TRUSTCO GROUP ANNUAL FINANCIAL STATEMENTS 2013

21 YEARS OF TRUSTCO

SINCE 1992


TRUSTCO

Contents

Statement of responsibility and approval of Annual Financial Statements by the Board of directors

for the year ended 31 March 2013

The directors are required by the Namibian Companies Act, 2004, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company and its subsidiaries 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). The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with IFRS, 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 in the manner as required by the Companies Act of Namibia, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The annual financial statements incorporate full and responsible disclosure in line with the group's philosophy on corporate governance and as required by the Namibian (NSX) and JSE Limited (JSE) Stock Exchanges.

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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2014 and, in the light of this review and the current financial position, they are satisfied that the company has, or has access to adequate resources, to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements. The annual financial have been examined by the company's external auditors and their reports are presented on pages 4 and 5.

The annual financial statements set out on pages 6 to 56, which have been prepared on a going concern basis, were approved by the Board on 25 June 2013 and were signed on its behalf by:

Adv R. Heathcote
Chairperson

Q van Rooyen
Managing director

Windhoek
25 June 2013

Certificate by the Company Secretary
for the year ended 31 March 2013

I, Dominic John Steyn, being the Company Secretary of Trustco Group Holdings Limited, certify that the company has, for the year under review, lodged all returns of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

DJ Steyn
Company Secretary

25 June 2013
Windhoek

Report of the Independent Auditors
to the shareholders of Trustco Group Holdings Limited

We have audited the consolidated and separate financial statements of Trustco Group Holdings Limited set out on page 9 to 57, which comprise the statements of financial position as at 31 March 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Namibia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Trustco Group Holdings Limited as at 31 March 2013, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of Namibia.

BDO

BDO (Namibia)
Registered Accountants and Auditors
Chartered Accountants (Namibia)
Per: J S W de Vos
Partner

25 June 2013
Windhoek

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to the shareholders of Trustco Group Holdings Limited

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BDO South Africa Inc.

BDO South Africa Incorporated
Partner: Japie Schoeman
Registered Auditors

25 June 2013
22 Wellington Road
Parktown
Johannesburg
South Africa
2193

Report of the Directors
for the year ended 31 March 2013

The directors present their report with the audited annual financial statements of the company and of the group for the year ended 31 March 2013.

Financial Results

The financial results of the Company and Group for the year under review are reflected in the annual financial statements set out from page 8 onwards. The consolidated statement of comprehensive income is set out on page 10.

Net profit after tax for the year ended 31 March 2013 was NAD 39.4 million (2012: NAD 239.8 million). Reduced Land Bank sales and significant costs incurred in South Africa to launch the new micro insurance business contributed to the bulk of the decrease, whilst non-recurring items in the 2012 financial year relating to Zimbabwe operations and legal settlement contributed the remaining variance.

Shareholders' Value

Based on the results, shareholders' value for 2013 is NAD 968.1 million (2012: NAD 913.3 million). The directors are confident in value growth for the foreseeable future and beyond.

Dividends

During the year under review, dividends of 4.15 cents per share (2012: 3.75 cents) amounting to a total of NAD 29.9 million (2012: NAD 25.8 million) were declared and paid by the Group. The Policy of the Group is to declare dividends of between four and five times cover.

The Board of Directors recommended on 2 November 2012 that an interim dividend of 1.90 cents per share be declared for the six months ended 30 September 2012. The dividend was paid on 14 December 2012.

The board of directors recommended that no final dividend for the year ended 31 March 2013 would be declared.

Borrowings

The borrowings of the Group are within the limits set by the articles of association.

Directorate and Appreciation

The Board of Directors are reflected in the Integrated Report. The Company is fortunate to have an energetic management team to lead the Group forward. The directors, management and staff of the various companies in the Group have all played a crucial role in the year under review. We would like to thank each individual and team for their contributions this year.

Details of appointment and resignations of directors and other officers in the year under review were as follows:

Name	Position	Appointment	Resignation
J Mahlangu	Director	04 Feb 2012	
R Taljaard	Director	05 Jul 2012	
R McDougall	Director	31 Mar 2013	
A L Bock	Director		31 Mar 2013
M A Gebhardt	Company secretary		30 Nov 2012
D J Steyn	Company secretary	03 Dec 2012	

South African operations

The board of directors would like to draw the shareholders' attention to the losses shown in the South African segment. These losses reflect a substantial investment into developing and launching a micro-insurance presence in South Africa. During the year, the South African segment made losses of R44.5 million (excluding impairment charges), compared to a R8.4 million profit in the 2012 financial year. This loss represents marketing, set-up and preliminary operating costs for the micro insurance product. As at 31 March 2013 the sales rates of the new product were escalating in line with the group's expectations.

Going Concern Concept

The directors have reviewed the group's budget and cash flow forecast for the year to 31 March 2013. On the basis of the review, and in the light of the current financial position and existing borrowing facilities, the directors are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future and that it has continued to adopt the going concern basis in preparing the financial statements.

Remuneration of Group Managing Director

Next Investments (Pty) Ltd has a management contract with Trustco in terms of which a management fee is paid quarterly as follows:

- 0.5% of the turnover of the group;
- 1% of the headline earnings of the group; and
- 1% of the basic earnings of the group.

Mr Quinton van Rooyen, the group managing director, is the sole shareholder of Next Investments (Pty) Ltd.

If targets are not met, the management fee is halved, whilst, if growth exceeds inflation plus 5%, then the management charge is doubled.

Trustco Staff Share Incentive Scheme Trust (the Trust)

During 2013 the Trust sold 6 000 000 in shares, during 2012 the Trust sold 23 266 630 shares for cash in the open market. No options were issued during the year under review. The trust was dissolved during 2013.

Special Resolutions

The following were passed during the year:

Resolved that the company is permitted to repurchase its own securities in terms of the Namibian Companies Act of 2004, as amended, and subject to the Listings Requirements of the JSE Limited and the Namibian Stock Exchange. Further details of this resolution can be found in the Integrated Report. No shares were repurchased during the 2013 financial period.

Resolved that all the authorised but unissued shares in the capital of the company be and are hereby placed under the direct control of the directors, subject to the provisions of the Companies' Act 28 of 2004 (as amended), the Articles of association of the Company and the JSE Limited Listing requirements.

Holding Company's Interest in Subsidiaries

	Company's interest					
	Issued share capital		% held		Shares at cost	
	2013	2012	**2013**	2012	**2013**	2012
	NAD	NAD	**%**	%	**NAD**	NAD
Legal Shield Holdings (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Education (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Property Holdings (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Group International (Pty) Ltd (Inc. in Republic of Namibia)	**100**	100	**100**	100	**68 549 357**	68 549 357
Trustco Corporate Management Services (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Capital (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Media (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Tourism Holdings (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Business Development (Pty) Ltd	**100**	100	**100**	100	**100**	100
Trustco Mobile Mauritius	**100**	100	**100**	100	**100**	100
Trustco Group International (Pty) Ltd (Inc. in Republic of South Africa)	**100**	100	**100**	100	**100**	100
					68 550 357	68 550 357

The aggregate contribution made by the subsidiaries in the Group amounted to NAD 53.19 million (2012: NAD 230.5 million) and the Company contributed a loss NAD 13.81 million (2012: loss of NAD 9 million) to Group earnings.

Subsequent Events

On the 1 June 2013, the group entered into an arrangement to acquire the rights to operate 52 branch outlets across South Africa from Real People (Pty) Ltd. These branches will be used to drive the growth in the micro-insurance products in South Africa. This transaction will be accounted for as a business combination in terms of IFRS 3: Business Combinations and is reflected in detail in note 44 to the Annual Financial Statements.

On 13 June 2013, the group listed a Domestic Medium Term note on the JSE. The note was approved up to a facility of ZAR 1 bn. Management has earmarked the future drawdown of these bonds for expansion and growth in the group, both in South Africa and Namibia.

On 19 June 2013, the group signed a memorandum of understanding relating to the licensing of Trustco software. This contract will also cede all revenues received from certain existing contracts in the South African segment to the licence holders. The group will show a reduction in revenues and cost of sales and an increase in licence fees received, but this will have no impact on profitability.

The Year Ahead

The board remains confident that the management of the group is capable of negotiating the difficulties currently being experienced and that the plans that management have undertaken to crystalize the group's strategy into tangible wealth will be evidenced in the year ahead.

Group Annual Financial Statements

Consolidated Statement of Financial Position

at 31 March 2013

		Group		Company	
		2013	2012	**2013**	2012
ASSETS	Notes	**NAD'000**	NAD'000	**NAD'000**	NAD'000
Non–current assets					
Property, plant and equipment	3	**179 266**	160 502	**–**	–
Investment property	4	**344 247**	317 990	**–**	–
Intangible assets	5	**232 650**	261 478	**–**	–
Investment in subsidiaries	6	**–**	–	**68 550**	68 550
Deferred income tax assets	7	**78 183**	73 136	**–**	–
Mortgage loan book	8	**20 070**	–	**–**	–
Educational loans advanced	9	**204 426**	150 115	**–**	–
Other loans advanced	10	**5 692**	24 566	**–**	–
Amounts due by related parties	12	**–**	–	**366 660**	301 602
Total non–current assets		**1 064 534**	987 787	**435 210**	370 152
Current assets					
Short–term portion of educational loans advanced	9	**127 988**	99 804	**–**	–
Short–term portion of other loans advanced	10	**1 160**	804	**–**	–
Finance lease receivable	11	**–**	457	**–**	–
Short–term portion of mortgage loan book	8	**1 377**	–	**–**	–
Inventories	14	**10 420**	12 623	**–**	–
Amounts due by related parties	12	**8 482**	**–**	**–**	**–**
Trade and other receivables	15	**271 182**	317 425	**253**	33
Current income tax assets	42.2	**860**	189	**–**	–
Cash and cash equivalents	16	**46 924**	101 000	**41**	36
Total current assets		**468 393**	532 302	**294**	69
Total assets		**1 532 927**	1 520 089	**435 504**	370 221
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	**169 545**	162 645	**169 545**	162 645
Share premium	17	**24 600**	–	**24 600**	–
Deemed treasury shares	18	**–**	(3 840)	**–**	(3 840)
Vendor shares	19	**14 976**	14 976	**14 976**	14 976
Contingency reserves	20	**4 610**	2 970	**–**	–
Put options	21	**(52 832)**	(52 832)	**(52 832)**	(52 832)
Revaluation reserves	22	**21 797**	16 806	**–**	–
Foreign currency translation reserve	23	**1 869**	–	**–**	–
Distributable reserves		**783 565**	772 580	**167 741**	148 118
Total capital and reserves		**968 130**	913 305	**324 030**	269 067
Non–current liabilities					
Long–term liabilities	24	**288 717**	211 931	**–**	–
Other liabilities	25	**1 590**	257	**–**	–
Deferred income tax liabilities	7	**33 231**	31 148	**–**	–
Policyholders' liability under insurance contracts	26	**16 587**	10 684	**–**	–
Amounts due to related parties	12	**–**	–	**51 630**	44 542
Total non–current liabilities		**340 125**	254 020	**51 630**	44 542
Current liabilities					
Current portion of long–term liabilities	24	**40 764**	34 117	**–**	–
Current portion of other liabilities	25	**4 516**	2 622	**–**	–
Amounts due to related parties	12	**–**	1 413	**–**	–
Trade and other payables	27	**129 154**	256 323	**55 924**	54 789
Technical provisions	28	**20 558**	17 917	**–**	–
Current income tax liabilities	42.2	**29 116**	28 603	**3 851**	1 330
Bank overdraft	29	**564**	11 769	**69**	493
Total current liabilities		**224 672**	352 764	**59 844**	56 612
Total equity and liabilities		**1 532 927**	1 520 089	**435 504**	370 221

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2013

	Notes	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Insurance premium revenue	32	**150 710**	126 302	**–**	–
Revenue	32	**444 529**	587 002	**3 600**	3 600
Total revenue		**595 239**	713 304	**3 600**	3 600
Cost of sales	33	**(240 194)**	(320 368)	**–**	–
Gross profit		**355 045**	392 936	**3 600**	3 600
Investment income	38	**3 849**	24 509	**59 298**	52 617
Fair value gains and losses on investment properties		**26 304**	97 101	**–**	–
Other income		**14 080**	4 823	**2 217**	–
Insurance benefits and claims	34	**(26 717)**	(18 872)	**–**	–
Transfer to policyholder liabilities	26	**(5 903)**	(2 377)	**–**	–
Change in unearned premium provision	32	**(981)**	(492)	**–**	–
Administration expenses		**(294 167)**	(202 743)	**(10 206)**	(7 635)
Finance costs	39	**(27 814)**	(30 092)	**(508)**	(3 711)
Profit before taxation	35	**43 696**	264 793	**54 401**	44 871
Taxation	40	**(4 312)**	(24 969)	**(4 862)**	(1 707)
Profit for the year		**39 384**	239 824	**49 539**	43 164
Other comprehensive income, net of tax		**8 138**	1 392	**–**	–
Items that will not be subsequently reclassified to profit or loss					
Revaluation of property, plant and equipment		**6 269**	1 392	**–**	–
Items that may be subsequently reclassified to profit or loss					
Foreign currency translation adjustment		**1 869**	–	**–**	–
Total comprehensive income for the period		**47 522**	241 216	**49 539**	43 164
Earnings per share:					
Basic earnings per share (cents)	41	**5.41**	35.08		
Diluted earnings per share (cents)	41	**5.38**	34.84		

Consolidated Statement of Changes in Equity

for the year ended 31 March 2013

	Share capital NAD'000	Share premium NAD'000	Foreign currency translation reserve NAD'000	Deemed treasury shares NAD'000	Put options NAD'000	Vendor shares NAD'000	Contingency reserve NAD'000	Revaluation reserve NAD'000	Retained earnings NAD'000	Total NAD'000
Group										
Balance at 1 April 2011	162 645	–	–	(18 731)	–	14 976	2 361	15 414	556 116	732 781
Transfer to contingency reserve	–	–	–	–	–	–	609	–	(609)	–
Sale of deemed treasury shares	–	–	–	14 891	–	–	–	–	3 076	17 967
Put option issued	–	–	–	–	(52 832)	–	–	–	–	(52 832)
Dividends for the period	–	–	–	–	–	–	–	–	(25 827)	(25 827)
Total comprehensive income for the period	–	–	–	–	–	–	–	1 392	239 824	241 216
Balance at 31 March 2012	162 645	–	–	(3 840)	(52 832)	14 976	2 970	16 806	772 580	913 305
Balance at 1 April 2012	**162 645**	**–**	**–**	**(3 840)**	**(52 832)**	**14 976**	**2 970**	**16 806**	**772 580**	**913 305**
Share issue	**6 900**	**24 600**	**–**	**–**		**–**	**–**	**–**	**–**	**31 500**
Transfer to contingency reserve	**–**	**–**	**–**	**–**	**–**	**–**	**1 640**	**–**	**(1 640)**	**–**
Sale of deemed treasury shares	**–**	**–**	**–**	**3 840**	**–**	**–**	**–**	**–**	**1 879**	**5 719**
Transfer between reserves	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1 278)**	**1 278**	**–**
Dividends for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(29 916)**	**(29 916)**
Total comprehensive income for the period	**–**	**–**	**1 869**	**–**	**–**	**–**	**–**	**6 269**	**39 384**	**47 522**
Balance at 31 March 2013	**169 545**	**24 600**	**1 869**	**–**	**(52 832)**	**14 976**	**4 610**	**21 797**	**783 565**	**968 130**
Notes:	17	17	23	18	21	19	20	22		

	Notes	Group 2013	Group 2012
Dividends declared per share (cents)	41	**4.15**	3.75
Dividends paid per share (cents)	41	**4.15**	3.75

	Share Capital NAD'000	Share Premium NAD'000	Deemed treasury shares NAD'000	Vendor Shares NAD'000	Put Option NAD'000	Distributable Reserves NAD'000	Total NAD'000
Company							
Balance at 1 April 2011	162 645	–	(18 731)	14 976	–	131 473	290 363
Sale of deemed treasury shares	–	–	14 891	–	–	–	14 891
Put option issued	–	–	–	–	(52 832)	–	(52 832)
Total comprehensive income for the period	–	–	–	–		43 164	43 164
Dividends for the period	–	–	–	–		(26 519)	(26 519)
Balance at 31 March 2012	162 645	–	(3 840)	14 976	(52 832)	148 118	269 067
		–					
Balance at 1 April 2012	**162 645**	**–**	**(3 840)**	**14 976**	**(52 832)**	**148 118**	**269 067**
Sale of deemed treasury shares	**–**	**–**	**3 840**	**–**	**–**	**–**	**3 840**
Share issue	**6 900**	**24 600**	**–**	**–**	**–**	**–**	**31 500**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**49 539**	**49 539**
Dividends for the period	**–**	**–**	**–**	**–**	**–**	**(29 916)**	**(29 916)**
Balance at 31 March 2013	**169 545**	**24 600**	**–**	**14 976**	**(52 832)**	**167 741**	**324 030**
Notes:	17	17	18	19	21		

Consolidated Statement of Cash Flows

for the year ended 31 March 2013

		Group		Company	
		2013	2012	**2013**	2012
	Notes	**NAD'000**	NAD'000	**NAD'000**	NAD'000
Cash flow from operating activities					
Cash generated by operations before working capital changes	42.1	**96 917**	178 114	**(4 389)**	(4 035)
Changes in working capital	42.1	**(76 332)**	(80 703)	**915**	(564)
Interest received	38	**3 849**	24 509	**19 170**	12 767
Dividends received	38	**–**	–	**40 128**	39 850
Finance costs	39	**(27 814)**	(30 092)	**(508)**	(3 711)
Finance leased assets	11	**457**	–	**–**	–
Other loans	10	**(346)**	–	**–**	–
Educational loans advanced	9	**(212 861)**	(154 279)	**–**	–
Educational loans repaid	9	**129 222**	113 825	**–**	–
Mortgage loans advanced	8	**(6 008)**	–	**–**	–
Mortgage loans repaid	8	**2 097**	–	**–**	–
Taxation paid	42.2	**(13 600)**	(12 848)	**(2 341)**	(1 721)
Net cash flow from operating activities		**(104 419)**	38 526	**52 975**	42 586
Cash flow from investing activities					
Additions to property, plant and equipment	3	**(23 250)**	(12 095)	**–**	–
Additions to investment property	4	**(3 364)**	(1 604)	**–**	–
Additions to intangible assets	5	**(10 326)**	(24 081)	**–**	–
Additions to assets at fair value through profit or loss		**–**	(4 223)	**–**	–
Proceeds on sale of property, plant and equipment		**6 917**	1 160	**–**	–
Proceeds on sale of investment properties		**1 600**	17 400	**–**	–
Proceeds on sale of assets at fair value through profit or loss		**–**	32 300	**–**	–
Net cash flow from investing activities		**(28 423)**	8 857	**–**	–
Cash flow from financing activities					
Public issue of ordinary shares		**31 500**	–	**31 500**	–
Sale of deemed treasury shares		**5 719**	17 967	**3 840**	14 891
Proceeds from long-term liabilities		**83 433**	13 830	**–**	–
Proceeds from related party loans		**–**	–	**27 676**	8 432
Payments to related party loans		**(9 895)**	(7 413)	**(85 646)**	(39 835)
Increase in policyholder under insurance contracts	26	**5 903**	2 377	**–**	–
Dividends paid		**(29 916)**	(25 827)	**(29 916)**	(26 519)
(Repayment)/proceeds of other liabilities		**3 227**	(582)	**–**	–
Net cash flow from financing activities		**89 971**	352	**(52 546)**	(43 031)
Net change in cash and cash equivalents		**(42 871)**	47 735	**429**	(445)
Cash and cash equivalents at the beginning of the year	42.3	**89 231**	41 496	**(457)**	(12)
Cash and cash equivalents at the end of the year	42.3	**46 360**	89 231	**(28)**	(457)

Notes to the Consolidated Annual Financial Statements
for the year ended 31 March 2013

1 Accounting policies

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of Namibia, 2004. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

New and revised IFRS applied with no material effect on the consolidated financial statements.

The following new and revised IFRS have also been adopted in these consolidated financial statements. The application of these new and revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

STANDARD AND SUBJECT OF AMENDMENT	DETAILS
IFRS 1, First–time adoption of International Financial Reporting Standards	• Amendments require replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRS'
	• Amendments require additional exemption for entities ceasing to suffer from severe hyper-inflation
IFRS 7, Financial Instruments: Disclosures	• Amendments enhancing disclosures about transfers of financial assets

1.1 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated 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 annual financial statements.

Fair value estimation

The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined by using valuation techniques. The group and the company use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long–term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of non–depreciable assets based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group and the company recognise liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group and the company recognise the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group and the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group and the company to realise the net deferred tax assets recorded at the reporting date could be impacted.

Trade receivables and loans and receivables

The group and the company assess their trade receivables and loans and receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, 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.

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

Impairment testing

The recoverable amounts of cash–generating units and individual assets have been determined based on the higher of value–in–use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that some assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group and the company review and test the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates of expected future cash flows for each group of assets are prepared. Expected future cash flows used to determine the value-in-use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors such as foreign exchange rates, inflation rates and interest rates.

Contingent provisions on business combinations

Contingencies recognised in the current year required estimates and judgments.

Estimate of fair value of investment properties

The best evidence of fair value is current prices in an active market for similar leases and other contracts. In the absence of such information, the group determines the amount within a range of reasonable fair value estimates. In making its judgement, the group considers information from a variety of sources including:

i. Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
ii. Recent prices of similar properties in less active markets, with adjustment to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
iii. Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rentals for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Distinction between investment properties and owner-occupied properties

The group determines whether a property qualifies as investment property. In making its judgement, the group considers whether the property generates cash flow largely independently of the group. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply or administrative process of the group.

Properties that are held to earn rentals, or for capital appreciation, are classified as investment properties and properties that the group occupies are classified as property, plant and equipment. The group considers each property separately in making its judgement.

Inventory of real estate

Inventory of real estate is measured at the lower of cost and net realisable value. Cost of inventory includes the direct costs of acquiring the inventory (including purchase taxes and prepaid lease fees), materials, employee benefits, work performed by subcontractors and credit costs to be capitalised. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The inventory of real estate is presented at cost (including development and preparation expenses). The cost of the real estate may not exceed the net realisable value. The net realisable value represents an estimate of the selling price in the ordinary course of business of the industrial project expected to be constructed on the real estate, less an estimate of the cost of constructing the residential project, and less an estimate of the cost required to execute the sale.

In a transition from inventory to investment property, which is measured at fair value, any difference between the fair value of the real estate on that date and its prior carrying value in the books is recorded directly to the statement of comprehensive income.

1.2 Basis of consolidation

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests 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 initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. The consideration the aquirer transfers in exchange for the aquiree includes any asset or liability resulting from a contingent consideration arrangement. The aquirer shall recognise the acquisition date fair value of contingent consideration as part of the consideration transferred in exchange for the aquiree. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

1.3 Foreign currency

1.3.1 Functional and presentation currency

Items included in the financial statements of each entity in the group are measured using the currency that best reflects the primary economic environment in which the entity operates (the functional currency). The group financial statements are presented in Namibian Dollar, which is the functional and presentation currency of the parent company and the group.

1.3.2 Translation of foreign operations

The financial statements of all group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the group are translated into the presentation currency as follows:

- assets and liabilities are translated at rates of exchange ruling at the reporting date;
- specific transactions in equity are translated at rates of exchange ruling at the transaction dates;
- income and expenditure and cash flow items are translated at weighted average exchange rates for the period; and
- foreign exchange translation differences are recognised as other comprehensive income.

An entity may have a monetary item that is receivable from or payable to a foreign operation. An item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the entity's net investment in that foreign operation. On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on sale.

1.4 Segment reporting

Operating segments are components of the group that engage in separate business activities and about which separate financial information is available that is evaluated regularly by the chief operating decision-maker (group executive committee). The group executive committee decides how to allocate resources and assesses performance. Reportable segments comprise of: Microfinance, Micro insurance (Namibia), Property, South Africa and Zimbabwe and rest of Africa. Segment accounting policies are the same as the accounting policies as applied to the group.

Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. Such transfers are accounted for at arm's-length prices. These transfers are eliminated on consolidation.

Segmental revenue and expenses

All segment revenue and expenses are directly attributable to the segments.

Segmental assets

All operating assets used by a segment principally include property, plant and equipment, investments, inventories, cash balances and receivables, net of allowances.

Segmental liabilities

All operating liabilities of a segment principally include accounts payable, technical liabilities and external interest-bearing borrowings.

1.5 Property, plant and equipment

The cost of 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 group and the company; and
- the cost of the item can be measured reliably.

Costs include costs initially incurred to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is de-recognised. Day-to-day repairs and maintenance are not capitalised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Land and buildings and aircraft are carried at revalued amounts, being the fair value at date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Increases in the carrying amounts of land and buildings and aircraft arising on revaluation are credited to revaluation and other reserves in shareholder's equity. Decreases that off-set previous increases of the same asset are charged against the revaluation reserve. All other decreases are recognised in profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost, is transferred from revaluation and other reserves to retained earnings.

Item	Average useful life
Land	Indefinite
Buildings	50 years
Machinery and equipment	6 - 15 years
Motor vehicles	8 years
Office equipment and furniture	6 – 8 years
Computer equipment and software	3 - 5 years
Aircrafts	
• Engine	1 500 – 3 500 flight hours
• Airframe	18 000 – 20 000 flight hours
• Avionics and equipment	10 years

The residual value and the useful life of each asset is reviewed at each financial period end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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

The carrying amounts of property, plant and equipment are assessed for impairment whenever events or changes in circumstances indicate the carrying amounts may not be recoverable. If any such indication exists, and where the carrying values exceeds the estimated recoverable amount, the assets or cash–generating units are written-down to their recoverable amount.

1.6 Investment property

Investment properties are held for long–term rental yields or for capital appreciation or both, and are not occupied by companies within the group. Investment properties are measured initially at cost. After initial recognition, investment properties are measured and carried at fair value.

Fair value is based on valuation performed by appointed independent registered valuer(s) taking into account factors such as the property growth and market in the surrounding area. The fair value of the investment properties reflects the market conditions at the balance sheet date. Changes in fair values are recorded in the statement of comprehensive income as investment properties fair value adjustment.

On disposal of an investment property, or when it is permanently withdrawn from use and future economic benefits no longer are expected from the property concerned, it shall be derecognised. The difference between the net disposal proceeds and the carrying value is recognised in profit or loss in the period of the retirement or disposal.

Transfer to, or from, investment property will be made when there is a change in use of the property. The commencement of owner–occupation for the property would result in a transfer of the investment property to property, plant and equipment. On the other hand, the end of owner–occupation of a property would result in a transfer from property, plant and equipment to investment property.

If a owner–occupied property became an investment property that will be carried at fair value, the revaluation surplus of the owner–occupied property, included in the revaluation reserve account would be transferred to retained earnings.

For a transfer from investment property which is carried at fair value to owner–occupied property, the fair value of the property at the date of change in use would be treated as deemed cost of the property for subsequent accounting purposes.

1.7 Intangible assets

Intangible assets are initially recognised at cost. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Internally – generated mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

Finite assets

The carrying amount of intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator 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.

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

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

Item	**Useful life**
Computer software	2 - 10 years
Trademarks, licence and patents	10 - 25 years
Insurance book	5 years

Indefinite life

The carrying amount of intangible assets are assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Where intangible assets are considered to have an indefinite life, impairment tests are performed at least annually.

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.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis intangible assets acquired separately.

1.8 Investments in subsidiaries

Company annual financial statements

Investments in subsidiaries 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.

1.9 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the group and the company's statements of financial position when the group and the Company becomes parties to the contractual provisions of the instrument.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group and the company establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

All financial instruments, except for those that are subsequently measured at fair value through profit or loss (for which transaction costs are expensed) are initially recognised taking into account directly attributable transaction costs.

Loans and receivables

Loans and receivables are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently carried at amortised cost using the effective-interest method. These financial assets are included under current assets unless it matures later than 12 months after financial year-end. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loans and receivables' carrying amount and the present value of the estimated future cash flows discounted at the original effective-interest rate applicable to the relevant loans and receivables. As soon as individual trade accounts receivable can no longer be collected in the normal way and are expected to result in a loss, they are designated as doubtful trade accounts receivable and valued at the expected collectible amounts. The net carrying amount will be reduced through the use of an allowance account and the loss recognised in profit or loss. They are written-off completely and the financial asset derecognised when they are deemed to be uncollectible because of bankruptcy or other forms of receivership of the debtors.

Other financial liabilities

These liabilities (including borrowings and trade and other payables) are recognised initially at fair value. Subsequently, they are stated at amortised cost using the effective-interest rate method.

The effective-interest method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective-interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective-interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the group tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value measurement hierarchy that reflects the significance of the inputs used in making the fair value measurement. The fair value hierarchy has the following levels:

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

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

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 goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

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, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- 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 arising from investments in subsidiaries, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused Secondary Tax on Companies (STC) (applicable in the Republic of South Africa) credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

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 to equity.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value on the first–in–first–out (FIFO) basis. 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. The same cost formula is used for all inventories having a similar nature and use to the entity.

The cost of inventories comprises costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily inter-changeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

1.12 Impairment of assets

The group and the company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group and the company estimates the recoverable amount of the asset.

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

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

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash–generating units, or groups of cash–generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash–generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash–generating unit and
- then, to the other assets of the unit, *pro* rata on the basis of the carrying amount of each asset in the unit.

An 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.

1.13 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 – lessor

The group and the company recognises finance lease receivables on the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the group and the company's net investment in the finance lease.

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 of return on the remaining balance of the liability.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of comprehensive income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Any contingent rents are expensed in the period they are 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 are not discounted.

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

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance. There are no other employee benefits, expenses or obligations that are incurred apart from short-term ones.

1.15 Provisions and contingencies

Provisions are recognised when:

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

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 shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses. If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

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. Contingencies are disclosed in note 29.

1.16 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at reporting date. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

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

Insurance premium revenue

Insurance premiums for short-term and life insurance policies are accounted for when receivable and in the period during which the risk originates, net after a provision for unearned premiums relating to risk periods that extend to the following year.

Broker commission and fees (administration, premium handling and claims administration)

Brokerage and other revenue are recorded on the effective commencement or renewal dates of the related policies. Commission on the sale of an insurance contract is earned at the inception of the policy, as the insurance has been arranged and placed. However, provision is made where commission is refundable in the event of policy cancellation in line with estimated cancellations. Where certain annual policies are issued, the revenue is recognised proportionally over the cover period of that contract.

Only commission income and other fees is included in revenue (not the value of premiums handled).

Tuition fees

Tuition fees are recognised by the stage of completion of the service to be provided under each contract.

Property sales

Sales are recorded upon the transfer of significant risks and rewards of ownership of the property and the amount of revenue can be measured reliably.

Interest received on financial assets (includes interest received on microfinance loan book)

Interest income on financial assets that are classified as loans and receivables are determined using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the expected life of the asset or liability. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees receivable that are an integral part of the instrument's yield, premiums or discounts on issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

Rental income

Rental income arising from operating leases is recognised on a straight-line basis over the lease terms on ongoing leases.

Dividends received

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

1.17 Cost of sales

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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

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

1.19 Translation of foreign currencies

Foreign currency transactions

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

At each reporting date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss. Cash flows arising from transactions in a foreign currency are recorded in Namibian Dollars by applying to the foreign currency amount the exchange rate between the Namibian Dollars and the foreign currency at the date of the cash flow.

1.20 Insurance contracts

Classification of contracts

An insurance contract is a contract under which the insurer accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Such contracts may also transfer financial risk.

Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

The following typical types of contracts issued by the group are classified as insurance contracts:

- Policy which provides legal cover in event of litigation against or in favour of policyholders;
- Policy which provides lump sum benefits and costs recoveries for death;
- Policy which provides salary cover;
- Policy which provides medical insurance cover; and
- Policy which provides all of the above cover.

Valuation and recognition

Principles of valuation and profit recognition

Liabilities in respect of insurance contracts are valued according to the requirements of the professional guidance notes (PGNs) issued by the Actuarial Society of South Africa (ASSA). Of particular relevance to the insurance liability calculations, are the following actuarial guidance notes:

- PGN 102: Life Offices – HIV/Aids
- PGN 103: Report by statutory actuary in financial statements

- PGN 104: Life Offices – Valuation of Long–Term Insurers
- PGN 105: Recommended Aids extra mortality bases

Valuation

The assets and liabilities of Trustco Life Limited are calculated in accordance with PGN 103 and PGN 104. However, no capital adequacy requirement is calculated as this is not required in terms of Namibian Law. The Financial Soundness Valuation (FSV) as stipulated in PGN 104, is valued using a gross premium method.

The liability is based on cash flow projections, on a per-policy-basis. The assets are stated at the balances per the financial statements. The valuation of the policyholders' liability is conducted on a basis consistent with the valuation of the assets. The liability is based on best–estimate assumptions as to mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued and updated on an annual basis at reporting date to reflect current expectations.

Recognition

Premiums

Premiums are recognised in the period during which the risk originates. Credit insurance premiums are recognised in the period during which they become due and payable. Premiums received in advance are included in insurance liabilities.

Claims

Full provision is made for the estimated cost of claims notified but not settled at reporting date. Provision is also made for the expected cost of claims incurred but not intimated at reporting date. Provision for the full expected cost of claims over the period of the insured risk relating to credit insurance are made in the same period during which the credit insurance premiums are recognised. These provisions are carried forward to subsequent accounting periods as an unexpected risk reserve.

Each notified claim is assessed on a separate, case by case basis with due regard to specific circumstances, information available from the insured and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. The provision for each notified claim includes an estimate of the associated claims handling costs but excludes Value Added Tax.

Expenses for the acquisition of insurance contracts

Expenses for the acquisition of insurance contracts consists of commission and marketing management costs paid by the group upon the acquisition of new and additional insurance business. These costs are expensed in full in the financial period during which the new policies are acquired.

Liability adequacy test

At each reporting date, liability adequacy tests are required to ensure the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of future premiums, claims, and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Since the insurance policy liabilities are calculated in terms of the financial soundness valuation (FSV) basis as described in PGN 104, which meets the minimum requirements of the liability adequacy test, it is not necessary to perform an additional liability adequacy test.

Incurred but not reported claims (Short–term business) (IBNR)

IBNR reflects the total amount owed by the insurer to all valid claimants who have a covered loss but not yet reported this to the insurer. Claims are calculated as a percentage of premiums earned. Different percentages are applied by class of business.

IBNR is calculated as either 1 month's claims or $4/12^{ths}$ of annual expected claims depending on the nature of the policy.

Policyholder liability under insurance contract (Long–term business)

Long–term insurance liabilities are valued according to the requirements of the Namibian Long–term Insurance Act (1998) and in accordance with professional guide notes (PGNs) issued by the Actuarial Society of South Africa (ASSA).

Unearned premium reserve

Provision in respect of premiums written in the current year relating to future periods, is determined for all business on actual monies received in advanced. This is calculated by multiplying premium with the ratio of outstanding term to the original term of the policies in force.

Contingency reserve

The group raises a contingency reserve of 10% of written premiums in accordance with Namibian generally accepted insurance industry practice. The contingency reserve is transferred directly from distributable reserves to contingency reserves, and is reflected as a movement in the statement of changes in equity.

1.21 Solvency margin

The solvency margin is a measurement of the financial strength of a short–term insurer. It represents the shareholders' funds, expressed as a percentage of net premium income. This method of measurement is done in accordance with Section 20 of the Short–term Insurance Act of 1998.

1.22 Events after reporting date

Recognised amounts in the annual financial statements are adjusted to reflect events arising after the reporting date that proved evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note.

1.23 Earnings per share

The group determines earnings per share and headline earnings per share as follows:

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the net profit attributable to ordinary shareholders. For the purpose of calculating earnings per share, treasury shares are deducted from the number of ordinary shares in issue.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the net profit attributable to ordinary shareholders, adjusted for the after–tax dilutive effect.

Headline earnings per share

Headline earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 3/2012 issued by the South African Institute of Chartered Accountants (SAICA).

Diluted headline earnings per share

Headline earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares and is based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 3/2012 issued by the South African Institute of Chartered Accountants (SAICA).

Notes to the Consolidated Annual Financial Statements
for the year ended 31 March 2013

2 Statements and interpretations not yet effective

At the date of authorisation of these annual financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 1, First–time Adoption of International Financial Reporting Standards (Amendments for government loan with a below–market rate of interest when transitioning to IFRSs) – effective for annual periods beginning on or after 1 January 2013;

IFRS 1, First–time Adoption of International Financial Reporting Standards (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (repeat application, borrowing costs)) – effective for annual periods on or after 1 January 2013;

IFRS 7, Financial Instruments: Disclosures (Amendments related to the offsetting of assets and liabilities) – effective for annual periods beginning on or after 1 January 2013 and interim periods within those periods;

IFRS 7, Financial Instruments: Disclosures (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures) – effective for annual periods beginning on or after 1 January 2015;

IFRS 9, Financial Instruments (Original issue (Classification and measurement of financial assets)) – effective for annual periods beginning on or after 1 January 2013 (Effective date subsequently deferred, see below);

IFRS 9, Financial Instruments (Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements) – effective for annual periods beginning on or after 1 January 2013 (Effective date subsequently deferred, see below);

IFRS 9, Financial Instruments (Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures) – effective for annual periods beginning on or after 1 January 2015;

IFRS 10, Consolidated Financial Statements (New standard that replaces the consolidation requirements in SIC–12 Consolidation— Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess) – effective for annual periods beginning on or after 1 January 2013;

IFRS 10, Consolidated Financial Statements (Amendments to transitional guidance) – effective for annual periods beginning on or after 1 January 2013;

IFRS 10, Consolidated Financial Statements (Amendments for investment entities) – effective for annual periods beginning on or after 1 January 2014;

IFRS 11 Joint Arrangements (New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities) – effective for annual periods beginning on or after 1 January 2013;

IFRS 11 Joint Arrangements (Amendments to transitional guidance) – effective for annual periods beginning on or after 1 January 2013;

IFRS 12 Disclosure of Interests in Other Entities (New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles) – effective for annual periods beginning on or after 1 January 2013;

IFRS 12 Disclosure of Interests in Other Entities (Amendments to transitional guidance) – effective for annual periods beginning on or after 1 January 2013;

IFRS 12 Disclosure of Interests in Other Entities (Amendments for investment entities) – effective for annual periods beginning on or after 1 January 2014;

IFRS 13 Fair Value Measurement, New guidance on fair value measurement and disclosure requirements – effective for annual periods beginning on or after 1 January 2013;

IAS 1, Presentation of Financial Statements (New requirements to group together items within OCI that may be reclassified to the profit or loss section of the statement of comprehensive income in order to facilitate the assessment of their impact on the overall performance of an entity.) – effective for annual periods beginning on or after 1 July 2012;

IAS 1, Presentation of Financial Statements (Amendments resulting from annual improvements 2009–2011 cycle (comparative information)) – effective for annual periods beginning on or after 1 July 2012;

IAS 16, Property, Plant and Equipment (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (servicing equipment)) – effective for annual periods on or after 1 January 2013;

IAS 19, Employee Benefits (Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans) – effective for annual periods beginning on or after 1 January 2013;

IAS 27, Consolidated and Separate Financial Statements (Consequential amendments resulting from the issue of IFRS 10, 11 and 12) – effective for annual periods beginning on or after 1 January 2013;

IAS 27, Consolidated and Separate Financial Statements (Amendments for investment entities) – effective for annual periods beginning on or after 1 January 2014;

IAS 28, Investments in Associates (Consequential amendments resulting from the issue of IFRS 10, 11 and 12) – effective for annual periods beginning on or after 1 January 2013;

IAS 32, Financial Instruments: Presentation (Amendments relating to the offsetting of assets and liabilities) – effective for annual periods on or after 1 January 2014;

IAS 32, Financial Instruments: Presentation (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (tax effect of equity distributions)) – effective for annual periods on or after 1 January 2013;

IAS 34, Interim Financial Reporting (Amendments resulting from Annual Improvements 2009 – 2011 Cycle (interim reporting of segment assets)) – effective for annual periods on or after 1 January 2013; and

IFRIC 20, (Stripping Costs in the Production Phase of a Surface Mine) – effective for annual periods on or after 1 January 2013.

The Group does not envisage the adoption of these standards and interpretations until such time that they become applicable to the Group's operations.

The Board does not anticipate that the above standards and interpretations will have a material effect on the Group's annual financial statements.

3 Property, plant and equipment

	2013 Cost/ Valuation NAD'000	2013 Accumulated depreciation NAD'000	2013 Carrying amount NAD'000	2012 Cost/ Valuation NAD'000	2012 Accumulated depreciation NAD'000	2012 Carrying amount NAD'000
Group						
Land and buildings	**85 643**	**(378)**	**85 265**	79 022	(166)	78 856
Computer equipment and software	**26 965**	**(13 634)**	**13 331**	32 773	(24 804)	7 969
Machinery and equipment	**465**	**(322)**	**143**	9 145	(6 419)	2 726
Motor vehicles	**21 232**	**(3 777)**	**17 455**	16 366	(3 549)	12 817
Aircraft	**76 901**	**(18 464)**	**58 437**	71 148	(16 271)	54 877
Office equipment and furniture	**6 850**	**(2 215)**	**4 635**	7 729	(4 472)	3 257
	218 056	**(38 790)**	**179 266**	216 183	(55 681)	160 502

The following capitalised leased assets are included in property, plant and equipment:

	2013	2012
Motor vehicles (carrying value)	11 978	5 320

The carrying amount of property, plant and equipment can be reconciled as follows:

2013	Land & Buildings NAD'000	Computer equipment & software NAD'000	Machinery & equipment NAD'000	Motor vehicles NAD'000	Aircraft NAD'000	Office equipment & furniture NAD'000	**Total**
Carrying amount at beginning of year	**78 856**	**7 969**	**2 726**	**12 817**	**54 877**	**3 257**	**160 502**
Additions	**199**	**8 584**	**901**	**10 495**	**828**	**2 243**	**23 250**
Transfer from investment properties	**1 991**	**–**	**–**	**–**	**–**	**–**	**1 991**
Revaluations	**4 431**	**–**	**–**	**–**	**4 925**	**–**	**9 356**
Depreciation	**(212)**	**(3 166)**	**(262)**	**(1 444)**	**(2 193)**	**(865)**	**(8 142)**
Disposals	**–**	**(56)**	**(3 222)**	**(4 413)**	**–**	**–**	**(7 691)**
Carrying amount at the end of the year	**85 265**	**13 331**	**143**	**17 455**	**58 437**	**4 635**	**179 266**
2012							
Carrying amount at the beginning of the year	72 474	11 200	2 955	12 421	27 988	2 659	129 697
Additions	305	3 894	836	2 619	2 987	1 454	12 095
Non-cash additions	–	–	–	–	27 802	–	27 802
Transfer from investment properties	910	–	–	–	–	–	910
Revaluations	5 309	–	–	–	(3 200)	–	2 109
Depreciation	(142)	(2 620)	(1 032)	(1 263)	(700)	(538)	(6 295)
Transfer to intangible assets	–	(4 499)	–	–	–	–	(4 499)
Disposals	–	(6)	(33)	(960)	–	(318)	(1 317)
Carrying amount at the end of the year	78 856	7 969	2 726	12 817	54 877	3 257	160 502

3 Property, plant and equipment (continued)

If property, plant and equipment which are recognised on the revaluation model were stated on the historical cost basis, the carrying amounts would be as follows:

	Land and buildings NAD'000	Aircraft NAD'000	Total NAD'000
2013	**59 252**	**55 571**	**114 823**
2012	57 274	56 936	114 210

No impairment losses were recognised in profit or loss during the year.

The group's aeroplanes were valued by R Irons of ExecuJet Aviation Group during March 2013 using methods detailed in the International Recognised Blue Book for aircraft valuations. Neither R Irons nor ExecuJet Aviation Group are connected to the company. R Irons has recent experience in aeroplanes being valued.

Properties are stated at fair value, which has been determined based on valuations performed by Gert Hamman Property Valuers CC and A de Beer during March 2013, in accordance with International Valuation Standards. Gert Hamman Property Valuers CC and A de Beer are not connected to the group, are qualified property valuators and have recent experience in location and category of the property being valued. Commercial properties were valued by using the income capitalisation method. This method involves the determining of the net income of the property that will be capitalised at a rate sought by prudent investors to determine the capitalised value of the subject property. The expected income of the property will be determined by the comparison of the market rentals of similar properties.

Certain property, plant and equipment are encumbered as stated in note 24 and 25.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

4 Investment property

	Group		Company	
	2013 NAD'000	2012 NAD'000	**2013 NAD'000**	2012 NAD'000
Balance at the beginning of the year	**317 990**	232 829	**–**	–
Non-cash additions	**–**	319		
Additions	**3 364**	1 604	**–**	–
Transfer (to)/from property, plant and equipment	**(1 991)**	(910)	**–**	–
Disposals	**(1 420)**	(12 953)	**–**	–
Fair value adjustments	**26 304**	97 101	**–**	–
Balance at the end of the year	**344 247**	317 990	**–**	–

The following amounts, included in the statement of comprehensive income, relate to these properties:

Rental income	3 099	1 856	–	–
Direct operating expenses: income generating properties	724	279	–	–

Investment properties are stated at fair value on 31 March 2013, which has been determined based on valuations performed by Gert Hamman Property Valuers CC and A de Beer, in accordance with International Valuation Standards. Gert Hamman Property Valuers CC and A de Beer are not connected to the group, are qualified property valuators and have recent experience in location and category of the investment property being valued. The valuations were based on the direct sales comparison method, the income capitalisation method and the current market conditions.

Certain investment properties as described above has been mortgaged as security for liabilities described in note 24. A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

5 Intangible assets

	2013 Cost NAD'000	2013 Accumulated amortisation & impairment NAD'000	2013 Carrying amount NAD'000	2012 Cost NAD'000	2012 Accumulated amortisation & impairment NAD'000	2012 Carrying amount NAD'000
Group						
Computer software – Finite life	**23 057**	**(8 446)**	**14 611**	19 226	(4 144)	15 082
Computer software – Indefinite life	**205 977**	**(28 406)**	**177 571**	202 906	–	202 906
Trademarks, licenses and patents	**47 855**	**(11 956)**	**35 899**	46 021	(8 172)	37 849
Insurance book	**7 027**	**(2 458)**	**4 569**	6 194	(553)	5 641
	283 916	**(51 266)**	**232 650**	274 347	(12 869)	261 478

The carrying amount of intangible assets can be reconciled as follows:

2013	**Computer software Finite life NAD'000**	**Computer software Indefinite life NAD'000**	**Trademarks, licences & copyrights NAD'000**	**Insurance book NAD'000**	**Total NAD'000**
Carrying amount at the beginning of the year	**15 082**	**202 906**	**37 849**	**5 641**	**261 478**
Additions	**3 831**	**3 071**	**2 591**	**833**	**10 326**
Impairments	**–**	**(28 406)**	**–**	**–**	**(28 406)**
Amortisation	**(4 302)**	**–**	**(4 541)**	**(1 905)**	**(10 748)**
Carrying amount at the end of the year	**14 611**	**177 571**	**35 899**	**4 569**	**232 650**
2012					
Carrying amount at beginning of year	2 720	191 447	38 731	8 024	240 922
Additions	11 517	11 459	1 105	–	24 081
Disposals	(880)	–	–	–	(880)
Transfer from property, plant and equipment	4 499	–	–	–	4 499
Revaluations	–	–	–	(2 383)	(2 383)
Amortisation	(2 774)	–	(1 987)	–	(4 761)
Carrying amount at end of year	15 082	202 906	37 849	5 641	261 478

Computer software consists of items which have both indefinite useful lives as well as items with finite useful lives. Amortisation is not provided for on items with indefinite useful lives. Computer software with indefinite useful lives consists of a modulised software environment in the micro insurance segment in South African operations that manages various insurance back office processes including, but not limited to, collection, administration, quotation, re-conciliations and payment management. It is anticipated that South African operations will continue to use and improve on this system indefinitely. There is no foreseeable limit to the period over which this software are expected to generate net cash inflows. This software is tested for impairment annually. All other items are amortised on a straight–line basis over their useful lives.

The Institute of Open Learning (IOL) and Legal Shield trademarks, which are included under trademarks, licences & copyrights, are considered to have a finite life of 25 years. The Trustco Mobile patent, which is included under trademarks, licences and patents, and which was acquired in the 2011 financial year is considered to have a finite life of 10 years. The insurance book was acquired in the 2011 financial year through a business combination and was considered to have a finite life of five years. IOL began capitalising course development costs to intangible assets during 2012. The development that meets the requirements of IAS38 is capitalised where the group is certain that IOL has sufficient control over the educational copyright, materials and economic benefits to be gained thereon.

Impairment testing of intangibles

Indefinite useful life assets are tested annually for impairment based on the present value of expected future cash flow premium collection and administration. The recoverable amount of the intangible asset has been calculated using the value-in-use method. In the current period the South African segment reported a net loss after tax of NAD44.5m (before impairment charge), which gave rise to further indicators of impairment of the indefinite life intangible asset, which is all carried in South African and relates to a software system known as I-Edge & Trustcollect.

The recoverable amount of the intangible asset has been calculated using the value-in-use method. This calculation was performed using a pre-tax cash flow discounted at a pre-tax discount rate, based on a 5-year forecast performed by management that reflects historically observed growth rate and sales. Cash flows beyond 5 years are estimated using a long-term average rate discounted by inflation which is lower than the industry growth rate and projected inflation.

The key assumptions for the value-in-use calculation for the 2013 financial period are as follows:

	%
Gross Royalty rate applied to premium collection	4.00
Growth rate (post year 5)	3.50
Weighted average cost of capital (post tax)	13.95
Discount rate (pre-tax WACC plus risk premium)	22.86

Based on the value-in-use calculation performed above, an impairment charge of NAD28.4m was recognised to reflect the asset's recoverable amount.

6 Investment in subsidiaries

	Company	
	2013	2012
	NAD	NAD
Unlisted shares at cost		
Legal Shield Holdings (Pty) Ltd	**100**	100
Trustco Education (Pty) Ltd	**100**	100
Trustco Media (Pty) Ltd	**100**	100
Trustco Capital (Pty) Ltd	**100**	100
Trustco Corporate Management Services (Pty) Ltd	**100**	100
Trustco Business Development (Pty) Ltd	**100**	100
Trustco Tourism Holdings (Pty) Ltd	**100**	100
Trustco Group International (Pty) Ltd (inc. in Republic of South Africa)	**100**	100
Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)	**68 549 357**	68 549 357
Trustco Property Holdings (Pty) Ltd	**100**	100
Trustco Mobile Mauritius	**100**	100
	68 550 357	68 550 357

All subsidiaries are 100% held

7 Deferred taxation

	Group			Company		
	Opening balance	**Movement for the year**	**Closing balance**	**Opening balance**	**Movement for the year**	**Closing balance**
2013	**NAD'000**	**NAD'000**	**NAD'000**	**NAD'000**	**NAD'000**	**NAD'000**
Property, plant and equipment	**(19 902)**	**(4 733)**	**(24 635)**	–	–	–
Land	**(17)**	**–**	**(17)**	–	–	–
Investment properties	**(1 182)**	**–**	**(1 182)**	–	–	–
Intangible assets	**(2 013)**	**314**	**(1 699)**	–	–	–
Finance lease (assets) / liability	**950**	**782**	**1 732**	–	–	–
Prepayment	**(688)**	**103**	**(585)**	–	–	–
Provision for doubtful debts	**3 359**	**274**	**3 633**	–	–	–
Income received in advance	**3 334**	**(842)**	**2 492**	–	–	–
Provision for leave and bonuses	**541**	**97**	**638**	–	–	–
Deferred tax on assessed loss	**57 606**	**6 969**	**64 575**	–	–	–
	41 988	**2 964**	**44 952**	–	–	–
2012						
Property, plant and equipment	(13 479)	(6 423)	(19 902)	–	–	–
Land	(18)	1	(17)	–	–	–
Investment properties	(1 699)	517	(1 182)	–	–	–
Intangible assets	(1 355)	(658)	(2 013)	–	–	–
Finance lease (assets) / liability	1 616	(666)	950	–	–	–
Prepayment	(1 002)	314	(688)	–	–	–
Provision for doubtful debts	3 088	271	3 359	–	–	–
Income received in advance	(6 893)	10 227	3 334	–	–	–
Provision for leave and bonuses	476	65	541	–	–	–
Deferred tax on assessed loss	53 770	3 836	57 606	–	–	–
	34 504	7 484	41 988	–	–	–

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Non-current assets	**78 183**	73 136	**–**	–
Non-current liabilities	**(33 231)**	(31 148)	**–**	–
	44 952	41 988	**–**	–

Deferred tax assets and liabilities are only off-set when the income tax relates to the same legal entity or fiscal authority or they intend to settle the assets and liabilities on a net basis.

The realisation of deferred tax assets on assessed losses is dependent on the generation of future taxable profits. The group believe that assessed losses will be utilised through the generation of future taxable income.

8 Mortgage loan book

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Opening balance	–	–	–	–
	21 447	–	–	–
Loans advanced (including transaction costs)	6 008	–	–	–
Reclassification from other loans	17 536	–	–	–
Payments received	(2 097)	–	–	–
Closing balance	21 447	–	–	–
Non-current receivables	20 070	–	–	–
Current receivables	1 377	–	–	–

Mortgage loans originated from the sale of Lafrenz industrial property. The purchasers borrowed funds from Trustco Capital (Pty) Ltd, a subsidiary in the group at interest rates of 10.25%, repayable over an average of 235 monthly instalments of NAD 70 592. Loans are secured by industrial propeties sold. Personal surety is also obtained from respective buyers where deemed necessary. The carrying amounts approximates the fair value. None of the loans are past due or impaired.

9 Educational loans

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Educational loans advanced at the beginning of the year	266 055	225 601	–	–
Impairment of loans at the beginning of the year	(16 136)	(17 862)	–	–
Opening balance	249 919	207 739	–	–
	82 495	42 180	–	–
Loans advanced (including transaction costs)	212 861	154 279	–	–
Payments received	(129 222)	(113 825)	–	–
Bad debts written-off	(841)	–	–	–
(Increase) / decrease in impairment	(303)	1 726	–	–
Closing balance	332 414	249 919	–	–
Consisting of:				
Educational loans advanced at the end of the year	348 853	266 055	–	–
Impairment of loans at the end of the year	(16 439)	(16 136)	–	–
Closing balance	332 414	249 919	–	–
Less: short-term portion	(127 988)	(99 804)	–	–
Long term-portion	204 426	150 115	–	–
Reconciliation of impairment				
Opening balance	16 136	17 862	–	–
Provision for impairment raised/(released) during the year	303	(1 726)	–	–
Closing balance	16 439	16 136	–	–

The balance of educational loans that are overdue but not impaired amounted to NAD 8 475 785 (2012: NAD 5 839 015). Overdue but not impaired category comprises loans with payments that are outstanding for more than one month but not longer than three months. A provision for impairment is made on all loans with payments outstanding longer than three months. These loans bear interest at 18.5% (2012: 19.5%), are unsecured and repayable over periods between 12 and 60 months. The carrying amounts approximates the fair value.

The educational loan book serves as security for the facilities of ABSA, DEG, PROPARCO, AfDB and IFC, refer to note 24.

10 Other loans advanced

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Other loans	**14 247**	31 437	**–**	–
Provision for bad debts	**(11 909)**	(11 909)	**–**	–
	2 338	19 528	**–**	–
Non-current receivables	**4 514**	5 842		
	6 852	25 370		
Less: Short-term portion	**(1 160)**	(804)	**–**	–
	5 692	24 566	**–**	–
Reconciliation of other loans				
Opening balance	**31 437**	31 348	**–**	–
Advances	**362**	117	**–**	–
Repayments	**(16)**	(28)	**–**	–
Reclassifications to mortgage loans	**(17 536)**	–	**–**	–
Closing balance	**14 247**	31 437	**–**	–

The non-current receivable originated from the 2009 year when the group acquired the minority interest in Printas (Pty) Limited. The agreement includes an amount of damages that the seller has to pay to the group for the cancellation of the printing contract of NAD 10m. The group agreed to lend this amount to the seller interest free and repayable over 10 years in equal payments of NAD 1m. The loan was fair valued by discounting it at 10% per annum over a period of 10 years.

Other loans originated from the sale of non-core business divisions to various parties and the sale of Lafrenz industrial property as currently disclosed under work in progress (note 14). The purchasers borrowed funds from Trustco Capital (Pty) Ltd, a subsidiary in the group at interest rates ranging between 8% and 10%, repayable over an average period of 204 months (2012 : 216) at an average instalment of NAD 81 565 (2012: NAD 81 565). Personal surety also obtained from respective buyers where deemed necessary. The reclassification of mortgage loans relates to loans approved by Trustco Capital (Pty) Ltd in 2012 relating to properties sold by the group from the Land Bank which were secured by the related property security in the current period. The group raised a provision for bad debts in the financial year amounting to NAD 11.9m on loans from the sale of the non-core business sold during the 2010 financial year. Legal proceedings have been instituted against the relevant parties.

These loans are classified as 'loans and receivables' for IAS 39 Financial Instruments: Recognition and Measurement purposes. The carrying amounts approximates the fair value.

11 Finance lease receivable

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Minimum lease payments				
Within one year	–	500	–	–
In the second to fifth years inclusive	–	–	–	–
	–	500	–	–
Less: unearned finance income	–	(43)	–	–
	–	457	–	–
Present value of minimum lease payments				
Within one year	–	457	–	–
In the second to fifth years inclusive	–	–	–	–
	–	457	–	–

The finance lease beared interest at a rate linked to the variable bond rate of Namibia and was unsecured. The average effective interest rate was approximately 7.5% (2012: 7.5%) per annum. Assets leased under finance leases did not have any residual values. The finance lease was repaid during the year.

12 Amounts (due to) / due by related parties

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Subsidiaries of the Company				
Trustco Intellectual Property Holdings (Pty) Ltd	**–**	–	**(30)**	(30)
Institute for Open Learning (Pty) Ltd	**–**	–	**3 621**	3 621
Trustco Insurance Ltd	**–**	–	**(8 768)**	(3 709)
Trustco Newspapers (Pty) Ltd	**–**	–	**4 973**	5 000
Trustco Financial Services (Pty) Ltd	**–**	–	**64 812**	604
Trustco Education (Pty) Ltd	**–**	–	**20 000**	20 000
Trustco Media (Pty) Ltd	**–**	–	**300**	322
Trustco Business Development (Pty) Ltd	**–**	–	**43**	–
Trustco Air Services (Pty) Ltd	**–**	–	**(450)**	–
Legal Shield Holdings (Pty) Ltd	**–**	–	**(7 325)**	(7 325)
Trustco Mobile (Pty) Ltd	**–**	–	**–**	(6 128)
Printas (Pty) Ltd	**–**	–	**(5 000)**	–
Trustco Life Ltd	**–**	–	**(1 600)**	–
Trustco Fleet Management Services (Pty) Ltd	**–**	–	**2 656**	2 656
Trustco Group International (Pty) Ltd (Inc. in Republic of Namibia)	**–**	–	**88 573**	102 209
Trustco Group International (Pty) Ltd (Inc. in Republic of South Africa)	**–**	–	**43 313**	39 646
Trustco Finance (Pty) Ltd	**–**	–	**(15 747)**	(16 522)
Trustco Capital (Pty) Ltd	**–**	–	**138 348**	127 544
Other related parties				
Trustco Staff Share Incentive Scheme Trust	**–**	–	**(12 710)**	(10 828)
Next Investments (Pty) Ltd	**8 482**	(1 413)	**21**	–
	8 482	(1 413)	**315 030**	257 060
Non-current assets	**–**	–	**366 660**	301 602
Current assets	**8 482**	–	**–**	–
Non-current liabilities	**–**	–	**(51 630)**	(44 542)
Current liabilities	**–**	(1 413)	**–**	–
	8 482	(1 413)	**315 030**	257 060

The balance owing by Next Investments (Pty) Ltd is unsecured, bears interest at the Namibian prime lending rate (9.25% at year end) and is repayable within the next 12 months.

The loan to Trustco Financial Services (Pty) Ltd is unsecured, bears interest at the South African prime lending rate plus 1% (9.5% at year end) and is repayable over the next five years in 13 equal instalments of R11.8m beginning on 31 October 2014. The loan to Trustco Group International (Pty) Ltd (Inc. in the Republic of South Africa) is unsecured, bears interest at the Namibian prime lending rate (9.25% at year end) and has no fixed terms of repayment other than not being repayable in the next 12 months. Other loans to / (from) related parties, all of which are with direct or indirect subsidiaries (Inc. in the Republic of Namibia) are unsecured, bear interest at rates that is determined by the directors from time to time (the rates at year end were between 0% to 9.25% per annum) and have no fixed terms of repayment, other than not being repayable within the next 12 months.

13 Assets at fair value through profit and loss

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Opening balance	**–**	25 699	**–**	–
Additions	**–**	4 223	**–**	–
Interest earned	**–**	2 378	**–**	–
Redemption of investment	**–**	(32 300)	**–**	–
Investments in balanced funds with no specific date of maturity	**–**	–	**–**	–

All investments were disposed of in the 2012 financial year.

14 Inventories

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Work in progress	**1 633**	9 011	**–**	–
Finished goods	**8 787**	3 556	**–**	–
Non-stock and consumables	**–**	56	**–**	–
	10 420	12 623	**–**	–

No inventories have been required to be written-down to net realisable value during the year under review.

Work in progress of NAD 1.6 million (2012: NAD 9.01 million) relates to Lafrenz industrial land, Windhoek. The group is in the process of selling the remaining industrial erven from phase I of development.

The Lafrenz land included in work in progress has been used as security for the mortgage liability described in note 24.

15 Trade and other receivables

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Trade receivables	**75 763**	54 466	**–**	–
Property sales receivables	**155 616**	218 001	**–**	–
Less: impairment of receivables	**(294)**	(349)	**–**	–
	231 085	272 118	**–**	–
Prepayments	**4 303**	3 350	**253**	33
State: other taxes receivable	**4 994**	8 337	**–**	–
Other receivables	**30 800**	33 620	**–**	–
	271 182	317 425	**253**	33
Movement in impairment				
Opening balance	**349**	349	**–**	–
Impairment losses reversed	**(55)**	–	**–**	–
Closing balance	**294**	349	**–**	–

No trade and other receivables have been pledged as collateral for liabilities or contingent liabilities.

As at 31 March 2013, trade and other receivables of NAD 250.4 million (2012: NAD 36.7 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these receivables is as follows:

1 to 3 months	**22 497**	1 662	**–**	–
3 to 6 months	**34 867**	1 240	**–**	–
Older than 6 months	**193 085**	33 831	**–**	–
	250 449	36 733	**–**	–

The other classes within trade and other receivables do not contain assets that should have been impaired. The maximum exposure to credit risk at the reporting date is the carrying amount. The group does not hold any collateral as security.

All receivables not recoverable, have been impaired.

Included in receivables 'Older than six months' is an amount of NAD 42.1 million that relates to royalties due by Econet. The contract with Econet in Zimbabwe expired during February 2012. The group recognised royalties in terms of the contract for the year, except for period from 1 June 2011 to 31 October 2011, as Econet provided only partial data, instead of Trustco having full access to all relevant data. Where no data was available, no royalties were recognised. Trustco instituted legal action against Econet to recover all outstanding royalties. No liability was raised in respect of the insurance premiums for the period from 1 June 2011 to 17 February 2012, as the group believes that they do not have a constructive obligation to do so. In addition, no asset was raised as a result of the loss of income for the remainder of the contract period subsequent to 31 October 2011.

Litigation continues on the above matter.

Legal proceedings to recover all outstanding amounts due by Econet are ongoing. The directors are confident that the amount due is fully recoverable.

16 Cash and cash equivalents

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Cash at bank and on hand	**46 756**	100 841	**41**	36
Short-term bank deposits	**168**	159	**-**	-
	46 924	101 000	**41**	36

17 Share capital

	Number of shares '000	Share capital NAD'000	Share premium NAD'000	Total NAD'000
Authorised				
At 31 March 2013: 2 500 000 000 ordinary par value shares of NAD 0.23	2 500 000	575 000	–	575 000
At 31 March 2012: 2 500 000 000 ordinary par value shares of NAD 0.23	2 500 000	575 000	–	575 000
Issued and fully paid				
Balance as at 01 April 2011	707 142	162 645	–	162 645
Movement during the year	–	–	–	–
Balance as at 31 March 2012	707 142	162 645	–	162 645
Balance as at 01 April 2012	707 142	162 645	–	162 645
Share issue	30 000	6 900	24 600	31 500
Balance at 31 March 2013	737 142	169 545	24 600	194 145

The unissued shares are under the control of the directors for which renewed authority is to be sought at the forthcoming annual general meeting.

The Company issued 30 000 000 ordinary shares on 10 July 2012. The shares were issued at par value of NAD 0.23 per share and a premium of NAD 0.82. The shares were listed on the Namibian Stock Exchange and the JSE Limited in compliance Schedule 6 of the listing requirements and were issued in terms of the general authority of the directors of the company for cash.

18 Deemed treasury shares

	Number of shares 2013	Number of shares 2012	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Opening balance	**6 000 000**	29 266 630	**3 840**	18 731	**3 840**	18 731
Sale of deemed treasury shares	**(6 000 000)**	(23 266 630)	**(3 840)**	(14 891)	**(3 840)**	(14 891)
	–	6 000 000	**–**	3 840	**–**	3 840

The purpose of the share purchase was to facilitate a Staff Share Incentive Scheme that was approved at the annual general meeting on 15 August 2007. All shares as at 31 March 2013 have now been disposed of and the Trust has been dissolved. The group does not intend on carrying on a similar scheme in future.

19 Vendor shares

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Balance at beginning of year	14 976	14 976	14 976	14 976
Vendor shares movement	–	–	–	–
Balance at the end of the year	14 976	14 976	14 976	14 976

On 1 November 2007 the group acquired all of the shares in Trustco Financial Services (Pty) Limited ('TFS') (previously DexGroup Financial Services (Pty) Ltd. In terms of the agreement the group had to pay NAD20 million in cash upfront and a further NAD45 million by issuing a fixed number of shares. These shares have been issued from 2008 to 2010 based on pro rata net profit after tax of TFS in each year. Total amount of shares to be issued upon final payment is 4.789 million.

The purchase agreement perfected subsequently as TFS achieved its profit targets. At the time of perfection, DexGroup did not settle the overdraft facility of NAD19.4 million, which was a condition of the agreement. The vendor shares were reversed in 2010 financial year as DexGroup did not settle the overdraft facility and the debt of DexGroup was impaired as there was uncertainty regarding recoverability of the amount due to the group by DexGroup.

19 Vendor shares (continued)

Arbitration proceedings were instituted to collect the outstanding amounts and the hearing commenced on 1 November 2010. On 29 November 2010, the arbitrator between DexGroup versus Trustco Group International (Pty) Limited, incorporated in South Africa, (Trustco Group International) and others, delivered his final award. In terms of the award, DexGroup remains liable to Trustco Group International to repay the overdraft facility of NAD19.4 million. Upon discharge of this obligation, DexGroup is entitled to the issue and transfer of ordinary shares (vendor shares) in Trustco Group Holdings Limited and the provision for vendor shared was raised in 2011.

The net debt due by DexGroup, previously impaired, was reversed in the 2011 year, due to the award of the arbitrator and new developments in the financial position of DexGroup. It is the opinion of the directors that DexGroup is now in the position to repay the amount owed to Trustco Group International.

The award of the arbitrator has been taken on review and this process is close to finality, the matter is currently pending before the appeal court.

20 Contingency reserves

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Policyholders' contingency reserve				
Balance at the beginning of the year	**2 970**	2 361	**–**	–
Increase in reserve	**1 640**	609	**–**	–
Balance at the end of the year	**4 610**	2 970	**–**	–

The group raises a contingency reserve of 10% of written premiums in accordance with generally accepted insurance industry practice. The contingency reserve is transferred directly from distributable reserves to contingency reserves, and is reflected as a movement in the statement of changes in equity.

21 Put options

	Number of shares		Group		Company	
			2013	2012	**2013**	2012
	2013	2012	**NAD'000**	NAD'000	**NAD'000**	NAD'000
Opening balance	**74 331 920**	–	**52 832**	–	**52 832**	–
Issue of options shares	**–**	74 331 920	**–**	52 832	**–**	52 832
Closing balance	**74 331 920**	74 331 920	**52 832**	52 832	**52 832**	52 832

On 21 October 2011 the group entered into an agreement with a long time shareholder, The Renaissance Africa Master Fund ("the Fund"), to repurchase 10.5% of the issued share capital of the company through the exercise of a put option by the Fund or the exercise of a call option by the company ("the share repurchase"). All approvals were obtained at a general meeting of Trustco shareholders during January 2012. The group has accounted for the transaction through the recognition of put option in equity and a concurrent liability for the settlement. At time of reporting neither party has exercised any of their rights in terms of the agreement. The put option can be exercised at a strike price of NAD 70 cents per share and the call option at a strike price of NAD 1.10 per share.

The options will expire in November 2013.

22 Revaluation reserves

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Balance at the beginning of the year	**16 806**	15 414	**–**	–
Release of revaluation reserve to distributable reserve	**(1 278)**	–	**–**	–
Revaluation of property, plant and equipment	**9 356**	2 109	**–**	–
Deferred tax on revaluation	**(3 087)**	(717)	**–**	–
Balance at the end of the year	**21 797**	16 806	**–**	–

23 Foreign currency translation reserve

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Balance at the beginning of the year	**–**	–	**–**	–
Movement during the year	**2 790**	–	**–**	–
Deferred tax effect	**(921)**	–	**–**	–
Balance at the end of the year	**1 869**	–	**–**	–

24 Long-term liabilities

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Secured				
Term loans	**220 910**	127 880	**–**	–
Mortgage loans	**59 728**	81 646	**–**	–
Liabilities under instalment sale agreements	**36 056**	32 266	**–**	–
Operating lease straight lining liability	**–**	1 256	**–**	–
Claims float	**12 787**	3 000		
	329 481	246 048	**–**	–
Current portion included under current liabilities	**(40 764)**	(34 117)	**–**	–
	288 717	211 931	**–**	–
Current liabilities	**40 764**	34 117	**–**	–
Non-current liabilities	**288 717**	211 931	**–**	–
	329 481	246 048	**–**	–

The term loans consists of:

- Loan from the Development Bank of Namibia Ltd amounting to NAD 3.45m which is repayable in 12 equal quarterly payments of NAD 902 926 (2012: NAD 902 926) that bears interest at prime lending rate (9.25%) less 3% per annum.
- Loan from International Finance Corporation (IFC) of NAD 74.67m repayable in 10 equal semi-annual payments of NAD 8.0m from December 2012 bearing an average interest of 13.02%.
- Loan from ABSA Bank Ltd amounting to NAD 26.07m which is repayable in 36 equal monthly instalment of NAD 811 056 including interest of South African prime lending rate (8.50%) minus 1%.
- Loan from PROPARCO amounting to NAD 50.4m are repayable in 10 equal semi-annual of 10% of aggregate amount due, bearing a average interest of three month Johannesburg Interbank Agreed Rate (JIBAR 5.12%) plus 3% per annum. The first instalment is due in February 2015.
- Loan from DEG amounting to NAD 50.4m are repayable in 10 equal semi-annual of 10% of aggregate amount due bearing a average interest of three month Johannesburg Interbank Agreed Rate (JIBAR 5.12%) plus 3% per annum. The first instalment is due in February 2015.
- Loan from AfDB amounting to NAD 25.4 is repayable in 10 equal semi-annual of 10% of aggregate amount due bearing a average interest of Johannesburg Interbank Agreed Rate (JIBAR) 5.12% plus 3% per annum. The first instalment is due in October 2014. As at year end the Group had an unutilised loan facility of NAD 40 million.
- Total term loans is presented net of transaction costs. Carrying value of these costs as at 31 March was NAD 9.5m (2012: nil)

The mortgage loans are secured over land and buildings and investment properties with carrying values of NAD 85.3m (2012: NAD 78.9m) and NAD 49.3m (2012: NAD 55.1m), respectively and repayable in monthly instalments up to 18 years of NAD 788 095 (2012: NAD 871 945) including interest at home loan rates ranging between 6.50% and 10.50% (2012: 7.00% and 10.75%).

Liabilities under instalment sale agreements are payable over periods from one to five years at effective interest rates ranging from 8.00% to 12.00% (2012: 8.00% to 12.00%) per annum. These liabilities are repayable in monthly instalments of approximately NAD 799 216 (2012: NAD 610 294) and are secured over machinery and equipment and aircraft with a carrying amount of NAD 39.3m (2012: NAD 67.3m).

The following additional securities are in place for term loans and mortgage loans:

- Share pledged by Q van Rooyen to serve as security for the Development Bank of Namibia Ltd loan (included under term loans above);
- Share pledge granted by Trustco Group Holdings Limited and Trustco Education (Pty) Ltd in favour of IFC;
- Unlimited surety by Q van Rooyen and C van Rooyen in favour of Bank Windhoek Ltd;
- Unlimited surety by Q van Rooyen in favour of ABSA Bank Ltd;
- First cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Loan Book, to be shared *parri passa* with the IFC and ABSA; and
- Second cession by Trustco Finance (Pty) Ltd of the Trustco Finance Student Loan Book, to be shared parri passu with the IFC, AfDB, ABSA DEG and PROPARCO.

The carrying amounts approximates the fair value.

25 Other liabilities

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Finance lease obligations				
Minimum lease payments due				
- within one year	**3 740**	2 452	**–**	–
- in second to fifth year inclusive	**3 195**	766	**–**	–
	6 935	3 218	**–**	–
less: future finance charges	**(829)**	(339)	**–**	–
Present value of minimum lease payments	**6 106**	2 879	**–**	–
Present value of minimum lease payments due				
- within one year	**4 516**	2 622	**–**	–
- in second to fifth year inclusive	**1 590**	257	**–**	–
	6 106	2 879	**–**	–
Non-current liabilities	**1 590**	257	**–**	–
Current liabilities	**4 516**	2 622	**–**	–
	6 106	2 879	**–**	–

Liabilities under finance leases are repayable over periods from one to three years at an effective interest rate of prime lending rate (9.25%) plus 0.25% (2012: 9.75%) per annum. These liabilities are repayable in monthly instalments of approximately NAD 509 788 (2012: NAD424 526) and are secured over motor vehicles with a carrying amount of NAD 12.m (2012: NAD 5.m).

26 Policyholder liability under insurance contracts

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Balance at beginning of year	**10 684**	8 307	**–**	–
Movement during the year	**5 903**	2 377	**–**	–
Balance at end of year	**16 587**	10 684	**–**	–

The reserving method is split into two methodologies namely: Prospective valuation and Retrospective valuation. Prospective valuation is used to compute the basic reserve and retrospective reserve calculation is used to compute claims Incurred But Not Reported ("IBNR").

Process used to decide on assumptions

Assumptions used in the valuation of policyholder liabilities are set by reference to local guidelines and where applicable to the ASSA guidance. Economic assumptions are set by reference to local economic conditions at the valuation date.

Changes in assumptions

Modelling and other assumption changes were made to realign valuation assumptions with expected future experience. These changes resulted in a net increase in actuarial liabilities of NAD41 311.

The primary items were:

- The best estimate interest rate decreased from 6.75% to 2.25%. The assumed rate includes a 3% mismatch margin and is in line with actual past investment earnings
- Best estimate expense assumption for funeral and individual insurance decreased from 21.96% to 18.83%.

Capital adequacy for Life business

The solvency position determined in accordance with the Namibian Long Term Insurance Act, 1998, is summarised below:

	Actuarial calculation for Life business only 31 March 2013 NAD'000	31 March 2012 NAD'000
Excess of assets over liabilities	**34 654**	30 157
Minimum statutory requirement	**4 000**	4 000
ASSA Capital adequacy benchmark*	**13 711**	16 071
CAR ratio*	**253%**	188%

* Note that the ASSA CAR is not a requirement of the Act, it is based on ASSA's SAP104.

The CAR is a more onerous measure of solvency in line with international requirements.

27 Trade and other payables

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Trade creditors	**13 088**	29 823	**1 036**	46
Income received in advance	**507**	3 209	**–**	–
Accrued expenses	**530**	4 565	**2 512**	1 560
State: other taxes due	**23 049**	30 325	**344**	351
Other payables	**10 820**	8 432	**–**	–
Put option liability	**52 032**	52 832	**52 032**	52 832
Insurance premiums due to insurers*	**25 649**	103 583	**–**	–
External broker commission payable*	**3 479**	3 965	**–**	–
Administered claims fund*	**–**	19 589	**–**	–
	129 154	256 323	**55 924**	54 789

** These liabilities relate to amounts due by Trustco Financial Services (Pty) Ltd (TFS), a wholly-owned subsidiary of the group.*

Insurance premiums due to insurers are in respect of premiums collected on behalf of insurers. The amount represents premiums collected net of any fees due to the group in terms of the service agreements in place with the insurers. Amounts due to financial service providers result from amounts administered on behalf of financial service providers and insurers. External broker commission payable represents commission due to financial services intermediaries as a result of premiums collected from insurees by TFS. Claims funds due to insurers relates to amounts due in respect of claims advanced from insurers to TFS, payable to the insured for claims approved by insurer but not due. As per the requirement of the Short-term Insurance Act (Act 58 of 1998) of South Africa, as amended, certain guarantees are in place as disclosed per note 30. These liabilities form part of the micro insurance and technology solutions: South Africa. Refer to note 46 on segmental information.

28 Technical provisions

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
28.1 Provision for IBNR				
Balance at beginning of year	**2 691**	2 448	**–**	–
Transfer from profit or loss in statement of comprehensive income	**696**	243	**–**	–
Balance at end of year	**3 387**	2 691	**–**	–
28.2 Provision for outstanding claims				
Long-term insurance contracts				
Balance at beginning of year	**182**	122	**–**	–
Increase in outstanding claims recognised in profit or loss	**134**	60	**–**	–
Balance at end of year	**316**	182	**–**	–
Short-term insurance contracts				
Balance at beginning of year	**6 589**	7 895	**–**	–
Increase / (decrease) in outstanding claims recognised in profit or loss	**830**	(1 306)	**–**	–
Balance at end of year	**7 419**	6 589	**–**	–
Total provision for outstanding claims	**7 735**	6 771	**–**	–
28.3 Unearned premium reserve				
Long-term insurance contracts				
Balance at beginning of year	**1 856**	1 971	**–**	–
Increase / (decrease) in unearned premiums recognised in profit or loss	**219**	(115)	**–**	–
Balance at end of year	**2 075**	1 856	**–**	–
Short-term insurance contracts				
Balance at beginning of year	**6 599**	5 992	**–**	–
Increase in unearned premiums recognised in profit or loss	**762**	607	**–**	–
Balance at end of year	**7 361**	6 599	**–**	–
Total unearned premium reserve	**9 436**	8 455	**–**	–
Total technical provisions	**20 558**	17 917	**–**	–

29 Bank overdraft

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
The Group's available banking facilities and the extent to which they have been used are as follows:				
Available	**22 951**	17 500	**–**	–
Utilised	**564**	11 769	**69**	493

These banking facilities are secured as follows:

- Cession of covering mortgage bond over Lafrenz property to Bank Windhoek Ltd.

30 Contingent liabilities and guarantees

Econet

The contract with Econet in Zimbabwe expired during February 2012. The group has recognised revenue as per the limited data provided by Econet while the legal process to recover damages and outstanding royalties continues. No liability was raised in respect of the insurance premiums for the period 1 June 2011 to 17 February 2012 as the Group believe that they do not have a constructive obligation. In addition, no asset was raised as a result of the loss of income for the remainder of the contract period, subsequent to 30 September 2011. Based on various legal opinions obtained, the group has chosen not to impair the related financial asset or quantify any possible obligation. A counter-claim of USD 455 500 has been submitted by Econet to this matter. A judgement is being sought on both the settlement of the matter and the qualification of damages, this should be resolved in 2014.

Guarantees

Guarantees In terms of section 45 of the Short-term Insurance Act of South Africa, 1998, an entity must be in possession of an Intermediaries Guarantee Facility Limited (IGF) guarantee in order to collect short-term insurance premiums. An IGF guarantee to the amount of NAD90 million was taken out by Trustco Intermediary Solutions (Pty) Ltd, an indirect subsidiary of the Company. IGF required that Trustco Intermediary Solutions (Pty) Ltd obtains an underlying guarantee from an insurer. Trustco Intermediary Solutions (Pty) Ltd obtained such guarantee from Constantia Insurance Company Ltd (CICL) who placed the guarantee on the condition that the Company would issue a deed of surety and that Q van Rooyen cede 33 000 000 shares in the Company. The Company and Q van Rooyen met the condition set by CICL.

31 Capital commitments

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Approved by directors but not contracted for:				
Property, plant and equipment	**22 029**	73 500	**–**	–
Investment property	**14 700**	–	**–**	–
	36 729	73 500	**–**	–

This expenditure will be financed from existing borrowing facilities and from internally generated funds. No part of this expenditure has been contracted for at year-end.

32 Revenue

Revenue comprises turnover, which excludes value-added tax and represents the invoiced value of goods and services supplied.

Major classes of revenue comprise:

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Insurance premium revenue	**150 710**	126 302	**–**	–
Broker commission and fees (administration, premium handling and claims administration)	**174 628**	309 229	**–**	–
Microfinance income (interest and fees received on loan book)	**56 329**	44 561	**–**	–
Tuition and other related fees	**85 313**	70 005	**–**	–
Rental income	**3 100**	1 855	**–**	–
Charter income	**16 990**	9 471	**–**	–
Advertising revenue	**6 247**	4 773	**–**	–
SMS revenue	**346**	692	**–**	–
Trustco Mobile	**499**	29 076	**–**	–
Property sales	**101 077**	117 340	**–**	–
Management fees	**–**	–	**3 600**	3 600
Total revenue	**595 239**	713 304	**3 600**	3 600

32 Revenue (continued)

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Insurance income can be analysed as follows:				
Long-term insurance contracts				
Gross premium written	**66 078**	58 107	**–**	–
Increase / (decrease) in deferred income	**(219)**	115	**–**	–
	65 859	58 222	**–**	–
Short-term insurance contracts				
Gross premium written	**84 632**	68 195	**–**	–
Increase in deferred income	**(762)**	(607)	**–**	–
	83 870	67 588	**–**	–
Total insurance income	**150 710**	126 302	**–**	–
Aggregate change in deferred income	**(981)**	(492)	**–**	–

33 Cost of sales

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Cost of goods sold	**109 936**	42 046	**–**	–
Cost of services rendered	**130 258**	278 322	**–**	–
	240 194	320 368	**–**	–

34 Claims and benefits paid on insurance contracts

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Long-term insurance contracts				
Death claims paid	**11 005**	6 535	**–**	–
Increase in provision for outstanding claims	**134**	59	**–**	–
	11 139	6 594	**–**	–
Short-term insurance contracts				
Claims paid out	**14 052**	13 341	**–**	–
Increase in provision for IBNR	**696**	243	**–**	–
Increase / (decrease) in provision for outstanding claims	**830**	(1 306)	**–**	–
	15 578	12 278	**–**	–
Total claims	**26 717**	18 872	**–**	–

35 Profit before taxation

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
This is arrived at after taking into account the following :				
Included in Other income is the following:				
Profit on foreign exchange differences	**4 078**	–	**–**	–
Profit on disposal of property, plant and equipment	**–**	156	**–**	–
Profit on disposal of investment properties	**180**	4 447	**–**	–
Included in Administration expenses is the following:				
Depreciation, amortisation and impairment losses				
- Property, plant and equipment	**8 142**	6 295	**–**	–
- Intangible assets	**39 154**	4 761	**–**	–
Auditors' remuneration				
- Audit fees	**3 300**	1 488	**599**	327
Increase / (decrease) in the provision for doubtful debts relating to the micro-finance student loan book	**303**	(1 726)	**–**	–
Loss on disposal of property, plant and equipment	**774**	–	**–**	–
Impairment of loans and receivables and bad debts written-off	**2 099**	–	**–**	–
Loss on foreign exchange	**–**	7	**–**	–

36 Directors' emoluments

2013	Share holding Shares (direct) '000	Remuneration Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Retirement & medical NAD'000	Other benefits NAD'000	Total NAD'000
Holding Company directors							
Executive Directors							
Q. van Rooyen (Managing Director)*	392 554	–	–	–	–	–	–
F.J. Abrahams	1 043	–	902	–	–	54	956
R. McDougall (Finance Director - appointed 31 March 2013)	226	–	–	–	–	–	–
A.L. Bock (resigned 31 March 2013)	200	–	1 300	200	–	–	1 500
	394 023	–	2 202	200	–	54	2 456
Non-executive directors							
T Mberirua *(resigned 1 April 2012)*	–	23	–	–	–	–	23
W. Geyser	–	203	–	–	–	–	203
Dr T. Aupindi *(resigned 15 March 2012)*	–	15	–	–	–	–	15
Adv. R Heathcote	–	339	–	–	–	–	339
R. Taljaard	–	94	–	–	–	–	94
V. de Klerk	16	131	–	–	–	–	131
J. Mahlangu *(appointed 4 February 2012)*	–	22	–	–	–	–	22
	16	827	–	–	–	–	827
Subsidiary company directors							
Executive Directors							
J. Jones	2 228	–	1 241	–	85	–	1 326
J. van den Heever *(resigned 31 March 2013)*	820	–	879	–	47	–	926
Dr. C.J. Powell *(resigned 31 March 2013)*	763	–	821	–	60	–	881
A. Lambert	76	–	515	60	49	–	624
I. Barnard *(resigned 30 July 2012)*	–	–	453	–	3	–	456
E. Cockroft *(resigned 30June 2012)*	–	–	242	–	11	–	253
E. du Toit	–	–	549	–	82	–	631
E. Janse van Rensburg	264	–	611	51	34	–	696
I. Calitz	21	–	421	–	39	–	460
A.J. Bornman	128	–	804	–	1	–	805
B. Kandetu	–	–	424	–	14	–	438
B. du Plessis *(resigned 30 September 2012)*	–	–	612	–	50	–	662
D. Caine	–	–	808	–	192	–	1 000
	4 300	–	8 380	111	667	–	9 158
Total	398 339	827	10 582	311	667	54	12 441

No share transactions were carried out by directors after year end and the date of approval of the integrated annual report.

*Q. van Rooyen is not remunerated by Trustco. For further details on payments made to him by virtue of his shareholding in Trustco and other related parties refer to note 12 and 44.

36 Directors' emoluments (continued)

	Share holding Shares (direct) '000	Remuneration Fees NAD'000	Basic NAD'000	Bonuses NAD'000	Retirement & medical NAD'000	Other benefits NAD'000	Total NAD'000
2012							
Holding Company directors							
Executive Directors							
Q. van Rooyen *(Managing Director)*	392 554	–	–	–	–	–	–
F.J. Abrahams *(Financial Director)*	843	–	748	366	51	1	1 166
A.L. Bock *(appointed 19 August 2011)*	–	–	1 261	–	–	1	1 262
	393 397	–	2 009	366	51	2	2 428
Non-executive directors							
M. Nashandi	15	49	–	–	–	–	49
W. Geyser	–	128	–	–	–	–	128
T. Mberirua *(resigned 1 April 2012)*	–	170	–	–	–	–	170
Dr T. Aupindi *(resigned 15 March 2012)*	–	144	–	–	–	–	144
Adv. R Heathcote	–	168	–	–	–	–	168
V. de Klerk	16	85	–	–	–	–	85
	31	744	–	–	–	–	744
Subsidiary company directors							
Executive Directors							
J. Jones	2 028	–	1 188	448	80	1	1 717
J. van den Heever	620	–	845	284	47	1	1 177
Dr. C.J. Powell	669	–	873	348	67	1	1 289
A. Lambert	61	–	500	83	29	1	613
I. Barnard *(resigned 30 July 2012)*	–	–	1 192	–	–	–	1 192
J. Wessels *(resigned 31 January 2012)*	–		1 818	–	368	1 042*	3 228
E. Cockroft *(resigned 30 June 2012)*	–	–	615	–	30	–	645
E. du Toit	–	–	548	–	67	–	615
E Janse van Rensburg	264	–	567	195	27	1	790
B. du Plessis	50	–	844	–	84	–	928
D. Caine	–	–	146	–	161	–	307
I. Calitz *(appointed 29 March 2012)*	13	–	321	13	15	–	349
A.J. Bornman *(appointed 29 March 2012)*	128	–	585	–	–	–	585
B. Kandetu *(appointed 29 March 2012)*	–	–	255	–	13	–	268
S.W.A. Castro Carballo *(resigned 31 January 2012)*	16	–	537	–	69	196*	802
	3 849	–	10 834	1 371	1 057	1 243	14 505
Total	397 277	744	12 843	1 737	1 108	1 245	17 677

These payments relate to retrenchment and restructuring benefits received by directors when their employment contracts were terminated by mutual agreement.

37 Staff costs

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Salaries and wages	**116 864**	81 099	**120**	30
Medical aid and employee fund contributions	**3 586**	6 065	**–**	–
	120 450	87 164	**120**	30

38 Investment income

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Interest received				
- Bank	**307**	2 115	**10**	16
- Related party loans	**–**	–	**19 160**	12 751
- External party loans	**3 191**	22 305	**–**	–
- Finance lease receivable	**318**	81	**–**	–
- Investments	**33**	8	**–**	–
	3 849	24 509	**19 170**	12 767
Dividends received	**–**	–	**40 128**	39 850
	3 849	24 509	**59 298**	52 617

Investment income earned on financial assets, analysed by category of asset, is as follows:

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Loans and receivables (including cash and bank balances)	**3 816**	24 501	**19 170**	12 767
Fair value through profit and loss	**33**	8	**–**	–
Available for sale financial assets	**–**	–	**40 128**	39 850
	3 849	24 509	**59 298**	52 617

39 Finance costs

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Interest paid				
- Bank overdraft	**1 525**	6 146	**–**	2
- Related party loans	**–**	919	**508**	3 709
- Long term liabilities	**20 812**	17 212	**–**	–
- Finance leases	**5 477**	6 188	**–**	–
	27 814	30 465	**508**	3 711
Less: Amounts included in the cost of qualifying assets	**–**	(373)	**–**	–
	27 814	30 092	**508**	3 711

Finance costs on financial liabilities, analysed by category of liabilities, is as follows:

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Other financial liabilities measured at amortised cost using the effective interest method	**27 814**	30 092	**508**	3 711
	27 814	30 092	**508**	3 711

40 Taxation

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
40.1 Income tax recognised in profit or loss				
Namibia normal tax				
Current tax expense in respect of the current year	**11 705**	34 250	**4 862**	1 707
Deferred tax expense relating to origination and reversal of temporary differences	**4 734**	648	**–**	–
	16 439	34 898	**4 862**	1 707
South Africa normal tax				
Current tax expense in respect of the current year	**1 737**	–	**–**	–
Deferred tax expense relating to origination and reversal of temporary differences	**(13 864)**	(9 929)	**–**	–
	(12 127)	(9 929)	**–**	–
	4 312	24 969	**4 862**	1 707
40.2 Income tax recognised in other comprehensive income				
Namibia normal tax				
Deferred tax expense relating to origination and reversal of temporary differences	**4 008**	717	**–**	–

	Group 2013 NAD'000 South Africa	Group 2012 NAD'000 South Africa	Group 2013 NAD'000 Namibia	Group 2012 NAD'000 Namibia	Company 2013 NAD'000 Namibia	Company 2012 NAD'000 Namibia
Reconciliation of the tax expense						
(Loss)/Profit before tax	**(61 480)**	(2 897)	**105 176**	267 690	**54 401**	44 871
Tax rate	**28.0%**	28.0%	**34.0%**	34.0%	**34.0%**	34.0%
Tax on (loss)/ profit before tax at applicable tax rate	**(17 214)**	(811)	**35 760**	91 015	**18 496**	15 256
Tax effect of income that is exempt from taxation	**–**	–	**(19 241)**	(66 124)	**(13 634)**	(13 549)
Disallowable expenditure	**5 087**	–	**–**	9 800	**–**	–
Movement in contingency reserve	**–**	–	**558**	207	**–**	–
Tax loss available for future set-off	**–**	(9 118)	**–**	–	**–**	–
Tax rate adjustment	**–**	–	**(638)**	–	**–**	–
Tax (debit) / credit to statement of comprehensive income	**(12 127)**	(9 929)	**16 439**	34 898	**4 862**	1 707

The group has an estimated tax losses of NAD 178.6 million (2012: N$ 217.7 million) available for set off against future taxable income. The Company has no tax losses available for future set off against taxable income.
Refer to note 7 on the realisation of accumulated assessed tax losses.

41 Earnings, headline earnings and dividends per share

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
Earnings for the purposes of basic earnings per share being the profit attributable to ordinary shareholders	**39 384**	239 824	**–**	–
Adjustments:	**(5 521)**	(101 284)	**–**	–
Loss/(profit) on disposals of property, plant and equipment	**774**	(156)	**–**	–
Fair value adjustments on investment properties	**(26 304)**	(97 196)	**–**	–
Impairment of intangible assets	**28 406**	–	**–**	–
Impairment of property, plant and equipment	**–**	700	**–**	–
Profit on disposal of investment property	**(180)**	(4 447)	**–**	–
Tax effect	**(8 217)**	(185)	**–**	–
Headline earnings	**33 863**	138 540	**–**	–
Weighted number of ordinary shares for the purposes of basic earnings per share ('000)	**727 652**	683 622	**–**	–
Contingently issuable shares as a result of business combinations ('000)	**4 789**	4 789	**–**	–
Weighted number of ordinary shares for the purposes of diluted earnings per share ('000)	**732 441**	688 411	**–**	–
Basic earnings per share (cents)	**5.41**	35.08	**–**	–
Diluted earnings per share (cents)	**5.38**	34.84	**–**	–
Headline earnings per share (cents)	**4.65**	20.27	**–**	–
Diluted headline earnings per share (cents)	**4.62**	20.12	**–**	–
Dividends per share During the year under review normal dividends of 4.15 cents per share (2012: 3.75 cents) amounting to a total of N$ 29.92 million (2012: N$ 26.52 million) were declared and paid by the Company.	**4.15**	3.75	**–**	–

42 Cash flow information

	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
42.1 Cash generated by operations				
Cash generated by operations before working capital changes	**96 917**	178 144	**(4 389)**	(4 035)
Profit on ordinary activities before taxation	**43 696**	264 793	**54 401**	44 871
Adjustments:				
- Depreciation and impairment losses	**8 142**	6 295	**–**	–
- Amortisation of intangible assets and impairment losses	**39 154**	4 761	**–**	–
- Investment income	**(3 849)**	(24 509)	**(59 298)**	(52 617)
- Finance costs	**27 814**	30 092	**508**	3 711
- Loss/(profit) on disposal of property, plant and equipment	**774**	(156)	**–**	–
- Fair value adjustment on investment properties	**(26 304)**	(97 101)	**–**	–
- Finance lease assets	**–**	419	**–**	–
- Profit on disposals of investment property	**(180)**	(4 447)	**–**	–
- Impairment of loans and receivables and bad debts	**2 099**	–	**–**	–
- Other loans advanced	**–**	(373)	**–**	–
- Movement in technical provision	**2 641**	(511)	**–**	–
- Other non-cash items	**2 930**	(1 149)	**–**	–
Changes in working capital:	**(76 332)**	(80 703)	**915**	(564)
- Decrease in inventories	**2 203**	3 918	**–**	–
- Increase/(decrease) in impairment of educational loans	**303**	(1 726)	**–**	–
- Decrease/(increase) in trade and other receivables	**48 331**	(119 924)	**(220)**	(33)
- (Decrease)/increase in trade and other payables	**(127 169)**	37 029	**1 135**	(531)
	20 496	97 411	**(3 474)**	(4 599)

42 Cash flow information (continued)

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
42.2 Taxation paid				
Balance outstanding at beginning of year	**28 414**	7 012	**1 330**	1 344
- Current income tax assets	**(189)**	(766)	**–**	–
- Current income tax liabilities	**28 603**	7 778	**1 330**	1 344
Expense for the year	**13 442**	34 250	**4 862**	1 707
Balance outstanding at end of year	**(28 256)**	(28 414)	**(3 851)**	(1 330)
- Current income tax assets	**860**	189	**–**	–
- Current income tax liabilities	**(29 116)**	(28 603)	**(3 851)**	(1 330)
	13 600	12 848	**2 341**	1 721
42.3 Cash and cash equivalents				
Bank balances and cash deposits	**46 924**	101 000	**41**	36
Bank overdraft	**(564)**	(11 769)	**(69)**	(493)
	46 360	89 231	**(28)**	(457)

43 Solvency margin

	Group		Company	
	2013	2012	**2013**	2012
	NAD'000	NAD'000	**NAD'000**	NAD'000
Solvency margin of Trustco Insurance Ltd	**23.0%**	25.2%		

The solvency margin represents shareholders' interest of NAD 19.2 million (2012: NAD 17.3 million) expressed as a percentage of net premium income of NAD 83.5 million (2012: NAD 68.2 million) for the year under review.

44 Related parties

The Group is controlled by Q. van Rooyen who owns 53.25% of the Company's shares. Material related parties are disclosed in notes 6 and 36.

Other related parties are:

Subsidiaries

Trustco Property Holdings (Pty) Ltd
Discuss Properties (Pty) Ltd
November Properties (Pty) Ltd
Erf 7179 (Pty) Ltd
Trustco Corporate Management Services (Pty) Ltd
Trustco Fleet Management Services (Pty) Ltd
Trustco Administrative Support Services (Pty) Ltd
Trustco Capital (Pty) Ltd
Komada Holdings (Pty) Ltd
Trustco Media (Pty) Ltd
Trustco Mobile (Pty) Ltd
Trustco Newspapers (Pty) Ltd
Printas (Pty) Ltd
Trustco Education (Pty) Ltd
Institute for Open Learning (Pty) Ltd
Trustco Finance (Pty) Ltd
Legal Shield Holdings (Pty) Ltd
Trustco Insurance Ltd
Trustco Life Ltd
Trustco Tourism Holdings (Pty) Ltd
Trustco Restaurants (Pty) Ltd
Trustco Accommodation (Pty) Ltd
Trustco Air Services (Pty) Ltd
Trustco Business Development (Pty) Ltd
Trustco Intellectual Property Holdings (Pty) Ltd
Trustco Insurance Segment Holdings (Pty) Ltd
Agricultural Export Company (Pty) Ltd
Northern Industrial Estates (Pty) Ltd
Trustco Mobile Mauritius
Trustco Estate Planners and Administrators (Pty) Ltd
Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)
Trustco Group International (Pty) Ltd (inc. in Republic of South Africa)
Trustco Financial Services (Pty) Ltd
Trustco Intermediary Solutions (Pty) Ltd
Trustco Corporate Solutions (Pty) Ltd
Trustco Informatix (Pty) Ltd
ICE Insurance Claims Exchange (Pty) Ltd
New Adventure Insurance Brokers (Pty) Ltd

Entities in which board members have significant influence

Next Investments (Pty) Ltd
Northern Namibia Development Company (Pty) Ltd
Namibia Medical Investments (Pty) Ltd
Othinge Investments (Pty) Ltd
Golf Properties (Pty) Ltd
Foxtrot Properties (Pty) Ltd

Other related entities

Trustco Staff Share Incentive Scheme Trust

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

44 Related parties (continued)

	Relationship	Group 2013 NAD'000	Group 2012 NAD'000	Company 2013 NAD'000	Company 2012 NAD'000
The following transactions were carried out with related parties:	**Relationship**				
44.1 Charter income received/(paid)					
Subsidiaries					
Trustco Air Services (Pty) Ltd	Indirect subsidiary	**–**	–	**(182)**	–
Entities in which board members have significant influence					
Next Investments (Pty) Ltd	Common director: Q. van Rooyen	**369**	69	**–**	–
Northern Namibia Development Company (Pty) Ltd	Common director: Q. van Rooyen	**406**	282	**–**	–
44.2 Rent received					
Entities in which board members have significant influence					
Next Investments (Pty) Ltd	Common director: Q. van Rooyen	**247**	640	**–**	–
44.3 Advertising income received/(paid)					
Subsidiaries					
Trustco Newspapers (Pty) Ltd	Indirect subsidiary	**–**	–	**(24)**	–
Entities in which board members have significant influence					
Next Investments (Pty) Ltd	Common director: Q. van Rooyen	**4**	–	**–**	–
Northern Namibia Development Company (Pty) Ltd	Common director: Q. van Rooyen	**2**	10	**–**	–
44.4 Interest received					
Subsidiaries					
Trustco Capital (Pty) Ltd	Direct subsidiary	**–**	–	**12 794**	12 615
Trustco Fleet Management Services (Pty) Ltd	Indirect subsidiary	**–**	–	**–**	136
Trustco Group International (Pty) Ltd (Inc in Republic of South Africa)	Direct subsidiary	**–**	–	**3 667**	–
Trustco Financial Services (Pty) Ltd	Indirect subsidiary	**–**	–	**2 698**	–
44.5 Management fees paid					
Entities in which board members have significant influence					
Next Investments (Pty) Ltd	Common director: Q. van Rooyen	**13 097**	–	**–**	–
Subsidiaries					
Trustco Group International (Pty) Ltd (inc. in Republic of Namibia)	Direct subsidiary	**–**	–	**3 600**	3 600
44.6 Dividends received					
Subsidiaries					
Trustco Mobile Mauritius	Direct subsidiary	**–**	–	**6 128**	–
Legal Shield Holdings (Pty) Ltd	Direct subsidiary	**–**	–	**34 000**	39 848
44.7 Interest paid					
Subsidiaries					
Trustco Finance (Pty) Ltd	Indirect subsidiary	**–**	–	**508**	3 709
Entities in which board members have significant influence					
Next Investments (Pty) Ltd	Common director: Q. van Rooyen	**–**	919	**–**	
44.8 Facility fee (received)/paid					
Subsidiaries					
Trustco Financial Services (Pty) Ltd	Indirect subsidiary	**–**	–	**(2 163)**	–
Entities in which board members have significant influence					
Next Investments (Pty) Ltd	Common director: Q. van Rooyen	**4 598**	3 108	**–**	3 108

Refer to note 36 for details on key management compensation.
Refer to note 12 for details of other related party amounts outstanding.

45 Business combinations

On the 3rd June 2013, the group acquired the rights to various leased premises, accompanying staff and PPE from Real People (Pty) Ltd. In terms of IFRS 3: Business Combinations, the acquisition meets the definition of a business combination. The business which forms a set of integrated branch outlets and skilled workforce across South Africa was acquired to increase the presence of the group in South Africa and facilitate sales of Trustco products through direct outlets.

The Group will settle the transaction with 2 equal payments for R4.1m and a third and final payment to be determined based on the actual transfer date value of all the agreed assets and obligations less the difference between R9m and the actual monthly operating expenses of the entity for the months of June and July 2013, the value of such final payment is expected to be similar to the first two payments. All consideration is by way of a cash settlement.

Identifiable assets acquired and liabilities assumed (provisional)

	as at 1 June 2013 NAD'000
Receivables	1 495
Property, plant and equipment	12 083
Provision for unpaid leave	(1 119)
Estimated cash effect of acquisition	(12 459)

The acquired business will not generate any revenue until the group's processes and products are applied to the business. Revenues will only begin to be generated in the 2014 financial period.

The receivables acquired represents leasehold deposits placed, the carrying value of the receivable approximates fair value.

On the 25th June 2013, the group financial statements were authorised for issue. At that date the calculation of the contingent purchase consideration had not yet been completed.

46 Segment results

The Group is organised into five business segments. These segments form a basis by which the Group executive committee (chief operating decision maker) formulates key operating decisions, allocate resources and assess performance. The reportable segments are differentiated and grouped by their relative size, namely: Micro Insurance and Technology (Namibia); Micro Finance and Education; Property; South African operations and Zimbabwe. The business segment results are as follows:

	Micro insurance (Namibia) NAD '000	Micro Finance NAD '000	Property NAD '000	Zimbabwe and Rest of Africa NAD '000	South Africa NAD '000	Group NAD '000
2013						
Segment revenue	**–**	**141 642**	**236 010**	**499**	**175 717**	**553 868**
Inter segment revenue	**–**	**–**	**(109 339)**			**(109 339)**
	–	**141 642**	**126 671**	**499**	**175 717**	**444 529**
Insurance income	**150 013**	**–**	**–**		**697**	**150 710**
External revenue	**150 013**	**141 642**	**126 671**	**499**	**176 414**	**595 239**
			–			
Segment result	**49 374**	**18 401**	**62 008**	**(1 169)**	**(55 614)**	**73 000**
Inter segment	**17 624**	**9 377**	**(43 317)**	**–**	**(17 300)**	**(33 616)**
Profit for the year	**66 998**	**27 778**	**18 691**	**(1 169)**	**(72 914)**	**39 384**
Segment assets	**170 559**	**455 649**	**675 102**	**49 889**	**181 728**	**1 532 927**
Segment liabilities	**106 809**	**307 898**	**137 178**	**–**	**12 912**	**564 797**
Capital expenditure	**4 969**	**5 797**	**21 202**	**–**	**4 761**	**36 729**
Depreciation	**1 923**	**2 244**	**2 299**	**–**	**1 676**	**8 142**
Impairment losses	**–**	**–**	**–**	**–**	**28 406**	**28 406**
Amortisation of intangible assets	**1 238**	**1 892**	**1 444**	**3 199**	**2 975**	**10 748**
2012						
Segment revenue	–	114 566	211 514	29 076	309 654	664 810
Inter segment revenue	–	–	(77 808)	–	–	(77 808)
	–	114 566	133 706	29 076	309 654	587 002
Insurance income	126 302	–	–	–	–	126 302
External revenue	126 302	114 566	133 706	29 076	309 654	713 304
Segment result	77 814	39 870	161 693	22 819	7 033	309 229
Inter segment	(17 932)	(14 428)	(38 441)	–	1 396	(69 405)
Profit for the year	59 882	25 442	123 252	22 819	8 429	239 824
			–			
Segment assets	153 547	346 943	723 444	32 449	263 706	1 520 089
Segment liabilities	110 238	217 334	154 442	–	124 770	606 784
Capital expenditure	11 550	15 475	46 475	–	–	73 500
Depreciation	1 517	1 811	1 875	–	1 092	6 295
Amortisation of intangible assets	2 203	1 274	984	–	300	4 761

47 Financial instruments

This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends paid to ordinary shareholders. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 24 and 25, shareholders' funds and equity attributable to equity holders of the parent, comprising issued capital, vendor shares and reserves as disclosed in note 17,19, 20 and 22 respectively.

There were no changes in the Group's approach to capital management during the year.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised inrespect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

47 Financial instruments (continued)

	Loans and receivables NAD'000	Amortised Cost NAD'000	Total carrying amount NAD'000
Categories of financial instruments			
Group			
2013			
Financial assets			
Educational loans advanced	**332 414**	**–**	**332 414**
Amounts due by related parties	**8 482**	**–**	**8 482**
Other loans advanced	**6 852**	**–**	**6 852**
Mortgage loans	**21 447**	**–**	**21 447**
Amounts due by related parties	**8482**	**–**	**8482**
Trade and other receivables	**261 885**	**–**	**261 885**
Cash and cash equivalents	**46 924**	**–**	**46 924**
	686 486	**–**	**686 486**
Financial liabilities			
Trade and other payables	**–**	**106 105**	**106 105**
Insurance liabilities	**–**	**37 145**	**37 145**
Borrowings	**–**	**335 587**	**335 587**
Bank overdrafts	**–**	**564**	**564**
	–	**479 401**	**479 401**
2012			
Financial assets			
Educational loans advanced	249 919	–	249 919
Other loans advanced	25 370	–	25 370
Finance lease receivable	457	–	457
Trade and other receivables	305 738	–	305 738
Cash and cash equivalents	101 000	–	101 000
	682 484	–	682 484
Financial liabilities			
Trade and other payables	–	114 271	114 271
Insurance liabilities	–	28 603	28 603
Borrowings	–	248 927	248 927
Bank overdrafts	–	11 769	11 769
Amounts due to related parties	–	1 413	1 413
	–	404 983	404 983

The carrying amounts approximates the fair values.

47 Financial instruments (continued)

	Loans and receivables NAD'000	Fair value through profit or loss NAD'000	Amortised Cost NAD'000	Total carrying amount NAD'000
Categories of financial instruments				
Company				
2013				
Financial assets				
Amounts due by related parties	**366 660**	**–**	**–**	**366 660**
Cash and cash equivalents	**41**	**–**	**–**	**41**
	366 701	**–**	**–**	**366 701**
Financial liabilities				
Trade and other payables	**–**	**–**	**55 924**	**55 924**
Amounts due to related parties	**–**	**–**	**51 630**	**51 630**
Bank overdrafts	**–**	**–**	**69**	**69**
	–	**–**	**107 623**	**107 623**
2012				
Financial assets				
Amounts due by related parties	301 602	–	–	301 602
Trade and other receivables	33	–	–	33
Cash and cash equivalents	36	–	–	36
	301 671	–	–	301 671
Financial liabilities				
Trade and other payables	–	–	54 789	54 789
Amounts due to related parties	–	–	44 542	44 542
Bank overdrafts	–	–	493	493
	–	–	99 824	99 824

The carrying amounts approximates the fair values.

Financial risk management objectives

The Group's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risk relating to the operations of the Group through internal risk reports which analyse exposure by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using financial instruments to hedge these risk exposures. The use of financial instruments is governed by the Group's policies approved by the Board of Directors, which provide principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-financial derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Foreign currency risk management

The Group is exposed to currency risk on royalties earned that are denominated in a currency other than the respective functional currencies of Group entities, primarily the Namibian Dollar, South African Rand and US Dollar. The currencies in which these transactions are concluded are primarily denominated in US Dollars.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk sensitivity analysis A 10% strengthening of Namibian Dollar against the US Dollar at 31 March would have increased/(decreased) equity by NAD (0.5) million (2012: (decreased)/increased by NAD2.9 million). The analysis assumes that all other variables would remain constant.

Interest rate risk management

Ultimate responsibility for liquidity risk management rests with the Executive Committee ("EXCO"), which has established an appropriate liquidity management framework for management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintain adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

47 Financial instruments (continued)

Interest rate sensitivity analysis

The result of the sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date. For floating liabilities, the analysis is prepared assuming the liability outstanding at reporting date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2013 would have decreased/increased by NAD 508 000 (2012: decreased/increased by NAD 347 000). This is mainly due to interest rates on variable rate borrowings.

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash deposits, cash equivalents and receivables from customers.

Receivables from customers

The Group's exposure to credit risk is influenced mainly by the default risk of the industries. The demographics of the Group's customer base, including the individual characteristics of each customer and country in which customers operate, has less of an influence on credit risk. Trade receivables comprise a widespread customer base.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee; these limits are reviewed on an ad hoc basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

More than half of the Group's customers have been transacting with the Group for over four years and losses have occurred infrequently. In monitoring credit risk, customers are grouped according to their credit characteristics including whether they are an individual or legal entity, whether they are a retail or end-user customer, geographic location, industry, ageing profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to the Group's wholesale customers. Customers that are graded as "high risk" are placed on a restricted customer list and future sales are made on a prepayment basis.

Goods are sold subject to retention of title clauses so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an excellent credit rating.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries.
The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of collateral obtained.

47 Financial instruments (continued)

Liquidity risk management

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has build an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group and the Company's remaining contractual maturity for its non-derivative financial liabilities and assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and assets based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
Maturity analysis							
Group: Liabilities							
2013							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables	**–**	**106 105**	**–**	**–**	**–**	**–**	**106 105**
- Technical provisions	**–**	**20 558**	**–**	**–**	**–**	**–**	**20 558**
- Policyholder liability under insurance contracts	**–**	**–**	**16 587**	**–**	**–**	**–**	**16 587**
- Administered claims float	**–**	**–**	**–**	**–**	**–**	**12 787**	**12 787**
Variable interest rate instruments							
- Term loans	**6.75%–12.65%**	**29 381**	**37 631**	**42 346**	**33 327**	**171 660**	**314 345**
- Mortgage loans	**6.50%–10.25%**	**10 373**	**10 373**	**10 373**	**10 373**	**35 339**	**76 831**
- Liabilities under instalment sale agreements	**8.00%–10.25%**	**5 300**	**4 067**	**2 599**	**2 017**	**38 945**	**52 928**
- Finance lease obligations	**9.25%**	**3 741**	**2 911**	**–**	**–**	**–**	**6 652**
- Bank overdraft	**9.25%**	**616**	**–**	**–**	**–**	**–**	**616**
		176 074	**71 569**	**55 318**	**45 717**	**258 731**	**607 409**
2012							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables	–	225 998	–	–	–	–	225 998
- Technical provisions	–	17 917	–	–	–	–	17 917
- Policyholder liability under insurance contracts	–	10 684	–	–	–	–	10 684
- Administered claims float	–	–	–	–	–	3 000	3 000
Variable interest rate instruments							
- Term loans	7.00%-11.00%	36 886	36 633	28 028	25 769	52 328	179 644
- Mortgage loans	7.00%-10.50%	19 836	20 750	10 463	10 463	59 822	121 334
- Liabilities under instalment sale agreements	8.00%-10.25%	3 306	3 306	2 125	35 947	–	44 684
- Operating lease straight-lining liability	7.70%-16.90%	692	363	186	15	–	1 256
- Finance leases	9.25%	2 452	766	–	–	–	3 218
- Bank overdraft	9.25%	11 769	–	–	–	–	11 769
- Amounts due to related parties	9.25%	1 413	–	–	–	–	1 413
		330 953	61 818	40 802	72 194	115 150	620 917

47 Financial instruments (continued)

	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
Maturity analysis							
Group: Assets							
2013							
Non-interest bearing							
- Trade and other receivables	**–**	**261 885**	**–**	**–**	**–**	**–**	**261 885**
Variable interest rate instruments							
- Educational loans advanced	**1.75% – 18.5%**	**188 530**	**80 243**	**76 649**	**54 588**	**21 557**	**421 567**
- Amount due by related parties	**9.25%**	**9 267**	**–**	**–**	**–**	**–**	**9 267**
- Mortgage loans advanced	**10.25%**	**3 388**	**3 388**	**3 388**	**3 388**	**15 904**	**29 456**
- Other loans advanced	**10.00%**	**1 224**	**1 224**	**1 224**	**1 224**	**2 781**	**7 677**
- Cash and cash equivalents	**2.50%**	**48 097**	**–**	**–**	**–**	**–**	**48 097**
		512 391	**84 855**	**81 261**	**59 200**	**40 242**	**777 949**
2012							
Non-interest bearing							
- Trade and other receivables	–	309 088	–	–	–	–	309 088
Variable interest rate instruments							
- Educational loans advanced	1.75% – 19.5%	95 475	74 089	53 027	28 967	14 497	266 055
- Other loans advanced	6.50% – 10.0%	2 142	3 243	3 232	3 203	14 347	26 167
- Amounts receivable under finance leases	7.50%	500	–	–	–	–	500
- Cash and cash equivalents	2.50%	101 000	–	–	–	–	101 000
		508 205	77 332	56 259	32 170	28 844	702 810
Company: Liabilities							
2013							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables	**–**	**55 580**	**–**	**–**	**–**	**–**	**55 580**
- Amounts due to related parties	**–**	**–**	**35 883**	**–**	**–**	**–**	**35 883**
Variable interest rate instruments							
- Amounts due to related parties	**9.75%**	**–**	**16 544**	**–**	**–**	**–**	**16 544**
		55 580	**52 427**	**–**	**–**	**–**	**108 007**
2012							
Other financial liabilities							
Non-interest bearing							
- Trade and other payables	–	54 438	–	–	–	–	54 438
- Amounts due to related parties	–	–	28 020	–	–	–	28 020
Variable interest rate instruments							
- Amounts due to related parties	9.75%	–	16 522	–	–	–	16 522
		54 438	44 542	–	–	–	98 980

47 Financial instruments (continued)

	Effective interest rate %	Due in less than 1 year NAD'000	Due in 1 to 2 years NAD'000	Due in 2 to 3 years NAD'000	Due in 3 to 4 years NAD'000	Due after 4 years NAD'000	Total NAD'000
Maturity analysis							
Company: Assets							
2013							
Non-interest bearing							
- Amounts due by related parties	–	–	28 958	–	–	–	28 958
- Trade and other receivables	–	253	–	–	–	–	253
Variable interest rate instruments							
- Amounts due by related parties	9,25%	–	403 066	–	–	–	403 066
- Cash and cash equivalents	2,00%	42	–	–	–	–	42
		295	432 024	–	–	–	432 319
2012							
Non-interest bearing							
- Amounts due by related parties	–	–	29 547	–	–	–	29 547
- Trade and other receivables	–	33	–	–	–	–	33
Variable interest rate instruments							
- Amounts due by related parties	9,25%	–	272 055	–	–	–	272 055
- Cash and cash equivalents	2,00%	37	–	–	–	–	37
		70	301 602	–	–	–	301 672

Insurance risk and policies for mitigating insurance risk

The primary activity of the Group relates to the assumption of the risk of loss from events involving persons or organisations. Such risks may relate to legal, salary, funeral, medical, credit and other perils that may arise from an insured event. As such the Group is exposed to the uncertainty surrounding the timing, severity and frequency of claims under insurance contracts.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected and that the Group does not charge premiums appropriate for the risk accepted. Insurance events are, by nature, random, and the actual number and size of events during any one year may vary from those estimated using established statistical techniques. The Group manages its insurance risk through underwriting limits, approval procedures for new clients, pricing guidelines, centralised management of risk and monitoring of emerging issues.

Concentrations of insurance risk and policies mitigating the concentrations

Within the insurance process, concentrations of risk may arise where a particular event or series of events could impact heavily upon the Group's resources. The Group monitors the concentration of risk by class of business. The Group is broadly represented across Namibia and exposures to risks are representative of the economic activity in the various regions. The Group has exposure to lines of insurance business as described in the previous paragraph.

47 Financial instruments (continued)

Fair value estimation

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into Levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

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

	Level 1 NAD'000	Level 2 NAD'000	Level 3 NAD'000	Total carrying Amount
2013				
Group Assets				
Financial assets	–	–	–	–
2012				
Financial assets	–	–	–	–
Group: Liabilities				
2013				
Other financial liabilities				
- Technical provisions	**–**	**–**	**20 558**	**20 558**
- Policyholder liability under insurance contracts	**–**	**–**	**16 587**	**16 587**
	–	**–**	**37 145**	**37 145**
2012				
Other financial liabilities				
- Technical provisions	–	–	17 917	17 917
- Policyholder liability under insurance contracts	–	–	10 684	10 684
	–	–	28 601	28 601

	2013 NAD'000	2012 NAD'000
A reconciliation has been performed for fair value measurements in level 3 of the fair value hierarchy as follows:		
Group: Liabilities		
Technical provisions		
Carrying value at beginning of the year	**17 917**	18 428
Net fair value (loss)/gain on technical provisions	**2 641**	(511)
Carrying value at the end of the year	**20 558**	17 917
Policyholder liability under insurance contracts		
Carrying value at beginning of the year	**10 684**	8 307
Net fair value (loss)/gain on policy liabilities	**5 903**	2 377
Carrying value at the end of the year	**16 587**	10 684

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market date where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as a present value of estimated future cash flows based on observable yield curves;
- The fair value of insurance technical liabilities is determined according to the requirements of the Namibian Long-term Insurance Act (1998) and in accordance with professional guide notes (PGNs) issued by the Actuarial Society of South Africa (ASSA);
- Technical liabilities are calculated as a percentage of premiums earned. Different percentages are applied by class of business; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

48. Events after the reporting date

The following events occurred after the reporting date, 31 March 2013 but before the financial statements were authorised for issue by the board of directors, 25 June 2013.

48 (a) Business combinations

The group entered into an arrangement to acquire the rights to operate 52 branch outlets across South Africa from Real People (Pty) Ltd. These branches will be used to drive the growth in the micro-insurance products in South Africa. This transaction will be accounted for as a business combination in terms of IFRS 3: Business Combinations and is reflected in detail in note 45 to the Annual Financial Statements.

48 (b) Borrowings

On 13 June 2013, the group listed a Domestic Medium Term note on the JSE. The note was approved up to a facility of ZAR 1 000 000 000. Management has earmarked the future drawdown of these bonds for expansion and growth in the group, both in South Africa and Namibia. As at 25 June 2013, no drawdown of the facility had occurred and as such no indicative rate or tenor for any borrowings can be disclosed. These notes will either be listed or unlisted and can be issued as secured or unsecured registered notes.

48 (c) Licencing agreement for South African Software

On the 19 June 2013, the group signed a memorandum of understanding with certain senior managers of the South African segment with a view to licensing the group's existing software (see intangible asset note 4) for use by the managers to operate a claims and premium administration function for 3rd party insurers similar to the existing operations of the segment. It is the group's view that during the course of 2014 all existing contracts held with Trustco relating to these services will be assigned or ceded to the managers. Trustco will remain the owner of the software and continue to control its operations and maintenance, and where necessary design and implement improvements to the software. The financial statement impact will be an expected reduction in revenue as broker commission and fees received for these services will no longer be recognised in the group with an offsetting cost of sales, but rather be netted to present the income flowing from royalties in the license agreement.

Expected impact on normalised operations in the South African segment:

	2014 R'000
Reduction in revenue	(175 000)
Decrease in cost of sales	(169 000)

All of the above events are considered to be non-adjusting events after the reporting period. As at 25 June 2013, the date of authorization of the financial statements, no formal agreement had been concluded by the parties.

Shareholders Information

Analysis of Shareholders

Range of Shareholders	Shareholders	Shares	% of Shareholders	% of Shares
1-499	25	7 512	0.00%	0.77%
500-999	1 224	617 108	0.08%	37.80%
1000-1999	697	864 489	0.12%	21.53%
2000-2999	240	556 629	0.08%	7.41%
3000-3999	102	327 509	0.04%	3.15%
4000-4999	51	219 376	0.03%	1.58%
5000-9999	317	1 973 828	0.27%	9.79%
>=10000	582	732 575 639	99.38%	17.97%
	3 238	**737 142 090**	**100%**	**100%**

Category

Corporate bodies	62	103 555 191	14.05%	1.92%
Private individuals	3 105	471 746 317	64.00%	95.89%
Nominee companies	5	130 481 292	17.70%	0.15%
Trust	66	31 359 290	4.25%	2.04%
	3 238	**737 142 090**	**100%**	**100%**
Public shareholders	3 080	335 629 993	45.53%	95.12%
Non- public shareholders	158	401 512 097	54.47%	4.88%
Directors	12	398 338 047	54.04%	0.37%
Associates	1	41 350	0.01%	0.03%
Employees with restricted trading terms	144	3 062 275	0.41%	4.45%
Employee share trust	1	70 425	0.01%	0.03%
	3 238	**737 142 090**	**100%**	**100%**

Large Shareholders- more than 1% of share capital	% of shares	Number of shares
Quinton van Rooyen	53.25%	392 554 120
Renaissance Africa Master Fund	10.08%	74 331 920
Snowball Wealth (Pty) Ltd	3.66%	27 000 000
BNYM 15 Omnibus Account	3.12%	23 000 000
LLC Pershing	2.18%	16 098 180
SBSA ITF RE: CM Institutional	1.54%	11 387 260
Midbrooklane (Pty) Ltd	1.49%	10 976 311
Leo Chih Hao Chou	1.36%	10 000 000
Africa Emerging Markets Fund State	1.36%	9 996 718
RE: CM and Calibre Limited	1.20%	8 874 120
Miramare Investments (Pty) Limited	1.08%	7 968 050
	80.32%	**592 186 679**

Q. van Rooyen is a director as well as a major shareholder.

Directorate and Administration

Directors

Executive Directors

Mr Q van Rooyen (Managing Director)
Mr R McDougall (Financial Director)
Mr FJ Abrahams

Non-executive

Mr WJ Geyser
Adv. R Heathcote
Ms VC de Klerk
Mr RJ Taljaard
Mr J Mahlangu

Company Secretary

Mr DJ Steyn

Contact details

Registered office: Namibia

Trustco House
2 Keller Street
PO Box 11363
Windhoek
Namibia

Indicators

Company registration number: 2003/058
NSX share code: TUC
JSE share code: TTO

Telephone

+264 61 275 4000

Facsimile:

+264 61 275 4090

Registered Office: South Africa

Old Trafford 1
Isle of Houghton
11 Boundary road
Houghton Estate
Johannesburg
2198
South Africa
Website:
http://www.tgi.na

Auditors

Auditors: Namibia

BDO
Registered Accountants and Auditors
Chartered Accountants (Namibia)
61 Bismarck Street
Windhoek
Namibia

Auditors: South Africa

BDO South Africa Incorporated
Registered Auditors

22 Wellington Road
Parktown, Johannesburg
South Africa

Corporate Partners

Transfer secretaries: Namibia

Transfer Secretaries (Pty) Ltd
4 Robert Mugabe Ave
PO Box 2401
Windhoek
Namibia
Registration Number: 93/173

Telephone:

+264 61 22 76 47

Facsimile:

+264 61 24 85 31

Transfer secretaries: South Africa

Computershare Investor services (Pty) Ltd
Ground Floor
70 Marshall Street
Johannesburg
2001
South Africa
Registration Number: 2004/003647/07

Telephone:

+27 11 370 7700

Facsimile:

+27 11 688 7716

Sponsors: Namibia

IJG Securities(Pty) Ltd
100 Robert Mugabe Ave
PO Box 186
Windhoek
Namibia
Registration Number: 95/505

Sponsors: South Africa

Sasfin Capital (a division of Sasfin Bank Limited)
29 Scott Street
Waverly
Johannesburg, 2090
South Africa
Registration Number:
1951/002280/06

Bankers: Namibia

Bank Windhoek Limited
First National Bank of Namibia Limited
Standard Bank Namibia Ltd

Bankers: South Africa

First National Bank of South Africa Ltd
ABSA
Standard Bank of South Africa Ltd