CURRO HOLDINGS LIMITED AND ITS SUBSIDIARIES
(Registration number 1998/025801/06)
Consolidated and Separate Annual Financial Statements
for the year ended 31 December 2018

General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Independent school and education services
Directors	SL Botha ZL Combi AJF Greyling HG Louw ZN Mankai PJ Mouton SWF Muthwa B Petersen D Ramaphosa B van der Linde CR van der Merwe
Registered office and business address	38 Oxford Street Durbanville Cape Town South Africa 7550
Postal address	P O Box 2436 Durbanville Cape Town South Africa 7551
Holding company	PSG Financial Services Ltd, incorporated in South Africa
Ultimate holding company	PSG Group Ltd, incorporated in South Africa
Bankers	Absa Bank Ltd First National Bank Ltd Standard Bank of South Africa Ltd
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Secretary	IWM Isdale
Company registration number	1998/025801/06
Tax reference number	9159/070/02/9
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, as amended.
Preparer	The financial statements were internally compiled by BC September CA(SA) under the supervision of the director and Chief Financial Officer, B van der Linde CA(SA), CFA
Published	13 February 2019

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

Directors' responsibilities and approval

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

The consolidated and separate annual financial statements are prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Ltd (JSE) and the Companies Act. The consolidated and separate annual financial statements have been prepared using policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors 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 group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate 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 consolidated and separate cash-flow forecast for the year to 31 December 2019 and, in the light of this review and the current financial position, they are satisfied that the group and the company have 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 consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 11 to 16.

The consolidated and separate annual financial statements set out on pages 17 to 87, which have been prepared on the going concern basis, were approved by the board of directors on 13 February 2019 and were signed on their behalf by:

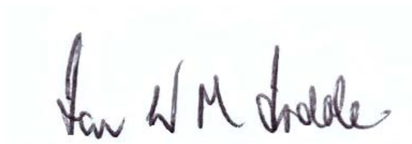
SL Botha	**AJF Greyling**
Chairperson of the Board	Chief Executive Officer

Durbanville

13 February 2019

Company secretary's certification

In terms of section 88(2)(e) of the Companies Act of South Africa, as amended, I certify to the best of my knowledge that the group has lodged with the Commissioner all such returns and notices as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.



IWM Isdale
Company Secretary

Durbanville

13 February 2019

Audit and risk committee report

This report is provided by the audit and risk committee (the committee) appointed in respect of the 2018 financial year of Curro Holdings Limited (Curro) and its subsidiaries.

1. Members of the audit and risk committee

The members of the committee consist solely of independent non-executive directors.

The members are B Petersen (chairperson), ZL Combi, ZN Mankai (appointed on 14 August 2018) and Dr SWF Muthwa. The company secretary is the secretary of the committee.

The committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act 71 of South Africa, as amended, and Regulation 42 of the Companies Regulations, 2011.

2. Purpose

The purpose of the committee is to:

- Review the effectiveness and appropriateness of Curro's financial reporting process.
- Review the effectiveness of Curro's assurance processes.
- Review the effectiveness of Curro's process for monitoring compliance with laws and regulations.
- Ensure the integrity of the integrated reporting for Curro.
- Assist the board in carrying out its risk responsibilities, including the review of the effectiveness of the management thereof. Management remains responsible for the design, implementation and monitoring of the risk management plan.
- Assist the board with its information technology (IT) governance responsibilities. Management remains responsible for the implementation of an IT governance framework.
- Report to the board of directors, even though the committee is appointed by shareholders. If differences of opinion arise between the committee and the board of directors where the committee's statutory functions are concerned, the committee's decision will prevail.
- Appoint external auditors, review their independence and approve audit fees.

3. Meetings held by the audit and risk committee

The committee performs the duties imposed upon it by Section 94(7) of the Companies Act of South Africa, as amended, by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

The committee held two scheduled meetings during 2018, which were attended by all members of the committee.

4. External audit

The committee has nominated PricewaterhouseCoopers Inc., as independent auditors and D de Jager, who is a registered independent auditor, as the designated partner for the 2018 audit.

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought from the audit partner that internal governance processes within the firm support and demonstrate the claim to independence. The external auditor is thus suitable for reappointment by considering, inter alia, the information stated in paragraph 22.15(h) of the Listings Requirements of the JSE Limited.

The committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved, taking into consideration such factors as the scope and extent of the work required and the timing of the audit.

The committee has considered and pre-approved all non-audit services provided by the external auditors and the fees thereof to ensure that the independence of the external auditors is maintained.

Audit and risk committee report

5. Internal audit

The committee has assessed and is satisfied with the expertise and experience of the internal audit function.

6. Consolidated and separate annual financial statements

The committee recommends board approval pursuant to the review of the consolidated and separate annual financial statements.

7. Accounting practices and internal control

Internal controls and systems have been designed to provide reasonable assurance of the integrity and reliability of the financial information presented in the annual financial statements and to safeguard, verify and maintain the assets of the group and the company.

Nothing has come to the attention of the committee to indicate that any material breakdown in the functioning of the group's key internal control systems has occurred during the year under review.

The committee considers the accounting policies, practices and annual financial statements to be appropriate.

8. Evaluation of the chief financial officer and the group's finance function

As required by the JSE Listings Requirement 3.84 (g)(i), the committee has assessed and is satisfied with the expertise and experience of the group's chief financial officer. The committee is also satisfied that the group established appropriate financial reporting procedures and that those procedures are operating effectively.

9. Complaints and/or concerns

No complaints or concerns were received by the committee on any matters relating to the accounting practices and internal audit of the group, the content or auditing of the consolidated and separate annual financial statements, the internal financial controls of the group or on any other related matter during the year under review.

On behalf of the committee

B Petersen
Chairperson of the Audit and Risk Committee

Durbanville

13 February 2019

Directors' report

The directors have pleasure in submitting their report on the consolidated and separate annual financial statements of Curro and its subsidiaries for the year ended 31 December 2018.

1. Nature of business

Overview

The Board is pleased with a set of solid results as well as progress made in widening access to quality school education in South Africa and beyond.

Curro was established in 1998, and is the leading for-profit independent school provider in southern Africa. It develops, acquires and manages independent schools for learners from the age of three months to Grade 12. The different school models are Curro Castles (nursery schools), Curro, Curro Academy, Meridian and Select schools.

Both organic and acquisitive growth contributed to more than 57 000 learners across 68 campuses attending a Curro school in 2019, its 21st year of existence.

Group financial results

Continuing operations

For the year ended 31 December 2018, learner numbers increased by 12% from 45 870 to 51 305, increasing revenue by 19% from R2 098 million in 2017 to R2 496 million. Schools' EBITDA (earnings before interest, taxation, depreciation, amortisation and head office expenditure) increased by 30% from R594 million to R772 million over the same period, with EBITDA increasing by 33% from R472 million to R627 million.

The major improvement in the EBITDA margin from 23% to 25% is due to increased efficiencies, capacity utilisation and a lower bad debt expense.

Net bad debt expense as a percentage of Revenue decreased from 1.5% in 2017 to 0.8% under the adoption of IFRS 9 as a result of the significant recoveries on outstanding debtors post year-end. Had the same principles been used in 2017 the bad debt expense as a percentage of Revenue would have been 0.7%.

Finance costs increased by 62% from R119 million to R193 million as a result of long-term interest bearing debt increasing from R2 342 million to R2 853 million and surplus cash from capital raises in 2016 and 2017 that was utilised in the previous financial year.

Headline earnings and Headline earnings per share increased by 23% from R201 million to R248 million and 49.0 cents to 60.1 cents respectively over the same period.

The effective tax rate has increased to 27.3% from 27.1%.

Group (including discontinued operations)

Headline earnings and Headline earnings per share increased by 26% from R197 million to R248 million and from 48.1 cents to 60.1 cents respectively during the reporting period.

Investment and expansion

During 2018, R1.7 billion was invested in the business. The capital was deployed in the following projects:

- Construction of six new campuses to the value of R416 million. These campuses include Curro Vanderbijlpark and Edenvale (both in Gauteng), Curro Academies at Parkdene (Boksburg), Protea Glen (Soweto) and Savanna City (Johannesburg), as well as a Curro Castle at Burgundy Estate (Cape Town).
- R590 million invested in the expansion of existing campuses, which included significant expansions at Curro Roodeplaat, Curro Academy Wilgeheuwel, Windhoek Gymnasium (Namibia), Curro Midrand (previously Building Blocks) and Curro Heritage House (previously Curro Embury).
- R118 million invested in land banking.

The group plans to invest up to R1.8 billion in 2019.

Directors' report

2. Share capital

No changes occurred to issued share capital during 2018.

Refer to note 16 of the consolidated and separate annual financial statements for details of the movement in authorised and issued share capital.

3. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act. As this general authority remains valid only until the next annual general meeting, a shareholders' resolution will be posed at the next annual general meeting to consider placing the unissued ordinary shares, up to a maximum of 10% of the company's issued share capital, under the control of the directors until the next annual general meeting.

4. Dividends

On 12 February 2019, the company declared a maiden dividend of 12 cents per share from income resources in respect of the year ended 31 December 2018, which is payable on 11 March 2019.

In the prior year, the unbundling of Stadio was accounted for as a dividend in specie in terms of section 46(1)(a)(ii) of the Companies Act, No. 71 of 2008, as amended, and section 46 of the Income Tax Act, No. 58 of 1962, as amended, and amounted to R345 million. The debit was accounted for as a decrease in retained earnings.

5. Directorate

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

Directors	Gender	Office	Designation
SL Botha	Female	Chairperson of the board	Non-executive independent
ZL Combi	Male		Non-executive independent
AJF Greyling	Male	Chief executive officer	Executive
HG Louw	Male	Chief investment officer	Executive
ZN Mankai	Female		Non-executive independent
PJ Mouton	Male		Non-executive
SWF Muthwa	Female		Non-executive independent
B Petersen	Male		Non-executive independent
D Ramaphosa	Male		Non-executive independent
B van der Linde	Male	Chief financial officer	Executive
CR van der Merwe	Male		Non-executive

D Ramaphosa was appointed effective 26 January 2018 and ZN Mankai effective from 10 August 2018.

6. Shareholding of directors

The shareholding of directors, excluding the participation in the share incentives plan (as set out in note 17), in the issued share capital of the company as at 31 December was as follows:

	2018				2017			
Directors	**Direct**	**Indirect**	**Number**	**%**	**Direct**	**Indirect**	**Number**	**%**
SL Botha	272 926	-	272 926	0.07	272 926	-	272 926	0.07
AJF Greyling	-	961 057	961 057	0.23	-	961 057	961 057	0.23
HG Louw	-	-	-	0.00	262 739	-	262 739	0.06
PJ Mouton	-	1 939 943	1 939 943	0.47	-	1 939 943	1 939 943	0.47
B van der Linde	191 876	588 916	780 792	0.18	191 876	588 916	780 792	0.18
CR van der Merwe		3 511 677	3 511 677	0.85		3 511 677	3 511 677	0.85
B Petersen	10 000	-	10 000	0.00	10 000	-	10 000	0.00
	474 802	**7 001 593**	**7 476 395**	**1.80**	**737 541**	**7 001 593**	**7 739 134**	**1.86**

Directors' report

6. Shareholding of directors (continued)

The register of interests of directors and others in shares of the company is available to the shareholders on request.

There have been no changes in the shareholding of directors between the reporting date and the date of approval of the annual financial statements.

7. Interests in subsidiaries and associates

Details of material interests in subsidiary companies and associates are presented in the consolidated and separate annual financial statements in notes 7 and 8.

The interest of the group in the profits of its associate for the year ended 31 December 2018 is as follows:

	2018 R million	2017 R million
Share of equity accounted (losses) / profits	R(1)	R1

The investment in associate was disposed of on 31 December 2018.

8. Holding company

The holding company is PSG Financial Services Ltd, which holds 55.4% (2017: 55.4%) of the issued share capital. PSG Financial Services Ltd is incorporated in South Africa.

9. Ultimate holding company

The ultimate holding company is PSG Group Ltd, which is incorporated in South Africa.

10. Special resolutions

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the group, were made by the company or any of its subsidiaries during the period covered by this report.

11. Events after the reporting period

Refer to note 35 for acquisitions effective after the reporting period. The directors are not aware of any other matter, that is material to the group or the company that has occurred between the reporting date and the date of the approval of the annual financial statements.

12. Going concern

The directors believe that the group and the company have adequate financial resources to continue in operation for the foreseeable future, and accordingly the consolidated and separate annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group and the company are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group and the company. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or any pending changes to legislation that may affect the group or the company.

13. Auditors

PricewaterhouseCoopers Inc., remains in office in accordance with section 90 of the Companies Act of South Africa, as amended.

Directors' report

14. Secretary

The company secretary is Mr IWM Isdale, who was appointed effective 1 May 2018.

Postal address	P O Box 2436 Durbanville Cape Town South Africa 7551
Business address	38 Oxford Street Durbanville Cape Town South Africa

15. Sponsor

PSG Capital acts as sponsor for the group and the company, providing advice on the interpretation of and compliance with the Listings Requirements of the JSE and reviewing notices required in terms of the company's memorandum of incorporation and the JSE's Listings Requirements.

16. Corporate governance

The directors subscribe to the principles incorporated in the King Code of Corporate Practices and Conduct as set out in King IV and have applied, as far as is practical, the principles contained therein throughout the reporting period. The directors recognise the need to conduct the enterprise with integrity and in accordance with generally accepted corporate practices. The board of directors has performed a detailed exercise to assess the company's compliance with King IV and the members are satisfied that sufficient compliance occurs, while they have instituted steps to ensure a constant monitoring of improvement where practically possible.

17. Report of the audit and risk committee

The report of the audit and risk committee, as required in terms of section 94(7)(f) of the Companies Act of South Africa of 2008, is set out on pages 5 to 6 of the consolidated and separate annual financial statements.

Independent auditor's report

To the Shareholders of Curro Holdings Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Curro Holdings Limited (the Company) and its subsidiaries (together the Group) as at 31 December 2018, and its consolidated and separate financial performance and its consolidated 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.

What we have audited

Curro Holdings Limited's consolidated and separate financial statements set out on pages 17 to 86 comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate annual financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

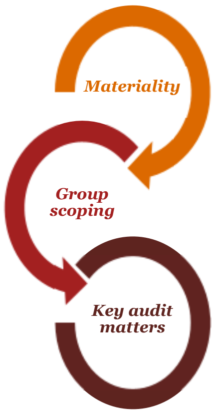
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Our audit approach

Overview



Overall group materiality

R16.6 million which represents 5% of consolidated profit before taxation

Group audit scope

We conducted full scope audits for the two significant components, Curro and Waterstone College. Statutory audits or specified procedures were performed for components that are financially significant in aggregate with other components. Analytical review procedures were performed over the remaining non-significant components.

Key audit matters

Impairment assessment of goodwill and other indefinite-lived intangible assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	*R16.6 million*
How we determined it	*5% of consolidated profit before taxation*
Rationale for the materiality benchmark applied	*We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.*

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The group comprises of twenty two reporting components. Full scope audits have been performed for Curro Holdings Ltd and Waterstone College (Pty) Ltd which are the only financially significant components in the group. All other components are considered financially insignificant. In order to ensure that sufficient work was performed over material line items in the financial statements, we have scoped in two entities for which statutory audits are being performed and we have performed specified procedures on the Namibian operations as a result of their contribution to assets and revenue specifically. For the remaining components, we performed analytical review procedures and audited the consolidation process in order to gain sufficient evidence over the consolidated numbers. Although the Group operates various schools all over South Africa and in Namibia and Botswana, the financial function is centralised at a head office level and therefore the group audit team performed most of its work at a head office level, with some testing at the individual schools within the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of goodwill and other indefinite-lived intangible assets *The consolidated and separate financial statements include goodwill with a carrying value of R 520 million (Group level) and R 73 million (Company level) and other indefinite-lived intangible assets comprising of trademarks with a carrying value of R 98 million (Group level) and R 19 million (Company level) (Refer to note 5 & 6 to the consolidated and separate annual financial statements in this regard).* *Goodwill acquired in a business combination and intangible assets with indefinite useful lives is tested for impairment annually, irrespective of whether any indications of impairment exist in accordance with the requirements of IAS 36 - Impairment of Assets. (Refer to note 1.11 of the Accounting Policies in this regard).* *As disclosed in note 5 to the consolidated and separate annual financial statements, the recoverable amounts of the cash generating units (CGU's) to which goodwill acquired in a business combination and trademarks belong, has been determined based on value in use calculations. The key assumptions used by management in determining value-in-use include; discount rates, growth in learner numbers and terminal growth rates. These unobservable inputs require management to apply a degree of judgement and estimation.* *The impairment assessment is considered to be a matter of most significance to our current year audit due to the degree of judgement and estimation applied by management in their value-in-use calculation.* *No impairment has been recognised in the current year (Refer to note 5 & 6 to the consolidated and separate annual financial statements in this regard).*	*In testing management's impairment calculation:* • *We tested the mathematical accuracy of the calculations for each CGU,* • *We challenged the key inputs used in the calculation, such as learner numbers and tuition fee growth rates, by comparing these to actual enrolment figures and increased tuition fees for 2019. The key assumptions applied by management were found to be consistent with actual fees and learner number growth,* • *To test the robustness and reasonability of management's cash flow forecasts, we compared the actual cash flows for 2018 to the forecasted cash flows used in the prior year's calculations. The actual results were consistent with forecasted results, and* • *We compared the discount rates used by management to our internally developed benchmarks, which are based on various economic indicators. The discount rates used by management were within a reasonable range of our internally developed benchmarks.*

Other information

The directors are responsible for the other information. The other information comprises the information included in the *Curro Holdings Limited and its Subsidiaries Consolidated and Separate Annual Financial Statements for the year ended 31 December 2018*, which includes the Directors' report, Audit and risk committee report and the Company secretary's certification as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor's report, and the other sections of the *Curro Holdings Limited Annual Integrated Report 2018*, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate 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.

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

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to

draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Curro Holdings Limited for 2 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D de Jager
Registered Auditor
Stellenbosch
13 February 2019

Consolidated and separate statements of financial position as at 31 December

		Group		Company	
		2018	2017	**2018**	2017
	Note(s)	**R million**	R million	**R million**	R million
Assets					
Non-current assets					
Property, plant and equipment	4	7 937	6 659	6 203	5 275
Goodwill	5	520	397	73	66
Intangible assets	6	239	169	141	112
Investments in and loans to subsidiaries and associates	7,8,9	-	12	1 138	472
Other financial assets	10	14	38	2	-
Deferred tax	12	8	-	-	-
		8 718	7 275	**7 557**	5 925
Current assets					
Inventories	13	5	3	1	1
Loans to group companies	9	-	-	161	393
Trade and other receivables	14	235	108	236	140
Other financial assets	10	21	125	11	119
Current tax receivable		1	3	1	1
Investment in money market funds	15	15	-	-	-
Cash and cash equivalents	15	170	571	123	531
		447	810	**533**	1 185
Total assets		**9 165**	8 085	**8 090**	7 110
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital	16	4 733	4 733	4 883	4 883
Reserves		9	14	10	14
Retained income		496	273	63	-
		5 238	**5 020**	**4 956**	**4 897**
Non-controlling interest		34	(23)	-	-
		5 272	4 997	**4 956**	4 897
Liabilities					
Non-current liabilities					
Other financial liabilities	19	2 853	2 342	2 514	1 688
Deferred tax	12	533	375	294	219
Contract liability	21	14	-	11	-
		3 400	2 717	**2 819**	1 907
Current liabilities					
Trade and other payables	22	169	196	140	161
Contract liability	21	197	135	148	105
Other financial liabilities	19	49	40	27	40
Bank overdraft	23	78	-	-	-
		493	371	**315**	306
Total liabilities		**3 893**	3 088	**3 134**	2 213
Total equity and liabilities		**9 165**	8 085	**8 090**	7 110

Consolidated and separate statements of comprehensive income

	Note(s)	Group 2018 R million	Group 2017 R million	Company 2018 R million	Company 2017 R million
Revenue from contracts with customers	24	2 496	2 098	1 927	1 642
Operating expenses		(1 869)	(1 626)	(1 467)	(1 321)
Earnings before interest, taxation, depreciation amortisation (EBITDA)		**627**	472	**460**	321
Depreciation and amortisation		(154)	(131)	(138)	(112)
Earnings before interest and taxation (EBIT)	25	473	341	322	209
Investment income	26	55	41	83	74
Profit on sale of property, plant and equipment		-	13	-	1
Impairment	38	-	-	(113)	-
Share of (loss)/profit of associates		(1)	1	-	-
(Loss)/profit on disposal of investment in associate		(1)	-	4	-
Finance costs	27	(193)	(119)	(134)	(49)
Profit before taxation		**333**	277	**162**	235
Taxation	28	(91)	(75)	(83)	(66)
Profit for the year from continuing operations		**242**	202	**79**	168
Discontinued operations					
Loss for the year from discontinued operations	46	-	(4)	**-**	-
Profit for the year		**242**	198	**79**	168
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operation		(1)	-	-	-
Effects of cash flow hedges	31	8	(18)	8	(18)
Income tax effect		(2)	5	(2)	5
Total items that may be reclassified to profit or		**5**	(13)	**6**	(13)
Total comprehensive income for the year		**247**	185	**85**	155
Profit (loss) attributable to:					
Owners of the parent					
For continuing operations		248	213	79	168
For discontinued operations		-	(4)	-	-
Non-controlling interests					
For continuing operations		(6)	(11)	-	-
		242	198	**79**	168
Total comprehensive income (loss) attributable to:					
Owners of the parent					
For continuing operations		253	200	85	155
For discontinued operations		-	(4)	-	-
Non-controlling interests					
For continuing operations		(6)	(11)	-	-
		247	185	**85**	155
Earnings per share (cents)					
For continuing operations	32	60,0	51,9		
For discontinued operations	32	-	(0,9)		
		60,0	**51,0**		
Diluted earnings per share (cents)					
For continuing operations	32	59,8	51,7		
For discontinued operations	32	-	(0,9)		
		59,8	**50,8**		

Consolidated and separate statements of changes in equity

	Share capital R million	Translation reserve R million	Hedging reserve R million	Share based payments reserve R million	Total reserves R million	Retained income R million	Total attributable to equity holders of the group R million	Non-controlling interest R million	Total equity R million
Group									
Balance at 1 January 2017	**4 556**	**-**	**1**	**22**	**22**	**397**	**4 975**	**(12)**	**4 963**
Profit for the year	-	-	-	-	-	209	209	(11)	198
Other comprehensive loss	-	-	(13)	-	(13)	-	(13)	-	(13)
Total comprehensive income for the year	**-**	**-**	**(13)**	**-**	**(13)**	**209**	**196**	**(11)**	**185**
Issue of shares	150	-	-	-	-	-	150	-	150
Share issue costs	(1)	-	-	-	-	-	(1)	-	(1)
Proceeds of shares issued	28	-	-	-	-	-	28	-	28
Recognition of share-based payments	-	-	-	17	17	-	17	-	17
Exercise of share options	-	-	-	(12)	(12)	12	-	-	-
Unbundling of Stadio Holdings	-	-	-	-	-	(345)	(345)	-	(345)
Total contributions by and distributions to owners of the company recognised directly in equity	**177**	**-**	**-**	**5**	**5**	**12**	**194**	**-**	**194**
Balance at 31 December 2017	**4 733**	**-**	**(12)**	**26**	**14**	**273**	**5 020**	**(23)**	**4 997**
Adjustment due to the initial application of IFRS 9 and IFRS 15	-	-	-	-	-	(39)	(39)	-	(39)
Balance at 1 January 2018	**4 733**	**-**	**(12)**	**26**	**14**	**234**	**4 981**	**(23)**	**4 958**
Profit for the year	-	-	-	-	-	248	248	(6)	242
Other comprehensive (loss)/ inccome	-	(1)	6	-	5	-	5	-	5
Total comprehensive (loss) income for the year	**-**	**(1)**	**6**	**-**	**5**	**248**	**253**	**(6)**	**247**
Recognition of share-based payments	-	-	-	16	16	-	16	-	16
Exercise of share options	-	-	-	(26)	(26)	16	(10)	-	(10)
Acquisition of Cooper College	-	-	-	-	-	-	-	8	8
Capital Contribution	-	-	-	-	-	-	-	55	55
Total contributions by and distributions to owners of the company recognised directly in equity	**-**	**-**	**-**	**(10)**	**(10)**	**16**	**6**	**63**	**69**
Balance at 31 December 2018	**4 733**	**(1)**	**(7)**	**17**	**9**	**496**	**5 238**	**34**	**5 272**
Notes(s)	16		18 & 31	17					

Consolidated and separate statements of changes in equity

	Share capital	Hedging reserve	Share based payments reserve	Total reserves	Retained income	Total attributable to equity holders of the company	Total equity
	R million	R million	R million	R million	R million	R million	R million
Company							
Balance at 1 January 2017	**4 677**	**1**	**22**	**23**	**141**	**4 841**	**4 841**
Profit for the year	-	-	-	-	168	168	168
Other comprehensive loss	-	(13)	-	(13)	-	(13)	(13)
Total comprehensive income for the year	**-**	**(13)**	**-**	**(13)**	**168**	**155**	**155**
Issue of shares	150	-	-	-	-	150	150
Share issue costs	(1)	-	-	-	-	(1)	(1)
Employees share option plan:							
Proceeds of shares issued	57	-	-	-	-	57	57
Recognition of share-based payments	-	-	17	17	-	17	17
Exercise of share options	-	-	(12)	(12)	12	-	-
Unbundling of Stadio Holdings	-	-	-	-	(322)	(322)	(322)
Transfer of assets under common control					-	-	-
Total contributions by and distributions to owners of the company recognised directly in equity	**206**	**-**	**5**	**5**	**(310)**	**(99)**	**(99)**
Balance at 31 December 2017	**4 883**	**(12)**	**26**	**14**	**(1)**	**4 896**	**4 897**
Adjustment due to the initial application of IFRS 9 and IFRS 15	-	-	-	-	(31)	(31)	(31)
Balance at 1 January 2018	**4 883**	**(12)**	**26**	**14**	**(32)**	**4 865**	**4 866**
Profit for the year	-	-	-	-	78	78	78
Other comprehensive income	-	6	-	6	-	6	6
Total comprehensive income for the year	**-**	**6**	**-**	**6**	**78**	**84**	**84**
Recognition of share-based payments	-	-	16	16	-	16	16
Exercise of share options	-	-	(26)	(26)	16	(10)	(10)
Total contributions by and distributions to owners of the company recognised directly in equity	**-**	**-**	**(10)**	**(10)**	**16**	**6**	**6**
Balance at 31 December 2018	**4 883**	**(6)**	**17**	**10**	**63**	**4 955**	**4 956**
Notes(s)	16	18 & 31	17				

Consolidated and separate statements of cash flows

		Group		Company	
		2018	2017	**2018**	2017
	Note(s)	**R million**	R million	**R million**	R million
Cash flows from operating activities					
Cash generated from operations	33	544	398	399	348
Interest income		55	48	82	74
Finance costs		(193)	(125)	(134)	(49)
Tax (paid) refund	34	(18)	(8)	-	-
Net cash from operating activities		**388**	**313**	**347**	**374**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(1 091)	(1 172)	(1 006)	(1 097)
Sale of property, plant and equipment		2	28	2	5
Purchase of intangible assets	6	(38)	(41)	(44)	(38)
Business combinations	35	(369)	(12)	(6)	(12)
Acquisition of subsidiaries		-	-	(313)	-
Loans to group companies repaid		-	-	110	-
Loans advanced to group companies		-	-	(415)	(69)
Repayment of loans from group companies		-	-	-	(1)
Movement in other financial assets		138	6	119	-
Movement in investments in money market funds	15	(15)	-	-	-
Net cash utilised in investing activities		**(1 373)**	**(1 191)**	**(1 553)**	**(1 212)**
Cash flows from financing activities					
Proceeds on shares issued		-	177	-	177
Proceeds from other financial liabilities	36	850	1 595	850	1 543
Repayment of other financial liabilities	36	(344)	(881)	(52)	(881)
Net cash from financing activities		**506**	**891**	**798**	**839**
Net cash from unbundling		-	(147)	-	-
Total cash movement for the year		(479)	(134)	(408)	-
Cash at beginning of the year		571	706	531	531
Total cash at end of the year	15 & 23	**92**	**571**	**123**	**531**

Accounting policies

1. Presentation of consolidated and separate annual financial statements

Curro Holdings Limited (Curro) is a public company incorporated in the Republic of South Africa. The principle activities are the provision of independent education within southern Africa.

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the IFRS Interpretations Committee Interpretation, 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 requirements of the Companies Act of South Africa, as amended. The consolidated and separate annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African rands.

These accounting policies are consistent with the previous year, except for standards included in note 3.

1.1 Fair value

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants were to take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based payments*, leasing transactions that are within the scope of IAS17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to fair value measurement in its entirety. The levels are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and the company and all investees that are controlled by the group and the company.

The group and the company have control of an investee when they have power over the investee; they are exposed to or have rights to variable returns from involvement with the investee; and they have the ability to use their power over the investee to affect the amount of the investor's returns. The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the financial statements of subsidiaries to bring their accounting policies in line with those of the group and the company. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

Accounting policies

1.2 Consolidation (continued)

Transactions that result in changes in ownership levels, where the group and the company have control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The group and the company account for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt, which are amortised as part of the effective interest and costs to issue equity, which are included in equity.

Contingent consideration is included in the cost of the business combination at fair value as at the date of acquisition. Subsequent changes to the assets, liability or equity that arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the recognition conditions of IFRS 3 *Business combinations* are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with IFRS 5 *Non-current assets held-for-sale and discontinued operations*, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group and the company assess the classification of the acquiree's assets and liabilities and reclassify them where the classification is inappropriate for group and company purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interests arising from a business combination, that are present ownership interests, and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation, are measured either at the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations. All other components of non-controlling interests are measured at their acquisition date fair values, unless another measurement basis is required by IFRS.

In cases where the group and the company held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured at fair value as at acquisition date. The measurement at fair value is included in profit or loss for the year.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the group and the company at the end of each reporting period with, the adjustment recognised in equity through to other comprehensive income.

Business combinations under common control are accounted for at book value at acquisition date.

Accounting policies

1.3 Investment in associates

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

An investment in an associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS *5 Non-current assets held-for-sale and discontinued operations.* Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the group and the company's share of net assets of the associate, less any impairment losses.

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

Any goodwill on acquisition of an associate is included in the carrying amount of the investment. However, a gain on acquisition is recognised immediately in profit or loss. Profits or losses on transactions between the group and the company and an associate are eliminated to the extent of the group and the company's interest therein.

When the group and the company reduce their level of significant influence or lose significant influence, the group and the company proportionately reclassify the related items that were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured at fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets that the group and the company hold for their own use and 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 are initially measured at cost. Cost includes all the expenditure that is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments with respect to hedge accounting, where appropriate. Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land, which is stated at cost less any accumulated impairment losses.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment is capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the company and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Day-to-day servicing costs are included in profit or loss in the year in which they are incurred.

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 group and 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
Land	Straight line	Not depreciated
Buildings	Straight line	75 to 99 years
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	6 years
Premises equipment	Straight line	5 years/6 years
School equipment	Straight line	5 years/6 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3 to 10 years

Accounting policies

1.4 Property, plant and equipment (continued)

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 indication 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.

The recoverable amount is the higher of fair value less costs of disposal 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 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.

When an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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.

1.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are recognised at cost and carried at cost less any accumulated amortisation and any impairment losses. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

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

1.5 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life
Learner enrolments (client list)	1 to 14 years
Trademarks	Indefinite
Curriculum material	6 years
Computer software	2 years/3 years

1.6 Investment in and loans to subsidiaries and associates

Company annual financial statements

In the company's separate financial statements, investments in and loans to subsidiaries and associates are carried at cost less any accumulated impairment.

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

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

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

1.7 Financial instruments

The group and company's accounting policy for financial instruments have been revised based on the requirements of IFRS 9 which was adopted on 1 January 2018. The comparative financial statements has not been restated for the adoption of IFRS 9. Accordingly the impact has resulted in an adjustment to the group and company's opening retained earnings at the date of initial application.

Classification of financial assets and financial liabilities

Financial assets

The group classifies its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

From 1 January 2018, the group classifies its financial assets into the following categories:

- Measured at amortised cost
- Fair value through other comprehensive income (OCI)
- Fair value through profit or loss

The group and company classify their financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The group and company classify their financial assets as at fair value through other comprehensive income only if both of the following criteria are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Accounting policies

1.7 Financial instruments (continued)
Classification of financial assets and financial liabilities (continued)

Financial liabilities
The group and company classify their financial liabilities at amortised cost.

Initial recognition and measurement
Financial instruments are recognised when the group and the company become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are measured at fair value, except for trade receivables that are measured in accordance with IFRS 15 *Revenue from Contracts with Customers*.

For financial assets and financial liabilities that are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial assets and financial liabilities at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement
Financial assets and financial liabilities are subsequently measured in accordance with the initial classification category.

A gain or loss on a financial asset that is measured at fair value will be recognised in profit or loss unless it is a financial asset measured at fair value through other comprehensive income for which gains or losses are recognised in other comprehensive income.

Financial assets measured at amortised cost are subsequently measured at amortised cost.

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

Impairment of financial assets
Financial assets measured at amortised cost comprise trade receivables for providing independent education and ancillary services, but also include other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. Other types of financial assets are:

- Loans to group companies
- Loans to directors and employees for share options
- Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial. The loans to directors and employees are secured with shares held in a trade block account in favour of the company, and therefore the impairment loss is immaterial.

The group and company apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. Impairment provisions on loans to group companies are recognised based on a forward looking expected credit loss model.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2017 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group and company have identified the GDP and inflation to be the most relevant factors, and accordingly adjust the historical loss rates based on expected changes in these factors.

Accounting policies

1.7 Financial instruments (continued)
Impairment of financial assets (continued)

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined. Refer to note 14 for more details on loss allowance.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include failure to make payments for a period of greater than 24 months.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Where financial assets are impaired through use of a provision 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.

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 measured at amortised cost.

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

Loans to shareholders, directors, managers and employees
These financial assets are measured at amortised cost.

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. The group and company holds trade receivables with the objective to collect the contractual cash flows. The group and company apply the IFRS 9 simplified approach to measuring expected credit losses that uses a lifetime expected loss allowance for trade receivables.

Trade and other payables
Trade payables are measured initially at fair value, and 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 recorded at fair value.

Bank overdrafts and borrowings
Bank overdrafts and borrowings are measured initially at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group’s accounting policy for borrowing costs.

Accounting policies

1.7 Financial instruments (continued)

Hedging activities
The group and company elected to continue with hedge accounting as permitted by IFRS 9. Designated and effective hedging instruments are excluded from the definition of financial instruments at fair value through profit or loss.

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

The group and the company document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as their risk management objectives and strategy for undertaking various hedging transactions. The group and the company also document their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 11.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised to other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other income'.

Amounts accumulated in equity are reclassified to other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

However, when the forecast transaction that is hedged results in the recognition of a non-financial item (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in profit or loss as a reclassification adjustment through to other comprehensive income when the forecast transaction is ultimately recognised in profit or loss.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately recognised in profit or loss as a reclassification adjustment through to other comprehensive income.

***For the comparative year 2017:* Financial Instruments**
Classification
In the prior year, the group and the company classified financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss.
- Loans and receivables (non-derivative financial assets and liabilities).
- Financial liabilities at fair value through profit or loss.
- Financial liabilities measured at amortised cost.

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

Accounting policies

1.7 Financial instruments (continued)
For the comparative year 2017: Financial Instruments (continued)

Initial recognition and measurement

Financial instruments were initially recognised when the group and the company became a party to the contractual provisions of the instruments.

The group and the company classified 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 were initially measured at fair value, except for equity investments for which a fair value was not determinable, which were measured at cost.

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

Transaction costs on financial instruments at fair value through profit or loss were recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss were subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss excluded dividends and interest.

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

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

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

Impairment of financial assets

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

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

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator of impairment. If any such evidence existed for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, was removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses were recognised in profit or loss.

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

The recoverable amount of a financial asset was the lower of the carrying amount and the present value of future cash flow, discounted using the original effective interest rate.

Reversals of impairment losses were recognised in profit or loss.

Accounting policies

1.7 Financial instruments (continued)
For the comparative year 2017: Financial Instruments (continued)

Impairment of financial assets (continued)

Impairment losses were also not subsequently reversed for available-for-sale equity investments that were held at cost because fair value was not determinable.

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

Loans to (from) group companies
These included loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and were recognised initially at fair value plus direct transaction costs.

Loans to group companies were classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees
These financial assets were classified as loans and receivables.

Trade and other receivables
Trade receivables were measured at initial recognition at fair value, and were subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts were recognised in profit or loss when there was objective evidence that the asset was impaired. Significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) were considered indicators that the trade receivable was impaired. The allowance recognised was 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 was reduced through the use of a provision account, and the amount of the loss was recognised in profit or loss within operating expenses. When a trade receivable became uncollectable, it was written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off were credited in profit or loss.

Trade and other receivables were classified as loans and receivables.

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

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

Bank overdrafts and borrowings
Bank overdrafts and borrowings were initially measured at fair value, and were subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings was recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Accounting policies

1.7 Financial instruments (continued)
***For the comparative year 2017:* Financial Instruments (continued)**

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

The group and the company designated certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); and
- hedges of a net investment in a foreign operation (net investment hedge).

The group and the company documented at the inception of the transaction the relationship between hedging instruments and hedged items, as well as their risk management objectives and strategy for undertaking various hedging transactions. The group and the company also documented their assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that were used in hedging transactions were highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 11 for the prior year.

The full fair value of a hedging derivative was classified as a non-current asset or liability when the remaining hedged item was more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item was less than 12 months.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that were designated and qualified as cash flow hedges was recognised to other comprehensive income and accumulated in equity. The gain or loss relating to the ineffective portion was recognised immediately in profit or loss within 'other income'.

Amounts accumulated in equity were reclassified to other comprehensive income to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that was hedged took place).

However, when the forecast transaction that was hedged resulted in the recognition of a non-financial item (for example, inventory or fixed assets), the gains and losses previously deferred in equity were transferred from equity in other comprehensive income and included in the initial measurement of the cost of the asset.

When a hedging instrument expired or was sold, or when a hedge no longer met the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remained in equity and was recognised in profit or loss as a reclassification adjustment through to other comprehensive income when the forecast transaction was ultimately recognised in profit or loss.

When a forecast transaction was no longer expected to occur, the cumulative gain or loss that was reported in equity was immediately recognised in profit or loss as a reclassification adjustment through to other comprehensive income.

1.8 Tax

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

Current tax liabilities (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.

Accounting policies

1.8 Tax (continued)

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 that, 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 or affects neither accounting profit nor taxable profit (tax loss).

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

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.

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 that 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.

1.9 Leases

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

Finance leases – lessee

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

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

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability. The finance charge on the lease liability is included in profit and loss. Leased assets are depreciated with depreciation recorded in profit and loss.

Operating leases – lessee

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

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Accounting policies

1.10 Inventories (continued)

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of non-financial assets

The group and the company assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group and the company estimate the recoverable amount of the asset.

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

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

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

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

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

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.12 Share capital and equity

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

1.13 Share-based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

Accounting policies

1.13 Share-based payments (continued)

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured directly at the fair value of the goods or services received provided that the fair value can be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, or if the services received are employee services, their value and the corresponding increase in equity are measured indirectly by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period. If the share-based payments granted do not vest until the counterparty completes a specified period of service, group and company accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share-based payments vest immediately, the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.14 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 is not discounted.

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.

1.15 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

Accounting policies

1.15 Provisions and contingencies (continued)

If the entity has a contract that is onerous, the present obligation under the contract will be recognised and measured as a provision. A constructive obligation to restructure arises only when the entity:

- Has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken;
  - when the plan will be implemented; and
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

Contingent assets and contingent liabilities are not recognised.

1.16 Revenue

Revenue from Contract with Customers

Revenue is measured based on the transaction price in accordance with the school fee structure. The group provides independent education and ancillary services from group 1 (three months old babies) to Grade 12. Revenue from providing these services is recognised in the accounting period in which the services are rendered.

Registration fees are paid to grant access to or to provide a right to use a school. Registration fees paid by customers are non-refundable. The existence of a non-refundable registration fee indicates that the arrangement includes a renewal option for future services (access to school facilities) at a reduced price (customer renews the agreement without the payment of an additional registration fee). By not requiring the customer to pay the enrolment fee again at renewal, the group and company are effectively providing a discounted renewal rate to the customer.

The group determined that the renewal option is a material right because it provides a renewal option at a lower price than the range of prices typically charged, and therefore it is a separate performance obligation. There are no contracts with variable consideration components as well as multiple performance obligations.

The group has only one revenue segment, which is for independent education services rendered. For further information refer to note 2 Segmental information, note 21 Contract Liabilities and note 24 Revenue from Contract with Customers.

Other Revenue

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.

For the comparative period - Revenue

In the prior year, Revenue was measured at the fair value of the consideration received or receivable and represented the amounts as receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Tuition fees were recognised over the period that tuition was provided.

Enrolment fees and registration fees were recognised on initial registration. Re-registration fees were recognised in the year to which the re-registration related.

Interest was recognised in profit or loss using the effective interest rate method. Dividends were recognised in profit or loss when the company’s right to receive payment had been established.

Accounting policies

1.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- Expenditures for the asset have occurred;
- Borrowing costs have been incurred, and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are substantially complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 Discontinued operations

A discontinued operation is a component of the group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of profit or loss.

1.19 Significant judgements and sources of estimation uncertainty

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

Significant judgements include:

Impairment of non-financial assets

Goodwill, intangible assets and property, plant and equipment are assessed annually for impairment. These impairment calculations include the use of estimates of future cash flows as well as the determination of discount rates at which the cash flows are discounted. The maturity of a school is factored in when performing impairment assessments. Additional details regarding impairment test assumptions are included in note 5 and 6.

Useful lives and residual values

The estimated useful lives for property, plant and equipment and intangibles are set out in notes 1.4 and 1.5. Estimated useful lives and residual values are reviewed annually, taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments in the education industry where the assets are used.

Impairment of Trade receivables and Loans and receivables

The group and the company assess their trade receivables and 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 group and the company make judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. Refer to note 41 for additional considerations regarding credit risk on trade receivables.

Accounting policies

1.19 Significant judgements and sources of estimation uncertainty (Continued)

Fair values in business combinations

Management uses valuation techniques to determine the fair value of assets and liabilities acquired in a business combination. Fair value of property, plant and equipment is determined by using external valuations as well as rental return on property. Client lists (learner enrolments) are valued through a net present value model of the contribution from the enrolments at the school, based on their estimated future enrolment period.

Although a comprehensive valuation exercise is performed for each business combination, the group applies initial accounting for its business combinations, which will allow the group a period of one year after the acquisition date to adjust the provisional amounts recognised for a business combination.

Share-based payments

Management used the Black-Scholes Model to determine the value of the options at issue date. Additional details regarding the estimates are included in note 17.

Revenue from contracts with customers

The group provides independent education and ancillary services from group 1 (three months old babies) to Grade 12.

Revenue generated from registration, bus income, tuition fees, hostel fees, aftercare fees and tablet curriculum fees are recognised over time as the services are rendered. Each service represents a separate performance obligation with a separate transaction price.

The transaction price is determined in accordance with the school fee structure and each fee charged per performance obligation represents the stand alone selling price of that service. Subsequently, no allocation of transaction prices to multiple performance obligations are required.

All of these services, excluding the services pertaining to registration fees, are satisifed within one year and consequently does not result in any unsatisfied performance obligations at year end.

The group and company has determined that the renewal option within registration fees, represents a material right because it provides a renewal option at a lower price than the range of prices typically charged, and therefore it is a separate performance obligation.

Registration fees carry a separate stand-alone transaction price which is recognised over time as the services are rendered.

In recognising the registration fees over time, management estimates the average tenure of learners and recognise the registration fee over this period.

The transaction price allocated to the unsatisfied portion of the performance obligation pertaining to registration fees, is represented by the contract liability balance at year end and as disclosed in note 21.

Other income includes ancillary services such as Tuckshop income, Levy income and Excursion income.

These services predominantly represent stand-alone performance obligations that are satisfied at a point in time.

No significant judgment is required as to when control transfers to the client.

These ancillary services and products are sold at stand-alone selling prices which do not require allocation to separate performance obligations.

Notes to the consolidated and separate annual financial statements

2. Segmental information

The reportable segments, which represent the structure used by the chief operating decision makers, to make key operating decisions and assess performance, are set out below:

Reportable segment	**Product and service**
Curro	Independent education and ancillary service. Includes Select schools, Curro Academy schools and Curro Castle nursery schools
Meridian	Independent education and ancillary services with restricted funding
Stadio Holdings Ltd (Stadio)	Investment company that focuses on tertiary education

The Stadio results are only included for 9 months in the prior year, due to the unbundling of it at the end of quarter three of 2017.

Segmental revenue and results

The executive committee (exco) assesses the performance of the operating segments based on the measure of EBITDA (earnings before interest, tax, depreciation, amortisation, impairment, bargain purchase gains, share of profit of associates and profit or loss on sale of property, plant and equipment).

Transactions within the group and the company take place on an arm's length basis.

The segment information provided to the exco is presented below.

	2018				2017			
	Curro R million	**Meridian R million**	**Stadio R million**	**Total R million**	Curro R million	Meridian R million	Stadio R million	Total R million
Total segment revenue	**2 232**	**314**	**-**	**2 546**	1 838	270	59	2 167
Inter-segment revenue	**(10)**	**(40)**	**-**	**(50)**	(10)	-	-	(10)
Revenue from external customers	**2 222**	**274**	**-**	**2 496**	1 828	270	59	2 157
EBITDA	**581**	**46**	**-**	**627**	417	42	1	460
Depreciation and amortisation	**(144)**	**(10)**	**-**	**(154)**	(120)	(11)	(6)	(137)
Profit (loss) on sale of PPE	**-**	**-**	**-**	**-**	13	-	-	13
Investment revenue	**53**	**2**	**-**	**55**	38	3	7	48
Finance cost	**(123)**	**(70)**	**-**	**(193)**	(43)	(70)	(6)	(119)
Taxation	**(106)**	**15**	**-**	**(91)**	(79)	4	-	(75)
Profit (loss) after taxation	**258**	**(17)**	**-**	**241**	233	(31)	(4)	198

Segment assets and liabilities

The amounts provided to the exco with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Investments in shares held by the group and the company and deferred tax assets are not considered to be segment assets and are not allocated to segments.

Capital expenditure reflects additions to non-current assets other than financial instruments and deferred tax assets.

The amounts provided to the exco with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

2. Segmental information (continued)

Segments assets and liabilities (continued)

The table below provides information on segment assets and liabilities

	2018				2017			
	Curro R million	**Meridian R million**	**Stadio R million**	**Total R million**	Curro R million	Meridian R million	Stadio R million	Total R million
Capital expenditure	**1 104**	**12**	**-**	**1 116**	1 097	23	-	1 120
Total assets	**8 474**	**691**	**-**	**9 165**	7 381	703	-	8 084
Total liabilities	**3 267**	**626**	**-**	**3 893**	2 315	773	-	3 088

Geographical information

The group operates in three principal geographical areas – South Africa, Namibia and Botswana.

The group's revenue from continuing operations from external customers by location of operations and non-current assets by location of assets is detailed below:

	2018		2017	
	Revenue from external customers R million	**Non-current assets R million**	Revenue from external customers R million	Non-current assets R million
South Africa	**2 380**	**7 574**	2 015	6 347
Namibia	**98**	**290**	83	312
Botswana	**18**	**73**	-	-
Total	**2 496**	**7 937**	2 098	6 659

Property, plant and equipment is the most significant non-current asset component as disclosed above.

3. New and revised standards

3.1 Standards and amendments effective and adopted in the current year

In the current year, the group and the company have adopted the following standards and amendments that are effective for the current financial year and that are relevant to their operations:

Standard/Amendment:	Effective date: Years beginning on or after
• IFRS 9 Financial Instruments	01 January 2018
• IFRS 15 Revenue from Contracts with Customers	01 January 2018
• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions	01 January 2018
• Amendments to IAS 40: Investment Property	01 January 2018

The adoption of these standards and amendments did not have a significant impact on the amounts recognised or disclosed in the consolidated and separate annual financial statements except for IFRS 9 and IFRS 15. Refer to note 14 Trade and other receivables, 21 Contract Liability, 24 Revenue from Contracts with Customers and 45 Change in Accounting Policies.

Notes to the consolidated and separate annual financial statements

3.2 Standards and amendments not yet effective

The group and the company have chosen not to early adopt the following standards and amendments, which have been published and are mandatory for the group and the company's accounting periods beginning on or after 01 January 2018 or later periods:

Standard/Amendment	Effective date: Years beginning on or after
• IFRS 16 Leases	01 January 2019
• IFRS 3 Business Combinations	01 January 2019
• Amendments to IAS 19: Employee Benefits	01 January 2019
• Amendments to IAS 23: Borrowing Costs	01 January 2019
• Amendments to IAS 28: Investments in Associates and Joint Ventures	01 January 2019
• Amendments to IAS 1: Presentation of Financial Statements	01 January 2020
• Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors	01 January 2020

The directors have assessed the potential impact of the application of these standards and amendments. The application is not expected to have a significant impact on the amounts recognised or disclosed in the consolidated and separate annual financial statements, except for IFRS 16.

The aggregate impact of the initial application of IFRS 16 to the consolidated and separate annual financial statements is expected to be as follows:

A right of use asset will be recognised that will be depreciated over the lease term with the recognition of a finance lease liability that has been discounted at 10.25% per annum;

	R'm
Increase in property, plant and equipment (right of use asset)	182
Increase in long-term liabilities (financial lease liability)	(182)
Decrease in lease expense (per annum)	(15)
Increase in depreciation (per annum)	5
Increase in finance cost (per annum)	18

Notes to the consolidated and separate annual financial statements

4. Property, plant and equipment

Group	2018 Cost	2018 Accumulated depreciation and impairment	2018 Carrying value	2017 Cost	2017 Accumulated depreciation and impairment	2017 Carrying value
	R million	R million	R million	R million	R million	R million
Land and buildings	7 390	(15)	7 374	6 161	(17)	6 144
Furniture and fixtures	360	(148)	212	314	(107)	207
Computer equipment	316	(183)	133	251	(142)	109
Motor vehicles	141	(60)	81	125	(45)	80
School equipment	169	(61)	108	134	(44)	90
Premises equipment	77	(53)	24	60	(35)	25
Office equipment	10	(5)	5	8	(4)	4
Total	8 463	(525)	7 937	7 053	(394)	6 659

Company	2018 Cost	2018 Accumulated depreciation and impairment	2018 Carrying value	2017 Cost	2017 Accumulated depreciation and impairment	2017 Carrying value
	R million	R million	R million	R million	R million	R million
Land and buildings	5 714	(5)	5 709	4 823	(4)	4 819
Furniture and fixtures	314	(127)	187	273	(90)	183
Computer equipment	267	(150)	117	212	(115)	97
Motor vehicles	125	(53)	72	111	(40)	72
School equipment	148	(51)	97	117	(37)	80
Premises equipment	65	(47)	18	53	(31)	22
Office equipment	7	(4)	3	6	(3)	3
Total	6 640	(437)	6 203	5 595	(320)	5 275

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - group 2018

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Stadio unbundling	Closing balance
	R million	R million	R million	R million	R million	R million	R million
Land and buildings	6 144	927	304	-	(1)	-	7 374
Furniture and fixtures	207	45	2	-	(42)	-	212
Computer equipment	109	62	3	-	(41)	-	133
Motor vehicles	80	17	1	(2)	(15)	-	81
School equipment	90	35	-	-	(17)	-	108
Premises equipment	25	16	2	-	(19)	-	24
Office equipment	4	1	1	-	(1)	-	5
Total	**6 659**	**1 103**	**313**	**(2)**	**(136)**	**-**	**7 937**

Reconciliation of property, plant and equipment - group 2017

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Stadio unbundling	Closing balance
	R million	R million	R million	R million	R million	R million	R million
Land and buildings	5 421	964	5	(10)	(4)	(232)	6 144
Furniture and fixtures	149	91	-	(1)	(34)	(1)	207
Computer equipment	102	44	-	-	(33)	(4)	109
Motor vehicles	63	34	-	(2)	(14)	-	80
School equipment	74	21	-	-	(15)	-	90
Premises equipment	37	17	-	(2)	(15)	-	25
Office equipment	4	2	-	-	(1)	(1)	4
Total	5 850	1 173	5	(15)	(116)	(238)	6 659

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - company 2018

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Closing balance
	R million	R million	R million	R million	R million	R million
Land and buildings	**4 819**	**890**	**-**	**-**	**(1)**	**5 708**
Furniture and fixtures	**183**	**41**	**-**	**-**	**(37)**	**187**
Computer equipment	**96**	**56**	**-**	**-**	**(35)**	**117**
Motor vehicles	**72**	**16**	**-**	**(2)**	**(14)**	**72**
School equipment	**80**	**32**	**-**	**-**	**(14)**	**98**
Premises equipment	**22**	**12**	**-**	**-**	**(16)**	**18**
Office equipment	**3**	**1**	**-**	**-**	**(1)**	**3**
Total	**5 275**	**1 048**	**-**	**(2)**	**(118)**	**6 203**

Reconciliation of property, plant and equipment - company 2017

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Closing balance
	R million	R million	R million	R million	R million	R million
Land and buildings	4 081	905	5	(168)	(4)	4 819
Furniture and fixtures	125	88	-	(1)	(29)	183
Computer equipment	83	41	-	-	(28)	96
Motor vehicles	54	32	-	(1)	(13)	72
School equipment	65	19	-	-	(12)	80
Premises equipment	33	13	-	(2)	(14)	22
Office equipment	3	-	-	-	-	3
Total	4 444	1 098	5	(172)	(100)	5 275

Pledged as security

The following assets have been pledged as security for the secured long-term borrowings as disclosed in notes 19 and 20:

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Land and buildings	**4 759**	5 435	**4 343**	4 223
Furniture and fixtures	**-**	21	**-**	7
Computer equipment	**-**	8	**-**	-
Motor vehicles	**45**	68	**45**	64
Premises equipment	**-**	6	**-**	-

Borrowing cost capitalised

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Borrowing costs capitalised to qualifying assets	**55**	66	**55**	66
Capitalisation rate used	**9,15%**	10,02%	**9,15%**	10,02%

Registers containing the information required by Regulation 25(3) of the Companies Regulations, 2011 are available for inspection at the registered office of Curro Holdings Limited.

Notes to the consolidated and separate annual financial statements

5. Goodwill

Group

	2018			2017		
	Cost	**Accumulated impairment**	**Carrying**	Cost	Accumulated impairment	Carrying value
	R million	**R million**	**R million**	R million	R million	R million
Goodwill	**526**	**(6)**	**520**	403	(6)	397

Company

	2018			2017		
	Cost	**Accumulated impairment**	**Carrying**	Cost	Accumulated impairment	Carrying value
	R million	**R million**	**R million**	R million	R million	R million
Goodwill	**79**	**(6)**	**73**	72	(6)	66

Reconciliation of goodwill - group 2018

	Opening balance	**Stadio unbundling**	**Changes through business combinations**	**Closing balance**
	R million	**R million**	**R million**	**R million**
Goodwill	**397**	**-**	**123**	**520**

Reconciliation of goodwill - group 2017

	Opening balance	Stadio unbundling	Changes through business combinations	Closing balance
	R million	R million	R million	R million
Goodwill	428	(40)	9	397

Reconciliation of goodwill - company 2018

	Opening balance	**Stadio unbundling**	**Changes through business combinations**	**Closing**
	R million	**R million**	**R million**	**R million**
Goodwill	**66**	**-**	**7**	**73**

Reconciliation of goodwill - company 2017

	Opening balance	Stadio unbundling	Changes through business combinations	Closing balance
	R million	R million	R million	R million
Goodwill	58	-	8	66

The goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit (CGU) that is expected to benefit from that business. Goodwill is tested for the impairment annually, irrespective of whether or not there is any indication of impairment, or more frequently if there are indicators that goodwill might be impaired.

5. Goodwill (continued)

When testing goodwill for impairment, the recoverable amounts of the CGUs, which are mostly represented by a school or campus, are determined using value-in-use calculations. Intangibles are included in this test for impairment. The key assumptions for the value-in-use calculations are discount rates, growth in learner numbers, tuition growth rates and terminal growth rates. Management estimates discount rates using rates that reflect current market data available and these rates are adjusted for risks specific to the CGU. However all current CGUs with goodwill are matured schools and have been operating for more than 7 years. The terminal growth rate is based on the tuition fee increases, growth in learner numbers and reflects past experience. The average learner number growth used in the calculation ranges from 3% to 5% while the average price increases for tuition fees ranges from 5% to 9%.

The group and the company prepare cash flow forecasts based on the CGU's budgeted results as approved by the board of directors and extrapolate cash flows beyond this period based on the terminal growth rate of 8% (2017: 8%).

As all schools operate in the same industry, environment and the areas it operate in is similar, no additional risk premium is added to the discount rates.

Impairment tests for CGUs containing goodwill and intangibles are based on the following assumptions:

Group	**Discount rate 2018**	Discount rate 2017	**Forecast period 2018**	Forecast period 2017	**Goodwill 2018 R million**	Goodwill 2017 R million
Curro schools	**14.5% p.a**	14.5% p.a	**5 years**	5 years	**117**	110
Aurora College	**14.5% p.a**	14.5% p.a	**5 years**	5 years	**15**	15
Woodhill College	**14.5% p.a**	14.5% p.a	**5 years**	5 years	**59**	59
Campus and Property Management Company (Pty) Ltd	**14.5% p.a**	14.5% p.a	**5 years**	5 years	**96**	96
Waterstone College (Pty) Ltd	**14.5% p.a**	14.5% p.a	**5 years**	5 years	**58**	58
Curro Education Namibia (Pty) Ltd	**14.5% p.a**	14.5% p.a	**5 years**	5 years	**59**	59
Cooper College	**14.5% p.a**	-	**5 years**	-	**69**	-
Curro Education Botswana (Pty)	**14.5% p.a**	-	**5 years**	-	**20**	-
Northriding College (Pty) Ltd	**14.5% p.a**	-	**5 years**	-	**27**	-
					520	397

Company	**Discount rate 2018**	Discount rate 2017	**Forecast period 2018**	Forecast period 2017	**Goodwill 2018 R million**	Goodwill 2017 R million
Curro schools	**14.5% p.a**	14.5% p.a	**5 years**	5 years	**73**	66

Curro schools consist of the following: Durbanville, Langebaan, Helderwyk, Hermanus, Serengeti, Nelspruit, Heritage House, Hillcrest, Bloemfontein, Krugersdorp, Rosen Castle, Curro Academy Pretoria, Building Blocks and Mount Richmore.

Aurora College, Woodhill College, Campus and Property Management Company (Pty) Ltd, Waterstone College (Pty) Ltd and Curro Education Namibia (Pty) Ltd, Cooper College, Curro Education Botswana (Pty) Ltd and Northriding College represent the CGUs that have been assessed as significant by management in terms of IAS 36 paragraph 134.

All other CGUs have been represented in aggregate as Curro Schools in accordance with IAS 36 paragraph 135.

If the discount rate used in the value-in-use calculation for the CGUs had been 1% higher than management's estimate at 31 December 2018, the group and company would not have to recognise an impairment against the carry amount of Goodwill.

If the terminal growth rate used in the value-in-use calculation for the CGUs had been 1% lower than management's estimate at 31 December 2018, the group and company would not have to recognise an impairment against the carry amount of Goodwill.

Notes to the consolidated and separate annual financial statements

6. Intangible assets

Group	2018 Cost R million	2018 Accumulated amortisation and impairment R million	2018 Carrying value R million	2017 Cost R million	2017 Accumulated amortisation and impairment R million	2017 Carrying value R million
Trademarks	**98**	**-**	**98**	58	-	58
Curriculum material	**83**	**(5)**	**78**	55	(2)	53
Learner enrolments	**64**	**(34)**	**30**	57	(30)	27
Software	**79**	**(46)**	**33**	62	(30)	32
Total	**324**	**(85)**	**239**	232	(62)	169

Company	2018 Cost R million	2018 Accumulated amortisation and impairment R million	2018 Carrying value R million	2017 Cost R million	2017 Accumulated amortisation and impairment R million	2017 Carrying value R million
Trademarks	**19**	**-**	**19**	15	-	15
Curriculum material	**83**	**(5)**	**78**	55	(2)	53
Learner enrolments	**27**	**(14)**	**12**	27	(13)	14
Software	**76**	**(44)**	**32**	59	(29)	30
Total	**205**	**(63)**	**141**	156	(44)	112

6. Intangible assets (continued)

Reconciliation of intangible assets - group 2018

	Opening balance R million	Additions through business combinations R million	Internally generated R million	Additions R million	Other changes, movements R million	Stadio unbundling R million	Amortisation R million	Closing balance R million
Trademarks	58	40	-	-	-	-	-	98
Curriculum material	53	-	28	-	-	-	(3)	78
Learner enrolments	26	3	-	-	-	-	-	29
Software	32	-	-	17	-	-	(15)	34
Total	169	43	28	17	-	-	(18)	239

Reconciliation of intangible assets - group 2017

	Opening balance R million	Additions through business combinations R million	Internally generated R million	Additions R million	Other changes, movements R million	Stadio unbundling R million	Amortisation R million	Closing balance R million
Trademarks	73	-	-	-	1	(16)	-	58
Curriculum material	57	-	17	-	-	(20)	(1)	53
Learner enrolments	36	-	-	-	-	(7)	(3)	26
Software	24	-	11	12	-	(4)	(11)	32
Total	190	-	28	12	1	(47)	(15)	169

Notes to the consolidated and separate annual financial statements

6. Intangible assets (continued)

Reconciliation of intangible assets - company 2018

	Opening balance R million	Additions through business combinations R million	Internally generated R million	Additions R million	Other changes, movements R million	Amortisation R million	Closing balance R million
Trademarks	**15**	**4**	**-**	**-**	**-**	**-**	**19**
Curriculum material	**53**	**-**	**28**	**-**	**-**	**(3)**	**78**
Learner enrolments	**14**	**-**	**-**	**-**	**-**	**(2)**	**12**
Software	**30**	**-**	**-**	**17**	**-**	**(15)**	**32**
Total	**112**	**4**	**28**	**17**	**-**	**(20)**	**141**

Reconciliation of intangible assets - company 2017

	Opening balance R million	Additions through business combinations R million	Internally generated R million	Additions R million	Other changes, movements R million	Amortisation R million	Closing balance R million
Trademarks	13	-	-	-	2	-	15
Curriculum material	37	-	17	-	-	(1)	53
Learner enrolments	16	-	-	-	-	(2)	14
Software	20	-	11	9	-	(10)	30
Total	86	-	28	9	2	(13)	112

Notes to the consolidated and separate annual financial statements

6. Intangible assets (continued)

Other information

The useful life of trademarks is considered indefinite as it relates to acquired schools that operate under an existing brand. It is not bound by any expiry period and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group and the company.

Intangible assets with indefinite useful lives are assessed for impairment annually, irrespective of whether or not there is any indication of impairment, or more frequently if there are indicators that intangibles may be impaired. Refer to note 5 for the details regarding the impairment assessments and sensitivity analysis performed.

7. Investment in subsidiaries

The following table lists the entities that are controlled by the company, either directly or indirectly through subsidiaries.

Name of company	**% holding 2018**	% holding 2017	**Carrying amount 2018 R million**	Carrying amount 2017 R million
Building Blocks Prep School (Pty) Ltd	**100%**	100%	**-**	-
Campus and Property Management Company (Pty) Ltd	**65%**	65%	**102**	-
Curro Holdings Limited Share Incentive Trust	**100%**	100%	**-**	-
Curro Education Botswana (Pty) Ltd	**100%**	-%	**-**	-
Curro Education Namibia (Pty) Ltd	**100%**	100%	**249**	-
Curro Financial Services (Pty) Ltd	**100%**	100%	**-**	-
Curro Funding Company (Pty) Ltd	**100%**	100%	**-**	-
De Jager Kids (Pty) Ltd	**100%**	100%	**-**	-
Dream Park Village (Pty) Ltd	**100%**	100%	**-**	3
K2018041752 (South Africa) (Pty) Ltd	**100%**	-%	**150**	-
Lilac Moon Trade and investments 189 (Pty) Ltd	**100%**	-%	**-**	-
Meridian College Schools NPC	**100%**	100%	**-**	-
Meridian Operations Company (RF) NPC	**65%**	65%	**-**	-
Northriding College (Pty) Ltd	**100%**	-%	**25**	-
Northriding Property Holdings (Pty) Ltd	**100%**	-%	**54**	-
Plot One Hundred Bush Hill (Pty) Ltd	**100%**	100%	**-**	21
Sheerprops 129 (Pty) Ltd	**100%**	100%	**-**	82
Stratland Developments (Pty) Ltd	**100%**	100%	**-**	2
The 3 Coopers Property Holdings (Pty) Ltd	**89%**	-%	**60**	-
Waterstone College (Pty) Ltd	**100%**	100%	**130**	130
Woodhill College Property Holdings (Pty) Ltd	**100%**	100%	**140**	140
			910	378

The carrying amounts of subsidiaries are shown net of impairment losses. All subsidiaries are incorporated in the Republic of South Africa with the exception of Curro Education Namibia (Pty) Ltd, which is incorporated in Namibia, with the principal place of business being Namibia, and Curro Education Botswana (Pty) Ltd, incorporated in Botswana, with the principal place of business being Botswana.

Subsidiaries with material non-controlling interests

The following information is provided for subsidiaries with non-controlling interests that are material to the company. The summarised financial information is provided prior to intercompany eliminations.

Subsidiary	**Principal place of business**	**% Ownership and voting interest held by non-controlling interest 2018**	**2017**
Campus and Property Management Company (Pty) Ltd	South Africa	**35%**	35%
Meridian Operations Company (RF) NPC	South Africa	**35%**	35%

Campus and Property Management Company is a property holding company under the Meridian brand, for Meridian Operations Company, which in turn provides Independent school and education services.

Notes to the consolidated and separate annual financial statements

7. Investment in subsidiaries (continued)

Summarised statement of financial position

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2018 R million	2017 R million	**2018 R million**	2017 R million	**2018 R million**	2017 R million
Assets						
Non-current assets	**650**	640	**-**	-	**650**	640
Current assets	**10**	37	**39**	26	**49**	63
Total assets	**660**	677	**39**	26	**699**	703
Liabilities						
Non-current liabilities	**561**	704	**-**	-	**561**	704
Current liabilities	**45**	22	**27**	47	**72**	68
Total liabilities	**606**	726	**27**	47	**633**	772
Total net liabilities	**54**	(49)	**12**	(21)	**66**	(69)
Non-controlling interest per statement of financial position					**(21)**	(23)

Summarised statement of comprehensive income

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Consolidated total	
	2018 R million	2017 R million	**2018 R million**	2017 R million	**2018 R million**	2017 R million
Revenue	**89**	104	**185**	166	**274**	270
Operating expenses	**(46)**	(50)	**(192)**	(188)	**(227)**	(238)
Earnings (loss) before interest and taxation	**43**	54	**(7)**	(22)	**47**	32
Net finance (costs) income	**(70)**	(69)	**2**	2	**(68)**	(67)
Taxation	**15**	4	**-**	-	**15**	4
(Loss) profit for the year	**(12)**	(11)	**(5)**	(20)	**(6)**	(31)
Loss allocated to non-controlling interest					**(6)**	(11)

The donation between Campus and Property Management Company (Pty) Ltd and Meridian Operations Company (RF) NPC is eliminated in the consolidated amount.

Summarised statement of cash flows

	Campus and Property Management Company (Pty) Ltd		Meridian Operations Company (RF) NPC		Total	
	2018 R million	2017 R million	**2018 R million**	2017 R million	**2018 R million**	2017 R million
Cash flows from operating activities	**11**	10	**9**	(5)	**11**	5
Cash flows from investing activities	**(12)**	(23)	**(15)**	-	**(12)**	(23)
Cash flows from financing activities	**(2)**	14	**-**	-	**(2)**	14
Net increase (decrease) in cash	**(3)**	1	**(6)**	(5)	**(9)**	(4)

Notes to the consolidated and separate annual financial statements

7. Investment in subsidiaries (continued)

Restrictive funding arrangements:
Campus and Property Management Company (Pty) Ltd and Meridian Operations Company (RF) NPC

The funding provided by the Schools and Education Investment Impact Fund of South Africa (SEIIFSA) and the Old Mutual Assurance Group South Africa (Pty) Ltd is subject to restrictive funding arrangements. The arrangements restrict the use of funding and cash to the operations of Meridian Operations Company (RF) NPC and Campus and Property Management Company (Pty) Ltd, collectively referred to as the Meridian schools. The restricted cash balance on 31 December 2018 amounted to R14 million.

8. Investment in associate

Group

	% ownership interest 2018	% ownership interest 2017	**Carrying amount 2018 R million**	Carrying amount 2017 R million
GRIT Procurement Solutions (Pty) Ltd	**40%**	40%	**-**	12

Company

	% ownership interest 2018	% ownership interest 2017	**Carrying amount 2018 R million**	Carrying amount 2017 R million
GRIT Procurement Solutions (Pty) Ltd	**40%**	40%	**-**	6

GRIT Procurement Solutions (Pty) Ltd is incorporated in the Republic of South Africa.

The associate is not material to the group and therefore summarised financial information is not presented.

The investment in associate was disposed of effectively on 31 December 2018.

Notes to the consolidated and separate annual financial statements

9. Loans to (from) group companies

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Subsidiaries				
Campus and Property Management Company (Pty) Ltd The loan bears interest at a variable interest rate ranging between zero and 3-month JIBAR plus 10% per annum and is repayable after all Senior Debt has been paid. The loan has been discounted to its fair value at initial recognition based on the expected interest and capital repayments. The nominal value of the loan is R 304 million.	**-**	-	**211**	51
Campus and Property Management Company (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	-	**9**	12
Curro Holdings Limited Share Incentive Trust The secured loan bears interest at rates approximating those received on the loans to participants and cash and cash equivalents and is repayable within three years from grant date.	**-**	-	**22**	44
Curro Education Botswana (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	-	**88**	-
Curro Education Namibia (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	-	**-**	237
Curro Funding Company (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	-	**-**	34
Dream Park Village (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	-	**-**	3
Plot One Hundred Bush Hill (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	-	**-**	23
Sheerprops 129 (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	-	**(1)**	8
Stratland Developments (Pty) Ltd The loan is interest free and unsecured, and there are no fixed terms of repayment.	**-**	-	**-**	1
Waterstone College (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	-	**-**	13
Woodhill College Property Holdings (Pty) Ltd The loan bears interest at variable rates, is unsecured and there are no fixed terms of repayment.	**-**	-	**60**	55
	-	-	**389**	481
Disclosed as follows:				
Non-current assets	**-**	-	**228**	88
Current assets	**-**	-	**161**	393
	-	-	**389**	481

Notes to the consolidated and separate annual financial statements

10. Other financial assets

	Group		Company	
	2018 R million	2017 R million	**2018 R million**	2017 R million
At fair value				
Investment in SA SME Fund	**2**	-	**2**	-
	2	-	**2**	-
At amortised cost				
Stadio Corporate Services (Pty) Ltd	**-**	119	**-**	119
The loan is secured by property, bears interest at 10%, and has no fixed repayment terms.				
Loans to directors and employees	**22**	44	**-**	-
The loans bear interest at the SARS fringe benefit rate, currently 7.75%, and are repayable within three years from issue. The loans are granted in terms of the Curro Holdings Limited Share Incentive Trust trust deed for the acquisition of qualifying vested shares.				
Brandburry 13 (Pty) Ltd	**11**	-	**11**	-
The loan is unsecured, interest free and has no fixed payment terms.				
	33	163	**11**	119
Total other financial assets	**35**	163	**13**	119
Non-current assets				
At fair value	**2**	-	**2**	-
At amortised cost	**12**	38	**-**	-
	14	38	**2**	-
Current assets				
At amortised cost	**21**	125	**11**	119
	35	163	**13**	119

11. Derivative financial instruments and hedging information

The following information relates to derivative financial instruments included in other financial assets and liabilities:

Group and company

	2018 Liabilities R million	2017 Liabilities R million
Interest rate swaps - cash flow hedges	**9**	17
Non-current portion	**9**	17

The fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months from the reporting date.

No ineffective portion of the cash flow hedges was recognised during the year (2017: Rnil).

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2018 were R725 million (2017: R725 million). The total value of the loans are R1.45 billion. Refer to note 19 for the two floating Standard Bank loans repayable in September 2020 and September 2022 respectively. The maturity dates for the interest rate swaps are 29 September 2020 (R512.5 million) and 15 December 2022 (R212.5 million) respectively. The hedge ratio for the current and prior year is 0.5:1.

Notes to the consolidated and separate annual financial statements

11. Derivative financial instruments and hedging information (continued)

At 31 December 2018, the fixed interest rates vary from 7.84% to 8.21% (2017: 7.84% to 8.21%), and the main floating rates are JIBAR. Gains and losses recognised in the hedging reserve in equity on interest rate swap contracts as of 31 December 2018 will be continuously released to the statement of comprehensive income until the repayment of the borrowings.

12. Deferred tax (liability) / asset

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Deferred tax liability				
Property, plant and equipment	**(622)**	(494)	**(396)**	(312)
Interest rate swaps	**3**	5	**3**	5
Intangible assets	**(28)**	(26)	**(12)**	(7)
Contract liability	**19**	8	**16**	5
Provision for doubtful debts	**5**	-	**5**	-
Provision for bonuses	**4**	2	**4**	1
Donations	**-**	6	**-**	-
Tax losses available for set off against future taxable	**86**	124	**86**	89
Total deferred tax liability	**(533)**	(375)	**(294)**	(219)
Deferred tax asset				
Property, plant and equipment	**(50)**	-	**-**	-
Prepaid expenditure	**1**	-	**-**	-
Intangible assets	**(3)**	-	**-**	-
Donations	**17**	-	**-**	-
Tax losses available for set off against future taxable	**43**	-	**-**	-
Total deferred tax asset	**8**	-	**-**	-
Net deferred tax liability	**(525)**	(375)	**(294)**	(219)
Reconciliation of net deferred tax liability				
Balance at the beginning of the year	**(375)**	(318)	**(219)**	(156)
Adjustment due to the initial application of IFRS 9 and IFRS 15	**14**	-	**12**	-
Originating temporary differences on:				
Property, plant and equipment	**(185)**	(74)	**(83)**	(67)
Intangible assets	**(5)**	6	**(5)**	-
Contract liability	**8**	(16)	**1**	(14)
Provision for doubtful debts	**1**	-	**2**	-
Provision for bonuses	**3**	(2)	**3**	(2)
Donations	**11**	-	**-**	-
Interest rate swaps	**(2)**	5	**(2)**	5
Increase / (decrease) in tax losses available for set off against future taxable income	**5**	24	**(3)**	15
Balance at the end of the year	**(525)**	(375)	**(294)**	(219)

The statutory companies within the group are individually in a net deferred tax liability position except for Campus and Property Management Company (Pty) Ltd which is disclosed seperately.

Recognition of deferred tax asset

Deferred tax asset is recognised for unused tax losses to the extent that probable future taxable profit will be available against which the unused tax losses can be utilised.

13. Inventories

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Merchandise	**5**	3	**1**	1

There were no inventory write-downs during the period under review.

14. Trade and other receivables

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Gross receivables	**121**	66	**95**	118
Loss provision	**(32)**	-	**(25)**	-
Trade receivables	**89**	66	**71**	118
Prepayments	**27**	22	**24**	19
Deposits	**80**	1	**79**	-
Value added taxation	**24**	16	**2**	3
Other receivables	**15**	3	**60**	-
	235	108	**236**	140

Interest is charged on overdue accounts at 15% per annum.

Credit periods may vary based on special payment agreements reached with parents of learners, but normal payment terms are that all fees should be settled within 30 days.

The net carrying values of receivables are considered to be a close approximation of their fair values. No credit insurance is taken out by the group or the company.

Included in other receivables is Waterstone College (Pty) Ltd with a R48 million balance in the company, no other individual debtor represents more than 10% of the total debtors balance in the current or prior year.

For the comparative period
Trade receivables past due but not impaired

Group
Trade receivables with renegotiated terms of payment or with acceptable payment history were not considered to be impaired. At 31 December 2017, R17.1 million were past due but not impaired.

Company
Trade receivables with renegotiated terms of payment or with acceptable payment history were not considered to be impaired. At 31 December 2017, R11.8 million were past due but not impaired.

The ageing of amounts past due but not impaired was as follows:

	Group	Company
	2017	2017
	R million	R million
1 month past due	7	4
2 months past due	4	3
3 months past due	6	5
	17	12

14. Trade and other receivables (continued)

At 31 December 2018, the lifetime expected loss provision for the trade receivables is as follows:

Group - 2018	Current	1-30 days	31 - 60 days	61 - 90 days	>90 days	Total
Expected loss rate	1,0%	4,5%	10,7%	15,6%	52,9%	26,2%
Gross carrying amount	25	21	13	10	52	121
Loss provision	1	1	1	2	27	32

Company - 2018	Current	1-30 days	31 - 60 days	61 - 90 days	>90 days	Total
Expected loss rate	0,3%	3,8%	7,6%	12,2%	52,6%	25,8%
Gross carrying amount	18	17	11	8	42	95
Loss provision	1	1	1	1	21	25

Movement in the loss allowance for trade receivables is as follow:

	Current & past due R	>90 days R	Total R
Group - 2018			
Opening loss allowance as at 1 January 2018	10	6	16
(Decrease) / Increase in loss allowance recognised in profit and loss during the year	(5)	21	16
Closing loss allowance as at 31 December 2018	5	27	32

	Current & past due R	>90 days R	Total R
Company - 2018			
Opening loss allowance as at 1 January 2018	8	3	11
(Decrease) / Increase in loss allowance recognised the in profit and loss during the year	(4)	18	14
Closing loss allowance as at 31 December 2018	4	21	25

14. Trade and other receivables (continued)

Trade receivables impaired
Group
As of 31 December 2018, trade and other receivables of R32 million (2017: R nil) were impaired and provided for.

Company
As of 31 December 2018, trade and other receivables of R25 million (2017: R nil) were impaired and provided for.

The movement in the impairment allowance for trade receivables has been included in the operating expenses line in the consolidated and company statement of comprehensive income.

15. Cash

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
15.1 Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	**170**	571	**123**	531

15.2 Investment in money market

Investments in money market funds relate to investments in shares of liquidity funds of which the underlying investments have maturities of up to one year. The shares in these funds are callable on a daily basis.

Money market fund investments are held in the following currencies:

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
SA Rand	**15**	-	**-**	-

Local money market funds relate to investments in South African unit trusts offered by Nedgroup Collective Investments and ABSA Asset Management mandated to invest only in money market instruments of major South African banks. These instruments carry very low risk and provide daily liquidity, but cannot be classified as cash and cash equivalents as the individual instruments held by the funds do not meet the maturity criteria of IAS 7: Statement of Cash flows. These instruments are categorized as “financial assets at fair value through profit and loss.”

The value of facilities available to the group includes a First National Bank Ltd sharing facility of R10 million between Plot One Hundred Bush Hill (Pty) Ltd, Campus and Property Management Company (Pty) Ltd and/or Curro Holdings Ltd. Curro Funding Company (Pty) Ltd has a facility with Standard Bank Ltd of R100 million.

Undrawn Facilities:

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Amount of undrawn facilities available as at 31 December	**500**	680	**500**	550

16. Share Capital

	Group		Company	
	2018	2017	**2018**	2017
Authorised				
Ordinary shares with no par value	**600**	600	**600**	600
Issued				
Ordinary shares with no par value	**4 733**	4 733	**4 883**	4 883
Reconciliation of number of shares issued:				
Reported as at 1 January 2018	**412**	407	**412**	407
Issue of shares	**-**	5	**-**	5
	412	412	**412**	412

Unissued ordinary shares of 41 208 798 are under the control of the directors in terms of a shareholders' resolution passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

17. Share based payments

17.1 Details of the employee option plan of the company

The company has established a share incentive plan for certain key members of management.

Each employee's share option converts into one ordinary share of the company upon exercise and payment of the exercise price. No amounts are paid or payable by the recipient on receipt of the option. The exercise price is determined by the 30 day volume weighted average share price preceding the option issue date. The trustees can elect to net settle the options at the trustees sole discretion. The options carry neither rights to dividends nor voting rights. The options only vest if the recipient is still in employment.

Options may be exercised at any time from the date of vesting to the date of its expiry, which is a 30 day period.

Options awarded vest over a five year period from the grant date, namely:

- 25% thereof as at the second anniversary of the option grant date;
- 25% thereof as at the third anniversary of the option grant date;
- 25% thereof as at the fourth anniversary of the option grant date; and
- 25% thereof as at the fifth anniversary of the option grant date.

The exercise price of options awarded is adjusted when necessary to take into consideration the effect of any rights offers. This adjustment does not result in an incremental increase in the fair value of the share options awarded.

17.2 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2018		2017	
	Number of options	**Weighted average exercise price (Rand)**	Number of options	Weighted average exercise price (Rand)
Outstanding at the beginning of the year	**6 803 694**	**31,39**	5 842 039	31,10
Awarded during the year	**2 369 700**	**30,54**	2 697 500	37,53
Vested during the year	**(1 534 367)**	**23,17**	(1 526 836)	18,07
Forfeited during the year	**(569 402)**	**30,79**	(209 009)	30,00
Outstanding at end of the year	**7 069 625**	**32,94**	6 803 694	31,39

The number of shares available to award at the reporting date in terms of the Curro Holdings Limited Share Incentive Trust deed is 2 460 253 (2017: 4 829 953) shares.

Notes to the consolidated and separate annual financial statements

17. Share based payments (continued)

17.2 Movements in share options during the year (continued)

Details of share options granted to and exercised by directors:

Director	Opening balance of share options awarded at 1 January 2018	Number of share options awarded during the year	Number of share options vested during the year	Exercise price per share option (Rand)	Share options award date	Closing balance of share options as at 31 December 2018
CR van der Merwe	100 393	-	(100 393)	11,51	2013/09/29	-
	67 100	-	(33 550)	18,24	2014/09/29	33 550
	147 900	-	(49 300)	29,01	2015/09/29	98 600
	140 200	-	(35 050)	36,21	2016/09/29	105 150
	455 593	-	(218 293)			237 300
AJF Greyling	59 298	-	(59 298)	11,51	2013/09/29	-
	46 950	-	(23 475)	18,24	2014/09/29	23 475
	90 450	-	(30 150)	29,01	2015/09/29	60 300
	95 800	-	(23 950)	36,21	2016/09/29	71 850
	273 700	-	-	37,53	2017/09/29	273 700
		109 300		30,54	2018/09/29	109 300
	566 198	109 300	(136 873)			538 625
B van der Linde	42 982	-	(42 982)	11,51	2013/09/29	-
	39 350	-	(19 675)	18,24	2014/09/29	19 675
	63 525	-	(21 175)	29,01	2015/09/29	42 350
	67 200	-	(16 800)	36,21	2016/09/29	50 400
	167 700	-	-	37,53	2017/09/29	167 700
		96 500		30,54	2018/09/29	96 500
	380 757	96 500	(100 632)			376 625
HG Louw	45 728	-	(45 728)	11,51	2013/09/29	-
	31 750	-	(15 875)	18,24	2014/09/29	15 875
	65 475	-	(21 825)	29,01	2015/09/29	43 650
	68 800	-	(17 200)	36,21	2016/09/29	51 600
	114 900	-	-	37,53	2017/09/29	114 900
		88 800		30,54	2018/09/29	88 800
	326 653	88 800	(100 628)			314 825
	1 729 201	294 600	(556 426)			1 467 375

The 2015 and 2016 vestings had no gain during 2018.
1 285 255 shares are offered as security for the loans provided by Curro Holdings Limited Share Incentive Trust.

Vesting year	Number of options outstanding	Weighted average strike price (Rand)
29 September 2019	1 768 775	30,79
29 September 2020	1 924 025	33,56
29 September 2021	1 569 025	34,59
29 September 2022	1 215 375	34,12
29 September 2023	592 425	30,54
	7 069 625	32,94

Notes to the consolidated and separate annual financial statements

17. Share based payments (continued)

17.3 Share option expense for the year
Total expense of R15.9 million (2017: R14.3 million) relating to equity-settled share based payment transactions were recognised in operating expenses within profit or loss during the year.

17.4 Assumptions used in fair value
The company used the following assumptions in determining the fair value of options awarded in the current period:

	2018	2017
Strike price (Rand)	**30,54**	37,53
Current share price (Rand)	**30,54**	37,53
Fair value (Rand)	**8,08**	11,41
Volatility (%)	**35,33**	22,89
Risk free rate (%)	**7,86**	8,40
Dividend yield (%)	**-**	-

The Black-Scholes Model is used to calculate the estimated theoretical fair value of options awarded.

The volatility is derived from the movement in the volume weighted average share price for a period of 365 calendar days prior to the share options award date.

18. Hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

The movement in the hedging reserve is illustrated below:

	Group		**Company**	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Balance as at the beginning of the year	**(12)**	1	**(12)**	1
Recognition of fair value movement, after taxation	**5**	(13)	**5**	(13)
Balance at the end of the year	**(7)**	(12)	**(7)**	(12)

19. Other financial liabilities

	Group 2018 R million	Group 2017 R million	Company 2018 R million	Company 2017 R million
At fair value through profit or loss-held for trading				
Interest rate swap	**4**	10	**4**	10
Interest rate swap on a notional amount of R512.5 million with a termination date of 29 September 2020 at a fixed interest rate of 7.84%.				
Interest rate swap	**5**	7	**5**	7
Interest rate swap on a notional amount of R212.5 million with a termination date of 15 December 2022 at a fixed interest rate of 8.21%.				
Total at fair value through profit or loss	**9**	17	**9**	17

	Group 2018 R million	Group 2017 R million	Company 2018 R million	Company 2017 R million
Held at amortised cost				
ABSA Bank Ltd - Instalment sale agreements	**45**	50	**45**	50
The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R1,109 to R116,552. Secured by fixed assets as disclosed in note 4.				
ABSA Bank Ltd - 5 year bullet loan	**454**	50	**454**	50
The secured loan bears interest at a three-month JIBAR plus 1.975%, payable in December 2022.				
Development Bank of South Africa	**131**	150	**131**	150
The secured loan bears interest at fixed 12.11% per annum, payable in bi-annual instalments. Repayable during the period August 2015 to August 2029				
Development Bank of South Africa	**-**	8	**-**	8
Consists of two secured loans bearing interest at 9.57% and 12.03% per annum, payable in monthly and bi-annual instalments respectively. Repayable during March 2027 and October 2029.				
Development bonds	**5**	6	**-**	-
Development bonds are refunded when the learner leaves the school, or after three years have elapsed since its payment, whichever is the later date. The development bonds bear interest.				
Debentures - Prepaid block*	**-**	2	**-**	-
The secured debentures are interest free and are repaid through set off against annual school fees over the relevant period.				
Old Mutual Assurance Group South Africa (Pty) Ltd	**35**	135	**-**	-
The loan bears interest at 3-month JIBAR plus 4% per annum The loan has a 15 year repayment period repayable in 36 equal quarterly instalments commencing on 1 April 2019. Refer restrictive funding arrangement disclosure below.				
Old Mutual Assurance Group South Africa (Pty) Ltd -	**40**	10	**-**	-
The loan bears interest at a variable interest rate ranging between zero and 3-month JIBAR plus 10% per annum and is repayable after all Senior Debt has been paid. Refer restrictive funding arrangement disclosure below.				

19. Other financial liabilities (continued)

	Group 2018 R million	Group 2017 R million	Company 2018 R million	Company 2017 R million
Schools and Education Investment Impact Fund of South Africa (SEIIFSA) The loan bears interest at 3-month JIBAR plus 4% per annum The loan has a 15 year repayment period repayable in 36 equal quarterly instalments commencing on 1 April 2019. Refer restrictive funding arrangement disclosure below.	**214**	485	**-**	-
Schools and Education Investment Impact Fund of South Africa (SEIIFSA) - Junior The loan bears interest at a variable interest rate ranging between zero and 3-month JIBAR plus 10% per annum and is repayable after all Senior Debt has been paid. Refer restrictive funding arrangement disclosure below.	**69**	17	**-**	-
Standard Bank of South Africa Ltd - Instalment Sale The secured loans bear interest at various prime linked rates, payable in monthly instalments ranging from R2,063 to R194,473. Secured by fixed assets as disclosed in note 4.	**2**	6	**2**	6
Standard Bank of South Africa Ltd -3 year bullet loan The secured loan bears interest at three-month JIBAR plus 1.75%, payable in September 2020.	**851**	851	**851**	851
Standard Bank of South Africa Ltd - 5 year bullet loan The secured loan bears interest at three-month JIBAR plus 2.05%, payable in September 2022.	**605**	605	**605**	605
Standard Bank of South Africa Ltd - 5 year bullet loan The secured loan bears interest at three-month JIBAR plus 1.78%, payable in November 2023.	**151**	-	**151**	-
Sanlam The secured loan bears interest at three-month JIBAR plus 1.8%, payable in November 2023.	**150**	-	**150**	-
Investec Bank of South Africa The secured loan bears interest at three-month JIBAR plus 1.75%, payable in December 2022.	**151**	-	**151**	-
Transaction cost incurred	**(10)**	(10)	**(10)**	(9)
Total at amortised cost	**2 893**	2 365	**2 532**	1 711
	2 902	2 382	**2 541**	1 728
Non-current liabilities				
Fair value through profit or loss	**9**	17	**9**	17
At amortised cost	**2 844**	2 325	**2 505**	1 671
	2 853	2 342	**2 514**	1 688
Current liabilities				
At amortised cost	**49**	40	**27**	40
	2 902	**2 382**	**2 541**	**1 728**

Notes to the consolidated and separate annual financial statements

19. Other financial liabilities (continued)

Restrictive funding arrangements

The funding provided by the Schools and Education Investment Impact Fund of South Africa (SEIIFSA) and the Old Mutual Assurance Group South Africa (Pty) Ltd is subject to restrictive funding arrangements. The arrangements restrict the use of the funding and cash to the operations of Meridian Operations Company NPC (RF) and Campus and Property Management Company (Pty) Ltd, collectively referred to as the Meridian schools. The restricted cash balance on 31 December 2018 amounted to R14 million.

Securities

The securities for banking facilities and long-term funding are as follows:
- Majority of land and buildings are pledged as security. The full list of properties pledged as security is available for inspection at the registered office of the company.
- The Schools and Education Investment Impact Fund of South Africa and Old Mutual Assurance Group South Africa (Pty) Ltd.

As part of the conditions of the facilities agreement, Campus and Property Management Company (Pty) Ltd has ceded and pledged to the Meridian Security SPV (Pty) Ltd and as security for the company's obligations under the company indemnity, the company's right, title and interest in and to:
- All amounts of any nature now or from time to time owing to the company by any person whosoever including, but without limitation, any amounts owing to the company by any bank with whom the company maintains any bank account (including, without limitation, the advances account and the collections account), and any parent in terms of any learner admission contract, and Meridian Operations Company NPC (RF) under the working capital facility agreement, and by any approved insurer with whom the company maintains any required insurance;
- Each transaction document to which it is a party;
- The working capital facility agreement and the working capital security; and
- Any property lease agreement held by it in respect of any school property or any boarding house property, provided that such property lease agreement is capable of being ceded, and if the consent of the landlord under a property lease agreement is required for its cession, the company will use commercially reasonable endeavours to obtain that consent.

As part of the conditions, the company registered a general notarial bond over all its movable assets (including, but without limitation, the required equipment in respect of each school) and each boarding house.

If the company acquires ownership of any school property or any boarding house property, the company will, against registration of transfer of ownership of that property into its name in the office of the applicable registry, register a first mortgage bond over that property in favour of the Meridian Security SPV (Pty) Ltd as security for the company's obligations arising under the company indemnity.

20. Finance lease liabilities

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Minimum lease payments due				
- within one year	**23**	25	**23**	25
- in second to fifth year inclusive	**40**	54	**40**	54
	63	79	**63**	79
less: future finance charges	**(16)**	(23)	**(16)**	(23)
Present value of minimum lease payments	**47**	**57**	**47**	**57**
Present value of minimum lease payments due				
- within one year	**19**	20	**19**	20
- in second to fifth year inclusive	**28**	36	**28**	36
	47	**57**	**47**	**57**

The group's and the company's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 4. The material leasing arrangements are disclosed in note 19.

Notes to the consolidated and separate annual financial statements

21. Contract liability

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Registration fees				
Initial recognition - IFRS 15	**37**	-	**32**	-
Revenue recognised that was included in the contract liability balance at the beginning of the period	**(24)**	-	**(21)**	-
Increases due to cash received, excluding amounts recognised as revenue during the period	**28**	-	**24**	-
Closing balance	**41**	-	**35**	-

Registration fees carry a separate stand-alone transaction price which is recognised over time as the services are rendered. In recognising the registration fees over time, management estimates the average tenure of learners and recognise the registration fee over this period. The transaction price allocated to the unsatisfied portion of the performance obligation pertaining to registration fees, is represented by the contract liability balance at year end.

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Income received in advance				
Opening balance	**135**	171	**105**	120
Revenue recognised in Statement of Comprehensive Income	**(135)**	(171)	**(105)**	(120)
School and other fees received in advance	**170**	135	**124**	105
Closing balance	**170**	135	**124**	105

Income received in advance carry a separate stand-alone transaction price which is recognised over time as the services are rendered. The transaction price allocated to the unsatisfied portion of the performance obligation pertaining to income received in advance is represented by the contract liability balance at year end.

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Current liability	**197**	135	**148**	105
Non current liability	**14**	-	**11**	-
	211	135	**159**	105

22. Trade and other payables

Credit periods vary, but ordinarily the group and the company do not make use of trade credit facilities. Unpaid amounts are accrued for until settled.

The carrying values of trade and other payables approximate their fair values.

The group and the company have credit risk policies in place to ensure that all payables are paid within the agreed terms.

Income received in advance is repayable to parents if the learner were to leave the school and is therefore a financial liability.

Notes to the consolidated and separate annual financial statements

22. Trade and other payables (continued)

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Trade payables	**41**	42	**37**	35
Development and acquisition payables	**26**	27	**24**	24
Accrued expense	**93**	116	**77**	98
Entrance deposits	**4**	4	**2**	3
Value added taxation	**5**	5	**-**	-
Onerous contracts	**-**	2	**-**	1
	169	196	**140**	161

23. Overdraft

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Overdraft	**78**	-	**-**	-

The overdraft facility is for Curro Funding (Pty) Ltd. The undrawn facility at year end was R22 million.

24. Revenue from contracts with customers

The group and company's principal activities to generate their revenue are to provide independent education and ancillary services. Refer to note 2 for segmental information that also discloses the revenue disaggregation.

There is no significant financing component within the payment terms of school fees and other fees. School fees and other fees are non-refundable and hence no obligation to provide for refunds exists.

Revenue generated from registration, bus income, tuition fees, hostel fees, aftercare fees and tablet curriculum fees are recognised over time. Other income is recognised as the performance obligation is satisfied at a point in time. Subsidy income is recognised at a point in time. Other income includes ancillary services such as tuckshop income, levy income and excursion income.

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Rendering of services	**2 496**	2 098	**1 927**	1 642
Included in revenue from contracts with customers:				
Registration and tuition fees	**2 342**	1 951	**1 836**	1 556
Other income	**102**	96	**74**	79
Hostel fees	**61**	59	**19**	14
Aftercare fees	**64**	54	**52**	46
Tablet curriculum fees	**41**	35	**37**	32
Bus income	**28**	25	**27**	24
Rental income	**6**	12	**6**	6
Subsidy income	**2**	3	**-**	-
Discounts granted	**(150)**	(137)	**(124)**	(115)
	2 496	2 098	**1 927**	1 642

25. Earnings before interest and taxation

Earnings before interest and taxation for the year is stated after accounting for the following:

	Group		Company	
	2018 R million	2017 R million	**2018 R million**	2017 R million
Operating lease charges				
Premises - contractual amounts	**20**	20	**36**	36
Equipment - contractual amounts	**12**	15	**9**	13
	32	35	**45**	49
Profit (loss) on sale of property, plant and equipment	**-**	13	**-**	1
Loss on capital contribution - share incentive plan	**-**	-	**-**	30
Amortisation on intangible assets	**18**	15	**20**	12
Depreciation on property, plant and equipment	**136**	116	**118**	100
Employee costs	**1 290**	1 107	**999**	867
Repairs and maintenance	**23**	20	**18**	16
Bad debts written off	**28**	54	**23**	40

26. Investment income

		Group		Company	
		2018 R million	2017 R million	**2018 R million**	2017 R million
Dividend received					
Subsidiaries - local		**-**	-	**1**	-
Interest received					
Bank and Money Market		**48**	30	**43**	27
Interest charged on trade and other receivables		**7**	4	**6**	3
Related parties	38	**-**	7	**33**	44
		55	41	**82**	74
		55	41	**83**	74

Interest received relates to financial assets that are not designated as at fair value through profit or loss.

27. Finance cost

	Group		Company	
	2018 R million	2017 R million	**2018 R million**	2017 R million
Borrowings	**242**	181	**188**	113
Bank	**5**	4	**1**	2
Less: Interest capitalised	**(55)**	(66)	**(55)**	(66)
	193	119	**134**	49

Notes to the consolidated and separate annual financial statements

27. Finance cost (continued)

The capitalisation rate used for the group and the company during the period was 9,15% (2017: 10,02%) on general borrowings for capital projects.

Finance costs relate to financial liabilities that are not designated as at fair value through profit or loss.

Finance costs included in the statements of cash flows represent net finance costs incurred for the year and exclude interest capitalised to property, plant and equipment.

28. Taxation

Major components of tax expenses

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Current taxation				
Local income tax - current period	**19**	9	**-**	-
Deferred taxation				
Temporary differences - current period	**72**	66	**83**	66
	72	66	**83**	66
	91	75	**83**	66

Reconciliation of the tax expense

Reconciliation between applicable tax rate and effective tax rate

	Group 2018	Group 2017	Company 2018	Company 2017
Applicable tax rate	**28,0%**	28,0%	**28,0%**	28,0%
Non-taxable income - Loss / (profit) on sale of associate	**0,3%**	-%	**(0,8%)**	-%
Non-taxable income - profit on sale of property, plant and equipment	**-%**	(0,1%)	**-%**	(0,0%)
Non-taxable income - share of profit of associate	**0,2%**	(0,1%)	**-%**	-%
Non-taxable income - dividend received in specie	**-%**	-%	**(0,2%)**	-%
Non-taxable income - Meridian Operations	**(3,1%)**	(0,4%)	**-%**	-%
Non-deductible expenditure - share-based payment expenditure	**1,3%**	1,7%	**2,7%**	2,0%
Non-deductible expenditure - impairment losses	**-%**	-%	**19,4%**	-%
Non-deductible expenditure - other	**-%**	0,2%	**-%**	-%
Deferred tax - opening balance adjustment	**4,5%**	-%	**7,5%**	-%
Capital contribution - share incentive scheme	**-%**	(3,1%)	**(1,6%)**	-%
Other	**(3,9%)**	0,9%	**(3,8%)**	(1,3%)
Effective tax rate	**27,3%**	27,1%	**51,2%**	28,7%

Group
The estimated tax loss available for set off against taxable income is R464,17 million (2017: R442,08 million).

Company
No provision has been made for 2018 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R308,83 million (2017: R318,62 million).

29. Auditors remuneration

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Audit fees	**2**	1	**2**	1
Fees for non-audit services	**-**	-	**-**	-
	2	1	**2**	1

30. Operating leases

Total of future minimum lease payments for each of the following periods:

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Premises				
- within one year	**15**	14	**15**	14
- in second to fifth year inclusive	**70**	76	**70**	76
- later than five years	**296**	84	**296**	84
	381	**174**	**381**	**174**
Equipment				
- within one year	**2**	7	**2**	7
- in second to fifth year inclusive	**1**	3	**1**	3
	3	**10**	**3**	**10**

The Waterfall Castle and Primary lease agreements are for an initial period of 20 years, with an option to renew. The annual escalations in the lease payments are linked to the consumer price index.

31. Other comprehensive income

Components of other comprehensive income	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Items that may be reclassified to profit or loss				
Effects of cash flow hedges				
Gross	**8**	(18)	**8**	(18)
Tax	**(2)**	5	**(2)**	5
Net	**6**	(13)	**6**	(13)

32. Earnings per share

	Group	
	2018	2017
	R million	R million
Basic earnings per share		
Attributable to continuing operations (cents per share)	**60,0**	51,9
Attributable to discontinued operations (cents per share)	**-**	(0,9)
	60,0	51,0

Basic earnings per share was based on earnings of R248 million (2017: R209 million) and a weighted average number of ordinary shares of 412 million (2017: 409 million).

Notes to the consolidated and separate annual financial statements

32. Earnings per share (continued)

	Group 2018 R million	2017 R million
Reconciliation of profit or loss for the year to basic earnings		
Profit or loss for the year attributable to equity holders of the parent		
From continuing operations	**248**	213
From discontinued operations	**-**	(4)
	248	209

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to equity holders of the parent and the weighted average number of ordinary shares is adjusted for the effects of all dilutive potential ordinary shares.

	Group 2018 R million	2017 R million
Diluted earnings per share		
Attributable to continuing operations (cents per share)	**59,8**	51,7
Attributable to discontinued operations (cents per share)	**-**	(0,9)
	59,8	50,8
Reconciliation of basic earnings to diluted earnings		
Basic earnings		
From continuing operations	**248**	213
From discontinued operations	**-**	(4)
	248	209
The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows.		
Weighted average number of ordinary shares used in the calculation of basic earnings per share (million)	**412**	409
Shares deemed to be issued for no consideration in respect of:		
- Share options incentive plan (million)	**1**	1
Weighted average number of ordinary shares used in the calculation of diluted earnings per share (million)	**413**	410
Headline earnings per share		
Attributable to continuing operations (cents per share)	**60,1**	49,0
Attributable to discontinued operations (cents per share)	**-**	(0,9)
	60,1	48,1
Diluted headline earnings per share		
Attributable to continuing operations (cents per share)	**60,0**	48,9
Attributable to discontinued operations (cents per share)	**-**	(0,9)
	60,0	48,0
Reconciliation between earnings and headline earnings		
Basic earnings		
From continuing operations	**248**	213
From discontinued operations	**-**	(4)
	248	209
Adjusted for:		
(Profit) loss on disposal of property, plant and equipment (continuing operations)	**-**	(13)
Loss on diposal of investment in associate	**-**	-
Tax effect of reconciling items	**-**	-
Headline earnings	**248**	196
From continuing	**248**	200
From discontinued operations	**-**	(4)

32. Earnings per share (continue)

	Group	
	2018	2017
	R million	R million
Reconciliation between diluted earnings and diluted headline earnings		
Diluted earnings		
From continuing operations	**248**	213
From discontinued operations	**-**	(4)
	248	209
Adjusted for:		
(Profit) loss on disposal of property, plant and equipment (continuing operations)	**-**	(26)
Loss on disposal of investment in associate	**-**	-
Tax effect of reconciling items	**-**	-
Diluted headline earnings		
From continuing	**248**	187
From discontinued operations	**-**	(4)
	248	183

33. Cash generated from operations

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Profit before taxation from continuing operations	**332**	277	**162**	235
(Loss) profit before taxation for discontinued operations	**-**	(4)	**-**	-
	332	273	**162**	235
Adjustments for:				
Depreciation and amortisation	**154**	137	**138**	112
Net (profit) loss on disposal of property, plant and equipment	**-**	(13)	**-**	(1)
Income from equity accounted investments	**1**	(1)	**-**	-
Dividends received	**-**	-	**(1)**	-
Interest received	**(55)**	(48)	**(82)**	(74)
Finance costs	**193**	125	**134**	49
Impairment	**-**	-	**113**	-
(Loss) / Profit on sale of associate	**-**	-	**(4)**	-
Share based payment expense	**16**	16	**16**	16
Loss on capital contribution	**-**	-	**-**	30
Net settlement of share based payment	**(10)**	-	**(10)**	-
Changes in working capital:				
(Increase) decrease in inventories	**(1)**	3	**(1)**	-
(Increase) decrease in trade and other receivables	**(122)**	(26)	**(95)**	(10)
Increase (decrease) in trade and other payables	**(40)**	(31)	**(25)**	6
Increase in contract liabilities	**76**	(37)	**54**	(15)
	544	398	**399**	348

34. Taxation (paid) refunded

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Balance at beginning of the year	**2**	7	**1**	1
Current tax for the year recognised in profit or loss	**(19)**	(9)	**-**	-
Stadio unbundling	**-**	(4)	**-**	-
Balance at end of the year	**(1)**	(2)	**(1)**	(1)
	(18)	(8)	**-**	-

35. Business combinations

	Group 2018 R million					Company 2018 R million
	Cooper College	**Northriding College**	**Baobab School**	**Dot's Learning Centre**	**Total**	Total
Business combinations						
Property, plant and equipment	**177**	**65**	**71**	**-**	**313**	-
Intangible assets	**24**	**6**	**9**	**4**	**43**	4
Inventories	**-**	**-**	**1**	**-**	**1**	-
Trade and other receivables	**10**	**-**	**(5)**	**-**	**5**	-
Cash and cash equivalents	**2**	**-**	**9**	**-**	**11**	-
Deferred tax liability	**(53)**	**(19)**	**(17)**	**(1)**	**(90)**	(1)
Trade and other payables	**(11)**	**(1)**	**(2)**	**-**	**(14)**	-
Non-controlling interest	**(8)**	**-**	**-**	**-**	**(8)**	-
Total identifiable net assets	**141**	**51**	**66**	**3**	**261**	3
Goodwill	**69**	**27**	**20**	**7**	**123**	7
	210	**79**	**85**	**10**	**384**	10
Consideration paid						
Cash	**(210)**	**(79)**	**(85)**	**(6)**	**(380)**	(6)
Contingent consideration arrangement	**-**	**-**	**-**	**(4)**	**(4)**	(4)
Outstanding consideration						
	(210)	**(79)**	**(85)**	**(10)**	**(384)**	(10)
Net cash outflow on acquisition						
Cash consideration paid	**(210)**	**(79)**	**(85)**	**(6)**	**(380)**	(6)
Cash acquired	**2**	**-**	**9**	**-**	**11**	(0)
	(208)	**(79)**	**(76)**	**(6)**	**(369)**	(6)

Amounts are determined based on their acquisition date fair values. Acquired receivables are expected to be collected in full.

Goodwill from business combinations above is not deductible for income tax purposes.

35. Business combinations (continued)

Dot's Learning Centre

Effective 1 March 2018, the group acquired the entire business operations and properties of Dot's Learning Centre (Dot's) for a purchase consideration of R10 million in order to continue the expansion of the group. Dot's is principally involved in the independent school industry in Cape Town, Western Cape.

Included in the R10 million consideration is contingent consideration of R2 million payable if the learner numbers reach 130 and a further R2 million becomes payable if learner numbers reach 160 learners.

Goodwill of R7 million arising from the acquisition consists largely of, inter alia, the workforce, expected synergies, economies of scale and the school growth potential.

Since acquisition date the revenue and loss after tax recognised from this acquisition amounted to R4,6 million and R1.4 million respectively.

Cooper College

Effective 1 April 2018, the group acquired the entire business operations and properties of Cooper College (Cooper) for a purchase consideration of R210 million in order to continue the expansion of the group. Cooper is principally involved in the independent school industry in Johannesburg, Gauteng.

Goodwill of R69 million arising from the acquisition consists largely of, inter alia, the workforce, expected synergies, economies of scale and the school growth potential.

Since acquisition date the revenue and profit after tax recognised from this acquisition amounted to R46.0 million and R13.5 million respectively.

Baobab School

Effective 1 July 2018, the group acquired the entire business operations and properties of Baobab School (Baobab) for a purchase consideration of P65 million (R85.1 million) in order to continue the expansion of the group. Baobab is principally involved in the primary school sector of the independent school industry in Gaborone, Botswana.

Goodwill of P14.9 million (R19.5 million) arising from the acquisition consists largely of, inter alia, the workforce, expected synergies, economies of scale and the school growth potential.

Since acquisition date the revenue and profit after tax recognised from this acquisition amounted to P13.3 million (R17.5 million) and P4.5 million (R6.0 million) respectively.

Northriding College

Effective 1 December 2018, the group acquired the entire business operations and properties of Northriding College (Northriding) for a purchase consideration of R78.6 million in order to continue the expansion of the group. Northriding is principally involved in the independent school industry in Johannesburg, Gauteng.

Goodwill of R27 million arising from the acquisition consists largely of, inter alia, the workforce, expected synergies, economies of scale and the school growth potential.

Since acquisition date the revenue and profit after tax recognised from this acquisition amounted to R1.4 million and R0.6 million respectively.

Business combinations occurring after the end of the reporting period

Curro, acquired the entire business operations and properties of Creston College in Kwazulu Natal and Sagewood School in Gauteng for a total purchase consideration of R98.0 million combined. Both these acquisition were effective on 1 January 2019.

36. Reconciliation of liabilities arising from financing activities

	Group		Company	
	Loans	Finance leases	Loans	Finance leases
Other financial liabilities	R million	R million	R million	R million
Balance as at 31 December 2017	2 309	57	1 655	57
New loans	850	15	850	15
Repayments	(319)	(25)	(27)	(25)
Interest accrued	7	-	7	-
Balance as at 31 December 2018	2 846	47	2 485	47

37. Commitments and guarantees

Authorised future capital commitments

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Authorised and contracted	712	516	710	516
Authorised, but not yet contracted	1 785	1 096	1 770	1 083
	2 497	**1 612**	**2 480**	**1 599**

Any capital expenditure will be financed through internal cash generation and borrowing facilities where necessary.

Guarantees

Guarantees were provided in favour of City of Tshwane and Ethekwini Municipality of R0.7 million and R2.4 million respectively relating to construction of infrastructure at Curro Monaghan and Curro Hillcrest. Curro has also provided a guarantee in favour of The Milnerton Estates Limited of R44 million plus interest for the purchase of an erf in Milnerton.

An unlimited guarantee was also provided to Curro Funding Company (Pty) Ltd.

38. Related parties

Relationships

Ultimate holding company	PSG Group Ltd
Holding company	PSG Financial Services Ltd
Subsidiaries	Refer note 7
Associates	Refer note 8

	Group		Company	
	2018	2017	**2018**	2017
	R million	R million	**R million**	R million
Related party balances				
Loan accounts - owing (to) by related parties				
Campus and Property Management Company (Pty) Ltd	**-**	-	**220**	63
Curro Holdings Limited Share Incentive Trust	**-**	-	**22**	44
Dream Park Village (Pty) Ltd	**-**	-	**-**	3
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**-**	23
Sheerprops 129 (Pty) Ltd	**-**	-	**(1)**	8
Stratland Developments (Pty) Ltd	**-**	-	**-**	1
Waterstone College (Pty) Ltd	**-**	-	**-**	13
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**60**	55
Curro Education Botswana (Pty) Ltd	**-**	-	**88**	-
Curro Education Namibia (Pty) Ltd	**-**	-	**-**	237
Stadio Corporate Services (Pty)Ltd	**-**	119	**-**	119
Amounts included in trade and other receivables regarding related parties				
Campus and Property Management Company (Pty) Ltd	**-**	-	**3**	4
Embury Institute for Higher Education (Pty) Ltd	**-**	-	**-**	1
GRIT Procurement Solutions (Pty) Ltd	**-**	1	**-**	1
Meridian Operations Company (RF) NPC	**-**	-	**1**	1
Sheerprops 129 (Pty) Ltd	**-**	-	**-**	2
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**2**	-
Waterstone College (Pty) Ltd	**-**	-	**48**	65
Amounts included in trade and other payables regarding related parties				
GRIT Procurement Solutions (Pty) Ltd	**(13)**	(26)	**(12)**	(23)
Related party transactions				
Purchases from related parties				
GRIT Procurement Solutions (Pty) Ltd	**141**	125	**136**	120
Administration fees paid to (received) from related parties				
PSG Corporate Services (Pty) Ltd	**2**	1	**2**	1

Notes to the consolidated and separate annual financial statements

38. Related Parties (continued)

	Group 2018 R million	Group 2017 R million	Company 2018 R million	Company 2017 R million
Interest (received from) paid to related parties				
Curro Holdings Limited Share Incentive Trust	**-**	-	**(3)**	(3)
Curro Education Namibia (Pty) Ltd	**-**	-	**(12)**	(24)
Embury Institute for Higher Education (Pty) Ltd	**-**	-	**-**	(4)
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**(2)**	(2)
Stadio Holdings Ltd	**-**	(3)	**-**	(3)
Waterstone College (Pty) Ltd	**-**	-	**-**	(3)
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**(7)**	(6)
Share issue costs paid to related parties				
PSG Corporate Services (Pty) Ltd	**-**	1	**-**	1
Management fees received from related parties				
Campus and Property Management Company (Pty) Ltd	**-**	-	**(8)**	(8)
Meridian Operations Company (RF) NPC	**-**	-	**(2)**	(2)
Rent paid to (received from) related parties				
Plot One Hundred Bush Hill (Pty) Ltd	**-**	-	**0**	2
Woodhill College Property Holdings (Pty) Ltd	**-**	-	**15**	14
Compensation to directors and other key management				
Short-term employee benefits (refer note 39)	**9**	16	**9**	16

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior year for bad or doubtful debts in respect of the amounts owed by related parties.

Investments in group companies are considered for an impairment loss allowance by assessing the group company's financial position.

Investments in group companies for the year ended 31 December 2018 were impaired as follows:

	Investments in Group companies R million
Company - 2018	
Opening loss allowance as at 1 January 2018	-
Investments impaired during the year	113
Closing loss allowance as at 31 December 2018	113

39. Directors' and prescribed officers' emoluments

Executive	Basic salary	Expense allowances	Pension contributions paid	Bonuses	Gains on exercise of options	Total
2018	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
AJF Greyling	**2 351**	**119**	**133**	**700**	**1 083**	**4 386**
HG Louw	**1 554**	**261**	**140**	**-**	**817**	**2 772**
B van der Linde	**1 852**	**91**	**120**	**500**	**807**	**3 370**
	5 757	**471**	**393**	**1 200**	**2 707**	**10 528**

	Basic salary	Expense allowances	Pension contributions paid	Bonuses	Gains on exercise of options	Total
2017	R'000	R'000	R'000	R'000	R'000	R'000
AJF Greyling	2 165	119	81	1 465	3 307	7 137
HG Louw	1 539	259	109	1 271	2 419	5 597
B van der Linde	1 741	85	81	1 271	2 383	5 561
CR van der Merwe*	1 358	64	24	2 224	5 067	8 737
	6 803	527	295	6 231	13 176	27 032

PJ Mouton is a non-executive director of Curro Holdings Ltd and has a standard service contract with PSG Corporate Services (Pty) Ltd ("PSGCS"). His remuneration for services rendered as executive director within the PSG group for its financial year ending 28 February 2019 is R12 million (2018: R11 million), of which 30% is deferred for a period of 12 months subject to him remaining in PSGCS's employment and malus/claw back provisions. PJ Mouton's gain on vesting of PSG Group Ltd share options during July 2018 amounted to R33 million.

*Salary and emoluments as executive until 30 June 2017.

Non-executive	Other fees 2018 R'000	Directors' fees 2018 R'000	Other fees 2017 R'000	Directors' fees 2017 R'000
SL Botha	**-**	**494**	-	470
ZL Combi	**-**	**280**	-	267
ZN Mankai	**-**	**120**	-	
PJ Mouton	**-**	**214**	-	204
SWF Muthwa	**-**	**280**	-	267
B Petersen	**-**	**267**	-	254
D Ramaphosa	**-**	**214**	-	-
C van der Merwe*	**390**	**214**	360	102
	390	**2 083**	360	1 564

* C van der Merwe also received R 1 781 845 as part of share-based payments.

Prescribed officers	Basic salary	Pension contributions paid	Bonuses	Gains on exercise of options	Total
2018	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
IWM Isdale	**1 170**	**-**	**-**	**-**	**1 170**
	1 170	**-**	**-**	**-**	**1 170**

	Basic salary	Pension contributions paid	Bonuses	Gains on exercise of options	Total
2017	R'000	R'000	R'000	R'000	R'000
S Totaram	-	-	900	-	900
R van Rensburg	1 139	43	507	575	2 264
	1 139	43	1 407	575	3 164

Notes to the consolidated and separate annual financial statements

40. Categories of financial instruments

	Note(s)	Financial assets at fair value through profit or loss R million	Financial assets at amortised cost R million	Financial liabilities at fair value through profit or loss R million	Financial liabilities at amortised cost R million	Total R million
Categories of financial instruments group - 2018						
Assets						
Non-current assets						
Other financial assets	10	**2**	**12**	**-**	**-**	**14**
Current assets						
Other financial assets	10	**-**	**21**	**-**	**-**	**21**
Trade and other receivables	14	**-**	**104**	**-**	**-**	**104**
Cash and cash equivalents	15	**-**	**170**	**-**	**-**	**170**
Investment in money market funds	15	**15**	**-**	**-**	**-**	**15**
		15	**295**	**-**	**-**	**310**
Liabilities						
Non-current liabilities						
Other financial liabilities	19	**-**	**-**	**9**	**2 844**	**2 853**
Current liabilities						
Other financial liabilities	19	**-**	**-**	**-**	**49**	**49**
Trade and other payables	22	**-**	**-**	**-**	**164**	**164**
Overdraft	23	**-**	**-**	**-**	**78**	**78**
		-	**-**	**-**	**291**	**291**

		Financial assets at fair value through profit or loss R million	Loans and receivables R million	Financial liabilities at fair value through profit or loss R million	Financial liabilities at amortised cost R million	Total R million
Categories of financial instruments group - 2017						
Assets						
Non-current assets						
Other financial assets	10	-	38	-	-	38
Current assets						
Other financial assets	10	-	125	-	-	125
Trade and other receivables	14	-	68	-	-	68
Cash and cash equivalents	15	-	571	-	-	571
		-	764	-	-	764
Liabilities						
Non-current liabilities						
Other financial liabilities	19	-	-	17	2 326	2 343
Current liabilities						
Other financial liabilities	19	-	-	-	41	41
Trade and other payables	22	-	-	-	191	191
		-	-	-	232	232

40. Categories of financial instruments (continued)

Categories of financial instruments company - 2018	Note(s)	Financial assets at fair value through profit or loss R million	Financial assets at amortised cost R million	Financial liabilities at fair value through profit or loss R million	Financial liabilities at amortised cost R million	Total R million
Assets						
Non-current assets						
Loans to group companies	9	-	228	-	-	228
Other financial assets	10	2	-	-	-	2
		2	228	-	-	230
Current assets						
Loans to group companies	9	-	161	-	-	161
Other financial assets	10	-	11	-	-	11
Trade and other receivables	14	-	131	-	-	131
Cash and cash equivalents	15	-	123	-	-	123
		-	426	-	-	426
Liabilities						
Non-current liabilities						
Other financial liabilities	19	-	-	9	2 505	2 514
Current liabilities						
Other financial liabilities	19	-	-	-	27	27
Trade and other payables	22	-	-	-	140	140
		-	-	9	2 672	2 681

Categories of financial instruments company - 2017	Note(s)	Financial assets at fair value through profit or loss R million	Loans and receivables R million	Financial liabilities at fair value through profit or loss R million	Financial liabilities at amortised cost R million	Total R million
Assets						
Non-current assets						
Loans to group companies	9	-	88	-	-	88
		-	88	-	-	88
Current assets						
Loans to group companies	9	-	393	-	-	393
Other financial assets	10	-	119	-	-	119
Trade and other receivables	14	-	119	-	-	119
Cash and cash equivalents	15	-	529	-	-	529
		-	1 160	-	-	1 160
Liabilities						
Non-current liabilities						
Other financial liabilities	19	-	-	17	1 672	1 689
Current liabilities						
Other financial liabilities	19	-	-	-	41	41
Trade and other payables	22	-	-	-	161	161
		-	-	-	202	202

Notes to the consolidated and separate annual financial statements

41. Risk management

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9, 19 and 20, cash and cash equivalents disclosed in note 15 and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may 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 group manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2018 and 2017 respectively was as follows:

		Group		Company	
		2018	2017	**2018**	2017
		R million	R million	**R million**	R million
Total borrowings					
Other financial liabilities	19	**2 893**	2 367	**2 531**	1 714
		2 893	2 367	**2 531**	1 714
Less: Cash	15	**185**	571	**123**	531
Net debt		**2 708**	1 796	**2 408**	1 183
Total equity		**5 272**	4 997	**4 956**	4 897
Total capital		**7 980**	6 793	**7 364**	6 080
Gearing ratio		**34%**	26%	**33%**	19%

Notes to the consolidated and separate annual financial statements

41. Risk management (continued)

Liquidity risk

The group's risk to liquidity is a result of funds being available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

Group

At 31 December 2018	**Less than 1 year R million**	**Between 2 and 5 years R million**	**Over 5 years R million**
Borrowings	**(49)**	**(2 776)**	**(378)**
Trade and other payables	**(169)**	**-**	**-**
Trade and other receivables	**208**	**-**	**-**
Other financial assets	**21**	**12**	**-**
Cash and cash equivalents	**170**	**-**	**-**
Investment in money	**15**	**-**	**-**

At 31 December 2017	Less than 1 year R million	Between 2 and 5 years R million	Over 5 years R million
Borrowings	(40)	(1 794)	(550)
Trade and other payables	(194)	-	-
Trade and other receivables	85	-	-
Other financial assets	125	38	-
Cash and cash equivalents	571	-	-

Company

At 31 December 2018	**Less than 1 year R million**	**Between 2 and 5 years R million**	**Over 5 years R million**
Borrowings	**(27)**	**(2 437)**	**(77)**
Trade and other payables	**(140)**	**-**	**-**
Trade and other receivables	**211**	**-**	**-**
Loans to subsidiaries and associates	**161**	**-**	**-**
Other financial assets	**11**	**-**	**-**
Cash and cash equivalents	**123**	**-**	**-**

At 31 December 2017	Less than 1 year R million	Between 2 and 5 years R million	Over 5 years R million
Borrowings	(40)	(1 600)	(88)
Trade and other payables	(162)	-	-
Trade and other receivables	122	-	-
Loans to subsidiaries and associates	394	-	-
Other financial assets	119	-	-
Cash and cash equivalents	531	-	-

41. Risk management (continued)

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The interest and related terms of the group's interest-bearing loans are disclosed in note 19.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit or loss of a defined interest rate shift.

Interest rate sensitivity analysis

The scenarios are run only for liabilities that represent the major interest-bearing positions. Based on the simulations performed, the impact on pre-tax profit of a shift of 100 basis points in the interest rate would result in a decrease in profit of R23 million (2017: R23 million) for the group and R17 million (2017: R16 million) for the company. A 100 basis points decrease in the interest rate would have an equal but opposite effect on profit or loss.

Interest rate swap contracts

Under interest rate swap contracts, the group and the company agree to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the group and the company to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposure on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit inherent in the contract, and is disclosed in note 19.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the group and the company's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The group's and the company's exposure to interest rate risk at the end of the year is R2.2 billion and R1.8 billion respectively (2017: R1.6 billion and R1 billion respectively), after taking into consideration the notional amounts of the interest rate hedge of R725 million (2017: R725 million) for the group and the company.

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Due to the long-term nature of the service provided, the threat of suspension of said services prove to be a strong factor in encouraging customers to settle their dues. In addition there are certain retention rights that can be effectively used in order to effect performance. At 31 December 2018, the group and the company did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

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

	Group		Company	
	2018	2017	**2018**	2017
Financial instrument	**R million**	R million	**R million**	R million
Cash	**185**	569	**123**	529
Trade receivables	**88**	66	**71**	118

Notes to the consolidated and separate annual financial statements

41. Risk management (continued)

Foreign exchange risk
The group and the company do not trade in foreign currency or incur any expenditure in foreign currency, except for the Namibian and Botswana operations, which have a 1:1 and 1:0.77 respectively, Rand exchange rate and as such have an immaterial foreign currency risk.

42. Fair value information

Levels of fair value measurements

Level 1, 2 & 3.

Recurring fair value measurements

	Note(s)	Group 2018 R million	Group 2017 R million	Company 2018 R million	Company 2017 R million
Assets					
Financial assets at fair value through profit or loss					
Investment in money market	15	**15**	-	**-**	-
Investment in SA SME Fund	10	**2**	-	**2**	-
Liabilities					
Financial liabilities at fair value through profit or loss - held for trading					
Interest rate swaps	19	**9**	17	**9**	17
Total		**9**	17	**9**	17

Valuation techniques used to derive level 1 fair values
The fair value of the investment in money market funds is based on quoted market prices.

Valuation techniques used to derive level 2 fair values
The discounted cash flow valuation technique is used to calculate level 2 fair values. Future cash flows are estimated based on forward interest rates and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Valuation techniques used to derive level 3 fair values
The fair value approximates carrying value.

43. Going concern

The consolidated and separate annual financial statements have been prepared on the going concern basis as the directors believe that the group and the company have adequate resources in place to continue in operation for the foreseeable future.

44. Events after the reporting date

Refer to note 35 for acquisitions effective after the reporting period. The directors are not aware of any other matter, that is material to the group or the company, that has occurred between the reporting date and the date of the approval of the consolidated and separate annual financial statements

Notes to the consolidated and separate annual financial statements

45. Changes in accounting policies

The group's accounting policies changed due to the mandatory adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers which became effective 1 January 2018. The adoption of IFRS 9 and IFRS 15 did not have a significant impact on the amounts recognised or disclosed in the balance sheet as at 31 December 2017. Both policies was adopted without restating comparative information.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Group - 2018	as at 31 December 2017 R million	IFRS 9 Expected Credit Losses R million	IFRS 15 R million	as at 1 January 2018 R million
Retained earnings	272	(12)	(27)	234
Loss allowance for trade receivables	-	16	-	16
Contract liability	-	-	172	172
Trade and other payables	331		(135)	196
Deferred tax	375	(4)	(10)	361
	979	-	0	979

Company - 2018	as at 31 December 2017 R million	IFRS 9 Expected Credit Losses R million	IFRS 15 R million	as at 1 January 2018 R million
Retained earnings	-	(8)	(23)	(31)
Loss allowance for trade receivables	-	11	-	11
Contract liability	-	-	137	137
Trade and other payables	266		(105)	161
Deferred tax	219	(3)	(9)	207
	485	-	(0)	485

IFRS 9 - Financial instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The impact on the group’s retained earnings as at 1 January 2018 were as follows:

	Group R million	Company R million
Increase in impairment provision	**(16)**	(11)
Deferred tax	**4**	3
Decrease in retained earnings	**(12)**	(8)

Notes to the consolidated and separate annual financial statements

45. Changes in accounting policies (continued)

IFRS 9 – Financial instruments (continued)

(i) Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the group's management has assessed which business models apply to the financial assets and liabilities held by the group and has classified its financial instruments into the appropriate IFRS 9 categories. There were no reclassifications required.

There were no impact on the group's equity

(ii) Derivatives and hedging activities

The interest rate swaps in place as at 31 December 2017 qualified as cash flow hedges under IFRS 9. The group's risk management strategies and hedge documentation are aligned with the requirements of IFRS 9 and these relationships are therefore treated as continuing hedges.

(iii) Impairment of financial assets

The group and company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. This resulted in a loss allowance on 1 January 2018 of 37 million for trade receivables. Note 14 provides details about the calculation of the allowance. Impairment provisions on loans to group companies are recognised based on a forward looking expected credit loss model.

IFRS 15 – Revenue from Contracts with Customers

The group and company has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in a change in accounting policy. The group and company's revenue streams are already accounted for in line with IFRS 15 with only Registration fees as exception. The impact of the change was determined and there were adjustments to the amounts recognised in the financial statements for registration fees.

The impact of adopting IFRS 15, does not result in any further disaggregation of revenue as compared to the segmental report and note 24. Refer to the Revenue accounting policy and Note 21 Contract Liability for further details on Registration fees.

The impact on the group and company's retained earnings as at 1 January 2018 are as follows:

	Group R million	Company R million
Recognition of contract liability	**(37)**	(32)
Deferred tax	**10**	10
Decrease in retained earnings	**(27)**	(22)

Notes to the consolidated and separate annual financial statements

46. Discontinued operations

Stadio Holdings

Shareholders were advised on SENS on 15 September 2017 that the Board resolved to proceed with the unbundling of its interest in Stadio and to list Stadio as a separate entity on the JSE. Stadio was subsequently listed on the JSE on 3 October 2017.

The unbundling were treated as a transaction under common control, since both Curro and Stadio were controlled by PSG Group. All assets and liabilities were unbundled at its book value.

The unbundling was accounted for as a dividend in specie in terms of section 46(1)(a)(ii) of the Companies Act, No. 71 of 2008, as amended, and section 46 of the Income Tax Act, No. 58 of 1962, as amended, and amounted to R345 million. The debit was accounted for as a decrease in retained earnings.

The results of discontinued operations of the Stadio disposal group are as follows:

	Group	
	2018	2017
	R million	R million
Revenue	-	59
Operating expenses	-	(59)
Earnings before interest, taxation, depreciation amortisation (EBITDA)	**-**	-
Depreciation and amortisation	-	(6)
Earnings before interest and taxation (EBIT)	-	(6)
Investment income	-	7
Finance costs	-	(6)
Profit before taxation	**-**	(5)
Taxation	-	-
(Loss) profit for the year from discontinued	**-**	(4)

Shareholder analysis

Range of shareholding

Range of shareholding	Number of shares held in range 2018	%	Number of shares held in range 2017	%
1 to 500	**1 152 551**	**0,3%**	1 365 554	0,3%
501 to 1 000	**1 748 416**	**0,4%**	2 262 399	0,5%
1 001 to 5 000	**10 387 064**	**2,5%**	12 927 915	3,1%
5 001 to 10 000	**6 839 234**	**1,7%**	7 937 406	1,9%
10 001 and over	**391 960 724**	**95,1%**	387 594 715	94,1%
	412 087 989	**100,0%**	412 087 989	100,0%

Public and non-public shareholding	Number of shares held 2018	%	Number of shares held 2017	%
PSG Financial Services Ltd	**228 210 051**	**55,4%**	228 210 051	55,4%
Directors	**7 433 185**	**1,8%**	7 695 924	1,9%
Total non-public shareholding	**235 643 236**	**57,2%**	235 905 975	57,3%
Total public shareholding	**176 444 753**	**42,8%**	176 182 014	42,7%
	412 087 989	**100,0%**	412 087 989	100,0%

Number of public and non-public shareholders	Number of shareholders 2018	%	Number of shareholders 2017	%
Non-public	**7**	**0,0%**	7	0,0%
Public	**15 687**	**100,0%**	18 417	100,0%
	15 694	**100,0%**	18 424	100,0%

Individual shareholders holding more than 5%	Number of shares held 2018	%	Number of shares held 2017	%
PSG Financial Services Ltd	**228 210 051**	**55,4%**	228 210 051	55,4%
Coronation Ltd	**25 090 249**	**6,1%**	27 116 958	6,6%
Dipeo Capital (RF) (Pty) Ltd	**21 414 497**	**5,2%**	21 414 497	5,2%
Public Investment Corporation	**22 012 618**	**5,3%**	20 985 273	5,1%
	296 727 415	**72,0%**	297 726 779	72,3%