



**ECSPONENT LIMITED**

(Registration number R7/38733)

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## General Information

---

<b>Country of incorporation and domicile</b>	Swaziland
<b>Nature of business and principal activities</b>	Financial Services
<b>Directors</b>	L Vilakati P Mtetwa A Hay E Soonius
<b>Registered office</b>	7 The Gables Ezulwini Swaziland
<b>Business address</b>	7 The Gables Ezulwini Swaziland
<b>Holding company</b>	Ecsponent Holdings (Pty) Ltd incorporated in Swaziland
<b>Ultimate holding company</b>	Ecsponent Limited incorporated in South Africa and listed on the JSE Securities Exchange
<b>Bankers</b>	FNB Nedbank
<b>Auditors</b>	Nexia SAB&T Chartered Accountants (S.A.) Registered Auditors
<b>Secretary</b>	H van der Merwe
<b>Company registration number</b>	R7/38733
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 8 of Swaziland of 2009.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Index

---

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

<b>Index</b>	<b>Page</b>
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4
Directors' Report	5 - 6
Statement of Financial Position	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11
Notes to the Annual Financial Statements	17 - 31

### **Preparer**

B Shanahan  
CA (SA)

### **Published**

31 March 2016

# **Ecsponent Limited**

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## **Directors' Responsibilities and Approval**

---

The directors are required in terms of the Companies Act 8 of Swaziland of 2009 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 December 2016 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on page 7 to 31, which have been prepared on the going concern basis, were approved by the board on 31 March 2016 and were signed on their behalf by:

A Hay



## Report of the Independent Auditors

### To the Shareholder of Ecsponent Ltd

We have audited the annual financial statements of Ecsponent Ltd, as set out on pages 7 to 31, which comprise the statement of financial position as at 31 December 2015, and the statement of profit and loss and other 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 annual financial statements

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

### Auditors' responsibility

Our responsibility is to express an opinion on these annual 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 whether the annual financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual 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 annual financial statements present fairly, in all material respects, the financial position of Ecsponent Ltd as at 31 December 2015, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of Swaziland.

### Other reports required by the Companies Act

As part of our audit of the annual financial statements for the period ended 31 December 2015, we have read the directors' report, for the purpose of identifying whether there are material inconsistencies between the report and the annual audited financial statements. The report is the responsibility of the respective preparer. Based on reading the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.



**Nexia SAB&T**  
**Registered Auditors**  
**Per: T.J.de Kock**  
**Registered Auditor and Director**  
**31 March 2016**

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Directors' Report

---

The directors have pleasure in submitting their report on the annual financial statements of Ecsponent Limited for the year ended 31 December 2015.

### 1. Nature of business

Ecsponent Limited was incorporated in Swaziland with interests in the financial services industry. The company operates in Swaziland.

### 2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Swaziland. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

### 3. Share capital

Authorised			2015	2014
			Number of shares	
Ordinary shares			1 000 000 000	1 000 000 000
Issued	2015	2014	2015	2014
			Number of shares	
Ordinary shares	700	700	700 000 000	700 000 000

Refer to note 8 of the annual financial statements for detail of the movement in authorised and issued share capital.

### 4. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

Given the current state of the global economic environment, the board believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the board has resolved not to declare a dividend for the financial year ended 31 December 2015.

### 5. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control programme, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Directors' Report

---

### 6. Directorate

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

Directors	Designation
L Vilakati	Executive
P Mtetwa	Executive
A Hay	Non-executive
E Soonius	Executive

There have been no changes to the directorate for the year under review.

### 7. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

### 8. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

### 9. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

### 10. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

### 11. Auditors

Nexia SAB&T continued in office as auditors for the company for 2015.

At the AGM, the shareholders will be requested to reappoint Nexia SAB&T as the independent external auditors of the company and to confirm Mr T de Kock as the designated lead audit partner for the 2016 financial year.

### 12. Secretary

The company secretary is Mr H van der Merwe.

Business address

Acacia House, Greenhill Village Office Park  
Cnr Botterklapper & Nentabos Street  
The Willows  
Pretoria East  
0181

### 13. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 31 March 2016. No authority was given to anyone to amend the annual financial statements after the date of issue.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Statement of Financial Position as at 31 December 2015

	Note(s)	2015 E	2014 E
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	3	126 641	-
Loans to group companies	4	4 737 528	-
		<b>4 864 169</b>	<b>-</b>
<b>Current Assets</b>			
Loans to group companies	4	29 586 631	6 838 465
Trade and other receivables	5	944 075	107 778
Other financial assets	6	-	5 333 599
Cash and cash equivalents	7	2 205 346	187 478
		<b>32 736 052</b>	<b>12 467 320</b>
<b>Total Assets</b>		<b>37 600 221</b>	<b>12 467 320</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	8	700	700
Retained income		594 728	603 581
		<b>595 428</b>	<b>604 281</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	9	36 085 116	11 659 977
Deferred tax	10	35 223	105 797
		<b>36 120 339</b>	<b>11 765 774</b>
<b>Current Liabilities</b>			
Trade and other payables	11	811 141	97 265
Current tax payable		73 313	-
		<b>884 454</b>	<b>97 265</b>
<b>Total Liabilities</b>		<b>37 004 793</b>	<b>11 863 039</b>
<b>Total Equity and Liabilities</b>		<b>37 600 221</b>	<b>12 467 320</b>



## Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

### Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2015 E	2014 E
Revenue	12	5 957 382	1 521 381
Cost of sales		(288 311)	-
<b>Gross profit</b>		<b>5 669 071</b>	<b>1 521 381</b>
Other income	13	-	482 162
Operating expenses		(1 451 013)	(1 015 967)
<b>Operating profit</b>	14	<b>4 218 058</b>	<b>987 576</b>
Investment revenue	15	110 213	2 437
Fair value adjustments	16	-	347 427
Finance costs	17	(4 334 385)	(628 062)
<b>(Loss) profit before taxation</b>		<b>(6 114)</b>	<b>709 378</b>
Taxation	18	(2 739)	(105 797)
<b>(Loss) profit for the year</b>		<b>(8 853)</b>	<b>603 581</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(8 853)</b>	<b>603 581</b>

## Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

### Statement of Changes in Equity

	Share capital	Retained income	Total equity
	E	E	E
<b>Balance at 01 January 2014</b>	<b>700</b>	<b>-</b>	<b>700</b>
Profit for the year	-	603 581	603 581
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>603 581</b>	<b>603 581</b>
<b>Balance at 01 January 2015</b>	<b>700</b>	<b>603 581</b>	<b>604 281</b>
Loss for the year	-	(8 853)	(8 853)
Other comprehensive income	-	-	-
<b>Total comprehensive Loss for the year</b>	<b>-</b>	<b>(8 853)</b>	<b>(8 853)</b>
<b>Balance at 31 December 2015</b>	<b>700</b>	<b>594 728</b>	<b>595 428</b>
Note(s)	8		

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Statement of Cash Flows

	Note(s)	2015 E	2014 E
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	4 104 501	989 591
Investment revenue		110 213	2 437
Finance costs		(4 334 385)	(628 062)
<b>Net cash from operating activities</b>		<b>(119 671)</b>	<b>363 966</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(135 505)	(12 527)
Loans advanced to group companies		(27 485 694)	(6 838 466)
Increase in financial assets		5 333 599	(5 333 599)
<b>Net cash from investing activities</b>		<b>(22 287 600)</b>	<b>(12 184 592)</b>
<b>Cash flows from financing activities</b>			
Proceeds on share issue	8	-	700
Proceeds from investors		24 425 139	12 007 404
<b>Net cash from financing activities</b>		<b>24 425 139</b>	<b>12 008 104</b>
<b>Total cash movement for the year</b>		<b>2 017 868</b>	<b>187 478</b>
Cash at the beginning of the year		187 478	-
<b>Total cash at end of the year</b>	7	<b>2 205 346</b>	<b>187 478</b>

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Accounting Policies

---

### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 8 of 2009 of Swaziland.. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Emalangenis.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

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

##### Loans and receivables and trade receivables

The company assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

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

##### Impairment testing of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Prior impairments of non financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

##### Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the 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 deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires 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 end of the reporting period could be impacted.

#### 1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Accounting Policies

---

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

---

Item	Depreciation method	Average useful life
Leasehold improvements	Straight line	6 years
Furniture and fixtures	Straight line	6 years

---

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.3 Financial instruments

#### Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

#### Initial recognition and measurement

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

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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

# **Ecsponent Limited**

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## **Accounting Policies**

---

### **1.3 Financial instruments (continued)**

#### **Subsequent measurement**

Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

#### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation is discharged or cancelled or expires.

#### **Impairment of financial assets**

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

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets classified as loans and receivables:

- Other financial assets
- Trade and other receivables
- Cash and cash equivalents

Financial liabilities classified as at amortised cost:

- Other financial liabilities
- Trade and other payables
- Bank overdraft

#### **Loans to (from) group companies**

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

#### **Other financial assets**

These financial assets are classified as loans and receivables.

# **Ecsponent Limited**

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## **Accounting Policies**

---

### **1.3 Financial instruments (continued)**

#### **Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

#### **Trade and other payables**

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

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at amortised cost.

### **1.4 Tax**

#### **Current tax assets and liabilities**

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

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

#### **Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

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

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Accounting Policies

---

### 1.4 Tax (continued)

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

### 1.5 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 1.6 Employee benefits

#### Short-term employee benefits

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

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

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

### 1.7 Revenue

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

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

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

Administration fees charged consist of two components: .

- Origination fees on loans measured at amortised cost - These fees are charged upfront, are capitalised into the loan, and are primarily based on the cost of granting the loan to the individual. In accordance with IAS 18 Revenue, these origination fees are considered an integral part of the loan agreement and therefore recognised as an integral part of the effective interest rate and are accounted for over the shorter of the original contractual term and the actual term of the loan using the effective interest rate method. The deferred portion of the fees is recorded in the statement of financial position as a provision for deferred administration fees.



## **Ecsponent Limited**

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

### **Accounting Policies**

---

#### **1.7 Revenue (continued)**

- Monthly servicing fees/administration fees - These are fees which form an integral part of the effective interest rate and are charged to customers on a monthly basis. These fees are recognised as part of the effective interest rate over the shorter of the original contractual term and the actual term of the loans and receivables. Beyond the original contractual term of the loan, the fee is recognised in profit or loss as it is charged to the customer on a monthly basis.

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

Interest is recognised, in profit or loss, using the effective interest rate method.

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

#### **1.8 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred. No borrowing costs have been capitalised.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
--	-----------	-----------

### 2. New Standards and Interpretations

#### 2.1 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2016 or later periods:

##### IFRS 5, Non-current assets Held for Sale and Discontinued Operations

Annual Improvements 2012-2014 Cycle: Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change. The company expects to adopt the amendment for the first time in the 2016 annual financial statements. It is unlikely that the amendment will have a material impact on the company's annual financial statements

##### IFRS 7 Financial Instruments: Disclosures

Annual Improvements 2012-2014 Cycle: Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34. The company expects to adopt the amendment for the first time in the 2016 annual financial statements. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

##### IFRS 9 Financial Instruments

A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition.

IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorised as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.

IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial statements.

IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. IFRS 9 (2014) supersedes any previous versions of IFRS 9, but earlier versions of IFRS 9 remain available for application if the relevant date of application is before 1 February 2015. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

##### IFRS 15 Revenue from Contracts from Customers

New standard that requires entities to 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 achieved through a five step methodology that is required to be applied to all contracts with customers. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.

The new standard supersedes: (a) IAS 11 Construction Contracts; (b) IAS 18 Revenue; (c) IFRIC 13 Customer Loyalty Programmes; (d) IFRIC 15 Agreements for the Construction of Real Estate; (e) IFRIC 18 Transfers of Assets from Customers; and (f) SIC-31 Revenue—Barter Transactions Involving Advertising Services. The implication of the new five step revenue recognition methodology will be reviewed in line with the new requirements of IFRS 15. This standard has not been early adopted.

# **Ecsponent Limited**

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## **Notes to the Annual Financial Statements**

---

### **IFRS 16 Leases**

New standard that introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similarly to other nonfinancial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

IFRS 16 supersedes the following Standards and Interpretations: (a) IAS 17 Leases; (b) IFRIC 4 determining whether an Arrangement contains a Lease; (c) SIC-15 Operating Leases—Incentives; and (d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The company expects to adopt the amendment for the first time in the 2019 annual financial statements. The implementation of this new standard will result in an increase in asset value as the building lease agreements extends over 12 months. The implementation of the new standard will result in numerous additional disclosures relating to the assets capitalised, including assumptions pertaining to the recognition of the underlying asset. This standard has not been early adopted.

### **IAS 1, Presentation of Financial Statements**

Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures. The company expects to adopt the amendment for the first time in the 2016 annual financial statements. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

### **IAS 16 Property, Plant and Equipment**

Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. The company expects to adopt the amendment for the first time in the 2016 annual financial statements. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

### **IAS 19 Employee Benefits**

Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency (for example, the Eurozone). The company expects to adopt the amendment for the first time in the 2016 annual financial statements. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

### **IAS 34 Interim Financial Reporting**

Annual Improvements 2012-2014 Cycle: Clarification of the meaning of disclosure of information 'elsewhere in the interim financial report'. The company expects to adopt the amendment for the first time in the 2016 annual financial statements. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

### IAS 38 Intangible Assets

Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset. Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis for measuring the consumption of economic benefits in such assets. The company expects to adopt the amendment for the first time in the 2016 annual financial statements. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

### 3. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold property	78 811	(4 378)	74 433	-	-	-
Furniture and fixtures	56 694	(4 486)	52 208	12 527	(12 527)	-
<b>Total</b>	<b>135 505</b>	<b>(8 864)</b>	<b>126 641</b>	<b>12 527</b>	<b>(12 527)</b>	<b>-</b>

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Leasehold property	-	78 811	(4 378)	74 433
Furniture and fixtures	-	56 694	(4 486)	52 208
	-	<b>135 505</b>	<b>(8 864)</b>	<b>126 641</b>

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	-	12 527	(522)	(12 005)	-

### 4. Loans to (from) group companies

#### Holding company

Ecsponent Financial (Pty) Ltd 700 700  
The loan is unsecured, interest free and has no fixed repayment terms.

Ecsponent Holdings (Pty) Ltd (Swaziland) 29 388 223 -  
The loan is unsecured, bears interest at 30% per annum and has no fixed repayment terms.

	<b>29 388 923</b>	<b>700</b>
--	-------------------	------------

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
<b>4. Loans to (from) group companies (continued)</b>		
<b>Fellow subsidiaries</b>		
Ligagu Investments (Pty) Ltd t/a Getbucks Swaziland The loan bears interest at 30% per annum and is secured over assets of the company. The fixed term facility of E 4 737 528 is repayable on 23 March 2018, the short term facility is repayable 90 days from date of advance and interest on the total facility is repayable monthly in arrears.	4 935 236	2 630 992
Ecsponent Management Services Limited (formerly Vanguard Limited) The loan bore interest at a floating rate linked to the South African prime overdraft rate, was unsecured and repaid during the current financial period.	-	4 206 773
	<b>4 935 236</b>	<b>6 837 765</b>
Non-current assets	4 737 528	-
Current assets	29 586 631	6 838 465
	<b>34 324 159</b>	<b>6 838 465</b>
<b>5. Trade and other receivables</b>		
Trade receivables	881 530	64 597
Prepayments	9 045	43 181
Other receivables	53 500	-
	<b>944 075</b>	<b>107 778</b>
<b>6. Other financial assets</b>		
<b>Loans and receivables</b>		
SME advances These loans are of a short term / bridging funding nature and generally comprise of periods no longer than 3 months. The loans bear interest at varying rates determined based on the risk profile of the lender as well as the products / services funded. Appropriate security is obtained based on an individual loan assessment basis.	-	5 333 599
<b>Current assets</b>		
Loans and receivables	-	5 333 599
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	139	1 397
Bank balances	2 205 207	186 081
	<b>2 205 346</b>	<b>187 478</b>

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
<b>8. Share capital</b>		
<b>Authorised</b>		
1 000 000 000 ordinary shares of E0.000001	1 000	1 000
<b>Issued</b>		
700 000 000 ordinary shares of E0.000001	700	700
<b>9. Other financial liabilities</b>		
<b>Held at amortised cost</b>		
Redeemable preference shares_Class A The 5 year income provider product, Class A preference share provides a 15% per annum interest return paid out monthly. The original capital investment redeems at the end of the 60 month investment term.	16 938 630	5 766 359
Redeemable preference shares_Class B The 5 year capital growth product, Class B preference share provides a 0% per annum interest return. 200% of the original capital investment is redeemed at the end of the 60 month investment term providing the client with a capital growth return of 100%over the term of the investment.	19 146 486	5 893 618
	<b>36 085 116</b>	<b>11 659 977</b>
<b>Non-current liabilities</b>		
At amortised cost	36 085 116	11 659 977
<b>Authorised Preference Shares</b>		
100 000 000 Class A preference shares of E1.0 each		
100 000 000 Class B preference shares of E1.0 each		
100 000 000 Class C preference shares of E1.0 each		
100 000 000 Class D preference shares of E1.0 each		
100 000 000 Class E preference shares of E1.0 each		
100 000 000 Class F preference shares of E1.0 each		
100 000 000 Class G preference shares of E1.0 each		
100 000 000 Class H preference shares of E1.0 each		

The preference shares are redeemable after 60 months from the initial issue date and as a result are classified as debt and disclosed as such in the statement of financial position. The dividends declared to preference shareholders are classified as finance costs and disclosed on this basis in the statement of profit and loss.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
<b>10. Deferred tax</b>		
<b>Deferred tax liability</b>		
Preference share fair value adjustment	-	(223 253)
Prepayments	-	(11 875)
<b>Total deferred tax liability</b>	<b>-</b>	<b>(235 128)</b>

### Deferred tax asset

Preference share fair value adjustment	(35 223)	-
Tax losses available for set off against future taxable income	-	129 331
<b>Total deferred tax asset</b>	<b>(35 223)</b>	<b>129 331</b>

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	-	(235 128)
Deferred tax asset	(35 223)	129 331
<b>Total net deferred tax liability</b>	<b>(35 223)</b>	<b>(105 797)</b>

### Reconciliation of deferred tax asset / (liability)

At beginning of year	(105 797)	-
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	(129 331)	129 331
Capital growth - fair value adjustment and deferred transaction cost	182 860	(223 253)
Prepaid expenses	9 387	(11 875)
Provisions	7 658	-
	<b>(35 223)</b>	<b>(105 797)</b>

### Recognition of deferred tax asset

An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when:

- the utilisation of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and
- the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates.

The deferred tax asset is recognised to the extent it is probable that taxable income will be available from forecast profits to realise the future tax saving. The expectation of future profits is based on management's estimated future cash flows by making use of available information and the application of professional judgement, as well as actual results after balance sheet date.

### 11. Trade and other payables

Trade payables	63 112	26 250
Accrued leave pay	27 846	-
Payroll liabilities	407 597	-
Withholding tax	174 792	26 322
Dividend accrual	74 211	24 614
Accrued audit fees	17 900	15 000
Accrued expenses	39 116	5 079
Other payables	6 567	-
	<b>811 141</b>	<b>97 265</b>

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
<b>12. Revenue</b>		
Interest received - SME advances	1 049 203	908 343
Interest received - group companies	4 908 179	613 038
	<b>5 957 382</b>	<b>1 521 381</b>
<b>13. Other income</b>		
Administration and management fees received	-	157 500
Sundry income	-	324 662
	<b>-</b>	<b>482 162</b>
<b>14. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	165 662	78 698
Motor vehicles		
• Contractual amounts	79 663	13 277
	<b>245 325</b>	<b>91 975</b>
Impairment on property, plant and equipment	-	12 005
Depreciation on property, plant and equipment	8 864	522
Employee costs	457 039	68 571
<b>15. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	110 213	2 437
<b>16. Fair value adjustments</b>		
Other financial liabilities	-	347 427
<b>17. Finance costs</b>		
Preference dividends	3 595 344	628 062
Trade and other payables	444	-
Bank	347 494	-
Other interest paid	391 103	-
	<b>4 334 385</b>	<b>628 062</b>



# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
<b>18. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	73 313	-
<b>Deferred</b>		
Originating and reversing temporary differences	-	105 797
Benefit of unrecognised tax loss	(70 574)	-
	<b>(70 574)</b>	<b>105 797</b>
	<b>2 739</b>	<b>105 797</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate	27,50 %	27,50 %
Exempt income	17,30 %	(12,60)%
	<b>44,80 %</b>	<b>14,90 %</b>
<b>19. Auditors' remuneration</b>		
Fees	17 900	15 000
<b>20. Cash generated from operations</b>		
Loss before taxation	(6 114)	709 378
<b>Adjustments for:</b>		
Depreciation	8 864	522
Interest received - investment	(110 213)	(2 437)
Finance costs	4 334 385	628 062
Fair value adjustments	-	(347 427)
Impairment loss	-	12 005
<b>Changes in working capital:</b>		
Trade and other receivables	(836 297)	(107 778)
Trade and other payables	713 876	97 266
	<b>4 104 501</b>	<b>989 591</b>

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
<b>21. Related parties</b>		
Relationships		
Ultimate holding company	Ecsponent Limited	
Holding company	Ecsponent Holdings (Pty) Ltd (Swaziland)	
Fellow subsidiaries	Ecsponent Management Services Limited (formerly Vanguard Limited)	
	Ligagu Investments (Pty) Ltd t/a Getbucks Swaziland	
	Ecsponent Financial (Pty) Ltd	
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
Ecsponent Management Services Ltd (formerly Vanguard Limited)	-	4 206 773
Ligagu Investments (Proprietary) Limited	4 935 236	2 630 992
Ecsponent Holdings (Proprietary) Limited (Swaziland)	29 388 233	-
Ecsponent Financial (Proprietary) Limited	700	700
<b>Related party transactions</b>		
<b>Interest paid to (received from) related parties</b>		
Ligagu Investments (Proprietary) Limited ta Getbucks Swaziland	(1 049 203)	(159 982)
Ecsponent Limited (South Africa)	-	(52 572)
Ecsponent Management Services Limited (formerly Vanguard Limited)	(1 529 796)	(353 225)
Ecsponent Holdings (Proprietary) Limited (Swaziland)	(2 701 789)	-
<b>Administration fees paid to (received from) related parties</b>		
Ligagu Investments (Proprietary) Limited ta Getbucks Swaziland	-	(120 000)
Ecsponent Management Services Limited (formerly Vanguard Limited)	145 793	-

## 22. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

# Ecsponent Limited

(Registration number R7/38733)  
Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

### 23. Categories of financial instruments

#### Categories of financial instruments - 2015

##### Assets

##### Non-Current Assets

Loans to group companies

Note(s)	4	Debt instruments at amortised cost	4 737 528	Financial liabilities at amortised cost	-	Equity and non financial assets and liabilities	-	Total	4 737 528
---------	---	------------------------------------	-----------	---	---	---	---	-------	-----------

##### Current Assets

Loans to group companies

Trade and other receivables

Cash and cash equivalents

4	29 586 631	-	-	-	-	29 586 631
5	935 030	-	-	9 045	-	944 075
7	2 205 346	-	-	-	-	2 205 346

	32 727 007	-	-	9 045	-	32 736 052
--	------------	---	---	-------	---	------------

##### Total Assets

	37 464 535	-	-	9 045	-	37 473 580
--	------------	---	---	-------	---	------------

##### Equity and Liabilities

##### Liabilities

##### Non-Current Liabilities

Other financial liabilities

Deferred tax

9	-	-	36 085 116	-	-	36 085 116
10	-	-	-	35 223	-	35 223

	-	-	36 085 116	35 223	-	36 120 339
--	---	---	------------	--------	---	------------

# Ecsponent Limited

(Registration number R7/38733)  
Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

### 23. Categories of financial instruments (continued)

Current Liabilities	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Trade and other payables	11	-	811 139	-	811 139
<b>Total Liabilities</b>		-	<b>36 896 255</b>	<b>35 223</b>	<b>36 931 478</b>
<b>Total Equity and Liabilities</b>		-	<b>36 896 255</b>	<b>35 223</b>	<b>36 931 478</b>

### Categories of financial instruments - 2014

#### Assets

<b>Current Assets</b>					
Loans to group companies	4	6 838 465	-	-	6 838 465
Other financial assets	6	5 333 599	-	-	5 333 599
Trade and other receivables	5	64 597	-	43 181	107 778
Cash and cash equivalents	7	187 478	-	-	187 478
		<b>12 424 139</b>	-	<b>43 181</b>	<b>12 467 320</b>
<b>Total Assets</b>		<b>12 424 139</b>	-	<b>43 181</b>	<b>12 467 320</b>

#### Equity and Liabilities

## Ecsponent Limited

(Registration number R7/38733)  
Annual Financial Statements for the year ended 31 December 2015

### Notes to the Annual Financial Statements

#### 23. Categories of financial instruments (continued)

##### Liabilities

##### Non-Current Liabilities

Other financial liabilities

9 - 11 659 977 - 11 659 977

##### Current Liabilities

Trade and other payables

11 - 97 270 - 97 270

##### Total Liabilities

- 11 757 247 - 11 757 247

##### Total Equity and Liabilities

- 11 757 247 - 11 757 247

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
--	-----------	-----------

### 24. Risk management

#### Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings disclosed in notes 4 & 9 cash and cash equivalents disclosed in note 7, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. The company does not have a significant concentration of credit risk in respect of cash balances as all major banks are used for the company's treasury services.

#### Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The company has documented financial risk management policies. These policies set out the company's overall business strategies and its risk management philosophy. The company's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the company. The Board of Directors provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk, equity price risk), credit risk, liquidity risk, cash flow interest rate risk, use of derivative financial instruments and investing excess cash. Such written policies are reviewed annually by the Board of Directors and periodic reviews are undertaken to ensure that the company's policy guidelines are complied with. Risk management is carried out by the Treasury Department under the policies approved by the Board of Directors.

The directors are of the opinion that the carrying amount of all current financial assets and financial liabilities approximate their fair values due to the short term maturities of these financial instruments. Where the effects of discounting are immaterial short term receivables and short term payables are measured at the original invoice amount.

There have been no substantive changes to the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note. Information disclosed has not been disaggregated as the financial instruments used by the company share the same economic characteristics and market conditions.

# Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 E	2014 E
--	-----------	-----------

### 24. Risk management (continued)

#### Liquidity risk

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

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities. The company is currently only exposed to liquidity risk from Trade and other payables and Current tax payable. The company has sufficient flexibility in funding available to maintain its position.

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

At 31 December 2015	Less than 1 year
Trade and other payables	811 141
Current tax payable	73 313

At 31 December 2014	Less than 1 year
Trade and other payables	97 270

The carrying value of the financial liabilities is considered to be in line with the fair value at the statement of financial position date.

#### Interest rate risk

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

The company's significant interest-bearing assets comprise SME funding. The SME funding, accounted for at amortised cost, is granted at fixed interest rates and as a result the interest rate risk is mitigated. The micro funding rate is determined with reference to interest rate calculation defined by the National Credit Act 34 of 2005.

#### Credit risk

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

The credit risk management policy is determined and approved on a Group basis for each operating segment.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The company limits its exposure to credit risk relating to cash deposits and cash equivalents by depositing cash only with major banks with high quality credit standing.

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

Financial instrument		
Loans to group companies	34 324 159	6 838 465
Trade receivables	881 530	64 597
Other financial assets	-	5 333 599
Cash and cash equivalents	2 205 346	187 479

## Ecsponent Limited

(Registration number R7/38733)

Annual Financial Statements for the year ended 31 December 2015

### Notes to the Annual Financial Statements

---

	2015	2014
	E	E

---

#### 25. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 26. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.