase in technical provision	(445)	2 641	–	–
– Other non-cash items	(3 155)	4 151	–	–
Changes in working capital:	(159 580)	(76 332)	20 779	915
– (Increase)/decrease in inventories	(1 958)	2 203	–	–
– Increase in impairment of student advances	4 743	303	–	–
– (Increase)/Decrease in trade and other receivables	(88 243)	48 331	(86)	(220)
– (Decrease)/Increase in trade and other payables	(74 122)	(127 169)	20 865	1 135
	161 575	20 585	8 954	(3 474)
40.2 Taxation paid				
Balance outstanding at the beginning of the year	28 256	28 414	3 851	1 330
– Current tax assets	(860)	(189)	–	–
– Current tax liabilities	29 116	28 603	3 851	1 330
Expense for the year	9 112	13 442	2 560	4 862
Reversal of overprovision	(20 377)	–	–	–
Balance outstanding at the end of the year	(845)	(28 256)	(854)	(3 851)
– Current tax assets	4 716	860	–	–
– Current tax liabilities	(5 561)	(29 116)	(854)	(3 851)
	16 146	13 600	5 557	2 341
40.3 Cash and cash equivalents				
Bank balances and cash deposits	131 606	46 924	79 300	41
Bank overdraft	–	(564)	–	(69)
	131 606	46 360	79 300	(28)

40.4 Subsidiary acquired

On the 1 December 2013, the group acquired 100% of the share capital of Elisenheim Property Development Company (Pty) Ltd (hereafter referred to as "EPDC"). The group obtained control of EPDC, a duly registered owner and developer of the Elisenheim development. The development consist of a residential and commercial housing estate situated within the Windhoek basin in Windhoek, Namibia. Elisenheim development is the largest privately owned town development in Namibia.

The acquisition is in line with group's strategy and its quest to contribute towards national development through the expansion of residential accommodation. With this acquisition the group intends to address the shortage of housing in Namibia whilst utilising the future proceeds of sales of erven to increase earnings in the group.

Gain on bargain purchase of NAD3.0 million was raised on the acquisition and was included in profit for the period. The gain is attributable to acquired customer base and the economies of scales expected from combining the operation of the group within EPDC.

The following table summarises the consideration paid for EPDC, fair value of assets acquired and liabilities assumed at the acquisition date:

	Book value NAD'000	Fair value adjustment NAD'000	Fair value NAD'000
Inventory	142 641	188 831	331 472
Investment property	47 430	27 450	74 880
Deferred tax liabilities	(23 229)	–	(23 229)
Long-term liabilities	(80 000)	–	(80 000)
Deferred tax recognised on fair value adjustment in business comination	–	(62 314)	(62 314)
Trade and other payables	(35 149)	–	(35 149)
Net assets	51 693	153 967	205 660
Gain on bargain purchase			(3 000)
Purchase consideration			202 660

Cash flow on acquisition	
Paid in cash	–
Purchase consideration	(202 660)
Deferred settlement	202 660
Cash outflow on acquisition, net of cash acquired	–

Acquisition-related costs of NAD5.81 million have been charged to administrative expenses in the consolidated statement of comprehensive income for the year ended 31 March 2014.

The purchase consideration payable by the group will be settled in cash as follows:

- An amount of NAD50.0 million on 1 April 2014;
- An amount of NAD100.0 million on 31 July 2014;
- An amount of NAD44.0 million on 1 April 2015; and
- An amount of NAD26.0 million on 1 April 2016.

The deferred purchase consideration does not carry interests.

The revenue included in the consolidated statement of comprehensive income since 1 December 2013 contributed by EPDC was NAD214.3 million. The business also contributed a profit of NAD147.1 million in the same period.

Had EPDC been consolidated from 1 April 2013, the consolidated statement of income would show pro-forma revenue of NAD279.0 million and pro forma profit of NAD126.5 million.

40.5 Business acquired

On 3 June 2013, the group acquired the rights to various leased premises, accompanying staff and property, plant and equipment from Real People (Pty) Ltd.

The business which forms a set of integrated branch outlets and skilled workforce across South Africa was acquired to increase the presence of the group in South Africa and facilitate sales of Trustco products through direct outlets.

The following table summarises the consideration paid, fair value of assets acquired and liabilities assumed at the acquisition date:

	NAD'000
Property, plant and equipment	10 645
Lease deposits	1 424
Provision for leave pay	(1 119)
Trade and other payables	(3 683)
Trade and other receivables	2 777
Net assets	10 044
Purchase consideration	10 044

Cash flow on acquisition	
Cash paid as part of consideration	(10 044)
Cash outflow on acquisition, net of cash acquired	(10 044)

Acquisition-related costs of NAD11 719 have been charged to administrative expenses in the consolidated income statement for the year ended 31 March 2014.

The revenue included in the consolidated statement of comprehensive income since 3 June 2013 contributed by the business was NAD0.0 million. The business also contributed a loss of NAD21.0 million in the same period.

Had the business been consolidated from 1 April 2013, the consolidated statement of income would show pro-forma revenue of NAD0.0 and pro-forma loss of NAD25.2 million.

		Group		Company	
		2014	2013	2014	2013
		NAD'000	NAD'000	NAD'000	NAD'000
41	SOLVENCY MARGIN				
	Solvency margin of Trustco Insurance Ltd	31.7%	23.0%	–	–

The solvency margin represents shareholders' interest of NAD21.2 million (2013: NAD19.2 million) expressed as a percentage of net premium income of NAD67.1 million (2013: NAD83.5 million) for the year under review.

42 RELATED PARTIES

The group is controlled by Q van Rooyen who owns 50.84% (2013: 53.25) of the company's shares. Material related parties are disclosed in notes 10 and 34

Other related parties are:

Subsidiaries

Trustco Property Holdings (Pty) Ltd
Discuss Properties (Pty) Ltd
November Properties (Pty) Ltd
Erf 7179 (Pty) Ltd
Trustco Corporate Management Services (Pty) Ltd
Trustco Fleet Management Services (Pty) Ltd
Trustco Administrative Support Services (Pty) Ltd
Trustco Capital (Pty) Ltd
Komada Holdings (Pty) Ltd
Trustco Media (Pty) Ltd
Trustco Mobile (Pty) Ltd
Trustco Newspapers (Pty) Ltd
Printas (Pty) Ltd
Trustco Education (Pty) Ltd
Institute for Open Learning (Pty) Ltd
Trustco Finance (Pty) Ltd
Legal Shield Holdings (Pty) Ltd
Trustco Insurance Ltd
Trustco Life Ltd
Trustco Tourism Holdings (Pty) Ltd
Trustco Restaurants (Pty) Ltd
Trustco Accommodation (Pty) Ltd
Trustco Air Services (Pty) Ltd
Trustco Business Development (Pty) Ltd
Trustco Intellectual Property Holdings (Pty) Ltd
Trustco Insurance Segment Holdings (Pty) Ltd
Agricultural Export Company (Pty) Ltd
Northern Industrial Estates (Pty) Ltd
Elisenheim Property Development Company (Pty) Ltd
Trustco Mobile Mauritius
Trustco Estate Planners and Administrators (Pty) Ltd
Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)
Trustco Group International (Pty) Ltd (inc. in Republic of South Africa)
Trustco Financial Services (Pty) Ltd
Trustco Intermediary Solutions (Pty) Ltd
Trustco Informatix (Pty) Ltd
ICE Insurance Claims Exchange (Pty) Ltd
New Adventure Insurance Brokers (Pty) Ltd

Entities in which board members have significant influence

Next Investments (Pty) Ltd
Northern Namibia Development Company (Pty) Ltd
Namibia Medical Investments (Pty) Ltd
Othinge Investments (Pty) Ltd
Golf Properties (Pty) Ltd
Foxtrot Properties (Pty) Ltd

Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the group and other related parties are disclosed below.

			Group 2014 NAD'000	Group 2013 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000
42	RELATED PARTIES (CONTINUED)					
42.1	*Charter income received/(paid)*					
	Subsidiaries					
	Trustco Air Services (Pty) Ltd	Indirect subsidiary	–	–	(2 212)	(182)
	Entities in which board members have significant influence					
	Next Investments (Pty) Ltd	Common director: Q van Rooyen	24	369	–	–
	Northern Namibia Development Company (Pty) Ltd	Common director: Q van Rooyen	367	406	–	–
42.2	*Rent received*					
	Entities in which board members have significant influence					
	Next Investments (Pty) Ltd	Common director: Q van Rooyen	–	247	–	–
42.3	*Advertising income received/(paid)*					
	Subsidiaries					
	Trustco Newspapers (Pty) Ltd	Indirect subsidiary	–	–	40	(24)
	Entities in which board members have significant influence					
	Next Investments (Pty) Ltd	Common director: Q. van Rooyen	4	4	–	–
	Northern Namibia Development Company (Pty) Ltd	Common director: Q. van Rooyen	–	2	–	–
42.4	*Interest received*					
	Subsidiaries					
	Trustco Capital (Pty) Ltd	Direct subsidiary	–	–	13 601	12 794
	Trustco Group International (Pty) Ltd (Inc. in Republic of South Africa)	Direct subsidiary	–	–	4 217	3 667
	Trustco Finance (Pty) Ltd	Indirect subsidiary	–	–	2 824	–
	Trustco Financial Services (Pty) Ltd	Indirect subsidiary	–	–	14 753	2 698
42.5	*Management fees received/(paid)*					
	Entities in which board members have significant influence					
	Next Investments (Pty) Ltd	Common director: Q van Rooyen	(26 110)	(13 097)	–	–
	Subsidiaries					
	Trustco Group International (Pty) Ltd (Inc. in Republic of Namibia)	Direct subsidiary	–	–	3 600	3 600
42.6	*Dividends received*					
	Subsidiaries					
	Trustco Mobile Mauritius	Direct subsidiary	–	–	–	6 128
	Legal Shield Holdings (Pty) Ltd	Direct subsidiary	–	–	55 000	34 000

			Group 2014 NAD'000	Group 2013 NAD'000	Company 2014 NAD'000	Company 2013 NAD'000
42.7	*Interest paid*					
	Subsidiaries					
	Trustco Finance (Pty) Ltd	Indirect subsidiary	–	–	(704)	(508)
	Entities in which board members have significant influence					
	Next Investments (Pty) Ltd	Common director: Q. van Rooyen	(2 854)	–	–	–
42.8	*Facility fee received/(paid)*					
	Entities in which board members have significant influence					
	Next Investments (Pty) Ltd	Common director: Q van Rooyen	(249)	(4 598)	–	–
	Subsidiaries					
	Trustco Financial Services (Pty) Ltd	Indirect subsidiary	–	–	3 236	2 163
42.9	*Equipment rent received*					
	Entities in which board members have significant influence					
	Next Investments (Pty) Ltd	Common director: Q van Rooyen	7	–	–	–

Refer to note 34 for details on key management compensation.
Refer to note 10 for details of other related party amounts outstanding.

43 SEGMENT RESULTS

Primary reporting format: Business segments

The group is organised into six business segments. These segments form a basis by which the group executive committee (chief operating decision-maker) formulates key operating decisions, allocate resources and assess performance. The reportable segments are differentiated and grouped by their relative size, namely: Insurance (Namibia); Education; Finance; Property; Insurance (South Africa) and Insurance (Emerging markets). Transactions between reportable segments are conducted at arms length. The business segment results are as follows:

	Insurance (Namibia) NAD'000	Education NAD'000	Finance NAD'000	Property NAD'000	Insurance (Emerging markets) NAD'000	Insurance (South Africa) NAD'000	Group NAD'000
2014							
Revenue							
Segment revenue	31 318	162 259	118 899	361 263	515	52 866	727 120
Inter-segment revenue	(22 096)	(14 994)	(10 259)	(41 060)	(515)	(19 728)	(108 652)
	9 222	147 265	108 640	320 203	–	33 138	618 468
Insurance income							
Segment revenue	215 022	–	–	–	–	10 649	225 671
Inter-segment revenue	(585)	–	–	–	–	–	(585)
	214 437	–	–	–	–	10 649	225 086
External revenue	223 659	147 265	108 640	320 203	–	43 787	843 554
							–
Segment result	153 910	56 418	70 590	288 058	(48 716)	(40 847)	479 413
Inter-segment	(50 790)	(34 465)	(23 581)	(72 557)	–	(45 348)	(226 741)
Profit for the year	103 120	21 953	47 009	215 501	(48 716)	(86 195)	252 672
Segment assets	122 523	70 342	740 289	1 358 491	12 435	233 256	2 537 336
Segment liabilities	59 787	13 164	282 912	861 029	–	96 089	1 312 981
Capital expenditure	200	–	–	37 121	–	4 683	42 004
Depreciation	2 308	1 566	1 071	3 297	–	5 391	13 633
Impairment of receivables and loans	740	–	6 182	–	45 700	5 093	57 715
Interest paid	5 028	1 824	27 860	21 014	–	1 369	57 095
Interest Income	49	13	2 745	155	–	133	3 095
Impairment losses	–	–	–	–	–	15 241	15 241
Amortisation of intangible assets	1 152	441	781	1 645	2 498	3 638	10 155

	Insurance (Namibia) NAD'000	Education NAD'000	Finance NAD'000	Property NAD'000	Insurance (Emerging markets) NAD'000	Insurance (South Africa) NAD'000	Group NAD'000
2013							
Segment revenue	–	52 087	89 555	236 010	499	175 717	553 868
Inter-segment revenue	–	–	–	(109 339)	–	–	(109 339)
	–	52 087	89 555	126 671	499	175 717	444 529
Insurance income	150 013	–	–	–	–	697	150 710
External revenue	150 013	52 087	89 555	126 671	499	176 414	595 239
Segment result	49 374	675	17 726	62 008	(1 169)	(55 614)	73 000
Inter-segment	17 624	3 321	6 056	(43 317)	–	(17 300)	(33 616)
Profit for the year	66 998	3 996	23 782	18 691	(1 169)	(72 914)	39 384
Segment assets	170 559	110 178	345 471	675 102	49 889	181 728	1 532 927
Segment liabilities	41 911	31 839	265 626	177 521	–	47 900	564 797
Capital expenditure	4 969	5 797	–	21 202	–	4 761	36 729
Interest paid	–	92	17 018	9 397	–	1 307	27 814
Impairment of receivables and loans	–	–	2 402	–	–	–	2 402
Interest Income	94	7	1 612	1 965	–	171	3 849
Depreciation	1 923	2 244	–	2 299	–	1 676	8 142
Impairment losses	–	–	–	–	–	28 406	28 406
Amortisation of intangible assets	1 238	1 892	–	1 444	3 199	2 975	10 748

44 FINANCIAL INSTRUMENTS

This note presents information about the group's exposure to financial risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The group audit committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the group audit committee.

Capital risk management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity. The board of directors also monitors the level of dividends paid to ordinary shareholders. The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in note 21 and 23, shareholders' funds and equity attributable to equity holders of the parent, comprising issued capital, vendor shares and reserves as disclosed in note 14, 16, 17 and 19 respectively.

There were no changes in the group's approach to capital management during the year.

Insurance risk management

The group issues contracts that transfer insurance risk.

Insurance risk in the group arises from:

- fluctuations in the timing, frequency and severity of claims and claim settlements relative to expectations;
- unexpected claims arising from a single source;
- inaccurate pricing of risks when underwritten;
- inadequate reinsurance protection or other risk transfer techniques; and
- inadequate reserving.

The risks under any one insurance contract are the frequency with which the insured event occurs and the uncertainty of the amount of the resulting claims. For a class of insurance contracts the principal risk the group face is that the actual claims and benefit payments exceed the premiums charged for the risks assumed and that the reserves set aside for policyholders' liabilities, whether they are known or still to be reported, prove to be insufficient.

By the very nature of an insurance contract, this risk is random and therefore unpredictable. Changing risk parameters and unforeseen factors, such as patterns of crime, economic and geographical circumstances, may result in unexpectedly large claims. Insurance events are random and the actual number of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Pricing

The group bases its pricing policy on risk factors for a product class. The group also has the right to reprice and change the conditions for accepting risks on renewal. It also has the ability to impose deductibles and reject fraudulent claims.

Through the use of group's extensive expertise, well-maintained data resources, selective underwriting practices and pricing techniques it is able to produce appropriate and competitive premium rates.

Factors that aggravate insurance risk include a lack of risk diversification in terms of type and amount of risk, geographical location and the industries covered. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. Therefore a diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio.

The group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted, to achieve, within each of these categories, a sufficiently large population of risks to reduce the variability of the expected outcome.

The group underwrites insurance contracts in southern Africa and other emerging markets and exposures are currently not material.

Reserving

Claims are short-tail claims. Short-tail claims can be estimated with greater reliability, and the group estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts.

The shorter settlement period for these claims allow the group to achieve a higher degree of certainty about the estimated cost of claims, and relatively lower levels of IBNR are held at year-end.

At year-end, the group believes that its liabilities for long-term and short-term claims are adequate.

In calculating the estimated cost of unpaid claims, the group's estimation methodology is based on standard payment tariffs. For claims that have been reported to group by the valuation date, expert assessors estimate the expected cost of final settlement. In addition to this, testing of the entire portfolio is done to determine whether or not these estimates will be sufficient in aggregate or if an additional reserve amount is required.

For claims that have not been reported to the group by reporting date an incurred but not reported claims provision is raised. IBNR is calculated as either 1 month's claims or 4/12ths of annual expected claims.

Claim provisions for all classes of products are regularly reviewed and audited internally to make sure they are sufficient. These analyses draw on the expertise and experience of a wide range of specialists, such as actuaries, underwriting and accounting experts.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Categories of financial instruments

Group 2014	Loans and receivables NAD'000	Fair value through profit or loss NAD'000	Amortised cost NAD'000	Total carrying amount NAD'000
Financial assets				
Student advances	591 953	–	–	591 953
Other loans advanced	3 515	–	–	3 515
Property advances	104 465	–	–	104 465
Trade and other receivables	278 454	–	–	278 454
Cash and cash equivalents	131 606	–	–	131 606
	1 109 993	–	–	1 109 993
Financial liabilities				
Trade and other payables	–	–	86 019	86 019
Insurance liabilities	–	–	58 633	58 633
Amounts by related parties		–	265	265
Borrowings	–	–	733 214	733 214
Vendors for acquisition	–	–	209 604	209 604
	–	–	1 087 735	1 087 735
2013				
Financial assets				
Student advances	332 414	–	–	332 414
Other loans advanced	6 852	–	–	6 852
Amounts by related parties	8 482	–	–	8 482
Property advances	21 447	–	–	21 447
Trade and other receivables	261 885	–	–	261 885
Cash and cash equivalents	46 924	–	–	46 924
	678 004	–	–	678 004
Financial liabilities				
Trade and other payables	–	–	106 105	106 105
Insurance liabilities	–	–	37 145	37 145
Borrowings	–	–	335 587	335 587
Bank overdraft	–	–	564	564
	–	–	479 401	479 401

The carrying amounts approximates the fair values.

Company 2014				
Financial assets				
Amounts due by related parties	748 449	–	–	748 449
Cash and cash equivalents	79 300	–	–	79 300
	827 749	–	–	827 749
Financial liabilities				
Trade and other payables	–	–	23 957	23 957
Borrowings	–	–	291 726	291 726
Amounts due to related parties	–	–	118 872	118 872
	–	–	434 555	434 555
2013				
Financial assets				
Amounts due by related parties	366 660	–	–	366 660
Cash and cash equivalents	41	–	–	41
	366 701	–	–	366 701
Financial liabilities				
Trade and other payables	–	–	55 924	55 924
Amounts due to related parties	–	–	51 630	51 630
Bank overdrafts	–	–	69	69
	–	–	107 623	107 623

The carrying amounts approximates the fair values.

Financial risk management objectives

The group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risk relating to the operations of the group through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The group seeks to minimise the effects of these risks by using financial instruments to hedge these risk exposures. The use of financial instruments is governed by the group's policies approved by the board of directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Foreign currency risk management

The group is exposed to currency risk on royalties earned that are denominated in a currency other than the respective functional currencies of group entities, primarily the Namibian Dollar, South African Rand and US Dollar. The currencies in which these transactions are concluded are primarily denominated in US Dollars.

There has been no change to the group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk sensitivity analysis

A 10% strengthening of Namibian Dollar at 31 March would have increased/(decreased) equity by NAD0.0 million (2013: (decreased)/increased by NAD0.5 million). The analysis assumes that all other variables would remain constant.

Interest rate risk management

Ultimate responsibility for liquidity risk management rests with the Executive Committee ("EXCO"), which has established an appropriate liquidity management framework for management of the group's short-, medium- and long-term funding and liquidity management requirements. The group manages liquidity risk by maintain adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The results of the sensitivity analysis on page 67 have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating liabilities, the analysis is prepared assuming the liability outstanding at reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the group's profit for the year ended 31 March would have decreased/increased by NAD0.6 million (2013: decreased/increased by NAD0.5 million). This is mainly due to interest rates on variable rate borrowings.

Credit risk management

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, and arises principally from the group's cash deposits, cash equivalents and receivables from customers.

Receivables from customers

The group's exposure to credit risk is influenced mainly by the default risk of the industries. The demographics of the group's customer base, including the individual characteristics of each customer and country in which customers operate, has less of an influence on credit risk. Trade receivables comprise a widespread customer base.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the risk management committee; these limits are reviewed on an ad hoc basis. Customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a prepayment basis.

More than half of the group's customers have been transacting with the group for over four years and losses have occurred infrequently. In monitoring credit risk, customers are grouped according to their credit characteristics including whether they are an individual or legal entity, whether they are a retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are made on a prepayment basis.

Goods are sold subject to retention of title clauses so that in the event of non-payment the group may have a secured claim. The group does not require collateral in respect of trade and other receivables.

The group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an excellent credit rating.

Guarantees

The group's policy is to provide financial guarantees only to wholly-owned subsidiaries.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the group's maximum exposure to credit risk without taking account of the value of collateral obtained.

Liquidity risk management

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built 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 liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the group and the company's remaining contractual maturity for its non-derivative financial liabilities and assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and assets based on the earliest date on which the group and the company can be required to pay. The table includes both interest and principal cash flows.

Group: Liabilities	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total
Maturity analysis							
2014							
Other financial liabilities							
Non-interest bearing							
– Trade and other payables	–	86 019	–	–	–	–	86 019
– Technical provisions	–	20 113	–	–	–	–	20 113
– Policyholders' liability under insurance contracts	–	–	38 520	–	–	–	38 520
– Administered claims float	–	–	–	–	–	1 070	1 070
Variable interest rate instruments							
– Term loans	6.75%-12.65%	127 723	47 077	38 853	37 308	193 298	444 259
– Listed bonds	8.98%-11.83%	–	12 500	25 000	25 000	367 172	429 672
– Mortgage loans	6.50%-10.25%	10 321	10 321	10 321	10 102	27 543	68 608
– Liabilities under instalment sale agreement	8.00%-10.25%	2 779	2 419	2 296	2 294	42 616	52 404
– Amounts due by related parties	9.25%	265	–	–	–	–	265
– Finance lease obligations	8.00%-10.25%	2 977	7	–	–	–	2 984
– Vendors for acquisition	10.25%	152 188	44 000	26 000	–	–	222 188
		402 385	154 844	102 470	74 704	631 699	1 366 102
2013							
Other financial liabilities							
Non-interest bearing							
– Trade and other payables	–	106 105	–	–	–	–	106 105
– Technical provisions	–	20 558	–	–	–	–	20 558
– Policyholders' liability under insurance contracts	–	–	16 587	–	–	–	16 587
– Administered claims float	–	–	–	–	–	12 787	12 787
Variable interest rate instruments							
– Term loans	6.75%–12.65%	29 381	37 631	42 346	33 327	171 660	314 345
– Mortgage loans	6.50%–10.25%	10 373	10 373	10 373	10 373	35 339	76 831
– Liabilities under instalment sale agreements	8.00%–10.25%	5 300	4 067	2 599	2 017	38 945	52 928
– Finance lease obligations	9.25%	3 741	2 911	–	–	–	6 652
– Bank overdraft	9.25%	616	–	–	–	–	616
		176 074	71 569	55 318	45 717	258 731	607 409

Group: Assets	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
Maturity analysis							
2014							
Non-interest bearing							
– Trade and other receivables	–	286 995	–	–	–	–	286 995
Variable interest rate instruments							
– Student advances	18.50%	267 181	220 671	171 933	121 133	67 087	848 006
– Property advances	10.25%-13.25%	4 598	4 598	4 598	4 598	137 001	155 393
– Other loans advanced	10.00%	1 000	1 000	1 000	1 000	504	4 504
– Cash and cash equivalents	2.50%	131 606	–	–	–	–	131 606
		691 380	226 269	177 531	126 731	204 592	1 426 504
2013							
Non-interest bearing							
– Trade and other receivables	–	261 885	–	–	–	–	261 885
Variable interest rate instruments							
– Student advances	1.75% – 18.5%	188 530	80 243	76 649	54 588	21 557	421 567
– Other loans advanced	10.00%	1 224	1 224	1 224	1 224	2 781	7 677
– Property advances	10.25%	3 388	3 388	3 388	3 388	15 904	29 456
– Amounts due by related parties	9.25%	9 267	–	–	–	–	9 267
– Cash and cash equivalents	2.50%	48 097	–	–	–	–	48 097
		512 391	84 855	81 261	59 200	40 242	777 949

Company: Liabilities	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
Maturity analysis							
2014							
Interest bearing							
– Borrowing	8.98%-11.83%	–	12 500	25 000	25 000	367 172	429 672
Non-interest bearing							
– Trade and other payables	–	23 957	–	–	–	–	23 957
– Amounts due to related parties	–	–	118 872	–	–	–	118 872
		23 957	131 372	25 000	25 000	367 172	572 501
2013							
Other financial liabilities							
Non-interest bearing							
– Trade and other payables	–	55 580	–	–	–	–	55 580
– Amounts due to related parties	–	–	35 883	–	–	–	35 883
Variable interest rate instruments							
– Amounts due to related parties	9.75%	–	16 544	–	–	–	16 544
		55 580	52 427	–	–	–	108 007

Company: Assets	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
Maturity analysis							
2014							
Non-interest bearing							
– Amounts due by related parties	–	–	139 027	–	–	–	139 027
– Trade and other receivables	–	339	–	–	–	–	339
Variable interest rate instruments							
– Amounts due by related parties	9.75%	34 482	696 208	–	–	–	730 690
– Cash and cash equivalents	2.00%	80 886	–	–	–	–	80 886
		115 707	835 235	–	–	–	950 942
2013							
Non-interest bearing							
– Amounts due by related parties	–	–	28 958	–	–	–	28 958
– Trade and other receivables	–	253	–	–	–	–	253
Variable interest rate instruments							
– Amounts due by related parties	9.25%	–	403 066	–	–	–	403 066
– Cash and cash equivalents	2.00%	42	–	–	–	–	42
		295	432 024	–	–	–	432 319

Insurance risk and policies for mitigating insurance risk

The primary activity of the group relates to the assumption of the risk of loss from events involving persons or organisations. Such risks may relate to legal, salary, funeral, medical, credit and other perils that may arise from an insured event. As such the group is exposed to the uncertainty surrounding the timing, severity and frequency of claims under insurance contracts.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected and that the group does not charge premiums appropriate for the risk accepted. Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. The group manages its insurance risk through underwriting limits, approval procedures for new clients, pricing guidelines, centralised management of risk and monitoring of emerging issues.

Concentrations of insurance risk and policies mitigating the concentrations

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the group’s resources. The group monitors the concentration of risk by class of business. The group is broadly represented across Namibia and exposures to risks are representative of the economic activity in the various regions. The group has exposure to lines of insurance business as described in the previous paragraph.

Fair value estimation

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into Levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

- level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 – inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices);
- level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

Group: Assets	Level 1 NAD'000	Level 2 NAD'000	Level 3 NAD'000	Total carrying Amount
2014				
Financial assets	–	–	–	–
2013				
Financial assets	–	–	–	–
Group: Liabilities				
2014				
Other financial liabilities				
– Technical provisions	–	–	20 113	20 113
– Policyholders' liability under insurance contracts	–	–	38 520	38 520
	–	–	58 633	58 633
2013				
Other financial liabilities				
– Technical provisions	–	–	20 558	20 558
– Policyholders' liability under insurance contracts	–	–	16 587	16 587
	–	–	37 145	37 145

A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:

Group: Liabilities	2014 NAD'000	2013 NAD'000
Technical provisions		
Carrying value at the beginning of the year	20 558	17 917
Net fair value (decrease)/increase on technical provisions	(445)	2 641
Carrying value at the end of the year	20 113	20 558
Policyholders' liability under insurance contracts		
Carrying value at the beginning of the year	16 587	10 684
Net fair value increase on policy liabilities	21 933	5 903
Carrying value at the end of the year	38 520	16 587

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market date where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as a present value of estimated future cash flows based on observable yield curves;
- The fair value of insurance technical liabilities is determined according to the requirements of the Namibian Long-term Insurance Act (1998) and in accordance with professional guide notes (PGNs) issued by the Actuarial Society of South Africa (ASSA);
- Technical liabilities are calculated as a percentage of premiums earned. Different percentages are applied by class of business; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

45 EVENTS AFTER THE REPORTING DATE

On 21 May 2014 the group, by way of a sale of shares agreement entered into an agreement to acquire 100% of the ordinary shares in FIDES Bank Ltd, a Namibian incorporated banking institution which holds an unrestricted banking license under the Namibian Banking Institutions Act, 1998. In terms of IFRS 3 Business Combinations, the acquisition meets the definition of a business combination. The bank operates across various branches in Namibia, employs staff and conducts banking business in terms of the Banking Act as at the date of publication of these financial statements, the regulatory approval was still outstanding.

The acquisition was a strategic step in the evolution of the group's business to leverage off existing client relationships in Namibia and the group's impressive IT capability.

The group will settle the transaction in a payment price of NAD0.95 per share, which in total amounts to a combined purchase consideration of NAD7 000 000 (seven million Namibian dollars).

Identifiable assets acquired and liabilities assumed (provisional)

	NAD'000
Cash on hand	11 122
Cash reserve requirement (held at BoN)	560
Receivables	1 299
Net advances	34 578
Intangible assets	53
PPE	3 020
Total assets	50 073
Deposits	20 927
Term loans	25 863
Accounts payable	2 596
Total liabilities	49 386
Net asset value	687

These financial disclosures are based on preliminary provisional results and do not include any adjustments for as yet, unidentified assets or liabilities to be recognised post-acquisition, and the carrying value of these assets have not been independently valued to determine their fair values, nor tested for impairments.

The expected impact of the acquisition on the group's revenue and profit had the acquisition been finalised at the begining of the year, are presented below:

Additional marginal increase in financial information (as if transaction were accounted for from 1 April 2013)

	NAD'000
Revenues	13 775
Net profit	(19 990)
	6 215

The group annual financials were authorised for issue on 26 June 2014.

Shareholders' Information

ANALYSIS OF SHAREHOLDING

REGISTER DATE:	28 MARCH 2014
AUTHORISED SHARE CAPITAL:	2 500 000 000
ISSUED SHARE CAPITAL:	772 142 090

	Number of shareholders	% of shareholders	Number of shares	% of shares
1 – 499	20	0.63	5 843	0.00
500 – 999	1 226	38.76	617 582	0.08
1 000 – 1 999	688	21.75	849 791	0.11
2 000 – 2 999	250	7.90	581 070	0.08
3 000 – 3 999	103	3.26	332 176	0.04
4 000 – 4 999	49	1.55	212 722	0.03
5 000 – 9 999	292	9.23	1 804 213	0.23
>=10 000	535	16.91	767 738 693	99.43
	3 163	100	772 142 090	100

DISTRIBUTION OF SHARES

	Number of shareholders	% of shareholders	Number of shares	% of shares
Corporate bodies	60	1.90	265 092 089	34.33
Private individuals	3 051	96.46	470 172 205	60.89
Nominee companies	2	0.06	24 252 000	3.14
Trust	50	1.58	12 625 796	1.64
	3 163	**100**	**772 142 090**	**100**
Public shareholders	**3 002**	**94.91**	**292 961 653**	**37.94**
Non-public shareholders	**161**	**5.09**	**479 180 437**	**62.06**
Directors	12	0.38	398 253 773	51.58
Associates	2	0.06	98 350	0.01
Employees with restricted trading terms	145	4.58	4 851 238	0.63
Employee share trust	1	0.03	70 425	0.01
Treasury	1	0.03	75 906 651	9.83

LARGE SHAREHOLDERS – MORE THAN 1% OF SHARE CAPITAL	% OF SHARES	NUMBER OF SHARES
Mr Quinton van Rooyen*	50.84	392 554 120
Trustco Life Limited #	9.83	75 906 651
Pershing, LLC	9.56	73 797 031
Citibank New York NA	4.53	35 015 000
Snowball Wealth (Pty) Limited	3.50	27 000 000
BNYM 15 Omnibus Account	2.98	23 000 000
Midbrooklane (Pty) Limited	1.42	10 976 311
Mr Chou Leo Chih Hao	1.30	10 000 000
Miramare Investments (Pty) Limited	1.03	7 968 050
	84.99	656 217 163

* Quinton van Rooyen is a director as well as a major shareholder
# Trustco Life Limited is a wholly-owned subsidiary of Trustco Group Holdings Limited

Directorate and Administration

Directors

Executive directors

Mr Q van Rooyen (Managing Director)
Mr R McDougall (Financial Director)
Mr F J Abrahams

Company Secretary

Mr D J Steyn

Non-executive directors

Mr W J Geyser
Adv R Heathcote
Ms V C de Klerk
Mr R J Taljaard
Mr J Mahlangu

Auditors

Auditors: Namibia

BDO
Registered Accountants
and Auditors
Chartered Accountants (Namibia)
61 Bismarck Street
Windhoek
Namibia

Auditors: South Africa

BDO South Africa Incorporated
Registered Auditors
22 Wellington Road
Parktown, Johannesburg
South Africa

Contact details

Registered office:

Namibia
Trustco House
2 Keller Street
PO Box 11363
Windhoek
Namibia
Indicators

Registration number:

2003/058

NSX share code: TUC
JSE share code: TTO

Telephone

+264 61 275 4000
Facsimile:
+264 61 275 4090

Registered office:

South Africa
Old Trafford 1
Isle of Houghton
11 Boundary Road
Houghton Estate
Johannesburg
2198
South Africa

Bankers

Bankers: Namibia

Bank Windhoek Limited
First National Bank of Namibia Limited
Standard Bank Namibia Ltd

Bankers: South Africa

First National Bank of South Africa Ltd
ABSA
Standard Bank of South Africa Ltd

Corporate partners

Transfer secretaries: Namibia

Transfer secretaries (Pty) Ltd
4 Robert Mugabe Ave
PO Box 2401
Windhoek
Namibia

Registration number: 93/173

Telephone:

+264 61 22 76 47

Facsimile:

+264 61 24 85 31

Sponsors: Namibia

IJG Securities (Pty) Ltd
100 Robert Mugabe Ave
PO Box 186
Windhoek
Namibia

Registration number: 95/505

Transfer secretaries: South Africa

Computershare Investor Services (Pty)
Ltd, Ground Floor
70 Marshall Street
Johannesburg, 2001
South Africa

Registration number: 2004/003647/07

Telephone:

+27 11 370 7700

Facsimile:

+27 11 688 7716

Sponsors: South Africa

Sasfin Capital (a division of Sasfin Bank
Limited)
29 Scott Street
Waverly
Johannesburg, 2090
South Africa

Registration number: 1951/002280/06

Website: http://www.tgi.na