REAL PEOPLE™

Group annual financial statements

For the year ended 31 March 2016

General information

Country of incorporation and domicile	South Africa
Company registration number	1999/020093/06
Registered office	Real People Views 12 Esplanade Road Quigney East London 5201
Postal address	PO Box 19610 Tecoma East London 5214
Group head office contact details	Telephone: +27 (0) 10 245 8000/1 E-mail: corporate@realpeople.co.za
Website	Corporate website: www.realpeoplegroup.co.za Consumer website: www.realpeople.co.za
Auditors	Grant Thornton Johannesburg Partnership Chartered Accountants (SA) Registered Auditors
Level of assurance	These group financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The group financial statements were compiled internally by: MT Laube, CA (SA)
Issued	20 June 2016

Contents

Directors' responsibilities and approval

The directors are responsible for the preparation and fair presentation of the group financial statements and related financial information included in this report.

The group financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council, the Companies Act 71 of 2008 and the JSE Listing Requirements as they relate to listed debt securities. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group. 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. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be eliminated fully, the group 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 group financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The group financial statements have been prepared on the going concern basis as the directors have no reason to believe that the group will not be a going concern for the year ahead.

The external auditors are responsible for independently auditing and reporting on the group financial statements. The group financial statements have been examined by the group's external auditors and their report is presented on page 7.

The group financial statements set out on pages 4 to 6, 8 to 50were approved by the board on 20 June 2016 and were signed on their behalf by:

PG de Beyer
Chairman

N Grobbelaar
Group chief executive officer

Johannesburg

20 June 2016

Company secretary's certification

Declaration by the Company secretary in respect of Section 88(2)(e) of the Companies Act

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Commissioner all such returns as are required in terms of the Companies Act and that all such returns are true, correct and up to date.

MD Bosman
Company secretary

Johannesburg
20 June 2016

Audit and risk committee report

The audit committee is an independent statutory committee appointed by the shareholders of the group. Further duties are delegated to the audit committee by the board of directors of the group. This report includes both these sets of duties and responsibilities. The committee mandate extends, on behalf of Real People Investment Holdings Limited, to include all companies and entities which fall within the responsibility of Real People Investment Holdings Limited.

1. Audit committee terms of reference

The audit committee has adopted its formal terms of reference that have been approved by the board of directors. The audit committee has conducted its affairs in compliance with its terms of reference and has discharged its responsibilities contained therein.

2. Audit committee members, meeting attendance and assessment

The audit committee is independent and must consist of at least a majority of independent, non-executive directors. It must meet at least three times a year as per its terms of reference. The Group Chief Executive Officer will attend the meeting. The Group Chief Financial Officer, audit partner in charge of external audit and head of internal audit and other executives of the group, may attend the meeting by invitation and shall have unrestricted access to the Chairman and any other member of the Committee as is required in relation to any matter that falls within the remit of the Committee.

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

3. Roles and responsibilities

3.1 Statutory duty

The audit committee's role and responsibilities include statutory duties in terms of the Companies Act, 2008, and further responsibilities assigned to it by the board. The audit committee executed its duties in terms of the requirements of King III.

External audit

The audit committee has satisfied itself that the external auditor was independent of the group, as set out in section 94(8) of the Companies Act, 2008, which includes consideration of previous appointments of the external auditor, the extent of other work undertaken by the external auditor for the group and compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. Requisite assurance was sought and provided by the external auditor that internal governance processes within the audit firm support and demonstrate its claim to independence. The audit committee ensured that the appointment of the auditor complied with the Companies Act, 2008, and any other legislation relating to the appointment of auditors.

The audit committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the 2016 financial year. The audit committee received and considered the report of the external auditor on the results of their annual audit. No significant matters were reported.

The committee has nominated, for approval at the annual general meeting, Grant Thornton Johannesburg Partnership as the external auditors for the 2017 financial year.

There is a formal policy that governs non-audit services by the external auditor which requires the pre-approval of the Audit and Risk Committee.

Financial statements and accounting practices

The audit committee has reviewed the accounting policies and the financial statements of the group and is satisfied that they are appropriate and comply with International Financial Reporting Standards. The audit committee did not receive any concerns and complaints from within or outside the group relating to the accounting practices, internal audit or the audit of the financial statements of the group.

Internal financial controls and assurance function

The audit committee has overseen a process by which internal audit performed a written assessment of the effectiveness of the group's system of internal control and risk management, including internal financial controls. This written assessment by internal audit formed the basis for the audit committee's recommendation in this regard to the board, in order for the board to report thereon. The audit committee supports the opinion of the board in this regard.

Audit and risk committee report

3.2 Duties assigned by the board

In addition to the statutory duties of the audit committee, as reported above, and in accordance with the provisions of the Companies Act, 2008, the board of directors has determined further functions for the audit committee to perform, as set out in the audit committee's terms of reference. These functions include the following:

Risk management

The audit committee has oversight of the development and implementation of a policy and plan for systematic and disciplined approach to evaluate and improve the effectiveness of risk management processes within the group.

Internal audit

The audit committee is responsible for overseeing the internal audit function. The committee considers whether the internal audit function is independent and has the necessary resources, financial budgets, audit plans, standing and authority within the group to enable it to discharge its duties. The audit committee has also satisfied itself that the internal audit coverage plans and approach addresses the risks of the group and has reviewed any required changes to the scope of the audit plan.

The head of internal audit is responsible for reporting the findings of the internal audit work against the agreed internal audit plan to the audit committee on a regular basis, and has direct access to the audit committee, primarily through its chairman.

The audit committee is also responsible for the assessment and evaluation of the independence and effectiveness of the internal audit function and to ensure that the internal audit function is subject to an annual evaluation by the committee.

The audit committee is satisfied that it complied with its legal, regulatory or other responsibilities.

A review of the adequacy of management's corrective actions in response to significant internal audit findings and any significant differences of opinion has been made.

The audit committee considered and recommended the internal audit charter for approval by the board. The internal audit function's annual audit plan was approved by the audit committee.

Evaluation of the expertise and experience of financial director and finance function

The audit committee has satisfied itself that the financial director has appropriate expertise and experience. The audit committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

Whistle blowing

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

Compliance function

At each meeting, the Committee considered non-compliance with laws, regulations or supervisory requirements. No significant matters were reported.

4. Authority

The Committee carried out its duties and responsibilities with the necessary authority and appropriate professional support.

5. Access to the Committee

Any member of the Board, partner of the external auditors, head of internal audit, or any member of a Committee may bring to the notice of the Committee or its Chairman, the Group Chief Executive Officer or the Group Chief Financial Officer any material matter which he / she deems material.

Audit and risk committee report

6. Group financial statements

The committee recommended the group financial statements by the Board.

On behalf of the committee:

DTV Msibi
Audit and risk committee chairman

Johannesburg
15 June 2016

Grant Thornton

Independent Auditor's Report
To the shareholders of
Real People Investment Holdings Limited

We have audited the consolidated financial statements of Real People Investment Holdings Limited set out on pages 10 to 50, which comprise the statements of financial position as at 31 March 2016, 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 financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects the consolidated financial position of Real People Investment Holdings Limited as at 31 March 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 31 March 2016, we have read the Directors' Report, Audit and Risk Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 04 December 2015, we report that Grant Thornton has been the auditor of Real People Investment Holdings Limited for 9 years.

Grant Thornton

GRANT THORNTON JOHANNESBURG PARTNERSHIP
Registered Auditors

S Ho
Partner
Registered Auditor
Chartered Accountant (SA)

20 June 2016

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Directors' report

The directors submit their report on the group financial statements of Real People Investment Holdings Limited for the year ended 31 March 2016. The unconsolidated results for the holding company are available in a separate set of financial statements from the company's registered office.

1. Nature of business

Real People Investment Holdings Limited group offers a range of credit linked financial products to individuals and small and medium enterprises primarily in South Africa, Kenya and Uganda. The group also invests in non-performing consumer debt and provides collections services in respect of similar debt.

2. Review of financial results and activities

The strategic focus of the group remained unchanged with continued focus on growth in the main existing businesses being the Responsible Finance offering in South - and East Africa and the acquisition and collection of non-performing debt in South Africa.

Overall the group returned to profitability assisted by bond repurchase programme revenues and the release from the foreign currency translation reserve net of annual asset carrying value adjustments (refer to notes 6.1, 22 and 23 respectively). The group recorded a net profit after tax of R7.7 million (2015: R332.9 million loss).

The group remained adequately capitalised with a capital adequacy ratio of 34.5% (2015: 34.4%).

The group continued to raise new funding for ongoing asset origination albeit within an environment that is characterised by continued negative sentiment towards the unsecured lending industry. These efforts have contributed to improving the liquidity position of the group and its efforts to promote asset origination. The group raised R803.8 million in funding during the year through a successful listed bond programme in Kenya and secured funding in South Africa.

Management conducted an annual review of the methodologies and model inputs that are used to determine asset valuations and impairments with the view to adjusting these for the most recent performance trends. Overall a downward net carrying value adjustment of R82.2 million has been passed through the records.

The group received an offer for the purchase of the Aspire Group which has been accepted and approved by the Board. Agreements have been finalised with the effective date of sale being 1 January 2016. There is a contingent liability of approximately R28.6 million associated with this disposal, refer to note 31.

3. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which may require adjustment to or disclosure in these financial statements.

4. Share capital

Refer to note 11 of the group financial statements for detail of the movement in authorised and issued share capital. An additional 592 cumulative redeemable B preference shares were issued as scrip dividends.

5. Dividends

No ordinary dividends were declared for the financial year ended 31 March 2016. Preference dividends of R13.8 million (2015: R2.2 million) and R21.3 million (2015: R4.0 million) were raised on the compulsory convertible preference shares and cumulative redeemable preference shares respectively.

6. Borrowing powers

In terms of the Memorandum of Incorporation, the directors may exercise all the powers of the group to borrow money, as they consider appropriate. At 31 March 2016, the group’s borrowings amounted to R3.2 billion (2015: R3.1 billion), refer to note 13 of the financial statements for further information relating to borrowings.

Real People Investment Holdings Limited has a Domestic Medium Term Note Programme (DMTN) listed on the Interest Rate Market of the JSE Limited.

Directors' report

7. Directorate

The directors in office at the date of this report are as follows:

Directors	*Office*	*Designation*	*Changes in appointment*
N Grobbelaar	Group chief executive officer	Executive	
BA Schenk	Chief executive officer: Acquired Debt and Collections	Executive	
A Padachie	Group chief financial officer	Executive	
PG de Beyer	Chairman	Non-executive Independent	
RA Arnold		Non-executive Independent	Resigned 30 June 2015
DTV Msibi		Non-executive Independent	
MA Barnes		Non-executive	
RA den Besten		Non-executive	Resigned 25 May 2016
CA Christensen-Røed		Non-executive	Resigned 1 June 2015
CH Kocks		Non-executive	Resigned 1 June 2015
HC van Heerden		Non-executive	Appointed 1 April 2015
CA Glover		Non-executive	Appointed 27 August 2015
D Malik		Non-executive	Appointed 28 May 2015
K Hopkins		Non-executive	Appointed 17 June 2015
N Thomson		Non-executive	Appointed 27 August 2015
RW Baker		Alternate	Appointed 27 August 2015

8. Shareholders

The ordinary shares and no par value compulsory convertible preference shares of the company are held as follows:

	2016	**2015**
Old Mutual Life Assurance Company (South Africa) Limited	30.1 %	30.1 %
Management Private Equity Consortium	29.1 %	29.1 %
Norwegian Investment Fund for Developing Countries	15.7 %	15.7 %
BBBEE consortium	3.9 %	3.9 %
Private equity	13.2 %	13.2 %
Private individuals	8.0 %	8.0 %
	100.0 %	**100.0 %**

9. Auditors

Grant Thornton Johannesburg Partnership continued in office as auditor for the group for 2016.

10. Company secretary

The company secretary is MD Bosman.

Postal address

Private Bag X4000
Parklands
Johannesburg
2121

Business address

160 Jan Smuts Avenue
North Tower, Upper Ground
Rosebank
Johannesburg
2196

11. Group structure

Details of material interests in subsidiaries and special purpose entities are presented in the group financial statements in note 36.

Group statement of financial position as at 31 March 2016

Figures in Rand thousand	Notes	2016	2015
Assets			
Property, plant and equipment	2	38,599	45,447
Intangible assets	3	22,972	26,891
Deferred tax	4	194,015	190,362
Investment in associate and joint venture	5	32,631	30,402
Net advances	6	2,784,453	2,855,738
Reinsurance asset		1,150	1,564
Other receivables	7	161,538	116,918
Inventories		186	209
Derivative assets	8	126,706	23,554
Current tax receivable		23,676	14,514
Cash and cash equivalents	9	608,392	432,757
Assets of continuing operations		**3,994,318**	**3,738,356**
Assets of disposal groups	10	-	16,602
Total assets		**3,994,318**	**3,754,958**
Equity and liabilities			
Equity			
Equity attributable to equity holders of parent			
Share capital	11	541,183	541,183
Reserves		36,260	29,271
Accumulated loss		(27,302)	(24,148)
		550,141	546,306
Non-controlling interest		(13,537)	(10,601)
Total equity		**536,604**	**535,705**
Liabilities			
Borrowings	13	3,208,211	3,078,974
Deferred tax	4	27,734	11,875
Provisions	14	28,789	13,849
Gross insurance liability	15	1,559	6,532
Trade and other payables	16	178,549	96,948
Dividend payable		12,872	2,244
Liabilities of continuing operations		**3,457,714**	**3,210,422**
Liabilities of disposal groups	10	-	8,831
Total liabilities		**3,457,714**	**3,219,253**
Total equity and liabilities		**3,994,318**	**3,754,958**

Real People Investment Holdings Limited Group

Group Financial Statements for the year ended 31 March 2016

Group statement of profit or loss

Figures in Rand thousand	Notes	2016	2015
Continuing operations			
Revenue	18	**1,261,230**	**1,414,942**
Gross yield from assets	19	1,102,239	1,276,322
Impairments	6.3	(263,591)	(642,129)
Net yield		**838,648**	**634,193**
Finance costs	21	(408,938)	(396,106)
Net margin		**429,710**	**238,087**
Net assurance income - funeral benefits		45,679	36,731
Outsourced collection income		42,084	56,854
Other income		1,397	400
Net operating income		**518,870**	**332,072**
Foreign exchange gain (loss)	22	47,041	(46,019)
Gain on purchase of financial liabilities	23	121,461	-
Income (loss) from equity accounted investments	5	2,230	(1,306)
Operating expenses	24	(627,574)	(587,526)
Profit (loss) before taxation		**62,028**	**(302,779)**
Taxation	25	(52,662)	(20,460)
Profit (loss) from continuing operations		**9,366**	**(323,239)**
Disposal group			
Loss from disposal group	10	(1,675)	(9,654)
Profit (loss) for the year		**7,691**	**(332,893)**

Attributable to:			
Owners of the parent:			
Profit (loss) for the year from continuing operations		12,302	(313,506)
Loss for the year from disposal groups		(1,675)	(9,654)
Profit (loss) for the year attributable to owners of the parent		**10,627**	**(323,160)**
Non-controlling interest:			
Loss for the year from continuing operations		(2,936)	(9,733)
Profit (loss) for the year		**7,691**	**(332,893)**

Group statement of other comprehensive income

Figures in Rand thousand	Note	2016	2015
Profit (loss) for the year		**7,691**	**(332,893)**
Other comprehensive income:			
Items that are reclassified to profit or loss:			
Exchange differences on translating foreign operations		(5,234)	52,822
Effects of cash flow hedges	12	17,541	(11,709)
Taxation related to components of other comprehensive income	12	(5,318)	3,279
Other comprehensive income for the year net of taxation		**6,989**	**44,392**
Total comprehensive income (loss) for the year		**14,680**	**(288,501)**
Total comprehensive income (loss) attributable to:			
Owners of the parent		17,616	(278,768)
Non-controlling interest		(2,936)	(9,733)
		14,680	**(288,501)**

Group statement of changes in equity

Figures in Rand thousand	Share capital and share premium	Foreign currency translation reserve *	Hedging reserve	Total reserves	Accumulated loss	Total attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance at 01 April 2014	**431,945**	**(27,205)**	**12,084**	**(15,121)**	**316,074**	**732,898**	**(14,882)**	**718,016**
Loss for the year	-	-	-	-	(323,160)	(323,160)	(9,733)	(332,893)
Other comprehensive income	-	52,822	(8,430)	44,392	-	44,392	-	44,392
Issue of ordinary shares	122,927	-	-	-	-	122,927	-	122,927
Purchase of own / treasury shares	(16,797)	-	-	-	-	(16,797)	-	(16,797)
Conversion of ordinary shares to redeemable preference shares	(97,459)	-	-	-	-	(97,459)	-	(97,459)
Issue of preference shares	100,567	-	-	-	-	100,567	-	100,567
Preference dividends	-	-	-	-	(2,244)	(2,244)	-	(2,244)
Changes in ownership interest in subsidiary	-	-	-	-	(14,818)	(14,818)	14,014	(804)
Balance at 01 April 2015	**541,183**	**25,617**	**3,654**	**29,271**	**(24,148)**	**546,306**	**(10,601)**	**535,705**
Profit for the year	-	-	-	-	10,627	10,627	(2,936)	7,691
Other comprehensive income	-	(5,234)	12,223	6,989	-	6,989	-	6,989
Preference dividends	-	-	-	-	(13,781)	(13,781)	-	(13,781)
Balance at 31 March 2016	**541,183**	**20,383**	**15,877**	**36,260**	**(27,302)**	**550,141**	**(13,537)**	**536,604**
Notes	11		12					

* The translation reserve represents the cumulative position of translation gains and losses arising from the conversion of the net assets, and also certain long term intragroup loans, of the foreign subsidiary companies to the reporting currency.

Group statement of cash flows

Figures in Rand thousand	Notes	2016	2015
Cash flows from operating activities			
Cash generated from operations	26	470,769	968,812
Finance costs		(408,938)	(396,106)
Tax paid	27	(29,301)	(47,909)
		32,530	**524,797**
Cash flows from investing activities			
Additions to property, plant and equipment and intangible assets		(21,470)	(22,989)
Proceeds on disposal of property, plant and equipment and intangible assets		3,529	1,880
Sale of businesses	29	(888)	-
Redemption of financial assets		-	101,001
		(18,829)	**79,892**
Cash flows from financing activities			
Proceeds on share issue		-	53,100
Reduction of share capital or buy back of shares	11	-	(16,797)
Proceeds from borrowings		803,842	232,498
Repayment of borrowings		(638,755)	(637,162)
Dividends paid	28	(3,153)	(18,415)
		161,934	**(386,776)**
Total cash movement for the year		**175,635**	**217,913**
Cash and cash equivalents at the beginning of the year		432,757	214,844
Total cash and cash equivalents at end of the year	9	**608,392**	**432,757**

Accounting policies

1. Presentation of group financial statements

The group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, financial reporting pronouncements as issued by the Financial Reporting Standards Council, the Companies Act 71 of 2008 and the JSE Listing Requirements as they relate to listed debt securities. The group financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value and policy liabilities under insurance contracts that are valued in terms of the financial soundness basis. The group financial statements incorporate the principal accounting policies set out below and are presented in South African Rands.

The accounting policies are consistent with the previous period.

1.1 Accounting estimates and judgements

Management is required to make estimates and assumptions that affect the amounts represented in the group financial statements and related disclosures. The determination of estimates requires the exercise of judgement based on various assumptions and other factors including historical experience. Actual results in the future may vary from the estimates. Judgements and estimates are principally made in the following areas:

Impairment of advances

The group assesses its advances portfolio for impairment on a monthly basis and conducts an annual evaluation of estimates used and judgements applied during the year. As a result of the uncertainties inherent in business activities, impairment allowances cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. Management has used judgement, taking into consideration the micro-finance industry, in the development of the impairment practices.

Objective evidence of impairment at an individual loan basis is largely governed by the extent to which the account is in arrears. On a portfolio basis, management has used historical analysis of loss ratios, roll rates from performing status to non-performing status and similar risk indicators to assess impairment. The extent to which the current carrying value exceeds the estimated recoverable amount of advances is classified as an impairment. These estimates have been reviewed to accommodate comparable methodologies and current collection performance across the group's various asset classes, refer to note 6.1.

Fair value estimation of acquired debt

The fair value of acquired debt is calculated using valuation techniques, specifically net present value techniques. Acquired debt is recognised at transaction price initially, which is the best indicator of fair value. Thereafter, the acquired debt is measured on a portfolio basis by discounting future anticipated cash flows at market related interest rates. Actual receipting trends are reviewed against the anticipated cash flow forecasts in order to ensure the accuracy of forecasts.

Recognition of deferred tax asset

The group recognises the net future tax benefit related to deferred income 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 income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing taxation laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Repayment of an intragroup loan forming part of the original net investment in a foreign operation

Real People Kenya Limited, a company with a functional currency of Kenyan Shillings, was funded from inception by a group loan. Settlement of this loan was not considered planned or likely for many years. The loan was therefore considered part of the net investment of the foreign operation and foreign exchange gains or losses were recognised in other comprehensive income and accumulated in the foreign currency translation reserve. During the current year the company received funds under a listed bond programme in Kenya and repayments have been made. Full repayment is now considered planned and likely. This reflects a change in the net investment in that foreign operation and is therefore considered a partial disposal in the group accounts. Refer to notes 1.4 and note 22.

1.2 Consolidation

Basis of consolidation

The group financial statements incorporate the financial statements of Real People Investment Holdings Limited and all investees which are controlled directly or indirectly by the group.

The group has control of an investee when it has power over the investee; it is exposed to or has rights to variable returns from involvement with the investee; and it has the ability to use its power over the investee to affect the amount of the investor's returns.

The results of investees are included in the consolidated group financial statements from the effective date of acquisition to the effective date of disposal.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Investment in associates

An associate is an entity over which the company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method. Under the equity method, investments in associates are carried at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the company's interest in that associate are recognised only to the extent that the company has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment; however, a gain on acquisition is recognised immediately in profit or loss.

Business combinations involving entities under common control

Business combinations involving entities or businesses under common control comprise business combinations where both entities remain under the ultimate control of the holding company before and after the combination, and that control is not transitory. The assets and liabilities in common control transactions within the group are transferred at existing carrying value with no gain or loss being recognised in profit or loss. Any differences between the amount paid and the carrying value of assets and liabilities is recognised directly in equity.

Joint ventures

An interest in a joint venture is accounted for using the equity method. Under the equity method, interests in joint ventures are carried at cost adjusted for post acquisition changes in the group's share of net assets of the joint venture, less any impairment losses.

Accounting policies

1.3 Disposal groups

Disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Liabilities are classified as held for sale and presented as such in the statement of financial position if they are directly associated with a disposal group. Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the group's relevant accounting policy for those assets.

1.4 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition are recognised in profit or loss in the period in which they arise.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities are translated at the closing rate at each reporting date;
- income and expenses are translated at exchange rates at the dates of the transactions or suitable averages; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Net investment in foreign operations

Net investment in a foreign operation is the amount of the reporting entity's interest in the net assets of that operation. Any monetary items that are receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future is part of the entity's net investment in that foreign operation. Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially in other comprehensive income and accumulated in the translation reserve.

When settlement of the monetary item originally included as part of the net investment in the foreign operation becomes planned and likely to occur in the foreseeable future due to changes in economic circumstances, this item is no longer considered part of the net investment of the foreign operation. Such settlements are treated as a partial disposal of the net investment, and the cumulative amount of the exchange differences relating to that monetary item, recognised in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

1.5 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Property is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate the cost of plant and equipment over their estimated useful lives to their residual values, as follows:

Item	*Useful life*
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years
Leasehold improvements	6 years

The residual value, useful life and depreciation method of each material asset is reviewed at the end of each reporting period.

Accounting policies

1.5 Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

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

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. However, costs that are clearly associated with an identifiable system, which will be controlled by the group and has a probable benefit exceeding the cost beyond one year, are recognised as an asset.

Capitalisation is further limited to development costs where the group is able to demonstrate its intention and ability to complete and use the software, the technical feasibility of the development, the availability of resources to complete the development, how the development will generate probable future economic benefits and the ability to measure costs relating to the development reliably. The internally generated computer software is amortised on a straight line basis over an estimated useful life of five years.

As the internally generated computer software is specific to the group operations, no residual value is estimated.

Research expenditure is recognised as an expense when it is incurred.

1.7 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

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

Financial instruments are measured initially at fair value.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are measured subsequently at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period. Acquired debt has been designated as a financial instrument at fair value through profit or loss.

Loans and receivables are measured subsequently at amortised cost, using the effective interest method, less accumulated impairment losses. Loans and receivables include advances originated by the group, cash and cash equivalents and other receivables.

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, investments in money market instruments and cash at bank.

Financial liabilities at amortised cost are measured subsequently at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the liability on an effective interest basis.

Derivative financial instruments, which are not designated as hedging instruments are measured initially at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

1.7 *Financial instruments (continued)*

Impairment of financial assets

At each reporting date the group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the expected future cash flows of the asset that can be measured reliably. Impairment losses are recognised in profit or loss.

Objective evidence of a loss event is considered in the context of the market segment in which the group operates. A missed instalment is regarded as objective evidence only if such a missed instalment is followed by further missed instalments within a relatively short time period thereafter.

Advances are stated net of identified impairments and incurred, but not identified, impairments. If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Non-performing loans are defined as loans that have more than three instalments in arrears, calculated on a cumulative basis by reference to the original contractual instalment. Where a non-performing loan has been modified to ease repayment terms, a new current effective interest rate is calculated and used to discount future cash flows. The restructured loan is accounted for as an extinguishment of the original loan and the recognition of a new loan. The asset is derecognised at the associated value. The restructured loan is recognised at fair value initially and subsequently at amortised cost using the current effective interest rate and the expected future cash flows. The effective interest rate of the new financial asset is the rate determined to arrive at the fair valuation of the loan at the date of the modification. Any difference between the carrying value of the original loan and the initial recognition of the modified loan is recognised in profit or loss. Post the restructure, the loan is valued using the current effective interest rate.

Advances are regarded as written off on an individual basis when no receipts have been received for a period of twelve consecutive months. The written off loans are considered restructured advances and are carried at their recoverable amount, being the present value of estimated future cash flows discounted at the effective interest rate based on the modified terms. The recoverable amount is calculated on a portfolio basis and is disclosed as part of net advances.

Hedging activities

Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through profit or loss.

The group designates certain derivatives as either:
- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised to other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. The gain or loss relating to cash flow hedges recognised in other comprehensive income and accumulated in a separate reserve in equity are subsequently reclassified to profit or loss in the periods when the hedged item affects profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation is discharged or cancelled or expires.

1.7 Financial instruments (continued)

Offsetting financial assets and liabilities

The group offsets financial assets and liabilities when it has a legal right to offset such financial instruments and there is an intention to settle these financial instruments on a net basis.

1.8 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 or 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 end of each reporting period.

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 an asset or liability in a transaction (other than a business combination) which at the time of the transaction affects neither accounting nor taxable profit or loss.

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. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) which at the time of the transaction affects neither accounting profit nor taxable profit or loss.

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, refer to note 1.1.

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 end of each reporting period.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease expenses are recognised in profit or loss over the lease term. Most of the leases are inflation linked and therefore straight lining the expense is not applicable.

1.10 Impairment of non-financial assets

The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset. 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 and is recognised immediately in profit or loss.

An impairment loss, other than goodwill impairment which may not be reversed, is reversed only to the extent that the asset's carrying value does not exceed the carrying value that would have been determined had no impairment been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

1.11 Share capital and equity

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

1.11 Share capital and equity (continued)

If the company reacquires its own equity instruments, the consideration paid on those treasury shares are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company’s own equity instruments. The consideration paid or received shall be recognised directly in equity.

1.12 Provisions

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.

A restructuring provision is raised when the group has a detailed formal plan for the restructure and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A provision for onerous contracts is raised when the unavoidable costs of meeting the obligations in terms of contracts exceed the benefits to be received under those contracts.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation except where the expected outflow is within the next twelve months and the effects of discounting are considered to be not material.

1.13 Revenue recognition

Interest income

Interest income earned on advances is recognised on a time apportionment basis that takes into account the effective yield on assets.

Fees and commission

Fees and commission income that are integral to the effective interest rate on financial assets are included in the measurement of the effective interest rate.

Other fees and commission income, including monthly service fees, tuition fees, administration and management fees, are recognised as the related services are performed.

Commission income from outsourced contracts is recognised by reference to the stage of completion of the transaction at reporting date. The stage of completion is determined by the proportion the costs incurred to date bear to the total estimated costs of the transaction.

Fair value yield

Acquired debt advances are carried at fair value. The fair value is calculated monthly by discounting future expected cash flows at a market related rate of return. The fair value yield recognised in profit or loss is the change in the fair value of these advances from one reporting period to the next.

Insurance income

Premiums on insurance contracts are recognised gross of commission when due.

1.14 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Employee benefits

Short-term employee benefits

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.16 Insurance contracts

Recognition and measurement

The group issues Insurance and Investment Contracts.

Premiums are recognised as revenue when they become payable by the contract holder. Premiums are shown before deduction of commission. Benefits are recorded as an expense when incurred.

The majority of insurance liabilities are calculated by the projecting liability outgo and expected future premiums and discounting the cash flows to the valuation date based on the valuation interest rate. These are referred to as discounted liabilities. The majority of the liabilities are negative. An incurred but not reported (IBNR) reserve (undiscounted) has also been established.

Undiscounted liabilities
- The IBNR reserves are determined using an estimate of office premium based on the Bornheutter-Ferguson Method.

Discounted liabilities
- The insurance liabilities for the balance of the business are established on a policy by policy basis. The basis of the projections is a "best estimate" assumption basis. In addition, compulsory margins are added to allow for risk and uncertainty based on the relevant Actuarial Guidance Note. Negative liabilities are eliminated on a policy by policy basis.

Reinsurance contracts held

These are contracts under which the insurance company is compensated for a portion of the losses on one or more contracts. The benefits to which the insurance company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due. Reinsurance profit share comprises negotiated profit shares with reinsurers. Income is recognised on an accrual basis as profits arise.

Liability adequacy test

At each reporting date, tests are performed to ensure the adequacy of the contract liability. Current best estimates of future contractual cash flows and claims handling and administration expenses, as well as investment income backing liabilities are used in performing these tests. Any deficiency is charged to profit or loss immediately. When the liability adequacy tests require the adoption of new best estimate assumptions, such assumptions are used for the subsequent measurement of these liabilities.

1.17 New accounting standards and interpretations not yet effective

A number of new accounting standards, amendments to standards and interpretations have been published by the International Accounting Standards Board. However, they have not yet become effective and have thus not been applied to the financial statements for 2016. The group has not yet assessed the impact that these standards may have on future financial statements. The following are those which are considered to affect the group:
- IFRS 9 *Financial Instruments* (effective 1 January 2018) is a new standard that forms the first part of a three-part project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. The completed standard comprises guidance on classification and measurement, impairment, hedge accounting and derecognition.

Accounting policies

1.17 New accounting standards and interpretations not yet effective (continued)

- IFRS 15 *Revenue from Contracts with Customers* (effective 1 January 2018) is a new standard that requires entities to recognise revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.
- IFRS 16 *Leases* (effective 1 January 2019) is a new standard that introduces a single lessee accounting model. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 also requires enhanced disclosures for leases.

Annual improvements or amendments to standards already in issue applicable in future financial statements and most relevant to the group:

- Amendment to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (effective 1 January 2016) clarifies that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change.
- Amendment to IFRS 7 *Financial Instruments: Disclosures* (effective 1 January 2016) clarifies under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts. The amendments also clarify the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates* (effective 1 January 2016) include narrow-scope amendments to introduce clarifications to the requirements when accounting for investment entities and to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture.
- Amendments to IFRS 11 *Joint arrangements* (effective 1 January 2016) provides new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specifies the appropriate accounting treatment for such acquisitions.
- Amendments to IFRS 12 *Disclosure of Interests in Other Entities* (effective 1 January 2016) includes narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 to introduce clarifications to the requirements when accounting for investment entities.
- Amendment to IAS 1: *Presentation of Financial Statements* (effective 1 January 2016). Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.
- Amendment to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* (effective 1 January 2016) establishes the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.
- Amendment to IAS 27: *Consolidated and Separate Financial Statements* (effective 1 January 2016) will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.
- Amendment to IAS 34: *Interim Financial Reporting* (effective 1 January 2016) clarifies the meaning of disclosure of information elsewhere in the interim financial report.

The application of certain new and revised IFRSs has not had a material effect on these financial statements.

Notes to the group financial statements

Figures in Rand thousand	2016	2015

2. Property, plant and equipment

	2016			2015		
	Cost	*Accumulated depreciation*	*Carrying value*	*Cost*	*Accumulated depreciation*	*Carrying value*
Property	295	-	295	295	-	295
Furniture and fittings	22,301	(9,666)	12,635	20,420	(8,003)	12,417
Motor vehicles	11,698	(7,448)	4,250	14,194	(6,817)	7,377
Office equipment	11,225	(7,582)	3,643	9,551	(6,810)	2,741
Computer equipment	79,774	(64,810)	14,964	76,870	(57,678)	19,192
Leasehold improvements	7,344	(4,532)	2,812	7,513	(4,088)	3,425
	132,637	**(94,038)**	**38,599**	**128,843**	**(83,396)**	**45,447**

Reconciliation of property, plant and equipment - 2016

	Opening balance	*Additions*	*Disposals*	*Foreign exchange movements*	*Depreciation*	*Closing balance*
Property	295	-	-	-	-	295
Furniture and fittings	12,417	2,650	(740)	896	(2,588)	12,635
Motor vehicles	7,377	1,009	(1,734)	222	(2,624)	4,250
Office equipment	2,741	2,220	(88)	296	(1,526)	3,643
Computer equipment	19,192	7,494	(498)	126	(11,350)	14,964
Leasehold improvements	3,425	333	-	-	(946)	2,812
	45,447	**13,706**	**(3,060)**	**1,540**	**(19,034)**	**38,599**

Reconciliation of property, plant and equipment - 2015

	Opening balance	*Additions*	*Disposals*	*Transferred to investment in associate*	*Foreign exchange movements*	*Depreciation*	*Closing balance*
Property	295	-	-	-	-	-	295
Furniture and fittings	10,417	4,235	(292)	(515)	426	(1,854)	12,417
Motor vehicles	10,162	829	(1,113)	-	138	(2,639)	7,377
Office equipment	3,390	414	(97)	(186)	215	(995)	2,741
Computer equipment	23,558	7,054	(657)	(241)	243	(10,765)	19,192
Leasehold improvements	4,197	170	-	-	-	(942)	3,425
	52,019	**12,702**	**(2,159)**	**(942)**	**1,022**	**(17,195)**	**45,447**

Pledged as security

Property, plant and equipment with a carrying value of R3.5 million (2015: R7.0 million) has been acquired under instalment sale agreements and is encumbered as security for the outstanding balance, refer to note 13.

3. Intangible assets

	2016	2015
Computer software, internally generated		
Cost	29,732	30,615
Accumulated amortisation/impairment	(6,760)	(3,724)
	22,972	**26,891**

Figures in Rand thousand	2016	2015

3. Intangible assets (continued)

Reconciliation of internally generated computer software

	2016	2015
Opening balance	26,891	20,066
Internally generated	7,766	10,287
Amortisation	(3,926)	(2,707)
Impairment loss	(7,759)	(692)
Transferred to investment in associate	-	(63)
	22,972	**26,891**

4. Deferred tax

	2016	2015
Deferred tax asset	194,015	190,362
Deferred tax liability	(27,734)	(11,875)
	166,281	**178,487**

Deferred tax is attributable to the following:

	2016	2015
Advances	75,433	(53,980)
Tax losses available for set off against future taxable income	92,803	254,876
Provisions	3,672	(7,597)
Foreign exchange	(1,873)	(23,563)
Deferred expenses	4,360	11,494
Cash flow hedge	(6,738)	(1,420)
Fair value hedge	(3,775)	(3,037)
Other	2,399	1,714
	166,281	**178,487**

Reconciliation of deferred tax

	2016	2015
At beginning of the year	178,487	144,315
Advances	129,413	59,396
Decrease in tax loss available for set off against future taxable income	(162,073)	(19,132)
Deferred expenses	(7,134)	7,782
Provisions	11,269	765
Foreign exchange	21,690	(7,770)
Cash flow hedge	(5,318)	3,279
Fair value hedge	(738)	(96)
Prior year adjustments	-	(5,469)
Other	685	1,384
Transfer to investment in associate	-	(5,967)
	166,281	**178,487**

Recognition of deferred tax asset

The main operating company, Real People (Pty) Limited, recognised a deferred tax asset where utilisation is dependent on profits in excess of the reversal of taxable temporary differences. The net deferred tax asset raised comprising both timing differences and tax losses was R164.0 million (2015: R168.5 million) and is largely a result of asset carrying value adjustments in the prior periods. Management has assessed the carrying value of this asset against modelled medium to long term business plans and considers it probable that the asset will be utilised in the foreseeable future.

The group did not recognise deferred tax assets of R181.5 million (2015: R93.0 million) in respect of losses that could be carried forward against future taxable income at current applicable tax rates.

Notes to the group financial statements

Figures in Rand thousand	2016	2015

5. Investment in associate and joint venture

Name of company	*Nature of investment*	*% ownership interest 2016*	*% ownership interest 2015*	*Carrying amount 2016*	*Carrying amount 2015*
Dorreal Properties (Pty) Limited	Joint venture	50.00 %	50.00 %	32,631	30,402
Empower Financial Services (Pty) Limited	Associate	49.10 %	49.10 %	37,767	37,767
Impairment of investment in Empower Financial Services (Pty) Limited				(37,767)	(37,767)
				32,631	30,402

The investment in Dorreal Properties (Pty) Limited, a property company which owns one of the primary buildings from which the group operates in South Africa, is considered a joint venture as the shareholders have joint control over the arrangement.

Empower Financial Services (Pty) Limited provides rehabilitative loans and financial rehabilitation solutions to over-indebted employees of state owned entities in South Africa. The group does not control the company nor does the group have any further obligation for losses of the associate. The investment has been impaired to nil as the company's liabilities exceed its assets.

Notes to the group financial statements

Figures in Rand thousand

5. Investment in associate and joint venture (continued)

Summarised financial information

	Dorreal Properties (Pty) Limited		*Empower Financial Services (Pty) Limited*		*Total*	
Summarised statement of profit or loss	*2016*	*2015*	*2016*	*2015*	*2016*	*2015*
Revenue	15,334	1,464	120	3,297	15,454	4,761
Other income and expenses	(4,600)	(853)	(4,808)	(28,502)	(9,408)	(29,355)
Tax expense	(1,717)	(123)	-	-	(1,717)	(123)
Profit (loss) from operations	9,017	488	(4,688)	(25,205)	4,329	(24,717)
Preference dividends	(2,299)	(476)	-	-	(2,299)	(476)
Total comprehensive income (loss)	6,718	12	(4,688)	(25,205)	2,030	(25,193)

Summarised statement of financial position						
Assets						
Non-current	81,137	75,026	661	775	81,798	75,801
Current	2,341	66	1,503	1,071	3,844	1,137
Total assets	83,478	75,092	2,164	1,846	85,642	76,938
Liabilities						
Non-current	37,599	38,315	42,155	38,529	79,754	76,844
Current	299	206	2,207	-	2,506	206
Total liabilities	37,898	38,521	44,362	38,529	82,260	77,050
Total net assets (liabilities)	45,580	36,571	(42,198)	(36,683)	3,382	(112)

Reconciliation of net assets (liabilities) to equity accounted investments						
Interest at percentage ownership	22,790	18,286	(20,719)	(18,011)	2,071	275
Loans to associate	-	-	34,354	34,375	34,354	34,375
Additional investment in preference shares	13,150	12,116	-	-	13,150	12,116
Goodwill	-	-	3,392	3,392	3,392	3,392
Impairment of investment	(3,309)	-	(17,027)	(19,756)	(20,336)	(19,756)
Carrying value	32,631	30,402	-	-	32,631	30,402

Investment at beginning of period	30,402	-	-	-	30,402	-
Acquisition	-	30,000	-	-	-	30,000
Transferred net assets	-	-	-	(28,301)	-	(28,301)
Loans to associate	-	-	-	34,375	-	34,375
Goodwill	-	-	-	3,392	-	3,392
Share of profit (loss)	43	6	(2,302)	(1,707)	(2,259)	(1,701)
Impairment of investment	-	-	2,302	(7,759)	2,302	(7,759)
Dividends received	2,186	396	-	-	2,186	396
Investment at end of period	32,631	30,402	-	-	32,631	30,402

Figures in Rand thousand

6. Net advances

	2016			2015		
	Gross advances	*Impairment of advances*	*Net advances*	*Gross advances*	*Impairment of advances*	*Net advances*
Loans and receivables at amortised cost						
South Africa	1,082,448	(390,600)	691,848	2,318,760	(1,062,490)	1,256,270
East Africa	435,852	(70,030)	365,822	309,540	(35,158)	274,382
Present value of estimated cash flows on written off advances			623,193			436,298
Total credit products	**1,518,300**	**(460,630)**	**1,680,863**	**2,628,300**	**(1,097,648)**	**1,966,950**
Education asset	604,118	(492,426)	111,692	738,064	(597,907)	140,157
Fair value through profit or loss - designated						
Acquired debt			978,229			727,105
Other asset						
Outsourced collections asset			13,669			21,526
	2,122,418	**(953,056)**	**2,784,453**	**3,366,364**	**(1,695,555)**	**2,855,738**

6.1 Change in accounting estimates

Management has conducted an annual review of estimates and judgements applied in assessing the carrying value of net advances in light of recent performance. The result of this review was a downward net asset carrying value adjustment of R82.2 million.

Loans and receivables

In the Responsible Finance segment this was as a result of the following:
- Improvements in asset quality and collection performance in the Home Finance division which gave rise to a recalibration of the probability of default (PD) and loss given default (LGD) used in estimating impairment provisions.

- Collection stress in the Business Finance division, together with impairment model refinements.

The impairment provision for the Discontinued Receivables segment was adjusted for the following reasons:
- Origination within the general purpose lending portfolio ceased in March 2012. Due to the discontinued nature of the portfolio and the pay down of the performing loan book to immaterial levels, the entire portfolio was classified as written off in the current year. In line with the group's accounting policy, written off loans are considered restructured advances and are carried at their recoverable amount, being the present value of estimated future cash flows discounted at the current effective interest rate based on the modified terms. The discount rate was therefore reviewed and adjusted in line with a restructured and aging portfolio taking into consideration the performance of the portfolio.
- The discontinued cellular portfolio underperformed receipting expectations and therefore this asset class was further impaired to align the carrying value with a lower expectation of future recoveries aligned to current trends.

Fair value through profit or loss

DMC, the collections division of the group, manages the acquired debt portfolio and regularly evaluates the portfolio's performance on a fair value basis in accordance with a documented risk management and investment strategy. The current year fair value adjustment took into account the following:
- The existing portfolio was performing in line with valuation expectations.
- Collection on the newly acquired books was exceeding expectation.

Figures in Rand thousand	2016	2015

6. Net advances (continued)

6.2 Analysis of credit products

	2016	2015
Performing advances	998,987	1,223,657
Non-performing loans (NPLs)	519,313	1,404,643
Gross advances	1,518,300	2,628,300
Impairment of advances	(460,630)	(1,097,648)
Present value of estimated cash flows on written off advances	623,193	436,298
	1,680,863	**1,966,950**

The ratio of non-performing loans to gross advances has changed significantly following the re-classification of discontinued receivables into the written off category of net advances.

	2016	2015
NPLs to gross advances	34.2 %	53.4 %
NPL coverage	88.7 %	78.1 %

6.3 Impairment of advances

	2016	2015
At beginning of the year	1,097,648	1,317,728
Provision for impairment	263,591	642,129
Transferred from disposal group	-	68,256
Net provisions written off	(900,609)	(930,465)
	460,630	**1,097,648**

6.4. Acquired debt fair value measurements

Financial instruments are grouped into various levels based on the degree to which fair value is observable. Acquired debt portfolios are classified as level three on the fair value hierarchy as fair value measurements are derived from valuation techniques that include inputs that are not based on observable market data.

The acquirer of a non performing portfolio effectively carries out a process of risk discovery and transformation on the portfolio as potential cash flow expectations are converted to actual annuity cash flows.

Acquired debt portfolios are recognised initially at purchase price, being the best estimate of fair value determined between a willing buyer and seller in a competitive bidding process.

For the first nine months on book acquired debt portfolios are fair valued individually using the gross cash flows and discount rate inherent in the original pricing decision. The risk emergence period has been recalibrated from twelve to nine months as a result of model refinements.

Subsequent to purchase a process of risk transformation is conducted by the buyer.

For acquired debt portfolios on book greater than nine months fair value is calculated using net present value techniques. The key components of the net present value calculation are the expected future cash flows of the various acquired debt portfolios and the discount rate applied thereto. Each portfolio retains its original purchase identity based on the credit provider it was purchased from and the date it was purchased. Expected cash flows are calculated separately for each of these portfolios. This expectation is derived using statistical software called SAS which is widely used for advanced predictive analytics. For Acquired debt portfolios greater than nine months on book the portfolio specific risks and pricing error risks are considered to have emerged. Collections run rates at this point have proved to be stable and capable of being statistical derived. Estimated cash flows are discounted at a rate designed to value the portfolio on a basis that generates market related returns to debt and equity providers. This discount rate is determined from time to time by the board on recommendation of the Audit and risk committee. The current discount rate applicable amounts to 30.91% (2015: 30.6%) per annum.

Notes to the group financial statements

Figures in Rand thousand	2016	2015

6.4 Acquired debt fair value measurements (continued)

Reconciliation of acquired debt

At beginning of the year	727,105	664,960
Fair value yield on acquired debt	408,985	308,384
Purchases	333,720	138,235
Receipts	(491,581)	(384,474)
	978,229	**727,105**

7. Other receivables

Trade receivables	35,515	19,418
Prepayments	5,865	5,556
Deposits	3,220	2,627
VAT	25,380	3,187
Staff loans and advances	6,738	7,553
Loan receivables	8,858	12,219
Assurance investment loans	75,962	66,358
	161,538	**116,918**

The investment loans are unsecured, bear interest at a weighted average rate of 14.7% (2015: 13.5%) and have an average repayment period of 12 instalments. The solvency of the companies in which the group has invested is assessed at each board meeting of the Assurance Company.

8. Derivative assets

Derivatives used for hedging		
Cross currency swaps - Cash flow hedge	84,210	3,103
Cross currency swap - Fair value hedge	42,496	20,451
	126,706	**23,554**

The group uses cross currency swaps to manage risks arising from borrowings in foreign currencies. Cash flow hedges are used to hedge the foreign currency and cash flow risk of borrowings in Swedish and Norwegian Krona and a fair value hedge is used to hedge the foreign currency and interest rate risk arising from borrowings in Botswana Pula.

The cash flows on the cross currency swaps match the cash flow profile of the borrowings substantially. For the cash flow hedge, interest payments are made quarterly with capital repayable on maturity of the transaction in September 2018.

The cross currency swaps above are classified as level three on the fair value hierarchy as they are specifically designed to match the terms of the loan.

Figures in Rand thousand | 2016 | 2015

8. Derivative assets (continued)

Reconciliation of financial assets classified as level 3 - 2016

	Opening balance	*Gains or losses in profit or loss*	*Recognised in other comprehensive income*	*Collateral*	*Total*
Cross currency swaps - Cash flow hedge	3,103	-	135,876	(54,769)	84,210
Cross currency swap - Fair value hedge	20,451	22,045	-	-	42,496
	23,554	**22,045**	**135,876**	**(54,769)**	**126,706**

Reconciliation of financial assets classified as level 3 - 2015

	Opening balance	*Gains or losses in profit or loss*	*Recognised in other comprehensive income*	*Collateral*	*Total*
Cross currency swaps - Cash flow hedge	50,977	-	(102,643)	54,769	3,103
Cross currency swap - Fair value hedge	15,660	4,791	-	-	20,451
	66,637	**4,791**	**(102,643)**	**54,769**	**23,554**

The collateral reflected above is the amount paid to the swap counterparty to compensate for counterparty settlement risk in terms of the contract. In terms of the contract the group is able to set this off against the swap liability. In the current year the derivative was an asset and therefore the collateral was released.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016	2015
Cash on hand	677	326
Bank balances	607,715	432,431
	608,392	**432,757**

The cash and cash equivalents with a carrying value of R276.9 million (2015: R159.0 million) in certain special purpose entities and Real People Assurance Company Limited are not available for use by the group as these assets are ring-fenced, refer to note 36.

There has been concern surrounding the recoverability of cash deposited with Rafiki Bank, a subsidiary of Chase Bank which was placed under recovery and resolution by the Kenya Central Bank after reporting date. Management has negotiated a payment plan with Rafiki Bank which has been honoured to date. Based on actions by Rafiki Bank, management expects full recovery, however, there is still concern surrounding the recoverability of the amount of R18.8 million. This is being monitored closely by management.

A number of subsidiaries are incorporated outside the common monetary area and exchange controls could temporarily limit the amount of funds that can be transferred to and from the foreign subsidiaries.

The group's liquidity policy requires that sufficient cash is held to meet all fixed payment commitments for a twelve month period, along with 90% of anticipated receipts from net advances. Refer to note 34 for the liquidity policy.

Credit quality of cash at bank

The credit quality of cash at bank can be assessed by reference to external credit ratings.

	2016	2015
Credit rating		
South Africa - Standard & Poors (zaAA-)	539,565	387,485
Not rated	68,150	44,946
	607,715	**432,431**

Notes to the group financial statements

Figures in Rand thousand	2016	2015

10. Disposal group

The Aspire Group was sold with an effective date of 1 January 2016 to a related party. However, note the contingent liability disclosed in note 31.

The comparatives include the results of the Cellular sales channel up to the date of closure in June 2014.

The carrying value of the assets was considered to be lower than fair value less costs to sell and therefore there has been no re-measurement of the disposal group at reporting date.

Profit or loss

	2016	2015
Revenue	64,351	105,772
Expenses	(68,361)	(123,267)
Net loss before tax	(4,010)	(17,495)
Tax	2,335	7,841
	(1,675)	**(9,654)**

Assets and liabilities

	2016	2015
Assets of disposal group	-	16,602
Liabilities of disposal group	-	(8,831)
	-	**7,771**

	2016	2015
Cash flows		
Cash flows from operating activities	1,278	(27,503)
Cash flows from investing activities	(664)	(930)
Cash flows from financing activities	(474)	28,363
	140	**(70)**

11. Share capital

	2016	2015
Authorised		
1,000,000 ordinary shares with a par value of R0.01 each	10	10
13,697 cumulative convertible redeemable voting preference shares with a par value of R0.01 each	-	-
10,000 redeemable non-cumulative preference shares	-	-
500,000 no par value compulsory convertible preference shares	-	-
100,000 no par value cumulative redeemable A preference shares	-	-
100,000 no par value cumulative redeemable B preference shares	-	-
100,000 no par value C shares	-	-
100,000 no par value D shares	-	-
	10	**10**

	2016	2015
Reconciliation of number of ordinary shares issued:		
Previously reported	216,347	153,294
Share repurchase - ordinary shares	-	(9,257)
Issue of shares - ordinary shares	-	72,310
	216,347	**216,347**

Figures in Rand thousand	2016	2015

11. Share capital (continued)

Issued		
216,347 ordinary shares	2	2
59,157 no par value compulsory convertible preference shares	100,567	100,567
32,352 no par value cumulative redeemable A preference shares *	-	-
7,713 (2015: 7,121) no par value cumulative redeemable B preference shares *	-	-
Share premium	440,614	457,411
Treasury shares held by subsidiaries	-	(16,797)
	541,183	**541,183**

The holders of ordinary shares (except for treasury shares held by subsidiaries of the company) are entitled to vote at meetings of the shareholders; however no dividends may be paid to the ordinary shareholders while there are compulsory convertible preference shares in issue.

Real People South Africa Holdings (Pty) Limited held 9,257 of the ordinary shares in the holding company in the prior year. These were held as non-voting treasury shares. These shares were declared as an in specie dividend to the holding company on 30 March 2016 and are now disclosed within share premium.

The holders of the compulsory convertible preference shares (CCPS) are entitled, in respect of each unconverted share held, to preference dividends annually. These preference dividends are paid to the holders, in priority to the payment of dividends in respect of the ordinary shares but behind the cumulative redeemable preference shares which are prior ranking shares in the company's share capital. On the fifth anniversary of the issue date, each CCPS will be converted into ordinary shares in the share capital of the company by the issue of one ordinary share for every CCPS held. Every holder of a CCPS has one vote together with the holders of ordinary shares.

The cumulative redeemable A preference shares and cumulative redeemable B preference shares rank in priority in all respects (including without limitation as to the payment of dividends, redemption prices and other amounts) to all other classes of shares. Each holder shall be entitled to preference dividends annually which are cumulative. 592 cumulative redeemable B preference shares were issued as scrip dividends in lieu of cash dividends during the year.

* The redeemable preference shares are classified as a financial liability in terms of IFRS.

12. Hedging reserve

Opening balance	3,654	12,084
Amount recognised in other comprehensive income	17,541	(11,709)
(Loss) gain on cash flow hedges arising during the year	135,876	(102,643)
Effective portion of cash flow hedge recycled to profit or loss	(150,198)	90,934
Release on bond buy back	31,863	-
Tax	(5,318)	3,279
	15,877	**3,654**

13. Borrowings

Held at amortised cost		
Bonds - South Africa	1,242,730	1,635,199
Bonds - Kenya	224,137	-
Loans	1,570,940	1,287,757
Preference shares	170,404	156,018
	3,208,211	**3,078,974**

All borrowings in currency other than South African Rands have been fully hedged with cross currency swaps.

Notes to the group financial statements

Figures in Rand thousand	2016	2015

13. Borrowings (continued)

Terms of borrowings

	2016	2015
Secured	1,083,703	637,083
Subordinated	271,564	303,654
Unsecured	1,852,944	2,138,237
	3,208,211	**3,078,974**

	2016	2015
Floating rates	2,919,190	2,895,058
Fixed rates	289,021	183,916
	3,208,211	**3,078,974**

	2016	2015
Average effective interest rate	12.5 %	11.8 %

The following represents the book value of the security for these borrowings:

	2016	2015
Net advances	1,277,860	720,697
Cash and cash equivalents	242,942	126,533
Plant and equipment	3,477	6,966
	1,524,279	**854,196**

14. Provisions

Reconciliation of provisions - 2016

	Opening balance	*Created during the year*	*Utilised during the year*	*Reversed during the year*	*Total*
Restructuring provision	7,436	2,008	(7,436)	-	2,008
Onerous contract	4,773	-	(3,000)	(1,773)	-
Bonus provision	1,640	8,650	(7,897)	-	2,393
Incentive provision	-	24,388	-	-	24,388
	13,849	**35,046**	**(18,333)**	**(1,773)**	**28,789**

The restructuring provision in the prior year related to non-recurring costs associated with a cost reduction programme. In the current year the restructuring provision relates to employees within the Business Finance South Africa division that has been designated for closure or sale.

Employees in non-managerial roles are eligible for consideration of an annual discretionary bonus linked to individual and departmental performance while executive and management employees are eligible for consideration for a short-term incentive paid annually after the year end results are finalised. Discretionary individual incentive allocations are based on a combination of group, divisional and individual performance, including financial, non-financial and risk management elements.

15. Gross insurance liability

	2016	2015
Gross insurance liability	1,559	6,532

The net insurance liability comprises the following:		
Gross insurance liability	1,559	6,532
Reinsurance asset	(1,150)	(1,564)
	409	**4,968**

Figures in Rand thousand	2016	2015

15. Gross insurance liability (continued)

Split between discounted and undiscounted liabilities

	2016	2015
Discounted liabilities	(14,207)	(15,691)
Undiscounted liabilities	14,616	20,659
	409	**4,968**

Reconciliation of movement in insurance liabilities

Discounted liabilities

	2016	2015
Opening balance	(15,691)	(21,008)
Expected interest on insurance liabilities	(3,569)	(8,567)
Expected premiums on insurance liabilities	135,945	209,651
Expected unwinding of margins	(10,905)	(7,802)
Expected claims, maturities and surrenders	(31,770)	(40,298)
Expected expenses, commission and charges	(41,026)	(53,647)
Experience variation	(2,657)	3,994
Extension of term	(19,047)	(39,304)
Changes in valuation basis	(536)	26,364
New business added during the year	(13,682)	(12,131)
Discretionary margins	(11,269)	(72,943)
	(14,207)	**(15,691)**

Undiscounted liabilities

	2016	2015
Opening balance	20,659	21,133
Withdrawals during the year	(10,949)	(10,920)
Change in valuation basis	-	4,692
New business added during the year	4,906	5,754
	14,616	**20,659**

16. Trade and other payables

	2016	2015
Trade payables	14,883	11,596
Insurance contract liabilities	62,796	54,817
Accrued leave pay	2,743	4,165
Accrued expenses	31,776	25,323
Deposits received	504	1,047
Settlement creditor for bond repurchases (refer to note 23)	65,847	-
	178,549	**96,948**

17. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Loans and receivables	*Fair value through profit or loss - hedging*	*Fair value through profit or loss - designated*	*Other liabilities at amortised cost*	*Total*	*Fair value of financial assets and liabilities*
Net advances	1,806,224	-	978,229	-	2,784,453	2,784,453
Other receivables *	127,073	-	-	-	127,073	127,073
Derivative assets	-	126,706	-	-	126,706	126,706
Cash and cash equivalents	608,392	-	-	-	608,392	608,392
Borrowings	-	-	-	(3,208,211)	(3,208,211)	(3,214,863)
Trade and other payables *	-	-	-	(143,526)	(143,526)	(143,526)
	2,541,689	**126,706**	**978,229**	**(3,351,737)**	**294,887**	**288,235**

Figures in Rand thousand	2016	2015

17. Financial instruments by category (continued)

2015

	Loans and receivables	*Fair value through profit or loss - hedging*	*Fair value through profit or loss - designated*	*Other liabilities at amortised cost*	*Total*	*Fair value of financial assets and liabilities*
Net advances	2,128,633	-	727,105	-	2,855,738	2,855,738
Derivative assets	-	23,554	-	-	23,554	23,554
Other receivables *	105,548	-	-	-	105,548	105,548
Cash and cash equivalents	432,757	-	-	-	432,757	432,757
Borrowings	-	-	-	(3,078,974)	(3,078,974)	(3,086,716)
Trade and other payables *	-	-	-	(66,413)	(66,413)	(66,413)
	2,666,938	**23,554**	**727,105**	**(3,145,387)**	**272,210**	**264,468**

Loans and receivables are measured subsequently at amortised cost, using the effective interest method, less accumulated impairment losses. Financial liabilities at amortised cost are measured subsequently at amortised cost, using the effective interest method. The fair value of financial assets and financial liabilities for disclosure is calculated using the present value of future cash flows. The fair value of derivative instruments is calculated using discounted cash flow analysis using the applicable yield curve for the duration of the instruments. Non Rand based liabilities are fair valued with respect to currency and interest rate risks in terms of the hedge taken out against these exposures. For short-term receivables and payables the carrying value approximates fair value.

* Non-financial assets and liabilities are excluded from other receivables and trade and other payables above as this analysis is required only for financial instruments.

18. Revenue

	2016	2015
Interest income	442,221	635,029
Yield on non-performing loans *	28,163	(62,740)
Fee income	55,015	68,145
Fair value yield on acquired debt	408,985	308,384
Net insurance premiums (refer to note 20)	155,786	220,379
Non-interest income	171,060	245,745
	1,261,230	**1,414,942**

* The negative value in the prior year is as a result of the carrying value adjustments to the non-performing assets.

19. Gross yield from assets

	2016	2015
Interest income	442,221	635,029
Yield on non-performing loans	28,163	(62,740)
Fee income	55,015	68,145
Fair value yield on acquired debt	408,985	308,384
Net assurance income - credit life	38,879	138,613
Other non-interest income	128,976	188,891
	1,102,239	**1,276,322**

Notes to the group financial statements

Figures in Rand thousand	2016	2015

20. Net insurance income

Net insurance premiums		
Premiums received	158,417	224,002
Premiums paid to reinsurers	(2,631)	(3,623)
	155,786	**220,379**
Net insurance benefits		
Insurance benefits	(77,666)	(41,410)
Insurance benefits recovered from reinsurers	1,631	853
	(76,035)	**(40,557)**
	79,751	**179,822**

21. Finance costs

Borrowings	390,241	392,397
Preference dividends	21,312	4,043
Trade and other payables	20	8
Gain on hedged foreign currency borrowings	(2,635)	(342)
	408,938	**396,106**
Gain on hedged foreign currency borrowings		
(Gain) loss on cross currency swap	(172,243)	86,143
Loss (gain) on restatement of loans	169,608	(86,485)
	(2,635)	**(342)**

22. Foreign exchange gain (loss)

Settlement of monetary items no longer consider part of net investment in foreign operation	58,943	-
Cessation of operations	(11,902)	(46,019)
	47,041	**(46,019)**

Settlement of the intragroup loan to Real People Kenya Limited, a foreign operation, was treated as a partial disposal, refer to note 1.1.

Tanzania has been marked for disposal and therefore the amount relating to this country included in the foreign currency translation reserve was recycled through profit or loss in the current year. In the prior year it was decided to cease all residual collections on previously written off books in Malawi and Botswana. The effect of the cessation of collections activities resulted in a recycling of the related foreign currency translation reserve from equity through profit or loss. The shares and claims in these companies were sold during the current year, refer to note 29.

23. Gain on purchase of financial liabilities

Bond repurchase programme profits	121,461	-

The group's medium term funding strategy is to move away from group based funding and enable independent funding and asset and liability management at subsidiary level. The board therefore approved a debt buyback proposal which envisaged retiring debt at holding company level and replacing this with bespoke funding within the divisions. As funds became available the company bought back notes that were trading at a discount which generated the above profit.

Figures in Rand thousand	2016	2015

24. Operating expenses

Operating expenses for the continuing operations and centralised functions are as follows:

	2016	2015
Advertising	5,754	4,354
Auditors remuneration	5,441	2,382
Bank charges	4,733	4,213
Collection costs and commissions	132,702	127,558
Computer expenses	17,850	19,181
Management fees, consulting and professional fees	23,876	22,871
Postage, printing and stationery	8,987	10,019
Telephone	19,258	20,554
Amortisation of intangible assets	3,926	2,707
Research and development costs	7	211
Impairment of associate	-	7,759
Impairment of intangible assets	7,759	692
Impairment of other receivables	-	3,880
Staff related costs		
Remuneration	286,160	257,441
Post-employment benefits - Defined contribution plan	9,737	7,580
Termination benefits	262	14,989
Subsistence and travel	6,509	6,915
Training and other staff costs	8,905	8,355
Property related costs		
Depreciation on property, plant and equipment	19,034	17,195
Loss (profit) on sale of property, plant and equipment	(358)	970
Other property expenses	16,166	17,289
Operating lease rentals		
Premises and equipment	20,828	25,669
Other expenses	32,893	11,022
Group costs and collection costs allocated to disposal group	(2,855)	(6,280)
	627,574	**587,526**

25. Taxation

Major components of the tax (income) expense

	2016	2015
Current		
Income tax	14,277	42,840
Foreign withholding tax	7,493	4,413
	21,770	**47,253**
Deferred		
Originating and reversing temporary differences	22,827	(32,262)
Arising from prior period	8,065	5,469
	30,892	**(26,793)**
	52,662	**20,460**

Figures in Rand thousand	2016	2015

25. Taxation (continued)

Reconciliation of the tax expense

	2016	2015
Applicable tax rate	28.00 %	28.00 %
Exempt income	(10.09)%	- %
Deferred tax asset not raised	36.64 %	(30.67)%
Loss (income) subject to lesser capital gains tax	11.06 %	- %
Different tax rates applied in foreign subsidiaries	(1.76)%	(2.51)%
Disallowable charges	10.73 %	(0.48)%
Foreign withholding taxes	12.08 %	(1.32)%
Prior year	2.52 %	0.22 %
Other	(4.28)%	- %
Average effective tax rate	**84.90 %**	**(6.76)%**

The estimated tax loss available for set off against future taxable income is R977.5 million (2015: R1,260.2 million) of which R331.4 million has been utilised to create a deferred tax asset.

26. Cash generated from operations

	2016	2015
Profit (loss) before taxation	62,028	(302,779)
Adjustments for:		
Depreciation and amortisation	22,960	19,902
Loss (profit) on sale of property, plant and equipment	(336)	970
Loss from operations classified as a disposal group	(1,675)	(9,654)
Loss on foreign exchange	-	46,019
(Income) loss from equity accounted investments	(2,230)	1,306
Finance costs	408,938	396,106
Gain on purchase of financial liabilities	(121,461)	-
Impairment loss	10,566	11,639
Movements in insurance liability	(4,559)	4,843
Foreign exchange losses on intragroup loans	(19,471)	6,803
Movements in provisions	14,940	(13,010)
Interest and fees charged to debtors	(1,047,321)	(804,943)
Fair value yield on acquired debt	(408,985)	(308,384)
Impairment of net advances	263,591	642,129
Changes in working capital:		
Origination of advances	(867,550)	(832,784)
Purchase of advances	(333,720)	(138,235)
Receipts from advances	2,465,271	2,266,708
Inventories	23	4,715
Other receivables	(33,109)	(7,656)
Disposal group working capital	(5,681)	6,596
Trade and other payables	68,550	(21,479)
	470,769	**968,812**

27. Tax paid

	2016	2015
Balance at beginning of the year	14,514	12,066
Current tax for the year recognised in profit or loss	(21,770)	(47,253)
Withholding tax	(2,443)	802
Foreign exchange movement	3,774	990
Interest	300	-
Balance at end of the year	(23,676)	(14,514)
	(29,301)	**(47,909)**

Notes to the group financial statements

Figures in Rand thousand	2016	2015

28. Dividends paid

	2016	2015
Balance at beginning of the year	(2,244)	(18,415)
Dividends	(13,781)	(2,244)
Balance at end of the year	12,872	2,244
	(3,153)	**(18,415)**

29. Sale of businesses

The group sold its shares in Aspire Group, previously held as a disposal group, and companies that were no longer trading in Malawi and Botswana in the current year. No businesses were sold in the prior financial year, however, the assets and liabilities of Empower Financial Services (Pty) Limited were derecognised as this company was no longer a subsidiary but an investment in associate, refer to note 5.

	2016	2015
Carrying value of assets sold		
Property, plant and equipment	3,942	942
Intangible assets	1,497	63
Deferred tax asset	6,925	5,967
Inventories	3,829	-
Trade and other receivables	1,361	-
Cash	888	-
Trade and other payables	(4,120)	(13,671)
Loan accounts	(74)	(21,602)
	14,248	(28,301)
Loss on disposal	70	-
	14,318	**(28,301)**
Consideration received		
Investment in associate	-	(28,301)
Receivable	14,318	-
	14,318	**(28,301)**
Net cash outflow on sale		
Cash sold	(888)	-

30. Commitments

Operating leases commitments

	2016	2015
Minimum lease payments due		
- within one year	22,607	20,136
- in second to fifth year inclusive	63,039	43,767
- later than five years	7,461	424
	93,107	**64,327**

Operating lease payments represent rentals payable by the group for certain of its office properties. Lease agreements include escalation clauses and options to renew contracts.

Figures in Rand thousand	2016	2015

31. Contingent liability

The Aspire Group was sold effective 1 January 2016, however the purchaser has an option to serve closure notice for the Post-Schools business. If a closure notice is served within three months from 30 May 2016, the group carries the full cost of closure which is estimated at R28.6 million. If a closure notice is served within the subsequent three month period, the costs are to be shared between the group and the purchaser in equal proportions. After six months from signature date, 30 May 2016, the purchaser bears the full cost.

Management has considered the group's position and has evaluated that this is not likely to be adversely impacted as it remains likely that the purchaser will continue with the post-schools business.

32. Related parties

Relationships
Shareholders, refer to note 8 in the Directors' report
Key management personnel, refer to note 7 in the Directors' report and note 33 below
Subsidiaries and special purpose entities, refer to note 36
Joint ventures and associates, refer to note 5

Related party balances

	2016	2015
Borrowings from shareholders		
Old Mutual Life Assurance Company (South Africa) Limited	581,369	623,065
Norwegian Investment Fund for Developing Countries	214,164	213,812
	795,533	**836,877**
Secured	581,369	473,065
Unsecured	214,164	363,812
	795,533	**836,877**
Amounts included in trade receivables regarding related parties		
Investment loans	72,276	62,957
Other receivables	23,120	9,203

Related party transactions

	2016	2015
Interest paid to shareholders		
Old Mutual Life Assurance Company (South Africa) Limited	65,896	77,690
Norwegian Investment Fund for Developing Countries	33,549	36,415
Interest received from other related parties		
Investment loans	2,439	2,194
Other receivables	1,343	1,216
Other related party transactions		
Rental paid to related parties	8,055	9,669
Sale of Aspire Group (Pty) Limited (former disposal group) at net asset value	14,317	-

Figures in Rand thousand	2016	2015

33. Directors' emoluments

Executive

2016

	Salary	*Other benefits**	*Total*
N Grobbelaar	3,101	168	3,269
BA Schenk	2,979	162	3,141
A Padachie	2,253	122	2,375
	8,333	**452**	**8,785**

2015

	Salary	*Other benefits**	*Compensation for loss of office*	*Total*
N Grobbelaar	2,793	107	-	2,900
BA Schenk	2,498	104	-	2,602
A Padachie, appointed 1 May 2014	1,879	75	-	1,954
CG Davidson, resigned 1 May 2014	164	3	1,006	1,173
	7,334	**289**	**1,006**	**8,629**

* Other benefits include provident fund contributions

Non-executive

2016

	Director fees	*Committee fees*	*Total*
PG de Beyer	674	212	886
RA Arnold	84	64	148
CA Glover	176	-	176
RA den Besten **	337	101	438
MA Barnes	337	106	443
D Malik **	277	21	298
DTV Msibi	337	230	567
CH Kocks **	74	28	102
CA Christensen-Røed **	56	-	56
HC van Heerden	337	-	337
K Hopkins	222	79	301
N Thomson	176	44	220
	3,087	**885**	**3,972**

2015

	Director fees	*Committee fees*	*Other fees*	*Total*
PG de Beyer	636	200	-	836
RA Arnold	318	240	132	690
AA Deshmukh **	318	180	-	498
RA den Besten **	318	140	-	458
MA Barnes	318	100	75	493
D Malik **	80	-	-	80
DTV Msibi	318	160	-	478
CH Kocks **	266	-	-	266
CA Christensen-Røed **	250	-	-	250
	2,822	**1,020**	**207**	**4,049**

** Fees paid to the company represented

Figures in Rand thousand	2016	2015

34. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The group has voluntarily adopted the Basel II Simplified Standardised Approach and the Alternate Standardised Approach as a methodology for determining capital adequacy levels. Under this approach, the group has undertaken to maintain a capital adequacy ratio of 30% of risk weighted assets across the group. Sufficient capital is held in order to cater for expected losses that may arise, protect stakeholders and ensure the long-term sustainability of the group.

For capital adequacy purposes, capital is categorised in terms of the Basel II framework into two tiers:
- Tier 1 capital includes equity as disclosed in the statement of financial position. In calculating the group's qualifying Tier 1 capital, 50% of investments in both securitisation companies and the assurance company are deducted from available capital.
- Tier 2 capital includes redeemable preference shares and subordinated debt. The remaining 50% of investments in securitisation companies and the assurance company are deducted in calculating the group's qualifying Tier 2 capital.

The capital adequacy calculation is as follows:

Tier 1 capital	386,362	445,147
Tier 2 capital	330,058	375,597
Qualifying capital	**716,420**	**820,744**
Credit risk	1,892,391	2,215,244
Operational risk	65,297	63,734
Market risk	118,729	103,877
Total risk weighted exposure	**2,076,417**	**2,382,855**
Capital adequacy ratio	**34.5 %**	**34.4 %**

The capital adequacy ratio is calculated monthly.

Real People Assurance Company Limited is subject to capital requirements in line with the Long Term Insurance Act, 1998. The Statutory Capital Adequacy Requirement is the additional amount required, over and above the actuarial liabilities, to enable the company to meet material deviations in the main parameters affecting the life assurer's business. The company has complied with these requirements during the year.

There have been no changes in the capital risk management policies or requirements from the previous year.

Financial risk management

The group's activities expose it to credit risk, liquidity risk and market risk arising from the use of financial instruments.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated certain of its functions to committees but recognises that it retains ultimate responsibility for the effective performance of the functions so delegated.

The aim of the committees is to assist the board in the execution of its duties by making recommendations on a variety of issues within a framework of defined terms of reference that have been agreed with the board.
- Audit and risk committee - This committee is responsible for reviewing the adequacy and overall effectiveness of the group's risk management function and its implementation by management.
- Credit committee - The credit committee is responsible for the management of credit risk for net advances.
- Asset and liability committee (ALCO) - The responsibilities for ALCO include liquidity risk management, interest rate risk management, currency risk management and capital risk management.

Figures in Rand thousand	2016	2015

34. Risk management (continued)

Credit risk

Credit risk is the risk that the group's clients or counterparties will not be able or willing to pay interest, repay capital or otherwise to fulfil their contractual obligations under loan agreements or other credit facilities, and arises principally from the group's advances.

The group’s focus is the provision of largely unsecured credit to emerging and middle market consumers, which by its nature involves assuming higher levels of credit risk and accordingly, credit risk features as the dominant financial risk within the group.

A product suite in the Business Finance Division, with a carrying value of R196.0 million (2015: R149.9 million), is secured with the choice of collateral based on the size of the loan, the product and the business operated by the customer. Typical assets collateralised include business assets, vehicles, plant and machinery and property. Security is released when the loan is settled.

An appropriate credit risk premium is priced into each credit product to ensure that acceptable returns are generated for shareholders. Credit risk premiums are based on expected probability of defaults and estimated recoveries from defaulters.

Credit risk is mitigated through the granting of loans to individuals where repayment is made through debit order deductions. The creditworthiness of individuals is evaluated in accordance with the National Credit Act No. 34 of 2005 prior to the granting of loans and each loan application is allocated a credit risk score. Management evaluates credit risk on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Net advances (refer to note 6)	2,784,453	2,855,738
Derivative assets (refer to note 8)	126,706	23,554
Other receivables, excluding prepayments, deposits and VAT	127,073	105,548
Cash and cash equivalents (refer to note 9)	608,392	432,757

For the above financial assets, the carrying amount represents the maximum exposure to credit risk.

The group’s exposure to concentration risk is low due to the nature and distribution of the loan book. The advances portfolio comprises large volumes of low value loans.

The group continually monitors the performance of each loan. Where payments are missed, the loan repayment period might be extended to ensure repayment of all required instalments. In other circumstances the group may be required under law to renegotiate a loan. However, these loans remain either past due or impaired and therefore the group does not provide separate analysis of renegotiated items in terms of IFRS 7.

Figures in Rand thousand	2016	2015

34. Risk management (continued)

Analysis of credit risk - Credit products

	2016	2015
Financial assets that are neither past due nor impaired		
Low risk	447,477	428,814
Medium risk	177,785	136,445
High risk	200,721	103,194
	825,983	**668,453**
Financial assets that are past due but not impaired (less than four months in arrears)	**187,919**	**603,632**
Financial assets that are impaired		
Carrying amount	519,313	1,404,642
Impairment provision	(401,942)	(1,001,025)
	117,371	**403,617**
Deferred fees	(14,916)	(48,428)
Incurred but not reported provision	(58,687)	(96,622)
Present value of estimated cash flows on written off advances	623,193	436,298
	1,680,863	**1,966,950**

There has been prescription law reform which may impact the group's future ability to collect on potentially prescribed debt.

The sale of prescribed debt has been prohibited and debt collectors are required to exercise greater caution when collecting potentially prescribed debt. Management has assessed the impact of prescription on a group-wide basis. It is management's view that the effects of the section will not have a material effect on the group's businesses provided the necessary steps are taken to ensure debtors are made aware of prescription. The group has incorporated 'awareness' elements into all collections actions and have run awareness campaigns on the existing client base, which is largely complete. The outcomes associated with the campaign reflect minimal impact.

There are no material balances within other receivables which are past due but not impaired.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its current and future obligations, both expected and unexpected, without materially affecting its daily operations or overall financial position.

The business model of the group is to finance relatively short-term assets with long-term liabilities, necessarily creating a positive liquidity mismatch. Monitoring and reporting takes the form of cash flow projections for the next week and next month as well as long term cash flow forecasting and an ongoing review of future commitments and credit facilities taking into account restrictions on cash flows between individual companies.

The short term liquidity policy requires that for any rolling twelve month period, available cash reserves and unutilised credit facilities together with 90% of anticipated receipts, excluding receipts received by non-recourse funding special purpose entities, must be at least equal to the sum of all fixed payment commitments (including long term debt, tax and operating overheads). Prospective loan disbursement volumes are adjusted where necessary in order to ensure compliance with this requirement.

The long term liquidity policy requires that at any point on the funding profile 75% of expected cumulative receipting must exceed the cumulative contractual payments relating to debt obligations. This is measured and monitored on a monthly basis and excludes cash flows relating to non-recourse funding special purpose entities.

The cash flows for the non-recourse funding special purpose entities are managed separately and in terms of the transaction documents agreed when the entity is established.

Figures in Rand thousand | 2016 | 2015

34. Risk management (continued)

The table below analyses the group's assets and liabilities into relevant maturity buckets based on the remaining contractual period at reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows for liabilities and expected receipts from assets on a non-cumulative basis.

2016	*Less than 1 month*	*1-3 months*	*3 months to 1 year*	*1-5 years*	*More than 5 years*	*Total*
Assets	785,596	337,744	1,172,426	2,353,001	636,347	5,285,114
Liabilities	(88,106)	(168,352)	(732,574)	(2,822,612)	(14,349)	(3,825,993)
	697,490	**169,392**	**439,852**	**(469,611)**	**621,998**	**1,459,121**

2015	*Less than 1 month*	*1-3 months*	*3 months to 1 year*	*1-5 years*	*More than 5 years*	*Total*
Assets	630,146	377,612	1,315,691	2,228,482	426,835	4,978,766
Liabilities	(42,232)	(159,478)	(506,390)	(3,313,995)	(120,291)	(4,142,386)
	587,914	**218,134**	**809,301**	**(1,085,513)**	**306,544**	**836,380**

Market risk - Interest rate risk

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

The group originates predominantly variable rate retail lending assets. The interest rate component of the total yield of the asset varies according to different term and loan amounts (due to the fixed and available fees charged) and the interest rate charged is largely at the maximum rate permitted by the National Credit Act, which is a 2.2 multiple of the South African repo rate. For many of the assets the instalment is fixed so an increase in the variable interest rate results in term extension rather than an increase in instalment and therefore these assets behave more like fixed interest rate assets.

Interest rate risk is assessed by measuring impact of changes in interest rates on net interest income, that is the difference between the total interest income and the total interest expense. The following table illustrates the sensitivity of profit or loss before tax for a year to an increase of 100 basis points. This analysis is for the assets and liabilities in South Africa only and assumes that floating rate liabilities will reprice at their next repricing date with assets repricing immediately.

	2016	2015
Current rates + 1%	1,146	947

Market risk - Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group is exposed to, and actively manages, currency risk: on the asset side through its lending operations in East Africa and on the liability side via foreign borrowings.

Currency exposure arising from foreign currency debt is required to be hedged via the execution of cross currency hedging instruments in accordance with the group's foreign currency risk management policy. The group entered into cross currency swaps with suitably rated swap counterparts to hedge the currency risk inherent in foreign currency denominated borrowings. The swaps effectively fix the exchange rate for the duration of the repayment term.

The East Africa operations are consolidated in the group's results with exchange differences recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

The group reviews its foreign currency exposure, including commitments on an ongoing basis. In the past year the currencies used in translating foreign operations have strengthened against the Rand by 0.6% to 10.8% year on year. A further 5% weakening of the Rand against these currencies at 31 March would have increased the foreign currency translation reserve by the amounts shown below. This analysis is for the group's exposure to unhedged foreign denominated balances and assumes that all other variables remain constant.

Figures in Rand thousand	2016	2015

34. Risk management (continued)

	2016	2015
Kenyan Shillings	10,250	13,762
Ugandan Shillings	3,231	2,500
Tanzanian Shillings	1,085	1,542
	14,566	**17,804**

The spot exchange rates used for conversion of foreign assets and liabilities at 31 March were:

	2016	2015
Kenyan Shillings	0.1491	0.1337
Ugandan Shillings	0.0045	0.0041
Tanzanian Shillings	0.0069	0.0067

Insurance risk

The group issues contracts that transfer insurance risk. The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insured contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments plus ongoing expenses exceed the carrying amount of the insurance liabilities. This could occur if the frequency or severity of claims and benefits are greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques. For Undiscounted Liabilities, IBNR reserves are calculated based on a percentage of premium payable. These have been established at a level consistent with company experience based on the Bornheutter-Ferguson Method.

The sensitivity of the insurance liabilities to the main assumptions was tested by calculating the effect of certain assumptions not being met. The net effect on the net insurance liability was R1.4 million (2015: R6.7 million) so any reasonable changes in assumptions will not have a material impact on the group results.

35. Segmental information

The presentation of segment information corresponds to the current operational and management-related structure of the group.

Responsible Finance provides credit and related financial services to customers of building supply merchants in South Africa (Home Finance); and small and micro-enterprises in East Africa, predominantly in Kenya. DMC provides debt collection and rehabilitation solutions to credit providers and retail customers in South Africa. Group Central Services houses the centralised functions which operate across the group.

Segment assets and liabilities:

2016	*Responsible Finance*	*DMC*	*Discontinued receivables*	*Group Central Services*	*Disposal group*	*Total*
Net advances	1,220,855	1,103,590	460,008	-	-	2,784,453
Other assets	423,491	272,294	296	513,784	-	1,209,865
Segment assets	1,644,346	1,375,884	460,304	513,784	-	3,994,318
Segment liabilities	(1,449,233)	(1,096,064)	(354,070)	(558,347)	-	(3,457,714)
	195,113	**279,820**	**106,234**	**(44,563)**	**-**	**536,604**

Figures in Rand thousand

35. Segmental information (continued)

2015	*Responsible Finance*	*DMC*	*Discontinued receivables*	*Group Central Services*	*Disposal group*	*Total*
Net advances	1,229,437	888,788	737,513	-	-	2,855,738
Other assets	315,139	42,075	18,312	507,092	16,602	899,220
Segment assets	1,544,576	930,863	755,825	507,092	16,602	3,754,958
Segment liabilities	(1,357,492)	(644,211)	(590,759)	(617,960)	(8,831)	(3,219,253)
	187,084	**286,652**	**165,066**	**(110,868)**	**7,771**	**535,705**

Segment income and expenses:

2016	*Responsible Finance*	*DMC*	*Discontinued receivables*	*Group Central Services*	*Total*
Net yield	444,985	375,671	85,392	14,461	920,509
Other non-interest income	45,886	44,302	-	1,202	91,390
Finance costs	(183,095)	(120,037)	(70,453)	(35,353)	(408,938)
Non-recurring items	(28,407)	85,648	(139,432)	168,832	86,641
Operating expenses	(259,441)	(264,750)	(33,429)	(69,954)	(627,574)
Profit before tax	19,928	120,834	(157,922)	79,188	62,028
Taxation	(5,580)	(33,834)	44,218	(57,466)	(52,662)
Profit after tax from continuing operations	**14,348**	**87,000**	**(113,704)**	**21,722**	**9,366**
Loss from operations classified as a disposal group					(1,675)
Profit after tax					**7,691**

2015	*Responsible Finance*	*DMC*	*Discontinued receivables*	*Group Central Services*	*Total*
Net yield	481,601	263,896	138,295	10,352	894,144
Other non-interest income	36,731	56,854	-	-	93,585
Finance costs	(198,179)	(89,784)	(100,639)	(7,504)	(396,106)
Non-recurring items	(225,638)	91,313	(142,610)	(29,941)	(306,876)
Operating expenses	(241,674)	(203,533)	(69,286)	(73,033)	(587,526)
Loss before tax	(147,159)	118,746	(174,240)	(100,126)	(302,779)
Taxation	41,682	(33,361)	48,835	(77,616)	(20,460)
Loss after tax from continuing operations	**(105,477)**	**85,385**	**(125,405)**	**(177,742)**	**(323,239)**
Loss from operations classified as a disposal group					(9,654)
Loss after tax					**(332,893)**

Net operating income of R83.1 million (2015: R84.8 million) included in Responsible Finance above is attributable to entities operating in foreign countries, primarily Kenya.

Figures in Rand thousand

36. Group structure

The consolidated financial statements include the accounts of Real People Investment Holdings Limited and all of its subsidiaries, special purpose entities and equity accounted investments (disclosed in note 5 above).

Subsidiaries

The principal operating subsidiaries in the continuing business are as follows:

Name of subsidiary	*Country of incorporation and principal place of business*	*Principal activity*	*Proportion of ownership interest held by the group 2016*	*Proportion of ownership interest held by the group 2015*
Real People (Pty) Limited (subsequently renamed to DMC Debt Management Consultants (Pty) Limited) *	South Africa	Primary operating company incorporating DMC, Responsible Finance, Group functions and Discontinued receivables	100.0 %	100.0 %
Real People Assurance Company Limited	South Africa	Long term insurance	99.9 %	99.9 %
DMC Acquired Debts 4 (Pty) Limited	South Africa	DMC	100.0 %	- %
Real People Credit (Pty) Limited *	South Africa	Discontinued receivables	100.0 %	100.0 %
Real People Kenya Limited	Kenya	Business Finance	100.0 %	100.0 %
Real People Financial Services (Uganda) Limited	Uganda	Business Finance	100.0 %	100.0 %

There is a 20% non-controlling interests in Real People (Tanzania) Limited, a company operating in Tanzania. This company is not material to the group and the group intends exiting this company in the foreseeable future.

Real People Assurance Company is subject to statutory capital requirements that restrict the ability of the company to remit dividends to its holding company.

* These companies were merged together with other small entities with effect from 1 April 2016. Subsequent to the merger, Real People Credit (Pty) Limited no longer contained any operations and has been earmarked for deregistration. The Home Finance division will operate from a new entity, Real People Home Finance (Pty) Limited.

Special purpose entities

The entities listed below are special purpose entities controlled by the group in terms of IFRS 10. These entities have been included in the group's financial statements since inception of the entities even though the group does not hold the ordinary shares in these entities. The entities have been consolidated 100%.

Name of special purpose entity	*Principal activity*
Real People Home Improvement Finance (RF) (Pty) Limited	Home Finance
Evolution Future Flow Securities (RF) Limited	Home Finance, Education Finance, Discontinued receivables and collection of acquired debt
Imonti Future Flow Securities (RF) Limited	Home Finance, Education Finance, Discontinued receivables and collection of acquired debt
Nyati Securitisation 1 (RF) Limited	Home Finance
Umuzi Finance (RF) Limited	Home Finance

36. Group structure (continued)

Securitisations form an integral part of the group's funding strategy. The issuer, which is a bankruptcy remote special purpose entity, issues notes to fund the purchase of eligible loans from Real People (Pty) Limited, the originator of the loans. Real People (Pty) Limited does not retain any rights and obligations in the assets of the special purpose entities, nor does it retain any obligation to the creditors of the special purpose entity in the event of liquidation. The issuer's activities are restricted to those of the securitisation programme and fall within the ambit of the National Credit Act.

The carrying amount of the assets and liabilities to which these restrictions apply as at 31 March 2016 was R1,241.9 million (2015: R805.5 million) and R1,232.5 million (2015: R840.0 million) respectively.

37. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which may require adjustment to these financial statements or has not already been disclosed in the notes to the financial statements.