IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)

AUDITED ANNUAL FINANCIAL STATEMENTS

30 June 2015

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(Registration number 1983/009088/06)
ANNUAL FINANCIAL STATEMENTS
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CONTENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

CORPORATE INFORMATION
Registered Business Address
Imperial Place, Jeppe Quondam
79 Boeing Road East
Bedfordview
2007

Company Secretary
R.A. Venter

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The directors of the company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board in issue and effective for the company at 30 June 2015; the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee; the financial reporting pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the South African Companies Act, 2008. The company's independent external auditor, Deloitte & Touche, have audited the annual financial statements and their unmodified report appears on page -.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements are prepared on the going concern basis. Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for the foreseeable future.

The audited annual financial statements set out on pages 5 to 54 were approved by the board of directors on 19 October 2015 and are signed on their behalf by:

MJ Lamberti

OS Arbee

PREPARER OF FINANCIAL STATEMENTS

These annual financial statements have been prepared under the supervision of R Mumford CA(SA) and have been audited in terms of section 29(1) of the Companies Act, 2008.

R Mumford

CERTIFICATE BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm that, for the year ended 30 June 2015, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act No 71 of 2008, as amended, and that all such returns are true, correct and up to date.

RA Venter

Deloitte.

Deloitte & Touche
Registered Auditors
Audit - Gauteng

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Deloitte Place
The Woodlands
Woodlands Drive
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Private Bag X6
Gallo Manor 2052
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Docex 10 Johannesburg

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF IMPERIAL GROUP LIMITED

We have audited the financial statements of Imperial Group Limited set out on pages 9 to 54, which comprise the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Imperial Group Limited as at 30 June 2015, and its financial performance and separate 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 and separate financial statements for the year ended 30 June 2015, we have read the Directors' report, the report of the Audit Committee and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: A Mackie
Partner
19 October 2015

REPORT OF THE AUDIT COMMITTEE

The audit committee has pleasure in submitting this report, which has been approved by the board and has been prepared in accordance with section 94(7)f of the Companies Act No 71 of 2008 (the Act) and incorporating the recommendations of the King Code of Corporate Governance (King III).

Members of the audit committee and attendance at meetings

The audit committee processes for the company are dealt with by the group's audit committee set up to cover Imperial Holdings Limited and its subsidiaries.

The audit committee consists of the non-executive directors of Imperial Holdings Limited listed below and meets at least four times per annum in accordance with its charter.

All members act independently as described in the Act. The members of the committee in respect of the year ended 30 June 2015 comprised Mr MJ Leeming (Chairman), Ms T Dingaan, Ms P Langeni, Mr RJA Sparks and Mr Y Waja (the committee), all of whom are independent non-executive directors of the company’s parent company, Imperial Holdings Limited.

During the year under review, four meetings were held and attendance of those meetings is set out in the table below:

Member	Number of meetings attended
MJ Leeming (Chairman) (Member since 2002)	4 / 4
T Dingaan (Member since February 2014)	4 / 4
P Langeni (Member since 2005)	3 / 4
RJA Sparks (Member since 2006)	4 / 4
Y Waja (Member since 2008)	4 / 4
RM Kgosana (Member from 01 September 2015)	n/a

The internal and external auditors, in their capacities as auditors to the group, attend and report at all meetings of the audit committee. Directors and relevant senior managers of the company attended meetings by invitation.

Role of the audit committee

The audit committee has adopted a formal charter, approved by the board of Imperial Holdings Limited, setting out its duties and responsibilities as prescribed in the Act and incorporating additional duties delegated to it by the board. The committee:

- fulfills the duties that are assigned to it by the Act and as governed by other legislative requirements, including the statutory audit committee functions required for subsidiary companies;
- assists the board in overseeing the quality and integrity of the company’s reporting process;
- ensures that an effective control environment in the company is maintained;
- provides the financial director, external auditors and the head of internal audit with unrestricted access to the committee and its chairman as is required in relation to any matter falling within the ambit of the committee;
- meets with the external auditors, senior managers and executive directors as the committee may elect;
- meets confidentially with the internal and external auditors without other executive board members or the company’s financial director being present;
- reviews and recommends to the board the annual financial statements;
- oversees the activities of, and ensures coordination between, the activities of the internal and external auditors;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- receives and deals with any complaints concerning accounting practices, internal audit or the content and audit of its financial statements or related matters;
- conducts annual reviews of the committee’s work and terms of reference; and
- assesses the performance and effectiveness of the committee and its members on a regular basis.

REPORT OF THE AUDIT COMMITTEE (continued)

Execution of functions during the year

The committee is satisfied that, for the 2015 financial year, it has performed all the functions required to be performed by an audit committee as set out in the Act and the committee's terms of reference.
The audit committee discharged its functions in terms of the charter ascribed to it in terms of the Act during the year under review as follows:

Financial statements

The committee among other matters:
- confirmed the going concern as the basis of preparation of the annual financial statements;
- reviewed compliance with the financial conditions of loan covenants and determined that the capital of the company was adequate;
- examined and reviewed the annual financial statements, as well as all financial information disclosed prior to the submission to the board for their approval and then for disclosure to stakeholders;
- ensured that the annual financial statements fairly present the financial position of the company as at the end of the financial year and the results of operations and cash flows for the financial year and considered the basis on which the company was determined to be a going concern;
- considered accounting treatments, any significant unusual transactions and accounting judgements;
- considered the appropriateness of the accounting policies adopted and changes thereto;
- reviewed the external auditor's audit report;
- reviewed the representation letter relating to the annual financial statements which was signed by management;
- considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements; and

External audit

The committee among other matters:
- nominated Deloitte & Touche and Mr AF Mackie as the external auditor and designated auditor respectively to shareholders for appointment as auditor for the financial year ended 30 June 2015, and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor;
- approved the external audit engagement letter, the plan and the budgeted audit fees payable to the external auditor;
- reviewed the audit effectiveness and evaluated the external auditor's internal quality control procedures;
- obtained an annual confirmation from the auditor that its independence was not impaired;
- obtained assurances from the external auditor that adequate accounting records were being maintained by the company;
- maintained a policy setting out the categories of non-audit services that the external auditor may and may not provide, split between permitted, permissible and prohibited services;
- approved non-audit services with Deloitte & Touche in accordance with its policy;
- considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act No 26 of 2005, and determined that there were none; and
- nominated the external auditor for re-appointment in 2016.

The committee is satisfied that Deloitte & Touche is independent of the company after taking the following factors into account:
- representations made by Deloitte & Touche to the committee;
- the auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from the company;
- the auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor;
- the auditor's independence was not prejudiced as a result of any previous appointment as auditor; and
- the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

REPORT OF THE AUDIT COMMITTEE (continued)

Internal audit

The audit committee:

- reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the internal audit department and compliance with its charter;
- considered the reports of the internal auditor and external auditor on the company's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems;
- received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof;
- reviewed significant issues raised by the internal audit processes and the adequacy of corrective action in response to significant internal audit findings; and
- based on the above, the committee formed the opinion that there had been no material breakdowns in internal control, including financial controls, business risk management and the maintenance of effective material control systems.

The head of internal audit reports functionally to the chair of the committee and administratively to the chief executive.

The committee reviewed the plans and work outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.

Risk management and information technology (IT) governance

The committee:

- reviewed the company's policies on risk assessment and risk management, including fraud risks and IT risks as they pertain to financial reporting and the going concern assessment, and found them to be sound; and
- considered the relevant findings and recommendations of the risk committee.

Legal and regulatory requirements

To the extent that these may have an impact on the annual financial statements, the committee:

- reviewed legal matters that could have a material impact on the company;
- reviewed the adequacy and effectiveness of the company's procedures, including its risk management framework, to ensure compliance with legal and regulatory responsibilities;
- monitored complaints received via the company's whistle blowing service; and
- considered reports provided by management, internal and external auditors regarding compliance with legal and regulatory requirements.

Expertise and experience of financial director and the finance function

The audit committee has satisfied itself that the company's financial director, Mr OS Arbee, has the appropriate expertise and experience.

In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the company's requirements.

MJ Leeming
Chairman
16 October 2015

DIRECTORS' REPORT

Nature of business

Imperial Group Limited is a wholly owned subsidiary of Imperial Holdings Limited. Imperial Group Limited is in the business of logistics providing services accross the entire supply chain, vehicle retail and car rental, together with their support services.

Review of operations

The financial statements set out fully the financial position, financial performance and cash flows for the company for the financial year ended 30 June 2015.
The net profit after taxation amounted to R 1 011 billion (2014: R 947 million) for the year.
The total equity amounts to R 3 251 billion (2014: R 2 710 billion) for the year.
The total assets increased to R 19 694 billion (2014: R 17 452 billion) funded by the increased equity and interest bearing borrowings.

Businesses acquired

During the current year under review, the company purchased the businesses listed below:

Business name	*Division*
- Imperial Group Truck Hire	Logistics
- Imperial Express	Logistics
- Imperial Tipper Resources	Logistics

Businesses disposed

During the current year under review, the company disposed the business listed below:

Business name	*Division*
- Transcend Container Logistics	Logistics

Directors

The directors who held office during the year were:

M J Lamberti	
M Akoojee	resigned effective 30 September 2015.
O S Arbee	
M P de Canha	
J J Strydom	will resign effective 04 November 2015.
M Swanepoel	
P B Michaux	

Dividends

Dividends declared during the year are noted in the Statement of Changes in Equity on page 11.

Events after the reporting period

There were no material events after the reporting period.

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF FINANCIAL POSITION
As at 30 June 2015

	Notes	2015 R '000	2014 R '000
ASSETS			
Goodwill and intangible assets	4	412,726	280,391
Property, plant and equipment	5	3,385,370	3,257,469
Transport fleet	6	2,017,634	1,882,849
Other financial assets	7	119,107	93,315
Amounts owing by related parties	33	6,233,402	5,226,964
Vehicles for hire	8	1,649,643	1,580,518
Inventories	9	3,045,605	2,976,432
Trade and other receivables	10	2,502,844	2,023,750
Cash and cash equivalents	11	126,505	130,659
Asset classified as held for sale	12	201,088	-
TOTAL ASSETS		19,693,924	17,452,347
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and share premium	13	1,259,080	1,259,080
Share-based payment reserve	14	(75,651)	(209,467)
Hedge accounting reserve		(1,380)	-
Retained earnings		2,068,869	1,660,538
TOTAL EQUITY		3,250,918	2,710,151
Liabilities			
Interest-bearing borrowings	15	8,274,580	7,338,609
Deferred tax liability	16	361,871	304,987
Amounts owing to related parties	33	889,287	1,625,846
Other financial liabilities	17	90,045	-
Provisions for liabilities and other charges	18	73,515	114,457
Trade and other payables	19	3,918,783	3,718,716
Current tax liability		120,975	183,128
Current portion of interest-bearing borrowings	15	2,713,950	1,456,453
TOTAL LIABILITIES		16,443,006	14,742,196
TOTAL EQUITY AND LIABILITIES		19,693,924	17,452,347

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF PROFIT OR LOSS
For the year ended 30 June 2015

	Notes	2015 R '000	2014 R '000
REVENUE	20	31,339,089	30,190,814
Net operating expenses	21	(28,635,465)	(27,715,442)
Profit from operations before depreciation, amortisation and recoupments		2,703,624	2,475,372
Depreciation, amortisation, impairments and recoupments	23	(926,411)	(868,323)
Operating profit		1,777,213	1,607,049
Profit from sale of properties, net of impairments	23	34,737	112,784
Amortisation of intangible assets arising on business combinations	23	(36,690)	(39,628)
Other non-operating items	24	45,507	40,727
Profit before net financing costs		1,820,767	1,720,932
Finance costs including fair value losses	25	(973,999)	(757,211)
Finance income	25	544,660	362,871
Profit before tax		1,391,428	1,326,592
Income tax expense	26	380,827	379,276
Profit for the year		1,010,601	947,316

STATEMENT OF OTHER COMPREHENSIVE INCOME

	2015 R '000	2014 R '000
Items that may be reclassified subsequently to profit or loss		
Movement in hedge accounting reserve	(1,380)	-
- Amounts reclassified from hedge accounting reserve to profit or loss	47,373	-
- Effective portion of change in fair value of cash flow hedges	(48,753)	-
Total other comprehensive loss	(1,380)	-
Total comprehensive income for the year	1,009,221	947,316

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2015

	Share capital and share premium R '000	Share-based payment reserve R '000	Hedge accounting reserve R '000	Retained earnings R '000	Total R '000
Balance as at 30 June 2013	1,259,080	(252,474)	-	1,343,219	2,349,825
Share-based payment reserve transferred from retained earnings	-	(10,788)	-	10,788	-
Share-based payment cost charged to profit or loss	-	64,449	-	-	64,449
Share-based payment reserve utilisation	-	(10,654)	-	-	(10,654)
Dividends paid	-	-	-	(640,785)	(640,785)
Total comprehensive income for the year	-	-	-	947,316	947,316
Balance as at 30 June 2014	1,259,080	(209,467)	-	1,660,538	2,710,151
Share-based payment reserve transferred to retained earnings	-	2,690	-	(2,690)	-
Share-based payment cost charged to profit or loss	-	71,515	-	-	71,515
Share-based payment reserve refund	-	59,611	-	420	60,031
Dividends paid	-	-	-	(600,000)	(600,000)
Total comprehensive income for the year	-	-	(1,380)	1,010,601	1,009,221
Balance as at 30 June 2015	1,259,080	(75,651)	(1,380)	2,068,869	3,250,918

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
STATEMENT OF CASH FLOWS
For the year ended 30 June 2015

	Notes	2015 R '000	2014 R '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		30,943,976	30,290,952
Cash paid to suppliers and employees		(28,314,599)	(27,832,287)
Cash generated by operations before net capital expenditure on rental assets	27a.	2,629,377	2,458,665
Purchase of vehicles for hire		(1,467,838)	(1,459,542)
Proceeds from sale of vehicles for hire		946,776	1,145,501
Cash generated by operations		2,108,315	2,144,624
Interest paid		(960,350)	(757,211)
Interest received		544,660	362,871
Income tax paid		(399,827)	(272,992)
		1,292,798	1,477,292
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of businesses	27b.	(13,152)	(31,563)
Disposal of business	27c.	(10)	(24,736)
Purchase of intangible assets		(207,822)	(40,291)
Purchase of property, plant and equipment		(495,416)	(600,548)
Purchase of transport fleet		(350,303)	(368,454)
Proceeds from sale of intangible assets		7,809	6,416
Proceeds from sale of property, plant and equipment		262,560	375,344
Proceeds from sale of transport fleet		123,293	128,471
Net movement in loans and other financial instruments		16,136	(38,592)
		(656,905)	(593,953)
CASH FLOWS FROM FINANCING ACTIVITIES			
Hedge cost premium		(124,999)	(16,678)
Dividends paid		(600,000)	(640,785)
Net movements of amounts owing by/to related parties		(2,082,065)	(2,755,163)
Issue of cross currency and interest rate swaps		-	1,679
Settlement of the corporate bond		-	(1,500,000)
Proceeds on issue of the corporate bonds		-	3,000,000
Increase in long-term borrowings		1,526,655	1,367,907
		(1,280,409)	(543,040)
Net (decrease) / increase in cash and cash equivalents		(644,516)	340,299
Cash and cash equivalents at beginning of year		(1,225,001)	(1,565,300)
Cash and cash equivalents at end of year	27d.	(1,869,517)	(1,225,001)

1. ACCOUNTING POLICIES

The principal accounting policies adopted and the methods of computation used in the preparation of these annual financial statements are set out below and are consistent in all material respects with those applied during the previous year except for the adoption of new and amended statements and interpretations as disclosed in note 2.

1.01. Statement of compliance

The annual financial statements are stated in South African Rand and are prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the company at 30 June 2015 and the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and financial reporting pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa,

1.02. Basis of measurement

The annual financial statements are prepared on the historical cost basis, modified by the restatement of certain Financial Instruments to fair value and defined retirement benefit liabilities in accordance with actuarial valuations.

1.03. Business combinations

Acquisitions of businesses are accounted for using the acquisition method as described below.

An acquisition is considered a business combination if the assets acquired and liabilities assumed constitute a business.

The consideration transferred in a business combination is measured at fair value, which includes the fair value of the acquisition date assets and any liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and liabilities assumed are measured at fair value except for deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements which are recognised and measured in accordance with IAS 12 – Income Taxes and IAS 19 – Employee Benefits respectively.

The excess of the aggregate of the consideration transferred, and the acquisition date fair value of previously held equity interest over the fair value of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is below the fair values of the identifiable net assets acquired (i.e. bargain purchase), then the difference is credited to profit or loss in the period of acquisition.

When the consideration transferred includes a contingent consideration, that contingent consideration is recognised as a liability and measured at its acquisition-date fair value and included in the consideration transferred in a business combination. The contingent consideration is remeasured at subsequent dates to its fair value through profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the company reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted during the measurement period where applicable.

1.04. Foreign currencies

Transactions denominated in a foreign currency are recorded at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks which are recognised in other comprehensive income and accumulated in the hedge accounting reserve in equity.

1.05. Goodwill

Goodwill arising on acquisition is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.06. Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

Intangible assets are not revalued.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes accounted for on a prospective basis, if any.

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, being the acquisition date fair value, less accumulated amortisation and accumulated impairment losses on the same basis as intangibles that are acquired separately.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the intangible asset is derecognised.

1.07. Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the company assesses if there is any indication that such assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet ready for their intended use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

1.07. Impairment of tangible and intangible assets excluding goodwill (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised immediately in profit or loss.

1.08. Property, plant and equipment, transport fleet and vehicles for hire

Land is stated at cost less accumulated impairment and is not depreciated.

Buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less any accumulated depreciation and impairment losses.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss.

All other assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Costs include all costs incurred in bringing the assets to the location and condition for their intended use and include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company’s accounting policy.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis, if any.

Depreciation commences when the assets are ready for their intended use.

Costs include the estimated costs of dismantling and removing the assets and, where appropriate, costs are split into significant components.

Major improvements to leasehold properties are capitalised and written off over the period of the lease.

Where significant components of an asset have different useful lives to the asset itself, those components are depreciated over their estimated useful lives.

Assets are derecognised on disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Vehicles for hire are reclassified to inventories at their carrying amount when they cease to be rented and become available-for-sale.

1.09. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost is determined as follows:

Vehicles	Specific cost
Caravans, spares and accessories	Weighted average cost
Fuel, oil and merchandise	First in, first out
Fast moving consumer goods	First in, first out

Work in progress includes direct costs and a proportion of overheads.

1.10. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Assets leased under operating leases are included under the appropriate category of assets in the statement of financial position.

They are depreciated over their expected useful lives on a basis consistent with similar items of property, plant and equipment.

The company as lessee

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Contingent rentals are recognised as an expense in the period in which they are incurred.

1.11. Incentive schemes

The company operates equity-settled share-based compensation plans for senior employees and executives.

Equity-settled share-based payments to employees are measured at the fair value of the equity instrument at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the company revises its estimates of the number of equity instruments that are expected to vest.

The impact of the revision of original estimates, if any, is recognised in profit or loss with a corresponding adjustment to the share based payment reserve in equity.

1.12. Retirement benefit obligations

Defined contribution plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

1.13. Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is reviewed at the end of each reporting period and represents the best estimate of the consideration required to settle the obligation, taking into account the risks and uncertainties surrounding it.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the fair value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions are reversed when it is no longer probable that an outflow of resources will be required to settle the obligation.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the company has a contract under which the unavoidable cost of meeting the obligation under the contract exceeds the economic benefits expected from the contract.

1.14. Income taxes

Income tax expense represents the sum of current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ’profit before tax’ as reported in profit or loss as a result of items of income or expense that are taxable or deductible in other years (temporary differences) and items that are not taxable or deductible.

The company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the company’s financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition, other than in a business combination, of other assets and liabilities in a transaction that affects neither the tax profit nor accounting profit.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the company expects to recover or settle the carrying amount of assets and liabilities.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to other comprehensive income and equity, in which case the deferred tax is also taken directly to other comprehensive income and equity.

Deferred tax liabilities are offset when they relate to income taxes levied by the same tax authority and the company intends to settle its current tax assets and liabilities on a net basis.

1.15. Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the non-current asset (or 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 as held for sale.

When the company is committed to a sale plan involving loss of control of an entity, all of the assets and liabilities of that entity are classified as held for sale when the criteria described above are met, regardless of whether the company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

1.16. Revenue recognition

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Where there are guaranteed buyback arrangements in terms of which significant risks and rewards of ownership have not transferred to the purchaser, the transaction is accounted for as a lease.

Revenue arising from the rendering of services is recognised on the accrual basis in accordance with the substance of the agreement.

Revenue from vehicle maintenance plans is recognised based on an established pattern, when vehicle maintenance services are performed over the period of the plan.

1.17. Interest income

Interest income is accrued on the time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s carrying amount.

1.18. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.19. Dividend payments to owners of the company

Dividend distributions to owners of the company are recognised as a liability in the period in which the dividends are approved and declared.

1.20. Events after the reporting period

The financial statements are adjusted to reflect events that occurred between the end of the reporting period and the date when the financial statements are authorised for issue, only if those events provide evidence of conditions that existed at the end of the reporting period.

Events that are indicative of conditions that arose after the reporting period are disclosed, with no adjustment to the financial statements.

1.21. Financial instruments

Financial assets and financial liabilities are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Initial measurement of financial assets and financial liabilities

Financial assets and financial liabilities are initially recorded at fair value plus, in the case of financial assets and financial liabilities not fair valued through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets

Financial assets at fair value through profit or loss, including derivative assets, are subsequently measured at fair value without any deduction for transaction costs that may be incurred on sale or disposal.

Loans receivable and trade receivables are subsequently measured at amortised cost using the effective interest method, less any impairment as appropriate.

Cash resources are carried at amortised cost which is also their fair value.

Subsequent measurement of financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss, including derivative liabilities, which are measured at fair value.

Hedge accounting

The company enters into forward exchange contracts, forward rate agreements and interest-rate swap agreements in order to hedge its exposure to foreign exchange and interest rate risk. The company does not use derivative financial instruments for speculative purposes.

Changes in the fair value of derivative instruments that are not formally designated in a hedge relationship are recognised immediately in profit or loss.

Changes in the fair value of a 'fair value hedge' are recognised in profit or loss. The gain or loss on the hedged item, attributable to the hedged risk, is adjusted to the carrying amount of the hedged item with a corresponding entry in profit or loss.

Impairment of financial assets

Financial assets, other than those fair valued through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provision account. When a trade receivable is considered uncollectible, it is written off against the provision account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

1.21. Financial instruments (continued)

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expires.

Cash resources

Cash resources comprise cash on hand and on-demand deposits, together with short-term, highly liquid investments with a maturity of three months or less from the date of acquisition, that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within current portion of interest-bearing borrowings on the statement of financial position. Cash and cash equivalents in the statement of cash flows are reflected net of overdrafts.

1.22. Significant accounting judgements, estimates and assumptions

The preparation of the annual financial statements requires the company's management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and, in some cases, actuarial techniques. Actual results could differ from these estimates.

The following accounting policies have been identified as involving particularly complex or subjective decisions or assessments:

Residual values and useful lives

The company depreciates its assets over their estimated useful lives taking into account residual values, which, following the adoption of IAS16 - Property, Plant and Equipment, are reassessed on an annual basis.

The useful lives and residual values of these assets can vary depending on a variety of factors.

Technological innovation, product life cycles and maintenance programmes all impact the useful lives and residual values of the assets. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Income taxes

The company recognises liabilities for anticipated taxes based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductable temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets required the company 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 tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the statement of financial position date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the company operates could limit the ability of the company to obtain tax deductions in future periods.

Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine whether the obligation is recognised as a liability or disclosed as a contingent liability.

1.22. Significant accounting judgements, estimates and assumptions (continued)

Revenue recognition

Revenue from vehicle maintenance plans is recognised based on an established pattern of when vehicle maintenance services are performed over the period of the plan.

Statement of financial position presentation based on liquidity

Management believes that the presentation of the statement of financial position on a liquidity basis provides information that is reliable and is more relevant compared to a current and non-current presentation.

The nature of the company's operations is diverse and as such it becomes more difficult to clearly identify a single operating cycle that would be relevant across all business segments. Maturity profiles of some assets and liabilities are provided in the notes to the annual financial statements.

The following guidance is provided on assets and liabilities where further judgement is required:

Assets

Assets that the company expects to realise, or intends to sell or consume in its normal operating cycle, would include inventory and trade and other receivables. The operating cycles for these assets are generally not more than 12 months.

Vehicles for hire have an operating cycle of more than 12 months. Vehicles that have reached the end of the useful life as rental assets are shown as inventory.

Other loans receivable mature over periods longer than 12 months and include amounts that are receivable within one year from the reporting period.

Cash resources are unrestricted.

Liabilities

Liabilities that the company expects to settle in its normal operating cycle include trade and other payables and provisions. Trade and other payables are normally settled within one year from the reporting period, whereas some amounts of provisions mature over periods longer than 12 months.

Non-current financial liabilities are payable over longer periods but do consist of amounts that are due within one year from the reporting period.

Non-current assets classified as held for sale

Management classifies an asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell.

Provision for doubtful debts

Provision is made for doubtful debts based on management's estimate of the prospect of recovering the debt. Where management has determined that a debt is no longer recoverable, the amount is written off.

Provision against inventory

Inventory is counted at least once a year and any shortages and obsolete inventory identified are written off immediately.

An allowance is made for slow-moving and obsolete inventory based on historical trends.

Fair value of financial instruments

Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering the factors specific to the asset or liability.

1.22. Significant accounting judgements, estimates and assumptions (continued)

Asset impairments

The company periodically evaluates its assets for impairment, including identifiable intangibles, whenever events, such as losses being incurred, or changes in circumstances such as changes in the market, indicate that the carrying amount of the asset may not be recoverable. Judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the different businesses. Future events could cause management to conclude that impairment indicators exist. In order to assess if there is any impairment, the future cash flows expected to result from the use of the asset(s) and its eventual disposition are estimated. Considerable management judgement is necessary to estimate discounted future cash flows, including appropriate bases for making judgements and estimates.

The calculation of appropriate discount rates (weighted average cost of capital) is a sensitive input into valuations. While every effort is made to make use of independent information and apply consistent methodology, actual circumstances or outcomes could vary significantly from such estimates, including changes in the economic and business environment.

The variances could result in changes in useful lives or impairment. These changes can have either a positive or negative impact on our estimates of impairment and can result in additional charges.

Share-based settlements

Equity-settled share-based payments are measured at fair value at the date of grant. In calculating the expense the company considers the best estimate of the number of shares that are expected to vest taking into account the achieving of the performance conditions and participants who will forfeit their rights. The final number that will vest may be different.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.01. Change in accounting policies

The following amendments to International Financial Reporting Standards have been applied in the current reporting period. None of the amendments has had a material impact on the financial statements of the company.

IAS 16 - Property plant and equipment (amended)
IAS 39 - Financial Instruments - Recognition and Measurements (amended)
IAS 19 – Employee Benefits (amended)
IFRS 2 – Share Based Payments (amended)

2.02. Representation of statement of profit or loss

To improve the content of profit or loss, certain items that are not operational in nature have been shown in total with details set out in note 24.

3. NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

The following are applicable amendments to IFRS that could have an impact on the company's future financial statements. The company does not anticipate that other amendments resulting from annual improvements to have an impact on its financial statements other than additional disclosures.

3.01. IFRS 9 - Financial Instruments (amendments)

IFRS 9 introduces a single classification and measurement model for financial assets which is dependent on the entities business model objective for managing financial assets and on the contractual cash flow characteristics of financial assets.

Financial assets are classified as either, amortised cost, fair value through profit or loss or fair value through other comprehensive income whilst financial liabilities are classified as amortised cost or fair value through profit or loss.

The standard also introduces a new impairment model which follows a three-stage approach based on changes in expected credit losses of a financial instrument. The model also determines the recognition of impairment as well as the recognition of interest revenue.

Amendments were also made to the criteria for applying hedge accounting, more specifically on the hedge effectiveness which requires the existence of an economic relationship between the hedge item and the hedging instrument and that credit risk does not dominate changes in the fair value of the hedge item or hedging instrument and lastly that the hedge ratio is the same for both the hedging relationship and the quantity of the hedged item actually hedged and the quantity of the hedging instrument used to hedge it.

The company anticipates that the application of IFRS 9 may have an impact on amounts reported in respect of the group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed.

The amendments become applicable to the company for annual periods beginning on or after 1 January 2018.

3.02. IFRS 15 – Revenue From Contracts With Customers

The objective of IFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised 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. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

Application of this guidance will depend on the facts and circumstances present in a contract with a customer and will require the exercise of judgment.

IFRS 15 was issued in January 2014 and replaces the following standards and interpretations when it becomes effective:

- IAS 11 – Construction contracts
- IAS 18 – Revenue
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 18 – Transfers of Assets from Customers
- SIC-31 Revenue – Barter Transactions Involving Advertising Services

The company is in the process of assessing the impact of IFRS 15 on its annual financial statements.

The amendments become applicable to the company for annual periods beginning on or after 1 January 2018.

4. GOODWILL AND INTANGIBLE ASSETS

	Goodwill R '000	Computer software R '000	Other intangibles R '000	Total R '000
At 30 June 2015				
- Cost	119,001	320,993	133,523	573,517
- Accumulated amortisation and impairment	-	(65,385)	(95,406)	(160,791)
	119,001	255,608	38,117	412,726
Net carrying value at beginning of year	122,011	82,183	76,197	280,391
Disposal of business	(3,010)	(80)	(1,342)	(4,432)
Additions	-	207,770	52	207,822
Proceeds on sale	-	(7,809)	-	(7,809)
Profit on disposal	-	614	-	614
Impairment cost	-	(404)	-	(404)
Amortisation	-	(26,666)	(36,790)	(63,456)
Net carrying value at end of year	119,001	255,608	38,117	412,726
At 30 June 2014				
- Cost	158,018	132,549	136,504	427,071
- Accumulated amortisation and impairment	(36,007)	(50,366)	(60,307)	(146,680)
	122,011	82,183	76,197	280,391
Net carrying value at beginning of year	122,011	74,411	123,973	320,395
Disposals of business	-	(31)	(8,518)	(8,549)
Additions	-	39,907	384	40,291
Proceeds on sale	-	(6,416)	-	(6,416)
Profit on disposal	-	1	-	1
Impairment cost	-	(6,869)	-	(6,869)
Amortisation	-	(18,820)	(39,642)	(58,462)
Net carrying value at end of year	122,011	82,183	76,197	280,391

Expenditure on externally acquired computer software and other intangibles is amortised on a straight-line basis over the assets' estimated useful lives between 2 to 10 years. Goodwill is not amortised, but is tested for impairment annually.

Goodwill

A summary of the goodwill by cash generating unit and related assumptions applied for impairment testing purposes are as follows:

Cash generating unit (CGU)	Pre-tax discount rate %	Goodwill carrying amount R '000	Terminal growth rate %
Imperial Health Sciences - 2015	20.9	119 001	4.5
Imperial Health Sciences - 2014	20.7	122 011	4.5

Goodwill impairment testing

Goodwill is allocated to the appropriate CGUs according to the type of business and where it operates. The CGUs represent the identifiable assets for which an active market exists and which generate independent cash flows for the company.

External and internal factors surrounding the business operations play a role in determining an indication of impairment. In addition, the carrying amount of goodwill is subject to an annual impairment test. Impairment tests are carried out on all goodwill balances within each CGU.

Impairment of goodwill arises when the recoverable amount of the CGU, including goodwill, is less than the carrying value. The recoverable amount was determined as the value in use.

Key assumptions used in value in use calculations

Cash flow projections

The value in use is calculated using the forecasted cash inflows and outflows which are expected to be derived from continuing use of the CGU and its ultimate disposal. Cash flow projections for financial forecasts are based on expected revenue, operating margins, working capital requirements and capital expenditure, which are approved by senior management.

The assumptions used in deriving the cash flows are based on past experience and adjusted for any expected changes for the CGU.

The expected revenues were based on market share assumptions, volume growth and price increases. These cash flow projections cover a five-year forecast period, which are then extrapolated into perpetuity using applicable terminal growth rates.

Growth rate

The growth rate applied is determined based on future trends within the industry, geographic location and past experience. The growth rate can fluctuate from year to year based on the assumptions used to determine these rates.

The company used a steady growth rate to extrapolate revenues beyond the forecasted period, which were consistent with publicly available information relating to long-term average growth rates for each of the markets in which the CGU operates.

Discount rates applied

The discount rate represent the current market assessment of the risks for the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow projections. The discount rate calculations are derived from the CGU's weighted average cost of capital and takes into account both the cost of debt and the cost of equity.

The cost of equity was arrived at by using the capital asset pricing model (CAPM) which, where necessary, takes into account an equity risk premium and a small stock premium. The CAPM uses market betas of comparable entities in arriving at the cost of equity. The cost of debt is based on the interest-bearing borrowings the CGU is obliged to service.

The debt to equity ratio was determined by applying market value weights based on theoretical target gearing levels, giving consideration to industry averages and using data of comparable entities.

5. PROPERTY, PLANT AND EQUIPMENT

	Land, buildings and leasehold improvement R '000	Equipment and furniture R '000	Motor vehicles R '000	Total R '000
At 30 June 2015				
- Cost	3,158,861	829,867	196,560	4,185,288
- Accumulated depreciation and impairment	(194,738)	(538,085)	(67,095)	(799,918)
	2,964,123	291,782	129,465	3,385,370
Net carrying value at beginning of year	2,851,565	306,148	99,756	3,257,469
Acquisition of businesses	10,059	6,906	5,884	22,849
Disposal of business	-	(485)	(1,375)	(1,860)
Additions	250,269	92,329	152,818	495,416
Proceeds on sale	(165,021)	(4,508)	(93,031)	(262,560)
Profit on disposal	38,989	229	1,718	40,936
Depreciation	(17,486)	(103,971)	(36,305)	(157,762)
Impairment charge	(4,252)	(4,866)	-	(9,118)
Net carrying value at end of year	2,964,123	291,782	129,465	3,385,370
At 30 June 2014				
- Cost	3,040,807	748,277	147,708	3,936,792
- Accumulated depreciation and impairment	(189,242)	(442,129)	(47,952)	(679,323)
	2,851,565	306,148	99,756	3,257,469
Net carrying value at beginning of year	2,645,683	326,374	94,945	3,067,002
Acquisition of businesses	308	1,692	1,006	3,006
Disposals of business	-	(8,046)	(320)	(8,366)
Additions	351,960	126,911	121,677	600,548
Proceeds on sale	(242,616)	(41,761)	(90,967)	(375,344)
Profit on disposal	151,837	4	2,528	154,369
Depreciation	(16,554)	(99,027)	(29,113)	(144,694)
Impairment charge	(39,053)	-	-	(39,053)
Net carrying value at end of year	2,851,565	306,148	99,756	3,257,469

Depreciation is calculated on a straight-line basis to write off the cost of each component of an asset to its residual value over its estimated useful life as follows:

- Buildings	20 years
- Equipment and furniture	3 to 10 years
- Motor vehicles	3 to 5 years
- Land	Not depreciated

	2015 R '000	2014 R '000
6. TRANSPORT FLEET		
- Cost	3,653,090	3,379,316
- Accumulated depreciation and impairment	(1,635,456)	(1,496,467)
	2,017,634	1,882,849
Net carrying value at beginning of year	1,882,849	1,853,117
Acquisition of businesses	195,012	463,576
Disposal of business	-	(413,359)
Additions	350,303	368,454
Proceeds on sale	(123,293)	(128,471)
Profit on disposal	8,565	12,669
Depreciation	(295,802)	(273,137)
Net carrying value at end of year	2,017,634	1,882,849

Depreciation is calculated on a straight-line basis to write off the cost of each component of the transport asset to its residual value over its estimated useful life between 3 to 12 years.

	2015 R '000	2014 R '000
7. OTHER FINANCIAL ASSETS		
Loans		
Other loans - at amortised cost	83,275	52,471
Short term fixed deposits	-	40,844
Other financial assets		
Cross currency swaps at fair value - maturing July 2017	35,832	-
	119,107	93,315
Maturity analysis:		
Maturing within one year	51,355	84,532
Maturing after one year but within five years	67,752	8,783
	119,107	93,315
Effective interest rates:	9.0% - 9.25%	5.0% - 9.0%

For futher disclosures refer to note 32.

	2015 R '000	2014 R '000
8. VEHICLES FOR HIRE		
- Cost	2,060,602	1,929,320
- Accumulated depreciation and impairment	(410,959)	(348,802)
	1,649,643	1,580,518
Net carrying value at beginning of year	1,580,518	1,706,468
Additions	1,467,838	1,459,542
Proceeds on sale	(946,776)	(1,145,501)
Depreciation	(451,937)	(439,991)
Net carrying value at end of year	1,649,643	1,580,518

Depreciation is calculated on a straight-line basis to write off the cost of the vehicles to its residual value over its estimated useful life between 1 to 2 years.

	2015 R '000	2014 R '000
9. INVENTORIES		
New vehicles	1,145,830	1,256,793
Used vehicles	1,406,316	1,241,258
Spares, accessories and finished goods	456,764	430,182
Fuel and oils	20,698	17,957
Fast moving consumer goods	-	6,399
Work in progress	15,997	23,843
Total	3,045,605	2,976,432
Inventories carried at net realisable value included above	1,147,048	740,384
Net amount of inventory write down expensed in profit or loss	7,545	19,388
10. TRADE AND OTHER RECEIVABLES		
Trade receivables	2,274,909	1,884,044
- Gross receivables	2,423,018	2,018,708
- Provision for doubtful debts	(148,109)	(134,664)
Prepayments and other receivables	227,889	139,677
Current derivative assets	46	29
	2,502,844	2,023,750
For futher disclosures refer to note 32.		
11. CASH AND CASH EQUIVALENTS		
Cash on hand and at bank	126,505	130,659
Effective interest rates	5.3%	5.0%
For futher disclosures refer to note 32.		
12. ASSET CLASSIFIED AS HELD FOR SALE		
The asset classified as held for sale is a long term loan advanced to Regent Insurance Company Limited.	201,088	-

Regent Insurance Company Limited is a fellow subsidiary of Imperial Group Limited within the Imperial Holdings group.

While the business of Regent has grown strongly since its establishment, a large fast growing portion of Regent's revenue and profits are unrelated to the Group's core vehicle and logistics businesses and enjoy no strategic, competitive or financial advantage from Imperial Holdings Ltd's ownership.

The growth prospects and value of these unrelated businesses will be better advanced by owners with established capability and scale in financial services and insurance.

Therefore, and consistent with its strategy to invest in its core capabilities, Imperial has decided to dispose of the business and insurance licenses of Regent, in a transaction structured to allow the group continued access, with its cell captive arrangements, to the income flows generated by the distribution of vehicle related insurance and value added products, through Imperial's extensive dealership network.

The Group expect that the fair value less cost to sell the business will be higher than the aggregate carrying amount of the related assets and liabilities. Therefore, no impairment loss was recognised either on the reclassification of the assets and liabilities as held for sale or at 30 June 2015.

The disposal is expected to be completed within the following twelve months.

	2015 R '000	2014 R '000
13. SHARE CAPITAL AND SHARE PREMIUM		
Authorised share capital		
1 000 (2014: 1 000) ordinary shares of R1 each	1	1
Issued share capital		
165 (2014: 165) ordinary shares of R1 each	-	-
Share premium	1,259,080	1,259,080
	1,259,080	1,259,080

14. SHARE-BASED PAYMENT RESERVE

Please refer to the statement of changes in equity for details of the movements.

The fair values for the share-based payment reserve were calculated using the Black Scholes pricing model.

The inputs into the model were established at the grant dates and which have not changed, are as follows:

	2014	2013	2012
Share appreciation rights			
Volatility (%)	28.41	29.50	30.80
Weighted average share price (Rands)	193.77	195.20	170.57
Weighted average exercise price (Rands)	193.77	195.20	170.57
Weighted average fair value (Rands)	46.67	47.02	43.24
Expected life (years)	4.28	4.32	4.26
Average risk-free rate (%)	7.75	6.50	5.85
Expected dividend yield (%)	4.34	3.89	3.28
Deferred bonus plan			
Volatility (%)	28.41	29.50	30.80
Weighted average share price (Rand)	193.77	195.20	170.57
Weighted average fair value (Rand)	168.45	171.89	153.56
Expected life (years)	3.23	3.27	3.20
Average risk-free rate (%)	7.75	6.50	5.85
Expected dividend yield (%)	4.34	3.89	3.28

The volatilities were determined by calculating the historical volatility of the Imperial Holdings Limited’s share price over the previous five years. The expected life is determined by the rules of the schemes which dictate the expiry date.

For additional information, please refer to the pages 54-55 of the published annual consolidated financial statements of Imperial Holdings Limited (website: www.imperial.co.za).

15. INTEREST-BEARING BORROWINGS

	2015 R '000	2014 R '000
Long-term borrowings		
- Corporate bonds: Listed on the Bond Exchange of South Africa	5,839,803	5,836,817
IPL 5: maturing in September 2015	500,084	499,798
IPL 6: maturing in September 2017	1,536,670	1,536,299
IPL 7: maturing in April 2018	762,529	761,664
IPL 8: maturing in October 2020	1,526,157	1,524,966
IPL 9: maturing in May 2021	756,533	756,260
IPL 10: maturing in May 2021	757,830	757,830
- Revolving credit facility - term loans	2,884,247	1,500,303
- Other loans	173,694	2,640
	8,897,744	7,339,760
Short-term borrowings		
- Call borrowings, bank overdrafts and franchise creditors	1,791,466	850,882
- Commercial paper	299,321	604,420
	2,090,786	1,455,302
Total borrowings	10,988,530	8,795,062
Less: Current portion of interest-bearing borrowings	(2,713,950)	(1,456,453)
Long-term borrowings	8,274,580	7,338,609

All interest bearing borrowings are held at amortised cost.

Interest rate analysis	**Current year interest rates**	2015 R '000	2014 R '000
Fixed			
- Corporate bonds - IPL 6	9.8%	1,536,670	1,536,299
- Corporate bonds - IPL 10	9.4%	757,830	757,830
- Mortgage loans	9.3%	1,412	1,573
Variable linked			
- Corporate bonds - IPL 5	7.9% - 8.1%	500,084	499,798
- Corporate bonds - IPL 7	7.3% - 7.7%	762,529	761,664
- Corporate bonds - IPL 8	7.5% - 7.9%	1,526,157	1,524,966
- Corporate bonds - IPL 9	7.5% - 7.8%	756,533	756,260
- Revolving credit facility - term loans	1.8% - 7.7%	2,884,247	1,500,303
- Unsecured loans	5.0% - 9.3%	119,281	-
- Notice Loans	6.6% - 6.6%	53,000	1,067
- Franchise creditor	8.0% - 11.0%	94,764	99,642
- Call borrowings	4.0% - 10.3%	1,328,029	384,288
- Bank overdrafts	4.2% - 9.5%	368,673	366,952
- Commercial paper	5.3% - 6.5%	299,321	604,420
		10,988,530	8,795,062

For futher disclosures refer to note 32.

15. INTEREST-BEARING BORROWINGS (continued)

Summary of interest-bearing borrowings by year of redemption or repayment in SA Rands

2020 onwards R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000	2015 Total R'000
4,541,144	225	3,671,181	62,030	2,713,950	10,988,530

2019 onwards R'000	2018 R'000	2017 R'000	2016 R'000	2015 R'000	2014 Total R'000
6,837,888	288	500,086	347	1,456,453	8,795,062

Imperial Holdings Limited guarantees the corporate bonds and bank overdrafts of Imperial Group Limited.

Borrowing facilities

In terms of the memorandum of incorporation the borrowing powers of the company is unlimited.

	2015 R'000	2014 R'000
Total facilities established	10,742,000	7,100,000
Less: Total borrowings, excluding coporate bonds, floorplan and commerical paper	(4,754,641)	(2,254,182)
Unutilised borrowing capacity	5,987,359	4,845,818

	2015 R '000	2014 R '000
16. DEFERRED TAX LIABILITY		
Movement of deferred tax		
Carrying value at beginning of the year	304,987	379,454
Acquisition of business	27,493	9,453
Disposal of business	1,872	10,323
Charged to profit or loss	27,378	(31,032)
Prior year over provision	(1,763)	(63,180)
Capital gains taxation	1,904	(31)
Carrying value at end of year	361,871	304,987
Analysis of deferred tax		
- Property, plant and equipment	76,270	48,809
- Transport fleet	419,175	392,006
- Vehicles for hire	54,829	27,756
- Inventory	(35,789)	(41,349)
- Receivables and prepayments	(49,822)	(42,382)
- Provisions and other payables	(124,479)	(119,054)
- Other	21,687	39,202
	361,871	304,987
17. OTHER FINANCIAL LIABILITIES		
Cross-currency swaps at fair value - maturing July 2017	74,606	-
Interest rate swaps at fair value	14,897	-
Other non-current financial liabilities	542	-
	90,045	-

For futher disclosures refer to note 32.

	2015 R '000	2014 R '000
18. PROVISIONS FOR LIABILITIES AND OTHER CHARGES		
Carrying value at beginning of the year	114,457	75,579
Acqusition of businesses	694	-
Disposal of business	(4,076)	-
Amounts added	17,888	47,212
Unused amounts reversed	(48,047)	(1,432)
Charged to profit or loss	(30,159)	45,780
Amounts utilised	(7,401)	(6,902)
Carrying value at end of year	73,515	114,457
Ageing of provisions for liabilities and charges		
Maturing in less than one year	66,987	59,126
Maturing in one to five years	6,528	29,732
Maturing in more than five years	-	25,599
	73,515	114,457

Provisions comprise of warranty and after sales obligations, onerous contracts and restructuring costs.
The ageing fairly reflects the timing and amounts of the estimated payments to be made.

	2015 R '000	2014 R '000
19. TRADE AND OTHER PAYABLES		
Trade payables	2,895,491	2,659,863
Other payables and accruals	1,022,594	1,057,126
Derivative instruments	698	1,727
	3,918,783	3,718,716

For futher disclosures refer to note 32.

	2015 R '000	2014 R '000
20. REVENUE		
An analysis of the company's revenue is as follows:		
Sales of goods	21,779,635	21,021,699
Rendering of services	9,559,454	9,169,115
Total revenue	31,339,089	30,190,814
Revenue includes transactions with subsidiaries of Imperial holdings Limited amounting to:		
Sales of goods	534,442	266,439
Rendering of services	334,237	276,961
Total revenue	868,679	543,400
21. NET OPERATING EXPENSES		
Purchase of goods	20,735,211	20,003,308
Net movement from inventories before net acquisitions of businesses	64,505	167,827
Cost of outside services	1,658,722	1,866,334
Staff cost	4,102,198	3,722,875
Equity-settled staff share-based payment cost	71,515	64,449
Operating income	(737,609)	(798,434)
Other operating costs	2,740,923	2,689,083
	28,635,465	27,715,442
The above costs are arrived at after including:		
Auditor's remuneration		
- Audit fees	9,179	9,040
- Other fees	2,165	692
	11,344	9,732
Rental and operating lease charges		
- Plant and equipment	9,814	14,618
- Properties	237,756	185,903
- Vehicles	25,240	7,578
	272,810	208,099
Consultancy and other technical fees	57,205	45,297
Defined contribution retirement plan costs	201,638	160,452

The company provides retirement fund benefits through independent funds under the control of trustees and all contributions to those funds are charged to the profit or loss. The large majority of employees, other than those employees required by legislation to be members of various industry funds, are members of the Imperial Group Pension Fund and the Imperial Group Provident Fund which are governed by the Pensions Funds Act, 1965.

22. DIRECTORS' REMUNERATION

	Salary R '000	Bonus R '000	Retirement and medical contri-butions R '000	Other benefits R '000	Total R '000
2015					
Directors					
M J Lamberti	-	-	-	-	-
M Akoojee	2 987	2 600	493	120	6 200
O S Arbee	4 858	4 000	782	360	10 000
M P de Canha	4 698	2 500	643	159	8 000
P B Michaux	3 826	3 000	634	240	7 700
J J Strydom	3 766	3 000	334	-	7 100
M Swanepoel	4 277	4 000	843	180	9 300
Total directors remuneration	**24 412**	**19 100**	**3 729**	**1 059**	**48 300**

In lieu of an annual incentive bonus, Deferred Bonus Payment rights were allocated to M J Lamberti. In terms of this he is required to hold Imperial shares until 15 September 2018 when he will receive a matching award of the same number of Imperial shares. The expected value of this award is R6,000,000.

M J Lamberti has elected not to be paid the fixed remuneration portion of his compensation or receive other direct benefits as CEO of Imperial. His compensation will therefore comprise only the performance-related portion of compensation normally due to the CEO.

	Salary R '000	Bonus R '000	Retirement and medical contri-butions R '000	Other benefits R '000	Total R '000
2014					
Directors					
M J Lamberti	-	-	-	-	-
M Akoojee	2 412	2 310	400	120	5 242
O S Arbee	4 569	4 200	746	399	9 914
M P de Canha	4 473	3 400	611	159	8 643
P B Michaux	3 130	2 800	530	276	6 736
J J Strydom	3 315	2 650	297	-	6 262
M Swanepoel	3 944	3 700	782	180	8 606
	21 843	**19 060**	**3 366**	**1 134**	**45 403**
Retired directors					
H R Brody	5 357	-	857	8 587	14 801
Total directors remuneration	**27 200**	**19 060**	**4 223**	**9 721**	**60 204**

M J Lamberti's total and only compensation for the four months to June 2014 was participation in the Imperial Deferred Bonus Plan (DBP). This was one of the terms of his employment, which required him to commit 60 787 Imperial shares to be held in escrow until 15 September 2017, when he will receive a matching award of the same number of shares.

22. DIRECTORS' REMUNERATION (continued)

Incentive schemes

Executive directors participate in the incentive schemes of the company's parent company. The equity linked compensation benefits for directors are set below:

Participation in the Share Appreciation Rights Scheme (SAR)

	Commence-ment date	Number of rights *	Number of rights exercised	Number of rights vested	Number of rights remaining	Price	Vesting date
Directors							
M Akoojee	14 June 2011	11 628			11 628	116.59	15 September 2014
	13 June 2012	24 016			24 016	170.57	26 August 2015
	11 June 2013	38 154			38 154	195.20	15 September 2016
O S Arbee	02 June 2010	56 333		1 031	55 302	96.71	15 September 2013
	14 June 2011	23 377			23 377	116.59	15 September 2014
	13 June 2012	44 743			44 743	170.57	26 August 2015
	11 June 2013	77 582			77 582	195.20	15 September 2016
M P de Canha	14 June 2011	25 011			25 011	116.59	15 September 2014
	13 June 2012	47 876			47 876	170.57	26 August 2015
	11 June 2013	68 215			68 215	195.20	15 September 2016
J J Strydom	14 June 2011	9 384			9 384	116.59	15 September 2014
	13 June 2012	29 342			29 342	170.57	26 August 2015
	11 June 2013	48 263			48 263	195.20	15 September 2016
M Swanepoel	14 June 2011	23 377	23 377		-	116.59	15 September 2014
	13 June 2012	44 743			44 743	170.57	26 August 2015
	11 June 2013	68 641			68 641	195.20	15 September 2016
P B Michaux	14 June 2011	12 200	12 200		-	116.59	15 September 2014
	13 June 2012	31 241			31 241	170.57	26 August 2015
	11 June 2013	51 092			51 092	195.20	15 September 2016

*The number of rights that will eventually vest is subject to the achievement of performance conditions linked to core EPS targets relative to a peer group of 20 JSE listed companies and return on invested capital (ROIC) targets relative to weighted cost of capital. The rights vested could be fewer than the number granted.

22. DIRECTORS' REMUNERATION (continued)

Participation in the Deferred Bonus Plan (DBP)

	Allocation date	Number of rights allocated	Number of Imperial Holdings shares committed to the plan +	Balance available to be taken up	Vesting during the year	Balance remaining	Vesting date
Directors							
M J Lamberti	01 March 2014	60 787	60 787			60 787	15 September 2017
M Akoojee	18 June 2010	10 000	3 376		3 376	-	07 September 2014
			2 445			2 445	26 August 2015
	14 June 2011	5 805	5 805		5 805	-	07 September 2014
	13 June 2012	4 854	4 854			4 854	26 August 2015
	11 June 2013	3 266	3 266			3 266	15 September 2016
	30 June 2014	18 579	18 579			18 579	15 September 2017
O S Arbee	14 June 2011	10 406	10 406		10 406	-	07 September 2014
	13 June 2012	9 044	6 727			6 727	26 August 2015
	11 June 2013	5 872	5 872			5 872	15 September 2016
	30 June 2014	30 965	30 965			30 965	15 September 2017
M P de Canha	14 June 2011	12 486	10 712		10 712	-	07 September 2014
	13 June 2012	9 677	8 064			8 064	26 August 2015
	11 June 2013	6 276	6 276			6 276	15 September 2016
	30 June 2014	28 384	28 384			28 384	15 September 2017
J J Strydom	14 June 2011	4 039	4 039		4 039	-	07 September 2014
	13 June 2012	3 957	3 957			3 957	26 August 2015
	11 June 2013	3 689	3 689			3 689	15 September 2016
	30 June 2014	21 159	21 159			21 159	15 September 2017
M Swanepoel	14 June 2011	9 641	9 641		9 641	-	07 September 2014
	13 June 2012	6 156	6 156			6 156	26 August 2015
	11 June 2013	5 164	5 164			5 164	15 September 2016
	30 June 2014	27 352	27 352			27 352	15 September 2017
P B Michaux	14 June 2011	5 251	5 251		5 251	-	07 September 2014
	13 June 2012	4 793	4 793			4 793	26 August 2015
	11 June 2013	4 634	4 634			4 634	15 September 2016
	30 June 2014	24 256	24 256			24 256	15 September 2017

+ The number of shares committed to the plan is dependent on the amount of after-tax bonus committed by each executive and the share price prevailing when bonus shares are acquired.

22. DIRECTORS' REMUNERATION (continued)

Gains by directors on SAR, DBP and CRP exercised during the year

	2015 R '000	2014 R '000
H R Brody #	-	18 894
M Akoojee	1 969	3 357
O S Arbee	2 465	3 218
M P de Canha	2 560	11 384
J J Strydom	1 753	3 884
M Swanepoel	3 896	8 721
P B Michaux	2 220	6 158

Non-executive from 1 March 2014.

	2015 R '000	2014 R '000
23. DEPRECIATION, AMORTISATION, IMPAIRMENTS AND RECOUPMENTS		
Depreciation and amortisation		
Intangible assets	26,766	18,834
- Total amortisation of intangible assets	63,456	58,462
- Less: Amortisation of intangible assets arising on business combinations	(36,690)	(39,628)
Property, plant and equipment	157,762	144,694
Transport fleet	295,802	273,137
Vehicles for hire	451,937	439,991
	932,267	876,656
Impairments		
Intangible assets	404	6,869
Plant and equipment	4,866	-
	5,270	6,869
Recoupments		
Profit on disposal of intangible assets	(614)	(1)
Profit on disposal of plant and equipment	(1,947)	(2,532)
Profit on disposal of transport fleet	(8,565)	(12,669)
	926,411	868,323
Profit from sale of properties, net of impairments		
Profit on disposal of properties	(38,989)	(151,837)
Impairment of property	4,252	39,053
	(34,737)	(112,784)

Certain properties have been impaired based on the location and condition of the properties.

	2015 R '000	2014 R '000
24. OTHER NON-OPERATING ITEMS		
Remeasurement of financial instrument not held-for-trading	840	30
Unrealised gain on marked-to-market of loans to related parties	840	30
Capital items	44,667	40,697
Reversal of warranty provision	46,261	-
Group loans impaired	(76)	(15,469)
Profit on disposal of businsess	-	56,986
Business acquisition costs	(1,518)	(820)
Total other non-operating items	45,507	40,727
25. FINANCING COSTS		
Interest paid	960,350	757,211
Fair value loss on interest derivative instruments	13,649	-
Finance costs including fair value losses	973,999	757,211
Finance income	(544,660)	(362,871)
Net finance cost	429,339	394,340

26. INCOME TAX EXPENSE

	2015 R '000	2014 R '000
Tax charge		
South African normal tax		
- Current year	336,080	378,197
- Prior year under provision	7,014	67,202
	343,094	445,399
Deferred tax		
- Current year	27,378	(31,032)
- Prior year over provision	(1,763)	(63,180)
	25,615	(94,212)
Capital gains		
- Current tax	10,214	28,120
- Deferred tax	1,904	(31)
	12,118	28,089
	380,827	379,276

	2015	2014
Reconciliation of tax rates:	**%**	**%**
Profit before taxation - effective rate	27.4	28.6
Tax effect of:		
- Disallowable charges	(0.8)	(1.6)
- Amortisation of intangibles acquired in business acquisitions	(0.2)	(1.1)
- Exempt / capital income	2.9	4.5
- Capital gains	(0.9)	(2.1)
- Prior year net under provision	(0.4)	(0.3)
	28.0	28.0

IMPERIAL GROUP LIMITED
(Registration number 1983/009088/06)
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
For the year ended 30 June 2015

27. NOTES TO THE CASH FLOW STATEMENT

a. Cash generated by operations before net capital expenditure on rental assets

	2015 R '000	2014 R '000
Profit before net financing costs	1,820,767	1,720,932
Adjustments for non cash movements		
- Amortisation of intangibles, net of recoupments	62,842	58,462
- Depreciation of property, plant and equipment	157,762	144,694
- Depreciation of transport fleet net of recoupments	287,237	260,468
- Depreciation of vehicles for hire, net of recoupments	451,937	439,991
- Profit on disposal of property, plant and equipment	(40,936)	(154,369)
- Impairment of assets	9,522	45,922
- Recognition of share-based payments	71,515	64,449
- Capital items	(44,667)	(40,697)
- Foreign exchange gains	(38,672)	2,681
- Hedging reserve reclassified to income statement	47,373	-
Cash generated by operations before changes in working capital	2,784,680	2,542,533
Working capital movements		
- Increase in inventories	(64,505)	(167,827)
- (Increase) decrease in trade and other receivables	(395,113)	65,336
- Increase in trade and other payables and provisions	304,315	18,623
	2,629,377	2,458,665

b. Acquisition of businesses

	2015 R '000	2014 R '000
Property, plant and equipment	(22,849)	(3,006)
Transport fleet	(195,012)	(50,896)
Inventory	(5,122)	(11,539)
Trade and other receivables	(91,591)	(18,397)
Taxation in advance	(3,854)	-
Cash resources	(3,893)	(89)
Deferred tax liability	27,493	9,453
Due to group entities	237,353	36,193
Trade and other payables	41,254	6,198
Provisions for liabilities and charges	694	1,119
Current tax liability	-	132
Purchase consideration transferred	(15,527)	(30,832)
Less: Cash resources acquired	3,893	89
Plus: Business acquisition cost	(1,518)	(820)
Cash flow on acquisition	(13,152)	(31,563)

For futher disclosures refer to note 34.

	2015 R '000	2014 R '000
27. NOTES TO THE CASH FLOW STATEMENT		
c. Proceeds on sale of business		
Intangible assets	4,432	10,558
Property, plant and equipment	1,860	11,014
Transport fleet	-	679
Other non current financial assets	-	39,447
Vehicles for hire	-	44,669
Deferred tax	1,872	10,323
Inventory	-	183
Trade and other receivables	13,637	107,484
Cash resources	10	24,736
Interest-bearing borrowings	-	(3,114)
Due to group entities	(7,189)	(46,632)
Trade and other payables	(45,847)	(145,125)
Provisions for liabilities and charges	(4,076)	(7,562)
Current tax liability	2,268	(190)
Net asset value	(33,033)	46,470
Less: Cash resources disposed of	(10)	(24,736)
Plus: Liability incurred	-	19,734
Plus: Consideration received	5,879	(123,190)
Plus: Profit on sale of business	27,154	56,986
Cash flow on disposal	(10)	(24,736)
d. Cash and cash equivalents		
Cash resources	126,505	130,659
Call borrowings and commercial paper	(1,996,022)	(1,355,660)
	(1,869,517)	(1,225,001)

	2015 R '000	2014 R '000
28. DIVIDENDS		
Dividends paid during the year	600,000	640,785

29. COMMITMENTS

Capital commitments to be incurred	2015 R '000	2014 R '000
Contracted	508,335	809,694
Authorised by directors but not yet contracted	859,180	328,186
	1,367,515	1,137,880

The commitments are substantially for the acquisition of fleets and the construction of buildings to be used by the company. Expenditure will be financed from proceeds on disposals and existing facilities.

Operating lease commitments	One to five years R '000	Less than one year R '000	Total R '000
2015			
Property	267,512	107,517	375,029
Vehicles	51,155	30,508	81,663
Plant and equipment	4,644	1,223	5,867
	323,311	139,248	462,559
2014			
Property	270,792	113,870	384,662
Vehicles	605	4,226	4,831
Plant and equipment	1,784	1,054	2,838
	273,181	119,150	392,331

	2015 R '000	2014 R '000
30. CONTINGENT LIABILITIES		
The company has amounts owing by Imperial Holdings' subsidiaries, associates and joint ventures that are subject to subordination agreements. The total exposure relating to these loans	175,954	208,099
The company has issued an upstream guarantee in favour of Imperial Holdings Limited relating to banking facilities guaranteed by Imperial Holdings Limited. The amounts relating to this guarantee is	4,175,791	4,049,562

31. OPERATING LEASE RECEIVABLES

The minimum future lease payments receivable under non-cancellable operating leases are as follows:

Operating lease receivables	One to five years R '000	Less than one year R '000	Total R '000
2015			
Property	31,037	16,383	47,420
	31,037	16,383	47,420
2014			
Property	17,620	4,541	22,161
	17,620	4,541	22,161

32. FINANCIAL INSTRUMENTS

Financial risk factors

The company's treasury activities are aligned to the company's decentralised business model and the asset and liability committee's (Alco) strategies. The Alco is an Imperial Holdings Limited board subcommittee responsible for implementing best practice asset and liability risk management with its main objectives being the management of liquidity, interest rate, price and foreign exchange risk. The Alco meets every quarter and follows a comprehensive risk management process. The treasury implements the Alco risk management policies and directives and provides financial risk management services to the various divisional businesses, coordinates access to domestic and international financial markets for bank as well as debt capital markets funding. The treasury monitors and manages the financial risks relating to the operations of the company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign exchange risk, and interest rate risk), credit risk and liquidity risk.

The day-to-day management of foreign exchange risk and credit risk is performed on a decentralised basis by the various business units within the company's hedging policies and guidelines.

The company's objectives, policies and processes for measuring and managing these risks are detailed below.

The company seeks to minimise the effects of these risks by matching assets and liabilities as far as possible or by using derivative financial instruments to hedge these risk exposures.

The company does not enter into or trade in financial instruments, including derivative financial instruments, for speculative purposes. The company enters into financial instruments to manage and reduce the possible adverse impact on earnings from changes in interest rates and foreign exchange rates.

Market risk

This is the risk that changes in the general market conditions, such as foreign exchange rates, interest rates, commodity prices and equity prices may adversely impact on the company's earnings, assets, liabilities and equity.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return on risk.

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

This is the risk of losses arising from the effects of adverse movements in exchange rates on net foreign currency asset or liability positions.

The company undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. In order to manage these risks, the company may enter into hedging transactions, which make use of derivatives. Derivative instruments are used by the company for hedging purposes. Such instruments include forward exchange contracts, futures and certain currency options authorised by Alco.

The policy of the company is to maintain a fully covered foreign exchange risk position in respect of foreign currency commitments with a few exceptions authorised by the Alco. Automotive spare parts may be settled in the spot markets and where specific South African Exchange Control authorisation has been obtained from authorised dealers in foreign exchange up to 75% of forecast annual sales can be covered. The day-to-day management of foreign exchange risk is performed on a decentralised basis by the various business units within the company's hedging policies and guidelines. Trade-related import exposures are managed through the use of natural hedges arising from foreign assets as well as forward exchange contracts and the option structures authorised by Alco.

The average exchange rates shown below include the cost of forward cover. The amounts represent the net rand equivalent of commitments to purchase and sell foreign currencies, and have all been recorded at fair value.

32. FINANCIAL INSTRUMENTS (continued)

The company has entered into certain forward exchange contracts and option structures authorised by Alco that relate to importation of inventories and interest-bearing borrowings at 30 June and specific foreign commitments not yet due. The details of these contracts are as follows:

	Foreign amount '000	Average exchange	Contract value R '000	Marked to market R '000
Foreign currency				
2015				
Imports				
United States Dollar	4,484	12.37	55,443	54,906
Euro	962	20.03	19,262	19,153
Pound Sterling	84	19.31	1,621	1,618
Japanese Yen	45,773	0.10	4,591	4,587
Australian Dollar	2	9.35	17	17
			80,934	80,281
2014				
Imports				
United States Dollar	1,855	10.73	19,906	19,879
Euro	439	14.77	6,485	6,464
Pound Sterling	30	18.05	539	548
Japanese Yen	26,267	0.11	2,759	2,779
Australian Dollar	4	9.79	43	44
			29,732	29,714

Fair value is calculated as the difference between the contracted value and the value to maturity.

The impact from a 10% movement in the valuation of the Rand would approximately have a R65 thousand (2014: R2 thousand) impact on the company's equity. The 10% sensitivity rate is based on management's assessment of a reasonable possible change in foreign exchange rates over the foreseeable future.

The sensitivity of profits to changes in exchange rates is a result of foreign exchange gains or losses on remeasurement of foreign denominated financial assets and liabilities translated at spot rates are offset by equivalent gains or losses in currency derivatives.

Logistics Africa
The risk in this division is limited with certain transactions in foreign currencies, which result in foreign currency denominated debtors and creditors. In order to mitigate the risks which arise from this exposure, these items are settled immediately or where foreign exchange contracts are available the risk is hedged within a 50% minimum company risk policy for African businesses.

Vehicle Retail, Rental and Aftermarket Parts
This division is exposed to certain transactions in foreign currencies, which result in foreign currency denominated creditors. In order to mitigate the risks which arise from this exposure, forward exchange contracts are taken to hedge this exposure.

32. FINANCIAL INSTRUMENTS (continued)

Interest rate risk

This is the risk that fluctuations in interest rates may adversely impact on the company's earnings, assets, liabilities and equity.

The company is exposed to interest rate risk as it borrows and places funds at both fixed and floating rates. The risk is managed by matching fixed and floating rate assets and liabilities wherever possible and to achieve a repricing profile in line with Alco directives. Use is made of interest rate derivatives. The company analyses the impact on profit or loss of defined interest rate shifts - taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The company's treasury follows a centralised cash management process including cash management systems across bank accounts in South Africa to minimise risk and interest costs.

The interest rate profile of total borrowings is reflected in note 15.

The company has entered into interest rate derivative contracts that entitle it to either receive interest at floating rates on notional principal amounts and oblige it to pay interest at fixed rates on the same amounts.

Details of the interest rate derivative instruments at 30 June 2015 were as follows:

	Notional amount	Current year (variable)	Derivative contract rate (fixed)
	R '000	%	%
Swap from variable to fixed			
Corporate bond – IPL 7	500,000	7.3 - 7.7	8.7
Revolving credit facility term loan	1,500,000	7.4 - 7.7	8.8

Credit risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where needed, the company obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

The carrying amount of financial assets represents the maximum credit exposure on 30 June 2015. None of the financial assets below were given as collateral for any security provided.

Cash resources

The company only enters into long-term financial deposits with authorised financial institutions of high credit ratings assigned by international or recognised credit-rating agencies.

It is company policy to deposit short-term cash with reputable financial institutions with investment grade credit ratings assigned by international or recognised credit-rating agencies or counterparties authorised by the investment committee.

32. FINANCIAL INSTRUMENTS (continued)

Trade accounts receivable

Trade accounts receivable consist of a large, widespread customer base. The company monitors the financial position of its customers on an ongoing basis. Creditworthiness of trade receivables is assessed when credit is first extended and is reviewed regularly thereafter. The granting of credit is controlled by the application of account limits. Where considered appropriate, use is made of credit guarantee insurance.

	2015	**2014**
	R '000	**R '000**
Trade and other receivables that are neither past due nor impaired	1,723,067	1,417,198
Past due trade receivables		
Less than 1 month	373,707	269,290
Between 1-3 months	74,004	89,068
More than 3 months	30,249	86,854
Past due more than one year	73,882	21,634
	551,842	466,846
Total trade receivables	2,274,909	1,884,044

Based on past experience, the company believes that no impairment is necessary in respect of trade receivables not past due as the amount relates to customers that have a good track record with the company, and there has been no objective evidence to the contrary.

Included in trade receivables are receivables which are past the original expected collection date (past due) at the reporting date. There has not, however, been a significant change in credit quality and the amounts are still considered recoverable. Those which are not considered to be recoverable have been included in the provision for doubtful debts below. A summarised age analysis of past due trade receivables is set out above.

The overdue trade receivables ageing profile above is considered typical of the various industries in which our businesses operate. Given this, existing insurance cover, and the nature of the related counterparties these amounts are considered recoverable.

Provision for doubtful debts for trade receivables

Before these financial instruments can be impaired, they are evaluated for the possibility of any recovery, which includes an examination of the length of time they have been outstanding. Provision is made for bad debts on trade accounts receivable. Management does not consider that there is any material credit risk exposure not already covered by a doubtful debt provision.

There is no significant concentration of risk in respect of any particular customer or industry segment. There is no single customer whose revenue streams exceed 10% of the company's revenue.

Provision for doubtful debts for trade receivables

	2015	**2014**
	R '000	**R '000**
Set out below is a summary of the movement in the provision for doubtful debts for the year:		
Carrying value at beginning of the year	134,664	129,986
Net acquisition of businesses	13,680	(2,381)
Amounts reversed to profit or loss	(276)	(724)
Charged to profit or loss	12,913	9,480
Amounts utilised during the year	(12,872)	(1,697)
Carrying value at end of the year	148,109	134,664

32. FINANCIAL INSTRUMENTS (continued)

Logistics

Risk exposures arise from the granting of credit to customers. The risk is managed by strict monitoring of credit terms. The risk is mitigated by stringent background checks on all new customers, as well as taking legal action against defaulting customers.

Vehicle retail, rental and aftermarket parts

Risk exposures arise from the granting of credit to customers for parts, spares and vehicle rental. The risk is managed by monthly review of trade receivables ageing. The risk is mitigated by stringent background checks and credit limits being imposed on all new customers, continuous review of credit limits, as well as taking legal action against defaulting customers. Where our dealerships are transacting with external retail customers, the vehicles are required to be fully financed before delivery, thereby mitigating credit risk to the division.

Liquidity risk

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

The responsibility for liquidity risk management rests with the Alco, which has developed an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding requirements. The company accesses the corporate bond market to ensure that there is sufficient long term funding within the funding mix together with long-term bank facilities.

The company manages liquidity risk by monitoring forecast cash flows in compliance with loan covenants and ensuring that adequate unutilised committed borrowing facilities are maintained. Unutilised borrowing facilities are reflected in note 15.

To avoid incurring interest on late payments, financial risk management policies and procedures are entrenched to ensure the timeous matching of orders placed with goods received notes or services acceptances and invoices.
Contractual maturities (which includes interest) of financial liabilities are as follows:

	Carrying amount R '000	Total contractual cash flow R '000	Less than one year R '000	One to five years R '000	More than five years R '000
2015					
Interest-bearing borrowings	10,988,530	13,724,503	3,370,285	5,615,657	4,738,561
Trade and other payables	3,918,783	3,918,783	3,918,783		
	14,907,313	17,643,286	7,289,068	5,615,657	4,738,561
		100%	41%	32%	27%
2014					
Interest-bearing borrowings	8,795,062	12,144,230	2,166,399	4,945,458	5,032,373
Trade and other payables	3,718,716	3,718,716	3,718,716		
	12,513,778	15,862,946	5,885,115	4,945,458	5,032,373
		100%	37%	31%	32%

32. FINANCIAL INSTRUMENTS (continued)

Fair value measurement

Fair value hierarchy

The company's financial instruments carried at fair value are classified into three categories defined as follows:

Level 1 financial instruments are those that are valued using unadjusted quoted prices in active markets for identical financial instruments. The company does not have any level 1 instruments.

Level 2 financial instruments are those valued using techniques based primarily on observable market data. Instruments in this category are valued using quoted prices for similar instruments or identical instruments in markets which are not considered to be active; or valuation techniques where all the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. Financial instruments classified as level 2 are mainly comprised of over the counter (OTC) derivatives instruments.

The following shows the level 2 financial instruments on the statement of financial position are carried at fair value.

	2015 R '000	2014 R '000
Financial assets		
Non-current derivative instruments	35,832	-
Current derivative instruments	46	29
	35,878	29
Financial liabilities		
Non-current derivative instruments	90,045	-
Current derivative instruments	698	1,727
	90,743	1,727

Level 3 financial instruments are those valued using techniques that incorporate information other than observable market data. Instruments in this category have been valued using a valuation technique where at least one input, which could have a significant effect on the instrument's valuation, is not based on observable market data. The company does not have any level 3 instruments.

Amortised cost

The following shows the financial instruments on the statement of financial position are carried at amortised cost.

	2015 R '000	2014 R '000
Financial assets		
Loans receivable	83,275	93,315
Amounts owing by related parties	6,233,402	5,226,964
Trade receivables and prepayments	2,502,798	2,023,721
Cash resources	126,505	130,659
	8,945,980	7,474,659
Financial liabilities		
Interest-bearing borrowings	10,988,530	8,795,062
Amounts owing to related parties	889,287	1,625,846
Trade payables and other accruals	3,918,085	3,716,989
	15,795,902	14,137,897

32. FINANCIAL INSTRUMENTS (continued)

Fair value of financial instruments carried at amortised cost

Below are the corporate bonds, which are included in the interest bearing borrowings, where the carrying amount, as recognised on the statement of financial position, differs from their fair values. The fair values were determined with reference to unadjusted observable market data and would be classified as level 1 instruments. In all other instances the carrying amounts of the company's financial assets and liabilities approximate their fair values.

	Carrying 2015 R '000	Fair value 2015 R '000	Carrying 2014 R '000	Fair value 2014 R '000
Listed corporate bonds	5,839,803	5,807,915	5,836,817	5,830,137

Capital management

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

Banking facilities enjoyed by the company have imposed capital requirements in terms of debt covenants on Imperial Holdings Limited and the company. The covenant requires Imperial Holdings Limited to maintain a net debt to earnings before interest, taxation, depreciation and amortisation (EBITDA) of below 3,5:1. Net debt to EDITDA should be higher for the company than for Imperial Holdings Limited. These covenants are being met by the company and Imperial Holdings Limited.

The treasury operation assesses the company's borrowing requirements liaising with the bankers for the necessary funds which are on-lent to the operations. The debt levels of the company are thus dictated by the group requirements.

There were no defaults or breaches in terms of interest-bearing borrowings during either reporting periods. There were no reclassifications of financial assets or financial liabilities that occurred during the year. There were no financial assets or liabilities settled or extinguished which did not meet the derecognition requirements.

33. RELATED PARTY TRANSACTIONS

The company's holding company is Imperial Holdings Limited. Subsidiaries, associates, joint ventures and the group pension and provident funds of Imperial Holdings Limited are considered to be related parties. During the year the company and subsidiaries, associates and joint ventures of Imperial Holdings Limited, in the ordinary course of business, entered into various sale and purchase transactions. These transactions occurred under the terms that are no more or less favourable than those arranged with third parties. The transactions encompass mainly the sale and leasing of vehicles.

Interest of directors in contracts

The directors have confirmed that they were not materially interested in any transaction of any significance with the company or any of Imperial Holdings Limited subsidiaries, associates and joint ventures.

Shareholder

The company is 100% held by Imperial Holdings Limited.

Outstanding balances with related parties

	2015 R '000	2014 R '000
Amounts owing to Imperial Holdings Limited	-	(889,130)
Amounts owing to Imperial Holdings Limited's subsidiaries, associates and joint ventures - see next page	(889,287)	(736,716)
Amounts owing to related parties	(889,287)	(1,625,846)
Amounts owing by Imperial Holdings Limited	108,700	-
Amounts owing by Imperial Holdings Limited's subsidiaries, associates and joint ventures - see next page	6,124,702	5,226,964
Amounts owing by related parties	6,233,402	5,226,964
Included in:		
Trade payables owing to Imperial Holdings Limited's subsidiaries	(302,958)	(265,541)
Trade receivables from Imperial Holdings Limited's subsidiaries	123,865	118,960

All intercompany loans are interest bearing at market related rates and are payable on demand.

Interest received from Imperial Holdings Limited's subsidiaries, associates and joint ventures	496,780	322,597
Interest paid by Imperial Holdings Limited's subsidiaries, associates and joint ventures	(66,333)	(74,215)
	430,447	248,382

33. RELATED PARTY TRANSACTIONS (continued)

	2015 R '000	2014 R '000
Material amounts owing by Imperial Holdings Limited's subsidiaries, associates and joint ventures		
Anvil Premium Finance (Pty) Ltd	76,019	76,173
Associated Motor Holdings (Pty) Ltd	2,508,322	2,882,194
Goldfields Trucking (Pty) Ltd	141,923	142,560
Jurgens CI (Pty) Ltd	105,647	48,296
TFD Network Africa (Pty) Ltd	493,081	321,883
TruckAfrica SA (Pty) Ltd	82,371	84,584
Thembeka Merchandising Holdings Hold Co	91,883	89,227
Brietta Trading (Pty) Ltd	300,998	261,689
KWS Carriers	88,906	73,064
Imperial Capital Ltd	1,446,167	-
Other subsidiaries, associates and joint ventures	789,385	1,247,294
	6,124,702	5,226,964

	2015 R '000	2014 R '000
Material amounts owing to Imperial Holdings Limited's subsidiaries, associates and joint ventures		
Imperial Managed Logistics (Pty) Ltd	32,346	-
Loubser Transport (Pty) Ltd	56,565	19,392
Midas Operations	74,180	185,539
SA Vehicle Maintenance (Pty) Ltd	78,028	73,387
Rent-A-Truck Holdings (Pty) Ltd	43,995	35,042
Syncrony Logistics (Pty) Ltd	60,277	38,231
Tanker Services Fuels & Gas (Pty) Ltd	128,119	128,119
Imperial Cold Logistics	100,063	10,640
Commercial Investment Corp (Pty) Ltd Hold Co	63,135	-
Vital Merchandising Services Hold Co	35,755	48,814
Other subsidiaries, associates and joint ventures	216,824	197,552
	889,287	736,716

33. RELATED PARTY TRANSACTIONS (continued)

Key management personnel

Key management personnel are directors and those executives having authority and responsibility for planning, directing and controlling the activities of the company. The company has many different operations, retail outlets and service centres where company staff may be transacting. Often these transactions are minor and are difficult to monitor. Key management have to report any transactions with the company in excess of R100 000. The total value of goods and services supplied to key management on an arms-length basis amounted to R14.0 million (2014: R6.3 million).

The company also receives legal services from a firm of attorneys in which a non-executive director of Imperial Holdings Limited has an interest amounting to R6.9 million (2014: R6.7 million).

Net gains on share options excercised by key management personnel amounted to R23.8 million (2014: R70.0 million).

Key management personnel remuneration comprises:

	2015 R '000	2014 R '000
Short-term employee benefits	119,742	102 909
Long-term employee benefits	8,979	7 889
Termination benefits	45	41
	128 766	110 839
Number of key management personnel	24	26

34. BUSINESS COMBINATIONS

Businesses acquired 2015

The acquisition of these entities were financed with group loans from fellow subsidiaries.

	Month acquired	Division
Imperial Group Truck Hire	July 2014	Logistics
Imperial Express	July 2014	Logistics
Imperial Tipper Resources	May 2015	Logistics

Fair value of assets acquired and liabilities assumed at date of acquisition:	Imperial Group Truck Hire R '000	Imperial Express R '000	Imperial Tipper Resources R '000	Total R '000
Assets				
Property, plant and equipment	2,321	778	19,750	22,849
Transport fleet	34,605	30,546	129,861	195,012
Inventory	-	148	4,974	5,122
Trade and other receivables	6,006	19,010	66,575	91,591
Taxation in advance	298	860	2,696	3,854
Cash resources	14	2,980	899	3,893
	43,244	54,322	224,755	322,321
Liabilities				
Deferred tax liability	8,733	4,981	13,779	27,493
Due to group entities	22,668	34,395	180,290	237,353
Trade and other payables	1,874	13,796	25,584	41,254
Provisions for liabilities and charges	-	211	483	694
	33,275	53,383	220,136	306,794
Net asset acquired	9,969	939	4,619	15,527
Purchase consideration transferred	9,969	939	4,619	15,527
Excess of purchase price over net assets acquired (intangbles)	-	-	-	-

Impact of the acquisitions on the results of Imperial Group Limited

From the dates of acquisition, the acquired businesses contributed:

Revenue	215,327	70,429	56,244	342,000
Net profit / (loss)	21,725	(6,662)	(10,581)	4,482

The net net profit / (loss) includes the after tax impact of the funding costs of R 651 thousand calculated on the cash considerations paid on acquisition.

Had all the acquisitions been consolidated from 1 July 2014, the company's revenue and net profit would have been R 31 620 million and R 958 million respectively, with the new acquisitions contributing additional revenue of R281 million and profit of R53 million.

The additional net loss after tax included the after tax impact of the funding costs of R 867 thousand calculated on the cash consideration paid on acquisition.

34. BUSINESS COMBINATIONS (CONTINUED)

Businesses acquired 2014

The acquisition of these entities were financed with group loans from fellow subsidiaries.

	Month acquired	Division
777 Logistics	July 2013	Logistics
Express Hauliers	March 2014	Logistics
Mitsubishi dealerships	April 2014	Vehicle import, distribution and dealerships

Fair value of assets acquired and liabilities assumed at date of acquisition:	777 Logistics R '000	Express Hauliers R '000	Mitsubishi dealerships R '000	Total R '000
Assets				
Property, plant and equipment	146	1,961	899	3,006
Transport fleet	21,273	29,623	-	50,896
Inventory	-	100	11,439	11,539
Trade and other receivables	-	18,335	62	18,397
Cash resources	-	89	-	89
	21,419	50,108	12,400	83,927
Liabilities				
Deferred tax liability	3,493	5,960	-	9,453
Due to group entities	-	36,193	-	36,193
Trade and other payables	2	6,196	-	6,198
Provisions for liabilities and charges	-	275	844	1,119
Current tax liability	-	132	-	132
	3,495	48,756	844	53,095
Net asset acquired	17,924	1,352	11,556	30,832
Purchase consideration transferred	17,924	1,352	11,556	30,832
Excess of purchase price over net assets acquired (intangbles)	-	-	-	-

Impact of the acquisitions on the results of Imperial Group Limited

From the dates of acquisition, the acquired businesses contributed:

	777 Logistics	Express Hauliers	Mitsubishi dealerships	Total
Revenue	1,141,134	28,677	76,667	1,246,478
Net profit / (loss)	62,388	(72)	(929)	61,387

The net net profit / (loss) includes the after tax impact of the funding costs of R 1 million calculated on the cash considerations paid on acquisition.

Had all the acquisitions been consolidated from 1 July 2014, the company's revenue and net profit would have been R 30 478 million and R 945 million respectively, with the new acquisitions contributing additional revenue of R287 million and profit of R2 million.

The additional net loss after tax included the after tax impact of the funding costs of R 2 million calculated on the cash consideration paid on acquisition.

35. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting period.