

**PSG KONSULT TREASURY PROPRIETARY LIMITED**  
**Registration number : 2014/196582/07**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**28 February 2017**

**PSG KONSULT TREASURY PROPRIETARY LIMITED**  
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**FINANCIAL STATEMENTS**  
for the year ended 28 February 2017

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**PSG KONSULT TREASURY PROPRIETARY LIMITED**

Registration number : 2014/196582/07

**FINANCIAL STATEMENTS (continued)  
for the year ended 28 February 2017****Company information**

Country of incorporation	South Africa
Date of incorporation	01 October 2014
Registration number	2014/196582/07
Registered address	4th Floor, The Edge 3 Howick Close Tyger Waterfront Bellville 7530
Postal address	PO Box 3335 Tyger Valley 7536
Directors	Smith, Michael Ian Frain van der Merwe, Johannes Stephan Enslin (resigned 17 May 2017) Gudka, Niraj Mohan (resigned 17 May 2017) Theron, Willem (appointed 17 May 2017) Gouws, Francois Johannes (appointed 17 May 2017)
Secretary	PSG Management Services Proprietary Limited
Bankers	ABSA Bank Limited
Auditors	PricewaterhouseCoopers Inc Cape Town
Attorneys	Cliffe Dekker Hofmeyr Inc.
Nature of operations	General treasury functions to the PSG Konsult Group
Shareholder	PSG Konsult Limited
Ultimate holding company	PSG Group Limited
Level of Assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa
Preparer	The preparation of the annual financial statements was supervised by:  JSE van der Merwe CA (SA)

**PSG KONSULT TREASURY PROPRIETARY LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITY  
for the year ended 28 February 2017**

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

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

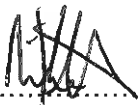
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for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

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

The directors have reviewed the company's cash flow forecast for the year to 28 February 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The company's external auditors, PricewaterhouseCoopers Incorporated, audited the financial statements and their report is presented on pages 5 - 6.

The financial statements, set out on pages 7 - 28, which have been prepared on the going concern basis, were approved by the directors and were signed on its behalf by:

  
.....  
**DIRECTOR**

Date: 2 June 2017

  
.....  
**DIRECTOR**

Date: 2 June 2017

**PSG KONSULT TREASURY PROPRIETARY LIMITED****REPORT OF THE BOARD OF DIRECTORS  
for the year ended 28 February 2017**

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The directors present their report for the period ended 28 February 2017

**1. General review**

The company carries out the business of finance and financing related activities.

**2. Financial results**

The operating results and the state of affairs of the company are fully set out in the statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto.

**3. Dividends**

No dividends were declared during the period under review.

**4. Share capital**

Details of the share capital of the company appear in the notes to the financial statements. The authorised share capital consists of 1000 ordinary shares with no par value of R1. No shares were issued in the current financial year. (2016: nil)

**5. Events after the reporting date**

There have been no facts or circumstances of a material nature that have occurred between 28 February 2017 and the date of approval of the financial statements.

**6. Holding company**

The company's holding company is PSG Konsult Limited (incorporated in South Africa and listed on the Johannesburg Stock Exchange). Its ultimate holding company is PSG Group Limited (incorporated in South Africa and listed on the Johannesburg Stock Exchange).

**7. Directors**

The directors of the company at the date of this report appear on page 2.

**8. Secretary**

The secretary of the company is PSG Management Services Proprietary Limited, whose business and postal addresses are:

*Business address:*  
4th Floor, The Edge  
3 Howick Close  
Tyger Waterfront  
Bellville  
7530

*Postal address:*  
P O Box 3335  
Tyger Valley  
7536

**9. Independent Auditors**

PricewaterhouseCoopers Inc. will continue in office in accordance with section 90(6) of the South African Companies Act 71 of 2008.



## Independent auditor's report

To the Shareholders of PSG Konsult Treasury Proprietary Limited

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PSG Konsult Treasury Proprietary Limited (the Company) as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### What we have audited

PSG Konsult Treasury Proprietary Limited's financial statements set out on pages 7 to 28 comprise:

- the statement of financial position as at 28 February 2017
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

### Independence

We are independent of the Company in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

### Other information

The directors are responsible for the other information. The other information comprises the report of the board of directors as required by the Companies Act of South Africa and the supplemental information set out on pages 3. Other information does not include the financial statements and our auditor's report thereon.

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

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

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

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T: +27 (0) 21 529 2000, F: +27 (0) 21 529 3300, www.pwc.co.za

Chief Executive Officer: T D Shango

Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonnell, C Volschenk

The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682

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### *Responsibilities of the Directors for the financial statements*

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

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

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### *Auditor's responsibilities for the audit of the financial statements*

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

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

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

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

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PricewaterhouseCoopers Inc.  
Director: DG Malan  
Registered Auditor  
Cape Town  
2 June 2017

## PSG KONSULT TREASURY PROPRIETARY LIMITED

## STATEMENT OF FINANCIAL POSITION

as at 28 February 2017

	Notes	2017 R	2016 R
<b>Assets</b>			
Deferred income tax	1	16,918	16,918
Loans and advances	2	113,317,255	78,968,588
Cash and cash equivalents	3	27,330	367,920
<b>Total assets</b>		<b>113,361,503</b>	<b>79,353,426</b>
<b>Capital and reserves attributable to the company's equity holders</b>			
Share capital	4	100	100
Retained earnings		338,949	99,388
<i>Total equity</i>		<b>339,049</b>	99,488
<b>Liabilities</b>			
Borrowings	5	112,951,102	79,190,630
Trade and other payables	6	71,352	60,420
Current income tax liabilities		-	2,888
<i>Total liabilities</i>		<b>113,022,454</b>	79,253,938
<b>Total equity and liabilities</b>		<b>113,361,503</b>	<b>79,353,426</b>



## PSG KONSULT TREASURY PROPRIETARY LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 28 February 2017

	Notes	2017 R	2016 R
<b>Income</b>			
Investment income	7	7,490,945	3,043,191
Management fee income	8	-	110,000
<b>Total income</b>		<u>7,490,945</u>	<u>3,153,191</u>
<b>Expenses</b>			
Marketing, administration and other expenses	9	(202,169)	(61,923)
<b>Results of operating activities</b>		<u>7,288,776</u>	<u>3,091,268</u>
Finance costs	10	(6,955,919)	(2,953,878)
<b>Profit before taxation</b>		<u>332,857</u>	<u>137,390</u>
Taxation	11	(93,296)	(38,470)
<b>Profit for the period</b>		<u>239,561</u>	<u>98,920</u>
<b>Total comprehensive income for the period</b>		<u><u>239,561</u></u>	<u><u>98,920</u></u>

## PSG KONSULT TREASURY PROPRIETARY LIMITED

STATEMENT OF CHANGES IN EQUITY  
for the year ended 28 February 2017

	Share capital R	Retained earnings R	Total R
<b>Balance at 1 March 2015</b>	100	468	568
Total comprehensive income	-	98,920	98,920
<b>Balance at 29 February 2016</b>	<b>100</b>	<b>99,388</b>	<b>99,488</b>
Total comprehensive income	-	<b>239,561</b>	<b>239,561</b>
<b>Balance at 28 February 2017</b>	<b>100</b>	<b>338,949</b>	<b>339,049</b>

## PSG KONSULT TREASURY PROPRIETARY LIMITED

STATEMENT OF CASH FLOWS  
for the year ended 28 February 2017

	Notes	2017 R	2016 R
<b>Cash flow from operating activities</b>			
Cash generated by/(used in) operating activities	15.1	(779,432)	318,469
Investment income		7,490,945	3,043,191
Finance costs		(6,955,919)	(2,953,878)
Taxation paid	15.2	(96,184)	(40,682)
<b>Net cash flow from operating activities</b>		<u>(340,590)</u>	<u>367,100</u>
<b>Net movement in cash and cash equivalents</b>		<b>(340,590)</b>	<b>367,100</b>
<b>Cash and cash equivalents at beginning of the period</b>		<u>367,920</u>	<u>820</u>
<b>Cash and cash equivalents at end of the period</b>	15.3	<u><u>27,330</u></u>	<u><u>367,920</u></u>

**PSG KONSULT TREASURY PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 28 February 2017**

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**ACCOUNTING POLICIES**

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

**BASIS OF PREPARATION**

The financial statements of PSG Konsult Treasury Proprietary Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies Act of South Africa. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed further below.

**STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2016****New and amended standards, interpretations and amendments adopted by the company**

The following new standards, interpretations or amendments, which are relevant to the company's operations, became effective during the year:

- Amendments to IAS 1 – Presentation of financial statements – Disclosure initiative (effective 1 January 2016)  
*Amendments encourage companies to apply professional judgement in determining what information to disclose in their financial statements.*
- Amendment to IAS 16 – Property, plant and equipment and IAS 38 – Intangible assets – Clarification of acceptable methods of depreciation and amortisation (effective 1 January 2016)  
*Both standards are amended to clarify whether revenue based methods can be used to calculate the expected pattern of consumption of the future economic benefits of an asset. These methods are not appropriate when determining depreciation, and generally assumed to be an inappropriate basis for calculating amortisation.*
- Amendment to IAS 27 – Separate financial statements – Equity method in separate financial statements (effective 1 January 2016)  
*In this amendment the IASB has restored the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.*

These standards, interpretations and amendments have no impact on measurements of assets and liabilities or disclosures in the current or prior financial years.

## PSG KONSULT TREASURY PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 for the year ended 28 February 2017

**New and amended standards, interpretations and amendments not currently relevant to the company's operations**

The following new standards, interpretations and amendments, which are not currently relevant to the group's operations, had no impact on the measurement of amounts or disclosures in the current or prior financial years:

- Amendments to IFRS 10 Consolidated financial statements and IAS28 Investments in associated and joint ventures
- Amendments to IFRS 11 Joint arrangements
- IFRS 14 Regulatory deferral accounts
- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture - Bearer plants
- Annual Improvements 2012-14 cycle
  - IFRS 5 - Non-current assets held for sale and discontinued operations*
  - IFRS 7 - Financial Instruments: disclosures*
  - IAS 19 - Employee benefits*
  - IAS 34 - Interim financial reporting*

**STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE**

The following new standards, interpretations and amendments have been published and are mandatory for the company's accounting periods beginning on or after 1 March 2017 or later periods and have not been early adopted by the company:

- Amendments to IFRS 2 – Share-based payment – Classification and measurement of share-based payment transactions (effective 1 January 2018) ^
- Amendment to IFRS 4 – Insurance contracts (effective 1 January 2018) ^
- IFRS 9 Financial instruments (effective 1 January 2018) +
- IFRS 15 Revenue from contracts with customers (effective 1 January 2018) ^
- IFRS 16 Leases (effective 1 January 2019) ^
- Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between and investor and it's associate or joint venture (effective date has been deferred indefinitely until further notice) \*
- Amendment to IAS 7 Statement of cash flows – Disclosure initiative (effective 1 January 2017) +
- Amendment to IAS 12 Income taxes – Recognition of deferred tax assets for unrealised losses (effective 1 January 2017) \*
- Amendments to IAS 40 Investment property – Transfers of investment property (effective 1 January 2018) \*
- IFRIC 22 Foreign currency transactions and advance consideration (effective 1 January 2018) \*

^ *Management is in the process of assessing the impact of these standards, interpretations and amendments on the reported results of the company.*

\* *Management has assessed the impact of these standards, interpretations and amendments on the reported results of the company and do not foresee any impact.*

+ *Management has assessed the impact of these amendments on the reported results of the company and foresee only minor disclosure changes.*

**PSG KONSULT TREASURY PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 28 February 2017

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**FOREIGN CURRENCY TRANSLATION****Functional and presentation currency**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (the "functional currency").

The financial statements are presented in South African Rand, which is the company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income as part of net fair value gains and losses on financial instruments.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are recognised in the statement of comprehensive income and included in the fair value reserve in equity.

**FINANCIAL INSTRUMENTS**

Financial instruments recognised on the statement of financial position include loans and advances, cash and cash equivalents, trade and other payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**OFFSETTING FINANCIAL INSTRUMENTS**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a current legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**FINANCIAL ASSETS**

The company classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans and advances. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

**Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term. Loans and advances are carried at amortised cost using the effective-interest rate method. Specific provisions are made against identified doubtful advances. The company's loans and receivables comprise of loans and advances and cash and cash equivalents in the statement of financial position.

**PSG KONSULT TREASURY PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 28 February 2017

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**FINANCIAL ASSETS (CONTINUED)****Recognition and measurement of financial assets**

Purchases and sales of financial assets are recognised on trade date – the date on which the company commits to purchase or sell the asset. Financial assets not carried at fair value through profit or loss, are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

**Impairment of financial assets**

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and advances are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and advances may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract. The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Impairment losses are recognised in the statement of comprehensive income, and reversed through the statement of comprehensive income.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand, other deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**FINANCIAL LIABILITIES**

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include borrowings, trade payables and other payables.

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost.

**PSG KONSULT TREASURY PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 28 February 2017

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**FINANCIAL LIABILITIES (CONTINUED)**

Financial liabilities held at amortised cost are recognised initially at fair value and are subsequently stated at amortised cost using the effective interest rate method. Any differences (other than transaction charges) between net proceeds and the redemption value are recognised in the statement of comprehensive income over the period of the borrowing using the effective interest rate method.

These financial liabilities are classified as current liabilities if they are either held for trading or expected to be settled within twelve months of the reporting date.

Financial liabilities, or a portion thereof, are derecognised when the obligation specified in the contract is discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and settlement amounts paid are included in the statement of comprehensive income.

**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

**Trade and other payables**

Trade and other payables are recognised when the company has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the company. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method.

**SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

**CURRENT AND DEFERRED INCOME TAX**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the country where the entity operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



**PSG KONSULT TREASURY PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 28 February 2017**CURRENT AND DEFERRED INCOME TAX (CONTINUED)**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

**PROVISIONS**

Provisions are recognised when:

- the company has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

**REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the company's activities. Revenue is shown net of value added tax. Revenue is recognised as follows:

**Interest income**

Interest income is recognised using the effective interest rate method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income is included in investment income.

**CONTINGENCIES**

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the statement of financial position but disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the statement of financial position but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

**PSG KONSULT TREASURY PROPRIETARY LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
for the year ended 28 February 2017

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**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances.

*Impairment of assets*

An impairment of assets is considered when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the following factors may be considered: the financial health of the investee or debtor and changes in operational and financing cash flow and changes in market conditions.

*Deferred income tax assets*

Deferred income tax assets are recognised to the extent that management estimates that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

## PSG KONSULT TREASURY PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 for the year ended 28 February 2017
**FINANCIAL RISK MANAGEMENT****Financial risk factors**

The company's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out under policies approved by the board of directors. Each entity within the PSG Konsult Group identifies, evaluates and mitigates financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Financial instruments are grouped into the following classes in order to facilitate effective financial risk management and disclosure in terms of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement.

	2017 R	2016 R
<b>CLASSES OF FINANCIAL ASSETS</b>		
Loan to related party (refer to note 13)	113,317,255	78,968,588
<b>Total loans and advances</b>	<b>113,317,255</b>	<b>78,968,588</b>
<b>Cash and cash equivalents</b>	<b>27,330</b>	<b>367,920</b>
<b>Total financial assets</b>	<b>113,344,585</b>	<b>79,336,508</b>
<b>CLASSES OF FINANCIAL LIABILITIES</b>		
Loan from related party (refer to note 13)	112,951,102	79,190,630
<b>Total borrowings</b>	<b>112,951,102</b>	<b>79,190,630</b>
Other trade payables (excluding tax payables)	71,352	60,420
<b>Total trade and other payables</b>	<b>71,352</b>	<b>60,420</b>
<b>Total financial liabilities - IFRS 7</b>	<b>113,022,454</b>	<b>79,251,050</b>

## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017

## FINANCIAL RISK MANAGEMENT (CONTINUED)

## FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and advances	Total
	R	R
<b>Assets as per statement of financial</b>		
<b>28 February 2017</b>		
Loans and advances	113,317,255	113,317,255
Cash and cash equivalents	27,330	27,330
	<u>113,344,585</u>	<u>113,344,585</u>
<b>29 February 2016</b>		
Loans and advances	78,968,588	78,968,588
Cash and cash equivalents	367,920	367,920
	<u>79,336,508</u>	<u>79,336,508</u>
	<b>Liabilities measured at amortised cost</b>	<b>Total</b>
	<b>R</b>	<b>R</b>
<b>Liabilities as per statement of financial position</b>		
<b>28 February 2017</b>		
Borrowings	112,951,102	112,951,102
Trade and other payables	71,352	71,352
	<u>113,022,454</u>	<u>113,022,454</u>
<b>29 February 2016</b>		
Borrowings	79,190,630	79,190,630
Trade and other payables	60,420	60,420
	<u>79,251,050</u>	<u>79,251,050</u>

**Market risk**

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows of financial instruments from fluctuations in interest rates, equity prices and foreign currency exchange rates.

*Price risk*

The company is not currently exposed to price risk as the company did not have any equity instruments at 28 February 2017.

## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017

## FINANCIAL RISK MANAGEMENT (CONTINUED)

## Market risk (continued)

*Foreign exchange risk*

During the current financial period, consistent with the prior financial period, the company did not earn any income or incur any expenditure in foreign currency. As a result no financial assets or liabilities are denominated in foreign currency as at 28 February 2017 or 29 February 2016.

*Cash flow and fair value interest rate risk*

The company's interest rate risk arises from interest-bearing loans and advances, cash and borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

	2017 R	2016 R
Loans and advances		
Floating rate	113,317,255	78,858,588
Interest free	-	110,000
	<u>113,317,255</u>	<u>78,858,588</u>
Cash and cash equivalents		
Floating rate	<u>27,330</u>	367,920
Borrowings		
Floating rate	<u>(112,951,102)</u>	<u>(79,190,630)</u>
	<u>(112,951,102)</u>	<u>(79,190,630)</u>
Trade and other payables		
Interest free	<u>(71,352)</u>	(60,420)
Total		
Floating rate	<b>393,483</b>	35,878
Interest free	<u>(71,352)</u>	49,580
	<u><b>322,131</b></u>	<u>85,458</u>

Based on simulations performed, the impact on post-tax profit of a 1% shift in interest rates is analysed in the following table:

	2017 1% increase R	2017 1% decrease R	2016 1% increase R	2016 1% decrease R
Impact on post-tax profit	<u>2,833</u>	<u>(2,833)</u>	258	<u>(258)</u>

## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017

## FINANCIAL RISK MANAGEMENT (CONTINUED)

## Market risk (continued)

## Credit risk

Credit risk arises from cash and cash equivalents and loans and advances. Counterparties and cash transactions are limited to high-credit-quality financial institutions. In the case of loans and advances, management would take or insist on collateral or other form of securitisation as they deem fit.

The table below shows the company's maximum exposure to credit risk by class of asset.

	2017		2016	
	Balance R	Collateral fair value R	Balance R	Collateral fair value R
Loans and advances	113,317,255	-	78,968,588	-
Cash and cash equivalents	27,330	-	367,920	-
	<b>113,344,585</b>	<b>-</b>	<b>79,336,508</b>	<b>-</b>

Loans and advances are tested for impairment using a variety of techniques including assessing credit risk and monthly monitoring of individual debtors. At 28 February 2017 no receivables and loans and advances were found to be impaired and accordingly no impairment was raised.

Financial assets are assessed based on their credit ratings as published by Moody's. Financial assets which fall outside this range are classified as not rated. Credit limits, for each counterparty, are set based on default probabilities that are in turn based on the ratings of the counterparty concerned.

The credit quality of financial assets can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2017	
	Loans and receivables	Cash and cash equivalents R
P1	-	27,330
Other non-rated assets	113,317,255	-
	<b>113,317,255</b>	<b>27,330</b>

	2016	
	Loans and receivables	Cash and cash equivalents R
P1	-	367,920
Other non-rated assets	78,968,588	-
	<b>78,968,588</b>	<b>367,920</b>

## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017

## FINANCIAL RISK MANAGEMENT (CONTINUED)

## Credit risk (continued)

Non-rated financial assets relating to the company consist of related party loans and advances.

Related party loans and advances consist mainly of amounts due from group companies. These amounts are payable on demand. Amounts due from group companies are monitored by the company to ensure that adequate income is generated by the related company to repay the loan when required.

The classes of financial assets do not contain assets that are past due but not impaired.

## Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, each entity aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Carrying value	Less than 1 year R	Between 1 and 5 years R	Over 5 years R
<b>At 28 February 2017</b>				
Borrowings	112,951,102	112,951,102	-	-
Trade and other payables	71,352	71,352	-	-
	<b>113,022,454</b>	<b>113,022,454</b>	-	-
	Carrying value	Less than 1 year R	Between 1 and 5 years R	Over 5 years R
<b>At 29 February 2016</b>				
Borrowings	79,190,630	79,190,630	-	-
Trade and other payables	60,420	60,420	-	-
	<b>79,251,050</b>	<b>79,251,050</b>	-	-

## Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by level of the following fair value measurement hierarchy:

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

## PSG KONSULT TREASURY PROPRIETARY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 for the year ended 28 February 2017

**FINANCIAL RISK MANAGEMENT (CONTINUED)**
**Fair value estimation (continued)**

The table below summarises the carrying and fair values of financial instruments not presented on the statements of financial position at fair value.

	Carrying Value		Fair Value	
	2017 R	2016 R	2017 R	2016 R
Total loans and advances	113,317,255	78,968,588	113,317,255	78,968,588
Cash and cash equivalents	27,330	367,920	27,330	367,920
Borrowings	(112,951,102)	(79,190,630)	(112,951,102)	(79,190,630)
Trade and other payables	(71,352)	(60,420)	(71,352)	(60,420)

**CAPITAL RISK**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide adequate returns for shareholders.

Ensuring that the company operates at the optimal cost of capital is therefore a focus point for management and will be considered in decisions relating to dividend declarations, issue of debt or equity instruments or the buying and selling of assets and liabilities.

The company obtains funding from its holding company, PSG Konsult Limited.

The gearing ratios at year-end can be summarised as follow:

	2017 R	2016 R
Total borrowings	112,951,102	79,190,630
Less: Cash and cash equivalents	(27,330)	(367,920)
<b>Net debt position</b>	<b>112,923,772</b>	<b>78,822,710</b>
Total equity	339,049	99,488
<b>Total capital</b>	<b>113,262,821</b>	<b>78,922,198</b>
Gearing ratio	99.7%	100%



## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017

	2017 R	2016 R
<b>1. DEFERRED INCOME TAX</b>		
Deferred income tax assets	<b>16,918</b>	16,918
The movement in the deferred income tax during the period is as follows:		
<b>Deferred tax</b>	<b>Tax Losses</b>	<b>Total</b>
<b>Since incorporation</b>	12,600	12,600
Credited to the statement of comprehensive income	4,318	4,318
<b>At 29 February 2016</b>	<b>16,918</b>	<b>16,918</b>
Charged to the statement of comprehensive income	-	-
<b>At 28 February 2017</b>	<b>16,918</b>	<b>16,918</b>
To be recovered within 12 months	<b>16,918</b>	16,918
To be recovered after more than 12 months	-	-
	<b>16,918</b>	16,918

The deferred income tax assets were calculated on all temporary differences under the liability method using the effective tax rate of 28%.

	2017 R	2016 R
<b>2. LOANS AND ADVANCES</b>		
Loan to related party (refer to note 13)	<b>113,317,255</b>	78,968,588
	<b>113,317,255</b>	78,968,588
Current portion	<b>113,317,255</b>	78,968,588
Non-current portion	-	-
	<b>113,317,255</b>	78,968,588

The loans to related parties is unsecured, bears interest at an effective interest rate range of between 8.25% and 10.5% and is repayable on demand. The loan balances were assessed by management to determine whether there is any indication in the financial or other circumstances of the related parties that would prevent them from repaying the specific loan.

## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017

	2017 R	2016 R
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash at bank	27,330	367,920

The effective interest rate on cash at bank was 6.14%.

**4. SHARE CAPITAL****Authorised**

1000 shares with no par value

1,000	1,000
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**Issued**

100 shares with no par value

100	100
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	Number of shares	Ordinary shares R	Total R
<b>At 1 March 2015</b>	100	100	100
<b>At 29 February 2016</b>	100	100	100
<b>At 28 February 2017</b>	100	100	100

All shares issued by the company were fully paid. The unissued shares in the company are placed under the control of the directors until the next annual general meeting.

	2017 R	2016 R
<b>5. BORROWINGS</b>		
Loans from related party (refer to note 13)	112,951,102	79,190,630
	112,951,102	79,190,630
Current portion	112,951,102	79,190,630
Non-current portion	-	-
	112,951,102	79,190,630

The loan from related party is unsecured, bears interest at an effective interest rate range of 8.25% and 8.50% and is repayable on demand.

**6. TRADE AND OTHER PAYABLES**

Accrual for audit fees	71,352	60,420
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## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017**6. TRADE AND OTHER PAYABLES (continued)**

The trade and other payables are expected to be settled within twelve months. The carrying amount of trade and other payables approximates their fair value.

	2017 R	2016 R
<b>7. INVESTMENT INCOME</b>		
<b>Interest income</b>		
Cash and cash equivalents	2,290	171
Interest received from related parties (refer to note 13)	7,488,655	3,043,020
	<u>7,490,945</u>	<u>3,043,191</u>
<b>8. MANAGEMENT FEE INCOME</b>		
Management fee (refer to note 13)	-	110,000
<b>Total management administration and other fee income</b>	<u>-</u>	<u>110,000</u>
<b>9. MARKETING, ADMINISTRATION AND OTHER</b>		
<i>Expenses by nature:</i>		
Audit fees	60,420	60,420
Bank charges	141,749	1,503
<b>Total marketing, administration and other expenses</b>	<u>202,169</u>	<u>61,923</u>
<b>10. FINANCE COSTS</b>		
Interest paid to financial institutions	66,298	-
Interest paid to related party (refer to note 13)	6,889,621	2,953,878
	<u>6,955,919</u>	<u>2,953,878</u>
<b>11. TAXATION</b>		
Normal taxation	93,296	42,788
Deferred taxation	-	(4,318)
	<u>93,296</u>	<u>38,470</u>
<b>Reconciliation of rate of taxation</b>	%	%
South African normal tax rate	28.00	28.00
Adjusted for:		
Prior period adjustments	0.03	
<b>Effective rate of taxation</b>	<u>28.03</u>	<u>28.00</u>

## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017**12. BORROWING POWERS**

In terms of the company's articles of association, borrowing powers are unlimited. Details of actual borrowings are disclosed in note 5 to the financial statements.

**13. RELATED PARTY TRANSACTIONS**

The company's shareholders are related parties of the company. PSG Konsult Limited owns 100% of the company's shares. The related party transactions are executed on terms no less favorable than those arranged with third parties.

	2017 R	2016 R
<b>Amounts receivable from related parties:</b>		
<i>Included in loans and advances (refer to note 2)</i>		
PSG Management Services Proprietary Limited	-	110,000
PSG Life Limited *	28,317,255	23,858,588
PSG Scriptfin Proprietary Limited	85,000,000	55,000,000
	<u>113,317,255</u>	<u>78,968,588</u>

\* Prior year restated to reflect correct counter party

**Amounts payable to related parties:**  
*Included in borrowings (refer note 5)*

PSG Konsult Limited	<u>112,951,102</u>	79,190,630
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The following significant related party transactions occurred during the year:

*Included in investment income (refer to note 7)*

PSG Life Limited *	2,805,167	2,035,588
PSG Scriptfin Proprietary Limited	4,683,488	1,007,432
	<u>7,488,655</u>	<u>3,043,020</u>

\* Prior year restated to reflect correct counter party

*Included in management fee income (refer to note 8)*

PSG Management Services Proprietary Limited	-	110,000
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*Included in finance costs (refer to note 10)*

PSG Konsult Limited	<u>6,889,621</u>	2,953,878
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**14. DIRECTORS' EMOLUMENTS**

No remuneration was paid to the directors during the period under review.

## PSG KONSULT TREASURY PROPRIETARY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
for the year ended 28 February 2017

	2017 R	2016 R
<b>15. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>15.1 Cash generated by/(used in) operating activities</b>		
Results from operating activities	7,288,776	3,091,268
<i>Adjustment for:</i>		
Investment income	(7,490,945)	(3,043,191)
	(202,169)	48,077
Changes in working capital		
Loans and advances	(34,348,667)	(60,082,020)
Trade and other payables	10,932	15,420
Borrowings	33,760,472	60,336,992
	(577,263)	270,392
Cash generated by/(used in) operating activities	(779,432)	318,469
<b>15.2 Taxation paid</b>		
Charged to the statement of comprehensive income	(93,296)	(38,470)
Deferred tax movement	-	(4,318)
Movement in net taxation liability	(2,888)	2,106
	(96,184)	(40,682)
<b>15.3 Cash and cash equivalents at end of the year</b>		
Cash and cash equivalents	27,330	367,920

**16. EVENTS AFTER THE REPORTING DATE**

There have been no facts or circumstances of a material nature that have occurred between 28 February 2017 and the date of approval of the financial statements.